

GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

FINANCIAL STATEMENT AND BUDGET
 FOR
1919-1920.

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Narrative of the Honourable Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1919-20.

Introductory.

The treatment of the Financial Statement in Council will follow the same lines as last year. It is presented to-day: a general debate upon it will take place on the 7th instant; the second and third stages of the discussion will open on the 8th instant; and it is hoped that the Budget in its final form will be presented on the 21st instant. The statement this year has been made as brief as possible, consistently with the number of important topics on which it is bound to touch.

SECTION I.—THE YEAR 1918-1919.

A.—General characteristics.

2. It is doubtful whether, in the financial history of British India, there has been a year of more diversified character or varied difficulties than 1918-1919. To understand our transactions during the twelve months, and our commitments for the future, explanations are necessary which, however briefly put, must cover a wide area.

3. *The Armistice.*—Dominating all other features of the year, financial or others, was the sudden cessation of hostilities in November. The last budget was presented at a time of grave crisis for the Allied arms, when Germany was making its final and greatest endeavour to break through our line in France. The peril had the effect in India of calling forth more strenuous effort, in men and materials; and the first seven months of the year were a period of great and widespread activity. Up to the end of October, the value of the external trade of India was bigger than in either of the two previous years; the exports of food grains, tea and gunny bags being evidence of India's material help to the Allied countries, and the imports of sugar and textiles being indicative of the high prosperity which she reaped in return. The railway revenue corresponded: and at one time it looked as if trade remittances through the Secretary of State would be heavier than the record figure of the previous year. Prices remained high, and there was much speculation based on the expectancy that this hectic energy would endure. With the armistices came a sudden change. The wheat export had stopped in September for other reasons; but cotton now fell off immediately, and there was a great slackening in gunnies. Imports of all kinds declined sharply, chiefly sugar and piece-goods. Panic fell upon the cloth market: prices came tumbling down, forward orders were cancelled and peace brought catastrophe to those who had been gambling wildly on the continuation of war. The reaction on the Government exchequer was mainly caused by the complete cessation of trade remittances to India. The Secretary of State stopped selling bills near the end of October, and since then we have lost the large exchange profits which a one-and-six penny rupee had been yielding us, while we had to go on at express speed coining rupees, and losing on them, to meet the unassuaged thirst of the people for metallic currency. All these factors will be discussed in more detail later. The cardinal point is that peace has laid its hand upon the unhealthy prosperity which the war had brought us; and we have now to descend to a more normal plane of trade and business.

4. *Scarcity.*—To this painful process the chief obstacle at present is the persistently high range of prices for all the necessities, as well as the comforts, of life. The world factors responsible for high prices have been supplemented, so far as

cereals are concerned, by the unfortunate agricultural situation over a large area in India. The outlook when the last Budget was prepared was generally good, although the several meteorological disturbances of the cold weather type, which had appeared in January and February 1918 were all feeble and gave little rain. The weather was accordingly exceptionally dry throughout northern and central India. In the Peninsula on the other hand conditions had been unusually disturbed during January and February, and very heavy rain for the time of the year occurred in the west coast districts. The Arabian Sea monsoon appeared nearly three weeks before its normal date and gave widespread and unusually heavy rain over nearly the whole of the Peninsula for about five weeks. Its activities then began to decline and, after an appreciable improvement during the latter half of August, it merged during September into a complete break which continued till the end of the regular monsoon season. The Bay monsoon also arrived upwards of two weeks earlier than usual, and was of normal intensity. But unfortunately its activities were confined during nearly the whole season to Burma and north-east India. The average rainfall over the plains was in defect by 6.5 inches, or 19 per cent., which is the highest deficiency on record since the year 1899. The prolonged break in the monsoon adversely affected the area and yield of the principal crops. The condition of the crops now standing is on the whole favourable, especially in the northern and central parts of the country, but there is a serious reduction in area. The shortage of rain has affected most provinces, although the Peninsula was favoured with abundant rain during November and December and more recent falls have much improved prospects in the Punjab, Central Provinces and the United Provinces. The agricultural record of the closing year is therefore an unhappy one, and has entailed the usual consequences. Famine has had to be declared in the Ahmednagar district and in certain other parts of Bombay. Scarcity has been declared in 2 districts of the United Provinces, 6 districts of the Central Provinces, 11 districts and the Kathiawar Agency of Bombay. Distress prevails in Bankura, and is impending in Angul, in 5 districts of the United Provinces, 2 districts of Madras, and considerable areas in Central India. The number of persons on test works, in receipt of gratuitous relief, and in poor houses during the week ending 15th February 1919 was 128,178. Cattle are suffering even more than men, for there is a serious scarcity of fodder in the United Provinces, the Punjab, Bombay, Rajputana and the Bogra district of Bengal. Concession rates for the carriage of fodder by rail to affected areas have been sanctioned, and Fodder Controllers have been appointed in the Punjab and Bombay. All the elaborate mechanism for famine relief, well tried and now thoroughly understood, is ready to combat distress in its various forms. The approved prophylactic of agricultural loans on a generous scale has been already applied, the large sum of two crores having been sanctioned for advances in the United Provinces alone. The good seasons of recent years and the full prices paid for agricultural produce must have accumulated unusual reserves of rural wealth, and it may be expected that widespread or acute distress will be averted; but it is a sad reflection that this calamity should have befallen the country at a time when it had hoped to join in the universal thanksgiving at the end of war.

5. *The Influenza.*—More calamitous than famine, or than a great campaign, has been the epidemic of influenza which ravaged India in the autumn of 1918. A reference to this terrible scourge was made by His Excellency the Viceroy in his speech at the opening of this session; and all that need be added is to emphasize the effect of the epidemic in weakening the capacity of the rural population to cope with their ordinary work, and particularly with the drought which simultaneously fastened on them. It has had most depressing results on rural efficiency, and has complicated the task of famine relief.

6. *Commerce and Prices.*—In judging of the year's trade, it has to be remembered that the steady rise in prices, which continued from 1917-18 into the current year, frequently obscures an actual fall in the volume of imports or exports. Subject to this reservation we have an increase of £8 millions in the total value of private merchandise imported into India during the first nine months of the current year, as compared with the same period in 1917. For exports of private merchandise, the increase is over £9 millions. The export figures incidentally demonstrate the extent to which India was able to increase her assistance in the way of supplies to the Allied nations and their armed forces. Exports of cereals rose by over 50 per cent. to a total in 1917-18

of 5,400,000 tons valued at £36,000,000. In the case of wheat the record figure of 1,500,000 tons was reached. In the earlier months of the current year, India's contribution of foodstuffs was maintained at an even higher level than in 1917. With the failure of the monsoon, however, the exportable surplus rapidly diminished and artificial checks on export have had to be imposed. Fortunately a marked improvement took place in the food situation in the Allied countries during the summer months.

7. Our command of raw materials apart from cereals placed us in a highly favourable position until the effects of scarcity began to make themselves felt. The trade in oilseeds suffered, it is true, from the shortage of freight, which was naturally most marked in the case of seeds not essential for war purposes. But a rapid expansion has taken place in the crushing of seed for the export of oil, and there is a marked rise in prices : oil cake tends more and more to be retained for local consumption. Last year raw jute continued to decline as an export, and prices were low. In the summer of 1918 a sharp recovery took place, when it was apparent that the crop was likely to be short; and with an improvement in shipping facilities exports during the first nine months of the current year showed an advance in value of 100 per cent. on the 1917 figures. In manufactured jute, high prices appear to have restricted to some extent the foreign demand for gunny bags, but none the less this great industry has beaten all records by exporting goods to the value of £28,000,000 during the nine months April to December 1918. Record quantities of tea were exported in 1917-18 though at a somewhat less remunerative price than in the previous two years. The current year promises to be equally prosperous for the tea industry. Coffee planters have been less fortunate during the war, but should be able to look forward to the future without apprehension. Valuable new markets have been exploited and the English market has now been re-opened to Indian coffee. Exports of rubber have grown steadily during the war, though prices ruled low during the current year. The price of raw cotton reached unprecedented heights early in the current year and there was consequently a striking fall in our shipments both of the raw material and of cotton yarn. Another consequence was that the rates for country cloth became so exorbitant as to cause much hardship and discontent. With better news from the theatres of war, the holding up of stocks for still higher prices came to an end, and the whole position became easier; but there are again signs of an upward tendency. In cotton piece-goods from Indian mills, the export naturally diminished, with the high prices ruling in the local markets; but it is noteworthy that, in the first nine months of this year, a decline of 14 per cent. in the volume of export has been concomitant with a rise of 36 per cent. in its value. The net result of this brief review is to show the enormous strength that India has acquired as a producer, under peaceful conditions, of the chief necessities of life.

8. *Restrictions on trade.*—With the cessation of hostilities, it has already become possible to withdraw many of the restrictions on trade which have been inevitable during the war. No one is more anxious than the Government of India to complete this process of liberation, and a word may now be said as to how far it has been possible to go in this direction and what is the position of Government with respect to the restrictions that still remain. Interference during the war with the normal course of trade has, as a rule, been undertaken in pursuance of one of three aims :— to satisfy India's own needs; to satisfy the needs of Great Britain and the Allies; and to hamper the enemy. Restrictions of the third class remain in full force. They consist in a complete prohibition of trade with enemy countries and a very strict control of trade with neutral countries adjacent thereto. These restrictions apply to other countries equally with India and their relaxation depends entirely on the decisions of the Peace Conference. Of the second class of restrictions, namely, those designed to assist the Allied cause, some are of necessity still in force. Until the food situation has become normal in the Allied countries and until their depleted industries have been rehabilitated, it is only just that they should have some form of preference in the supply of certain raw products and other necessities of national existence. The scheme for the control of tea which gave to the producer a guaranteed market at a fair price for a large percentage of his output has been maintained in the interest of the consumer hitherto, but will shortly be terminated. Control is still being maintained over mica which is an essential to Allied industry, and a system of licensing is being retained for certain other products for which a survey of the Allied demand is not yet complete. On the other hand, the restrictions on the export of jute manufactures,

saltpetre, tanning materials and petrol have been removed. The control of raw and tanned hides has been very greatly relaxed subject to certain safeguards in the interest of the future of the trade. The tanning of skins is no longer prohibited and restrictions on the transport of skins by rail have been withdrawn and export has been re-opened. Shellac exporters have been relieved of their obligation to give preferential supplies to the Ministry of Munitions and free export of oilseeds, vegetable oils and manganese is now permitted. The prohibition on the import of motor cars has been raised. The Ministry of Shipping has already, subject to certain safeguards, terminated the Liner Requisition scheme and freights have been reduced to a fraction of their recent rates.

9. In the case of interference with trade undertaken in India's own interest, much has also been done. Restrictions on the transport of wool by rail and coastwise by sea, which were imposed in order to ensure adequate supplies of wool for the manufacture of Army blankets, have been removed, and numerous textile and other industrial undertakings brought under control for the production of war supplies have been freed from that control. The difficulty of obtaining supplies of manufactured articles from the United Kingdom has during the war forced many of the British Colonies in the East to look to India for the replenishment of their stocks. India herself has had great difficulty in obtaining supplies and it was eventually found necessary to establish a system of priority for demands of this nature on India similar to that instituted in the United Kingdom, and to couple with it a comprehensive set of restrictions on the exports from India of manufactured articles. With the termination of the Home priority scheme and the re-opening of exports in the United Kingdom, the necessity for these restrictions has largely ceased. The Indian priority system has therefore been abandoned as regards both demands from India on the United Kingdom and demands on India from the Colonies, and the great majority of manufactured articles have been expunged from our export prohibition list. Similarly in the case of drugs, for which the war produced a universally enhanced demand, the prohibition on export has only been maintained in the case of, a very limited number, such as quinine, which are of vital importance to the health of the country. The failure of the 1918 monsoon has necessitated certain further restrictions on the movement of foodstuffs. The machinery for the control of rice originally set up in the interest of the Allies is now being applied to the relief of distress in India and to the distribution of supplies so far as possible to countries with Indian population. It has also been found necessary to prohibit the export of certain other cereals which formerly were unrestricted.

10. I may refer to one other respect in which it has not been found possible to remove the interference with the normal course of trade which Government has been obliged to effect. As this Council is aware, Government took powers during the last session to provide for the manufacture of standard cloth. Soon after this legislation was passed, the piece-goods market slumped and for some time the Act was not applied. Now, however, it has been found necessary to commence the manufacture and distribution of standard cloth in the interests of the poorest classes and I am sure that, if he were here, Sir George Barnes would like me to take this opportunity of acknowledging the willingness of the local industry to co-operate in the working of the scheme.

11. *War Effort.*—The beginning of the year witnessed the great German offensive in the West,—an offensive which had been foreseen by the Allies and to meet which every possible preparation had been made. The initial successes of the enemy were, however, great, and the situation became so critical that the Prime Minister called on India to rally again to the assistance of the Empire. How successful that effort has been is well known to this Council. His Excellency the Viceroy summoned a Conference at Delhi towards the end of April, and as a result of the resolutions passed thereat the Government of India offered to raise and train an additional 500,000 men in the twelve months commencing from the 1st June. This offer was accepted and recruitment proceeded apace. The raising of a large additional body of Indian troops involved heavy expenditure in many directions. Temporary accommodation had to be hastily provided; the recruiting and training staff had to be largely increased; the men had to be clothed, fed, armed and equipped; large bodies of men had to be moved by rail; more officers had to be entertained; and instructional classes of various kinds had to be hastily organised. I will not weary this Council with detailed

figures, but will merely mention that the immediate result of this great expansion of our military activity led to an increase in our recoverable war expenditure from a scale of £60 millions in 1917-18 to an estimated expenditure of £70½ millions in 1918-19. This latter figure would have been far higher, had it not been for the decision by this Council last September to relieve His Majesty's Government of the charges of 200,000 additional troops with effect from 1st April 1918, and a further 100,000 troops from 1st April 1919. Fortunately, with the collapse of our principal enemies in October and November last, the necessity for continuing recruitment on this scale ceased. Nevertheless, the offer made by India of further assistance to His Majesty's Government has resulted in an addition of £12·7 millions to our military expenditure during the current financial year, and there will be further large sums due to His Majesty's Government next year, after which the Government of India will only be responsible for meeting certain non-effective charges as they accrue.

12. The raising of recruits was in some ways the simplest part of the task which India set before herself. Thanks to the loyalty and martial spirit of the peoples of India and to the magnificent efforts of the Provincial recruiting boards, men, both combatant and non-combatant, were obtained in large and increasing numbers. To stimulate recruitment, it was decided to offer still better terms to the Indian Army, which had already received a material concession in the grant of free rations to all ranks from the 1st January 1917. Consequently a gratuity was granted to each man on completing the recruit's course, and in addition, to every Indian officer and soldier, a war bonus payable every six months until the declaration of peace, or until general demobilization is declared. It was, however, the provision of the necessary munitions of war which presented the most urgent and difficult problem. To meet this, the activities of the Indian Munitions Board, which had been started early in 1917-18, were expanded in every direction. Additional staff was engaged; the Army Clothing Factories were expanded; the output of the Ordnance Factories was increased; and closer control was exercised over the stocks of imported articles still available in India. After three and a half years of war, India had been almost drained of such stocks, and it was essential to conserve for military purposes the little that was left. This, however, proved quite insufficient in most cases to meet our needs, and it became necessary to stimulate the local manufacture of many articles for which India had hitherto relied upon importation from abroad. A Controller of Contracts was appointed to supervise the purchase of all foodstuffs and various other articles for the use of troops. This measure led to considerable economies, as did also the assumption of control over a number of mills which were employed solely on producing flour and atta for the Army. In order to increase the world's food supply, and in particular to reduce the enormous demands made by Mesopotamia on India for feeding the troops in that country, a large and costly scheme of agricultural development was adopted in Mesopotamia. This, too, had to be financed by recoverable advances from India, and seed grains and most of the agricultural produce had to be furnished by this country. To meet the ever-increasing strain on our Railway system due to the larger movement of troops, passenger traffic had to be curtailed. Large quantities of locomotive and rolling stocks were sent from India to Mesopotamia and the whole output of rails from Tatas' works was utilized to meet overseas requirements, though the condition of our own lines was such that rails were urgently needed to replace those which were worn out. These we had to forgo. Simultaneously India had to be prepared to meet the contingency of a strategical situation arising which would enable the Powers in the West to threaten our Northern Frontier. This new danger entailed special measures to increase the mobility and radius of action of the troops which guard our country, and thus added to our already heavy financial burden.

B.—Currency and Exchange.

13. The foregoing narrative gives a necessarily brief account of some of the main currents in the difficult sea through which the bark of State finance has had to ride in the current year. It will have been seen that the year was one of great activity in the production of materials of war, of much inevitable dislocation in external trade, of high prices enhanced by speculation on the chance of protracted hostilities, of much internal prosperity for certain classes of the community, and of considerable hardship for others. Wealth was pouring into India in payment for

its products and its services ; but the varying fortunes of the war and the incessant rumours which preyed upon the fears of the people stimulated the immemorial practice of hoarding. Half way through the year came the dramatic approach of unexpected peace. Speculation collapsed, and new alarms replaced the old. Labour trouble developed. Simultaneously there came scarcity, grievous epidemic, and much loss of agricultural efficiency and purchasing power. Still the energy of our manufactories continued, and labour which had been devoted to the prosecution of the war was diverted into the work of demobilisation. Running through all this complication was the priority that had to be given to the needs of the British and Allied Governments and the consequent interference with the ordinary channels and methods of trade. It was the whole of this kaleidoscopic movement which was reflected in the difficulties of our currency and exchange.

14. These difficulties were fully described by Sir William Meyer a year ago, and I need not attempt to do more than bring his narrative up to date. Put briefly the problem with which he had to contend has two aspects. First, funds had to be provided on an unprecedented scale for war work in India and in countries where Indian troops were fighting. A large share of this outlay was on account of the British Government, who gave India a corresponding credit in London. To convert this credit into remittances was the difficulty; gold was unobtainable, and silver was exceedingly scarce. Thus the repayments of our war advances continued to bank up in London, and were of little help in meeting our expenditure here. Currency had to be created; and currency could take only three forms, notes, rupees or gold. To issue notes freely without a strong metallic backing was obviously unsound. To coin and issue our relatively small stock of gold would have been wasteful to a degree; the premium upon the metal would have driven, and did in fact drive, any coined gold out of circulation immediately; it was an emergency ration rather than a currency medium. We had no alternative but to provide silver rupees in immense quantity; and this was the second aspect of the problem. The silver produce of the world had become the subject of fierce competition among many nations; the price was rising in a manner which threatened the stability of our exchange; and the actual amount which could be procured in the open market was wholly inadequate to the demands upon us.

15. *Silver crisis in 1918.*—To appreciate the gravity of our silver position, it is necessary to go back to the beginning of 1918. The absorption of rupees at that period was monotonously high, rising to over $1\frac{1}{2}$ crores in each of the first three weeks of January. At the end of February the rupee balances had fallen to $12\frac{1}{2}$ crores, a point which in previous years would have been regarded, in the absence of large supplies of silver available for further coinage, as marking a position of grave danger. March saw no improvement, and on the closing day of the financial year the silver balances had been brought to under $10\frac{1}{2}$ crores. It was clear that a serious crisis was impending and to many who followed the figures of April and saw an absorption of $4\frac{1}{2}$ crores in the first fortnight of that month, catastrophe must have seemed imminent. Our thin line of rupees had been precariously supplemented by an issue of sovereigns in parts of India where gold is freely taken in payment for the crops; but the benefit of this expedient was transient and its continuance unjustifiable. In April the position at Bombay was most critical. Rupees were pouring out to finance the cotton crop at fanciful prices. Bad news from France brought a run upon our currency offices by timid holders of our notes. Our visible reserve of silver had dwindled to insignificance, and for several days the maintenance of specie payments hung in the balance. The Mints however responded nobly to the strain, the Controller of Currency scraped together every rupee that could be spared from other parts of India, and the run upon us abated. Similar difficulty had however arisen in Madras and a minor crisis a little later at Lahore made things no easier. Every ounce of silver that could be laid hands upon was poured into the Mints; the Mints worked night and day; and yet by the end of April our rupees had diminished to $7\frac{1}{2}$ crores and by the end of the first week in June to little more than 4 crores. It seemed incredible that business could have been carried on so far below the minimum of safety; and to those of us who were watching the position in England it appeared a certainty that our paper currency would have to be declared inconvertible. Skill and audacity however prevailed and from that time onwards, with the help which had now begun to arrive from America, the situation improved.

16. The possibility of such a crisis as I have been describing had not been overlooked by those who were responsible for the solvency of India. Their thoughts had naturally turned to America, the great storehouse of silver. The Mexican mines had been working far below their full capacity, owing mainly to political disturbances. In the United States production had been hampered by labour difficulties and the high prices of machinery and chemicals ; but their Government was still buying and seemed most likely to be able to help us. In February 1918 therefore an appeal was addressed to them by Lord Reading, who represented the serious set-back which the war efforts of India would receive if we were unable to continue rupee payments. The Government of the United States were wholly sympathetic, and almost immediately arranged to sell us 6 million ounces. When the crisis became still more acute in April, they offered us another two million ounces. At this end, special measures were taken to accelerate the transit of the silver thus obtained. For example, with the co-operation of the Naval authorities, the Royal Indian Marine vessel "Northbrook" was diverted to Hong Kong to bring to India a large cargo of silver which was awaiting transhipment there from San Francisco. This consignment reached India on the 4th June, and marked the turn of the tide. By that time, more substantial relief was in prospect. Ever since the middle of 1917, the United States authorities had been anxious about the payment in silver for their heavy purchases in the East, particularly their orders for jute and gunnies. For this purpose they ultimately turned to the vast inert reserve of dollars which their Treasury held as security for their Silver Certificates. In April there was introduced in Congress a Bill, subsequently known as the Pittman Act, enabling the United States Government to withdraw Silver Certificates and to borrow from the Treasury the greater part of its dollar reserve of 375 million ounces of fine silver. This measure was commended to the Legislature by a personal message from the President as a war measure of national importance, and it became law at record speed. Early in June, an agreement was arrived at between Lord Reading and the United States Government, by which the latter consented to let India have 200 million ounces of the silver thus released, on terms which no one would hesitate to describe as generous to India. I need not go into details here ; I will only ask the Council to recognise the skill and patience with which these lengthy and delicate negotiations were conducted on our behalf by Lord Reading and by Sir James Brunyate, who was at his right hand throughout as technical adviser and advocate of India's needs.

17. The announcement about the middle of April that the United States were arranging to help us had a marked effect in relieving anxiety in this country. It is certain that in the critical weeks of May and June we could not possibly have carried on with the low balances at our command, had we not been able to reassure the public as to the adequacy of our future silver supplies. By the beginning of July shipments of silver under the Pittman Act began to arrive in large quantities, and during the succeeding months a position of relative safety was gradually reached. This would have been attained more rapidly but for the serious difficulties with which our mints had to contend owing to repeated attacks of influenza and to the concurrent demand for small coinage. Although the return of rupees which can normally be expected in the slack season was absent, the rupee balance steadily improved throughout July, August and September, and by the end of September our stocks had risen to nearly $12\frac{1}{2}$ crores. With October and the commencement of the busy season the absorption once more overtook the coinage, and by the end of November balances had fallen to $8\frac{1}{2}$ crores ; this rendered it necessary for the mints, which had been endeavouring to cope with an intense demand for small coinage, to concentrate once more on the coinage of whole rupees. Special measures were taken to improve the mints' output, and a system of double shifts was instituted. I should like here to pay a tribute to the staff of both the mints for the loyal way in which they have responded to the further call made upon them, in spite of the continuous strain under which they had worked throughout the year. As the result of these measures, combined with the gradual passing away of the sequelæ of influenza, the output of the mints during December attained the enormous figure of Rs. 834 lakhs of rupees, which is a world's record, apart from a concurrent outturn of small coinage,—in all, over a hundred million pieces—and by the 22nd February our rupee balance stood at 13 crores.

18. *Expansion of the Paper Currency.*—At this point we may now leave the silver difficulty, though there is still much to be said upon it as regards the future ; and

turn to the other form of currency, paper to wit, which had to be created to meet the emergencies of the year. The expansion of our paper currency, in spite of the distrust with which the rumours of war had burdened it, has been striking. On the 31st of March 1915 the net circulation, excluding notes held in the reserve treasuries, was 55½ crores; on the same date in 1917 it had risen to 82 crores, and in 1918 to 98 crores. At the present time it is about 150 crores. This inflation, in many ways unwelcome, has not been allowed to go beyond the sheer necessities of the time. High prices and the disappearance of rupees from circulation rendered the use of notes imperative, particularly for the finance of our great staple crops. In Bengal, where silver rupees had previously been almost exclusively employed for the finance of jute, the bulk of the crop has been financed in the current year by notes; paper has also been used almost wholly for the finance of the cotton crop. It cannot be pretended that this has been entirely a voluntary process. With our silver stocks at the low level to which they fell last year, it was essential to concentrate them in the head currency offices, as it would have been otherwise impossible to meet our legal liability for the encashment of notes there. Free encashment at our district treasuries was therefore no longer feasible, and we had reluctantly to withdraw that facility in a very large degree. Similarly, in order to safeguard our position at the currency offices, we were obliged, during the course of the crisis, to prohibit looking of specie by rail and steamer, and also to place an embargo on its transmission by post. However undesirable these measures may be in themselves, we can only appeal to the emergencies of the year and to the supreme importance of carrying the country through the war, and maintaining its usefulness, without a breakdown in the machinery of its financial business. Our position was intrinsically sound, and it would have been unpardonable to allow our work as producers and manufacturers of war material to be paralysed by technical currency difficulties.

19. The rapid expansion of our paper currency had certain unavoidable consequences. A minor sequel was the increased demand for subsidiary coinage. In coping with this, the Mints have been hampered by the incessant demand for rupees, as well as the difficulty at one time of obtaining nickel in sufficient quantities. The latter defect should before long be remedied; but the provision of small change is at present admittedly inadequate. A graver consequence of our large note issues—and one to which several questions have recently been directed in this Council—is the discount at which our notes have been changing hands in many places. The matter is one of great concern to Government; it has given opportunities for profiteering to unscrupulous people, trading on the ignorance and gullibility of the poorer classes, with the result that hardship has unquestionably been caused to many. It is not easy to see, things being as they are, how this particular defect could be removed unless we were in a position to renew the encashment of our currency notes at every treasury in India,—a consummation devoutly to be wished for, but at present somewhat distant. Happily however signs are not wanting that the people, as personal experience tells them that notes are accepted by Government at their face value, are acquiring greater confidence in resisting improper attempts to exact commission. It would be idle to pretend that paper can ever be viewed by the ordinary villager with the same assurance as metallic currency; the whole conditions of his life make that impossible; but it is legitimate to hope that, for the daily transactions of the market, our paper currency will steadily grow in popularity. Gratifying confirmation of this hope is found in the unexpected readiness with which our new low value notes have been accepted by the public. As the Council is aware, one rupee and two and a half rupee notes were put into circulation in December 1917 and January 1918 respectively. At the close of December 1918 the value of one rupee notes in circulation amounted to 9 crores and of two and a half rupee notes to over 2 crores. The latter note has not achieved the same popularity as the one rupee pieces, possibly owing to the risk of confusion with them. The whole question of designing new and at the same time more attractive forms for our currency notes is now under examination.

20. *Control of export finance.*—In his last Financial Statement Sir William Meyer referred at some length to the effect upon exchange of the huge balance of trade in India's favour and the great difficulties which had had to be surmounted in order to ensure that exports from India, of urgent importance for the war, should not be handicapped by the inability of the Exchange Banks to provide the necessary finance. The

necessity of safeguarding such exports obliged the Secretary of State and ourselves, not only to adopt certain measures of control, but also to make a widespread appeal for the co-operation of merchants and others, with the object of securing that the financing of these war exports should have the first call upon the funds set free by homeward remittances. I should like here to pay a tribute to the response which our appeal met with. Everyone who is conversant with practical exchange matters knows that the control instituted over the operations of the Exchange Banks could without much difficulty have been evaded by the trading public, if motives of patriotism had not constrained them to fall in with the measures which Government had initiated. Isolated instances of evasion were, indeed, reported to us from time to time, but I am happy to say that the great bulk of merchants having foreign business most loyally co-operated, with the result that the financing of the export of wheat and foodstuffs, sandbags, and other articles which were urgently needed in Europe, was carried through successfully, and Government's grateful thanks are due to all those who, by resisting the temptation to profiteer in exchange, rendered this result possible. During the current year the former difficulties in the way of arranging for the finance of exports of urgent national importance have been practically absent, owing to the very different situation which exchange has reached as compared with what we had got accustomed to in the last two years.

21. *Movements of Exchange.*—From the beginning of 1916 silver began to break away from its old pre-war level of about 26*d.* per ounce; and as it rose, exchange left the 1*s.* 4*d.* rate and painfully climbed after it. This time last year the rupee was quoted at 1*s.* 5*d.* and silver at about 42*d.* per ounce. In April 1918 however the position was stabilised by our purchase of American silver. The reserve from which we were subsequently to draw had been held at the rate of 1 dollar per ounce, and that rate determined the price at which silver was sold to us, while our agreement with the United States Government bound us not to buy any silver at a higher price while the Pittman Act remained in force. As Sir William Meyer pointed out last year, it would be impossible for us to face a position in which we should be turning out rupees at a loss and placing a permanent premium on the export of our silver currency. It thus became necessary to fix a sterling exchange value for the rupee which would ensure that our coinage would not be liable to be smuggled out of India in indefinite quantities. Accordingly, with effect from the 12th April, the rate for Council drafts was fixed on a basis of 1*s.* 6*d.* per rupee for immediate telegraphic transfers and this rate still remains. Early in July however the weakness of the monsoon and a falling off in the normal supply of export bills seemed to threaten a fall in exchange. Business men with funds in India which sooner or later would have to be remitted to England began to consider the desirability of settling their exchange against a possible drop. There is evidence of a considerable accumulation of such funds, seeking temporary investment in India in preference to remittance to England. The reasons were various: taxation was heavier in England than here: hopes had been entertained of a further rise in exchange; money was being kept handy for *post-bellum* developments: and there was always the uncertainty about being able to recall spare money from England with the same promptitude as in former years. There was thus a large amount of floating capital which any threat of a fall in exchange would bring out for remittance purposes. For some time, although weakness continued, there was no real apprehension, as a similar position had arisen in September and October 1917 and had rapidly passed away. By October, however, the wheat exports had closed down, the demand for remittance quickened and considerably exceeded the supply of bills, and a new problem was definitely established. The first step to meet the situation was naturally the cessation of the sale of Councils, but this could only be regarded as preliminary to further action. In pre-war times, when no one dreamt of the intrinsic value of the rupee soaring above 1*s.* 4*d.*, the problem would have been a simple one, as it would only have been necessary to sell reverse councils at or about the ordinary gold point. In the conditions set up by the war the problem was not quite so easy. We decided, however, that, without prejudice to our future exchange policy, it was essential to maintain the stability of exchange at or about the existing rate, until such time as it would be possible to estimate more clearly the new conditions of the financial world and their re-actions upon our permanent exchange policy. Accordingly, early in November we offered to sell telegraphic transfers on London at the rate of 1*s.* 5 $\frac{3}{4}$ *d.* for

immediates and 1s. 6 $\frac{1}{2}$ d. for deferreds. This announcement was, I believe, generally welcome, and it certainly had a steadying effect on the markets. A total of £3,560,000 was sold up to the beginning of December. This satisfied the immediate demand for remittance, and seemed to restore confidence. For some time subsequently the balance of exchange remained fairly even, there being quite enough demand for sterling to cover the few bills offering. More recently, the demand for remittance has again somewhat exceeded the supply of bills, and during February we sold a further small amount of sterling.

C.—Revised Estimates of Revenue and Expenditure.

22. The peculiar features of the year find their next reflection in the extent to which our current revenue and expenditure have departed from the estimates presented to this Council a year ago. In discussing these figures reference, except where otherwise mentioned, will be exclusively to the Government of India's own receipts and charges. The provincial transactions, save in so far as they affect our ways and means position, are more properly the subjects of scrutiny and debate in the provincial Legislative Councils, and in the case of the provinces I shall therefore merely give a brief resumé of their collective transactions. On the Imperial side, it will be remembered that Sir William Meyer budgeted for a total revenue of about £74 $\frac{1}{4}$ millions and expenditure of about £71 $\frac{3}{4}$ millions, giving an Imperial surplus of rather over £2 $\frac{1}{2}$ millions. Our latest figures suggest that the revenue will be better by £11 millions, but the expenditure heavier by £18 millions. The position is thus worse than our estimate by £7 millions, and we shall close the year with a deficit of £1 $\frac{1}{2}$ millions. For this transformation the chief cause may be taken as being the liability accepted last September for the cost of the additional Indian troops. Our instalment of that liability for the current year, including the extra pension charges incurred up to date, amounts to about £12 $\frac{3}{4}$ millions; and if we had not undertaken this contribution to war expenses, our transactions for the year would have ended, it may be assumed, in a revenue surplus of £8 $\frac{1}{4}$ millions, or an improvement of £5 $\frac{3}{4}$ millions on the Budget. To this result the chief contributors would have been exchange, railways, customs and the mints; with a substantial set-off from losses of land revenue, higher military outlay, and a general rise in the expenses of our civil departments due, in some cases, to increased allowances for the higher cost of living. The more important variations are briefly discussed below.

23. *Exchange*.—As the Council is aware, our accounts are prepared on the basis of 1s. 4d. to the rupee, and my predecessor did not feel himself justified in taking credit for what we should gain by a higher rate. The position at the time was unstable, and he prudently refused to gamble on a continuance of the rate which was then in force—approximately 1s. 5d. In April however the arrangement with the United States Government, to which allusion has been made above, made it necessary to fix the sterling exchange value of the rupee arbitrarily at 1s. 6d. We have thus been able to meet our sterling obligations at a great saving in rupees as compared with the Budget provision on the basis of 1s. 4d. *Per contra*, we deduct from this gain our loss on the coinage of rupees which are intrinsically worth more than their legal issue price of 1s. 4d. The net profit for the year is expected to be £4·3 millions. At one time it looked as if the figure was going to be much higher. Indeed the Council will recollect that in September last Sir William Meyer hoped that the first instalment of our new war liability might be met in full out of a surplus accruing largely from this windfall. That his hope was not realised is due to the change which came over the situation at a later stage. The stopping of the sale of Council Bills in October meant that no further gain from exchange has accrued on these transactions, while the sale of "reverse Councils" has made a hole in the gain already to our credit. Furthermore, our receipts of silver will be greatly in excess of the September estimate, and the loss on coinage will be correspondingly enhanced. Had war continued, it is quite probable that our first part of the contribution would have been liquidated in the manner which Sir William Meyer hoped for; but on the other hand subsequent payments on the same account would of course have been larger.

24. *Railways*.—These have again been a great stand-by. Though we were informed a year ago that the limit of the carrying capacities of the lines had been

practically reached, and that a further advance in receipts would be handicapped by the difficulties in war conditions of effecting repairs and renewals, the earnings have continued to grow, and are now expected to reach over 76½ crores against 70½ crores taken in the Budget. After allowing for some increase in the working expenses the net improvement amounts to nearly £2½ millions.

Customs.—Our revenue for the current year was estimated at 16¼ crores. As a result partly of continued high prices it will probably rise to 19 crores, in spite of the heavy handicap of the freight position, among the more important tariff heads contributing to the improvement being sugar, tobacco, manufactured articles and the excise duty on cotton goods.

Mint.—An improvement of £1·3 million is expected. Over one-half of this represents the profits on the subsidiary nickel and bronze coinage for which there has been an extraordinary demand throughout the year. The balance is seigniorage on rupee coinage, the volume of which has been greatly in excess of figures which could safely be taken into account a year ago.

Army.—The increased outlay on the Army in India, about £2·2 millions exclusive of the special war contribution, will be explained in detail in a later section. Briefly it has been due in the main to the unforeseen and unbudgeted operations against the Marri tribe, and to the necessity for a large mobilization on the North-West Frontier as part of the general Imperial strategy against the far-flung German menace. Contributory items to the excess have been the higher railway charges and the increased cost of food.

Scarcity.—The direct effects of scarcity are seen in the remissions and suspensions of land revenue. The drop in land revenue receipts will be most marked in Bombay (64 lakhs), the United Provinces (53 lakhs), Madras (14 lakhs) and the Central Provinces (12 lakhs). The total Imperial share of the loss of land revenue is just over £1 million, to which must be added, although they appear under the Transfer head, payments which had to be made to Bombay and the United Provinces in order to prevent their land revenue receipts from falling below a guaranteed minimum; those payments aggregate about 43 lakhs. It is not expected that there will be any excess over the normal grant for Famine Relief and Insurance. The Imperial share of actual relief measures will cost about £400,000, and the portion of the grant available for avoidance or reduction of debt will now amount to £130,000 only.

25. *Provincial Estimates.*—Under this head all that need be said is that Sir William Meyer budgeted for a small surplus of £130,000 for the provinces collectively. The gross provincial expenditure will be slightly exceeded; and there ought to be a more than corresponding increase in provincial revenues in spite of a somewhat heavy loss (£800,000) of land revenue, with the result that these are now expected to show a surplus of over £1 million. Our obligations are due to the provinces for the loyal help that they have given in a very difficult year by keeping down their expenditure, and for the many devices by which they have pursued economy.

D.—Ways and Means.

26. The ways and means problem in India is always a double one. We have not only to consider whether our total resources, in London and India combined, are sufficient to meet the probable calls on them; we have also to see that the money is where it is wanted; in other words, we have to consider the distribution of those resources between London and this country. It frequently happens that one of these two aspects of the problem is much more important than the other. Thus, before the war, the difficulty was usually to provide for sufficient total resources to meet capital expenditure on our productive works; there was rarely any difficulty as regards their distribution, for in most years we could always rely on trade demands being more than large enough to absorb the Council drawings by which our funds were remitted home to pay for our railway and public works material. Within the last few years, however, as Sir William Meyer has brought out prominently in connection with his last two budgets, the main difficulty with which we have had to deal has been distribution. This difficulty arises from the fact that we have had to meet, apart entirely from the expenditure finally debited to Indian revenues, cash outgoings in

India on an enormous scale exceeding our own expenditure. These very heavy disbursements, on behalf of the Imperial and other Governments, have been repaid to us in London; and there we have recently had such ample funds that the Secretary of State was able to set aside, apart from his ordinary cash balance, a special reserve of £20 millions in order to meet liabilities likely to come upon us in future. The trouble has been that, except in so far as the Secretary of State could purchase and remit silver to us, there has been no method by which we could bring to India the large resources which we possessed in London, and in consequence we have been obliged to incur a large amount of floating debt in this country, and to borrow large sums from our Currency Reserve, measures regarding which I shall have more to say later on.

27. As was anticipated, these difficulties continued in an acute form during a considerable portion of the current year. Sir William Meyer estimated that, without including any provision for Council drawings by the Secretary of State, our cash outgoings in India, apart from those debited to our own Indian revenues, would amount to about £78 million. This represented mainly war expenditure on behalf of His Majesty's Government, for which we are repaid in London, and included other remittance transactions somewhat similar in character and also certain other non-revenue transactions. In the event, the funds which we have to find are expected to amount to no less than £141 million made up roughly as follows :—

	£ million.
War outlay on behalf of His Majesty's Government recoverable in London	72·7
Funds supplied for East Africa	3·3
Postal and money order transactions	4·2
Excess of Treasury Bill payments over receipts— <i>vide</i> paragraph 36 below	10·7
Repayment of temporary loan taken from Bank of Bombay in 1917-18	2·7
Council Bills	20·6
Cost of military stores and equipment purchased in advance of allocation to definite objects	12·7
Rupee credits for Federal Reserve Board in part payment for American silver	11·0
Remittance of gold in part payment of same	2·0
Additional <i>sakavi</i> loans	1·4
Total	141·3

These transactions have been financed in the following manner :—

	£ million.
Receipts from Indian War Loan (inclusive of cash certificates)	37·1
Receipt of purchased silver	56·3
Surplus of revenue over expenditure in India and miscellaneous transactions	18·0
Issue of currency notes against additional investments	24·7
Receipts in India from sales of reverse Councils (£5·4 million less loss on exchange)	4·8
Reduction of balance	5·4
Total	141·3

28. Of the disbursements which we have had to meet, no remarks are required upon our war outlay on behalf of His Majesty's Government or the remittance to East Africa, as the nature of these has already been explained in previous Financial Statements. The amount of our money locked up in advance purchases of military stores and equipment has considerably increased during the current year. Pending their allocation to specific requirements the cost has been charged to a suspense head. As they are so allocated, the cost will be treated as expenditure debitable to Indian revenues or recoverable from the Home Government, and, since the accumulation of stocks took place with reference to war conditions, we expect that in the coming year the lock up of funds will be very substantially reduced in this way. Apart from this, we expect even during the current year on the other side of the account to obtain an advance of £5·9 millions from the War Office against purchases

so far made. The large payments on account of postal money orders are due to the continuing demand for remittance to India in this form in the earlier portion of the year. The Treasury Bill transactions will be separately discussed; in brief we anticipate that, as against ₹43½ crores outstanding at the commencement of the year, our liability in respect of Bills issued to the public will have been reduced to ₹27½ crores at its close. The only other important item on the outlay side consists of the rupee credits granted to the Federal Reserve Board in connection with the agreement under which we have purchased silver from the United States Government. Briefly, the position is that one of the methods by which we are making payment for the silver delivered to us by the United States in the current year is by granting rupee credits to the Federal Reserve Board at a rate representing approximately the cost of laying the rupees down in India—1s. 6d. to the rupee—for the purposes and to the extent required by them for financing exports from India for work of urgent national importance in America. For the rest, we are making over to the United States Government the equivalent of £2 millions in gold, and the balance which is not covered by these and the rupee credits granted to the Federal Reserve Board will be settled with the United States Government by His Majesty's Treasury, to whom the Secretary of State will make the necessary payment in London.

29. On the receipt side, I shall touch later upon the results of the war loan. Though the proceeds of this are payable to His Majesty's Government, that payment is made in London, and meanwhile we have the use of the money received by us in India. We anticipate that we shall be placed in funds to the extent of no less than £56 million in the form of silver received either from the American Government or as a result of the Secretary of State's own purchases. This silver is, after receipt, placed in the Paper Currency Reserve and notes are issued against it to our treasuries to the extent of its anticipated rupee outturn, though a good deal of the silver will not actually be coined up until next year. Next come the funds we have obtained by issuing notes against an increase in the investment of the Paper Currency Reserve. £16 millions, or ₹24 crores, were invested in British Treasury Bills under the powers obtained in March last. The balance has been invested mainly in British Treasury Bills but partly also in Indian Treasury Bills under the powers taken by an Ordinance in December 1918 of which the Council will later be asked to continue the operation by legislation. It is desirable that I should say a few words here regarding the last mentioned transaction. Under the last Ordinance our total investment powers stand at 100 crores. Up to 80 crores of this can be invested only in British Treasury Bills; while 10 crores may be invested only in Government of India securities, and the remaining 10 crores in either British or Indian Government securities. Our actual investments in Indian and British securities other than Treasury Bills amount at present only to about 11 crores, and the rest of our investments are entirely in the form of Treasury Bills, of which about 9 crores may at our option be either British or Indian. It must be observed, however, that investment in British Treasury Bills does not increase the total funds at our disposal; the Secretary of State merely transfers the Bills from his own treasury to the currency reserve in London, while we release their value from our currency reserve in India. If however our Paper Currency Reserve here buys our own Treasury Bills, payment is made to our Treasury in notes, and our total resources are thereby temporarily increased. Of this more will be said later.

30. I now turn to the Secretary of State's position. He has to meet in the current year the following disbursements:—

	£ Million.
Ordinary home charges, including capital outlay	22·9
Payments for silver	44
Payment to the Treasury of the proceeds of the Second Indian War Loan	33·4
Investment in British Treasury Bills on behalf of the Paper Currency Reserve	20·7
Sterling transfers on London	5·4
Discharge of India Bonds and Railway debentures	1·8
Miscellaneous transactions	3·1
Total	131·3

Against this we estimate that his resources will be as follows:—

	£ million.
Receipts from Council Bills	20.9
Recoveries from His Majesty's Government for disbursements in India on their behalf at the rate of exchange of 1s. 5d. and 1s. 6d. per rupee inclusive of a recovery of £5.9 million in respect of stores charged to Suspense	86.3
Recovery from the East African Protectorate at the same rates of exchange	3.6
Withdrawals from special reserve	13.1
Postal and money order transactions	4.3
Reduction of cash balances	3.1
Total	131.3

We do not estimate that the Secretary of State will pay over to the Home Government during the current year the complete proceeds of our second War Loan, it having been found convenient to throw forward the payment of a portion to next year's budget. The net effect of these transactions will be to leave the Secretary of State with a closing balance of £7.5 million against an opening balance of £10.6 million.

31. *England and India combined.*—When we consider the combined India and England position, the matter is greatly simplified by the fact that the various transactions which represent cash outgoings in India and recoveries in London, and *vice versa*, can be cancelled, and we have only to look at the net result of our non-revenue operations. This is shown briefly in the following statement:—

<i>Outgoings.</i>	£ million.	<i>Receipts.</i>	£ million.
Discharge of treasury bills in excess of issues	10.7	Excess of proceeds of war loan over payments to His Majesty's Government	4.2
Cost of military stores and equipment purchased in advance of allocation to definite objects	12.7	Issue of Indian Treasury bills to the Paper Currency Reserve	4.0
Imperial deficit	4.3	Withdrawal from Special Reserve	13.1
Capital outlay on:—		Recovery from War Office in respect of stores charged to the Suspense head	5.9
Railways	4.4	Provincial surplus	1.1
Irrigation	0.3	Net deposits into Savings Banks and miscellaneous transactions	1.8
Delhi	0.3		
	5.0		
Discharge of debt (inclusive of railway debentures and temporary loan from Bank of Bombay)	4.6		
Net issues of Imperial and Provincial loans	1.3		
	<u>38.6</u>		<u>30.1</u>

The difference will be met by a reduction in our total cash balances from £25.9 millions at the commencement to £17.4 millions at the close of the year.

E.—Borrowing and the Money Market.

32. *The War Loan.*—It will have been seen from the figures just mentioned how greatly our position was helped by the success of the Second Indian War Loan. The receipts from the main section of the loan amounted to R51½ crores and those from the Post Office section to over R5½ crores, making a total of R57 crores, or £38 millions. Though we did not, as on the previous occasion, offer any conversion rights in respect of past loans, the terms of the 1918 loan were undoubtedly more attractive than those given in 1917 since, in addition to 3 and 5-year War Bonds, we also offered 7 and 10-year Bonds bearing the same rate of 5½ per cent. free of income

tax and repayable at the rate of ₹103 and 105 respectively. That the 10-year Bonds proved a great attraction to investors is clear from the fact that over 40 per cent. of the loan was taken in the form of these Bonds, which are already changing hands at ₹101 or thereabouts. While the attractiveness of the loan as an investment has no doubt had much to do with its success, nothing like the same amount would have been obtained but for the patriotic and most valuable assistance rendered by a host of willing co-operators throughout the country, from captains of industry like our honourable friend Mr. Ironside down to the humblest workers in the villages.

33. The success of the loan suggests certain natural reflections. Apart from the actual amount realized, the most encouraging feature of these operations has been the enormous increase in the number of people throughout the country who have become holders of Government securities. In the 1917 loan the number of investors, excluding purchasers of Cash Certificates, was 155,103; in the 1918 loan the subscribers number no less than 227,706. It is clearly of the highest importance that we should do all we can to retain, and if possible increase, our new *clientèle* and so foster the seed which we hope we have sown. In the first place, India, if she is to exploit to the full her vast natural resources, will require a large outlay of capital both by the Government and by private enterprise, and for this purpose a steady stream of investment within India is essential. Secondly, the gradual spread throughout the country of a habit of investment will help to divert to fruitful purposes India's sterile hoard of precious metals, to the mutual advantage of the individual and the State. Thirdly, the effect of the substitution of investment for hoarding will minimise India's demands for future additions to her metallic currency and thus help to solve one of the most pressing problems in front of us. Progress in this direction must, I need hardly say, go hand in hand with the very necessary development and extension of banking facilities.

34. I should like in connection with the loan to mention that the Government has been doing what it can to adapt the previous procedure for the issue of its loans to the circumstances of the small investor. Previous to the issue of the 1917 war loan, subscriptions to our annual loans were for the most part confined to a few Banks and financial houses, the loans being allotted on tender. The former procedure, involving as it did the submission of application forms and the issue of allotment letters and so forth, was found to be quite unsuited to a loan of the magnitude of that floated in 1917. There was accordingly devised, with the co-operation of the Presidency Banks, a new and greatly simplified procedure whereby at most important centres scrip could be issued over the counter, and at other places after a very short delay by the Accountant General, instead of its issue being concentrated at the Public Debt Office in Calcutta. I need not go into any great detail with regard to these arrangements, as they are fully described in a very interesting report on the 1918 loan by our Controller of Currency. I may however add that we are also considering the possibility of further adapting the law and procedure relating to our securities, by the elimination of irksome formalities, so as to meet the new situation which has arisen from the enormous addition to the number of our creditors.

35. *Cash Certificates.*—The figures given above do not include Cash Certificates. The results of these may at first sight be regarded as disappointing. We had a net receipt in 1917-18 of about £6 millions. During the current year we expect that, as against fresh certificates issued to the value of £2·1 millions, those presented for payment will amount to £2·5 millions, or, in other words, that there will be a net payment of about £½ million. It would seem that in the operations of the first war loan the zeal of the canvassers occasionally outran their discretion, with the result that in some areas those who took up certificates presented them not long afterwards for encashment in considerable quantities. Apart, however, from this, it is not unnatural that in a year of scarcity some proportion of those having their funds invested in this way should have found it convenient to realize them. The present indications are that the weaker holders are in the process of being eliminated; while, therefore, we estimate that in the coming year the receipts and payments will balance each other, we can hope that gradually the merits of the Cash Certificate as a form of investment for the small man will be more and more generally appreciated.

36. *Treasury Bills and Bank advances.*—Another important item in our financial operations was the further issue of Indian Treasury Bills. At the commencement of the year the bills outstanding amounted to ₹43½ crores, against which we anticipate that the outstandings at the close of the year will be about ₹34 crores, inclusive of ₹6½ crores issued to our Paper Currency Reserve. When the year opened we were faced with heavy maturities in April amounting to ₹12½ crores, three-fourths of which, however, were replaced by fresh sales during that month, while the remainder together with maturities of ₹8½ crores in May were more than replaced by fresh sales before the 3rd of June. On this date the sale of treasury bills was shut down in view of the opening of the war loan campaign. While the war loan was in progress, ₹35 crores of treasury bills were discharged and ₹4 crores received under discount by way of subscription to the loan as the equivalent of a cash subscription. Our heavy military and other continuing disbursements in July and more particularly in August forced us not only to use up our war loan receipts as these came in, but also to look for some method of supplementing them. We were very reluctant to re-open treasury bills while war loan operations were in progress, and the extent to which Government disbursements were at that time returning to the Presidency Banks fortunately made it possible for them to assist us with ways and means advances to the extent of no less than ₹17 crores. These were for the most part liquidated in time for the Banks to make use of the money when the trade demand of the busy season began. When the main section of the loan closed, issues of the longer-dated treasury bills were re-commenced, the issue of three months' bills being added in November, and the rates subsequently raised in January. With the tightness of money during December and January, the receipts were small, but during the last few weeks, as the general money market has eased, funds have again flowed in more freely from this source, the position at the end of the year being that, excluding Treasury Bills issued to the Paper Currency Reserve, our outstandings under this head are estimated to stand at ₹16 crores less than at the commencement of the year.

37. *The Money Market and Presidency Banks.*—This brief account of our treasury bill operations leads naturally to a consideration of the general money market conditions during the year. At the commencement of the year the markets generally were inclined to be nervous, not merely on account of the military situation, but also particularly because of the approach of the April cotton settlement at Bombay, where the speculative transactions involved had been unusually large. Prices of cotton had risen; a squeeze for money was threatened in Bombay; and those heavy speculators whose anticipations had been falsified by events appealed to Government to intervene by fixing a maximum price to protect them from loss, declaring that unless this step was taken a general financial debacle was inevitable. Government decided that the circumstances did not justify their intervention, and in point of fact the settlement was attended by no serious crisis, and as usually happens in Bombay the period of tight money rapidly passed away. Incidentally as the result of the financial disturbance attaching to the April settlement, which recurs almost every year though not always in so aggravated a form, a more civilized system of monthly settlements has been evolved. These are understood to be working without friction and if, as may be hoped, they have come to stay, they promise to make the operations of local speculators less a matter of anxiety to the general commercial public.

38. The receipt of the war loan proceeds and the absence of any substantial trade demand caused the percentages of cash to liabilities in all three Presidency Banks to improve throughout July. Before the end of August, however, the Bank of Bengal began to feel the demand for the finance of jute. In the previous year, owing to the low price of the crop and the fact that the jute concerns were possessed of large resources of their own, the Bank of Bengal had been called upon to provide finance to a very much smaller extent than usual. In the current year, owing to higher prices and possibly also to the fact that many firms had invested heavily in the loan, the Bank's jute advances were fairly large and from the end of July their cash percentage steadily fell. The Bank of Bombay's cash continued to increase during August, but after that month the effect of the disbursements by Government of the large ways and means advances taken from the Bank made itself felt, and the cash dropped from ₹14 crores at the end of August to ₹9½ crores

at the end of October. Simultaneously the Bank of Bengal's cash had steadily decreased from ₹15 crores at the end of August to ₹9 crores by the first week in November, and both Banks accordingly then raised their rate from 5 per cent., at which it stood since May, to 6 per cent. The Bank of Madras, which had temporarily reduced its rate to 6 per cent. on the 6th August, followed suit by raising its rate to 7 per cent. on the 11th November.

The low level at which the cash of the Bank of Bengal and Bombay stood during last autumn as compared with 1917, and the growing tightness of money during the later months with its inevitable reaction on the ability of Government to finance themselves by temporary borrowing, have been the most noteworthy feature of the money market conditions during the year. These were in marked contrast to the conditions of the preceding year. In both years Government were making continuous heavy disbursements. At the time of issue of the 1917 War Loan there was some apprehension lest the money which Government were taking off the market should land the Banks and trade in serious difficulties. In point of fact, however, the reverse happened and perhaps for the first time in India there were clear and encouraging signs that a substantial portion of the money disbursed by Government was returning very rapidly to the Banks, from which it could again be caught up in the wheel of Government's borrowings. It is difficult to give any completely satisfactory explanation of the less favourable position in 1918. It was all the less to be expected, as *prima facie* the natural result of the advent and attainment of victory would be to restore confidence and to make for greater easiness in money conditions. More recently there has been some relaxation in the earlier stringency, but it is as yet too soon to predict whether a continuance of this can be counted on for the rest of the busy season.

SECTION II.—THE YEAR 1919-1920.

F.—Budget Estimates of Revenue and Expenditure.

39. The task of forecasting our resources and requirements for next year is unusually perplexing. On the military side there is no experience to guide us in calculating the legacies of a great war. The pace and cost of demobilization, the future strength of the army and its reserves, the new equipment which the lessons of the war will force upon us—all these are uncertain. On the civil side our external trade is largely governed by shipping, which may or may not be available, and there is thus no estimating with any confidence for our customs revenue, our gains or loss by exchange, etc. Our internal trade will be affected by scarcity and may be seriously hit by a slump in prices: hence uncertainty about our railway earnings and other important heads of revenue. After the strain and artificial conditions of recent years it is not easy to speculate how far the rebound will go or what directions it will take, and the only thing that is certain is that we must incur a large expenditure to recover the ground which has been lost in a period of severe economy. There is, however, no cause to be pessimistic for 1919-20. A depression may come in time, but we need not anticipate that it will come so soon as next year, and there is much diffused prosperity in the country which even high prices and local scarcity cannot seriously impair. We have therefore felt justified on the revenue side in taking an optimistic view of our general prospects and we have allowed for a substantial improvement in receipts under the majority of the more important revenue heads. Before discussing these it will be convenient to examine first the needs of our spending departments and to arrive at the total revenue which will be necessary to provide for them.

40. *The Army.*—For next year we trust to do without the special war provision of £1·8 millions for expenditure on our own frontiers which appears in the current year's estimates; and there is a reduction of nearly £1 million in our expected outlay on Military Works, in view of the cessation of many of the special works, including accommodation, which were called for by our greatly expanded army. But these and other economies have been outpaced by the imperative demands of military efficiency in the light of the lessons taught by the war; and we have had to accept an extra charge of over £2 millions for the war bonus to British troops. Another heavy liability which we have to face is the clearing of the war stores suspense account, which

has been steadily growing up in the last few years. A large part of this will be taken off our hands by the War Office; but still a substantial quantity of the stores will have to be taken over by the military authorities in India as a nucleus for the mobilization stores which experience has shown to be absolutely necessary. As a beginning of this process we have decided to provide £1 million in next year's budget. For all the many unforeseen contingencies of a year of reconstruction, we have inserted a lump provision of only £871,000. No one can assert that this is extravagant in view of the large new up-to-date equipment which will be forced upon every modern army now-a-days,—its improved armament, its requirements of more rapid transport, and in particular its air fleet. With the most cordial and helpful co-operation of His Excellency the Commander-in-Chief, however, we have decided to fix the net figure in the Budget for our ordinary charges at £32½ millions as against £31½ millions in the current year. To both of those figures have to be added the instalments of the war contribution which we offered last September. These amount to £12·7 millions in the current year and £8·7 millions in the coming year; further details being given subsequently in paragraph 52. The upshot is that for next year we have had to put our military estimates at £41·2 millions net. Although this is £2½ millions less than in the current year, it represents of course a figure considerably in excess of what we hope will be our normal military requirements in future.

41. Without entering into wearisome details, I may mention a few of the heads under which substantial savings are expected next year. The first of these is *Political*, where we estimate for a reduction of £2 millions as compared with the current year. This is due mainly to the curtailment of our expenditure in South Persia and to the omission of special political expenditure which the cessation of hostilities has happily brought to an end. Another head is *Refunds*, where we are budgeting for over £½ million less than in 1918-19. The bulk of this is due to the omission of a large provision made this year for the refund of advances which salt traders in northern India had paid in during the period of high speculation in that commodity. We have also been able to reduce our Customs drawbacks very materially. These were specially high in the current year, as owing to shipping difficulties large consignments intended for Mesopotamia have been sent in the first instance to India and reshipped to Mesopotamia, the customs duty upon them having had to be refunded on their re-export. Another head under which we expect a saving of £½ million is *Miscellaneous*; the reduction here is an echo of the war, being due to the absence of the provision which had to be made this year for losses of stores at sea on the voyage between England and India.

42. A few of the heads may now be mentioned under which we expect the chief increases of expenditure next year. Of these the most prominent is *Famine Relief*, where the Imperial share of our extra liability will be about £450,000. It is expected that the total requirements under this head will be nearly 90 lakhs in the United Provinces and 45 lakhs in Bombay, while Bihar and Orissa will require 16 lakhs and the Central Provinces over 14 lakhs. Against this, however, we have much lower figures for remission and suspension of revenue, and our betterment under that head is very substantial, close on £1 million. Another expenditure head which is growing is *Posts and Telegraphs*. Here we have had to replenish stores which were depleted by military requirements, as well as to contemplate substantial improvement in pay and in postal efficiency generally. Increases in pay and wages will run through most of our spending departments, and may indeed upset estimates which we have had to frame before the full effects of high prices have been made evident.

43. Apart from these, and the Railway figures which will be discussed below, there is no startling variation from the position in the current year. Full details are as usual given in the Finance Secretary's Memorandum. The aggregate result is that we find ourselves obliged to make provision for Imperial expenditure amounting to £85,357,300. Our task is to provide that amount from our current revenues; and, as will be shown below, we are unable to do so without extra taxation. A few of the main heads of revenue may briefly be examined.

44. *Railways*.—The gross receipts taken in the current year's budget were, as I have previously mentioned, R'10½ crores, against which we now expect to receive R'76½ crores. All our experience shows a rapid and unfaltering growth of traffic, and as military requirements fall off, private demands for railway facilities will more than take their place. For next year, therefore, we propose to go up to R'80 crores,—a figure

which is regarded in the Railway Department as daringly optimistic. There will be a corresponding rise in working expenses : but the heaviest deduction will be for special renewals after the forced neglect of the past few years. Apart from the large capital programme to which I shall shortly refer, we propose to earmark no less than £6½ millions or R9¾ crores for renewals from current revenue. It is a large sum, but the railway authorities are confident of being able to spend it profitably and it is impossible to deny either the need or the urgency for drastic renewals. We take our net railway revenue at about R33½ crores against about R40 crores in the current year.

Customs.—It may reasonably be assumed that tonnage will gradually get easier next year and that the return of peace will bring down prices. The latter movement will tend to reduce the proceeds of customs dues which are levied on an *ad valorem* basis ; but we count upon an inrush of commodities to replenish exhausted stocks. We are consequently budgeting for R20 crores against about R19 crores expected in the current year. This assumes that we shall adhere to the special duty on petrol which is a very reasonable addition to our revenues even in peace time. I shall subsequently introduce a small bill continuing our present Motor Spirit Duties Act, which covers only the period of the war and six months thereafter and which probably would otherwise lapse before the close of the coming year. Under the majority of the other tariff heads we have allowed for substantial increases, but we anticipate a considerable decrease in (a) the export duty on rice, owing to the large diversion of Burma rice for Indian requirements, and (b) the import duty on cotton manufactures, as a result of agricultural conditions and the present disparity between European and Indian prices.

Mint and Exchange.—The gain on exchange is taken at a little over £1 million. Though high, this figure is a serious drop from what we expect in the current year—nearly £1½ millions. There are three reasons for the decline. First, there will be a large falling off in our gross receipts from exchange in consequence of the great reduction in our anticipated recoveries from the War Office against expenditure undertaken on their behalf in India. Second, we are estimating for much smaller sales of Council Bills, while there will at the same time be a diminution of the gain on exchange which we shall realise from them. This is due, not to any expectation of departing from the present rate, but to an arrangement into which we entered with the Exchange Banks during our period of financial strain. I think it is an open secret that, in consideration of their insuring the finance of exports of national importance, the Secretary of State guaranteed the six British Exchange Banks that they would be allowed to bring back to India, at the rate at which the transactions took place, funds to the extent to which they were compelled to overbuy in that connection. Third, though we do not anticipate that our actual silver coinage will be as great as in the current year, we expect that the loss on coinage to be set off against the gain on exchange will be no less ; since a considerable portion of our silver coined in the current year was paid for by rupee credits granted to the United States Government, the rate of which is so adjusted that no formal loss arises out of these transactions.

We have also again allowed for high receipts under Mint, though here too there is some reduction owing to the fact that a somewhat smaller amount of new silver will come under coinage. The estimates as they stand include provision for seigniorage on the coinage of the balance of the American silver as well as for new purchases by the Secretary of State, also for a large amount of subsidiary coinage which we expect to undertake in view of the present extraordinary demand for small coin.

Other Heads.—We provide for increases, as the result of normal growth, under Stamps, Excise and Posts and Telegraphs, after allowing in the case of excise revenue for the prevalence of famine conditions in several provinces. Under Posts and Telegraphs there will be a falling off in the volume of military traffic, but we shall realise a full year's yield from the enhanced rates introduced in the current year. We anticipate some decline under Salt as we expect further large issues against uncleared indents in respect of which duty has already been paid.

Income-tax.—The figures here will be explained in a moment. They cover however one concession—the only fiscal concession possible in this budget—which we have felt ourselves constrained to make. On none has the present range of prices fallen more heavily than the people on low salaries who are caught in the smallest mesh of our income-tax levy. There can be no question that the R1,000 minimum

is now a serious hardship, and we have decided to raise the taxable limit of income to R2,000. We estimate that we shall thereby lose 75 lakhs or £500,000; but we shall relieve no fewer than 237,000 petty assesseees, out of the total number (391,000) of people who pay the tax now. Incidentally I may explain here that as income-tax revenue is shared between Imperial and Provincial, a portion of the loss would, in the absence of any adjustment fall on provincial revenues. It will, however, of course be necessary for us to make good to the provinces by assignments the amount so lost, just as we took assignments from them in respect of the additional receipts due to the enhancements of taxation effected in 1916 when these would otherwise under the ordinary classification have been credited to the provinces.

45. Enough has been said to show that we are not free from difficulty with our revenue estimates, but that we have not allowed the uncertainty of the future to deter us from pitching our figures as high as prudence permits. The total result is that we get a revenue of £80,192,100 all told, or a shortage of £5,165,200 in comparison with our estimated expenditure. To fill this gap, and to give us a small surplus as a margin for the fluctuations of the year, we are asking the Council to impose a duty on Excess Profits earned in the current year. We estimate the gross yield of this duty at about £7½ millions. Against this, there will be a loss of super-tax (estimated at £1 million), since super-tax and excess profits duty will not be both assessed on the same business, and also of income-tax (to the extent of about £450,000) since a rebate will be given for the purposes of this tax in respect of the amounts paid as excess profits duty. Allowing for these losses, we place our net estimated receipts from the excess profits duty at about £6 millions, and our estimated surplus will be £868,100.

46. *Revenue and Expenditure—Provincial.*—The provincial revenues are taken in the Budget at close upon £37 millions, and the expenditure at a little over £38½ millions. With the conclusion of the war we felt that we could not reasonably ask Local Governments any longer to refrain from drawing to a moderate extent on the large accumulated balances which most of them have now at their credit. We therefore informed them that in our opinion additional expenditure may now be reasonably incurred upon :—

- (a) the extension of education in directions where it has been specially hampered by war economies;
- (b) the development of industries;
- (c) the repair of actual damage which the financial stringency of the last three years has caused to public institutions and services, and
- (d) purposes which, though not immediately remunerative, will secure an improved and not greatly deferred return to the State or the country at large, such as capital outlay on the development of forests, agricultural experiments and the like.

It was also added that of course expenditure in connection with the relief of distress and the like in consequence of the present agricultural situation in several provinces, whether in the form of famine relief outlay or of advances, should be duly provided for and incurred in accordance with real requirements. The provinces have taken full advantage of this advice, and it will be observed that the estimates provide for a draft on provincial balances of over £1½ millions. This does not, however, represent the full extent of the proposed expansion of provincial expenditure as compared with that undertaken in the current year, as the provinces collectively are now budgeting for an increase of £3½ millions on their revised estimates of £34·8 millions.

G.—Borrowing and Ways and Means.

47. In the remarks on the Revised Estimates it was explained how in the last few years our main difficulty lay in so arranging our funds that they would be in the place where they were required. In the coming year we hope that this problem will not recur in the acute form recently experienced, and in fact the salient feature in the ways and means programme which is now laid before the Council is the large capital outlay which we propose to undertake on our railways. Though in the past there may have been grounds for the complaints made that the importance of developing

our railway estate was not sufficiently appreciated, the necessity for a more progressive policy than has hitherto been adopted had been brought home to us even before the war, and I know that Sir William Meyer had this particular matter very close at heart. The disturbance due to the war made it impossible to put that policy into action, if only because of the impossibility of obtaining material; but the Government of India had, before hostilities terminated, placed in the hands of the Secretary of State a very full statement of the requirements which they wished to be met at the earliest possible date, and the intention was that these railway requirements should have the first call on the reserve of £20 millions which was set aside at home for meeting our post-war liabilities. It is now a great pleasure to me to be able to announce that we are budgeting during the coming year for a railway capital programme of no less than £17½ millions, which is, as the Council is aware, far in excess of the largest programme (£12 millions) ever previously undertaken, and also of the maximum programme contemplated by the Mackay Committee, namely £12½ millions. This sum is of course additional to the large programme outlay on renewals from revenue, £6½ millions, included in our railway revenue budget, the inclusion of which brings our total programme expenditure up to £24·2 millions.

48. The statement below shows the manner in which we expect to be able to finance this expenditure and the nature of our other more important non-revenue transactions, the figures being for England and India combined :—

<i>Outgoings.</i>	(£ Millions.)	<i>Receipts.</i>	(£ Millions.)
Discharge of treasury bills	8·0	Receipts of Indian loan	10·0
Repayment of assets of hostile firms held in deposit by Government	2·4	Withdrawal from special reserve	6·9
Capital outlay on—		Credits for issues of stores charged to suspense account	11·1
Railways	17·7	Reduction in cash balance of military disbursing officers, as the result of demobilization	2·1
Irrigation	0·4	Credits in respect of silver inclusive of American silver paid for in 1918-19 but expected to arrive in India in 1919-20	5·2
Delhi	0·3	Imperial surplus	0·9
	<u>18·4</u>	Net deposit into savings banks and miscellaneous transactions	4·8
Provincial deficits	1·6		<u>40·5</u>
Net issues of Imperial and Provincial loans	0·8		
Payment to His Majesty's Government of balance of proceeds of second Indian war loan (at the higher exchange rate of 1s. 6d. per rupee)	8·9		
	<u>40·1</u>		

This programme contemplates the raising of a loan in India of R15 crores or £10 millions, apart from the using up of the balance of the Secretary of State's special reserve, while we expect that our resources will be further assisted by the release of funds at present locked up in the form of war stores as these pass into consumption. On the other side of the account we contemplate the liquidation of a certain amount of our temporary liabilities. We consider this most important since, apart from our treasury bills, we have a very large amount of short-term liabilities maturing in the early future, as the following statement shows :—

	£
1920 3 year War Bonds	13 millions.
1921 Ditto	17 "
1922 5 year War Bonds	8 "
Cash Certificates, say	5 "
1923 5 year War Bonds	1½ "
Loan of 1915 can be repaid at our option in 1920	3½ "
1925 7 year War Bonds	2½ "
1928 10 year War Bonds	17 "

These figures show that, apart from Treasury Bills, we shall have War Bonds to the extent of £13 millions falling due in 1920, and arrangements will then have to be made to meet these in addition to finding further capital funds in that year.

For the purposes of our estimates we have shown the reduction of our temporary liabilities in the form of a net payment of Treasury Bills. But it may in practice be found to be more convenient to devote a certain portion of the proceeds of our loan to strengthening our position in other ways; for example, if the trade demand for Councils exceeds the amount provided in our estimates, we shall require additional funds in India for meeting these. On the other hand, in that case the Secretary of State's balances will be *pro tanto* increased by his receipts from these additional drawings and he will thus have to draw to a less extent on the special reserve, the balance of which would then be available for capital expenditure in the following year.

49. I may add that while we have entered in our estimates a sum of ₹15 crores for the loan, this must be regarded as an estimate only, as our intention is not to place any limit on the amount of subscriptions which we are prepared to accept; any sums received in excess of this amount will enable us still further to strengthen our position. Similarly the form which the loan should take, the date on which it should be floated, and its terms generally are matters which we shall have to consider further hereafter with reference to the circumstances of the time. The usual warning is necessary with regard to the amount of Councils, namely £10·3 millions, entered in our estimates. This figure is an estimate only, and the Secretary of State reserves the right to increase or diminish the amount offered at his discretion.

50. I turn now to the position in India. As far as we can estimate it, this is likely to be somewhat as follows :—

<i>Outgoings.</i>	(£ millions.)	<i>Assets.</i>	(£ millions.)
Military expenditure recoverable from His Majesty's Government	35·8	Proceeds of Indian loan	10·0
Remittances to East Africa recoverable from Protectorate	0·6	Credits for silver purchased in market and for balance of American silver	16·2
Council Bills	9·7	Credits for issues of stores charged to Suspense account	11·1
Net issues of Imperial and Provincial loans	0·8	Reduction in cash balances of military disbursing officers	2·1
Discharge of Treasury Bills	8·0	Excess of revenue over expenditure in India and miscellaneous items	18·0
	54·9		57·4

The figures provide for an increase in our closing balance in India, so as to work to our usual minimum working balance of about 18½ crores on March 31st, 1920.

51. A brief statement is added to show the Secretary of State's position, including the more important disbursements which he will have to make and the resources which he will have available for meeting them. It will be seen from this statement as well as from that of our position in India that we expect a substantial reduction during the year of the expenditure which we are undertaking in India on behalf of His Majesty's Government and of the consequent recoveries to be made from them in England.

<i>Outgoings.</i>	(£ millions.)	<i>Assets.</i>	(£ millions.)
Excess of expenditure over revenue	21·7	Council Bill drawings	10·3
Railway capital outlay	18·0	Recoveries from His Majesty's Government and the East African Protectorate of disbursements in India on their behalf (at 1s. 6d. per rupee)	40·7
Payments for market purchases of silver and balance of payments for American silver	11·0	Withdrawals from Special Reserve	6·9
Payment to His Majesty's Government of balance of proceeds of Second Indian War Loan (at the higher rate of exchange of 1s. 6d. per rupee)	8·9	Miscellaneous transactions	1·9
Repayment of assets of hostile firms held in deposit by Government in India	2·3	Reduction of cash balances	2·1
	61·9		61·9

SECTION III.—CERTAIN SPECIAL HEADS.

A.—Military Services.

52. The table below shows the gross and net expenditure on military services for the coming year and the four years preceding :—

	Gross.					Net, i.e., deducting receipts.
	Army.	Marine.	Military Works.	Special Defences.	Total.	
	£	£	£	£	£	£
1915-16	21,893,200	745,513	850,866	13,514	23,503,093	22,261,353
1916-17	24,260,003	693,680	1,594,538	18,536	26,566,757	24,990,811
1917-18	28,093,904	807,824	1,861,109	813	30,763,650	29,043,141
1918-19 (Budget)	27,790,900	960,300	1,781,500	*	30,532,700	29,000,000
1918-19 (Revised)	41,820,000	1,009,600	2,810,000	*	45,639,600	43,926,000
1919-20 (Budget)	39,729,700	1,231,600	1,821,000	*	42,782,300	41,195,000

*Closed as a separate head from 1st April 1918—see paragraph 91 of Sir William Meyer's Budget speech of 1st March last.

The Legislative Council in its last September session decided that the Government of India should offer to His Majesty's Government, subject to the consent of both Houses of Parliament, an additional war contribution for the current year and each remaining year of the war. This contribution was estimated at £12,700,000 for 1918-19, at £14,700,000 for 1919-20, and at £7,700,000 for the year of demobilization, which was then assumed to be the year 1920-21. Hostilities have now ceased in all the important theatres of war, and the year 1919-20 will therefore be a year of demobilization. The additional contribution for next year is based therefore on the figure (£7,700,000) previously estimated for 1920-21. The contribution, however, included *inter alia* the assumption by India of the liability for certain war pensionary charges; for estimate purposes, this was taken at £500,000 annually. We now learn that His Majesty's Government have already disbursed a sum of £995,000 on account of the pensionary charges of Indian troops and their British officers alone; and as it is desirable that our liabilities in this respect should be adjusted as early as possible, we are increasing the contribution for the year 1919-20 so as to include the extra payment of £495,000 on this account. We have further increased the war pensionary contribution for 1919-20 by another £500,000, to provide for a provisional payment of this sum on account of war pensionary charges of British troops. Thus the total contribution in the current year will amount to £12,700,000 and for next year to £8,695,000. Deducting these special payments, the net expenditure in 1918-19 will, it is estimated, amount to £31,226,000, and for next year the provision will stand at £32½ million. The increase in 1918-19 over the Budget estimate of £29 million, apart from the special additional contribution, thus amounts to £2,226,000. The Budget, however, also included a reserve of £1,977,000 under the Army head to meet unforeseen expenditure. The excess over specific provision is therefore £4,203,000. Of this, about £1,000,000 has been or will be spent on military works necessitated by war conditions, including £150,000 for the establishment of an engineer base park at Lahore; £143,000 for improvement of frontier roads to make them fit for mechanical transport; £82,000 for work on the acetone factory at Nasik, and £83,000 on additional barrack supplies. The balance is made up of a number of relatively minor works, practically all of which are due to the war. As regards the excess expenditure of about £3,200,000 under the Army head, we have had to meet

the cost of the Marri operations for which no Budget provision was made. Early in the financial year the strategical situation necessitated the complete mobilization of certain Divisions and Brigades on the frontier and the consequent maintenance of additional animal and mechanical transport. Higher expenditure was incurred also in connection with the provision of accommodation for additional troops allotted for the defence of the North-West Frontier. These undertakings are estimated to cost £700,000. The railway charges for military traffic have risen by £777,000. Following the scheme recently sanctioned at Home, we are granting increased pay in the form of bonus as from 1st February 1919 to British troops and British officers of the Indian Army forming the normal garrison in India and to certain Royal Indian Marine personnel. This is estimated to involve an extra outlay of £446,000 in 1918-19. Food charges, mainly on account of the rise in prices, account for an increase of £400,000; and a sum of £212,000 represents the additional outlay on travelling and contingent charges and hire of transport. The expansion of the operations of the Indian Munitions Board led to an expenditure of £85,000 above the Budget estimate; while the expenditure on medical stores in India and on Home stores for the Army have risen by £58,000 and £102,000 respectively, in addition to an outlay of £203,000 on aviation stores obtained direct from the War Office and adjusted in India.

53. The receipts for 1918-19 have improved to the extent of £180,000, principally on account of sales of dairy farm produce and of stores and provisions through the agency of the Supply and Transport Corps.

54. The Budget provision for next year, apart from the additional war contribution to the Imperial Government, amounts to £32½ million, which is £1,274,000 more than the corresponding expenditure anticipated in the current year. The Budget for 1919-20 includes a higher provision of £2,054,000 on account of increased pay to troops in the form of bonus already referred to. It also includes £1 million as an instalment towards the building up of a reserve of mobilization war stores, which the Military authorities, in view of the experience gained in the war, consider it necessary to maintain. The Budget also includes a reserve to meet unforeseen charges of £871,000. But for these increases, the provision for next year would be £2,651,000 less than the expenditure of the current year. The largest item contributing to this decrease is a lower provision of £1,810,000 under the head "War—India," to which head all expenditure in connection with the North-West Frontier operations, port defences and coastal patrol services, Aden operations, etc., is debitable. India's liability in connection with the scheme for the expansion of Ordnance factories is limited to a single payment of £250,000, which has been made in 1918-19; and no provision on this account is therefore necessary in 1919-20. The allotment for the Military Works Services for next year is nearly £1 million lower than the expected outlay in 1918-19, in which year very heavy expenditure has had to be undertaken on special works necessitated by the war. On the other hand the provision at Home for Army stores is higher by £234,000. For Marine Home stores, including completion of the two Royal Indian Marine steamers under construction at Home, an extra provision of £215,000 is required. Lastly, as it is probable that the high prices for food supplies will continue for at least another 6 months, an additional £200,000 is required in 1919-20.

55. Indian Princes and others have contributed during this year £640,000 in the way of cash contributions towards the cost of the war. The total receipts, since the commencement of the war, amount to £2,100,000. Considerable sums have again been received by His Excellency the Commander-in-Chief for the provision of Ford vans and motor ambulances, the supply of comforts to the troops overseas, etc.

56. The payment against Indian revenues, on account of normal pay and maintenance charges of the military forces despatched out of India up to the end of 1918-19, amounts approximately to £39 millions. This sum must, however, be reduced by the cost of maintaining substituted British troops (Territorial and Garrison battalions) actually serving in India, which is a charge against His Majesty's Government. Deducting this figure, the total net contribution in the way of ordinary charges towards the cost of the war in respect of Expeditionary Forces is estimated at £22·2 millions to the end of 1918-19, to which a sum of £1·2 million needs to be added in respect of the coming year. In addition, as pointed out in paragraph 52 above, we are making an additional contribution of £12,700,000 in 1918-19 and £8,695,000 in 1919-20. Outside the adjustments in respect of substituted

British troops, the additional outlay, due almost entirely to the war, which we have had to meet in excess of the normal net military expenditure of about £20 millions prior to the war, amounts to £40·7 millions to the end of the current year, and to £61·9 millions taking into account the estimated expenditure for 1919-20.

B.—Railways (Capital outlay).

57. The following statement gives the figures of Railway Capital expenditure on State-owned lines included within the Railway Programme for the coming year and the four years preceding :—

	1915-16.	1916-17.	1917-18.	1918-19, Revised.	1919-20, Budget.
	£	£	£	£	£
(1) Open lines including rolling stock .	3,864,200	1,236,500	1,595,200	4,009,500	17,191,900
(2) Lines under construction—					
(a) Started in previous years .	627,100	245,700	129,200	375,300	508,100
(b) Started in current year .	...	496,500	804,900	18,300	...
Total .	4,491,300	1,978,700	2,529,300	4,403,100	17,700,000

In the Budget for the current year provision was made for £4·2 million ; this had subsequently to be increased to £4·4 millions in order to meet the cost of certain urgent works which were chiefly required for military purposes.

58. Next year it is proposed to provide £17·7 millions ; this is the largest amount that has ever been allotted to railways in any one year. During the war the amount that could be found for the steady improvement of transportation facilities which is usually carried on from year to year has been necessarily restricted, not only for financial reasons but also by the difficulty of obtaining materials. It is unfortunate that this annual improvement in our railway facilities has had to be deferred at a time when the traffic has been so heavy. Moreover the amount of rolling stock (engines and wagons especially) which it has been possible to obtain recently has been very limited. The large arrears that have consequently accumulated have now to be made good and it is necessary to bring our railway system to the required standard as soon as possible.

59. Although hostilities have ceased, the position as regards Branch Line Company projects remains much the same as it was a year ago. The difficulties attendant on the raising of Capital continue, and new construction under Branch Line terms is still in abeyance.

60. The following figures show the capital outlay on all State lines up to the end of each year from 1915-16, and the net return obtained after deducting working expenses and interest charges ;—

(Capital and profit figures in thousands of pounds.)

	1915-16.	1916-17.	1917-18.	1918-19, Revised.	1919-20, Budget.
Capital at charge at end of each year .	364,858	365,483	366,463	369,439	385,677
Working profit from railways excluding interest charges..	17,797	21,148	23,990	25,280	21,242
Percentage of same to capital outlay .	4·88	5·79	6·55	6·84	5·51
Final working profit after meeting interest charges.	4,075	7,482	9,880	11,193	6,904
Percentage of same to capital outlay .	1·12	2·05	2·70	3·03	1·79

The return on railway capital (excluding interest charges) was estimated in the current year's Budget at 6·19 per cent. We now estimate it at 6·84 per cent. in consequence of the increase in net railway earnings which I have already dealt with in my review of the Revised Estimate. For next year we put it at 5·51 per cent. in view of the smaller estimate of net earnings arrived at in the Budget.

61. The charges for interest in the current and ensuing years work out to 3·81 and 3·72 per cent. respectively on the capital outlay, so that the final net profit on railways is 3·03 and 1·79 per cent. respectively. These interest charges include certain annuity and sinking fund payments which really go to the discharge of debt.

C.—Irrigation (Capital outlay).

62. The financial position of our great irrigation undertakings may be gathered from the following table which brings up to date the information given in connection with previous Financial Statements. The figures are in thousands of pounds :—

Particulars.	1915-16.	1916-17.	1917-18.	1918-19 (Revised).	1919-20 (Budget).
1	2	3	4	5	6
<i>Productive Works.</i>					
Capital outlay to end of each year	36,603	37,120	37,497	37,799	38,237
Total receipts including land revenue due to irrigation.	4,394	4,733	4,660	4,928	5,040
Total expenses including interest on debt.	2,549	2,488	2,613	2,626	2,633
Net profit	1,845	2,245	2,047	2,302	2,407
Percentage of net profit to capital outlay	5·04	6·05	5·46	6·09	6·29
<i>Protective Works.</i>					
Capital outlay to end of each year	5,853	6,166	6,495	6,807	7,151
Total receipts including land revenue due to irrigation.	113	105	99	134	125
Total expenses including interest on debt.	277	276	307	323	335
Net loss	159	171	208	189	210
Percentage of net loss to capital outlay .	2·72	2·77	3·20	2·78	2·94
<i>Minor Works and Navigation.</i>					
Direct receipts	237	317	304	324	317
Expenditure	869	781	861	964	1,017
Net loss	602	464	557	640	700

63. The total length of main and branch canals and distributaries from which irrigation was done during the year 1917-18 aggregated nearly 65,500 miles, a length which will have been increased by some 700 miles before the current financial year closes. These channels irrigated last year an area of 25½ million acres out of a total culturable commanded area of about double that extent. The area irrigated during the current year is expected to fall short of that realized in 1917-18 by about a million and a quarter acres as a result of the serious deficiency in the rainfall. The operations of the recently completed triple canal system in the Punjab continue to expand. About 1,200,000 acres of crops were brought to maturity in 1917-18, and a further increase of 100,000 acres is anticipated during the present financial year.

These results are extremely satisfactory, as the system was only declared complete on the 31st March 1917.

64. Besides the canals actually in operation, the results of which are briefly alluded to above, there are 34 major works—new systems or adjuncts of existing ones—which are either under construction, awaiting sanction or being examined by the professional advisers of the Government of India and of Local Governments. It is probable that the great majority of these works will eventually be carried out; their construction will, of course, occupy a considerable period of time, and it has been roughly computed that if they are all undertaken they will extend the benefits of irrigation to an additional area of about 11 million acres a year. They are estimated to cost £32 million sterling and to produce a net revenue of nearly £2½ millions.

65. Owing partly to the continuance of financial stringency and partly to the depleted condition of our engineer cadre as a result of the transfer of a large number of the officers of the Department to military duty, no new irrigation works of any importance were sanctioned or investigated during the present year.

66. The investigation of three schemes of the first magnitude was continued and it is hoped that the projects will soon take shape. Of these, the Sukkur Barrage project in Sind provides for a weir across the Indus with two large canals taking off on the right and left banks of the river to supply water for the perennial irrigation of areas now served by various inundation canals. The estimated capital outlay amounts to ₹1,100 lakhs. The project for the Sind-Sagar Doab canal in the Punjab comprises a barrage on the Indus at Kalabagh and an extensive canal system. This scheme will provide for the irrigation of some 200,000 acres and will cost about ₹7 crores. The Bhakra Dam scheme on the Sutlej, also in the Punjab, is being designed to store water to a depth of 360 feet above the river bed and will provide a storage of 110,000 millions of cubic feet of water during the monsoon without affecting the interests either of the existing Sirhind Canal or of the proposed Sutlej Valley scheme. The cost of the project is estimated at approximately ₹10 crores. About 1·4 million acres will be irrigated and the dam, if built as now designed, will be higher than any in existence.

67. The Cauvery (Metur) Reservoir project in Madras remained under the consideration of the Government of India. The project consists of a dam at Metur on the Cauvery to store 80,000 million cubic feet of water, and of a canal 78 miles long with a connected distributary system. The works are estimated to cost 4 crores of rupees, and to yield a return of over 5 per cent. on the capital cost: they provide for the complete control of the present fluctuating supplies to the Cauvery delta system and an area of 371,000 acres of new irrigation is also anticipated.

68. The proposed Sarda Canal for Oudh, which is also under the consideration of the Government of India, will, if constructed, rank among the largest irrigation works in the world. The gross area commanded is over 8 million acres, of which nearly 2 million acres will be irrigated annually. The net revenue anticipated will be nearly ₹59½ lakhs, which represents a return of 9·05 per cent. on the capital outlay of about ₹6½ crores. The Sarda Kichha feeder, for which a separate estimate has been prepared, forms part of this irrigation scheme. The combined project is designed to irrigate nearly 2½ million acres and is expected to yield a return of 8½ per cent. on a total capital outlay of ₹857 lakhs.

69. The Sutlej Valley project was referred to a conference at which representatives of the Bahawalpur and the Bikanir Durbars met those of the Governments of India and the Punjab, with the result that an agreement was reached on the main outstanding points of principle connected with the apportionment of the available supplies of the Sutlej river between the two States mentioned; it is hoped that an arrangement acceptable to all the parties concerned will now be arrived at. This project is the largest at present under consideration, being designed to irrigate more than three million acres at a capital cost of about £6½ million sterling.

70. Satisfactory progress is being made with irrigation on the Upper Swat river canal which was completed last year and still more favourable results will, it is hoped, be realized now that more settled conditions have set in on the north-west frontier. The Tendula project in the Central Provinces, the Ghaggar Canal in the United Provinces and the Pravara Right Bank Canal in the Bombay-Deccan have also been opened for irrigation.

D.—New Delhi.

71. The expenditure during the current year under this head is expected to amount to ₹43 lakhs as compared with a budget provision of ₹40 lakhs. In accordance with the communiqué issued in June 1918 work was strictly confined to the erection of such buildings as were estimated to be required for occupation by troops and the Government of India, together with a portion of the work required to bring the central buildings to the level of the top of the basements, *i.e.*, the level at which work could be stopped with the least ultimate loss, and the provision of the engineering services and works connoted by that programme. When the armistice was signed conditions were materially changed, and in order to prevent an untimely dispersal of labour which would have been particularly unfortunate when serious drought had caused a dearth of employment in the fields, a further sum of ₹3 lakhs was asked for and granted.

72. The grant for the coming year has been fixed at ₹45 lakhs, and it is hoped that work will now proceed as expeditiously as funds and the obtaining of materials will permit. The recurring expenses of the present makeshifts are adding appreciably to the cost of the new official capital of India, and furnish a powerful reason for pushing on the permanent works with all reasonable speed.

SECTION IV.—THE OUTLOOK.

73. The brief review of two very exceptional years which I have now attempted suggests matter for serious thought regarding our financial future. All the lessons of history teach us that, after the feverish activity of war time in a country which has been assisting in, though not the scene of, hostilities, reaction inevitably ensues. The prosperity which is built up on the production of the perishable munitions of war stands on foundations of sand and must soon collapse. The vast destruction of material wealth in the world, however its effects may be disguised during the busy period of reconstruction, must ultimately bring depression in its train, and the recovery back to normal conditions is slow and arduous. Large issues of war loans mean increased national expenditure of an unproductive type, and thus entail unprofitable taxation. The creation of money and credit, especially credit which takes the form of paper money, is a pleasant process while it lasts, but carries an inevitable sting; for every excess of paper currency has to be liquidated, and the value of money has to be reduced into accord with the needs of normal business. High prices, fostered by the curtailment of productive output, and not uninfluenced by the expanded currency, force up wages; and when prices fall again, as fall they must, capital suffers, wages have to be reduced and labour complications arise. The whole cycle of economical evils which follow upon war is a commonplace with students and needs no further emphasis. Let us see how India is prepared for the troublesome period through which the whole world will have to pass sooner or later.

74. The first obvious consideration is that we must get our currency habits back on to a sounder basis. It is a startling fact that between April 1915 and the present time nearly 120 crores of rupees have been added to the circulation. To provide India with this amount it has been necessary, besides using up the world's current production of silver, to deplete its accumulated stocks. Without the assistance of the Government of the United States, we should not have been able to satisfy the appetite of India for metallic currency. To anyone, who gives the subject a moment's thought, two conclusions are irresistible. In the first place, the huge sums which it has been necessary for India to pay for the purchases of silver bring home to us the wasteful and extravagant nature of what we have been doing. In the second place, a continuance of demand for metallic currency on this scale must react violently on our whole currency and exchange policy. On the question of extravagance, I need only quote here the remarks which Your Excellency made in this connection at the session of this Council in September last :

'But let me again emphasise how unprofitable to India is this lavish outpouring of metallic currency. The purchase of the silver alone means that India's money is being spent abroad to unfruitful purpose. Should the present rates of absorption continue to the end of the year, more than 100 crores of India's money will have been squandered within three short years. Had it been invested, the interest would have strengthened our revenues, and could have been spent to India's material

advantage. Everybody therefore who insists on payments in metal instead of in notes is directly hampering India's interests. We all know the parable of the servant who, entrusted by his master with a talent of silver, buried it in the ground instead of putting it to profitable use. He was rightly treated as an unprofitable servant. The moral of the old parable holds good to-day. From time immemorial India has been held up to reproach as the grave of the precious metals. If she is to take her proper place among the progressive nations of the world, she must in her own interests do as Japan and other civilized nations do—put her hitherto immobile wealth to profitable uses.'

As regards the second point, namely, the effect on our general arrangements, it is probable that the world will be unable to continue to supply India for an indefinite period with silver on the present scale, coupled with the much more moderate demands of other countries. It must be remembered in this connection that the Pittman Act contemplates the restoration in the moderately early future to the United States reserve of the silver taken therefrom; this alone, apart from other demands, will absorb the production of the American mines for several years. With the re-establishment of normal conditions the Indian demand may conceivably subside of itself to more reasonable proportions; but if this does not prove to be the case, I would ask Hon'ble Members to recognise the problem that will face us. If the absorption of rupees were to continue at the rate of the past three years; the time must ultimately come when it would be physically impossible to purchase sufficient silver to replace them, and in that event our internal currency policy would have to be fundamentally recast. Or, if by superhuman efforts, and by outbidding all other purchasers, we were lucky enough to secure the requisite amount of silver, it is more than likely that our operations would force up the price to some giddy height, and would throw the whole of our exchange policy into the melting pot. This particular side of the problem is now being carefully examined with a view to defining our exchange and silver policy; and I need say no more upon it at present than that it brings out one of the uncomfortable consequences of war for which we are already suffering. War and its rumours revived in a highly exaggerated form the ancient Indian custom of hoarding metallic currency which we had hoped we were slowly overcoming; and until recovery in this respect sets in, our difficulties must continue acute.

75. The second task before us is some contraction of the paper currency. Four years ago the effective circulation of our notes was under 60 crores; to-day it is close on 150 crores. It would hardly seem consistent to deplore these figures after extolling the superiority of paper over metal currency. It is also true that we have long laboured to popularize our notes. Moreover it is comforting to know that the metallic backing of our paper circulation is very much stronger to-day than it was in the critical months of last year. Nevertheless, as we all know, many friendly critics have been disturbed by the series of Ordinances which provided for the rapid increase of our currency investment; and none of us can pretend to any affection for that form of investment into which our necessities have recently forced us; I mean, the purchase of our own Treasury Bills. This particular method of obtaining funds is easy enough, but obviously cannot be used except in emergency and with the greatest caution. Although practically every belligerent country has had to finance itself in some measure by an abnormal recourse to the printing press, warnings are now being heard on all sides about its serious consequences. Here in India, if our responsibilities for meeting war expenditure forced us to err in this direction, we certainly have sinned against the light to a very much smaller extent than other countries. The time however is now coming when we shall no longer be able to plead, as an excuse for borrowing from our Currency Reserve, the exigencies of war; and we ought to try to retire at least that portion of our paper which is represented by our own Treasury Bills. Some of us would probably like to go further and reduce the outstanding note circulation until we hear no more of forced discounts in the countryside and their hardships on the people; but it is not easy to see how this adjustment can be effected until silver comes out of hoards and resumes its duty as a circulating medium.

76. The third and most imminent phase of the problem is the redemption of our temporary war obligations. An earlier passage in this Statement has shown the amount of short-term war bonds that are hanging over our heads. Cash Certificates and Treasury Bills must be added to these floating liabilities. The clearance of our war stores suspense account is a minor nightmare of a somewhat similar character; it probably means a liability of £6 millions at the end of next year, which we must

meet by transfer at the earliest possible occasion to our revenue account. If we cannot fund these short obligations on reasonable terms—and for the purposes of government in India a 6 per cent. rate of interest cannot be regarded as reasonable—we shall have to redeem them as they mature. Simultaneously however with finding the necessary sums for this operation we shall, during the years over which it is spread, have irresistible claims upon us to raise capital for internal development, railways, industries, forests and the like. And again, during the same period we shall have to launch into very heavy expenditure for the education and well-being of the people, without which our political progress would be largely nugatory. The coming burden therefore upon our revenue resources cannot be envisaged without considerable anxiety.

77. In saying all this I have no desire to pose as a pessimist or alarmist. Far from being a pessimist, I believe that India's control over raw materials for which the whole outside world will be contending, places her in a position of exceptional strength and will exempt her from many of the discomforts and sufferings that the period of reaction will entail upon other countries. It is wise however to face the facts. We have heavy liabilities hanging over us in several directions; debt of an unproductive character which we ought to dispose of in order to facilitate a remunerative borrowing programme in the near future; a currency position which requires careful handling and at least some withdrawal of our recent emergency issues of paper; and a general consolidation of our position with a view to the development of our national intelligence and earning power. If this teaches us anything, it is that our watchword must be rigid economy, both in the Government and in the lives of individual citizens. We shall want a relatively high scale of taxation to get rid of our superfluous obligations. If the taxes are to be paid, the people must save; unless the taxes are to be oppressive, the Government must economize. You may think that economy is a threadbare motto in our Financial Statements; but I am convinced that, coupled with courageous outlay on the essentials of progress, a strict economy in all non-essentials will in the near future be more necessary than it has ever been.

78. In conclusion I am sure that the Council will concur with me in expressing our obligations to the staff of the Finance Department for their unceasing labour during a particularly trying year. The toil has been shared by all grades of employes in the provincial account offices, currency offices and Mints. Both our Mint Masters have shown great resource and endurance. Messrs. Gubbay and Cook have directed currency operations with skill and vigilance. Among our Accountants-General and officers of similar status it is invidious to discriminate; but thanks are specially due to Messrs. Alder, Carson and Philipe. At headquarters Mr. Howard assisted by Mr. A. V. V. Aiyar on the civil side, and Sir Godfrey Fell and Mr. B. N. Mitra on the military side have had an extraordinarily heavy task, admirably performed. I am specially indebted to Messrs. Howard and Cook for the large share they have taken in preparing this Statement.

JAS. S. MESTON.

The 1st March 1919.

FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA

MARCH 1919.

ACCOUNTS	1917-18
REVISED ESTIMATES	1918-19
BUDGET ESTIMATES	1919-20

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FINANCIAL STATEMENT OF THE

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

	For details, vide Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (a)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	21,607,216	22,708,600	20,945,500	22,653,100
Opium	"	3,078,903	3,191,800	3,229,000	3,056,200
Salt	"	5,499,487	3,492,200	4,176,300	3,914,300
Stamps	"	5,727,522	5,938,000	5,896,500	6,097,100
Excise	"	10,161,706	10,647,000	11,541,300	12,133,300
Customs	"	11,036,588	10,814,400	12,603,200	13,352,400
Income Tax	"	6,308,104	6,333,200	7,300,900	13,521,500
Other Heads	"	3,885,177	3,870,700	4,084,600	4,568,900
TOTAL PRINCIPAL HEADS . . . . .	...	67,304,733	67,085,900	69,787,300	79,256,800
Interest	A	3,170,108	3,552,600	4,020,500	3,637,400
Posts and Telegraphs	"	4,616,690	4,782,800	5,322,900	5,716,800
Mint	"	517,401	376,000	1,716,800	1,803,200
Receipts by Civil Departments	"	1,935,364	1,956,100	2,086,600	1,957,500
Miscellaneous	"	4,868,356	1,295,200	5,771,000	2,507,400
Railways: Net Receipts	"	24,141,708	22,983,700	25,347,400	21,372,900
Irrigation	"	5,063,879	5,320,400	5,402,200	5,498,600
Other Public Works	"	323,599	304,900	331,900	312,900
Military Receipts	"	1,720,509	1,532,700	1,713,600	1,587,300
TOTAL REVENUE . . . . .	...	112,662,347	109,190,300	121,500,500	123,190,800
DEFICIT . . . . .	...	...	...	4,350,600	...
TOTAL . . . . .	...	112,662,347	109,190,300	125,851,100	123,190,800

(a) The figures of the Budget estimates for 1918-19 shown in this statement and in statement II represent the estimates as presented in statement I, which were not subject to the sanction to which was received too late for the incorporation of the grant in the Budget statements.

(b) Include £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the

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

	For details, vide Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (a)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	9,854,895	10,454,800	11,676,800	11,293,300
Interest	"	7,328,169	7,784,800	7,733,200	7,763,500
Posts and Telegraphs	"	3,567,730	3,931,400	4,116,500	4,580,200
Mint	"	167,382	170,000	267,000	284,500
Salaries and Expenses of Civil Departments	"	27,855,368	23,164,800	24,474,800	24,336,400
Miscellaneous Civil Charges	"	5,918,707	5,671,500	6,130,700	6,115,700
Famine Relief and Insurance	"	1,000,000	1,000,000	1,000,000	1,502,400
Railways: Interest and Miscellaneous Charges	"	14,227,385	13,782,000	14,154,000	14,468,900
Irrigation	"	3,784,338	3,923,700	3,988,500	4,075,400
Other Public Works	"	5,043,294	6,057,700	5,596,500	6,761,400
Military Services	"	30,763,650	30,532,700	(b) 45,639,600	(b) 42,782,300
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	102,516,218	106,477,400	124,777,500	123,964,000
<i>Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.</i>	End of B	2,256,623	572,600	1,165,900	11,500
<i>Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.</i>	"	197,568	441,200	92,300	1,652,800
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	104,575,273	106,608,800	125,851,100	122,322,700
SURPLUS . . . . .	...	8,087,074	2,581,500	...	868,100
TOTAL . . . . .	...	112,662,347	109,190,300	125,851,100	-123,190,800

to the Council last March and do not take account of the grant of £200,000 for technical and agricultural education, the Secretary of State's military forces raised in India.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1917-1918.	Budget Estimate, 1918-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Surplus	C	8,087,074	2,581,500	...	868,100
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways	"	—500,000	—250,000	...	...
Capital contributed by Indian States towards construction of State Railways	"	100,000	33,300	...	...
Capital raised and deposited by Railway Companies (net) . . . . .	"	...	...	...	165,700
TOTAL CAPITAL ACCOUNT RECEIPTS		—400,000	—216,700	...	165,700
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	69,239,218	...	...	724,000
Temporary Debt (net incurred)	"	49,287,455	...	9,111,000	...
Unfunded Debt (net incurred)	"	9,568,068	1,215,300	4,295,700	2,630,400
Deposits and Advances (net)	"	...	4,139,500	2,081,600	19,229,200
Loans and Advances by Provincial Governments (net Repayments)	"	528,737	119,100	...	...
Loans to Local Boards for Railway Construction	"	...	8,700	17,300	9,000
Remittances (net)	"	...	2,000,000	4,342,200	4,140,800
Secretary of State's Bills drawn	"	24,799,964	...	6,599,200	10,250,000
Sterling Transfers on London . . . . .	"	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		153,403,440	7,432,600	31,872,000	36,983,400
TOTAL RECEIPTS . . . . .	...	161,090,514	9,847,400	31,872,000	38,017,900
Opening Balance—India . . . . .	...	15,293,216	16,522,616	15,325,177	9,963,677
England . . . . .	...	11,891,993 ^(a)	15,781,193 ^(a)	16,625,416 ^(a)	13,475,316 ^(a)
TOTAL . . . . .	...	187,775,723	42,151,209	68,822,593	61,456,193

(a) Include balances of the Gold Standard Reserve as shown

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1917-1918.	Budget Estimate, 1918-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Deficit	C	...	...	4,350,600	...
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	"	372,991	466,700	293,900	433,300
Outlay on State Railways	"	3,571,464	3,704,400	4,304,100	16,431,500
Initial outlay on new Capital at Delhi	"	250,543	266,700	286,700	300,000
India's Financial Contribution to the War	"	100,000,000	...	..	...
Outlay of Railway Companies (net)	"	—694,144	631,600	261,000	1,458,300
Capital raised and deposited by Railway Companies	"	805,810	2,242,400	1,201,900	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	104,308,664	7,311,800	6,347,600	18,603,100
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	877,300	14,819,900	...
Temporary Debt (net discharged)	"	...	2,666,700	...	7,994,700
Deposits and Advances (net)	"	26,298,745	...	...	...
Loans and Advances by Imperial Government (net Advances)	"	52,624	59,500	68,000	59,500
Loans and Advances by Provincial Governments (net Advances) . . . . .	"	...	...	1,267,100	760,100
Loans to Local Boards for Railway Construction	"	268	...	...	...
Remittances (net)	"	381,749	...	...	...
Secretary of State's Bills paid	"	24,785,080	1,933,300	8,105,400	10,250,000
Sterling Transfers on London . . . . .	"	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES . . . . .	...	51,518,466	5,536,800	29,685,400	19,064,800
TOTAL DISBURSEMENTS . . . . .	...	155,825,130	12,848,600	40,383,600	37,667,400
Closing Balance—India . . . . .	...	15,325,177	12,373,116	9,963,677	12,462,077
England . . . . .	...	16,625,416 ^(a)	17,029,493 ^(a)	13,475,316 ^(a)	11,326,716 ^(a)
TOTAL . . . . .	...	187,775,723	42,151,209	63,822,593	61,456,193

in the notes on pages 44 and 45.

FINANCIAL STATEMENT OF THE

A.—Statement of the Revenue of

HEADS OF REVENUE	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	₹	₹	₹	₹	₹	₹	₹
Principal Heads of Revenue—							
I.—Land Revenue	21,607,246	...	21,607,246	10,611,844	10,995,902	30,945,500	...
II.—Opium	3,078,903	...	3,078,903	3,078,903	...	3,229,000	...
III.—Salt	5,499,487	...	5,499,487	5,499,487	...	4,176,300	...
IV.—Stamps	5,727,532	...	5,727,522	2,918,379	2,809,143	5,896,500	...
V.—Excise	10,161,699	7	10,161,706	2,867,314	7,354,392	11,541,300	...
VI.—Provincial Rates	28,633	...	28,633	132	28,501	29,600	...
VII.—Customs	11,036,588	...	11,036,588	11,036,588	...	12,603,200	...
VIII.—Income Tax	6,308,104	...	6,308,104	4,092,873	2,215,731	7,300,800	...
IX.—Forest	2,731,284	...	2,731,284	113,049	2,618,235	3,910,800	...
X.—Registration	527,590	...	527,590	7,357	520,233	553,300	...
XI.—Tributes from Indian States	597,670	...	597,670	597,670	...	600,900	...
TOTAL	67,304,726	7	67,304,733	40,762,596	26,542,137	69,787,300	...
XII.—Interest	863,301	1,306,307	2,170,108	1,857,099	313,009	1,223,300	2,798,500
XIII.—Posts and Telegraphs	4,568,378	48,312	4,616,690	4,616,690	...	5,809,900	13,000
XV.—Mint	517,401	...	517,401	517,401	...	1,716,700	100
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	435,150	...	435,150	28,418	406,732	418,700	...
{ Jails	379,583	...	379,583	50,787	328,826	491,300	...
XVII.—Police	133,246	...	133,246	6,240	127,006	188,700	...
XVIII.—Ports and Pilotage	102,997	...	102,997	...	102,997	136,500	...
XIX.—Education	320,138	...	320,138	6,827	313,311	303,700	...
XXA.—Medical	92,684	292	92,926	1,500	91,426	105,600	300
XXB.—Sanitation	35,351	...	35,351	15,465	19,886	36,200	...
XXIA.—Agriculture	110,452	...	110,452	19,015	91,437	135,900	...
XXIB.—Scientific and Miscellaneous Departments	324,783	636	325,421	8,334	317,087	373,700	1,000
TOTAL	1,934,434	930	1,935,364	136,586	1,798,778	2,085,300	1,800
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	174,532	38,074	212,656	133,668	78,988	194,000	39,600
XXIII.—Stationery and Printing	94,049	...	94,049	82,728	61,321	110,000	...
XXIV.—Exchange	3,145,186	...	3,145,186	3,145,186	...	4,268,700	...
XXV.—Miscellaneous	1,219,765	196,700	1,416,465	1,221,517	194,948	1,142,200	28,500
TOTAL	4,663,582	284,774	4,868,356	4,533,099	335,257	5,702,900	68,100
Railways—							
XXVI.—State Railways (Gross Receipts)	45,840,227	107,294	45,947,521	45,938,406	9,115	51,033,300	20,600
Deduct—Working Expenses	20,905,395	...	20,905,395	20,897,168	8,227	24,544,300	...
Surplus profits paid to Companies, etc.	994,404	...	994,404	994,404	...	1,266,600	...
Net Receipts	23,940,428	107,294	24,047,722	24,046,834	888	25,222,400	20,600
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	23,517	70,469	93,986	93,986	...	10,100	94,300
TOTAL	23,963,945	177,763	24,141,708	24,140,820	888	25,232,500	114,900
Irrigation—							
XXIX.—Major Works: Direct Receipts	2,990,581	...	2,990,581	1,271,404	1,719,177	3,182,500	...
Portion of Land Revenue due to Irrigation	1,768,895	...	1,768,895	962,721	806,174	1,937,300	...
XXX.—Minor Works and Navigation	304,403	...	304,403	116,777	187,626	332,400	...
TOTAL	5,063,879	...	5,063,879	2,350,902	2,712,977	5,402,200	...
Other Public Works—							
XXXI.—Civil Works	323,599	...	323,599	59,038	264,566	331,900	...
Military Receipts—							
XXXII.—Army: Effective	938,982	244,600	1,183,582	1,183,582	...	987,200	233,200
Non-Effective	84,405	35,853	120,348	120,348	...	78,800	36,000
XXXIII.—Marine	1,023,477	280,453	1,303,930	1,303,930	...	1,041,000	269,200
XXXIV.—Military Works	322,155	...	322,155	322,155	...	313,400	...
	94,424	...	94,424	94,424	...	90,000	...
TOTAL	1,440,056	280,453	1,720,509	1,720,509	...	1,444,400	269,200
Transfers between Imperial and Provincial Revenues	...	...	...	-1,557,500	+1,557,500	...	...
TOTAL REVENUE	110,613,301	2,049,046	112,662,347	79,187,295	33,525,112	118,285,400	3,265,100

India, in India and in England.

ESTIMATE, 1918-1919.			Increase + Decrease — as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease — of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease — of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.				Imperial.	Provincial.			
£	£	£	£	£	£	£	£	£	£	
20,945,500	10,035,700	10,909,800	-1,853,100	22,653,100	...	22,653,100	10,994,000	11,659,100	-145,500	+1,707,600
3,229,000	3,229,000	...	+37,200	3,056,200	...	3,056,200	3,056,200	...	-135,600	-172,800
4,176,300	4,176,300	...	+284,100	3,914,300	...	3,914,300	3,914,300	...	+422,100	-262,000
5,896,500	3,008,900	2,887,600	-41,500	6,097,100	...	6,097,100	3,112,400	2,984,700	+159,100	+200,600
11,541,300	8,185,500	8,355,800	+894,300	12,133,300	...	12,133,300	3,362,700	8,770,600	+1,486,300	+592,000
29,600	100	29,500	+400	34,600	...	34,600	100	34,500	+5,400	+5,000
12,603,200	12,603,200	...	+1,788,800	13,352,400	...	13,352,400	13,352,400	...	+2,538,000	+749,200
7,300,900	4,848,300	2,452,600	+967,700	13,521,500	...	13,521,500	11,207,700	2,313,800	+7,188,800	+6,220,600
2,910,800	156,600	2,754,200	+226,500	3,352,800	...	3,352,800	185,700	3,167,100	+668,500	+442,000
552,300	7,700	545,600	+10,700	568,200	...	568,200	7,600	560,700	+25,600	+14,900
600,900	600,900	...	-13,700	613,300	...	613,300	613,300	...	-1,300	+12,400
69,787,300	41,852,200	27,935,100	+2,701,400	79,296,800	...	79,296,800	49,806,300	29,490,500	+12,210,900	+9,509,500
4,020,800	3,749,900	270,900	+488,200	1,260,900	2,376,500	3,637,400	3,299,000	338,400	+84,900	-383,400
5,322,900	5,322,900	...	+540,100	5,623,600	93,200	5,716,800	5,716,800	...	+934,000	+393,900
1,716,800	1,716,800	...	+1,340,800	1,303,200	...	1,303,200	1,303,200	...	+927,200	-418,600
413,700	22,000	391,700	-26,900	436,300	...	436,300	21,000	415,300	-4,300	+22,600
491,300	85,200	406,100	+105,100	413,600	...	413,600	84,500	329,100	+27,400	-77,700
188,700	6,200	182,500	+15,700	128,600	...	128,600	6,200	122,400	-44,400	-60,100
136,500	...	136,500	+27,600	125,500	...	125,500	...	125,500	+16,600	-11,000
303,700	6,800	296,900	-9,100	324,600	...	324,500	7,600	316,900	+11,700	+20,800
105,900	1,400	104,500	+8,400	104,500	300	104,800	1,400	103,400	+7,300	-1,100
36,200	10,000	26,200	+6,900	33,100	...	33,100	11,100	22,000	+3,800	-3,100
135,900	19,200	116,700	-6,400	165,100	...	165,100	19,600	145,600	+22,800	+29,200
271,700	14,800	256,900	+9,200	225,100	800	226,000	8,100	217,900	-39,500	-48,700
2,086,600	165,600	1,921,000	+130,500	1,956,300	1,200	1,957,500	159,400	1,798,100	+1,400	-129,100
223,600	135,000	88,600	+9,200	182,500	41,400	223,900	188,200	35,700	+9,500	+300
110,000	49,100	60,900	+16,900	104,500	...	104,500	44,000	60,500	+11,400	-5,600
4,266,700	4,266,700	...	+4,266,700	1,068,700	...	1,066,700	1,066,700	...	+1,066,700	-3,200,000
1,170,700	940,200	230,500	+183,000	1,078,600	33,700	1,112,300	909,500	202,800	+124,600	-58,400
5,771,000	5,391,000	380,000	+4,475,800	2,432,300	75,100	2,507,400	2,158,400	349,000	+1,212,200	-3,263,600
51,053,900	51,045,200	8,700	+4,053,400	53,333,300	48,600	53,381,900	53,371,900	10,000	+6,381,400	+2,328,000
24,544,300	24,536,200	8,100	-1,600,000	30,933,400	...	30,933,400	30,924,700	8,700	-7,889,100	-6,889,100
1,200,600	1,266,600	...	-200,000	1,226,600	...	1,226,600	1,226,600	...	-160,000	+40,000
25,243,000	25,242,400	600	+2,353,400	21,173,800	48,600	21,221,900	21,220,600	1,300	-1,667,700	-4,021,100
104,400	104,400	...	+10,300	10,000	141,000	151,000	151,000	...	+56,900	+46,600
25,347,400	25,346,800	600	+2,353,700	21,183,300	189,600	21,372,900	21,371,600	1,300	-1,610,800	-3,974,500
3,132,500	1,855,100	1,777,400	+40,000	3,213,600	...	3,213,600	1,409,400	1,804,200	+121,100	+81,100
1,937,300	1,049,100	888,200	+15,900	1,959,000	...	1,959,000	1,061,000	898,000	+97,600	+21,700
332,400	114,800	217,600	+25,900	326,000	...	326,000	118,700	207,300	+19,500	-6,400
5,402,200	2,519,000	2,883,200	+81,800	5,498,600	...	5,498,600	2,589,100	2,909,500	+178,200	+96,400
331,900	53,900	278,000	+27,000	312,900	...	312,900	53,000	259,900	+8,000	-19,000
1,200,400	1,200,400	...	+177,600	855,900	288,500	1,094,400	1,094,400	...	+71,600	-106,000
109,800	109,800	...	-11,500	73,900	36,000	109,900	109,900	...	-11,400	+100
1,310,200	1,310,200	...	+166,100	929,800	274,500	1,204,300	1,204,800	...	+60,200	-105,900
313,400	813,400	...	+4,800	299,000	...	299,000	299,000	...	-9,600	-14,400
90,000	90,000	...	+10,000	84,000	...	84,000	84,000	...	+4,000	-6,000
1,713,600	1,713,600	...	+180,900	1,312,800	274,500	1,587,300	1,587,800	...	+54,600	-126,300
...	-2,267,800	+2,267,300	...	...	...	...	-1,818,700	+1,818,700	...	...
121,500,500	85,573,900	35,926,600	+12,310,200	120,180,700	3,010,100	123,190,800	86,225,400	36,965,400	+14,000,500	+1,690,300

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Direct Demands on the Revenues—	£	£	£	£	£	£	£
1.—Refunds and Drawbacks	587,922	...	587,922	455,890	132,032	1,248,500	...
2.—Assignments and Compensations	1,279,208	...	1,279,208	584,854	694,354	1,271,400	...
Charges in respect of Collection, etc. :—							
3.—Land Revenue	3,780,124	2,152	3,782,276	373,255	3,509,021	4,105,800	1,800
4.—Opium (including cost of Production)	1,107,337	1,395	1,108,732	1,108,732	...	1,336,600	600
5.—Salt (including cost of Production)	427,072	385	427,457	427,457	...	566,800	2,100
6.—Stamps	61,609	114,713	176,322	97,771	78,551	66,800	145,000
7.—Excise	484,316	232	484,548	146,174	338,374	536,000	400
9.—Customs	285,022	254	285,276	285,276	...	307,200	100
10.—Income Tax	42,518	...	42,518	21,703	20,815	57,700	...
11.—Forest	1,410,470	572	1,411,042	83,549	1,327,493	1,741,100	1,600
12.—Registration	269,344	...	269,344	2,027	267,317	269,200	...
TOTAL	9,734,992	119,703	9,854,695	3,486,738	6,367,957	11,525,500	151,100
Interest—							
13.—Interest on Debt	6,231,088	9,938,905	16,169,993	15,222,293	947,700	8,183,300	8,400,600
<i>Deduct—Amounts chargeable to Railways†</i>	<i>4,502,528</i>	<i>3,652,953</i>	<i>8,155,481</i>	<i>8,155,481</i>	...	<i>4,650,800</i>	<i>3,636,600</i>
<i> " Amounts chargeable to Irrigation</i>	<i>1,391,180</i>	<i>124,415</i>	<i>1,515,595</i>	<i>779,811</i>	<i>735,784</i>	<i>1,415,700</i>	<i>124,600</i>
<i>Remainder chargeable on Ordinary Debt</i>	<i>337,380</i>	<i>6,161,537</i>	<i>6,498,917</i>	<i>6,287,001</i>	<i>211,916</i>	<i>2,066,800</i>	<i>4,639,600</i>
14.—Interest on other obligations	829,252	...	829,252	829,252	...	1,026,900	...
TOTAL	1,166,632	6,161,537	7,328,169	7,116,253	211,916	3,093,700	4,639,600
15.—Posts and Telegraphs	3,266,364	281,366	3,547,730	3,567,730	...	3,761,300	355,200
17.—Mint	146,488	20,894	167,382	167,382	...	225,000	42,000
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,723,071	441,845	2,164,916	1,229,509	935,414	1,760,400	674,800
19.—Law and Justice Courts	3,319,995	787	3,320,782	79,538	3,241,244	3,439,200	1,300
Jails	1,149,293	28	1,149,321	172,620	976,701	1,325,100	...
20.—Police	5,616,751	336	5,617,087	334,481	5,282,606	6,991,600	1,400
21.—Ports and Pilotage	196,876	...	196,876	...	196,876	206,500	...
22.—Education	3,383,097	11,577	3,394,674	123,305	3,271,369	3,958,400	14,800
23.—Ecclesiastical	132,389	281	132,670	132,670	...	139,100	800
24A.—Medical	902,243	553	902,796	83,171	819,625	1,051,500	134,100
24B.—Sanitation	607,879	1,263	609,142	67,873	541,270	687,400	1,500
25.—Political	2,050,157	42,112	2,092,269	1,908,022	184,247	3,668,600	21,700
26A.—Agriculture	699,623	2,510	702,133	82,099	620,034	818,500	6,400
26B.—Scientific and Miscellaneous Departments	469,333	43,367	512,700	320,581	192,119	627,300	44,300
TOTAL	20,310,709	544,659	20,855,368	4,538,361	16,322,007	23,573,700	901,100
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	189,843	10,430	200,273	200,273	...	194,200	—7,600
28.—Civil Furlough and Absentee Allowances	1,962	180,502	182,464	182,464	...	3,800	142,000
29.—Superannuation Allowances and Pensions	1,516,597	1,968,596	3,485,193	2,001,991	1,393,202	1,593,500	1,967,000
30.—Stationery and Printing	824,053	123,162	947,215	438,518	513,692	957,400	125,200
32.—Miscellaneous	601,858	496,714	1,098,572	809,442	289,130	708,200	447,000
TOTAL	3,134,313	2,784,894	5,919,207	3,722,633	2,196,024	3,457,100	2,673,600
Famine Relief and Insurance—							
33.—Famine Relief	3,765	...	3,765	2,832	933	544,300	...
34.—Construction of Protective Railways	—20	...	—20	—20	...	—800	...
35.—Construction of Protective Irrigation Works	342,960	1,489	344,449	344,449	...	319,600	1,000
36.—Reduction or Avoidance of Debt	651,806	...	651,806	651,806	...	135,400	...
TOTAL	998,511	1,489	1,000,000	999,067	933	999,000	1,000
Carried over	38,778,009	9,914,042	48,692,051	23,593,214	25,098,337	46,635,300	8,763,600

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
	† Included under the following heads :—					
State Railways—Interest on Debt	£ 4,485,506	£ 3,571,708	£ 8,057,209	£ 4,629,700	£ 3,555,400	£ 8,185,100
Ditto —Interest chargeable against Companies on Advances	17,022	81,250	98,272	21,100	81,200	102,300
TOTAL	4,502,528	3,652,958	8,155,481	4,650,800	3,636,600	8,287,400

Revenues of India, in India and in England.

ESTIMATE, 1918-1919.			Increase + Decrease - as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease - of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease - of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.	Imperial.				Provincial.			
£ 1,248,500	£ 1,105,500	£ 143,000	+ 731,800	£ 693,200	...	£ 693,200	£ 517,100	£ 176,100	+ 176,500	- 555,900
1,271,400	644,400	727,000	- 53,800	1,298,100	...	1,298,100	572,100	724,000	- 28,900	+ 24,700
4,107,200	284,500	3,822,700	+ 83,000	4,150,700	1,600	4,152,300	286,300	3,866,000	+ 130,100	+ 45,100
1,337,200	1,337,200	...	+ 82,900	1,045,500	600	1,046,100	1,046,100	...	- 208,200	- 291,100
568,700	568,700	...	+ 72,100	613,700	1,000	614,700	614,700	...	+ 118,100	+ 46,000
210,300	181,200	79,100	+ 16,900	67,500	98,700	166,200	84,600	81,600	- 27,200	- 44,100
536,400	159,800	376,600	+ 19,300	570,800	100	570,700	169,000	401,700	+ 53,600	+ 34,300
307,300	307,300	...	+ 14,300	314,000	100	314,100	314,100	...	+ 21,100	+ 6,800
57,700	29,500	28,200	+ 6,200	85,200	...	85,200	43,400	41,800	+ 33,700	+ 27,500
1,742,700	129,400	1,613,300	+ 231,500	2,046,500	5,000	2,051,500	184,500	1,867,000	+ 540,300	+ 308,800
289,200	2,100	287,100	+ 15,400	303,200	...	303,200	2,100	301,100	+ 29,400	+ 14,000
11,676,600	4,599,600	7,077,000	+ 1,221,800	11,186,200	107,100	11,293,300	3,834,000	7,459,300	+ 838,500	- 383,300
16,533,900	15,541,400	992,500	+ 264,400	8,920,000	7,819,900	16,739,900	15,672,800	1,067,100	+ 470,400	+ 206,000
8,287,400	8,287,400	...	- 854,500	4,859,000	3,699,600	8,558,600	8,558,600	...	- 625,700	- 271,200
1,540,200	796,600	743,600	- 70,900	1,439,100	124,600	1,563,700	815,100	750,600	- 94,400	- 23,500
6,706,300	6,437,400	248,900	- 161,000	2,621,900	3,995,700	6,617,600	6,301,100	316,500	- 249,700	- 68,700
1,029,900	1,029,900	...	+ 109,900	1,145,900	...	1,145,900	1,145,900	...	+ 228,900	+ 119,000
7,733,200	7,484,300	248,900	- 51,100	3,767,800	3,995,700	7,763,500	7,447,000	316,500	- 20,800	+ 30,300
4,116,500	4,116,500	...	+ 185,100	3,921,400	658,800	4,580,200	4,580,200	...	+ 648,800	+ 463,700
267,000	267,000	...	+ 97,000	195,700	88,800	284,500	284,500	...	+ 114,500	+ 17,500
2,435,200	1,480,800	954,400	+ 171,700	1,758,900	592,400	2,351,300	1,388,900	962,400	+ 87,800	- 83,900
3,440,500	80,500	3,360,000	+ 46,100	3,531,000	5,800	3,536,800	84,500	3,452,300	+ 142,400	+ 95,300
1,325,100	168,300	1,156,800	+ 171,400	1,247,100	...	1,247,100	170,600	1,076,500	+ 93,400	- 78,000
5,992,900	841,700	5,151,200	+ 126,300	6,302,400	3,500	6,305,900	356,400	5,949,500	+ 439,300	+ 313,000
206,500	...	206,500	+ 5,600	219,600	...	219,600	...	219,600	+ 18,700	+ 13,100
3,973,200	148,900	3,824,300	- 248,300	4,871,900	13,000	4,884,900	367,700	4,517,200	+ 663,400	+ 911,700
139,900	139,900	...	+ 3,100	145,500	900	146,400	146,400	...	+ 9,600	+ 6,500
1,185,600	221,600	964,000	+ 148,700	1,300,800	37,500	1,338,100	135,900	1,202,200	+ 301,200	+ 153,500
688,900	81,700	607,200	- 93,100	955,700	1,500	957,200	144,000	813,200	+ 175,200	+ 268,300
3,590,500	3,382,500	208,000	+ 957,800	1,663,200	14,200	1,677,400	1,469,100	208,300	- 955,300	- 1,913,100
824,900	87,400	737,500	- 17,900	1,010,600	5,400	1,016,000	96,900	919,100	+ 173,200	+ 191,100
671,600	331,200	340,400	+ 89,100	625,800	29,900	655,700	311,300	344,400	+ 23,200	- 15,900
24,474,800	6,454,300	18,020,500	+ 1,310,500	23,632,300	704,100	24,336,400	4,671,700	19,664,700	+ 1,172,100	- 138,400
186,600	186,600	...	- 20,800	197,500	3,400	200,900	200,900	...	- 6,500	+ 14,300
145,800	145,800	...	- 49,500	2,300	300,000	302,300	302,300	...	+ 107,000	+ 158,500
3,560,500	2,093,900	1,466,600	- 11,100	1,640,100	1,978,000	3,618,100	2,107,800	1,510,300	+ 46,500	+ 57,600
1,082,600	501,600	581,000	+ 130,700	846,600	138,300	984,900	394,600	590,300	+ 83,000	- 97,700
1,155,200	785,900	419,300	+ 409,900	963,200	26,300	1,009,500	227,400	782,100	+ 264,200	- 145,700
6,130,700	3,668,500	2,462,200	+ 459,200	3,669,700	2,446,000	6,115,700	3,233,000	2,882,700	+ 444,200	- 15,000
544,300	413,800	130,500	+ 503,900	1,149,100	...	1,149,100	865,400	283,700	+ 1,108,700	+ 604,800
- 300	- 300	...	+ 200	...	...	...	...	...	+ 500	+ 309
320,600	320,600	...	- 86,100	352,500	800	353,300	353,300	...	- 53,400	+ 32,700
135,400	135,400	...	- 418,000	...	...	...	...	...	- 553,400	- 135,400
1,000,000	869,500	130,500	...	1,501,600	800	1,502,400	1,218,700	283,700	+ 502,400	+ 502,400
55,398,800	27,459,700	27,939,100	+ 3,222,500	47,874,700	8,001,300	55,876,000	25,269,100	30,606,900	+ 3,699,700	+ 477,200

BUDGET ESTIMATE, 1919-1920.		
India.	England.	TOTAL.
£ 4,836,800	£ 3,618,400	£ 8,455,200
22,200	81,200	103,400
4,859,000	3,699,600	8,558,600

FINANCIAL STATEMENT OF THE

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	£	£	£	£	£	£	£
Brought forward	38,778,009	9,914,042	48,692,051	23,593,214	25,098,837	46,635,300	8,763,500
Railways—							
38.—State Railways: Interest on Debt	4,485,506	3,571,703	8,057,209	8,057,209	...	4,629,700	3,555,400
Annuities in purchase of Railways	...	3,357,623	3,357,623	3,357,623	...	...	3,357,600
Sinking Funds	...	333,477	333,477	333,477	...	...	242,800
Interest chargeable against Companies on Advances	17,022	81,250	98,272	98,272	...	21,100	81,200
Interest on Capital deposited by Companies	57,830	2,205,846	2,263,676	2,263,676	...	52,200	2,126,600
40.—Subsidied Companies: Land, etc.	64,062	...	64,062	63,388	674	24,000	...
41.—Miscellaneous Railway Expenditure	53,086	...	53,086	53,048	20	63,100	...
TOTAL	4,677,486	9,549,899	14,227,385	14,226,691	694	4,790,400	9,363,600
Irrigation—							
42.—Major Works: Working Expenses	1,404,487	...	1,404,487	670,934	733,553	1,409,900	...
Interest on Debt	1,391,180	124,415	1,515,595	779,311	735,784	1,415,700	124,500
43.—Minor Works and Navigation	861,771	—15	861,756	263,352	611,404	1,038,100	100
TOTAL	3,660,438	124,400	3,784,838	1,704,097	2,080,741	3,663,700	124,600
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	—768	...	—768	...	—768	6,100	...
45.—Civil Works	5,006,993	42,067	5,049,060	762,509	4,286,551	5,545,300	45,400
TOTAL	5,006,227	42,067	5,048,294	762,509	4,285,785	5,551,400	45,400
Military Services—							
46.—Army: Effective	21,085,182	3,908,325	24,993,507	24,994,307	...	25,697,100	2,545,500
Non-Effective	974,792	2,124,805	3,099,597	3,099,597	...	1,006,000	2,511,400
	22,060,774	6,033,130	28,093,904	28,093,904	...	26,703,100	5,056,900
46A.—Marine	449,678	358,146	807,824	807,824	...	410,800	598,800
47.—Military Works	1,809,735	51,374	1,861,109	1,861,109	...	2,728,100	82,000
47A.—Special Defences (1902)	8,814	—3,001	813	813	...	...	...
TOTAL	24,329,001	6,434,649	30,763,650	30,763,650	...	39,901,900	5,737,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	76,451,161	26,065,057	102,516,218	71,050,161	31,466,057	100,742,700	24,034,800
Add—Portion of Allotments to Provincial Governments not spent by them in the year	2,256,623	...	2,256,623	...	2,256,623	1,165,000	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	197,568	...	197,568	...	197,568	22,800	...
Total Expenditure charged to Revenue	78,510,216	26,065,057	104,575,273	71,050,161	33,525,112	101,810,300	24,034,800

	ACCOUNTS, 1917-1918.		
	India.	England.	TOTAL.
	£	£	£
Capital Expenditure not charged to Revenue—			
48.—State Railways	3,182,031	439,488	3,571,464
49.—Irrigation Works	872,528	463	372,991
TOTAL	3,504,559	439,896	3,944,455
51.—Initial Expenditure on new Capital at Delhi	244,257	6,286	250,543
52.—India's Financial Contribution to the War	...	100,000,000	100,000,000

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

ESTIMATE, 1918-1919.			Increase + Decrease— as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease— of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease— of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	
55,398,800	27,459,700	27,939,100	+ 3,222,500	47,874,700	8,001,300	55,876,000	25,269,100	30,606,900	+ 3,699,700	+ 477,200
8,185,100	8,185,100	...	+ 850,800	4,836,800	3,618,400	8,455,200	8,455,200	...	+ 620,900	+ 270,100
3,357,600	3,357,600	...	...	...	3,357,600	3,357,600	3,357,600	...	...	...
242,800	242,800	...	...	...	255,500	255,500	255,500	...	+ 12,700	+ 12,700
102,300	102,300	...	+ 3,700	22,200	81,200	103,400	103,400	...	+ 4,600	+ 1,100
2,178,800	2,178,800	...	- 9,900	58,100	2,113,400	2,166,500	2,166,500	...	- 22,200	- 12,300
24,000	23,300	700	- 9,300	44,000	...	44,000	43,300	700	+ 10,700	+ 20,000
63,400	63,300	100	+ 36,700	86,700	...	86,700	86,600	100	+ 60,000	+ 23,300
14,154,000	14,153,200	800	+ 372,000	5,042,800	9,426,100	14,468,900	14,468,100	800	+ 686,900	+ 314,900
1,409,900	681,400	728,500	- 59,100	1,422,400	...	1,422,400	694,300	728,200	- 46,600	+ 12,500
1,540,200	796,600	743,600	+ 70,900	1,439,100	124,600	1,563,700	813,100	750,600	+ 94,400	+ 23,500
1,038,200	320,000	718,200	+ 47,800	1,089,300	...	1,089,300	340,400	748,900	+ 98,900	+ 51,100
3,988,300	1,793,000	2,190,300	+ 59,600	3,950,800	124,600	4,075,400	1,847,700	2,227,700	+ 146,700	+ 87,100
6,100	...	6,100	+ 5,400	5,100	...	5,100	...	5,100	+ 4,400	- 1,000
5,590,700	874,000	4,716,700	- 466,300	6,692,600	63,700	6,756,300	990,100	5,766,200	+ 699,300	+ 1,165,600
5,596,800	874,000	4,722,800	- 460,900	6,697,700	63,700	6,761,400	990,100	5,771,300	+ 703,700	+ 1,164,600
38,242,600	38,242,600	...	+ 13,584,200	32,335,900	2,839,300	35,175,200	35,175,200	...	+ 10,516,800	- 3,067,400
3,577,400	3,577,400	...	+ 444,900	1,191,400	3,363,100	4,551,500	4,554,500	...	+ 1,422,000	+ 977,100
41,820,000	41,820,000	...	+ 14,029,100	33,527,300	6,202,400	39,729,700	39,729,700	...	+ 11,938,800	- 2,090,300
1,009,600	1,009,600	...	+ 49,300	416,000	815,600	1,231,600	1,231,600	...	+ 271,300	+ 222,000
2,810,000	2,810,000	...	+ 1,028,500	1,778,000	43,000	1,821,000	1,821,000	...	+ 39,500	- 989,000
...
(a) 45,839,600	45,639,600	...	+ 15,106,900	35,721,300	7,081,000	42,782,300	42,782,300	...	+ 12,249,600	- 2,857,300
124,777,500	89,924,500	34,853,000	+ 18,800,100	99,287,300	24,676,700	123,964,000	85,357,300	38,606,700	+ 17,486,600	- 513,500
1,165,900	...	1,165,900	+ 593,300	11,500	...	11,500	...	11,500	- 561,100	- 1,154,400
92,300	...	92,300	+ 348,900	1,652,800	...	1,652,800	...	1,652,800	- 1,211,600	- 1,560,500
122,851,100	89,924,500	35,926,800	+ 19,242,300	97,646,000	24,676,700	122,322,700	85,357,300	36,965,400	+ 15,713,900	- 3,528,400

REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
India.	England.	Total.	India.	England.	Total.
£	£	£	£	£	£
3,700,700	608,400	4,309,100	11,181,500	5,360,000	16,541,500
292,700	1,200	293,900	424,800	8,500	433,300
3,998,400	604,600	4,603,000	11,606,300	5,368,500	16,974,800
284,100	2,600	286,700	226,700	78,300	305,000
...

(a) Include £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the military forces raised in India.

FINANCIAL STATEMENT OF THE

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
Revenue (from Statement A)	110,613,301	2,049,046	112,662,347	118,235,400	3,265,100	121,500,500	120,180,700	3,010,100	123,190,800
Excess of Revenue over Expenditure charged to Revenue			8,087,074			4,350,600			868,100
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways	—500,000	...	—500,000	...	...	...	...	...	...
Capital contributed by Indian States towards construction of State Railways	100,000	...	100,000	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Repayments . . . . .	...	10,843	10,843	...	47,100	47,100	...	22,000	22,000
NET			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	276,690	...	276,690	143,000	250,000	393,000	165,700	3,576,400	3,742,100
NET			0			0			165,700
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
British Government 5 per cent. War loan, 1929-47 . . . . .	...	64,927,000	...	...	...	...	...	...	...
<i>Rupee Debt—</i>									
Rupee Loan . . . . .	...	...	...	...	...	...	17,000,000	...	...
5½ per cent. War Bonds 1925 . . . . .	...	...	...	3,645,600	...	...	1,000	...	...
Ditto 1928 . . . . .	...	...	...	16,955,800	...	...	3,000	...	...
5 per cent. War Loan 1929-47	7,622,561	...	...	800	...	...	...	...	...
TOTAL	7,622,561	64,927,000	72,549,561	19,602,000	...	19,602,000	10,004,000	...	10,004,000
NET			68,239,218			0			724,000
Temporary Debt Incurred—									
5½ per cent. War Bonds 1920	11,431,235	...	...	500	...	...	...	...	...
Do. do. 1922	6,455,886	...	...	100	...	...	...	...	...
Do. do. 1921 . . . . .	...	...	...	17,089,400	...	...	4,600	...	...
Do. do. 1923 . . . . .	...	...	...	1,359,400	...	...	700	...	...
Treasury Bills	23,047,000	...	...	51,566,700	...	...	22,420,000	...	...
Other Temporary Loans	2,666,667	...	...	12,071,500	...	...	...	...	...
TOTAL	49,600,788	...	49,600,788	82,067,600	...	82,067,600	22,425,300	...	23,425,300
NET			48,267,455			9,111,000			0
Unfunded Debt—									
Post Office Cash Certificates	6,667,282	...	...	2,133,800	...	...	2,000,000	...	...
Deposits of Service Funds	86,954	59	...	85,500	...	...	85,000	...	...
Savings Bank Deposits	11,233,707	...	...	12,585,100	...	...	11,698,800	...	...
TOTAL	17,987,943	59	17,988,002	14,803,900	...	14,803,900	13,781,800	...	13,781,800
NET			9,568,066			4,285,700			2,630,400
Deposits and Advances—									
Balances of Provincial Allotments	2,258,623	...	...	1,165,900	...	...	11,500	...	...
Appropriation for Reduction or Avoidance of Debt	651,806	...	...	135,400	...	...	...	...	...
Deposits of Local Funds—									
District Funds	5,608,816	...	...	5,937,400	...	...	5,787,600	...	...
Other Funds	1,187,271	...	...	1,283,900	...	...	1,243,300	...	...
Deposits of Sinking Funds	17,140	...	...	17,800	...	...	18,500	...	...
Gold standard Reserve	888,268	33,585,292	...	270,000	31,776,500	...	...	39,308,800	...
Paper Currency Reserve . . . . .	...	79,266,408	...	...	116,584,100	...	...	103,295,100	...
Do. Depreciation Fund . . . . .	...	1,222,580	...	...	790,500	...	...	251,700	...
Depreciation Fund for War Loan (1929-47)	276,667	...	...	273,300	...	...	278,400	...	...
Special Reserve . . . . .	...	...	...	...	22,797,900	...	...	6,940,000	...
Deposit Account with the United States of America . . . . .	...	...	...	39,173,800	...	...	3,379,300	...	...
Departmental and Judicial Deposits	40,669,874	...	...	39,725,400	...	...	38,440,000	...	...
Advances	8,698,320	2,472,769	...	18,018,600	1,959,300	...	9,324,900	432,200	...
Expense Accounts	157,790	...	...	421,100	...	...	18,205,800	...	...
Miscellaneous	2,607,987	742,931	...	411,100	1,169,900	...	800,000	828,500	...
TOTAL	62,918,363	117,289,978	180,208,340	106,828,700	174,080,200	280,908,900	71,984,100	160,051,300	228,035,400
NET			0			2,081,600			18,229,200
Carried over	248,619,645	184,276,925		341,680,600	177,642,400		238,541,600	182,659,300	

Government of India, in India and in England.

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure, Imperial and Provincial (from Statement B)	₹ 76,451,161	₹ 26,065,057	₹ 102,516,218	₹ 100,742,700	₹ 24,034,800	₹ 124,777,500	₹ 99,287,800	₹ 24,876,700	₹ 123,964,000
Add—Provincial Surpluses transferred to "Deposits"	2,256,623	...	2,256,623	1,165,900	...	1,165,900	11,500	...	11,500
Deduct—Provincial Deficits charged to "Deposits"	197,568	...	197,568	92,300	...	92,300	1,652,800	...	1,652,800
TOTAL	78,510,216	26,065,057	104,575,273	101,816,300	24,034,800	125,851,100	97,646,000	24,876,700	122,322,700
Railway, Irrigation, and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	372,528	468	372,991	292,700	1,200	293,900	424,800	8,500	433,300
OUTLAY ON STATE RAILWAYS	3,132,081	439,433	3,571,464	3,700,700	608,400	4,304,100	11,181,500	5,250,000	16,431,500
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	244,257	6,286	250,543	284,100	2,600	286,700	226,700	73,300	300,000
INDIA'S FINANCIAL CONTRIBUTION TO THE WAR	...	100,000,000	100,000,000	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital Outlay	—993,542	810,240	—683,302	—298,200	608,300	808,100	—1,311,700	3,272,000	1,460,300
NET			—694,144			261,000			1,438,300
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for Discharge of Debentures	...	1,082,500	1,082,500	...	1,594,900	1,594,900	...	3,576,400	3,576,400
NET			805,810			1,201,900			0
Permanent Debt Discharged—									
<i> Sterling Debt—</i>									
British Government 5 per cent. War Loan, 1929-47	...	...	...	...	83,415,000	...	...	8,900,000	...
India Bonds	...	500,000	...	...	500,000	...	...	...	...
India 4 p. c. Stock	...	168	...	...	...	...	...	...	...
<i> Rupee Debt—</i>									
5 per cent. War Loan	278,547	...	...	330,000	...	...	293,300	...	...
4 p. c. Loans	420,420	...	...	83,900	...	...	80,000	...	...
3½ p. c. Loans	2,021,430	...	...	79,000	...	...	...	...	...
3 p. c. Loan	94,763	...	...	14,000	...	...	6,700	...	...
Provincial debentures	20	...	...	...	...	...	...	...	...
TOTAL	2,810,180	500,168	3,310,348	506,900	33,915,000	84,421,900	380,000	8,900,000	9,280,000
NET			0			14,819,900			0
Temporary Debt Discharged—									
War Bonds, 1920	...	...	...	2,700	...	...	...	...	...
U. to 1922	...	...	...	23,500	...	...	...	...	...
Treasury Bills	...	...	...	58,193,300	...	...	30,420,000	...	...
Other Temporary Loans	333,333	...	...	14,736,100	...	...	...	...	...
Total	333,333	...	333,333	72,956,600	...	72,956,600	30,420,000	...	30,420,000
NET			0			0			7,994,700
Unfunded Debt—									
Post Office Cash Certificates	744,313	...	...	2,546,600	...	...	2,000,000	...	...
Special Loans	220	...	...	4,000	...	...	200	...	...
Deposits of Service Funds	96,349	...	...	99,500	...	...	99,600	...	...
Savings Bank Deposits	7,579,054	...	...	7,858,100	...	...	9,051,600	...	...
TOTAL	8,419,936	...	8,419,936	10,508,200	...	10,508,200	11,151,400	...	11,151,400
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	197,568	...	...	92,300	...	...	1,652,800	...	...
Deposits of Local Funds—									
District Funds	5,680,642	...	...	5,795,400	...	...	5,796,600	...	...
Other Funds	1,166,951	...	...	1,246,800	...	...	1,201,600	...	...
Gold Standard Reserve	1,339,686	33,586,249	...	...	31,778,900	...	...	39,303,800	...
Paper Currency Reserve	...	79,266,406	...	...	115,584,100	...	...	108,295,100	...
Do. Depreciation Fund	...	1,222,569	...	...	790,500	...	...	251,700	...
Depreciation Fund for War Loan (1929-47)	256,557	...	...	293,400	...	...	273,400	...	...
Special Reserve	...	20,000,309	...	...	9,737,600	...	...	...	...
Deposit account with the United States of America	2,538,084	...	...	39,020,000	...	...	1,000,000	...	...
Departmental and Judicial Deposits	39,709,038	...	...	38,403,100	...	...	40,371,200	...	...
Advances	9,099,331	2,496,200	...	17,612,300	2,333,400	...	9,235,800	912,000	...
Suspense Accounts	9,308,743	...	...	15,552,800	...	...	1,700	...	...
Miscellaneous	110,064	543,188	...	800	587,600	...	...	510,600	...
TOTAL	69,392,164	137,114,921	206,507,085	118,015,200	160,812,100	278,837,300	59,533,000	149,273,200	208,806,200
NET			26,298,745			0			0
Carried over	162,221,103	266,519,063	...	807,782,500	221,570,300	...	209,151,700	196,080,100	...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1917-1918.			REVISED ESTIMATES, 1918-1919.			BUDGET ESTIMATES, 1919-1920.		
	India.	England.	TOTAL.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	248,619,645	184,276,925		341,680,800	177,642,400		233,541,600	162,859,800	
Loans and Advances by Imperial Govern- ment	833,571	...	833,571	898,900	...	898,900	192,200	...	192,200
Net			0			0			0
Loans and Advances by Provincial Governments	1,180,621	...	1,180,621	970,000	...	970,000	1,804,200	...	1,804,200
Net			528,737			0			0
Loans to Local Boards for Railway Con- struction	41,732	...	41,732	17,300	...	17,300	9,000	...	9,000
Net			0			17,300			9,000
Remittances— In and Money Orders	50,414,221	...		51,200,000	...		52,666,700	...	
Other Local Remittances	225,834	...		16,842,800	...		6,682,600	...	
Other Departmental Ac- counts	43,384	...		3,000	...		4,100	...	
Net Receipts by Civil Treas- uries from—									
Railways	20,566,433	...		20,188,300	...		19,456,300	...	
Net Receipts from Civil Treas- uries by—									
Posts and Telegraphs	8,389,271	...		5,076,900	...		1,728,600	...	
Marine	7,785,466	...		5,008,300	...		4,246,400	...	
Military Works	3,878,222	...		4,624,700	...		693,200	...	
Military	72,662,471	...		106,861,100	...		50,033,700	...	
Remittance account between England and India—									
Transfers through Currency	...	3,000,000		6,333,300	...		...	...
Purchase of Silver	12,939,000	...		43,166,700	...		13,800,000	...	
War Office transactions	84,491,545	68,780,995		9,913,000	92,546,000		1,450,000	40,650,000	
Railway transactions	942,234	39,932		1,009,800	22,700		9,486,000	617,000	
Other	6,431,780	17,251,344		9,331,800	17,243,800		8,970,800	6,763,000	
TOTAL	218,778,742	89,072,271	307,851,013	379,003,700	109,912,500	388,816,200	171,000,500	47,930,000	218,930,500
Net			0			4,342,200			4,140,800
Secretary of State's Bills drawn	...	(a) 24,799,984	24,799,984	...	(c) 6,599,200	6,599,200	...	10,250,000	10,250,000
Sterling Transfers on London	...	...	...	5,425,000	...	5,425,000	...	...	...
TOTAL RECEIPTS	468,904,311	298,149,160		627,995,500	294,054,100		411,547,500	220,839,800	
Opening Balance	15,293,216	(b) 11,891,993		15,325,177	(d) 16,625,416		9,963,677	(e) 13,475,316	
GRAND TOTAL	484,197,527	309,541,153		643,320,677	310,679,516		421,511,177	234,315,116	

(a) In addition to £1,422,746 and £8,667,972 on account of the Gold Standard Reserve and the Paper Currency Reserve, respectively.

(b) In addition to £14,347,100 on account of the Paper Currency Reserve.

(c) Of this amount £6,000,099 represents the Funds of the Gold Standard Reserve.

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

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	162,221,103	265,519,003		307,782,500	221,570,300		209,151,700	195,030,100	
Loans and Advances by Imperial Government	366,195	...	366,195	966,900	...	966,900	251,700	...	251,700
Net			52,624			68,000			59,500
Loans and Advances by Provincial Governments	601,884	...	601,884	2,237,100	...	2,237,100	2,564,300	...	2,564,300
Net			0			1,267,100			760,100
Loans to Local Boards for Railway Construction.	42,000	...	42,000	...	...	...	...	...	...
Net			268			0			0
Remittances—									
Inland Money Orders	50,057,293	...		51,083,300	...		52,866,700	...	
Other Local Remittances	...	...		16,343,100	...		8,582,600	...	
Other Departmental Accounts	281	...		8,000	...		4,100	...	
Net Payments into Civil Treasuries by—									
Railways	20,650,742	...		20,162,200	...		19,456,300	...	
Net Issues from Civil Treasuries to—									
Posts and Telegraphs	6,380,858	...		5,076,900	...		1,728,600	...	
Marine	7,473,516	...		5,343,300	...		4,246,400	...	
Military Works	3,902,534	...		4,624,700	...		593,200	...	
Military	72,189,385	...		107,461,200	...		50,053,700	...	
Remittance Account between England and India—									
Transfers through Currency	3,000,000	...		...	6,333,300		...	...
Purchase of Silver	2,000	13,492,013		...	44,000,000		...	11,000,000	
War Office transactions	96,561,733	6,786,697		86,413,000	10,116,000		40,450,000	1,650,000	
Railway transactions	8,544	973,622		...	1,032,100		...	10,065,100	
Other	18,609,197	6,144,343		17,799,400	8,727,100		9,049,800	5,242,700	
TOTAL	280,836,083	27,396,674	308,232,757	614,265,100	70,208,900	384,474,000	186,831,400	27,958,300	214,789,700
Net			381,749			0			0
Secretary of State's Bills paid	(a) 24,785,080	...	24,785,080	(a) 8,105,400	...	8,105,400	10,250,000	...	10,250,000
Sterling Transfers on London	...	...	...	...	5,425,000	5,425,000	...	...	...
TOTAL DISBURSEMENTS	468,872,350	292,915,737		633,367,000	297,204,200		409,049,100	223,989,400	
Closing Balance	15,825,177	(d) 16,625,416		9,963,677	(e) 13,475,816		12,462,077	(e) 11,326,716	
GRAND TOTAL	484,197,527	309,541,153		643,330,677	310,679,516		421,511,177	234,316,116	

(b) Of this amount £6,001,458 represents the funds of the Gold Standard Reserve.

(d) Of this amount £6,000,499 represents the funds of the Gold Standard Reserve.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1917-18.	Revised, 1918-19.	Budget, 1919-20.
	₹	₹	₹
Madras—	1,52,37,920	2,01,08,000	1,96,59,000
Balance on April 1st	28,71,000	40,50,000	31,50,000
Special grants from Imperial revenues	8,05,48,980	8,09,90,000	8,51,18,000
Other revenue	8,34,29,980	8,50,40,000	8,55,68,000
Total Revenue including transfers from Imperial revenues	7,45,59,463	8,54,89,000	9,60,68,000
Total Expenditure	2,01,08,437	1,98,59,000	1,21,59,000
Closing Balance			
Bombay—	2,71,58,600	3,91,96,000	4,61,26,000
Balance on April 1st	25,56,200	31,49,000	27,30,000
Special grants from Imperial revenues	8,61,61,747	9,49,70,000	10,10,97,000
Other revenue	8,87,90,917	9,81,19,000	10,36,27,000
Total Revenue including transfers from Imperial revenues	7,66,59,239	9,11,89,000	10,86,55,000
Total Expenditure	3,91,98,308	4,61,26,000	4,62,98,000
Closing Balance			
Bengal—	3,39,84,039	3,67,64,000	3,66,02,000
Balance on April 1st	45,15,255	51,49,000	48,69,000
Special grants from Imperial revenues	6,41,52,575	6,73,58,000	6,78,14,000
Other revenue	6,66,67,600	7,25,17,000	7,26,83,000
Total Revenue including transfers from Imperial revenues	6,58,67,166	7,24,69,000	7,70,62,000
Total Expenditure	3,67,64,678	3,66,02,000	3,22,23,000
Closing Balance			
United Provinces—	1,92,43,584	2,45,24,000	2,58,66,000
Balance on April 1st	24,41,500	39,62,000	29,17,000
Special grants from Imperial revenues	6,96,20,412	7,27,42,000	7,51,86,000
Other revenue	7,90,61,912	7,67,40,000	8,11,03,000
Total Revenue including transfers from Imperial revenues	6,77,81,830	7,53,62,000	8,53,56,000
Total Expenditure	2,45,23,648	2,58,66,000	2,16,18,000
Closing Balance			
Punjab—	1,92,74,795	1,94,52,000	2,23,35,000
Balance on April 1st	28,70,400	23,99,000	17,55,000
Special grants from Imperial revenues	8,21,59,792	8,28,62,000	8,70,95,000
Other revenue	5,50,70,192	5,60,81,000	5,85,20,000
Total Revenue including transfers from Imperial revenues	4,78,59,406	5,81,98,000	6,02,28,000
Total Expenditure	1,94,51,581	2,23,35,000	2,09,57,000
Closing Balance			
Burma—	1,17,79,863	95,12,000	1,42,54,000
Balance on April 1st	12,93,800	18,94,000	14,44,000
Special grants from Imperial revenues	5,42,64,889	6,40,20,000	6,24,56,000
Other revenue	5,55,58,689	6,59,24,000	6,39,00,000
Total Revenue including transfers from Imperial revenues	5,78,27,000	6,11,84,000	6,63,50,000
Total Expenditure	95,11,552	1,42,54,000	1,18,04,000
Closing Balance			
Bihar and Orissa—	1,48,00,950	1,41,06,000	1,45,04,000
Balance on April 1st	18,81,775	25,40,000	20,99,000
Special grants from Imperial revenues	8,04,34,878	8,28,50,000	8,25,59,000
Other revenue	8,23,15,553	8,53,90,000	8,46,88,000
Total Revenue including transfers from Imperial revenues	8,30,10,769	8,49,92,000	8,78,52,000
Total Expenditure	1,41,05,734	1,45,06,000	1,15,40,000
Closing Balance			
Central Provinces—	1,26,85,273	1,36,77,000	1,99,04,000
Balance on April 1st	13,59,000	14,72,000	12,24,000
Special grants from Imperial revenues	2,97,92,058	2,99,21,000	3,21,07,000
Other revenue	3,11,51,058	3,16,06,000	3,33,31,000
Total Revenue including transfers from Imperial revenues	3,01,08,755	3,21,79,000	3,50,98,000
Total Expenditure	1,36,77,576	1,39,04,000	1,11,37,000
Closing Balance			
Assam—	21,30,218	27,82,000	39,25,000
Balance on April 1st	5,47,500	6,78,000	6,48,000
Special grants from Imperial revenues	1,43,98,056	1,70,51,000	1,68,83,000
Other revenue	1,40,40,556	1,77,29,000	1,75,31,000
Total Revenue including transfers from Imperial revenues	1,48,29,233	1,65,89,000	1,76,31,000
Total Expenditure	27,81,534	39,25,000	38,25,000
Closing Balance			
Total—	14,91,85,217	18,00,71,000	19,61,75,000
Balance on April 1st	2,18,45,300	2,52,93,000	2,11,86,000
Special grants from Imperial revenues	48,15,81,887	51,36,07,000	53,33,45,000
Other revenue	50,28,76,687	53,19,00,000	55,44,81,000
Total Revenue including transfers from Imperial revenues	47,19,90,863	52,77,96,000	57,91,00,000
Total Expenditure	18,00,71,041	19,61,75,000	17,15,56,000
Closing Balance			
Total (in sterling)—	₹	₹	₹
Balance on April 1st	9,945,681	12,004,700	13,078,300
Special grants from Imperial revenues	1,423,020	1,686,200	1,409,100
Other revenue	32,102,092	34,240,400	35,556,870
Total Revenue including transfers from Imperial revenues	33,525,112	35,926,600	38,965,400
Total Expenditure	31,466,057	34,858,000	33,608,700
Closing Balance	12,004,786	13,078,300	11,437,070

M. F. GAUNTLETT,

Comptroller and Auditor General.

DELHI,

FINANCE DEPARTMENT,

March 1, 1919.

E. M. COOK,

Controller of Currency.

H. F. HOWARD,

Secy. to the Govt. of India.

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

REVENUE AND EXPENDITURE.	ACCOUNTS, 1917-1919.					REVISED ESTI-MATE, 1918-1919.		BUDGET ESTI-MATE, 1919-1920.	
	Revenue.	EXPENDITURE.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		Refunds and Assignments.	Cost of Collection and Production.						
	£	£	£	£	£	£	£	£	£
Revenue Heads.									
Land Revenue (excluding that due to Irrigation)	21,607,246	783,044	3,782,276	17,041,926		16,042,100		17,705,000	
Opium	3,078,903	3,576	1,108,782	1,966,545		1,888,200		2,006,500	
Salt	5,499,487	290,667	427,457	4,781,863		2,334,600		3,018,900	
Stamps	6,737,522	58,848	176,322	6,492,352		5,828,500		5,872,700	
Excise	10,161,706	104,311	484,548	9,572,847		10,878,500		11,407,800	
Provincial Rates	28,633	125	...	28,508		29,400		34,500	
Customs	11,038,588	348,065	285,276	10,408,247		11,757,900		12,660,900	
Income Tax	6,308,104	59,597	42,518	6,205,989		7,139,200		13,388,200	
Forest	2,731,284	11,540	1,411,042	1,308,702		1,155,700		1,289,300	
Registration	527,590	963	269,344	257,283		263,100		264,100	
Tributes	597,670	206,394	...	391,276		393,500		405,800	
TOTAL	67,304,733	1,867,180	7,987,565	57,450,038		58,110,700		68,008,500	
Total deduction from Revenue		9,854,695							
Expenditure Heads.									
Debt Services Interest	2,170,108	7,328,169			5,158,061		3,712,400		4,126,100
Commercial Services Posts and Telegraphs	4,616,690	3,567,730		1,048,960		1,206,400		1,136,600	
Railways	24,141,708	14,227,385		8,914,823		11,193,400		6,904,000	
Irrigation	5,063,879	3,784,838		1,279,041		1,413,900		1,423,200	
Other Public Works Civil Works, etc.	323,599	5,048,294			4,724,695		5,264,900		6,448,500
Mint	517,401	167,382		350,019		1,449,800		1,018,700	
Civil Departments Civil Departments	1,935,364	20,855,368			18,920,004		22,388,200		22,378,900
Superannuation	212,656	3,485,193			3,272,587		3,335,900		3,394,200
Miscellaneous Exchange	3,145,186	...		3,145,186		4,266,700		1,066,700	
Civil Services Miscellaneous	1,416,465	1,098,572		317,893		15,500		102,800	
Other heads	94,049	1,334,942			1,240,893		1,305,000		1,383,600
Famine Relief and Insurance Famine Relief	...	3,765			3,765		544,300		1,149,100
Other heads	...	996,235			996,235		455,700		353,300
Military Services Army Effective	1,183,582	24,994,307		23,810,725		37,042,200		34,080,800	
Non-effective	120,348	3,099,597		2,979,249		3,467,600		4,444,600	
Marine	322,155	807,824			485,669		696,200		932,600
Military works	94,424	1,861,109			1,766,685		2,720,900		1,737,000
Special Defences (1902)	...	813			813		...		...
TOTAL	112,662,347	102,516,218		10,146,129			3,277,000		773,200
Provincial Adjustment Surplus	...	2,059,055			2,059,055		1,073,600		1,641,300
Deficit	...	...					
TOTAL	112,662,347	104,575,273		8,087,074			4,350,600		868,100
Surplus				8,087,074				868,100	
Deficit							4,350,600		
Capital Account									
Railway, Irrigation and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways				—500,000					
Capital contributed by Indian States towards construction of State Railways				100,000					
Capital raised and deposited by Railway Companies (net)					805,810		1,201,900		165,700
Outlay on Irrigation Works					372,991		293,900		433,300
Outlay on State Railways					3,571,464		4,304,100		16,431,500
Initial outlay on new Capital at Delhi					260,543		286,700		800,000
India's Financial Contribution to the War					100,000,000				
Outlay of Railway Companies (net)					—694,144		261,000		1,438,300
Permanent Debt (net)				69,339,218			14,819,900		724,000
Temporary Debt (net)				49,267,455		9,111,000			7,994,700
Unfunded Debt (net)				9,568,066		4,295,700		2,630,400	
Loans and Advances by Imperial Government (net)					52,624		68,000		59,500
Loans and Advances by Provincial Governments (net)				528,737		1,267,100		9,000	760,100
Loans to Local Boards for Railway Construction (net)					268		17,300		
Deposits and Advances (net)					26,298,745		2,081,600		19,229,200
Remittances (net)					381,749		4,342,200		4,140,800
Secretary of State's Bills drawn				24,796,964		6,599,200		10,250,000	
Secretary of State's Bills paid					24,785,080		8,105,400		10,250,000
Sterling Transfers on London drawn						5,425,000			
Sterling Transfers on London paid						5,425,000			
Cash Balance				161,090,514	156,825,130	31,872,000	40,383,600	38,017,200	37,687,400
Opening Balance				26,685,209		31,950,593		23,438,993	
Closing Balance					81,950,593		23,438,993		23,788,793
TOTAL				187,775,723	187,775,723	68,822,593	63,822,593	61,456,193	61,456,193

M. F. GAUNTLETT,
Comptroller and Auditor General.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Saturday, the 1st March, 1919.

PRESENT :

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E.,
Viceroy and Governor General, *presiding*, and 49 Members, of whom 41
were Additional Members.

FINANCIAL STATEMENT FOR 1919-1920.

The Hon'ble Sir James Meston :—“ My Lord, the Financial Statement of this year, in spite of every effort to reduce its length, is still a very voluminous document, over 30 printed pages of close letter-press and figures; and as copies will very shortly be in the hands of Hon'ble Members I propose, with your Excellency's permission, instead of reciting the lengthy narrative here, to run through the chief features of the Budget and leave the Statement itself and its many appendices to be studied by Hon'ble Members at greater leisure. It is not an easy task to pick up the mantle which has fallen from such a master of Indian finance as was Sir William Meyer. His unique knowledge of the subject and his untiring industry enabled him to nurse the finances of the country through all the difficulties and novel situations of a great war; and he has left India stronger in its financial machinery and in its financial credit than at any previous time in its history. Sir William Meyer was almost the last of a school which went through a period of hard training in the days of the falling rupee when the struggles to make both ends meet were extremely bitter, and economies which would now be regarded as unspeakably sordid were the ordinary practice of the Finance Department. It is wholly unfair, my Lord, to speak of that school, as one hears it sometimes spoken of, as having been penurious and lacking in enterprise; there are very few of us to-day who realise how infinitely easier conditions are with us in the India of to-day and against what difficulties our predecessors had to strive to maintain the credit of the Indian Government in the money-markets of the world. It was their conservatism and their sense of duty which armed us to come through the last four years as we have done, and Sir William Meyer carried out to the last the stern financial traditions to which we owe so much.

“ I propose now, my Lord, to take the Council through the main features of interest in the year which is drawing to a close; then to explain briefly the forecast for the next year, and finally to review, equally briefly I hope, our general financial situation. The current year has been a period of crisis and dramatic change. The first half of it was marked by great manufacturing energy, high prices and a great deal of diffused prosperity. When the year opened the long-threatened German offensive was developing in France, and India was called upon to redouble her efforts to provide men and munitions of war. Her response, as is known to this Council, was immediate. Recruiting made great strides, and under the guidance of our colleague, Sir Thomas Holland, the Munitions Board set to work in grim earnest in supplying the

Allies with material, military and otherwise, of which they stood in urgent need. This tale has been told elsewhere and I am not concerned to-day with anything except the purely financial aspects of it. Its financial consequences were derived from the great manufacturing activity of the period, the heavy exports of foodstuffs and every kind of article of national importance for which England and the Allies were indenting. The first consequence of these factors was a tremendous run on our currency resources to provide the money to pay for all this vigour of production. The second was a sharp upward movement in our revenues; the harvest of our railway returns had never been so rich; and the heavy sale of bills against our exports by the Secretary of State brought us lavish gains in exchange, for Sir William Meyer had cautiously refused to budget for anything better than a 1s. 4d. rupee, and large sums were being paid into our Home treasury at 1s. 5d. and 1s. 6d. It was not unnatural, therefore, that in September last, there were expectations of a record surplus. Then came the cessation of hostilities and the scene completely changed. Military activities could not of course be curtailed all at once, but private trade was very suddenly checked. Astute merchants who had been gambling on protracted fighting and a continuing rise in prices found all their calculations upset and Nemesis descended upon much unhealthy speculation, especially in the cloth and share markets of Bombay. By this time also it had unfortunately become evident that considerable areas in Bombay, the United Provinces and other parts of India would be unable to share in the general rejoicings about peace; for the monsoon had failed badly, scarcity was imminent, and at the most critical time a fierce epidemic of influenza attacked the whole country, took a very heavy toll of the rural masses, and seriously weakened the agricultural labour power. The withdrawal of military orders and the impending shortage of supplies combined to check exports. The Secretary of State issued no more Council drafts after October, and the whole financial position began to undergo the painful transition back to a healthier and saner state of affairs. There was at first a little, not wholly unnatural, depression at the suddenness of the change; but we know that it is very largely disappearing now, and it may be hoped that we shall succeed in getting back to a healthier plane of business and finance without serious dislocation. The immediate result, my Lord, is that we have not got a bumper surplus. Nevertheless we have done uncommonly well. If it had not been for the large donation towards the expenses of the war which was undertaken by this Council last September, we should probably have closed the current year with a revenue surplus of over £8 millions in place of the £2½ millions which Sir William Meyer had budgetted for. As the donation in question, that is, the payment for an extra 200,000 Indian troops and the acceptance of a corresponding pension charge, has cost us £12¼ millions this year, we shall really close with a deficit of about £4½ millions instead of a surplus of £8 millions;—revenue £85½ millions and expenditure about £90 millions. I am sure that if Sir William Meyer had foreseen this—it was quite impossible that he should do so—if he had foreseen it, he would probably have asked last year for the extra taxation which we are now seeking to impose. As it is, we must be content to take the deficit out of our cash balances, which only means that we shall have to borrow it directly or indirectly sooner or later.

“Well, my Lord, that is the story of the year which is now coming to an end. I need not weary the patience of the Council by discussing the figures in any detail, but pass on to the year which is before us. The year in front of us cannot possibly be a period more varied or full of surprises than that which is closing. Our trouble is that we cannot prophesy. We have no experience of the immediate sequels of a great war, either on the military or civil side of the administration. We cannot foretell the movement of prices in the next twelve months; and we have nothing to show what shipping will be available for our external trade. It follows, therefore, that the yields from our customs revenue, from railways, exchange and many other heads are all far more uncertain than they usually are. The Army in particular has a financial future which it is very difficult to forecast. All that we know is, that the scale of expenditure must be very much higher than in the pre-war peaceful days. The requirements of modern armament, of much more rapid and efficient transport, of the entirely new military art of fighting in the air, all these mean money. The huge aeroplane which we have seen hovering over Delhi in the last few days is a much costlier

instrument of war than its predecessors, just as the motor lorry means a good deal more than the old bullock or camel transport. We cannot resist taking our share in these developments; and I am all the more deeply indebted to His Excellency the Commander-in-Chief for the great consideration he has shown for our financial difficulties in stating his requirements for the next year. They have been placed at the very moderate figure of £30 millions; and I am sure it is only his unflinching determination to insist on economy that insures the adequacy of that figure. To it we have added £2½ millions as a special war bonus to British troops, which has just been sanctioned; the duration of this in our present exceptional circumstances it is quite impossible to foresee. We also have to add the next year's instalment of our official contribution to the expenses of the war which, as I mentioned the other day, comes to £8·7 millions; and thus we arrive at the total anticipated military expenditure of about £41½ millions net. Military expenditure thus represents just a half of our total budget of outlay for next year. Seeing that we have practically no naval charges, this proportion certainly is nothing wonderful at a time like the present. It will, we hope, decline as the world returns to the paths of peace; but none of us can hope that our military charges will ever again drop to the old pre-war standard. Turning to the rest of our expenditure the Council will find a considerable reduction in our political charges, through the curtailment of expenditure which had to be incurred on and beyond our frontiers as a direct consequence of hostilities. In many other directions savings have been possible on a smaller scale. At the same time, we have had to face the inevitable rise in wages which materially affects Departments like the Posts and Telegraphs; and we have a considerable bill, though fortunately not nearly so heavy as it would have been without the recent winter rains, for famine relief. The chief rise in expenditure however is under our provision for renewing the permanent-way and the rolling stock of our railways. For that purpose we have allowed the very large figure of £6½ millions; and I am sure that my friend Sir Arthur Anderson would gladly have taken a good deal more if he could have it. There will be, on the part of no one in this Council, any disposition to contest a provision which the tension of recent years has now made absolutely necessary. To many of us it is a standing marvel that the railways have been able to do what they have done, with a wholly starvation allowance for even their barest necessities. The exigencies of war left the Railway Board with no option, and we ought cheerfully to assist them to the best of our power in recovering the ground that has been lost.

“There are of course many other items of interest in these elaborate statements, but the total result is to show that we require £85½ millions for the services of the year; or, if we exclude the second instalment of our special-war contribution, £76½ millions. We have been able to make good the smaller sum; but without extra taxation, the higher figure was beyond us. For revenue we have taken liberal estimates, very liberal estimates; for example, we are estimating our gross receipts from railways at 80 crores, the highest figure of its kind which has ever yet been attempted. Under Customs, in spite of the possibility of falling prices, we have taken an increase even over this year's figures, and are putting up the total to 20 crores. This includes, I ought to note, the continuation of the special duty of 6 annas a gallon on motor spirit. As the Council are aware, this duty was imposed two years ago as a war measure, and has brought a very useful addition to our revenues. I have not heard that it has done any one any harm, and consequently I shall shortly ask the Council to accept legislation for its retention for the present at least. Under Mint and Exchange we cannot expect the same windfall as we enjoyed this year. Our recoveries from the War Office will be fewer and our Council Bills an uncertain quantity. There is also a heavy loss on our coinage to be still adjusted, for it must be remembered that we are turning out vast quantities of rupees at something less than what they cost us to manufacture. Under the head of income-tax there appears the only concession in this hard-hearted budget. It is the raising of the taxable minimum from Rs. 1,000 to Rs. 2,000 a year. With the hardship that we see all round us owing to the pressure of high prices on humble people with minute incomes, we feel that it is no longer possible to levy income-tax from assesses who draw less than

£100 a year ; and if we are going to establish a new minimum, there are great advantages in going up at once to Rs. 2,000. I will explain these in greater detail in asking for leave to introduce the necessary legislation.

“ Omitting all the less interesting heads we arrive at a total estimate of revenue of £80 millions. It will be remembered that we set out to find £76½ millions, without the special contribution. This we have succeeded in doing with a considerable margin in hand. If we put aside somewhat under £1 million of this as a surplus, we are left with about £2½ millions towards the payment of our special war contribution of £8·7 millions. In other words we are still £6 millions short, and hence the necessity for our excess profits duty. As I explained the other day in Council, we hope that it will provide us with that sum net, after allowing for remissions of super-tax and income-tax, and after adequate deduction for depreciation and the other subsidiary allowances that may have to be made. I trust that this brief statement of our position, read with the figures which are being communicated to Hon'ble Members, will justify to the hilt the sheer necessity which has driven us to undertake a levy upon war profits.

“ Our formal estimate thus stands at £86·2 millions for revenue, including the excess profits duty ; £85·4 millions for expenditure, and a surplus of £868,000. Those who lament the tightness of our revenue estimates will, I am sure, rejoice when they turn to the Capital Account and find the imposing figure which we propose to allot for railway developments. The biggest railway programme ever yet undertaken has been £12 millions ; the ideal figure, never yet attained, which Lord Inchcape's Committee pressed upon the Government of India seven or eight years ago, is £12½ millions. In recent years we have been down, I think, to four and five millions. For next year we propose no less a figure than £17½ millions. I sincerely hope that this is the first augury of the coming expansion of India's commercial and industrial power. It is at any rate the first step that we can take to prepare the way for that advance. In order, however, to realise our hopes in this direction, I must warn the Council that we shall be dependent once more on a substantial loan. The conditions of the loan will be announced later, when we see how the money market is likely to receive it in the slack season. We shall be glad of all the money that we can get ; but, so far as can be estimated now, we shall require at least 15 crores, and that is the figure for which we are budgetting to balance our ways and means account. There have been suggestions that concerns affected by the excess profits duty will find great difficulty in subscribing for any part of our loan. I trust that this pessimism is unjustified ; and in any case I trust that our Victory Loan, as it may be described, will find friends enough in the country to prevent us from curtailing the generous programme of railway development which it is intended to finance.

“ I now come to the third and last part of my story, a brief review of our general financial situation. Before embarking upon it, I would invite attention to the tale of our silver crisis last year. Very few would suspect the forbidding portals of the Finance Department of harbouring a romance—and yet the whole story of how Sir William Meyer and his trusty henchmen held the gate against inconvertibility and its attendant woes, and of how our old friend Sir James Brunyate fought our battle simultaneously in Washington—the whole story is as good as any romance. Since the days of classical mythology there has been nothing to equal the manner in which the United States descended on India in a shower of silver. To those like myself who were anxiously watching the situation from London, it seemed from week to week an utter impossibility that the Government of India could possibly escape from suspending specie payment ; and yet the feat was accomplished, and India owes no inconsiderable debt of gratitude to those whose skill and tenacity averted the misfortune. The crisis however has a lesson ; and that lesson is that we are on permanently unsafe ground until India learns to abandon its secular habit of hoarding money in unsettled times. India's reputation as the ‘ sink ’ of the precious metals is an unhappy one ; and we all trust that in time she will outlive it. Meanwhile, Government cannot possibly go on meeting this insane demand for silver rupees, which disappear from circulation almost as

soon as they are minted, without serious effects on the world price of silver, already far too high for our comfort. There is absolutely no justification for the continuing panic which has drawn twelve hundred millions of rupees from our mints during the last four years, and unless it is checked, and the hoarded coins restored to circulation, we may be forced to reconsider the whole basis of our currency and exchange policy.

“The second uncomfortable feature in our financial position is the large quantity of floating obligations, directly due to the war, which we must redeem before we can go ahead with a generous programme of remunerative borrowing. We shall have to curtail our paper currency investment and to get rid of the troublesome discount upon our notes. We shall have to meet a considerable volume of short-term bonds, cash certificates and treasury bills which had issued since war began; and for the next few years we shall be hard put to it to pay off these liabilities and keep up the supply of revenue for our current requirements.

“However, my Lord, there is no possible reason for alarm. All that has happened in the past few years may well fill us with pride and hope. We know the splendid part that has been taken by all classes in meeting a great emergency. We are, in this Department, particularly indebted to the leaders of British commerce in the great centres and to the banks:—to the Presidency Banks for the lead that they have given in supporting our big loans, and to the great Exchange Banks for the cheerful and unselfish way in which they have accepted the inconvenient restraints that had to be laid upon trade, and finance in the interests of Imperial defence. We look forward to a time of Industrial awakening; and we have enormous strength in our command of raw materials. Whatever inconveniences therefore there may be in store for us, owing to the temporary difficulties which I have mentioned, will be transient and can be largely mitigated by a determined policy of economy. With this I close these remarks and lay the Financial Statement before the Council. We have come through a really great emergency. Our position is strong and with care it should grow stronger still; but there is no margin for lavish expenditure. Among its many lessons, the war has taught us all, the State and the individual alike, that we can live less extravagantly than we used to do. I trust that the lesson has come to stay; for our old familiar watchword of Economy will be just as necessary in the future as it has ever been before.”

MOTOR SPIRIT (DUTIES) AMENDMENT BILL.

The Hon'ble Sir James Meston:—“My Lord, in February 1917 this Council agreed to an excise and a customs duty of six annas a gallon on motor spirit. The proposal was defended at the time as being purely a war measure, and so it was then. But it has brought in a very soothing addition to our revenues. It brought in 25 lakhs last year, and we hope it will bring in 35 lakhs this year. In these hard-up days we cannot afford to sacrifice large sums like that, especially as I have not heard that this duty has done harm to any one, either manufacturer or private individual. We propose, therefore, to continue these duties for the present. The existing Act keeps them in force only for the period of the war and for six months thereafter; and what this Bill does is to remove that limitation and to allow the law to run on until we reach a financial position, which would justify us in abrogating it. I beg to move, my Lord, for leave to introduce the Bill to extend the operation of the Motor Spirit (Duties) Act, 1917.”

The motion was put and agreed to.

The Hon'ble Sir James Meston:—“My Lord, I beg to introduce the Bill, and move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English.”

The motion was put and agreed to.

INDIAN INCOME-TAX (AMENDMENT) BILL.

The Hon'ble Sir James Meston :—" My Lord, this is the third and the last of the small fiscal measures which have to be presented to-day to the Council in order to give effect to the Budget proposals. This measure proposes to raise the minimum taxable income from Rs. 1,000 to Rs. 2,000. I do not think it requires very much defending, as it seems to most of us a simple act of humanity. There is no class that has been so badly hit by the enormous rise in the cost of living as people on small fixed incomes. The rich people can look after themselves, and the very poor have a good labour market and rising wages. But the small employé, the small trader, the small shop-keeper, is very hard hit indeed by the increase in prices that has been taking place in this country and everywhere else. Our grant to this class, if this measure is passed, will amount to probably close on 70 lakhs, or nearly half a million sterling. But for that expenditure there are two great counterbalancing advantages. One is that it relieves from payment 237,000 assesseees out of the total number of our assesseees which is only 380,000. It seems incredible but there it is, nearly two-thirds of our number of assesseees fall into the lowest grade. The second advantage is, that we get rid of the summary procedure of assessment under Chapter III of the Act, which is exclusively for assesseees of this class. I trust that this measure of relief to the petty tax-payer will meet with the sympathy of the Council.

" My Lord, I beg to move for leave to introduce a Bill to amend the Indian Income-tax Act, 1918."

The motion was put and agreed to.

The Hon'ble Sir James Meston :—" My Lord, I beg to introduce the Bill, and move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English."

The Hon'ble Rao Bahadur B. N. Sarma :—" It is proper, my Lord, that, on behalf of the middle class of this country, the Government should be thanked for its generous act of justice and mercy."

The motion was put and agreed to.

The following Bill was introduced in the Indian Legislative Council on the 1st March 1919 :—

No. 10 OF 1919.

A Bill to extend the operation of the Motor Spirit (Duties) Act, 1917.

WHEREAS it is expedient to extend the operation of the Motor Spirit (Duties) Act II of 1917; It is hereby enacted as follows :—

- Short title. 1. This Act may be called the Motor Spirit (Duties) Amendment Act, 1919.
2. In section 1 of the Motor Spirit (Duties) Act, 1917, the word "and" at the end of sub-section (2) and the whole of sub-section (3) shall be omitted.
- Amendment of section 1 of Act II of 1917.

STATEMENT OF OBJECTS AND REASONS.

Act II of 1917 passed in February of that year provided for the imposition and levy of an excise and customs duty of six annas a gallon on motor spirit. The duty was not imposed for the purpose of raising revenue, but as a war measure with the object of restricting consumption; the term of the Act was therefore restricted to the continuance of the present war and a period of six months thereafter. The tax, though it originated in administrative necessities, has become a useful source of revenue, and the Government of India consider that it cannot conveniently be rescinded at a time when it is necessary to impose additional taxation. It is desirable, therefore, in view of the uncertainty of the exact date on which the Motor Spirit (Duties) Act of 1917 would otherwise automatically lapse, to undertake legislation for its continuance. It is proposed by the present Bill to effect this by removing from Act II of 1917 the duration clause.

JAS. S. MESTON.

DELHI,

The 5th February, 1919.

The following Bill was introduced in the Indian Legislative Council on the 1st March 1919 :—

No. 11 OF 1919.

A Bill to amend the Indian Income-tax Act, 1918.

WHEREAS it is expedient to amend the Indian Income-tax Act, 1918; It is hereby VII of 1918. enacted as follows :—

- Short title and commencement. 1. (1) This Act may be called the Indian Income-tax (Amendment) Act, 1919.
- (2) It shall come into force on the first day of April, 1919.
2. In the proviso to sub-section (2) of section 14 of the Indian Income-tax Act, 1918 VII of 1918. (hereinafter referred to as the said Act), for the word "one" the word "two" shall be substituted.
- Amendment of section 14 of Act VII of 1918.
3. In sub-section (4) of section 18 of the said Act, for the figures, brackets and word "17 (1), (2) or (3)"; the figures, brackets and word "17 (1) or (2)" shall be substituted.
- Amendment of section 18 of Act VII of 1918.
4. For Schedule I to the said Act, the following Schedule shall be substituted, namely :—
- Substitution of new Schedule for Schedule I to Act VII of 1918.

" SCHEDULE I.

(See section 14.)

RATES OF TAX.

	Rate.
I.—When the taxable income is less than Rs. 2,000	Nil.
II.—When the taxable income is Rs. 2,000 or upwards, and	
(i) The total income is less than Rs. 5,000	Five pies in the rupee.
(ii) The total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(iii) The total income is Rs. 10,000 or upwards, but is less than Rs. 25,000.	Nine pies in the rupee.
(iv) The total income is Rs. 25,000 or upwards	One anna in the rupee."

Substitution of new Schedule for Schedule II to Act VII of 1918. 5. For Schedule II to the said Act, the following Schedule shall be substituted, namely:—

“ SCHEDULE II.

(See section 37).

RATES OF REFUND.

Amount.	Refund.
1. Less than Rs. 2,000.	One anna in the rupee.
2. Rs. 2,000 or upwards, but less than Rs. 5,000.	Seven pies in the rupee.
3. Rs. 5,000 or upwards, but less than Rs. 10,000.	Six pies in the rupee.
4. Rs. 10,000 or upwards, but less than Rs. 25,000.	Three pies in the rupee.”
6. In the said Act, sub-section (3) of section 17, Chapter III, and in section 35 the words “ or in a notice or order under section 30 ” are hereby repealed:	
Repeals.	

Provided that such repeal shall not affect the liability of any person to pay any sum due from him or any existing right of refund under the said Act.

STATEMENT OF OBJECTS AND REASONS.

THIS Bill proposes to amend the Indian Income-tax Act, 1918 (Act VII of 1918), by giving relief to persons with small incomes who have at the present time been seriously affected by the great rise in prices in recent years. With this object it is proposed to raise the minimum limit of taxable incomes from Rs. 1,000 to Rs. 2,000 per annum, with effect from the 1st April, 1919.

The exemption of incomes below Rs. 2,000 from tax will obviate the necessity for any summary assessment procedure. Clause 6 of the Bill, therefore, repeals the sections of the Income-tax Act, 1918, which deal with summary assessment.

DELHI;

JAS. S. MESTON.

The 18th February, 1919.

Notification No. 66, dated Delhi, the 13th December, 1918.

The Governor General has been pleased, under rule 23 of the Rules for the Conduct of the Legislative Business of the Council of the Governor General, to order the publication in the *Gazette of India* and in the local official Gazettes in English, of the following Bill, together with the Statement of Objects and Reasons relating thereto, and the Bill and Statement of Objects and Reasons are accordingly hereby published for general information:—

BILL No. 25 OF 1918.

A Bill to impose a duty on excess profits arising out of certain businesses.

WHEREAS it is expedient to impose a duty on excess profits arising out of certain businesses; It is hereby enacted as follows:—

Short title and commencement.

1. (1) This Act may be called the Excess Profits Duty Act, 1918.

(2) It shall come into force on the 1st April 1919.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

“ accounting period ” means the twelve months ending on the 31st March, 1919, or if the accounts of the business have been made up within that twelve months for the purposes of the Indian Income-tax Act, 1918, in respect of a year ending on any date other than the said 31st March, then the year ending on that date;

“ business ” includes any trade, commerce or manufacture, or any adventure or concern in the nature of trade, commerce or manufacture;

“ prescribed ” means prescribed by rules made under this Act.

All expressions used or embodied by reference in this Act which are not hereinbefore defined shall have the same meaning as is attributed to them by the Indian Income-tax

3. This Act shall apply to every business (other than the businesses specified in Schedule I) carried on in British India or owned or carried on in any place in India by persons ordinarily resident in British India during any part of the accounting period.

4. Subject to the provisions of this Act, there shall be charged, levied and paid on the amount by which the profits arising in the accounting period, from any business to which this Act applies exceeded the standard profits, a duty (in this Act referred to as "excess profits duty") of an amount equal to fifty per cent. of that excess:

Provided that the amount of the said duty shall not exceed such sum as would reduce the profits in the accounting period to less than thirty thousand rupees.

5. The profits in the accounting period shall be the profits as ascertained for the purpose of the Indian Income-tax Act, 1918. VII of 1918.

6. Subject to the provisions of this Act, the standard profits shall be ascertained as follows, namely:—

(1) If the profits of the business have been assessed in the four years, 1913, 1914, 1916 and 1917 for the purpose of the income-tax law then in force, the average of the assessed profits in these years:

Provided that if the assessment in any of the said years was made in respect of a period of less than twelve months, that assessment shall for the purpose of determining the average be proportionately increased.

Explanation.—Each of the years referred to in this clause shall be deemed to be the twelve months commencing with the 1st of April in the year mentioned.

(2) If the profits of the business have not been so assessed in all the said years, an amount calculated at the rate of ten per cent. on the capital of the business as existing at the end of the accounting period and the capital of the business shall, for the purposes of this Act, be ascertained in accordance with the provisions of Schedule II.

7. (1) Where the capital has been increased during the accounting period, a deduction shall be made from the profits of that period at the rate of ten per cent. per annum on the amount by which the capital has been increased for the period during which such increased capital has been employed:

Provided that no such deduction shall be made in respect of any increase of capital when it appears or to the extent to which it appears, that the increase was made with intent to evade or has the effect of evading, the payment of excess profits duty.

(2) Where the capital has been decreased during the accounting period an addition shall be made to the profits of that period at the rate of ten per cent. per annum on the amount by which the capital has been decreased by the period during which such decreased capital has been employed.

(3) For the purposes of this section, capital shall be deemed to be increased or decreased as the case may be:—

(a) where the standard profits are ascertained in accordance with the provisions of sub-section (1) of section 6, if the capital employed in the business during any part of the accounting period is more or less than the average amount of capital so employed during the assessment years referred to in that sub-section; and

(b) where the standard profits are ascertained in accordance with the provisions of sub-section (2) of section 6, if the capital so employed is more or less than the capital of the business as existing at the end of the accounting period.

8. On the application of any person chargeable with excess profits duty alleging that, owing to any of the following circumstances, the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such modifications in the provisions of this Act for the purpose of calculating the amount of the duty as seem to him to be necessary to meet the special

- Power to Collector to modify method of calculation. namely:—
- (a) any change in the constitution of a partnership of which he is or was a member,
 - (b) the postponement or suspension, as a consequence of the present war, of renewals or repairs,
 - (c) any exceptional depreciation due to the present war of assets employed in the business,
 - (d) the provision in connection with the requirements of the present war of plant or machinery which will not be required for the purposes of the business after the termination of the war, or
 - (e) any other special circumstances connected with the nature of the business,

the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such modifications in the provisions of this Act for the purpose of calculating the amount of the duty as seem to him to be necessary to meet the special

circumstances, provided that a reduction in the amount of duty payable under the provisions of the Act by more than twenty-five per cent. shall not be made without the previous sanction of the Commissioner.

9. (1) If any person who has applied under section 8 is dissatisfied with the decision of the Collector thereon, he may appeal to the Chief Revenue-authority who shall either itself decide such appeal or, if it is of opinion that questions of general importance are involved, shall refer it to a Board of Referees to be appointed by the Local Government. The Board shall hear and consider any appeal so referred and shall communicate their decision to the Chief Revenue-authority.

(2) The Chief Revenue-authority and the Board shall be entitled to take into account any of the circumstances specified in section 8, and to modify the decision of the Collector with reference thereto in such way and to such extent as they may consider just and equitable.

(3) Every Board of Referees appointed under this section shall consist of three persons, of whom at least one shall be a person not in the service of Government and having acquaintance with businesses of the nature of that in respect of which the appeal is made.

(4) In case of a difference of opinion between the members of the Board, the opinion of the majority shall prevail.

(5) The decision of the Chief Revenue-authority on any appeal under this section, or of the Board where an appeal is referred to them shall notwithstanding any other provision of this Act be final, and shall be deemed to be the basis of assessment in the particular case.

10. Every person chargeable to excess profits duty under this Act shall give notice that he is so chargeable to the Collector before the 30th April 1919, and every liquidator of a company which is being wound up at the commencement of this Act, or is wound up after the commencement of this Act, and which is chargeable to excess profits duty, shall give notice of the fact to the Collector.

11. The Collector may, for the purposes of this Act, require any person whom he believes to be engaged in any business to which this Act applies, or to have been so engaged during the accounting period or in the year 1912 or in any year thereafter, to furnish him within one month after service upon him of a notice to that effect with such particulars in connection with the business as the Collector may require.

12. If a person fails, without reasonable cause or excuse, to furnish or cause to be furnished to the Collector in due time any notice required by section 10 or any particulars referred to in section 11, he shall on conviction by a Magistrate be punishable with fine which may extend to ten rupees for every day during which the default continues.

13. The amount of excess profits duty to be paid in respect of any business shall be assessed by the Collector, who may in any case where he thinks fit allow the duty to be paid in instalments of such amounts payable at such time as he may direct.

14. The duty may be assessed on any person for the time being owning or carrying on the business whether as agent for the owner or otherwise or, where the business has ceased during the accounting period, on the person who owned or so carried on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business during the accounting period, the Collector may, if he thinks fit, take the accounting period as the period ending on the date at which the ownership has so changed and assess the duty on the person who owned or carried on the business.

15. The provisions of sections 20, 21, 22, 23, 24, 26, 27, 29, and of Chapters IV and V and of sections 42, 45, 46, 47 and 49 to 52 of the Indian Income-tax Act, 1918, shall apply, with such modifications, if any, as may be prescribed, as if those sections referred to excess profits duty instead of income-tax, and every officer or authority exercising powers under these provisions of the said Act may exercise the like powers under this Act in regard to excess profits duty as he or it exercises in regard to income-tax under the said Act:

Provided that references in the said provisions to the assessee shall be construed as references to a person by whom excess profits duty is payable.

16. Notwithstanding anything contained in the Indian Income-tax Act, 1918, all information contained in any statement or return made or furnished under the provisions of the said Act, or obtained or collected for the purposes of that Act may be used for the purposes of this Act.

17. (1) A person shall not for the purposes of avoiding payment of excess profits duty enter into a fictitious or artificial transaction or carry out any fictitious or artificial operation and if he has entered into any such transaction or carried out any such operation before the commencement of this Act, shall inform the Collector of the nature of the transaction or operation.

Explanation.—For the purposes of this section an artificial transaction or operation includes every device of whatever nature adopted for the purposes of presenting the accounts of a business in a misleading form or manner with intent to evade or having the effect of evading the obligations imposed by this Act.

(2) If any person acts in contravention of, or fails to comply with, the provisions of sub-section (1), he shall, on conviction by a Magistrate, be punishable with fine which may extend to one thousand rupees.

18. (1) The Governor General in Council may, by notification in the *Gazette of India*, make rules for carrying into effect the provisions of this Act.

Power to make rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the procedure to be followed by Boards of Referees appointed under this Act;

(b) the adaptation to excess profits duty of any of the provisions of the Indian Income-tax Act, 1918, which are made applicable to that duty by section 15.

(3) All rules made under this section shall have effect as if enacted in this Act.

VII of 1918.

SCHEDULE I.

EXCEPTED BUSINESSES.

(See section 3.)

1. Agriculture.

2. Offices or employments.

3. Any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on, and in which no capital expenditure is required or only capital expenditure of an amount small when compared with the profits which the person carrying on the profession makes :

Provided that the business of any person taking commissions in respect of any transactions or services rendered, or any agent of any description (not being a commercial traveller or an agent whose remuneration consists wholly of a fixed and definite sum not dependent on the amount of business done or any other contingency) shall not be included in this exception.

4. Any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom.

5. Any business the profits of which in the accounting period did not exceed thirty thousand rupees.

SCHEDULE II.

ASCERTAINMENT OF CAPITAL.

(See section 6.)

1. The amount of the capital of a business shall so far as it does not consist of money, be taken to be—

(a) so far as it consists of assets acquired by purchase, the price at which these assets were acquired, subject to such deduction for depreciation or for unpaid purchase money as may be prescribed,

(b) so far as it consists of assets being debts due to the business, the nominal amount of those debts subject to any reduction which has been allowed or is allowable in respect of those debts under the Indian Income-tax Act, 1918, and

(c) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the business, subject to such deduction for depreciation as may be prescribed ;

VII of 1918.

Provided that nothing in this provision shall prevent accumulated profits (other than those made in the accounting period) employed in the business being treated as capital.

2. Any borrowed money or trade debts shall be deducted in computing the amount of capital for the purposes of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but where the business has been converted into a company, and more than two-thirds of the shares in the company are held by the person who was the owner of the business, no value shall be attached to those shares, so far as they are represented by good-will or otherwise than by material assets of the company, unless the Collector in special circumstances otherwise directs. Patents and secret processes shall be deemed to be material assets.

STATEMENT OF OBJECTS AND REASONS.

On the 10th of September 1918, a Resolution was adopted by the Indian Legislative Council declaring that the prolongation of the war justifies India's taking a larger share than she does at present of the cost of the military forces raised or to be raised in this country. It is the object of the present Bill to raise money, by the imposition of an excess profits duty, towards the cost of the measures proposed to give effect to this Resolution.

2. Although no guarantee can be given by the Government on the point, the change which has recently come over the military situation makes it possible that the sum to be raised by the duty will not be required for more than one year, and the duty is, therefore, imposed by the Bill only on the profits of a single year (clauses 2 and 4). The proposed duty will absorb fifty per cent. of the excess of the profits made in an accounting period of twelve months over a certain standard called in the Bill the "standard profits" (clause 4). The accounting period consists of the twelve months ending on the 31st March 1919, unless a different period of twelve months has been taken for the income-tax assessments of that year, when that period is taken; and the profits of the accounting period are those ascertained for income-tax purposes (clause 5). Standard profits are calculated on different bases when the business subject to the duty has been assessed to income-tax in the course of the four financial years, 1913-14, 1914-15, 1916-17, and 1917-18, and when it has not.

3. When a business has been assessed to income-tax in the four years, the standard profits will under the Bill be the average profits as assessed for income-tax purposes, with proportionate increases if the assessment in any of the years covered a period of less than twelve months. When it has not been assessed to income-tax in all the four years, the standard profits will be calculated at ten per cent. on the capital of the business at the end of the accounting period (clause 6). With slight modifications, the provisions of the British Excess Profits Duty Acts are followed for the calculation of the capital of the business. (Schedule II.)

4. The Bill provides for an adjustment, where capital has been increased or decreased during the accounting period, by deduction from or addition to the profits of that period of an amount equivalent to ten per cent. per annum on the increase or decrease of capital (clause 7).

5. Businesses which have not earned in the accounting period more than thirty thousand rupees will be exempt from the duty (Schedule I), and in no case will a larger sum be taken as the duty than will reduce the profits to thirty thousand rupees (clause 4, proviso). Otherwise, the duty will be imposed upon all businesses except agriculture, offices or employments, professions subject to the limitations in force in the United Kingdom, and businesses which are liable to pay in respect of the accounting period excess profits duty in the United Kingdom (Schedule I).

6. In general, the procedure for the recovery of the duty, for appeals against the Collector's assessments, and similar matters will be that in force under the Income-tax Act (clauses 13 and 15), but there are some special provisions. The Collector is given wide powers to modify assessments when on application to him it is shown that for special reasons the methods laid down for calculating the duty will operate unfairly (clause 8), and persons dissatisfied with his orders on such applications are permitted to appeal to the Chief Revenue-authority, who, if it thinks that the appeal involves questions of general importance, is required to refer it to a Board of Referees appointed by the Local Government, and consisting of three members, of whom at least one must be a non-official acquainted with businesses of the nature of that in respect of which the appeal is made (clause 9). The Collector is also authorised in addition to his powers under the Income-tax Act to call, under penalty for non-compliance, for such particulars in connection with the business as he may require (clauses 11 and 12), to permit payment in instalments (clause 13), and to use in his assessments to the duty information obtained for the purpose of income-tax assessments (clause 16). Persons chargeable to the duty are required under penalty to give the Collector notice of the fact (clauses 10 and 12), and they are forbidden, on pain of a fine which may extend to one thousand rupees, to enter into fictitious or artificial transactions with the object of avoiding payment of the duty (clause 17).

JAS. S. MESTON,

The 13th December, 1918.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Wednesday, the 19th February, 1919.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E.,
Viceroy and Governor General, *presiding*, and 47 Members, of whom
40 were Additional Members.

EXCESS PROFITS DUTY BILL.

The Hon'ble Sir James Meston :—“ My Lord, when the armistices were signed three months ago, men's minds naturally turned with gratitude to picture a world from which war with all its attendant evils had at last been removed; and it came to many of us as an unpleasant surprise when this document was published a few weeks after the noise of battle had ceased. It reminded us that, although the war was over, the price of victory had yet to be paid. In human lives and suffering that price has been paid in full measure. But on those of us who remain the duty rests of trying to help in some degree to liquidate the incalculable material loss which has fallen upon the world during these last four years. In some countries that task will occupy the attention of the present generation and of generations yet unborn; but in more fortunate India the pecuniary burden of war will relatively be a trivial and transient embarrassment. India, under your Excellency's guidance, however, has not been ungrateful for the shelter and security that she has enjoyed during these anxious years, and most Members of this Council took part in the enthusiasm with which India bestowed her first magnificent gift of £100 millions towards the cost of the war. Then, again, in September last this Council with virtual unanimity decided upon a further gift by taking over from His Majesty's Government the charges of a large Indian fighting force which had previously been met out of British funds. The value of that second donation was estimated by my predecessor at £45 millions, or in the neighbourhood thereof. He assumed that the forces for which we were providing would be at war for two years and would be demobilized in the third year, while there would be a running accompaniment of pension charges dwindling until that part of the burden finally disappeared. Well, the war happily ended long before the period of Sir William Meyer's estimate, and our total payments are not likely now to be more than £30 millions. For the current year our bill is being honoured partly out of our current revenues and partly by an overdraft upon our balances. But for the next year we have to find £8½ millions, and it is to help in providing that sum that we are now asking the approval of Council to the measure which I introduce to-day. Our need for this extra taxation may be very briefly explained. When Sir William Meyer described his proposals in September last, he told the Council that the military expenditure which we were then accepting would amount to about £12·7 millions in the current year, to £14·7 millions in the next year, and if the war then terminated to £7·7 millions in the third year or the period of demobilization with, of course, pension charges added in each case. For the current year he expressed the hope that he would be able to provide the required funds out of the large surplus which he then anticipated. I have heard him sharply criticized for the expression of this hope, but I think, my Lord, most Members of this Council will agree that criticism on that point is a little unreasonable. At that time Sir William Meyer had before him only the figures of the first

quarter of the current year; and as we all know a sudden rapid change for the worse came over our financial position almost immediately after he had spoken. Famine raised its head with all its attendant re-action upon our revenues. Exports, especially of food, were curtailed in a very large measure, and the sale of Council drafts stopped from October, while all the time we had to go on merrily coining rupees to a very large extent, and enduring the loss in which they involved us on account of our compulsory purchases of silver. As Hon'ble Members are aware, we had, recently on two occasions, to reverse the ordinary procedure of exchange and sell what are ordinarily known as reverse Councils in India. All these forces combined to defeat Sir William Meyer's hope of a large surplus, and in actual fact we shall probably have to admit a heavy deficit, a deficit of about £4 millions in the current year. We have thus not been able to meet anything like the first instalment of our obligations out of the current year's revenues. For next year Sir William Meyer was under no delusions. To pay the second instalment he warned the Council that extra taxation would be necessary, and he made it perfectly clear that in the forefront of that taxation there would be a duty on excess profits. With the advent of peace it is true that that second instalment has disappeared, and all that we have now to face, apart from the running pension charges, is the £8½ millions of the last instalment. But the tightness which Sir William Meyer foresaw is now upon us, and it is my duty to-day to attempt to convince the Council that we cannot find this amount without some of the additional taxation which he warned us would be inevitable. For it will be remembered that Sir William Meyer in speaking last September held out no hope that the excess profits duty would be the only measure necessary to fill the gap.

"Our Budget estimates unfortunately are not ready; it will be ten days before they are. I wish they were, for Hon'ble Members would then be able to study the position for themselves and find a justification for what is now proposed. But briefly it comes to this. We have pitched our revenue estimates as high as we dare without imprudence. We have of course had to allow very large grants for railway renewals which had fallen to a point of danger during the war; but in all other matters of expenditure we have counted every rupee. His Excellency the Commander-in-Chief, in particular, has accepted for the current expenses of the Army a grant which has been cut so fine that only his resolute insistence on economy will enable it to suffice. And yet with all this our revenues we expect will be barely £3¼ millions ahead of our normal outlay. It is obvious that a fraction of this, say a crore or £¼ of a million, must be kept as a surplus, or margin—and it is not a very extravagant margin—against the vicissitudes of the year. So that we are left with £3 millions out of our normal revenues to meet our liabilities under your September Resolution for £8½ millions. There is a shortage of £5½ millions, and it is approximately that sum of £5½ to £6 millions which we aim, if Council passes the measure which I now introduce, at recovering from the excess profits duty on a 50 per cent. basis.

"The Bill, my Lord, is a very simple measure and endeavours to be as elastic as the peculiar circumstances require. It applies, with certain large exceptions, to all businesses in India which during the current year have returned profits exceeding Rs. 30,000. The first of these exceptions is Agriculture or, as it is called in the United Kingdom, Husbandry, which we do not propose to tax. The second is salaried employments, which have not participated in the special profits of the war. Then come professional incomes which depend upon the personal skill of the earner; and, lastly, we propose to exempt concerns which are already paying excess profits duty in England very much higher than it is proposed to levy in India. With these exceptions it is proposed to take every business in British India and ascertain the profits upon which it paid income-tax in the two years before the year in which war was declared, and in the two years after that event. The average of these four years is struck and set up as the standard of profits. Any sum by which the ascertained profits of the current year exceed that standard is treated as excess profits, and the Government asks for half that sum. If any business, either because it has just started or for any other good reason, did not pay income-tax in the four earlier years, its excess profits are assumed to be the amount by which its actual profits in

the current year exceed ten per cent. on its present capital. My Lord, this is the kernel of the Bill, but there will of course be many exceptional cases. There are concerns with plant which has been running night and day for war work and which will shortly need heavy renewals. These are concerns which have installed machinery for war work, which they will be unable to use for other purposes. There are others which have brought out equipment at possibly three or four times its normal price; others again where renewals and repairs have been impossible in the last four years. The list, which is virtually given in clause 8 of the Bill, is one which might be largely extended; but it is sufficient to say that the Bill recognises such cases as deserving generous treatment, and gives the Collector a wide liberty to modify the assessment. There are probably other cases which have not been referred to in the Bill, and which I have no doubt the Select Committee will be glad to consider. Among these I may incidentally mention, without committing the Government to any decision, the case of controlled trades in which owing to the operation of Government control the profits, which would otherwise have accrued to the business, have not been allowed to pass into their pockets. Still another case is that of a new, or a struggling, industry which was set on its feet by the war and which has now again to face the full blast of the foreign competition which had formerly deterred it from making profits. These and any other matters like these will have to be considered on their merits, and will be considered in a generous and sympathetic spirit. The Bill also allows every assessee an appeal. The Bill sets up—and this is perhaps the most important of all—under clause 9 of the Bill special tribunals for dealing with questions of general importance which would be outside the experience of the ordinary income-tax establishment. The tribunal is a Board of Referees which will always include at least one non-official with special knowledge of the business which is the subject of reference. If Hon'ble Members would like this body strengthened in any way, so as to secure adequate attention to technical business considerations to which they attach importance, I hope it will be possible to meet their wishes in Select Committee. There are many other matters, not included in the Bill, which it is necessary to touch upon in order to give the Council the complete outline of our taxation proposals. First of all, it is recognised that the super-tax was a rough and ready substitute for a tax on war profits, and that it would be inequitable to levy both these duties from the same individual or firm. The necessary steps will accordingly be taken to secure the relief from one tax of every assessee who pays the other. The Finance Department is often twitted with its partiality for the maxim 'Whichever is less'. On the present occasion we are prepared magnanimously to reverse that motto and take whichever is greater. If the super-tax which would be payable in the absence of an excess profits duty is higher than what we should get by assessing the excess profits and taking no super-tax, we should ask for the former, and *vice versa*. In the second place, it is not proposed to assess income-tax upon the share of excess profits which is taken by Government. In the third place, we are doing all that is possible to overhaul and strengthen the machinery of assessment. To assist us in this work we have been singularly fortunate in obtaining, through the good offices of the Secretary of State and by the courtesy of the Board of Inland Revenue, the services of a distinguished expert from Whitehall, Mr. W. S. Watkins, who is expected to leave London at the end of this month and will bring out to us the valuable experience which the British authorities have acquired in this kind of work. We hope that Mr. Watkins will be able to sit on Boards of Referees which have to deal with questions of peculiar difficulty or importance; that he will assist us in framing the rules and regulations under the Act; and that Local Governments will permit him to advise and guide their income-tax authorities in matters where weight is naturally attached to English experience.

“Having explained the proposed relations between the excess profits duty, the super-tax and the income-tax, I would naturally be expected to put forward some kind of estimate of the amount to be expected from the operation of this Bill when it becomes law. It is naturally very difficult and a little invidious to define the profits which we expect to realise from each individual industry. Consequently—and I think Hon'ble Members will accept this proposal—I shall lump the figures together, and simply say that according to

the best of our estimates we believe that the excess profits which will be assessable after all allowances for depreciations and the like, will aggregate, for the whole of British India, about 22½ crores. When we get half of that, it is equivalent to £7½ millions gross; from which we have to deduct the super-tax which will be remitted under the provisions which I have just described, that remission we calculate roughly at about a million sterling. - Then, again, we have to deduct the income-tax which will be payable on the Government share of the excess profits, and that by an easy calculation works out to about £400,000. So altogether we expect to realise about £6 millions net as our share of the excess profits duty. Making some remission for unavoidable contingencies or miscalculations we thus just succeed in covering the figure which we set out to try to obtain.

“Now, my Lord, I do not propose to take the Council through all the technical provisions of the Bill. They have been thoroughly canvassed by competent critics from whom we are already receiving most useful criticisms. Mr. Howard and I have had the advantage of informal discussions with the members of several of the leading commercial communities; and I should like to express our indebtedness for the courtesy and frankness with which we have uniformly met. The criticisms furnished to us both at these informal conversations and in the written opinions which are now arriving will be closely examined in Select Committee, and it would be useless to weary the patience of the Council by discussing them to-day.

“But what the Council will no doubt prefer is that I should attempt to answer very briefly the main objections that have been taken to the principles of the Bill and the necessity for it at all. Now those objections, my Lord, divide themselves naturally into several different categories.

“With one set of critics I need not occupy much time. They are those who argue that India has already done enough, and that the further contribution which this Council decided to offer last September should now be withdrawn. I leave those critics to the judgment of the Council whose decision they challenge. But I think, my Lord, we can leave them also to the judgment of another tribunal. If those critics, looking round upon the millions of lives that have been sacrificed, on the long-drawn misery of the millions maimed and disabled, on the sufferings of the invaded lands, on the loss which whole nations have endured of their homes and everything that is dear to them, and of the universal hardships which have been cheerfully borne by every class, every creed in the British Empire—if, I say, on looking round upon this world of strain and privation, they still can be content to hug their wealth, their comforts and their luxuries—then, my Lord, I think we may leave them to the tribunal of their own conscience.

“There is, however, another class of critics who urge that our proposals are ill-timed; that war is over, and that war levies ought to cease. Some of my friends who hold this view emphasise the agricultural difficulties in which parts of India are now plunged and argue, with much plausibility, that India's first duty is to look after herself. Others describe the depression in the markets, the reaction which must follow the recent prosperity, the unwisdom of adding to all this unsettlement by an unpopular tax. Well, the Government of India may confidently assure those who hold such language that in combating agricultural distress, the full energies of our resources will be as ever available, and that this tax will not by one jot or tittle interfere with the financing of whatever measures are required to avert the results of scarcity. If it were the case that this new tax fell upon an industrial community weakened by the collapse of its markets, we ought certainly to think twice before going on with it. But, my Lord, is this the case except to a very narrow and limited extent? No signs of collapse, I believe, are yet apparent in the jute trade or in the many subsidiary industries to which the war has given a fillip. The position of the cotton trade undoubtedly is different. It has passed through a bad time, partly owing to labour difficulties, but also, I am surely right in saying, to unwise speculation. The fanciful heights to which the cloth market and the Bombay share market had soared last year could not possibly have been maintained in permanency; and the fact that they are now approaching a lower, and we may hope, a saner level, is surely no valid argument against our

proposals. And is this Bill so untimely as I am told? I am frequently assured, that the excess profits duty would have been an excellent idea three years ago, but that is all wrong now. Well, unfortunately it is impossible to accept the implied offer and to lay hands on the profits of three years ago. But what is wrong with the tax now? It is no reply to say that the war is over. War is not like a game of chess which you can finish, put away the chessmen and fold up the board and walk off. War is an evil of which the consequences remain, and those consequences have got to be paid for by whatever name we call the requisite taxation.

“ The plain fact, my Lord, is that in September last we undertook to pay for an extra force of 200,000 Indian troops. That force is still in being; it is rendering valuable service in garrisoning conquered countries and in enabling peace to be secured and the benefits of peace to be established. We are in honour bound to pay for those men until they are returned to civil life. We are in honour bound to pay the pensions and allowances to those who are disabled, to those who are superannuated, and to the families of those who have died. That is the clear duty of the Government, and it is for that purpose that we are to-day asking for the necessary money.

“ I pass now, my Lord, to another class of critics. Soon after arriving in Delhi, I was visited by a number of my old friends from Cawnpore, gentlemen in charge of large industrial concerns which had been continuously engaged in war work. What they said was this: ‘ We know that the money is wanted; we know that you have got to raise it; the money is here and you shall have it; but you are going about the wrong way to take it.’ Well, similar things afterwards were said to me by representatives of commercial communities in other parts of India, and I invariably found that this criticism came from those who had taken a large and patriotic share in our war effort and invested largely in our war loans, and consequently it is our bounden duty in all courtesy to give very special consideration to their objections. Accordingly, my Lord, all possible alternatives were thoroughly examined. First of these alternatives was a loan. Many varied and ingenious forms for raising the money by loan were pressed upon us, particularly in Bombay; but we have had finally to reject the idea. As Hon’ble Members will have recognised, our difficulties in the current year compel us to borrow indirectly about £4 million towards the first instalment of our new obligation. If to this we add the £8½ millions which still have to be paid, and the capitalised value of pension obligations which will remain for the future, we should be placing a very substantial addition upon our temporary debt. That debt is already higher than any of us like. We have to get rid of it before we can launch out into the programme of remunerative borrowing for the development of India which all of us look forward to. Another alternative which we found considerably favoured, in certain though not in all commercial circles, was an amendment of the super-tax system which would allow that tax to be assessed on the whole profits of companies, and not only on the undistributed profits. Personally, although I have no authority from the Government of India to announce a policy in this matter, I confess to being much in sympathy with the desire for the amendment of our existing system of taxation on incomes. But I feel that the whole subject requires more ventilation and discussion, in order to get at an equitable graded scale which will carry us over the period of recovery from the consequences of war. To frame a scale which would have produced the extra revenue required by us this year, would have entailed a higher range of assessment than should be necessary in more normal circumstances; and having got such a range, the Finance Member, being only a fallible mortal, would probably find himself sorely tempted to stick to it after the necessity for it had passed. Moreover, as a prominent feature on the fiscal side of the Reforms Scheme is the appropriation of income-tax wholly for Imperial purposes, I confess I should look with some misgiving upon a situation in which the various provinces could point to a high return from the taxation of incomes as an argument for the immediate reduction of their contributions to the Central Exchequer. It seemed, therefore, inexpedient on all grounds to revise the income-tax and the super-tax just at present, although I trust that such a revision will be taken in hand as soon as the excess profits duty ceases to operate.

Another, and really the only other, suggestion of any value was that while standing by our proposals, we should be content with a smaller share of the current year's profits, say one-third instead of one-half. I can assure the Council that this proposal was very carefully examined, and that at one time we had hopes of being able to accept it, but since that time there has come upon us a large additional liability for the maintenance of our Army, which will add over £2 millions, probably £2½ millions, to next year's expenditure. A third of the assessable profits, if Hon'ble Members followed the brief calculation I tried to place before them a few minutes ago, would have given us £4 millions and that would not have been enough with a gap of very nearly £6 millions to fill; and I am afraid we have been driven by force of circumstances to fall back upon the full 50 per cent. So that we come, almost by a process of exhaustion, back to the proposals embodied in this Bill, and we have not been able to find any other sound economic method of raising the necessary funds which would be either advisable or indeed in consonance with the general wishes of those affected.

"There is only one other important class of critics, and with them I will close. They are the numerous well-wishers who warn us that a tax on profits is economically bad and mischievous to industry. If their arguments were accepted in full, there would, of course, be no taxation at all. It would be foolish to contend, and I do not for a moment profess to contend, that there are not some taxes which are less felt by the ordinary man than others; and probably a direct tax on profits is a form of levy which economists would gladly avoid at normal times. But are the times normal, or are the profits which we are taxing sound? Have not these huge profits of recent years been responsible, in some measure at least, for an orgy of harmful speculation, for much of the labour trouble that has since visited us, for an inflated standard of values which is entirely hostile to the healthy financial development of the country? It is this scale of profits which is unsound much more than the tax; and I am sure many a business man will agree with me in his heart of hearts, if not to-day, certainly in later years, when he looks back upon an artificial prosperity which has left him nothing but a legacy of trouble.

"My Lord, this then is the position. We have undertaken an obligation to pay a share of the cost of our own fighting forces. It is an infinitely small sum as compared with the burden which lies on the rest of the Empire; it is not a large sum relatively to our own resources. From that obligation we cannot in honour recede. To meet it we have to find £2½ millions next year. We have pinched and saved, and postponed all avoidable expenditure; and have thus been able to provide only a fraction of this (about £3 millions) out of our current revenues. For the remainder we must have extra taxation. We have searched for any form of tax which would furnish the necessary sum without adding to the burdens of the poorer classes. We have accordingly determined to appeal to the wealthy, and more particularly to that class whose incomes have been largely increased as a result, directly or indirectly, of the war. There are reasons at the moment why we should not take the money by an enhancement of the rates of the ordinary income-tax. We have, therefore, had recourse to what seems as fair in India as it has been acknowledged to be in the United Kingdom, a tax on the profits made by industries in excess of a normal standard. We have taken the normal standard, however, not as in England on a pre-war basis, but, in order to show all consideration for those who have to pay a somewhat belated duty, at an average between a lean period before the war and a fat period after the outbreak of hostilities. We are prepared to make all possible allowance for hard cases, and to correct our own valuations, wherever possible, by the skilled knowledge of business men.

"This, my Lord, is the case for the Bill which I now introduce. Firstly, secondly and lastly, the Bill is a war measure; it is a measure for paying fighting men who are actually at the present moment in the field. It is thus a measure which will help to secure, we hope, for the world a lasting peace; and I would appeal to all those who place a higher value on that achievement than on the mere amassing of wealth to lend it their support.

"My Lord, I introduce the Bill and beg to move that it be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Mr. Kesteven, the Hon'ble Sir Fazulbhoj Currimbhoj, the Hon'ble Rai Sita

Nath Ray Bahadur, the Hon'ble Mr. Howard, the Hon'ble Mr. Hogg, the Hon'ble Sir Gangadhar Chitnavis, the Hon'ble Mr. Ironside, the Hon'ble Mr. Rice, the Hon'ble Mr. Moncrieff Smith and myself, with instructions to report on or before the 12th March, 1919."

The Hon'ble Mr. Malcolm N. Hogg :—" My Lord, this is a Bill on the merits of which I had some difficulty in making up my mind, and when I had made it up, I arrived at a conclusion which is in some respects contrary to the very large majority of commercial opinion, both European and Indian, in Bombay. My only course, therefore, is to lay my personal views before the Council for what they are worth, and then to point out how very little they are worth for practical purposes inasmuch as they are entirely unrepresentative on this matter. Few, I think, will deny the inherent justice of the underlying principle of this Bill, namely, that those to whom circumstances arising out of the war have brought exceptional profits should contribute a portion of those profits to the cost of the war. It is when we come to try and apply this principle in legislation that difficulties arise. In England, the principle was applied at a very early stage of the war; that is to say at the most favourable moment. But even in England the excess profits duty has proved in some respects unsatisfactory; it has been difficult and troublesome to assess, and often inequitable in its incidence. But it has been accepted in England as a necessary war evil, and I think that it would have been accepted in India as a necessary war evil if it had been introduced at an earlier stage. For various reasons, but principally on account of the difficulties of assessment and collection, it was not introduced, and the delay far from lessening the difficulties has increased them. The delay has also prejudiced the reception of the Bill, and a measure which, I think, would have been generally accepted a year or two ago, has now met with very general opposition and condemnation. It is not necessary for me to recapitulate the grounds on which this opposition is based, for I think that they are sufficiently well known; but I am bound to admit that there is considerable force in some of the arguments advanced. I share the general objection to retrospective taxation. I am aware that the present economic situation in certain important trades and industries, particularly in Bombay, is very unfavourable for the introduction of such a duty, and I realise—and this to my mind is the most important objection to the Bill—the very great difficulties which exist in this country in the way of its equitable assessment and successful collection, difficulties which are far greater than those of a like nature existing in England. I have endeavoured to weigh carefully the theoretical and practical objections to the Bill, but I have come to the conclusion that, in spite of them all, the inherent soundness of the underlying principle justifies an attempt being made to apply it even at this late stage. It cannot be denied that very considerable profits have been made by certain trades and industries in India through circumstances arising out of the war, and I feel that it is still worth while making an attempt to secure a portion of those profits for expenditure arising out of the war.

" But there is another reason which has impelled me to the same conclusion. Assuming that this money is required for war expenditure, how else is it to be raised? I have said, assuming it is required for war expenditure because that, I think, is an essential condition, and until the presentation of the Financial Statement we are to some extent in the dark on this matter, although the speech of the Hon'ble the Finance Member in introducing the Bill has done much to enlighten us. On this assumption, however, how else is the money to be raised? One suggestion has been a loan. Well, in the first place, my Lord, I am personally not very sanguine about the prospects of raising any large sum of money by loan in India this year. But, secondly, I feel that we have already raised as much of our exceptional war expenditure by short term loans in this country as is advisable. Next year, the first of these short term loans will be falling due for repayment, and I feel that Government will have their work cut out to meet this and the succeeding loans as they fall due without pursuing the policy of financing exceptional war expenditure by short term loans any further.

" A second expedient which has been suggested is an increase in one or other of the existing sources of taxation. Well, I feel that all possible

permanent increases of taxation will be required and more than required in this country during the next few years to meet the repayment of existing short term loans and the very heavy increases in permanent recurring expenditure which are ahead of us. I do not think that it is sufficiently recognised what a very great strain will be placed upon both the loan and the taxation resources of India to meet the urgent demands of education, sanitation, housing, railways and other needs of a like nature. It seems to me, therefore, that we are forced back upon the necessity of attempting to meet the remainder of our exceptional war expenditure by exceptional war taxation.

"I do not propose, to-day, to enter into any detailed criticism of the Bill because the proper time for that is the Select Committee and the subsequent stages; but I do wish just to say this, that I think that the Bill as drafted requires considerable amendment with a view to ensuring that it falls, as far as possible, only on those who are in a position to bear the burden, and with a view to seeing that its total yield does not exceed the requirements of urgent war expenditure.

"Such, my Lord, are my personal views, but I feel it my duty to place another aspect of this question before the Council with considerable emphasis. I have stated that my views do not coincide with general commercial opinion, which is strongly opposed to the passage of this measure. That opposition is shared by the Bombay Chamber of Commerce whom I have the honour to represent upon this Council. My absence from Bombay during the last three months with the Franchise Committee has prevented my having any recent opportunity of a discussion of the Bill in detail with the members or Committee of my Chamber; but their views have been recently fully communicated to Government in writing, and will no doubt be circulated to Hon'ble Members as one of the papers on this Bill. I feel bound to advise your Excellency's Government to attach far more weight to this expression of opinion from a body such as the Bombay Chamber of Commerce than to my own personal views; and it is a matter for the very serious consideration of Government whether it is expedient to persevere with a measure which has provoked such a large measure of opposition and resentment among those whom it will affect, particularly in view of the fact that it is to these same classes of the community that Government must look for the bulk of any loan which they may desire to raise. In this connection, I should like to make it clear that my Chamber do not share my opinion as to the prospects of a loan this year. I received from them last Monday a telegram in which they state, firstly, that they adhere to their opinion that the sum required should be raised by other methods; secondly, that, if Government persist with this measure, the sum to be raised by it should be strictly limited to the rough amount of 6 crores of rupees which had previously been stated to be approximately required, and also that the Bill should be amended so as to remove some inequalities which they consider exist in the present draft, bearing in mind that a tax which may be suited to conditions in one province, say Bengal, may operate very unfairly in other provinces; thirdly, they state—and this is particularly important—that in their opinion the prospects of a loan this year are good, and that they see no reason why 20 or 25 crores should not be raised, but that they consider that the Bill in its present form is calculated seriously to prejudice the prospects of raising even a smaller amount. I invite the very serious consideration of your Excellency's Government and of this Council to this considered expression of an opinion which is, I believe, very generally held.

"I do not think that there are any serious differences of opinion between my Chamber and myself on the details of the Bill, and I hope in the course of the Select Committee proceedings to secure some important amendments. It is only on the question whether the Bill should be proceeded with and amended or whether it should be entirely withdrawn, that I differ from my Chamber. I feel that, under the circumstances, the only proper course for me to pursue is to refrain from voting. I cannot reconcile it with the views which I hold, and hold with conviction, to vote against this Bill. At the same time I feel that it would not be right for me to record a vote in its favour, knowing that that vote is directly contrary to the wishes and opinions of those whom I am here to represent. In conclusion, I desire to repeat that it is the duty of your

Excellency's Government to attach very great weight to the opinion expressed by the Bombay Chamber of Commerce and by so many other commercial associations and bodies throughout India."

The Hon'ble Sir Fazulbhoj Currimbhoj:—"My Lord, I rise to oppose the Excess Profits Bill. I am doing so with the full consciousness of my responsibility as a Member of this Council notwithstanding the fact that I gave my cordial support in last September to the Resolution, moved by Sir William Meyer, for India's taking a larger share, in respect of the cost of military forces raised in the country. I supported the Resolution because we had not, then, seen the successful termination of the war. At the War Conference held in April last, your Lordship had indicated the grave military danger across the borders, and it was made clear to the country that a further contribution from India meant not only the performance of Imperial obligations that fell to the share of India, but as a sort of self-defence to ward off the threatened invasion of the country. Successful operations in Mesopotamia and elsewhere would, it was expected, create diversions which would make it impossible for the enemy to succeed in his nefarious plans across our borders. Whatever my views were with regard to the poverty of the country and with regard to the enormous burden that a further contribution will lay upon the people of this country, I was one of those who cheerfully and boldly supported that Resolution anticipating at the same time considerable criticism outside this Council, where the issues were not so clearly understood.

"My Lord, the situation has changed since then, and it is no longer possible to impose the taxation outlined in the speech of the Finance Member at that time, except by 'violating the conditions and safeguards' which were specifically mentioned in the Resolution. Sir William Meyer had assured this Council that the matter was liable to reconsideration 'if we were faced with grave financial burdens in other respects, such as a worse agricultural situation or a grave currency crisis.' I urge that the matter should be reconsidered because the rainfall this year has been deficient in certain areas and there is actual famine calling forth for famine relief from Imperial funds. While one part of the country is suffering from actual famine and the shortage of food materials, the rest of the country is in the grip of high prices which were not known even in some of the worst famine times from which the people have suffered. Nothing but the extraordinary confidence, which the people of this country have, in the Government of India could have sustained our currency system from reaching a crisis, and even now business-men everywhere are feeling—though they are loyal enough not to complain—the restraints on exports that had been exercised in the interest of our artificial currency for preventing the exchange from rising still further. Added to all this the sudden termination of the war has brought about a depression in trade, a dislocation of ordinary business activities; a situation that can fittingly be described as an incipient financial crisis. The present depression of trade and uncertainty has ruined a good many merchants and has robbed many more of the profits they made during the war. The high prices have brought on an epidemic of strike which have imposed additional and excessive burden on industries everywhere, and to complete this tale of woe we had epidemics, one after the other, more serious than the plague, that has taken its victims from this country for many years. These epidemics have interfered with industry everywhere in a very real and material manner. I submit, my Lord, that the situation that has now arisen was not foreseen by any one of us when we gave our support to the Resolution in September last.

"There are other reasons for not pushing on this Bill which I shall briefly state with your permission. Now that the war is over, there is not the same need for India's assistance, nor is there the need to raise such large sums as it was proposed to raise at the time. Far be it from me to suggest that India should not do her duty with regard to the Empire, but I now think this should be attempted in a more suitable manner and on a better occasion. I am led to this opinion not in the spirit of shirking our just obligations, but because it would be a very unwise policy to push on with the Bill at the present moment. Many of those that have made profits in the war have also made serious losses at the termination of the war. The promise of the Finance Minister that the Government would avoid placing the burden on the poorer

classes could not be carried out if this Bill was pushed on, because all transactions have taken place on the profits and on values that have been fixed on the old basis. The joint-stock companies have already divided out their profits, and the investing public the last holder, in many cases the *bond fide* holders, would be penalised. The mere announcement of the excess profits tax has made so much harm and I honestly believe that the Government could not push through the Bill without causing further serious dislocation in the activities of business all over the country. As an industrialist and as one who as a member of the Industrial Commission recommended assistance to industries in different ways in exceptional circumstances, even to the extent of assistance from the finance of the State, I cannot countenance, without raising my humble protest, a proposal that involves such a levy on Capital and that reverses the process withdrawing the Capital from the most enterprising section of the community. The most serious objection that I have to the passing of this Bill is not one of a sentimental character, but one dictated by weighty reasons of financial policy. I am aware that at the time of the floating of the second war loan in India, no assurance was given by the then Finance Member that new taxation would not be imposed, and yet human nature being what it is, it was the general hope in the business community that if the loan was made successful they would escape further taxation. This was one of the causes of the magnificent response which had been given last year to the call for subscriptions to the War Loan, War bonds and Treasury bills. The section which takes up Government script immediately is just the section which is going to be crippled by this levy under the Excess Profits Bill, and I am positive that if this Bill is passed, then the prospects of a new loan if the Government of India would want to raise it in the country would be altogether ruined. The Government have several obligations in connection with the Treasury bills and in connection with the war bonds maturing in the coming year, and they have also to provide for the accumulated demands of capital expenditure on Railways and in other ways. I submit that the Government would be paying too high a price for the revenue which they propose to raise by this Bill, if they emasculate the business community thereby and if they have to face the failure of their loan policy in the coming year, besides the levy as excess profits was in the first instance going to be a temporary war levy. The war having now ended, perhaps such a heroic measure involving much interference with business is not needed. The burden which was proposed to be borne by this country should not be levied under the present conditions of agricultural distress and trade depression and financial anxiety. I would urge upon the Government of India, with all the emphasis I am capable of, the reconsideration of the whole matter, and at all events the dropping of the Bill at this stage.

“ My Lord, the Council is no doubt aware that the opinion in the Bombay Presidency is opposed to the Bill, and this has been very ably voiced by the Bombay Government in their letter to your Lordship's Government, dated the 4th February, 1919. My Lord, with your permission I will read one paragraph. In paragraph four of the above mentioned letter Mr. J. L. Rieu, the Secretary to the Government of Bombay, says : ‘ I am to state that after further consideration the Governor in Council is still unable to recommend that the proposal to levy a duty on excess profits should be proceeded with, in view of the difficulty of the assessment of the duty, the inequality of its incidence, the likelihood of evasion and avoidance and the political effect of the general resentment which the imposition of this tax, after the virtual conclusion of war and at a time when the Indian Industry requires every encouragement, is calculated to arouse’. My Lord, the above truly reflects the general feelings prevailing among the commercial community of Bombay.

“ My Lord, of the apparent justice of taxing those who have made profits in the war, I think too much can be made and it would be unwise to consider any tax isolated in this manner without reference to the direct and indirect reactions of the tax on all sections of the community. Personally I feel that the whole matter of this burden should be reconsidered, but if that cannot be done, then this obligation should be met by means of a long period loan with sinking fund, distributed over a number of years. Other proposals which are suggested are for raising the rate of customs duty and for screwing

up the income-tax. The adoption of either of these would place a burden on the country, which the country at this time can ill afford owing to famine conditions and depression in the trade. But any of these would cause less disturbance and would on the whole be less objectionable in principle and in the actual working of the tax, than the proposed levy under the Bill.

“ My Lord, I find the Bill as has been drafted requires substantial changes, and on the details of the Bill I do not propose to offer at this stage any criticism. Should the Government still wish to carry through this Bill, then I shall take an opportunity at a later stage in the Select Committee to make suggestions for the modification of this Bill so as to minimise the injustice of the levy in several directions.

“ With these few remarks, my Lord, I oppose the Bill.”

The Hon'ble Mr. W. A. Ironside :—“ My Lord, representing the Bengal Chamber of Commerce and the interest of that great body, I feel it necessary to state at once that my instructions are to oppose and to vote against this Bill. I find myself in very much the same position as my colleague, the Hon'ble Mr. Hogg, in that my personal views and those that I represent are not in accord. As representing those views I feel I must give them every possible assistance, and place before Government opinions that should carry great weight. I feel that my personal views must not take precedence of those that I represent, particularly as they are so largely in the majority. The delay in giving a final pronouncement on the provisions of the Bill by the Select Committee has, I feel, caused a great deal of unnecessary difficulty. The Bill was one essentially for a prompt decision. In business promptitude is the soul of our work, and in the matter of this Bill people—and there are a great number seriously affected by it—have been prevented from taking a final and complete survey of their position and if need be cut their losses before it was possible to commence work again. The criticism which I offered in September last could well be repeated again to-day, and we have heard and read criticisms galore against the Bill. I do not think it necessary to weary the Council with any further criticism of at any rate a destructive character, but would rather try and place a reasonable view before you; and I trust that opportunities will arise in the Select Committee whereby we can eliminate what are obvious cases of hardship. No one of course can view a Bill of this description with pleasure; no taxation is exactly a gift; but I think that this Bill is largely due to a very wrong financial policy in the past; a financial policy for which the non-official Members of this Council have been directly responsible. I notice that a number of them are not here to-day; but the financial policy of the past has been to pledge the country's credit gaily in times of prosperity, forgetting that debts are birds which come home to roost. We borrowed from Peter to pay Paul, and now the time is coming when Peter will change his name. After listening with considerable interest to Sir James Meston's very masterly exposition of the Bill, I feel less averse, and I think that the financial and commercial public will view with less alarm the Bill as a whole; but I do feel, after listening to the figures cited by Sir James Meston, that there still is a great opening for leniency. I think that the maximum percentage may yet be materially reduced, and I think that those industries which have been started during the period of the war can be absolved from all taxation; and for all that they will bring into the Exchequer I confidently believe they could well be left out. I am glad to hear Sir James Meston mention the fact of those industries which are now faced with severe or the prospect of severe foreign competition, and I trust that that policy will be followed through the Select Committee; and if so, I believe that much of the danger and risk will thereby be eliminated. I trust that very effective taxation will be provided for the foreign firms who have made use of India for obtaining large profits during the period of the war; and even now as a consequence of easier financial conditions and special freight facilities they are, I assure you, having it all their own way.

“ I have heard certain suggestions made for alternative measures of taxation. An additional loan at this stage I personally reject; but I think there are more practical measures. I refer to income-tax. I think the machinery of collection might easily be tightened. At the present time the individual with

the fixed income, the man of moderate means and the firm and the company with published accounts, they are easily got at and they have to pay. But, my Lord, there are thousands of people who shirk their responsibility, who evade their duty, and as long as the present system is allowed to go on, the shirkers will go on shirking.

“ My Lord, I trust that the benefits of citizenship will not be reserved to commerce and industry, and that those people who are not ready or willing will in future take their share of the taxation of the country. I also trust that hidden away in the figures which the Hon'ble the Finance Member has provided there may not be some balances to be made available for other than war purposes. I also trust, my Lord, that thoughtless expenditure may be avoided. I refer to this in no carping or hypercritical spirit, but I am tempted to mention it because in the last 48 hours I saw a consignment of iron which had travelled, or would eventually travel, more than half way round India by passenger train in order to reach Basrah. Now this is thoughtless expenditure. I do hope that very rigorous economy will be exercised in the spending departments, for I feel that with the tightening of the machinery for the collection of income-tax, together with economy in expenditure, it would be possible to provide a considerable portion of the sum of money which is required under the present tax.”

The Hon'ble Sir James Meston:—“ My Lord, the Council may be congratulated on the speedy conclusion of what I feared was going to be a somewhat acrimonious debate. I personally am grateful for the extremely courteous manner in which these proposals have been received. I am particularly indebted to the Hon'ble Mr. Hogg for the courageous and friendly speech in which he opened the discussion. I fully realise that he spoke his own personal feelings at some sacrifice, and that he had considerable difficulty in differentiating between the convictions that he holds himself and the views that his constituency have directed him to impress on this Council. I value all the more the frank expression of his own views with which he has favoured us. The same applies in a large measure to what has been said by the Hon'ble Mr. Ironside. I see the difficulties of his position and value the expression of opinion that he has given upon our proposals. We have had outside blessings upon this Bill, but they are generally blessings from that class of the community who like most of ourselves will never be called upon to pay excess profits. On this occasion we have had most encouraging advice and helpful speeches from two leading captains of industry from each of the great commercial centres of India. The other speech, that of the Hon'ble Sir Fazulbhoy Currimbhoy, reminded me somewhat of a passage from the Epistle of my patron Saint. In the 5th chapter of St. James, when no doubt an Excess Profits Duty or something similar was to befall Judea, he says to the leading men :—‘ Go to now, ye rich men, weep and howl, for the miseries that have come upon you.’

“ Coming to the detailed suggestions that have been made for the improvement of the Bill that is now before the Council, I have, my Lord, nothing to add to what I said in my opening remarks. I do most heartily agree with what Mr. Ironside said as to the importance of tightening up our income-tax assessments and of catching the shirkers in our net. I do fully concur with him in what he said about the necessity of the closest economy at a time when we are raising taxes to meet our war debts. I can assure him that, so far as we know, there are no hidden reserves in our Budget ; as Mr. Howard has suggested to me just now, there are really no more rabbits in the hat.

“ Well, my Lord, this is a business proposition and it is a business proposition which has been received in a business-like manner. I trust that when it emerges from Select Committee, Hon'ble Members will find the Bill pruned of any of its defects and still more elastic and more capable of dealing with the hard cases which they have enumerated or have in mind ; and I trust that the great business communities who naturally feel a little sore at this curtailment of their gains—gains for which they have laboured hard and with a large element of genuine patriotism—will lend their influence to make the best of what after all is a temporary and very exceptional measure.”

The motion was put and agreed to.

The following Report of the Select Committee on the Bill to impose a duty on excess profits arising out of certain businesses was presented to the Indian Legislative Council on the 12th March, 1919 :—

- We, the undersigned, Members of the Select Committee to which the Bill to impose a
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| Paper No. I | From the First Assistant to the Agent to the Governor General in Baluchistan, dated the 6th January 1919; from the Chief Commissioner, Ajmer-Merwara, dated the 22nd January 1919, and enclosure; from the Chief Commissioner, Delhi, dated the 24th January 1919, and enclosures; from the Chief Commissioner, Central Provinces, dated the 26th January 1919, and enclosure. | duty on excess profits arising out of certain businesses was |
| " | II From the Government of Bihar and Orissa, dated the 28th January 1919; from the Government of United Provinces, dated the 29th January 1919, and enclosures; from the Registrar, High Court, Calcutta, dated the 29th January 1919. | referred, have considered the |
| " | III From the Government of Madras, dated the 27th January 1919, and enclosures; from the Government of Punjab, dated the 31st January 1919, and enclosures. | Bill and the papers noted in |
| " | IV From the Chief Commissioner, Coorg, dated the 28th January 1919; from the Chief Commissioner, North-West Frontier Province, dated the 30th January 1919, and enclosures; from the Chief Commissioner, Assam, dated the 30th January 1919; from the Government of Bengal, dated the 31st January 1919, and enclosures. | the margin, and have now the honour to submit this our |
| " | V From the Government of Burma, dated the 30th January 1919, and enclosures. | Report, with the Bill as |
| " | VI From the Government of Bombay, dated the 4th February 1919, and enclosures. | amended by us annexed there- |
| " | VII From the Government of Bombay, dated the 13th February 1919, and enclosure. | to. |
| " | VIII From the Government of Bengal, dated the 17th February 1919, and enclosure. | to. |
| " | IX From the Government of Bombay, dated the 21st February 1919, and enclosure. | |

2. We have found the subject with which we have been directed to deal one of great complexity; as the papers show the opinions received have been voluminous. We have had the advantage of hearing the evidence of several gentlemen who attended our proceedings on two occasions. These were Sir Robert Aitken and Mr. Gillum of Bombay, Mr. Thomas Smith of Cawnpore, Mr. Grant-Govan of Delhi and Mr. Ram Chandrier of Madras, and we desire to take this opportunity of expressing our obligations to these gentlemen for the valuable assistance they have given us. We have had to deal with a considerable volume of criticism, which to a large extent has been of a destructive character. In so far as the criticisms were directed against the main principles of the Bill, we considered that it was outside our province to deal with them. The main objects which we have kept in view will appear from the following paragraphs of our Report.

3. It has been urged with regard to almost every operative clause of the Bill that it would in practice work inequitably. On the other hand, we have realised that every extra refinement introduced into the Bill with the object of removing these inequalities must necessarily tend to complicate the duties of the assessing authorities, and we recognise that the Bill, as amended by us, adds considerably to the already very large responsibilities of these authorities. We think, however, that an equitable incidence is one of the first essentials of taxation. The main object of the numerous amendments, which we have made, has been to reduce the number of hard cases to a minimum.

4. The details of these amendments will be dealt with in connection with the clauses in which they have been embodied. Generally speaking, we have attempted to achieve our object by introducing a system of options with regard to the profits of the accounting period, the selection of the standard period and the computation of the profits of the standard period. It will be seen that, in regard to the standard period, the options which we have proposed are very wide, and we feel that we have gone as far as possible in this direction. It is inevitable that a certain number of hard cases should remain, but we think that the machinery set up in clauses 7 to 9 of the Bill should adequately provide for these.

5. Before we detail the amendments which we have made, we may here refer to two matters in respect of which we are told that there has been considerable misunderstanding as to the intentions of the Bill. The first is the absence of a duration clause making it clear that

the operation of the Bill is confined to one year. With regard to this it should be hardly necessary to mention that the definition of "accounting period" read with clause 4 must make it clear to the intelligent reader that the profits of one year, and one year only, are being taxed. The second is in reference to the periods adopted for the ascertainment of standard profits. With regard to this it is enough to say that under the provisions of Act II of 1886, which was the law in force during the standard periods, the profits assessed in any year were the profits of the preceding year; that is to say the profits assessed in 1914, as defined in clause 6, were not the profits of the year in which war broke out, but the profits of the year ending on the 31st of March, 1914, or an earlier date. The amendments, which we have made in the Bill, save in so far as they are mere matters of drafting, are dealt with in the following remarks.

6. *Clause 5.*—It was urged upon us that inasmuch as hostilities ceased half-way through the financial year beginning on the 1st of April, 1918, certain companies who closed their accounts before the end of the calendar year 1918 might possibly be severely handicapped in comparison with those whose accounting year corresponds with the financial year. To meet this difficulty we have adopted a suggestion of our colleague Mr. Ironside that businesses which have closed their accounts on any date previous to the 31st of March 1919, should have the option of carrying their accounts forward to the 31st of March 1919, and of calculating the profits of the accounting period as a proportion of the profits of the total period; that is to say, a business which closed its accounts on the 30th of June, 1918, might carry its accounts forward to the 31st of March 1919, and take the profits of the accounting period to be 12-21ths of the total profits of the period from the 1st of July 1917 to the 31st of March 1919. For reasons of drafting we were unable to embody this suggestion in the definition of "accounting period." The option is provided for in clause 5 of the Bill as amended. A question has been raised in several quarters as to whether a composition for income-tax agreed upon in respect of the accounting period should be taken as the basis of assessment for that period. We think that this should not be done and the explanation which we have added to clause 5 requires that, notwithstanding the existence of a composition, the profits of the accounting period shall be actually ascertained.

7. *Clause 6.*—It was suggested to us, however, to provide that where a composition was in force in respect of the period for which standard profits are to be ascertained that composition should, at the option of the business liable to pay the duty, be taken as a basis for determining the standard profits. We have provided for this in sub-clause (2) and its proviso. We have, however, gone much further than this. In the first place, we have provided that every business shall have the option of adopting the standard percentage whether the profits of the business have been assessed or not, and we have provided a power to prescribe by rule a percentage higher than 10 per cent. in certain cases. Finally, we have given a very wide choice as to the selection of the standard period. In the first place, the profits assessed in the years 1913 and 1914, that is to say, the profits of two pre-war years may be selected as the standard profits. This, we think, will meet the case of those businesses which actually deteriorated after the outbreak of the war. Secondly, if the profits have been assessed in the years 1913 and 1914 and in any two only of the years 1915, 1916 and 1917 the standard profits may be taken to be the average of the assessed profits in the four years. Finally, if the profits have been assessed in all five years the standard profits may be taken as the average of the assessed profits of the two pre-war years and any two of the first three years of the war which the assessee may select.

Clause 6 as originally drafted ignored any income arising in the standard period from interest on securities held by a business. We think this was an oversight, which we have provided for in our redraft.

8. *Clause 7.*—The Bill as introduced provided that where the capital of a business had increased or decreased during the accounting period, the profits of that period should be reduced or increased by ten per cent. of the difference. In the first place, we think this arbitrary rate might work inequitably. Secondly, we anticipate that there would be some difficulty in interpreting sub-clause (3) of this clause as it stood, since the Bill gave no indication as to how the average amount of capital employed during any period was to be ascertained. We have therefore made considerable modifications in this clause, which we have entirely remodelled and have inserted in its proper place as a *proviso* to clause 6 (1) (b). We have now provided for an increase or decrease in the standard profits proportionate to the increase or decrease of the capital at the end of the accounting period, as compared with the average of the amounts of capital employed on the last days of the years selected by the assessee as the years for which standard profits are to be ascertained. We think that any increase of capital after the 31st of December 1918, should not be taken into account, and we have made provision accordingly in sub-clause (4) of clause 6. The original clause 7 has thus entirely disappeared as a separate clause.

9. *Clause 8 (now clause 7).*—We have made it clear that depreciation of assets includes the cost of replacement. The additions which we have made in sub-clauses (e) and (f) of the Bill as amended are designed to meet possible hard cases. The scope of the application of sub-clause (g) (originally sub-clause (e)) has been considerably widened.

10. *Clause 9 (now clause 8).*—The Bill gave the Chief Revenue Authority discretion to refuse a reference to a Board of Referees. We have now provided that, at the option of the appellant, his case shall be either disposed of by the Chief Revenue Authority or referred to the Board. It was pointed out to us that the provisions for the constitution of the Board, requiring that one member should be a person having acquaintance with businesses of the nature of that in question, were unsatisfactory, as in the case of some businesses it might be difficult, if not impossible, to obtain a member with the necessary qualification. We have therefore modified this provision. We were much pressed by our non-official colleagues to provide for two non-official members. We have done this, and we have also provided that in special cases the Local Government shall have power to add a fourth member, in which case it shall appoint one of the members to be chairman with a casting vote.

11. We have, in this portion of the Bill, added a new clause which is, in our opinion, of considerable importance. It now appears as clause 9. We have provided a power in the Governor General in Council to appoint a Board of Special Referees to inquire into the circumstances of classes of businesses in respect of which any person has made out a *prima facie* case that the provisions of the Act would operate unfairly. We may illustrate this by reference to the businesses whose output and sales have been controlled during the war. The Board will, in these cases, always consist of four members, of whom two will be non-officials, and it will act merely in an advisory capacity, the final orders in the case emanating from the Government of India.

12. *Clauses 10 to 12.*—In deference to the views of our non-official colleagues we have relieved persons chargeable to excess profits duty of the obligation to give notice of the fact to the Collector within one month of the commencement of the Act. We have allowed assesses two months instead of one month to comply with the Collector's notice calling for returns.

13. *Clauses 14 and 15.*—We have amended clause 14 so as to give power to prescribe by rule the method of assessment in the case of a change of ownership in the accounting period. We think in this way the instructions to Collectors can be made more explicit than when included in the law itself. A corresponding addition has been made in the rule-making clause of the Bill. We have removed section 29 from the list of the provisions of the Income-tax Act, 1918, embodied by reference in this Bill by clause 15.

14. We have introduced two new clauses at the end of the Bill. The first provides that excess profits duty and super-tax shall not both be levied in respect of the same business; the greater tax alone will be levied. The last clause of the Bill makes any sum paid as excess profits duty an allowance for income-tax purposes when the final adjustment of the profits of the business is made.

15. We have made an amendment in the proviso to the third item of Schedule I to make it clear that the business of a whole-time officer or servant of a firm or company is exempt. The slight alterations made in Schedule II merely adopt the phraseology of the English law.

16. The extensive modifications which we have made in the Bill are almost entirely, in our opinion, in favour of the subject, and we therefore think that the Bill does not require re-publication. We recommend that it be passed as now amended.

17. The publication ordered by the Council has been made as follows :—

<i>Gazette.</i>	<i>In English.</i>	<i>Date.</i>
Gazette of India		14th December 1918.
Fort Saint George Gazette		14th January 1919.
Bombay Government Gazette		2nd January 1919.
Calcutta Gazette		25th December 1918.
United Provinces Gazette		28th December 1918.
Punjab Government Gazette		27th December 1918.
Burma Gazette		4th January 1919.
Bihar and Orissa Gazette		1st January 1919.
Central Provinces Gazette		28th December 1918.
Assam Gazette		8th January 1919.
Coorg District Gazette		3rd January 1919.
Sind Official Gazette		19th December 1918.
North-West Frontier Province Gazette		3rd January 1919.

FINANCIAL STATEMENT OF THE

Province.	In the vernaculars.		Date.
	Language.		
Madras	Tamil	} : : :	21st January 1919.
	Teluga		
	Hindustani		28th January 1919.
	Kanarese		21st January 1919.
Bombay	Malayalam		28th January 1919.
	Marathi	} : : :	23rd January 1919.
	Gujarathi		
	Kanarese		
United Provinces	Urdu		1st February 1919.
Punjab	Urdu		31st January 1919.
Burma	Burmese		18th January 1919.
Sindh	Sindhi		16th January 1919.

JAS. S. MESTON.

G. R. LOWNDES.

C. H. KESTEVEN.

FAZULBHOY CURRIMBHOY.*

S. N. ROY.

H. F. HOWARD.

M. N. HOGG.*

G. M. CHITNAVIS.*

W. A. IRONSIDE.*

W. F. RICE.

H. MONCRIEFF SMITH.

The 12th March, 1919.

* Subject to minute of dissent printed below.

Minute of Dissent.

1. We are of opinion that the Bill should contain provision for a refund by Government of any amount of duty which it may yield in excess of the amount of £6 millions net, which is required. This proposal may be unusual, but we think it is fair and reasonable on the following grounds. Firstly, the levying of an excess profits duty for one year only after hostilities have ceased is in itself an unusual measure. Secondly, the justification for this measure has been definitely stated to be the need of Government to raise a sum of £6 millions sterling for exceptional war expenditure. Thirdly, any estimate of the yield of the Duty must necessarily be very hypothetical and uncertain, and the estimate made by Government is generally believed to be considerably too low. Fourthly, the Honourable Finance Member has stated that the only reason for maintaining the percentage of 50 per cent. is his estimate that 50 per cent. will only yield the sum required; and that if his estimate had been larger, he would gladly have reduced the percentage. We think, therefore, that it is reasonable to ask that, if the actual yield of the Duty should prove to be in excess of his estimate, the percentage should be reduced by a proportionate refund of the excess to those who have paid the Duty.

2. We regret that this opportunity has not been taken to abolish the Supertax in so far as it applies to the income of firms and companies. The Supertax in the United Kingdom is a tax on individual incomes only and its partial extension to the incomes of firms and companies has been very generally criticised. The reason given for this extension was that an Excess Profits Duty was then considered impracticable, and that the extension of the Supertax was a device to take its place. Now that an Excess Profits Duty is to be imposed, the excuse is gone, and the proper course is to limit the Supertax to individual incomes. We do not consider that the fact that this would result in certain cases in a remission of taxation is a sufficient reason for rejecting a measure which would be at once just and popular, and we regret that the Report of the Select Committee does not include a recommendation that the Supertax Act should be amended on these lines.

M. N. HOGG:

W. A. IRONSIDE.

FAZULBHOY CURRIMBHOY.

G. M. CHITNAVIS.

The 11th March, 1919.

BILL No. 25 OF 1918.

[AS AMENDED BY THE SELECT COMMITTEE.]

[Words printed in italics indicate the amendments suggested by the Select Committee.]

A Bill to impose a duty on excess profits arising out of certain businesses.

WHEREAS it is expedient to impose a duty on excess profits arising out of certain businesses; It is hereby enacted as follows :—

Short title and commencement. 1. (1) This Act may be called the Excess Profits Duty Act, 1919.

(2) It shall come into force on the 1st April, 1919.
2. In this Act, unless there is anything repugnant in the subject or context,—

Definitions.
“accounting period” means the twelve months ending on the 31st March, 1919, or if the accounts of the business have been made up within *the said twelve months* for the purposes of the Indian Income-tax Act, 1918, in respect of a year ending on any date other than the said 31st March, then the year ending on that *other date*; VII of 1918.

“business” includes any trade, commerce or manufacture, or any adventure or concern in the nature of trade, commerce or manufacture;

“prescribed” means prescribed by rules made under this Act.

All expressions used or embodied by reference in this Act which are not hereinbefore defined shall have the same meaning as is attributed to them by the Indian Income-tax Act, VII of 1918.

3. This Act shall apply to every business (other than the businesses specified in Schedule I) *which is, during any part of the accounting period, either carried on in British*

India *by any person or owned or carried on in any place in India by a person ordinarily resident in British India.*

4. Subject to the provisions of this Act, there shall, *in respect of any business to which this Act applies, be charged, levied and paid on the amount by which the profits in the*

accounting period exceed the standard profits, a duty (in this Act referred to as “excess profits duty”) of an amount equal to fifty per cent. of that excess:

Provided that the amount of the said duty shall not exceed such sum as would reduce the profits in the accounting period *below thirty thousand rupees.*

5. The profits of a business in the accounting period shall, *at the option of the person by whom the excess profits duty in respect of that business is payable be or be deemed to be,—*

(a) *the taxable income as finally ascertained for the purposes of the Indian Income-tax Act, 1918, or*

(b) *when the accounting period in respect of the business ends on any date other than the 31st March, 1919, and the accounts of the business are made up for an additional period ending on the said 31st March, a sum which bears the same proportion to the taxable income of the total period (such taxable income being ascertained as nearly as may be in accordance with the provisions of the said Act) as a period of one year bears to the total period.*

Explanation.—The profits in the accounting period shall, notwithstanding any composition in force for the purposes of the said Act, be actually ascertained in accordance with the provisions of that Act.

Standard profits.

6. (1) The standard profits of a business shall be as follows :—

(a) an amount calculated at the rate of 10 per cent. *or at such rate not being less than 10 per cent. as may be prescribed,* on the capital of the business as existing at the end of the accounting period, *in which case* the capital of the business shall, for the purposes of this Act, be ascertained in accordance with the provisions of Schedule II; or

(b) *at the option of the person by whom excess profits duty in respect of the business is payable—*

(i) *if the profits of the business have been assessed in the years 1913 and 1914 for the purposes of the income-tax law then in force—the aggregate of half of the profits so assessed and half of the interest, if any, received in those years on securities forming part of the assets of the business; or*

(ii) *if the profits of the business have been assessed for the said purposes in the years 1913 and 1914, and in two only of the three years 1915, 1916 and 1917—the aggregate of one-fourth of the profits so assessed and one-fourth of the interest, if any, received in the same four years on securities forming part of the assets of the business; or*

(iii) *if the profits of the business have been assessed for the said purposes in all the five years 1913, 1914, 1915, 1916 and 1917—the aggregate of one-fourth of the profits assessed in the years 1913 and 1914 and in such two of the years 1915, 1916 and 1917 as may be selected by the said person, and one-fourth of the interest, if any, received in the same four years on securities forming part of the assets of the business:*

Provided that if the average capital employed in the business in the years adopted for the purpose of determining the standard profits is less or more than the capital so employed at the end of the accounting period there shall be made to or from the standard profits an addition or a deduction, as the case may be, which shall bear to the standard profits the same proportion as such increase or decrease of capital bears to the average capital so employed in the years so adopted.

Explanation.—For the purpose of ascertaining the average capital employed, the capital employed in the business in any year shall be deemed to be the capital so employed at the end of that year :

Provided further that if the assessment in any of the said years was made in respect of a period of less than twelve months, that assessment shall, for the purpose of determining the standard profits, be proportionately increased.

(2) If a composition for income-tax was in force in any of the years 1913, 1914, 1915, 1916 and 1917, such composition shall be deemed for the purposes of sub-section 1(b) to have been the assessment and the profits shall be determined in accordance therewith :

Provided that the person by whom excess profits duty in respect of the business is payable shall, notwithstanding any such composition, be entitled to have an assessment of the profits of the business made for the purpose of ascertaining the standard profits, in the same way as the assessment would have been made if no such composition had been agreed upon.

(3) Each of the years referred to in sub-sections (1) and (2) shall be deemed to be the twelve months commencing with the 1st of April in the year mentioned.

(4) Notwithstanding anything contained in this section no increase of capital made after the 31st December, 1918, shall be taken into account in any case, and no such increase before that date shall be taken into account when it appears or to the extent to which it appears that the increase was made with intent to evade or has the effect of evading the payment of the excess profits duty.

7. On the application of any person chargeable with excess profits duty alleging that, owing to any of the following circumstances, *Power to Collector to make allowances for special circumstances.* namely :—

- (a) any change in the constitution of a partnership of which he is or was a member,*
- (b) any postponement or suspension, as a consequence of the present war, of renewals or repairs,*
- (c) any exceptional depreciation or obsolescence (including the cost of replacement during the accounting period) due to the present war of assets employed in the business,*
- (d) the provision in connection with the requirements of the present war of plant or machinery which will not be required for the purposes of the business after the termination of the war,*
- (e) the fact that the assets of the business consist to any material extent of shares in a company the business of which is itself chargeable to excess profits duty,*
- (f) any liability of the profits of the business to excess profits duty in the United Kingdom, or*
- (g) any special circumstances connected with the nature of the business or the period for which any profits are ascertained or determined,*

the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such *allowances* in calculating the amount of the duty as seem to him to be necessary to meet the special circumstances, provided that *any such allowance shall not reduce* the amount of duty payable under the provisions of the Act by more than twenty-five per cent. without the previous sanction of the Commissioner.

8. (1) If any person who has applied under section 7 is dissatisfied with the decision of the Application to Chief Revenue-authority. Collector *on his application*, he may appeal to the Chief Revenue-authority which shall, *at the option of such person*, either itself decide such appeal or refer it to a Board of Referees to be appointed by the Local Government. The Board shall hear and consider any appeal so referred and shall communicate their decision to the Chief Revenue-authority.

(2) The Chief Revenue-authority and the Board shall be entitled to take into account any of the circumstances specified in section 7, and to modify the decision of the Collector with reference thereto in such way and to such extent as they may consider just and equitable.

(3) Every Board of Referees appointed under this section shall consist of three *or, in cases which the Local Government considers to be of difficulty or importance, of four persons.* When the Board consists of four persons the Local Government shall appoint one of the members to be Chairman. In any case at least two members of the Board shall be persons not in the service of Government and having in the opinion of the Local Government adequate business experience.

(4) In case of a difference of opinion between the members of the Board, the opinion of the majority shall prevail. *When the Board consists of four members and the members are equally divided in opinion, the Chairman shall have a second or casting vote.*

(5) The decision of the Chief Revenue-authority on any appeal under this section, or of the Board where an appeal is referred to them shall notwithstanding any other provision of this Act be final, and shall be deemed to be the basis of assessment in the particular case.

9. (1) The Governor General in Council may, on the application of any person alleging that owing to special circumstances to be stated in the application the provisions of this Act for the calculation of excess profits would operate unfairly in the case of any class of business in which such person is engaged, refer such application for the report of a Board of special Referees to be appointed in this behalf by the Governor General in Council:

(2) Every Board appointed under this section shall consist of four persons, of whom at least two shall be persons not in the service of Government. The Governor General in Council shall appoint one member to be Chairman.

(3) On receipt of the report of the Board the Governor General in Council shall consider the same and pass thereon such orders as he thinks fit. Any such order may vary the basis or method of assessment in respect of the class of business so reported on and any variations so made shall be deemed to be modifications of this Act in respect of the matters to which they relate, and this Act shall apply accordingly.

10. Every liquidator of a company which is being wound up at the commencement of this Act, or is wound up after the commencement of this Act, and which is chargeable to excess profits duty, shall before the 31st May 1919, or within two months of the commencement of the winding up, as the case may be, give notice of the fact to the Collector.

11. The Collector may, for the purposes of this Act, require any person whom he believes to be engaged in any business to which this Act applies, or to have been so engaged during the accounting period or in the year ending on the 31st March, 1912, or on the 31st March in any year thereafter, to furnish him within two months after service upon him of a notice to that effect with such particulars in connection with the business as the Collector may require.

12. If a person fails, without reasonable cause or excuse, to give to the Collector in due time any notice required by section 10 or to furnish any particulars referred to in section 11, he shall on conviction by a Magistrate be punishable with fine which may extend to thirty rupees for every day during which the default continues.

13. The amount of excess profits duty to be paid in respect of any business shall be assessed by the Collector, who may in any case where he thinks fit allow the duty to be paid in instalments of such amounts payable at such time as he may direct.

14. The duty may be assessed on any person for the time being owning or carrying on the business whether as agent for the owner or otherwise or, where the business has ceased during the accounting period, on the person who owned or so carried on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business during the accounting period, the Collector shall make the assessment in the prescribed manner.

15. The provisions of sections 20, 21, 22, 23, 24, 26, 27, and of Chapters IV and V and of sections 42, 45, 46, 47 and 49 to 52 of the Indian Income-tax Act, 1918, shall apply, with such modifications, if any, as may be prescribed, as if the said provisions referred to excess profits duty instead of income-tax, and every officer or authority exercising powers under the said provisions may exercise the like powers under this Act in regard to excess profits duty as he or it exercises in regard to income-tax under the said Act:

Provided that references in the said provisions to the assessee shall be construed as references to a person by whom excess profits duty is payable.

16. Notwithstanding anything contained in the Indian Income-tax Act, 1918, or in any Act repealed thereby, all information contained in any statement or return made or furnished under the provisions of any of the said Acts, or obtained or collected for the purposes of any such Act may be used for the purposes of this Act.

17. (1) A person shall not for the purposes of avoiding payment of excess profits duty enter into a fictitious or artificial transaction or carry out any fictitious or artificial operation, and if he has entered into any such transaction or carried out any such operation before the commencement of this Act, shall inform the Collector of the nature of the transaction or operation.

Explanation.—For the purposes of this section an artificial transaction or operation includes every device of whatever nature adopted for the purposes of presenting the accounts of a business in a misleading form or manner with intent to evade or having the effect of evading any obligation imposed by this Act.

(2) If any person acts in contravention of, or fails, without reasonable cause or excuse, to comply with, the provisions of sub-section (1), he shall, on conviction by a Magistrate, be punishable with fine which may extend to one thousand rupees.

18. (1) The Governor General in Council may, by notification in the Gazette of India, make rules for carrying into effect the provisions of this Act.

Power to make rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

- (a) the rate to be allowed in respect of any business or class of business for the purpose of section 6 (1) (a);
- (b) the procedure to be followed by Boards of Referees appointed under this Act;
- (c) the basis and method of assessment when there has been a change of ownership; and
- (d) the adaptation to excess profits duty of any of the provisions of the Indian Income-tax Act, 1918, which are made applicable to that duty by section 15.

VII of 1918.

(3) All rules made under this section shall have effect as if enacted in this Act.

19. Where the profits of any business in the accounting period are chargeable to excess profits duty under the provisions of this Act and to super-tax under the provisions of the Super-tax Act, 1917, then—

Excess profits duty and super-tax to be alternately chargeable.

- (1) if the amount chargeable as excess profits duty exceeds that chargeable as super-tax, excess profits duty shall alone be charged, and
- (2) if the amount chargeable as super-tax exceeds that chargeable as excess profits duty, super-tax shall alone be charged,

VIII of 1917.

VIII of 1917. and the provisions of this Act and the Super-tax Act, 1917, shall be construed accordingly.

20. The amount of excess profits duty paid in respect of any business shall be allowed as a deduction at the adjustment made in the year ending on the 31st March, 1920, in respect of the profits of that business for the purposes of

Excess profits duty an allowance for the purposes of the Income-tax Act.

section 19 of the Income-tax Act, 1918 :

Provided that if the amount of excess profits duty payable has not been ascertained at the time when the said adjustment is made, the amount by which the income-tax would have been reduced if effect had been given to the deduction shall be deducted from the amount payable for excess profits duty.

VII of 1918.

SCHEDULE I.

EXCEPTED BUSINESSES.

(See section 3.)

1. Any business the income from which is agricultural income.
2. Offices or employments.
3. Any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on, and in which no capital expenditure is required or only capital expenditure of an amount which is small when compared with the profits which the person carrying on the profession makes :
Provided that the business of any person taking commissions in respect of any transactions or services rendered, or any agent of any description (not being a whole-time officer or servant of the business or a commercial traveller, or an agent whose remuneration consists wholly of a fixed and definite sum not dependent on the amount of business done or any other contingency) shall not be included in this exception.
4. Any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom.
5. Any business of which the profits in the accounting period do not exceed thirty thousand rupees.

SCHEDULE II.

ASCERTAINMENT OF CAPITAL.

(See section 6.)

1. The amount of the capital of a business shall, so far as it does not consist of money, be taken to be—
 - (a) so far as it consists of assets acquired by purchase, the price at which these assets were acquired, subject to any proper deduction for depreciation or for unpaid purchase money,
 - (b) so far as it consists of assets being debts due to the business, the nominal amount of those debts subject to any reduction which has been allowed or is allowable in respect of those debts under the Indian Income-tax Act, 1918, and
 - (c) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the business, subject to any proper deduction for depreciation :

VII of 1918.

Provided that nothing in this provision shall prevent accumulated profits (other than those made in the accounting period) employed in the business being treated as capital.

2. Any borrowed money or trade debts shall be deducted in computing the amount of capital for the purposes of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but where the business has been converted into a company, and more than two-thirds of the shares in the company are held by the person who was the owner of the business, no value shall be attached to those shares, so far as they are represented by good-will or otherwise than by material assets of the company, unless the Collector in special circumstances otherwise directs. Patents and secret processes shall be deemed to be material assets.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Friday, the 7th March, 1919.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C.S.I., K.C., *Vice-President, presiding,*
and 54 Members, of whom 48 were Additional Members.

THE FINANCIAL STATEMENT, 1919-20.

FIRST STAGE.

The Vice-President :—"The Hon'ble Sir James Meston will now speak on the Financial Statement."

The Hon'ble Sir James Meston :—"Sir, I have no further proposals to lay before the Council."

The Hon'ble Sir Fazulbhoj Currimbhoj :—"Sir, I rise to congratulate the Hon'ble the Finance Member on the very able and lucid statement that he has laid before this Council.

"Sir, the war has fortunately terminated in a brilliant victory for the Allies, but we have still to bear the heavy military and railway expenditure in consequence of the war, and I, therefore, consider this as a war Budget. What India's military expenditure will be in the future will depend on the decision of the Peace Conference and the success that is attained by the League of Nations in securing the world's peace. I am, however, satisfied for the present that, in estimating the military expenditure for the next year, His Excellency the Commander-in-Chief has exercised the strictest economy, consistent with the imminent requirements of military efficiency.

"Sir, I welcome the elaborate programme of Railway improvement. I think it is a sound decision and its results will be good. The money is urgently needed for renewing the permanent way and rolling-stock, and looking to the new era of industrial activity, that is foreshadowed in the country, I think the results will be beneficial. It will facilitate the movements of raw materials and help our export trade, upon which we have to depend largely until our industries have been fully developed. In this connection, Sir, I beg to suggest that when a final decision is arrived at by the Government on the recommendations of the Industrial Commission, the Government will allot a large amount to the development of the industries of this country and so make it depend more on its own manufactured products.

"Sir, there is another point of importance, that of irrigation, which I should like to point out. The Hon'ble the Finance Member has referred in his statement to the various difficulties owing to the financial stringency and the depleted conditions of the staff, which have prevented the various projected irrigation schemes being undertaken. I hope, Sir, that important schemes like the Sukkur Barrage project, which affects Sindh, will be undertaken very soon along with the other irrigation projects in the Punjab. In a country like India, which is constantly in danger of being visited by famines, the construction of irrigation works is of just as much importance, if not more, as railways.

"Sir, coming now to that portion of the Budget which directly affects the commercial classes in India, I humbly beg to submit that the whole of the commercial community in this country have patiently borne all interference

with trade to meet the requirements of an effective prosecution of the war. They have never said one word of protest during the continuation of the war against taxes, which in many cases imposed large burdens on them. Many extra levies were made on them piecemeal, and this year they will have to bear the extra burden of the excess profits tax. Sir, I have already expressed the views the Indian commercial community holds about this tax when the Bill was referred to the Select Committee, and I still maintain that the levy of this tax will be a serious handicap to the industrial enterprise in this country. While stating frankly my views with regard to the consequences of this duty, I do not wish to upset any arrangement which, in the opinion of this Council, is necessary, but I would urge that as a compensation for the burdens which would be imposed on the business community in this direction, liberal concessions may be given to business men, wherever they do not entail a direct loss of revenue, or a direct financial outlay, and I hope that the Indian business-men also will come in for their share of the concessions at the hands of the Government.

“ Before I conclude, Sir, I wish to congratulate the Government on the bold step they have taken in relieving a portion of the middle classes which was hit most by the rise of prices by raising the limit at which income-tax is chargeable from Rs. 1,000 to Rs. 2,000. The cost of collection would be greatly reduced by the elimination of so many small assesseees. I would also submit that the yield, under this head, would increase very far beyond expectation, since the rules under the new Act involving a declaration of income have come into force. The increase will be welcome, and I feel that the concession, in regard to making up of any loss on account of the raising up of this limit, which the Finance Member proposes to make for the Provincial Governments, will not ultimately cost anything to the Government of India, because of the enhanced receipts under this head. The Hon'ble the Finance Member has mentioned in his statement that he has pitched his figures as high as prudence permits, but I still hope that, looking to the elastic conditions of the revenue of this country, the Budget will result in a larger surplus than expected. Sir, I beg to submit that a more liberal attitude should be adopted under the heads enumerated by the Hon'ble the Finance Member under Provincial Budgets, namely, education, industries, public institutions and services, developments of forests, agricultural experiments, etc. I would suggest to you, Sir, the omission of some of the limiting clauses in this, such as where the expansion of education is indicated with the proviso that, ‘ in directions where it has been hampered by war economy.’ Sir, a free hand should be given to Provincial Governments to extend education and sanitation wherever it is possible; perhaps it would not be unwise to anticipate the proposals contained in the joint report of His Excellency the Viceroy and Mr. Montagu, in regard to Provincial finance, in leaving large discretion to the Provincial Governments to spend their own share of the divided heads and of provincial revenue as they like, and I would urge that the Local Governments should be free to draw not to a ‘ moderate ’ extent only, as Sir James Meston mentions, but to the full extent, on the accumulated balances which now stand at their credit with the Government of India.

“ In conclusion, Sir, while frankly giving expression to our opinions, I can assure the Government on behalf of the Indian commercial community that it will be their endeavour to help Government, as far as possible, in the difficult times which are ahead and to make the task of Sir James Meston as easy as possible by the fullest co-operation.”

The Hon'ble Mr. G. S. Khaparde:—“ Sir, this annual Budget is like the annual X'mas pudding. All Departments come, all guests are there, some of them are invited, others are, I suppose, uninvited, but anyhow everybody is there, and everybody looks forward to get something out of it. Well, in this case as usual, all the Departments are here and everybody that wants anything out of the revenues has made his demand and it has been met; some more fully than the others as usual. The Railway people, for instance, are masters of locomotion; they reached first, and they get about the largest slice out of the pudding, and these people appear to be very fortunate. They have been exempted from paying the excess profits tax, and

they are getting something more in the way of enhanced rates. They give nothing out of the enhanced rates that they charge for travelling. They give nothing out of the large amount of money that they make here on account of the great traffic. Furthermore, the Railway Kings think that their offices are located in England and they need not pay the excess profits tax here. They may be paying some tax in England, I quite agree, and very likely they will have to pay there, but at the same time they enjoy there all the benefits of a good climate and a good business centre. But I do not see why from the monies earned in India by the railways they should not pay their share of the profits to the State here.

"There is another thing about this matter. I do not grudge it. The soldiers have got about 33 per cent. and I do not grudge it, because after all they fought very well in the war and they should have it. I do not mind that amount. But to these Railway people I would not give so much. I would really give them half and distribute the other half between sanitation and education. After all, I suppose it is most important for a man to live, and the next important thing is he should learn how to earn something to live by and then enjoy the luxury of travelling and so on. So I would take away half of what has been given to the Railways and give it to education and sanitation.

"There is another matter which I forgot to mention, and that is this, there is one amusing figure in the charges for the Army. It is said in our sacred books that in the time of Rama, Ravana headed an army so big that he had Padma in those days. I do not know the exact figure, but it is said somewhere that it was beyond 16 million of drum boys in his army. Well, at any rate I do not go so far as 16 million, but we spent 8 lakhs—it is 8 lakhs—on paying barbers for shaving our army. That is rather a large figure, but it is still there.

"Then there is another matter, about the currency notes, which I wish to speak one word about. I should not have said anything about them but that there is a sentence in the Financial Statement saying that a time may come when these notes will never be cashed at all, that is to say, the notes will remain as notes. They might get notes in exchange for them, I suppose, but they never receive any cash, they will never be able to claim any cash for them. I hope that will never be so, but it will be really a very bad day when it does, because the poor ignorant illiterate villager understands nothing about this paper currency, and he is always unwilling to part with his silver and gold, and if that bit of paper can never be converted into gold or silver, I am afraid the paper currency will have a very poor chance indeed. This arises out of the circumstance of which I spoke about last year, that much of our money is locked up in England. Generally all countries keep their balances in the country itself. If we keep all our balances here, then they would get into the banks and would find their way into circulation and thus help the merchants. I spoke about it last year too, and it was thought that because of the difficulties of transport, we began to keep our money here, and what money there was in England we tried to take it by drawing Bills on England payable in England, and in that way we tried to get all that money here. I hope that policy will now be pursued. One thing has materialised since then, and that is, that we have now got our own mints here and they are in full working order. England is a rich country, they do not really want money, they are very unwilling to pay interest, they pay about 2 per cent. or so, whereas, we borrow here at 5 per cent., so I think we had better keep all our money here.

"One more observation I wish to make, and that is about the raising of the taxable minimum. That is a great blessing to the poorer classes, because the limit of taxable income has been raised from Rs. 1,000 to Rs. 2,000. That will do a great deal of good, and I suppose a large number of these poor people will be very thankful to the Hon'ble the Finance Member for the concession he has shown them in this respect.

"Excepting this, the whole Budget is a war Budget and there is really not much to say. I feel very glad that it has been possible to introduce this piece of legislation in favour of poor people, namely, releasing them from paying any income-tax on incomes under Rs. 2,000 a year. That is all I have to say."

The Hon'ble Rai Bahadur B. D. Shukul :—“ Sir, I congratulate the Hon'ble the Finance Minister, Sir James Meston, on the lucidity of the Financial Statement which he presented to the Council on the 1st instant, and do so particularly on the wise and statesmanlike precept with which he concluded his Narrative. Sir, I refer to that part of his statement in paragraph 77 which contains the very essence of the future financial policy of the Government of India as it were, and with which every one of us, as I believe, must be in complete accord. I mean the statement that ‘coupled with courageous outlay on the essentials of progress, a strict economy in all non-essentials will in the near future be more than ever necessary than it has ever been.’ I wish a beginning had been made in that direction in the present Financial Statement, but in that we are rather disappointed. Provisions made on the expenditure side for the ensuing year are distinguished by the striking feature that nearly 33 per cent. of the total expenditure will be consumed by the Military Department, and a heavy capital outlay amounting to £17·7 millions besides 14·4 out of revenues has been budgeted for the railways, while other beneficial Departments such as education, sanitation, agriculture and industries are allowed to starve. It is the huge expenditure on railways that I do seriously complain of, and I do so for two reasons. In the first place, I think it is quite unfair that any one department should be pampered at the expense of all the rest, and secondly, because the allotments proposed are, in my humble opinion, disproportionately high.

“The present moment, Sir, is a great one. Questions of very great importance pertaining to the re-adjustment of social, political, educational, agricultural and industrial problems are awaiting solution at the hands of the Government of India. It is but in the fitness of things that the Government of India should now gradually divert their attention from the problems of war to the no less complicated and urgent problems of peace and reconstruction. The war of physical forces has no doubt come to an end, but a new war, a war of still gigantic character, is yet to begin. I mean the world-wide economic struggle to which India can no longer remain indifferent. Truly it is said that the ‘horrors of war are now over and the horrors of peace are in sight’. Great opportunities for material progress are present, and if you do not care to avail of these opportunities quickly ‘the country,’ I dare say, ‘will sink into greater poverty than before’. Do not let the present opportunity slip and do not let the urgent domestic reforms stand over till the very opportunities created by war pass away, and then the Government and the country will have to pay a very heavy penalty for their neglect.

“Sir, India has already missed a great opportunity presented to her for the development of indigenous industries by the Great War, but there was no help. India was not prepared for the emergency. You never cared to make her sufficiently strong and self-reliant for the purpose, and what was the result? The imports from the enemy countries, no doubt, ceased as the result of war. But Japan stepped into the shoes and flooded the Indian markets with its own articles of merchandise and we remained where we were. That is why Lord Sinha in his speech at the Conference of the Overseas Press Centre declared that ‘However efficient the system of government might be in India, it would be generally admitted that India is a very poor country, and unless the whole policy of *Laissez Faire* is changed, it is likely to remain so. India has not been prosperous for the long time past and is not prosperous now.’ To those who think that India has made great profit during the war, Lord Sinha pointed out that ‘the ownership of the Mills was exclusively British and that was where the profits went. They certainly did not go to the ryots who had to pay war prices for food, salt, cloth and other necessaries, but did not receive corresponding increased payment to meet their higher charges. India has been the hewer of wood and drawer of water for the rest of the Empire’ and, Sir, I was not a little amused when in the face of this I heard the Hon'ble the Finance Minister say to the Council the other day that ‘the good season of recent years and the full prices paid for agricultural produce must have accumulated unusual reserves of rural wealth and it may be expected that widespread or acute distress will be averted.’ I dare say my Hon'ble friend is too optimistic. This is how the actual condition of the ryots is misunderstood and their interests suffer.

"The perusal of paragraphs 4 and 5 of the Hon'ble the Finance Minister's Narrative amply shows how the failure of a single year's monsoon is sufficient to create a situation of acute distress and widespread famine, and how more easily susceptible the rural classes are to the attack of virulent epidemics like influenza and plague than urban.

"As for famine and scarcity the people have hardly got any staying power left in them. With their uncertain and slender resources they do not find themselves in a position to tide over the difficulties created by a single year's failure of harvest. Although the Government gave a solemn pledge to eradicate famine from the land, when the Famine Insurance Fund was formed, and although an amount of one and a half crore of rupees is carried away towards the fund every year, yet it is a pity to find that an earnest attempt has not been made to infuse a new life as it were into the ryots by improving their moral and material conditions. Sir, the time has come when the utmost resources of the State should be husbanded and utilized for the purpose, and the Government should redeem their pledge.

"Sir, the health of the country is bad. Influenza alone has carried away six million souls at one sweep and has added a big item to the already heavy bill of mortality which the people of India have to pay to malaria, cholera and plague every year, as an outcome of the insanitary condition in which they live and the want of cheap and adequate medical relief. Major F. Norman White of the Indian Medical Service and the Sanitary Commissioner in his report on the influenza epidemic bears testimony to the fact that 'the rural areas suffered considerably more than the towns'. And why so? Obviously because the masses living in rural areas are relatively poorer and cannot afford to have proper nourishment and sufficient food.

"Famine, scarcity, plague and pestilence have become the permanent factors of the existing conditions of rural life in India, and so long as you do not take care to help the improvement of public health and the development of industries and agriculture, the conditions of the people will not improve. Hitherto the policy of the Government has been to care more for its own revenues than for the development of the people's resources, and that is what ought not to be. Sir, I am not alone in holding this view and I would take this opportunity of drawing the attention of this Council and the Government to what Sir O'Moore Creagh, the late Commander-in-Chief of India, says in his book styled 'Indian Studies'—'the vital importance of the land question,' he observes, 'is not understood either in England nor even by the Government of India itself. Although legislation about land is unceasing, it is not guided by any broad policy or intimate knowledge of the requirements of the dumb teeming millions who live directly or indirectly on agriculture, and it has become quite mechanical. The main object which the present land policy has in view is to screw money out of land. The official who carries it out thinks daily more and more of this, and less about the condition of those who live in the land. There has been much discussion as to whether the tax taken from agriculture is too heavy or not. Certainly it is the heaviest tax on that industry taken in any country in the world and the worst of it is that it maintains an ever-increasing tendency. It is this tendency, Sir, which has to be checked. Other latent resources of the country must be tapped and larger sums have to be provided to enable the departments of education, sanitation, agriculture and industries to meet the ever-growing needs and requirements of the country. In that will lie the real salvation of the country.

"Sir, I therefore suggest that the allotment for the railways be reduced to half at least. No justification has been offered of the forward step taken by the Government in embarking upon such an ambitious railway programme. If we have been able to manage with the existing railway facilities so long, we can very well afford to wait for some time more.

"There are other crying needs of the country which have to be met, and to which I have already referred. By reducing the railway allotment as suggested by me, you will not only be in a position to sanction handsome grants for the purposes I have asked for, but you can also make a decent provision for the purpose of 'irrigation.' I for one am unable to make out as to why the Government should be so partial to railways. In my humble opinion irrigation should have as strong a claim upon the coffers of the State as the

railways. Money spent on irrigation is never lost. It not only adds to the resources of the people by increasing the yield of land and reducing the pinch of scarcity, but it brings in more profits to the State than the railways. The percentage of net profit to capital outlay on productive works of irrigation during the past four years has remained steady between 5 and 6 per cent., whereas the percentage of profit to capital outlay on the railways did not exceed 3·03 per cent. at the best, and for the ensuing year it is estimated at 1·79 per cent. only. I would, therefore, suggest that a portion of amount saved from the Railway allotment should be carried to irrigation and to other beneficial departments such as I have already enumerated.

“Sir, when I demand larger allotments for such departments as education, sanitation, etc., it should not be understood that I am unmindful of the financial difficulties of the Government of India at present. The Hon’ble the Finance Minister in paragraph 77 of the Narrative has referred to the question of finding out ways and means for meeting the various heavy liabilities that are hanging over the heads of the Government of India in several directions, and he enjoins upon us to be prepared for a relatively high scale of taxation to get rid of our superfluous obligations. In this connection I may be permitted to point out that, considering the chronic poverty of the people of India, it would be no exaggeration to say that India is already an over-taxed country. The great drawback at present is, that the fiscal policy of India is influenced by interests other than purely Indian. So long as India is not given fiscal autonomy and the control of its own tariffs, the difficulty of finances will always remain and India will never be able to command the necessary funds, which will be commensurate with her requirements.

“Sir, further, I fail to see why a considerable portion of the large reserves of Indian money, held in England, which have been steadily increasing since the war began, should not be partly utilized for the purpose of the industrial development in the country. In my humble opinion a sum of Rs. 15 or 20 crores or so out of the 50 crores of gold standard reserve could safely be drawn upon for industrial purposes.

“Sir, there is yet another subject of importance to which I wish to make a passing reference. I mean the export of foodstuffs, especially wheat, which, as pointed out in paragraph 6 of the Narrative, reached the record figure of 1,500,000 tons. Sir, the people living in this country, in my humble opinion, have the first and foremost claim upon the produce of the land, and it is only the surplus grain over and above their actual wants that should be permitted to leave the shores of India. Is it fair and just to the people, I may be permitted to ask, that while famine and scarcity prevail in the country, thousand and thousand tons of wheat should have been allowed to be exported . . .

The Hon’ble Sir Claude Hill:—“I would like to intervene at this stage and ask the Hon’ble Member to what period he refers.”

The Hon’ble Rai Bahadur B. D. Shukul:—“I refer to the period just before the recent restrictions on the export of wheat were imposed.

“Sir, before I resume my seat I wish to draw the attention of the Government and that of the Council to the two immediate needs of the Central Provinces, namely, the University and the High Court, which have to be provided for, and this the Government should have in view. Last year when I moved a Resolution with regard to the former the Hon’ble Sir Sankaran Nair assured me that the matter will not be delayed any longer than was necessary. About a year has passed since then and practically nothing has been done. The question may now be taken up in right earnest, and I request that the necessary legislation for the University of Nagpur may be introduced at the next Simla Session and that necessary provision for the University may be made in the Budget for the ensuing year. As for the second, namely the High Court, the Hon’ble Mr. Dadabhoj moved a Resolution to have the existing Judicial Commissioner’s Court raised to the status of a Chief Court, and an assurance was then given that the Local Government would be consulted, and there is no knowing what action has been taken since then. I am glad to notice that provision has been made in the Budget to raise the Chief Court of Punjab to the status of a High Court, and I hope the claims of the Central Provinces in this matter will not go unrecognized.

"Sir, I have done. I have only to thank the Hon'ble the Finance Minister for raising the taxable minimum of the income-tax to Rs. 2,000, which will go a long way indeed to afford substantial relief to the people of the middle classes—men of average means who have been seriously hit by an abnormal rise in the cost of living due to high prices."

The Hon'ble Rai Sita Nath Ray Bahadur :—"Sir, the Council is grateful to the Hon'ble the Finance Member for the lucid statement he has made regarding the financial position and the estimates. He has taken us over the financial field with great tact and consummate ability.

"This is a Budget, if I may say so, of surprises and disappointments, and, I am sorry to say, the disappointments overshadow the surprises. The meagre provision for sanitation, education and the development of industries is a matter of great disappointment. For I cannot conceal from myself the fact that we had all along entertained high hopes that, with the cessation of war and the return of normal times, large sums of money would be available for the spread of education (I refer particularly to primary and technical education) without which, as the Hon'ble the Finance Member rightly observes, 'our political progress would be largely nugatory,' the improvement of sanitation and the establishment of industries in the country. The obligations of the Government in these matters have always been realised and admitted. And it would have been in the fitness of things if the victorious termination of the war in which India has borne her share of sufferings and sacrifices, had been signalled by the adoption of a more liberal policy in the matter of the discharge of these obligations. It would have gone to reduce, if not remove, discontent which furnishes breeding ground for the baneful germs of anarchy and Bolshevism which we all detest.

"The Financial Statement presented by the Hon'ble the Finance Member is one which belongs to the period of war as also to the period of peace—with the prospect of reconstruction looming large in the horizon. I wish he had told us a good deal more about the reconstruction schemes which the Government of India, along with the other civilised Governments, must take up. England has already formed her Ministry of Reconstruction, and a Reconstruction Board in India would not be out of place. I am of opinion—and my apprehension is shared by some of my colleagues—that if we lag behind and fail to move with the changing conditions in a world which is now in the crucible, we shall have reasons to repent in the future. This matter deserves the consideration of the Government of India.

"The only tangible scheme of reconstruction placed before us is a huge provision for the railways amounting in all to something like £24 millions, exceeding Lord Inchcape's bold estimate by about £12 millions. The Council is aware that from my place in this Council I have repeatedly advocated railway extension and sufficient financial backing to support it. Last year we were told by Sir William Meyer that with continued wear and tear of rolling-stock and absence of adequate facility for renewal, a time must come at which the railways cannot carry all the passengers and tonnage that they might otherwise convey. The situation was serious; and I, as a member of the mercantile community, know from personal experience the inconveniences which have been suffered by the people for want of rolling-stock. Even now with superhuman efforts one can hardly secure wagons for the transport of goods. Yes, to many of us it is a marvel that the railways have been able to do what they have done with a wholly starvation-allowance for even their barest necessities. And I agree with the Hon'ble the Finance Member that we should cheerfully assist the Railway Board in making up the necessary lee-way. The allotment for renewals must be welcome. But I have seen the allotment of £17½ millions for 'Capital Programme' adversely criticised as far in excess of the requirements. It has also been said that much of the rolling-stock could be saved by proper reorganisation of transport arrangements on European or American methods. This, Sir, is a highly technical question, and I feel great diffidence in mentioning this matter to the Council. I am, however, only voicing the informed opinion of a number of men who have had considerable railway experience. It was in Lord Curzon's time that the late Mr. Thomas

Robertson came here and reported on our railway system. Time has come for another periodical inquiry into the whole organisation, including the Railway Board.

“Next in order comes the expenditure on the Army which the Hon'ble the Finance Member has provided for at £41 millions. “To a man of peace this is a huge amount. But we have the satisfaction of knowing that we have in His Excellency the Commander-in-Chief one who is a keen economist; and we must rely on him for retrenchment and economy. Though I cannot reconcile myself to the notion that in future our army must cost more than in pre-war days, we can be reasonably sure that money allotted would be spent to the best advantage of the army and the country. Sir, £41 millions against our normal of £20 millions is, however, a great burden on Indian revenue. Out of the £41 millions, £8½ millions represent India's additional war contribution undertaken by this Council in September last. Thus the actual increase comes up to about £12 millions. And this is, indeed, a substantial increase for a poor country like India—a vast peasant Empire where comparative prosperity depends on the caprice of the clouds and famines recur with the periodicity of climatic changes. I take this opportunity of mentioning that in view of the Mesopotamia Commission Report our whole military system requires careful re-consideration. We have now reaped the harvest, the seeds of which were scattered in agony and tears, and the time has come when careful attention should be bestowed upon the findings of the Commission which could not be considered at a time when the responsibilities of the war absorbed all our energies, and we all supported the Premier when he deprecated their discussion and said ‘Get on with the war.’ I must say that while the country will not grudge legitimate expenditure on the army, that expenditure should be commensurate with its fiscal capacity.

“There has also been a substantial increase of expenditure in the Civil Department. A provision of £24 millions has been made against an average of £18 millions. I confess that I fail to see where the economy comes in. In the concluding paragraph of his Statement the Hon'ble the Finance Member has emphasised the necessity of exercising rigid economy. This certainly is a consummation devoutly to be wished. And I would like to know how the Hon'ble the Finance Member proposes to translate his wishes into action. My own conviction is that the mere issuing of circular letters will not be of much use.

“Sir James Meston has given us a frank and graphic account of our currency position. He has referred to the hoarding habit of the people. Sir, old superstitions die hard and no wonder the superstition about the hoarding of silver by poor people still flourishes in official circles. But the sooner our Finance Members get rid of the incubus of the mythical millions buried underground, the better for us. I hope to be pardoned when I say that from my experience I can assure my Hon'ble friend that the hoarding habit no longer exists. People now try to invest their savings, however small, to secure a return; and the success of the Cash Certificates is an indication of the eagerness with which people seek outlets for investment.

“Sir, in conclusion, I thank the Hon'ble the Finance Member for the relief that he has given to 237,000 assesseees out of a total number of 381,000 assessed to the income-tax. The amount sacrificed is such as the Government of India can well afford to sport with, but at a time when prices have gone up and scarcity has cast a gloom over the country, the relief afforded will be much appreciated by the middle classes who have suffered most by the abnormal rise of prices. Moreover, the relief afforded is well deserved; for, no class of assesseees is more harassed than that on the lowest rung of the ladder of assessment.”

The Hon'ble Maharaja Sir Manindra Chandra Nandi:—

“Sir, the first Financial Statement of Sir James Meston is at once a great surprise and a riddle. I quite realise that Finance Members have not the opportunities of writing on a clean slate, and they are generally not the masters of the circumstances through which the fortunes of a country pass in years of crisis. Sir James Meston, in the Statement which he presented to this Council last

week, has had to deal neither with *ante-bellum* nor *post-bellum* conditions of things, nor is it quite a war or a peace Budget either. Naturally he has to deal with very large military commitments, and faces all the legacies of a long and arduous war in a heroic spirit. While he is not afraid to raise money in both hands, he does not seem to be very nervous in spending it generously either. While he preaches throughout his Narrative the wisdom of the gospel of retrenchment and economy, he seems to cast this doctrine very often to the winds and go in boldly for daring expenditure. As a result of this state of financial mind, he takes the fundamental principle of economics upside down and, unlike ordinary human calculations, he does not cut his coat according to the cloth he has, but examines the needs of the spending departments of the Government in order to arrive at a total revenue which will be necessary to provide for them. This appears to me to be a novel economic dogma and an unwise fiscal theory.

"I hope I will not be misunderstood when I criticise Sir James Meston's first Budget as a great financial surprise. I find him remitting taxation on the one hand, while raising revenue of the State by a fresh taxation on the other. Yet he fails to take courage in both hands to raise our revenue from opium, lest our respect for conventions may be misinterpreted by well-meaning humanitarians and philanthropists in other parts of the world. It may not be generally known that, while we have sacrificed a huge revenue for a mere mawkish sentimentality, China is not at all feeling abashed to cultivate poppy in her own soil and offer numerous temptations to her people to smoke and drink opium. I am sorry Sir James' courage has failed in a singular way to tackle this opium question adequately. With no other additional sources of revenue in hand, I do not blame Sir James for imposing a tax on excess profits. When you have got to raise your revenue by taxation, it is well that the burden should fall on the capable shoulders of the well-to-do rather than on the broken back of the never-do-wells. I take this opportunity, however, of congratulating Sir James for the only fiscal concession which has been granted to the people of this country in his first Budget. In view of the present high range of prices of all necessaries of life, it is a great satisfaction to note that no fewer than 2 lakhs and 37 thousand Indians, belonging to the middle classes, will no longer be caught in the meshes of our income-tax levy. It would mean a great relief to these people. On the revenue side of our finance, Sir, I have no other criticism to make.

"I now pass on to the expenditure side of the Budget, and I sympathise with Sir James for his having to meet the legacies of a great war. I have no quarrel with Sir James for his heavy military disbursements, but it strikes me as something very wrong that a country which has no more than £123,190,800 as its total revenue should be asked to spend £41,195,000, or nearly a third of it, on her military services alone. It is a great pity that a poor country like India should be saddled with England's war expenses in Mesopotamia and East Africa, but I suppose we had no alternative. I only hope that, when the world enters into a new era of peace, our normal military requirements will figure as only a minor item in the Budget, and that our State finance shall not again be allowed to 'be outpaced by the imperative demands of military efficiency.'

"Speaking of military expenditure, I beg to avail myself of this opportunity to ask for more commissions in His Majesty's army for qualified Indians and greater facilities for our people to get admission into it. I hope the time will soon come when it will be possible to pay our soldiers a higher scale of pay and give them more decent accommodation and barracks to live in and when citizen armies will be trained to do garrison work in times of need and emergency.

"I do not also intend to join issue with Sir James for his daringly optimistic railway programme. I am not the man to jibe at railway expenditure, for I realise what a great asset our railways are to the State, or how necessary they are for the distribution of the agricultural produces of the country. The railways appear to me to be the only item of our public expenditure which benefit both the State and the people equally well. So I do not grudge Sir James spending more than £17½ millions upon capital outlay on railways alone for the next year. I pray, Sir, you will allow me leave to express the

hope in this connection that our railways should be nationalised as early as possible, the main lines should be put under State management immediately, and most of the materials required for them should be manufactured in India so far as possible.

“While I recognise and appreciate Sir James Meston’s effort to make a courageous outlay on one of the essentials of modern progress, I regret he does not take a very bold step or initiate a courageous policy for the proper development ‘of our national intelligence and earning power.’ Sir James, unfortunately for us, contents himself by expressing the pious hope that in near future ‘we shall have to launch into very heavy expenditure for the education and well-being of the people, without which our political progress would be largely nugatory.’ How we wish that Sir James had budgetted for a courageous outlay on our education, sanitation and industries, without the proper development of which we shall never be able to stand or get on as a nation. British rule in India would have been greatly justified to-day before the eyes of the world if, after so many decades, the percentage of literacy in this country could have been shown at a higher figure than 50 per cent. instead of less than 10 per cent. that obtains at the present moment. Our developments in industrial and sanitary conditions have been equally disappointing, and very badly need looking after. While Sir James stints money for education, sanitation and industries, he gives away 2 million pounds to the British troops as war bonus. This attitude of Sir James is a riddle which perplexes me very much.

“Sir, I will mention one other point before I come to my conclusion. Sir James is an optimist financier and believes ‘in the accumulation of unusual reserves of rural wealth,’ and thinks that ‘there is much diffused prosperity in the country which even high prices and local scarcity cannot seriously impair.’ Sir James, I am afraid, has very little knowledge of the real condition of our people, and how hard they have been hit by the persistently high range of prices of all the necessities of life that have obtained in this country since nearly a year. The condition of a people, amongst 30 crores of which about 2 lakhs and 27 thousand only are able to invest small sums in State loans, at even 5½ per cent. of interest, and amongst which also 3 lakhs and 81 thousand men only earn more than Rs. 1,000 a year, and whose average annual income does not exceed Rs. 30 a year per head, must be considered very low and must be a special anxiety of the Government. For such a people to be hard hit by high prices opens up a vista of sorrow and suffering, miseries and privations, which no language can sufficiently describe. If it is a fact that these high prices have been forced up by general world-factors and by the inflation of our paper currency, it is high time for the Government to look into the whole question with great care and consideration. I find in the Budget itself several statements made by Sir James himself regarding this unwelcome inflation, though we are assured it has not been allowed to go ‘beyond the sheer necessities of the time.’ The ‘sheer necessities of the time’ require a very satisfactory explanation, when we find that, while our paper currency stood on the 31st of March 1915 at 55½ crores, to-day it is about 150 crores. I know that every belligerent country in the world has had to finance itself in some measure by an abnormal recourse to the inflation of paper currency, or, as Sir James puts it, to the printing-press, but I am afraid the conditions of India do not go on all fours with those of the other countries of the world. Sir James himself admits that expanded currency, particularly credit, which takes the form of paper money, has a tendency to send up prices of things high. If that be so, and distinguished economists in different parts of the world maintain that it is so, then the Government must move at once to set matters right. A denunciation of India’s ‘sterile hoard of precious metals’ and of ‘the unassuaged thirst of her people for metallic currency’—which has been responsible for the addition of nearly 120 crores of rupees to our currency during the last four years,—may indicate the nature of the sore but is no remedy by itself. Sir, I appeal to Government to give this matter their most anxious consideration, for high prices of all necessities of life mean a lot of suffering and trouble to a people so poor as we have in this country. Sir, I do not care to repeat here the truism that a discontented and a hungry people stands as a great danger and menace to the peace and prosperity of a State.”

The Hon'ble Mr. Surendra Nath Banerjea:—“Sir, before I address myself to the substance of the Budget, may I be permitted to offer my congratulations to the Hon'ble the Finance Minister on the form and the manner of his presentment. Sir, owing, it may be, to a constitutional infirmity, or speaking as a Hindu, owing perhaps to my sins of omission and commission in a former birth, the figures, the dry-as-dust figures of a Financial Statement, have a profoundly soporific effect on my nerves; they are apt to put me to sleep. But, Sir, on Saturday last as I listened to the speech of my Hon'ble friend the Finance Minister, my interest was roused, my attention was rivetted, my soporific tendencies for the moment disappeared, and when his speech was over I was filled with admiration for the clearness, the force and the skillfulness of his presentment.

“Sir, various criticisms have appeared in the newspapers regarding the Budget statement, and we have had a repetition of those criticisms in this Council Chamber to-day. One newspaper commenting upon the Budget says that in one sense it is a peoples' Budget. Another newspaper belonging to a different school of thought observes that it is ominous; a third says that it is disappointing. In the midst of this conflicting guidance, the situation becomes somewhat puzzling. If our guides sing in these divergent and contradictory tunes what should we do? It seems to me, Sir, that our duty is plain. We should be a law unto ourselves, and I take it, Sir, that it is the high and exalted function of this Legislative Assembly—it will be one by and by—to give the lead to public opinion and to determine its attitude. For a Finance Minister at a time of stress and strain to remove taxation yielding an annual revenue of Rs. 75 lakhs, because it presses hard upon a poor section of the community is a financial achievement which is bound to appeal to the popular imagination and evoke popular gratitude. Sir, no financial reformer, not even the most ardent of his class, has ventured to make this suggestion on an occasion like this. The conception is the Government's own, and the Government has carried it out without the intervention of extraneous advocacy or extraneous pressure. Sir, we are here more or less critics of the Government, some of us very relentless critics, but I say that we should render unto Caesar the things that are Caesar's. Sir, to remove a tax of this kind and to impose another tax upon super-profits is evidence of the spirit of democracy leavening a bureaucratic administration on the eve of the introduction of responsible government. May this spirit grow and deepen, for nothing is more calculated to smooth the path for the introduction of representative institutions and to ensure their success than a broad-minded, sympathetic, democratic spirit like this. Sir, while there are those who have been making large profits as the result of this war, there is no class of the community which has been more hard hit than those in receipt of moderate and fixed salaries. Prices have gone up; their incomes have remained the same; their sufferings are great. To them the raising of the taxable minimum of the income-tax from Rs. 1,000 to Rs. 2,000 would be a welcome and grateful boon. And, Sir, this uprise in prices is a world-wide movement, and India cannot escape it. I take it, therefore, that the relief now given will be a permanent feature of our financial arrangements, and the fact that the Government of India, though confronted with enormous financial difficulties, should introduce this reform, is, to my mind, evidence of its firm determination to make this relief permanent, and that there will not be, as in the case of salt, a reversion to the old scale. For it is not expected that prices will go down to their former level when normal conditions have been restored. In the same spirit and in conformity with it, it is a small matter, but I feel bound to notice it, the Government has made a grant of a lakh and a quarter to the Bengal Government to increase the pay of the ministerial establishment. Sir, this was a question in which I took deep interest while I was a Member of the Bengal Legislative Council. I pleaded for these clerks in the ministerial establishment, and I am glad that I did not plead in vain, and I find that the process of amelioration is now proceeding apace. In this connection may I make an appeal to my Hon'ble friend the Finance Minister in regard to a memorial which has been addressed to the Government by the clerks of the Accounts Branch of the Postal and Telegraph offices praying for an increase of their salaries. It is a long-standing matter. Their grievance

has not been looked into ; it has certainly not been remedied, and I trust my Hon'ble friend will be good enough to pass early and sympathetic orders in regard to this matter.

“ Sir, I find it stated on page 10 of the Financial Statement that it has become necessary again in the interests of the poor to commence the manufacture and the distribution of cotton cloth. In reply to the question which I put and which has been answered to-day, the Hon'ble Sir Thomas Holland has admitted the fact that there has been a steady rise in the price of cloth. I suggested the remedy. The remedy has not at present, at any rate, been accepted. I do not know what the action of the Government would be in regard to this matter, but I do know as a public man intimately associated with public affairs that the tactics of the speculators have played a considerable part in raising the prices of the necessaries of life and of cotton cloth in particular. Sir, rice at the present moment in Delhi, good rice, is selling at Rs. 18 to Rs. 20 a maund, almost a fabulous price, a famine price. In Bengal, it is a little better. But in October last when the upward trend first began to manifest itself I interested myself in the question and found from my personal inquiries that the rise in the price was largely due to the holding back of stocks by interested persons who wanted to force up the prices. Speculation by traders is the gravest problem in the interest of the poor for the consideration of the Government. What the solution should be I do not know, it passes my comprehension, I am not an administrator, I am not a Statesman, but I do venture to submit with all the emphasis that I can command that it is a problem which in the interests of the poor the Government is bound to take in hand and find a solution, whatever it may be, and that as early as possible. The ungrateful personality of the speculator has thrust itself into far greater prominence than should have been allowed and has helped to raise prices. It seems to me that the Government must find a remedy for that.

“ Sir, let me now refer to the statement of the critic who says that the Budget is ominous. That critic belongs to a school of thought different from my own. He has not taken me into his confidence. I do not know what is at the back of his mind, but I suspect that what he means to suggest, what he intends to imply, is that the military expenditure is excessive. It is undoubtedly very large and it has to be justified. But, Sir, we must recognise that we have just emerged from a great war, that the situation is peculiar, that the conditions are abnormal. The safety of India, the safety of the Empire with which the prosperity of India is bound up, with which are linked the prospects of our future advancement, must always be the first and foremost consideration. No educated Indian will grudge the expenditure that may be necessary for this purpose. But every educated Indian, in view of the enormous expenditure that has to be incurred in connection with our domestic and industrial developments, will also insist that this expenditure should be reduced at the earliest possible opportunity. There is indeed a downward trend. The expenditure of this year has been reduced by £2 millions below that of last year; but it has been increased by £8 millions in consequence of the grants that were made in this Council. Be that as it may, we the representatives of the educated community, assembled round this table, we insist that in the re-adjustment of the financial burden in regard to military expenditure between England and India, the amplest justice should be done to the interests of India. That has not always been done, I am sorry to have to say. I invite the attention of Hon'ble Members to the minority report of the Welby Commission of 1897 signed by Mr. Dadabhoy Naraoji, Sir William Wedderburn and Mr. Caine. They distinctly point out that in many past transactions— I hope it is ancient history—in many past transactions the financial interests of India have been sacrificed by the dominant partner. Let me, however, gratefully acknowledge that the Government of India have always championed the interests of India and have pressed for financial justice to this country. I am sure the Government will follow its ancient and traditional policy and with even greater emphasis than before, in view of the claims of our people confirmed and consecrated by their blood and their treasure. My Hon'ble friend to my right referred to a bonus of £2,000,000 which has been granted to British troops. I should like to know something about the details. I do not wish to make any comments on that, unless I am in possession of the necessary information ; but, Sir, it will be in the

recollection of Hon'ble Members of this Council that at the Delhi Conference held in April last a unanimous resolution was adopted in favour of a substantial increase in the pay of Indian soldiers. Sir, the Indian soldiers have deserved well of their country and of the Empire. Their gallantry and devotion are beyond all praise. It is necessary in their interests, as well as in our own and in those of the Empire, to improve their status and increase their emoluments. If an addition is made to the pay of the Indian troops, I will undertake to say this on my own behalf, and I trust on behalf on my Hon'ble colleagues here, if an addition is made to the pay of the Indian troops and if it adds to the burden of our financial responsibility, we shall be glad to bear it in the interests of these poor men who made such large sacrifices and are prepared to make even heavier sacrifices for the sake of the Empire. I have spoken of an improvement in their emoluments. There ought to be also a raising of their status. My Hon'ble friend to my right has referred to the grant of King's Commissions to Indians, six of them to fighting men and six of them to non-belligerents. I am bound to say that the number is inadequate, inadequate in view of the claims of our vast population. I would earnestly appeal to His Excellency the Commander-in-Chief to add to the number, to raise the status of Indian soldiers, and thus spread contentment and satisfaction among our people.

"One of the *post-war* problems that is likely to engage attention is the replacing of the Territorials who are now employed in this country. The wisest course to follow would be that they should be replaced by Indian battalions. This would ease the financial situation, spread contentment, pave the way for the formation of a Territorial army in India. The war has taught us many lessons, not the least notable of which is that India should be self-reliant and self-contained. So far as our numerical strength is concerned, we are as multitudinous as the stars of heaven, as countless as the sands of the sea. Why not organise and equip us and thus England may bid defiance to any combination that may be formed against her? I have an appeal to make to His Excellency the Commander-in-Chief in this connection in favour of the Bengali battalion that has been raised. I hope that battalion will not be disbanded. I hope their number will not be reduced. It will cause very grave disappointment in Bengal. The experiment is one that ought to succeed under proper encouragement and proper safeguards. Sir, you talk of anarchy and revolution, and we have been dealing in this Council Chamber with those problems. Find employment for the adventurous youths of Bengal in suitable military positions, and you will have taken a long forward step towards creating an atmosphere which will be an antidote to revolutionary and anarchical movements. These young men are adventurous, they want to risk their lives and do something daring. Place them in the front rank of battle if you like, expose them to the enemy's guns, then their ambition and their spirit of adventure will be satisfied, and you will have provided an antidote against anarchical crimes.

"Sir, reference has been made to railway expenditure. £24 millions have been budgetted for. I do not grudge it, I do not want to minimise the importance of railway expansion, but there are other branches of public expenditure, 'essentials of progress' to quote the words of my Hon'ble friend the Finance Minister, which have been starved, in regard to which no suitable stimulus has been provided in this Budget. Take for instance education and sanitation. I have got some figures for comparison. Railway expenditure for 1919-20 is put at £17,700,000, which means a 300 per cent. increase over that of the previous year, education £4,884,000 for 1919-20 as against £3,973,000 for 1918-19. Sanitation £957,000 as against £688,000 for 1918-19. In truth expenditure on railways (£24 millions), including capital and revenue expenditure, has increased over the revised figures of 1918-19 by 300 per cent., while expenditure on education has increased by 22.9 per cent., and that on sanitation by about 39 per cent.

"Well, Sir, sanitation is the most vital of all our problems. People must live before they can travel by railways or profit by them. In Bengal, malarial fever counts its victims by lakhs every year. We have had this terrible scourge in our midst for over 60 years. They have had it in other

parts of the world; you have had it in England; they had it in Italy; they had it in Panama. Everywhere the problem has been solved; in India alone, I am sorry to have to say it, the problem remains unsolved. Am I to understand that British statesmanship—which, in the words of Lord Morley, has never been found wanting—is unable to cope with the situation? I do not and cannot accept this view. British statesmanship in this matter has not done justice to itself. British statesmanship in this matter has not roused itself to the gravity of the situation. It is wanting in that earnestness which is the essential condition of all statesmanship. You have provided 13 lakhs for next year for anti-malarial operations in Bengal. Of what avail would be 13 lakhs when crores are wanted? Then there is the plague which is always present with us, counting its victims by millions. Take again that terrible visitation of influenza which has exacted a toll of 5 millions of our population. Now, Sir, I want to put this question to the Hon'ble the Finance Minister—if ours was a national government—would this state of things have been allowed to continue for so long? You are moving, rapidly moving, if not in respect of your personnel, at any rate in respect of your ideals and aspirations, towards a national government. I invite my Hon'ble friend the Finance Minister to imagine for a moment that he was the Minister of a national government. Would he then hesitate to transfer a few millions from railways to this great Department upon which the health, the lives, the happiness and prosperity of millions of my countrymen so largely depend? I think not. Would he be jeopardising railway development if he were simply to transfer 2 or 3 millions from railways to this head? And after all the health of a people is their truest wealth, their most valuable asset, the indispensable equipment for industrial, political, social and all kinds of advancement.

“Next to sanitation, I place education as its ally and helpmeet. For the ends of national advancement, for the advent of that era to which we are all looking forward, officials and non-officials alike, education is the one indispensable condition. If you want that responsible government should succeed, that we should build up an educated electorate, that we should train our young men to be the future captains of our industries, that our masses should be penetrated with sound sanitary ideas, education again is the one indispensable condition. Next to the maintenance of law and order, education is the first and foremost consideration of Government. The preservation of the public peace, Sir, is only a means to an end, and the end is always greater than the means. And what is the end? It is the happiness, the contentment of the people; their growing efficiency; their increasing responsiveness to their civic duties. I appeal to the Government of India to apply themselves to this exalted function, by making adequate provision for education and sanitation. My suggestion would be: Take away 5 millions from railways, give 3 millions to education and 2 millions to sanitation. My Hon'ble friend the Finance Minister has urged—I quote his own words—a ‘courageous outlay on the essentials of progress’. Could there be two more fundamental essentials of progress than sanitation and education? I appeal to him to stand by his own programme, to redeem it, to educate our people, to spread broadcast the blessings of health and happiness. The village homes of India have been depopulated by the prevalence of insanitary conditions. It is the supreme duty of the Government to restore happiness and contentment, health and prosperity, to them. I am sure my Hon'ble friend will realise the gravity of his responsibilities, when to him is entrusted the task of saving the lives of millions of our people and educating them as they desire and deserve to be educated to the height of their civic duties.”

The Hon'ble Mr. Kamini Kumar Chanda:—“Sir, the Hon'ble Sir James Meston is entering on his new official career with the blessings of at least 2½ lakhs of people, men with that modest fixed incomes who will be relieved of the liability to income-tax—a relief which will be greatly appreciated in these hard times; and on their behalf I wish to offer my most cordial thanks to him. Sir, to a Hindu like me, this is a happy augury, and I sincerely hope and trust that he will be able to go further in the same direction and before laying down the reins of his high office will be able to take off that

obnoxious tax—the Salt Tax—which deprives the poor man of what is looked upon as a luxury but what is really a necessity of life.

“Leaving on one side this pleasant aspect of the Budget, I must express my sense of disappointment at the Budget as a whole. The outstanding feature of the Budget is, to my mind, the colossal growth of expenditure, Civil and Military; a huge provision for Railways, and an absence of any generous measure of amelioration for the millions tottering under the weight of their utter economic helplessness. Sir, this is the first Budget after the War, and regard being had to the fact that very acute distress is prevailing in all parts of the country, regard being had to the fact that during the War restrictions had been placed on expenditure on all projects for the promotion of social and national progress, one expected to find some proof of the practical application of the dictum laid down by the Hon'ble the Finance Minister ‘courageous outlay on the essentials of progress and a strict economy in all non-essentials.’ But what do we actually find? We find civil and military expenditure mounted up to an almost giddy height. We find an almost fabulous provision for railways; but nothing worth mention for subjects like education, sanitation and medical relief. I ought to say, Sir, that we desire railway expansion. It is absolutely necessary as an adjunct to an era of industrial activity which we need for the good of the country, and especially for the easy and speedy transport of foodstuffs. But, Sir, the pace of railway development must not be disproportionately high, it must bear some proportion to the capacity of the country to afford this programme. Sir, it will be said that these are repetitions of old complaints. Well they are so, but is it our fault that we have to repeat these complaints year after year? Why do you not remove the cause of our complaints? Take, for instance, the question of medical relief and sanitation.

“We heard the other day from the Hon'ble Sir C. Sankaran Nair and this statement is confirmed in the report on influenza which has just been published by the Sanitary Commissioner, Major Norman White. To quote his words ‘without exaggeration the toll levied in British India alone by influenza is no less than five millions, and fifty to eighty per cent. of the whole population have been affected by it.’ He says that ‘this total is more than half the mortality from plague within the twenty years’ that it has been our guest, and that fifty to eighty per cent. of the total population has been affected.’ He further says:—“In many countries the epidemic assumed proportions of a national calamity; this was certainly the case in India. From the incomplete information at present available, it would appear that no country suffered as severely as did India during the last quarter of 1918.’ Can anything be more appalling than this, Sir? What have you done to prepare the country, to arm the people better to meet epidemics and visitations like these in future? You have piled crores upon crores for civil and military expenditure and upon railway construction, but what have you done for health? It may be said, no doubt, quoting from the words of Major Norman White, that ‘had we possessed health and medical organisations comparable in efficiency to those of the most progressive States in the world, we should even then have been unable to effect anything appreciable to check the ravages of the disease.’ But he at the same time admits that our health organisation is absolutely inadequate and demands immediate expansion. What has been our experience during the epidemic? It was felt and realised everywhere that we could not get the smallest fraction of medical men required in the country. Speaking from my experience as chairman of one of the first class municipalities in Assam I say, Sir, that even in towns we could not get men with even moderate medical qualifications for the purpose of distributing medicines and reporting the progress of the disease although we offered tempting terms. How could it be otherwise? What is the position as regards the supply of medical men in the country? Take the case of Bengal, for instance, which has got the largest number of medical institutions, Government as well as private. In Bengal, the number of medical men with registrable qualifications is only some 3,000. What is this in a population of 45 millions? A mere drop in the ocean. Can this be at all a hopeful state of things? Where are the people in the rural areas, the poor people to go to when they require medical help? Who

can tell the number of men who died for want of medical assistance? Well, Sir, this is the condition of the whole country, not in Bengal only. I believe, Sir, in the whole of India there are only five medical colleges and 15 other medical institutions. Is this at all adequate? The number of seats in the colleges is limited. I know that in the Calcutta Medical College they cannot admit more than one-tenth of the applications for enrolment. There is no reason to believe that the state of things in other Provinces is much better. Well, something must be done to remedy this. I would ask you to take steps for multiplying the supply of medical men. It is not necessary that you should supply highly qualified graduates; men with modest qualifications will do for the rural areas. In this connection, I must regret that the unanimous resolution of this Council passed in 1916 which had the approval of the late Sir Pardey Lukis and Sir Reginald Craddock to establish medical institutions in the whole of the country, to teach medicine in the vernacular, to turn out a large number of practitioners for rural areas, has not been given effect to. I respectfully urge, Sir, that the decision of the Government should be reconsidered. If that resolution had been carried out, I am sure that during the late epidemic we would have had a much larger number of men to assist us in the rural areas. Sir, it is a matter for regret that not only is there no substantial allotment for sanitation and health, but health is not even mentioned as one of the subjects for expenditure on which Local Governments are now permitted to draw on their cash balances, presumably on the ground that expenditure on health is not reckoned as remunerative. Is it necessary to point out the fallacy of this assumption? It has long been exploded in England. I do hope, Sir, that something will be done for this. I would suggest that you make a big cut, a big slice from the huge railway budget and distribute it on sanitation and education and other projects like these. Then, Sir, I must say that I am disappointed to find that there is no mention of or provision for industrial development. No doubt, you are perusing the report of the Industrial Commission and considering it; but while you are perusing and pausing and pondering valuable time is passing. The war came and is as good as gone, but we are still standing where we were, passive lookers-on, not passive resisters, in our utter helplessness and realise our absolute dependence on others, while our markets are being captured by other people because we are not prepared. I would suggest, Sir, that there ought to be some provision for industries, cutting it either from railway or military expenditure. The other day we were encouraged by the message of hope and sympathy which His Excellency as Chancellor of the Calcutta University delivered to us at the last Convocation. He said 'we do not want mere Indian capital. We want men and not Indian men only, as labour, but as leaders who will turn their attention to industrial enterprises and equip themselves for a great industrial regeneration in India.' Let not the hope which was raised be deferred and deferred till the heart becomes sick.

"Then there is no reference, Sir, to the acute distress which I have already said is prevailing in almost all parts of the country. Famine and scarcity are localised, confined to specified parts of the country, and we are grateful for the provision made for famine expenditure. But what about the distress caused to a much larger population by oppressively high and ruinous prices for almost every commodity? We will be grateful, Sir, if some of the more ambitious projects be cut down and the money diverted to some measures for alleviating the misery of these people.

"Then coming to the military expenditure we provide for 41½ millions more than half the total revenue; deducting the special contribution of £8·7 millions, we find our ordinary expenditure is £32½ millions. There is an increase of 10 millions in four years, the expenditure in 1915-16 having been £22,261,353, and an increase of 13 millions over the Nicholson Committee's recommendations. Now this enormous sum of £32½ millions does not provide for any increase in the number of troops; the increase in expenditure is entirely due to increase of salaries and provision for equipment. I hope, Sir, that the Indian point of view will be realised, and that some portion of this increase will go to the Indian sepoy. It must be obvious that you cannot go on increasing military expenditure like this indefinitely without endangering the stability of the financial state of the country. In this connection, Sir, I would

like to quote from a minute of Lord Mayo speaking about the increase of military expenditure:—‘A single shilling taken from the people of India and spent unnecessarily on the Army is a crime against the people who need it for their moral and material development’. While on this point I must plead for some substantial increase in the number of commissions in the Army, and associate myself entirely with the remarks of the Hon’ble Mr. Banerjea and the Hon’ble Maharaja of Kasimbazar.

“Now, taking the expenditure of the civil departments, we find an increase of 10 millions in ten years and $3\frac{1}{2}$ millions in a single year, the great bulk of it being due to increase in salaries. It was £20,855,868 in 1917-18 and it jumps up to £24,336,400. Can the country possibly bear this? What has been the growth in Revenue? Why, we had to increase the salt tax, increase the income tax, introduce a super tax, increase the customs duties, introduce a motor spirit tax which coming as a war measure, is to be retained for fiscal purposes. Then we are to have another tax. Then take the Railway programme. We are allotting $17\frac{1}{2}$ millions for capital outlay in addition to $6\frac{1}{2}$ millions for renewals from current revenue. Lord Inchcape’s recommendation was for £12 $\frac{1}{2}$ millions annually. Now apart from the question of their relative importance as compared to other matters, protective irrigation for instance, there can surely be no question that regard being had to their character as a highly commercial success, there should be no objection to investment of money on railways. We desire expansion of railway construction, but you cannot indefinitely increase capital expenditure. Spend as much as you can borrow; use all your loan funds, but do not draw on any surplus from the current revenue. No doubt part of the surplus is due to income from railways, but even then you should not use the surplus from capital. That should be spent on non-recurring subjects like education and sanitation. My submission is to cut down the allotment for railways to the proceeds of the loan you intend raising. Lord Inchcape’s Committee recommended an expenditure of £12 $\frac{1}{2}$ millions. While I am on this point, I should like to plead for 3rd class passengers. I must remind the Council of the answer the Hon’ble Sir Robert Gillan gave me about a year ago that when rolling-stock was increased, provision would be made for preventing over-crowding in 3rd class carriages. I trust we shall hear no more of 3rd class passengers being packed in goods wagons. I am sure such a state of things would not be tolerated elsewhere. I read only a fortnight ago that a number of passengers on a certain line were packed in a goods wagon which could not even be cleansed, with the result that some straw which was left on the floor caught fire and a number of passengers were injured when jumping from the moving train when the wagon was ablaze. Such scandals ought to be put a stop to.

“Then I come to the building of new Delhi. I know it is crying in the wilderness, or shall I say among the tombs in the desert of Raisina. What is the urgency of the work that 45 lakhs must be found for it, ignoring pressing necessities. Sir James Meston speaks of the new official capital; this I interpret as the new ceremonial capital. What is the urgency of the matter, when people are dying and cannot provide meals for themselves: when women are committing suicide for inability to cover their nudity for want of clothes? I repeat what is the urgency; if this could wait for eight years it surely could wait for another year at least? It reminds one of Lord Lytton’s Durbar in 1877 when people were dying by lakhs for want of food during the Madras famine. I trust therefore that this item will be cut down.

“I have two submissions to make in connection with the Budget. We have seen how frightfully the expenditure is increasing. We see there is no further room for increasing the taxation; we must find money to carry on works of national importance requiring large sums of money and if we are not to commit national suicide. Our whole financial position will have to be looked into and systematically overhauled. This can only be done by an independent commission. I would urge that this matter receive consideration; it is more than 20 years since we had the last Commission which sat in 1897. I would submit this point for the consideration of Government. My second submission is this. At the present time we can only make general observations about the Budget because we do not know the details of the financial administration. Unless we are allowed better

access to these, unless we have opportunities of scrutinising the materials on which the Budget is based, our criticisms cannot possess the value which they might otherwise have. My submission is that it is desirable to let us have such opportunities and, if necessary, to form small committees of additional Members. I do not advocate the formation of glorified so-called Finance Committees of Provincial Councils. Many of us have experience of such committees, and I do not know if any one's experience justifies the belief that anybody was wiser because of our association with the officials in such committees. I trust the matter will receive consideration. Finally, I must appeal to the Hon'ble the Finance Member to help us in the matter of the Government College at Sylhet which is long overdue. In 1916, we had an assurance from the Chief Commissioner that if we gave a contribution of Rs. 18,000, the College would be put on a proper footing. We hope now that the war is over that money will be forthcoming and that the Government will give us the necessary funds to put the College on a sound financial footing."

The Hon'ble Mr. W. A. Ironside:—"Sir, I greatly regret that there has been so little opportunity and time at my disposal during the last few days to give the care and attention that the Hon'ble the Financial Member's statement merits, and I consequently feel some diffidence in rising at all at this stage to make any general criticism of the main features of the Budget. However, the opinions that have been expressed by some Hon'ble Members this morning on the railway programme proposals have filled me, I assure you Sir, with amazement; the whole tone is seemingly to cut down the efficiency of one department irrespective of the results to the community at large in order that some other departments may benefit. Now, if we are to have a reduction in efficiency,—for that is what it amounts to,—of one department like the Railways, the whole future of the country is endangered, and I look to the railway programme as a vital necessity and it must be maintained at any cost. Some speakers have appealed for a reduction of the Railway Budget for other necessary projects, such as sanitation, medical relief and matters of that sort. I can give the assurance of the commercial community that there is nothing we feel affects the future of this country to an equal extent, but this can only be effectively done by finding money in other directions. The proposals we have heard to-day prove that the financial future of this country is to be one of extreme difficulty in all directions. We have appeals for increased expenditure, increased salaries, always demands for expenditure in one form or another, but, apparently except for this reduction in the vital chord of the economic future of the country, we have not had one concrete suggestion for finding the wherewithal to meet the position. I think that some of my friends who have spoken recently can have but little idea of the necessities of railways in India; for four years they have been maintained with the greatest difficulty. 'Make good, carry on as best you can,' has been the rule.

"One has only to travel to see the state of the equipment; travel in the rains and the roofs of the carriages are leaking. Travel in the hot weather and the equipment as regards the electric fans is reduced by half. Everything is in a state, as one leading railway official put it to me the other day, 'my equipment is scarcely better than a scrap heap'; it is not fair to ask the railway administration to carry on, as it has been suggested, without the means of doing so with efficiency. Any lack of efficiency is immediately taken hold of and the Government is blamed for failure. Our friends cannot have their cake and eat it as well, and I can assure them that the lack of sufficient transport in India has been, in my opinion, and I know it is generally shared by anybody who has got any practical experience, the lack of sufficient transport has been the cause, to a large extent, of the lack of progress in industrial and economic matters. Now leave industries altogether, leave the European merchant alone. We can scarcely move in an ordinary year the average crop of the country; you have only to travel in an ordinary year, north, south, east or west, to see at the railway stations the hard-earned products of the soil lying rotting, waiting for transport which cannot be provided, and who are the people who suffer? Not the gentlemen who come here and appeal for Education and Sanitation, but the people who by the sweat of their

brow provide those products and are waiting and are prevented from getting their due return for them. If there is anything that I have to say on the subject of this railway programme, it is the disappointment that it has not gone far enough. We have to make up four years' lee-away. I have already mentioned the fact of the equipment. But to make good that lee-way, to make good every locomotive and every piece of railway line, the Government will have to pay three times as much as they did in pre-war years and on the basis of which Lord Inchcape's Committee recommended 12 million sterling annually. I have only last week, sitting on the Board of a Railway, seen quotations for locomotives, the increase in price was 250 per cent. Yet in face of this fact gentlemen of this Council stand up and ask for still further reductions. It does seem to me, that they are not studying the interests of the people for whom they speak.

“ But take another problem. You speak of the lack of industrial progress. I will give you one feature of it. Had we sufficient transport in Bihar and Orissa at the present moment, not from the fault of anybody except as a result of this war, we could employ thousands of people from the famine-stricken districts on very remunerative pay and get over a difficulty which is taxing the energies and wits of every Government official and everybody who has the welfare of the people at heart. I have only to suggest that the Hon'ble the Finance Member will in future bear this feature in mind. The railways cannot be starved. I do not think Sir James Meston will starve us simply in order to listen to clamour from other quarters. The transport of food-stuffs from one district to another has been during the past four years one of the most difficult problems that we have had to face, and it has taxed the energies and the brains of every man concerned. The money to be provided by the suggested loan is to be put to capital account, but the plant is going to cost three times, twice as much at any rate to be absolutely safe, twice as much as on the pre-war standard. The money, I presume, will be borrowed at $5\frac{1}{2}$ per cent. and to make it a paying proposition to Government, the railways have got to show twice that amount of profit or more.

“ Now speaking from the point of view of a commercial man, I think that we should have taken some of that capital in a year of stress out of revenue. I know I shall be accused of talking heresy to speak here of additional taxation, but one of my friends, I think, has described the Budget as ominous. It is ominous. We have now got to the length that we have got to face taxation and taxation has got to come, whether we like it or not, and every class of community must bear its share. The commercial community, I think, have borne their share, and now, I think, it is for other people to do something if we want progress. If we cut down the expenditure on railways to-day, you need not go any further with industrial progress, you need not give effect to any of the recommendations of the Industrial Commission, simply because the railways cannot carry beyond what they are already doing.”

The Hon'ble Mr. V. J. Patel :—“ Sir, the Financial Statement as presented by the Finance Minister is, in my respectful opinion, nothing if it is not unsatisfactory. I say so with all the sense of responsibility of an Additional Member of this Council. I look at the Budget from the tax-payer's point of view, and what is that point of view? The tax-payer expects that a substantial if not a greater portion of the money that he pays should go towards the amelioration of his condition. Now consider for a moment what the pressing problems of this country are? Any one who goes about the country knows what they are. It requires no proof. The extreme poverty is one, the proverbial illiteracy is another, and the fearful mortality is the third. Now I put it to this Council to consider whether adequate provision has been made in the Budget to meet any of these pressing problems. We have the estimated revenue of £123 millions. In order to break illiteracy you should find some decent provision under the head of Education. In order to check poverty you would expect some adequate provision under the heads of Agriculture and Industry, for, in my opinion, without industrial development the

poverty of the country will not vanish. And, thirdly, the high mortality could to some extent be remedied by appropriate provision under the heads of Sanitation and Medical. Now looking to the figures, Sir, you will find that out of this £123 millions, a provision of £4,884,900 is made for Education. Under the head of Medical you find a provision of £1,338,100. Under the head Sanitation £957,200, while under the head of Agriculture you have £101,600, and on Scientific and Miscellaneous, including Industrial, I understand, it is £665,700. All told it amounts to a magnificent provision of something over £8 millions out of £123 millions of the estimated revenue of this country. Now, is that an adequate provision, an appropriate provision, for meeting the pressing problems of the day? I say it certainly is not, while the rest of the revenue is distributed on military, railway, interest, posts and telegraphs, mint and the like. The main features of the Budget to my mind are, firstly, that the military expenditure has mounted up to double the pre-war figure. Now, with regard to this particular point, I may mention, as my Hon'ble friend Mr. Chanda remarked, that in 1914 or 1915 the provision on this head was £22 millions, and I find from the proceedings of the Council that my late Hon'ble friend Mr. Gokhale complained bitterly against a provision of even £14 or £16 millions under the head of Military. So practically one-third of the total revenue of India is budgetted for on account of the military expenditure of this country. Then the second important feature in the Budget is that no additional grants worth the name are sanctioned for Education and Sanitation. The third is that the outlay on Irrigation has been curtailed by £100,000. And the fourth is that railways, as has been remarked by so many Hon'ble Members, have come in for special favour, the allotment for capital outlay only being £17 millions and something more. This provision exceeds, in my humble opinion, the wildest dreams of the railway magnates themselves. The fifth is that to adjust the balance, it is proposed to raise a loan of 15 millions—not for the purpose of sanitation, not for the purpose of agriculture, not for the purpose of medical relief—but, as I put it, to adjust the balance. The last important feature is the absence of any provision whatsoever to carry out the recommendations of the Industrial Commission.

“The only favourable feature of the Budget is the concession in regard to a certain class of income-tax payers. Barring that, the Budget, in my opinion, is as a whole highly disappointing. But before I close my observations, I should like to ask the Hon'ble the Finance Minister to give a word of explanation on two points. One is that a resolution in September last for a further contribution toward the war expenditure was passed, subject to the sanction of the two Houses of Parliament. During the debate on the Excess Profits Bill or in the Narrative presented by the Hon'ble the Finance Minister, we find not a word to suggest that that sanction has been obtained or not. One cannot be sure in these days of that sanction—particularly in view of numerous protests against the resolution of this Council in favour of any further contribution—so I should like to have a word of explanation on that. And, secondly, I have been reading recently in the newspapers that the Secretary of State has been pleased to sanction further increase in the emoluments of the Medical Service and, I believe, some other service—the Indian Police Service. Now I should like to know whether the provision that has been made under the head ‘Medical’ and under the head ‘Police’ includes provision for these increased salaries or not. I find nothing in the whole Narrative to show that the sanctioned increase has been provided for. If it has not been provided for, I should like to know whether it is proposed to do so and, if so, whether the Members of this Council would be given an opportunity to express their opinion on the proposals.

“With these few words I resume my seat.”

The Hon'ble Rao Bahadur B. N. Sarma:—“Sir, this is the first time we meet after the conclusion of the war, and I may be permitted at the outset to congratulate His Majesty's Government and the Government of India on the happy and gloriously victorious termination of the war, and our cordial thanks are due to the Civil and Military officers of the Government

of India, and to the Indian troops in particular, who have borne the heat of the day and have been successful in bringing credit to their country.

“ I think it would be wrong to be hypercritical with a Budget framed under semi-war conditions, and it must be duly acknowledged that our new Finance Member has had a very hard task; he must have had a particularly hard task in inducing His Excellency the Commander-in-Chief to agree to a reasonable scale of military expenditure. But, however, that may be, our thanks are due to him for the courage with which he has given relief to the middle class tax-payer by raising the minimum of income-tax. We have also reason to congratulate him upon provision being made for ascertaining the water-power resources of the country and for the sugar bureau which has been started. It augurs well for the industrial development of the country.

“ I am one of those who believe in a very rapid railway expansion of the country, and in expansion being necessary to open up vast tracts of country which at present are absolutely untilled, uncultivated, and are waiting for the hand of man. I, therefore, congratulate the Hon'ble Member upon the foreshadowing of a large expansion of railway activity; but I deeply regret that side by side with this rapid development of railway activity, the Government of India has not been able to find money for irrigational expansion. It is absolutely necessary that we should have more food, that we should have more staples of commerce, if our railways are to be useful; and I hope, therefore, that equal attention will be paid to irrigation. A good deal of criticism has been levelled at the railway provision in the Budget, and I myself have given notice of a Resolution that the expenditure should be reduced by 5 millions. I hope to be able to meet that position to-morrow when that Resolution comes on; but having regard to the remarks which have fallen from the Hon'ble Mr. Ironside, I feel it absolutely necessary to deal with its main outlines at the outset.

“ Sir, after due allowance is made for the desire of the Government of India to make up the arrears of the last few years, it cannot but be regretted that they have paid undue attention to this sphere of activity. What are the facts? We find that the total amount of money spent so far upon rolling-stock has been, up till now, about 61 crores, excluding, I think, minor railways and the Bengal-Nagpur Railway, for which I have not been able to find figures. What do we ask for now? About 17 crores is proposed to be spent this year on rolling-stock alone, or about 25 per cent. increase in one year. Having regard to the total amount spent upon this one branch of railway activity since the beginning of the railway system, I would ask is there any necessity for it? I hope to receive an answer to that question. I know that some railway systems have been cruelly starved, including the Madras and Southern Mahratta Railway system, which had only 97 lakhs to show against 61 crores, and we feel the effects thereof every day. But all the same when we are speaking of all India, it is necessary for the Government to show why they want so much as 26 crores *plus* 9 crores shown under working expenses, but which is really capital expenditure; that is, our real Budget would be about 36 crores of rupees. Now, let us see if there is any justification for this? It has been said there is an enormous expansion of railway traffic., True, but under abnormal circumstances. I find—I hope I shall be corrected if my figures are wrong—I find on turning to the statistics of 1917-18 that the total carriage of goods on all railways in 1913-14 was only 82,662,000 as against 85,766,000—that is, there has been an expansion of about 3 per cent., while the principal commodities were nearly the same about 67.4 million tons. I find where the difficulty comes in; the difficulty is that whereas in 1913-14 the average length which a ton of goods went was 185 miles, on account of war contingencies the same ton of goods had to be carried 245 miles and hence all our trouble. Therefore the reform should be in the direction of pooling the resources, if possible, and trying to reduce by means of expansion of the shipping traffic if necessary the need for carrying goods over such an enormous length. Again, I submit that the total train mileage which was 156,276,000 miles in 1913-14 was only 157,036,000 miles last year and that there has been really no growth in the total mileage that has been run by these railways. I have not taken the Government railways separately. If these facts are in the main correct, it would seem that there does not seem

to be such a vast necessity for improvement in that direction, but for a reorganisation if necessary. But I think as a layman most of these inferences may be wrong, and I therefore make these statements with due timidity, and I hope that there may be an explanation given in respect of these matters.

“Again, Sir, what does the Railway department propose to do? They propose to clear the arrears of four years virtually. In 1913-14 and 1914-15, there used to be an expenditure of about 14 crores or £10 millions roughly each year; that is, 60 crores would have been the proper item in four years; we spent only 25 crores, therefore 35 crores have to be made up and it is proposed to make it up this year by 20 crores treating the current expenditure as 15. I respectfully ask as to whether it is not a very ambitious programme, especially having regard to the fact that we are in very unsettled trade conditions and we shall purchase possibly for a rupee one-third of what might have been purchased prior to the war. Therefore, I think, it is false economy in a year of high prices and unsettled trade to embark upon such enormous railway expenditure. May I also respectfully put another question, whether the Government of India might not have foreseen this expenditure? We know that waggons are being built in India. What steps have been taken during the last four years to foresee the enormous expansion that would be necessary to meet India's needs after the war in the way of the development of our existing waggon building resources? I would like to have an answer to that question because it is being said, and unless justified, I think, rightly, that the Government of India wish to meet the trade difficulties in England in putting such large orders, whereas an expansion of irrigation activity would not help the trade. I have read that in current literature. This sort of criticism is being levelled; I think it is unjust criticism and that the Government of India would be able to answer that criticism.

“Well, Sir, to pass from railways, this Budget may be characterised as being an orthodox army-railway-service Budget. I will first deal with the revenue head before I go to the expenditure side. I gave notice last year and the year before and this year of a Resolution to raise the duty on beer. It is 4a. 6p. a gallon in India, whereas it ranges from 7a. 6p. to Rs. 2 4a. in England, £1 5s. to £5 per 36 gallons I think. If, therefore, we increase our customs duty on beer we can expect an increase of revenue of about 30 lakhs, and I hope, therefore, that the Government will, unless there are very grave reasons to the contrary, see their way to bring this customs duty into line with what obtains in the United Kingdom. It may be that it is feared that the soldier would be hit hard, but we must remember that the soldiers' emoluments and the officers' emoluments have been enormously increased and brought into line with what they are in the United Kingdom, and I therefore see no reason for any objection being validly raised on that account in the future.

“Then the other item is with regard to opium. I received a telegram as I was coming that the Government of India has been unnecessarily sacrificing revenue. It may be that the telegram is an idle one and that there is absolutely nothing in it. It says that the price of opium in China is several times—fifteen times, though this may be a gross exaggeration—of what it obtains in India. If so, I hope that the Government of India will try to secure a better opium revenue, and estimate it at a higher figure than what is to be found in the Budget.....

The Hon'ble Sir James Meston :—“Will the Hon'ble Member kindly tell me the name of the sender of that message?”

The Hon'ble Rao Bahadur B. N. Sarma :—“‘Limping Khaki’. I am sure the Hon'ble the Finance Member would be only too careful to indulge in any unnecessary sacrifice of revenue, but in order to reassure the public that everything is being done I have ventured to make this statement. Of course, Government have entered into a contract for future deliveries and there may be no possibility of extracting a larger revenue under that head.

“Coming to Customs, may I make a remark. Possibly there may be an explanation. The estimates foreshadow the prohibition of silver imports and

also perhaps of gold. I think these artificial restrictions and limitations will still further complicate the currency problem, are opposed to Indian interests and I hope they will be removed.

“The few observations that I have to make with regard to expenditure would be that, with regard to the Army, we may have a clearer statement in future as to the various heads under which there has been increase which a layman can understand. I find that under the head ‘Miscellaneous’ in 1913-14 we had only 28 lakhs; it went up to 33 crores last year and it is 21 crores this year. It is a sink into which anything can be dropped without anybody observing it, and I hope that in future the details of the miscellaneous expenditure will be explained and that they would be arranged under some other head. It seems to me, Sir, that we should as soon as possible revert to a normal rate of expenditure, and if the League of Nations is to be worth the scrap of paper on which it may be written, we hope to see large reductions in the military expenditure. I see that my optimism in the matter is to a certain extent justified inasmuch as Mr. Winston Churchill hopes that the decisions of the League of Nations will enable the reduction of the British garrison in India. We find that with a diluted currency in Europe very large salaries and emoluments have to be paid to the Britisher; we cannot hope to get the article cheaper; and when that is so, I think it is our imperative duty having regard to Indian poverty to reduce the British garrison and improve the status, pay and position of the Indian soldier and the Indian officer. On this point I may be permitted to refer to just one observation of the Hon’ble the Finance Member that we should remember that we do not make any very large contribution to the Navy. May I say, Sir, that so long as we are merely exporters of raw produce and importers of manufactured goods and our goods are carried in foreign vessels, there is no meaning in saying that our commerce is protected by the navy. Goods are brought to our shores by people who wish to sell them, and I do hope that there would not be any talk of the navy protecting our commerce so far as this aspect of the question is concerned and indirectly raising the military expenditure and military demands on the Indian Empire.

“I may also add that the loyalty of India during a period of great crisis shows that there is not the slightest need for panic and that the Government of India can carry on the administration with a very small British garrison and that peace can be kept. In these circumstances, the burden of carrying on an eastern Empire should not be placed indirectly on India. The Hon’ble the Finance Member has treated this as a transitional year and avoids the obligations of both the old and the reform régimes. Under the old or the existing régime care was taken to limit military expenditure at least within the limits of land revenue and to provide even to some limited extent out of the Imperial share for education and sanitation and such other objects. Under the new reform proposals approved by everybody the provincial revenue would have been improved by 201 lakhs *plus* 164 lakhs, or 375 lakhs in all. The normal growth in land revenue and court-fees, judicial and excise, together with 201 lakhs *minus* income-tax would have brought about the result. That surplus is now absorbed in Imperial expenditure. The true Imperial surplus has been ignored, it would be nearly 1·3 millions under the reform proposals, even with the present large military expenditure. We hope that the expenditure will not be larger than £25 millions, and that several millions would be available under the true Imperial head for productive expenditure. This year I find that 180 lakhs have been taken for demobilization charges and 120 railway capital expenditure met from revenue. This will work out that more than 10 crores railway expenditure are being met from revenue. I am not criticising that as bad policy in a year of semi-war activity, but I think this should be borne in mind. My remarks are made with a view to a proper distribution of burdens as between the Imperial and Provincial Exchequers.

“The provision for unconsidered, unapproved heads under the head of unforeseen contingencies sins against the true canons of correct budgetting, *e.g.*, in military expenditure and otherwise, such items have been provided for. This prevents the need for future consultation let alone approval; supplementary budget provision should be resorted to if necessary; such contingent

provision is unnecessary with the introduction of the treasury bill and currency credit manufacturing systems. The treasury bill system is liable to grave abuse unless immediate legislative control is provided for. The omission to provide for the Sinking Fund with the £100 millions contribution for which special provision was made in taxation Acts is a grave departure from correct methods, whatever may have been the need for such omission; the omission violates the spirit of legal enactments imposing taxation. I realise that it is not usual to earmark revenue. The centre of Indian finance must be Delhi, future obligations should be discharged only here even assuming the possibility of friction and inconvenience in the initial stages; stores and supplies should be deliverable and payable here. The trade returns testify to the large excess of exports over imports; the growth and volume of imports can be regulated as has been done in the interests of the nation, as has been done by all nations, and there is no need for the location of the gold standard reserve in London. Its extent should be inquired into; the reserves must fructify Indian trade and meet Indian commercial monetary needs. Silver needed for currency should be purchased in India. The silver currency coined during the last few years amounting to 120 crores, is costing the people $6\frac{3}{4}$ crores at $5\frac{1}{2}$ per cent. and economy could easily have furnished supplies for education and sanitation. We are moving further away from the gold currency and possibly a gold standard, and we shall have to adopt the recommendation of the British Currency Commission. Silver tokens should be legal currency only up to a certain limit; at any rate the problem should be considered with a view to meet Indian susceptibilities and prejudices. We have expanded the currency based on British credit, the problem of expanding Indian credit based on India's resources must be thought out. Just as Railways were built with borrowed resources, so should the schemes of sanitation and education be financed if necessary. The loss of 2 per cent. of the population owing to influenza means when capitalized at the low figure of Rs. 60 per head per annum the loss of 600 crores. Land, opium, salt, forests, water, railways have been nationalised, so should marine and aerial shipping. I strongly plead for the nationalisation of Indian shipping, because there seems to be no other chance of getting Indian shipping. It is a sad commentary on our existing system of government that the growth of shipping in all countries except our own should be regarded with equanimity. The Budget should have provided for State insurance of Indian shipping. This is the duty of Government.....

The Hon'ble the Vice-President:—"I must remind the Hon'ble Member that he has spoken for 25 minutes already."

The Hon'ble Rao Bahadur B. N. Sarma:—"I shall conclude in two minutes. The passage in paragraph 8 of the Narrative foreshadows a policy of Imperial preference. India should be recognised as a separate nation in the same sense as the self-governing dominions are among the League of Nations, and should have similar fiscal freedom of action. The consequences would otherwise be disastrous. The London Chamber's recommendations of revenue duties up to 20 per cent. at least should be clearly recognised. Imperial preference would mean costlier imports and less money for exports. That would be the real meaning of that. I hope that will be realised and that India's battle will be fought out before the League of Nations and before the British Cabinet. I hope the same delicacy will be observed by other countries with regard to Indian industrial development. Our industrial condition has never been good and it is woefully backward.

"I have only one word to plead for Madras. We find that wheat and rice are selling in parts of Madras much dearer than in England. I had to buy wheat at 3 lbs. per rupee whereas in England it is cheaper according to the statistics that have been furnished to me. I hope, therefore, the Food Controller, if he is still to be retained, and the Railway Department will see that we get at least enough to eat. I know personally that in some places rice is not to be had and has to be doled out in very small quantities even when the money is forthcoming. This is a very serious matter. The Madras Government's proposals with regard to famine conditions and the Government of India's proposals in the Budget

seem to ignore it altogether, and it is my duty to warn Government against the grave crisis impending in Madras. I have not recommended any reduction of taxation, simply because I hope that the extra resources would be utilised in meeting the educational and sanitary needs of the country. The Budget demonstrates, Sir, the imperative need for larger imagination in the statesmanship employed in the Government of India. The recognition that the machinery has become inefficient, is unfitted for future needs that the margin of efficiency is too narrow to carry the burden of coming years is necessary for progress.....

The Hon'ble the Vice-President :—" I must remind the Hon'ble Member that he has greatly exceeded the two minutes he asked for."

The Hon'ble Rao Bahadur B. N. Sarma :—" I pray, therefore, for greater co-operation between the Government and the people in order that we may carry the common burden upon our shoulders with greater ease and freedom."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—" Sir, I submit that my speech may be taken as read."

The Hon'ble the Vice-President :—" Mr. Ayyangar's speech may be taken as read."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—" My Lord, the first noticeable item of the Budget is the excess profits tax. During 1917 we were assured that the 100 millions would be the ultimate contribution from India. We believed it. Then we were told our frontiers were in danger and only if the war continued, the Government would require another 45 millions. We believed it. Another assurance was that if famine conditions prevailed there would be no contribution. This also we believed. The war has ceased, famine conditions exist all through the country, there comes now the excess profits tax. It is not a war profits tax, peace having come; and retrospective taxation would be against all established principles. The industries utilised by the Government for supplying the materials of war have, it would appear, an undeniable claim on the support of Government, and should be generously encouraged at least to ensure future co-operation if not to repay obligation. If these industries are relieved of their legitimate gains now, as proposed under the excess profits tax scheme, future co-operation may be gravely endangered, whereas the abandonment of this objectionable feature is sure to lead to the most desirable results. What a soldier did to win the war by his physical work the industries have done in other ways. There should be no invidious distinction between those who co-operated with the Government in winning the war. As it is, it appears, that you give with one hand and that you take away with the other. The industries and the upper classes have been subjected to progressive income-tax, the super-tax, the imposition of railway surcharge, an all-round import duty and special export duties as on tea, jute, etc., and the imposition of controlled rates. Would the Government care to share the loss, if it proposes to share the profits to sustain the principle of quasi-partnership? The very people who are proposed to be taxed also lost very heavily this year, and to ask the losers to pay the excess profits duty from what they earned once appears to be very cruel indeed. Unless their plants are seized the collection of excess profits tax would hardly be accomplished. The last Industrial Conference held during the Congress week was guided by men of sound sense and sober views, and in their considered judgment this tax would be a death-blow to the native industries. Will the Railway companies be taxed since they have profited much and expended little? They have earned a good deal owing to increased railway freights. Again, should not holders of war bonds be taxed, because instead of a $3\frac{1}{2}$ per cent. interest which they would have been getting ordinarily, they are getting nearly 6 per cent. and these are also exempted from income-tax? The principle of excess profits tax does not seem to be based on equity, but only on the idea of

taking money from where it is found. The Government, one fears, are unconsciously training the people in the present day Russian ways by their hostile attitude towards the wealthier classes of India. I have urged this point whenever the Government introduced such measures as the super-tax and the income-tax with proportional rates. I fear the Government are sowing the seeds of socialism all too unconsciously, and I shudder to think of the harvest we shall have to reap one day. Avoid the wind if one would rather not raise the whirlwind.

Railways.

“Then the only alternative for the Government to save the country from the excess profits tax will be to reduce expenditure on some of the extravagant items. In this respect, the item that appears prominently in the Budget is the heavy allotments to railways. This may be reduced by 3 millions for this year and 3 millions for the next year. I consider this item to be wholly extravagant, for the existing railway companies do not appear to be constituted in the interests of indigenous industries, and the Government has hardly shown a sympathetic attitude towards the newly started railway companies managed by Indians. I know of a case in Southern India where some enterprising people started a concern, collected funds, and purchased rolling-stock for the purpose of working a line which was ready for the object and for which the foreign company which had constructed it for the District Board could not find the necessary rolling-stock. The District Board sanctioned the working of it by the indigenous railway company, but when everything was ready, the Railway Board refused sanction. The Indian company had to suffer heavy loss thereby, though it has been promised that their claims will be considered after the war is over. They have to wait and see what treatment will be accorded to them at the hands of the Government now. In such cases Government should readily come to the help of the people who have funds ready at their disposal to work out branch lines, and during these days when war loans have to be pumped up at a pressure, the Government will be strengthening their hands also by taking in the funds so willingly contributed by these branch line promoters. In the small concern I have mentioned above too many precautions and safeguards were placed in the way, alleging that it was only for the benefit of the company that the working was not sanctioned. Had sanction been then accorded, we should have found now a line well managed by Indians, and it is highly probable that the enterprise would have encouraged further ventures in the direction of railway enterprise. Though the spirit of enterprise has been damped for the present, it is not too late to rectify matters and resuscitate the said company by sanctioning the working of the said line by them, thus providing a channel for their idle capital which can be utilised for this purpose of the State. Now it is generally believed that railways are extravagantly financed while irrigation works are strangled.

Irrigation.

“Important irrigation schemes do not receive the attention from the Government which they deserve. The one item of the irrigation project—particularly concerning my division—is the Cauvery reservoir project enumerated in paragraph 67 of the Narrative of the Hon’ble the Finance Member’s Financial Statement. He says that the project remained under the consideration of the Government of India. By that I take it that the scheme has gone out of the hands of the Government of India having been sanctioned. But it is a pity no allotment has been made. It is not only intended to store water for more cultivation, but they provide for the complete control of the present fluctuating supplies of the Cauvery Delta system. After the award in favour of the Mysore Government as regards the arbitration in the Kannambady project, this Metur project was urged as the most important and urgent item by the inhabitants in the Cauvery Delta: and no relief has yet come to them. Had the Government only cared for the improvement of irrigation, they would not have been faced with such an appalling distress as the present famine. Even if the rate of return by the outlay on irrigation be less than that of the railways, the enormous outturn on raw produce will immensely benefit the people.

Famines.

"It is very unfortunate that the country is now experiencing one of the severest famines. Even after passing away of 6 millions of men from influenza, it is strange that the country should not be able to sustain the surviving population. It is a wonder that it could not protect even the depleted population. The ravage of influenza was considered to be one of the most calamitous scourges, but now after the appearance of famines, that fell disease is perhaps to be considered a dispensation by some hand to limit the ravages of famines in India and abroad. Had some consideration and restraint been observed in the rash export of food-stuffs from India, the extent of devastation by the famines might have been limited. That the richest of agricultural countries should not be able to feed its own population is an irony of fate, a parallel to which would be hard to find. A slight delay in monsoon drives the people to death. And when is the Government going to save and protect the population by prohibiting the exports of food-stuffs when it is so much needed for the producers? And when is the Government going to change their existing policy in the matter of showing economy in extending the irrigation schemes? These famines do not testify to the good administration of India and honest handling of her resources.

Taxable minimum raised to two thousand.

"One innovation in this Budget is the remedying of the long-pressed-for reform by the vociferous section, that is raising of the taxable minimum from Rs. 1,000 to 2,000. Though this subject has been a plank in the platform of the Congress for a long time, it does not appeal to me as there are the poorer people whose relief should claim the attention of the Government before the urgings of the classes whom this measure seeks to relieve. To be sure one whose income *per month* is between 80 and 160 is by far richer than the agriculturists whose average income is not above Rs. 80 to 160 *a year*. Had the Government first sought to remit in this famine year the agricultural rental to the raiyats whose income is not even a 12th or a 20th of those income-tax-payers, I would have hastened to congratulate the Hon'ble the Finance Member on his Budget. This measure seems to be designed to relieve mostly the Government employés whose remuneration should have been otherwise increased had not this measure been passed. It is obvious that no relief is provided for the classes which richly deserve it, and one attempt is made to appeal to the imagination of a limited number of literate persons.

Salt.

"One of the ways that will really lighten the burden of all classes is the abolition of the salt duties. Last year too I pointed out that the Government by adopting auction sales, were consciously inflating the prices of salt far beyond the monopoly that is due to them. What is the use of supplying an eye-wash by establishing depôts in stray municipal areas for selling the commodity at lower prices when the price of salt is inflated in other ways. The bulk of the people will have to pay the inflated prices. I once more appeal to the Council that it should not adopt the ways adopted for purposes of liquor shops by auctioning the sales of stock at the hands of the Government.

Currency.

"In the matter of currency we should have given consent to unlimited issue of currency had the reserve fund held been invested in Indian Banks to go to help Indian industries. In other countries currency reserve funds are held within their territories and go to help their own industries. In the absence of such a system we should say 'thus far shalt thou go and no further.' Here then I cannot brush aside the threat contained in the Finance Member's statement in paragraph 74 which forebodes that on some future date the passing of some such Ordinance, as a year ago was in existence in Straits Settlements (which provided that currency notes were not sure to be encashed) will become inevitable. By such a measure the people will lose all confidence in the Government, and I have to warn the Council against it before any

action is contemplated in that direction. In fact I apprehend undesirable results will follow even by the publication of such a hint.

Third war loan.

"Even last year I had to risk the displeasure of the Finance Member for suggesting to him to postpone the issue of the second war loan to a more suitable occasion. I, therefore, to be consistent, should object to this loan coming as it is in the most unfavourable circumstances. But the fact that this loan is raised only to pay off former debts causes me not to raise my finger against it. This means that the money is changing hands only. I should not at the same time keep quiet without placing my honest views before the Council, that no more amount than is required to pay off past loans need be taken from the investors. In these days of famines and the high cost of living, every cautious measure should be adopted in the matter of loans that are to be floated. The percentage is already high, and I agree with the Finance Member when he says that 6 per cent. interest on loans is an unreasonable amount for the Government of India. The Government paying the interest in currency notes will find it easy to pay higher interest, while the inflation of the rate will seriously handicap industries and other concerns.

Temple allowance.

"Before concluding I cannot but insist on my old old demand of the refund of temple allowance. I was asked by the Hon'ble the Home Member to refer the matter to the Local Government, and one of my friends, the Hon'ble the Raja of Ramnad, put an interpellation there, to which the reply was they had no details on hand. I have been repeating my complaint in this matter for the last three years, and since the Government will be only doing a bare justice by the refund of the temple properties appropriated by them—I should say misappropriated—I would request an allotment in the Budget for the refund of their dues.

Transfer of heads.

"Then I have to bring to the notice of the Council two of the items in the Budget that should have come under different heads. Under land-revenue item the purchase of land in the United Provinces for rewarding Indian soldiers who have distinguished themselves in the war comes to 5.25 lakhs. This should not be under the head expenditure on land-revenue. Will it not be more appropriate to put it under Military expenditure? Then in another instance in the matter of general administration 1.32 lakhs comes under cost for advertising Indian war loan. The advertisement effects much change in the policy of the paper, and so I would advise that a portion of this sum may be placed under the heading 'department political' that subsidises papers.

"Before concluding my speech, I should like to place a suggestion before this Council, and it is that the Government of India be requested to convey India's thanks to Lord Reading, as well as to the Government of the United States of America, for arranging to place an appreciable quantity of silver at our disposal at a time of crisis."

The Hon'ble Sir G. B. H. Fell:—"Sir, I should like, with your permission, to intervene for a few minutes in this discussion in order to comment on certain aspects of the Financial Statement, relating to military expenditure, which have been the subject of comment by previous speakers. I need not detain the Council with any general remarks upon the high level of military expenditure, because in the first place that matter was dealt with in the speech of the Hon'ble the Finance Member introducing the Financial Statement, and in the second place, as almost every speaker has recognised, the time has not yet come for a reduction in the scale of our military expenditure. As my Hon'ble friend Mr. Surendranath Banerjea put it, the conditions are not yet normal; and he gave utterance to a sentiment, which I feel sure will be echoed by every Indian non-official Member of this Council, namely, that no educated Indian will grudge the military expenditure which is incurred for the safety of India and for the safety of the Empire with which India is so closely bound up. The time has not yet come for the recommendations of the Peace

Conference to have a practical effect on our scale of military expenditure in India ; and it is unlikely that the military advisers of the Government of India would ever care to rely, as the Hon'ble Mr. Sarma has suggested, on the efficacy of the League of Nations to safeguard our relations with our turbulent friends across the frontier.

“ My Hon'ble friend Mr. Banerjea very naturally called attention to one particular feature of our military expenditure, both in the current year and in the next year, namely, the bonus granted to British soldiers of all ranks; and he said he would be glad to have some details with regard to that item. Well, Sir, as this Council is aware, in all matters relating to the emoluments of British soldiers in India, we merely comply with whatever scale may be in force in the rest of the Empire. And in order to appreciate the significance of this bonus, I think it is necessary to glance at the conditions with which His Majesty's Government found themselves faced on the signing of the Armistice. When hostilities terminated on the Western front, perhaps somewhat sooner than had been generally anticipated, the whole of the manhood of the British Empire was in arms, all except those who were wounded or injured, or were too old or infirm, and those who were employed on other work of national importance. His Majesty's Government, then, found themselves confronted with two problems— firstly the problem of how to retain an army sufficient to maintain our strength during the troublous period of peace negotiations; secondly, the problem of how to demobilise those men who were in excess of our requirements. There was a natural desire on the part of the large number of men who were not soldiers by choice of profession to return as soon as the fighting ceased to their homes and to their natural pursuits; and that desire perhaps was accentuated by the knowledge that industrial wages were already very high and were likely to go higher, and by the fear that if they did not get home at once, others might secure the places which they coveted. Consequently, His Majesty's Government decided to select a certain number of men, chiefly from the younger men and from those who had rendered less army service than the others, to be retained in military service in order to fill the active ranks of the army during this period, that is to form the armies of occupation on the Rhine and in the North and in other theatres, as well as the garrisons of the United Kingdom and India. To these men, they felt that some pecuniary compensation was due for the special demands made on them. Consequently, they decided to grant them, as a temporary measure, increased emoluments in the form of a war bonus, which is the point about which my Hon'ble friend Mr. Banerjea has inquired. This bonus is granted to all British ranks forming the armies of occupation and the garrisons of the United Kingdom and India, with effect from the 1st of February 1919.

“ Then, as regards the problem of demobilising the others, there are obvious difficulties in getting rid of four or five million men at once. They can only be demobilised subject to the limitations imposed by the capacity of the steamers and the railway services to take them back to their own homes and by the time it takes to settle up their accounts. Consequently, with regard to this class, that is the men whom the military authorities no longer required and wished to demobilise, they decided to grant, not a bonus on the same scale as was granted to the men retained in the armies of occupation and the garrisons, but a bonus on a lower scale. This lower scale is, however, to come into operation on the 1st of May 1919, instead of the 1st February, and we have again this difference, that it is not paid as it accrues but is paid in arrears on the men's release from military service.

“ Now, it is clear that the problem in India is in some ways quite different from that which confronted the Government in the United Kingdom. In India we have men in territorial and garrison battalions many of whom have been here for over four years; and they naturally hoped and expected that they would go home very shortly after hostilities ceased. Owing, however, to the shortage of shipping and other difficulties, it will not be possible to relieve all these men before the hot weather begins, and it becomes impossible to transport troops through the Red Sea. Consequently, the War Office bonus-scheme has been applied to India with this difference, namely, that such men of the British Army as are in India at the end of the present trooping season,

and have not been sent home before the hot weather, will all be treated as forming part of the garrison in India, whether definitely selected for retention in military service or not, and will receive the full bonus with retrospective effect from the 1st February, and not only from the 1st May.

“So much with regard to the bonus, which, of course, has added a very large burden to our military Budget, both this year and next year.

“The Hon’ble Mr. Banerjea, after referring to the bonus to British troops, went on to remind the Council that he has more than once pleaded for a substantial increase to the emoluments of the Indian Army. I may be wrong, but I had the impression that he was connecting the two matters; and suggesting that, as we were being very liberal to the British soldier, we should be equally liberal to the Indian sepoy. The circumstances, as I will endeavour to show, are quite different; but I should like, at the risk of wearying the Council, just to sketch briefly some of the improvements which have been effected in the emoluments and conditions of service of the Indian Army since the outbreak of this great war. The first step taken was to examine the pension rules. The wound and injury pensions were admittedly inadequate, and before many months were over, they had been substantially increased. I will not trouble the Council with the details; they are available for anyone who likes to examine them; but I might mention that in some cases the pensions were raised by 100 per cent. Then, too, the ordinary pensions were raised. Formerly a man had to serve at least 18 years to get an ordinary, as distinct from an invalid, pension; now the sepoy can obtain a full ordinary pension and at a higher rate after 15 years’ service. Very early in the war, the Government of India recognised that the Indian Army was taking part in operations and serving in campaigns such as it had never been dreamed before would fall to its lot. It had never been contemplated that our sepoys would be fighting in Europe, in unfamiliar surroundings, in circumstances of great danger, great difficulty and great hardship, under appalling climatic conditions and so on; and so the Government of India, with the approval of the Secretary of State, granted to all troops serving on the Western front a special field *batta* of 25 per cent. of their pay, with effect from the beginning of the war. Later, that *batta* was extended, though in a somewhat modified form, to all Indian troops serving in other spheres of war, with the result that every sepoy in these theatres, in addition to ordinary *batta*, receives Rs. 2 a month special *batta*.

“The next stage came in the beginning of 1917. Throughout the preceding year there had been discussions about what should be done to improve the conditions of service of the sepoy. The Government of India were at first disposed to recommend an increase of pay. Later they decided that the benefit could be given in a more convenient form and with no less advantage to the sepoy by the grant of free rations, and as this Council is aware, free rations were given to all ranks of the Indian Army with effect from the 1st January 1917. Then, again, the pay of the higher ranks of the Indian Army, above the sepoy, was also raised with effect from that date. I may mention that the cost of the grant of free rations to the combatant ranks of the Indian Army alone added 60 lakhs, or £400,000 a year to the military charges, at the time they were granted. At the present time I should think the cost is at least 50 per cent. higher. The sepoy, of course, does not suffer in the least from a rise in prices as he gets free rations.

“At the same time the field *batta* (not the special *batta* to which I have just referred) was increased, in the case of the sepoy, from Rs. 1-8 a month to Rs. 5 a month; so that a sepoy got in addition to his pay and free rations not only that Rs. 5 but either 25 per cent. of pay in the West, or Rs. 2 a month in Mesopotamia and other war theatres. Then, in June 1917 a recruiting bonus was given of Rs. 50 a month. That, of course, was a temporary measure, undertaken with the object of attracting recruits; but it must be taken into consideration in estimating what advantages the sepoy of the Indian Army has received since the war began. Similar recruiting bonuses were also granted to the Transport drivers and to men of the Army Bearer Corps. Then, again, a year later, in June 1918, further concessions were given, which took the form, not of an increase to the recruiting bonus, but of a gratuity of Rs. 15 to each sepoy on completing his recruit’s course. That had the double advantage, firstly of attracting men to enlist and secondly, of inducing them to

become efficient in the shortest possible time, which was a matter of the greatest importance at that time. At the same time, there was sanctioned for the whole Indian Army, for new and old soldiers alike, a special war bonus which, in the case of the sepoy, represents Rs. 24 for every six months' service, paid in arrears, or Rs. 4 a month. So that when we are considering the question of the war bonus recently given to the British Army, I should like the Council to realize that a war bonus was given to the Indian Army long before it was given to the British Army.

"Again, in the case of the non-fighting men, considerable improvements have been effected. For instance, I have already mentioned that free rations were given to combatants; they have also been extended to certain transport personnel, mainly mule drivers, and to men of the Army Bearer Corps and Ordnance lascars. The pay of the Army Bearer Corps has been increased; so has the pay of animal transport drivers. The pay of the lowest grade of military sub-assistant surgeons has been increased from Rs. 35 to Rs. 60 a month. I will not weary the Council with an account of what was done for other non-combatant classes, the various so-called followers, menials, etc., all of whom have received very substantial increases of pay since the war began.

"Another direction in which the lot of the Indian soldier has been very much improved has been in respect to his clothing. The system hitherto in force was for Government to pay a certain sum of money to the regiment when a man enlisted, and this sum was supposed to provide him with all his kit,—his clothing, uniform and so on; and he got in addition a small quarterly allowance for its maintenance. As soon as war conditions began to affect prices, Government recognised that this might be hard upon the sepoy; and so, in the first place, they allowed all these requirements to be supplied from the Army Clothing factories at pre-war rates, so that the recruits should not suffer from the rise in prices. Later on, they substituted a system of free issues of clothing for the system of kit money, and latterly, in the last few months, they have also introduced a scheme under which the sepoy gets all his replacements of clothing in kind, instead of having to meet them out of an allowance, which may not, in certain circumstances, be adequate for the purpose. So that he is relieved of all risk of loss and all anxiety in this respect. Lastly, another direction in which very much has been done and is being done for the sepoy and the Indian officer is in connection with the scale of accommodation and standard of comfort. Their lines have been very much improved. If anyone has the curiosity to examine our Military Works expenditure figures, I think he will realise what a great deal is being done in this direction. Large sums of money are given every year towards the improvement and rebuilding of Indian lines and the improvement of Indian hospitals and the introduction of the Station Hospital scheme.

"I have endeavoured to show that the sepoy and the higher ranks have already benefited very largely during the war. Their conditions of service have been very much improved. But I should like to point out that it is not really necessary or desirable to attempt a comparison between the bonus which has recently been given to the British Army and what has been done for the Indian Army. As I have endeavoured to show, the bonus to the British service was intended principally as a compensation to men who had the misfortune not to obtain release from military service so early as they had hoped and consequently were handicapped in the race for well-paid appointments at home. In the case of the Indian Army, there is no such necessity. All the men can be absorbed at once and without difficulty into the agricultural and industrial life of the country.

"Under our voluntary recruiting system we have raised all the men we want and more. The response has been magnificent; and our difficulty now is to get rid of the surplus men. It is not as if they were anxious to leave the ranks; in many cases they are most unwilling to do so, because they are better off where they are. And so there is no obligation on Government to frame measures to induce them to stay on, as in the case of the British service.

"In the matter of demobilisation, too, the Indian soldier is being very well treated. He is given a month's leave on full pay after he is discharged and is

paid up in advance; he is allowed to take away with him most of his clothing, his boots, his tunic and so on.

"A scheme is under consideration and will—I think I may say without impropriety—almost certainly be sanctioned in a very short time, for the grant to the ranks of the Indian Army of a war *batta*, at a cost which I estimate will not be less than 1½ million pounds.

"I hope, Sir, that I have succeeded in showing that this Council need not fear that the Government of India have been unmindful of the welfare of the Indian sepoy and other allied classes. I think it is clear that they are better off than ever before; and in proof of that I may mention that competent authorities say that in the villages from which the greatest number of recruits have been obtained, there is more money than has ever been seen there before. Money has poured in from the front, from the units, and from the depôts. The men have had plenty of money to send to their families; and they are not unnaturally reluctant to leave the ranks and to return to their ordinary avocations."

The Hon'ble Sir Dinshaw Wacha:—"Sir, the Budget is, no doubt, considered to be of a transitional character, and I admit it is transitional. The Hon'ble the Finance Minister himself has said so. At the same time I find in this Council that some have blessed it and some have cursed it. It must happen like that. Those, perhaps, who understand better the trend of the very lucid exposition of the Financial Statement by the Hon'ble the Finance Minister will certainly bless it. I am one of those who will bless it twice. It is more or less, I believe, Sir, the ignorant critic in this Council who has cursed it; but I do not blame the ignorant critic for entertaining the view he does. For the simple reason is that he is not well-informed; and in the Council what usually happens is that there is more of ill-informed and ignorant criticism than informed and enlightened criticism. Now, Sir, I hope no Hon'ble Member will tax me afterwards in the newspapers with saying that Sir Dinshaw Wacha said this, that or the other. What I say is meant for their good and for the good of everyone else. For instance, my friend, the Hon'ble Mr. Sarma, last year, had to say something very bizarre about the currency problems. I am glad to notice to-day—and I give him full credit for it—that the Hon'ble Mr. Sarma has given his close attention to a variety of subjects in a very successful manner; but not being a business-man he is still not able to grasp the subject of currency quite thoroughly; though, as I have said, I give him full credit for the success he has already attained, and I hope that in ten years' time he will be fully qualified to be the Finance Minister in place of the Hon'ble Sir James Meston. We are going to have a national Government, and if we are unable to get a competent Finance Minister in the country, I do not know where we shall be? It will be considered ridiculous if the Nationalists cannot put up a successful financier of their own to take the portfolio of the Finance Minister.

"Apart from all this, which is a mere preliminary, I, Sir, cordially associate myself with most of what has fallen from my esteemed and Hon'ble friend, Mr. Surendra Nath Banerjea. I think, Sir, that his exposition of the financial position and the criticisms he founded on it were very sound, sound in every way. I find in this place that Railways and Military expenditure have been most freely criticised—that is on the side of expenditure: there is something said also on the revenue side over a variety of items. Well, Sir, I have been a student of military expenditure, as most Members of the Government of India may be aware for the last 50 years. I have been a student of finance for the same period. I do not think there has been a sterner critic of the military expenditure of Government than myself, and evidence of that fact may be found in the numerous pamphlets that I have written on this subject and in the many speeches that I have made on the Congress platform and elsewhere during the past 50 years. So I hope no one will accuse me of saying that Sir Dinshaw Wacha this time is standing up for military expenditure. I do admit at once that military expenditure is at present very high this year, according to the estimate, it is 11 millions more than last year. But we have to take into consideration the extraordinary times through which we are passing. Some

of my Hon'ble colleagues seem to think that because peace is nigh, or the Peace Conference is sitting and the war is practically over, therefore the Army expenditure must at once be reduced. Nothing of the kind will happen. Personally, I should congratulate the Hon'ble the Finance Minister if he is fortunate enough to be in a position to reduce his military expenditure by a few millions next year. Consider, Sir, the menace that is at the present moment threatening us on the North-West Frontier. Consider the position in the Near and Middle East. Consider what the Bolsheviks are doing in Central Asia, and how the Government of India are obliged to be in a state of complete readiness to repel any external aggression that may take place and to keep India quiet. I shall ask those gentlemen who are now discussing this military expenditure to consider what would happen: assuming that our enemies were at the gates of Peshawar or Kashmir or anywhere else, where should we be? Many more millions than the expenditure we are now discussing would have to be incurred. Where are they to come from? I think, Sir, in a matter of this kind we have essentially to look to this, that the first and paramount duty of Government in this country is to safeguard it from external aggression, and the second is, to maintain internal law and order. For both purposes, the Military as well as the Police are required, and so long as we are incurring reasonable expenditure on both these items, I, for one, would not discuss it or criticise it. Having said so much, let us see what the facts are about military expenditure budgeted for in the present Budget. The military expenditure was 29·892 millions last year. It has now risen—practically the whole of the military expenditure has been increased by 11·614 millions, which is equivalent to 41·70 per cent. over last year's estimate. But, Sir, what is this large increase in military expenditure due to? Let us analyse it. In the first place, apart from pay, allowances, and one thing and another, the strength of the army has been increased. It may go down next year or the year after; but still for the coming financial year there is a larger army than there was last year by something like 200,000 men. There is another fact to be considered. We have been importing for the last four years all those munitions of war, which, of course, we cannot manufacture in India. Those munitions have been of a very high quality and dear in price. Then, you have to take into account the freight on those munitions of war imported from abroad. This is very high. Everyone knows how the freight has gone up—in some cases as much as 100-150 per cent. more than it was before. Surely all these munitions of war—ordnance, guns, etc.—which we cannot manufacture in India and have to import from England, must cost more and go to increase the estimates.

“Then take the food of the soldiers themselves. Everybody is complaining here about the dearness of rice and *dāl*, of wheat, of other cereals daily demanded for those who protect the country within and even elsewhere. Surely the Government is paying high prices for the rations of soldiers. They have to pay and feed the soldiers in a generous way, and they must pay a higher price for their services and food and clothing. Were our Military Adviser to put before us a statement, with full particulars for each member, it will be seen at a glance when he analyses the larger items of military expenditure, where they have come from? In short, what may be their history? So, I do not think that on the whole our military expenditure has been so very extravagant as some people think having regard to all the matters I have referred to. I do not think it is.

“Then, Sir, to be very short, I will not say more on the question of military expenditure. I think that the Military Adviser of the Government, in answer to the Hon'ble Mr. Surendranath Banerjea, has given us a very complete and very illuminating statement. I think that statement ought to satisfy every Indian here. We ought to be gratified that the Government is doing all it can to improve the prospects of the Indian troops. It may be that later on, when the League of Nations is established, of which I have very grave doubts myself (because whatever people may say human nature is human nature after all), there will be a large and satisfactory reduction of armaments. But the League has yet to be established. It may take years. In the meantime, I hope, Sir, that when a firm peace is established very soon, we may be able

to demobilise the army and get its strength reduced compatible with perfect safety. I am quite sure that the Finance Minister will be the first person and His Excellency the Commander-in-Chief too, to see that we economise to the utmost possible extent consistent with efficiency. I admit, and I have often admitted, that our present land-revenue and assessed taxes between them absorb in fact the whole of the military expenditure, possibly more.

“Now, coming to railways, I have heard a great deal being said about them. This again is another subject to which I have paid very great attention for the past thirty or forty years. After Lord Inchcape's Committee sat and made its report, I was the only person in all India who wrote a series of articles thereon. These articles were afterwards collected in pamphlet form, and I believe I sent several copies to the Government of India and also a copy to my friends Sir James Meston and Sir William Meyer. There, I said that at that time, in 1909, railways were being built at what you may call a breathless pace. I was one of those who said that irrigation works must have precedence over new railways and more attention bestowed upon them. I am glad to say that since those days irrigation works have been completed, I mean almost all the great works which our great engineers, Sir Scott Moncrieff and others of the Irrigation Commission had recommended, and which the Government of India afterwards adopted. Since then, of course, several other large projects also have been started, and I daresay we shall go on with them. Nobody can deny that irrigation is one of the principal problems of the State in India, because the more we have of irrigation the more we shall grow wheat and other agricultural products. We shall be better able to feed our growing population, and possibly be able to export the surplus which will bring additional wealth to this country. Therefore, irrigation is a source of wealth as much as railways are. But I am informed that one of the reasons why irrigation works at present cannot be carried on vigorously is this : that Government have not enough water-works engineers to cope with the work. So many people are being employed in England and elsewhere that there is a great dearth of engineers to carry on the works. There may be other reasons too which I do not know, and perhaps the Finance Minister will possibly be able to tell us what they are, but I do say that irrigation works are now on the whole well nigh completed by Government, and it may be that there are a few more which remain. According to the Budget estimates about agriculture which Sir Claude Hill will introduce, I think we are going on the right lines and smoothly ; and I have not the slightest doubt that when peace is restored, we shall do more in the cause of irrigation. Coming to railways I do say, Sir, that although I was one of the severest critics of Government who ten years ago said that railways were being built at breathless pace, at the present moment I am convinced by the experience of the last four years that the expenditure which is now going to be incurred both the £6½ million on the revenue side and the 17½ millions by loan are absolutely necessary. Consider the enormous depreciation of railway stock. Consider what a large number of waggons, locomotives and other railway materials have been transplanted to Mesopotamia and elsewhere. Could we have conquered Palestine, could we have gone on to Kut and Baghdad, could we have so ably defended the Suez Canal but for these? I do not think so. I think, Sir, that India has helped a vast deal in bringing that success in Asia Minor that we are witnessing to-day. We ought really to congratulate ourselves that India has been so very helpful. She has been helpful in many ways, but she has been particularly helpful in Mesopotamia. Consider the amount of rolling-stock, waggons, etc., which have gone there. It is a good fortune of ours that we have in our midst the Tata's Iron Works ; otherwise we would have been obliged to get our steel rails from England ; and you may consider what a larger expenditure that would have involved. Therefore, in a way, the great Tatas are really helping the Government and the people since they have been able to supply a great deal of war material, particularly steel rails. That being so, it is absolutely necessary now that we must replenish our rolling-stock and put all systems of our railways in a position to carry on the enormous traffic that is bound to ensue. Most of it is at the present time mere scrap of iron and may be sold for what it is worth as such. If you, therefore, look to the estimates and other things you will find that we shall have to incur immense expenditure, but of a reproductive

character on this account. You cannot get railway materials, steel rails, etc., etc., from England at the prices which you paid four years ago. I do not think that for another three years India will be in a position to buy as cheaply as she did, say, in 1914. Well, if these matters are taken into consideration, and if the President of the Railway Board will put before us all the details of the estimates as to how he has arrived at those figures, I think every Member of this Council will be satisfied that the amount was worth incurring. A curious circumstance that I noticed in the speeches of many of my colleagues who inveighed against this railway expenditure, is their inconsistency; in one breath they bitterly complain of the heavy railway estimates and in another, they complain that 'corn is very dear; freights are very dear; we cannot get on. The merchants complain.' Why? Because the railways are all jammed or congested and they cannot bring the produce from the interior as soon and as best as they can possibly do. If that be the condition then I suppose everybody will reasonably admit that necessarily we have to replenish our railway materials, rolling-stock, etc., and put them in such a position of efficiency as to enable them to bring corn and other products from one end of the country to the other as speedily as possible and in a cheaper way. It is for the purpose of getting food and other products that the large expenditure now absolutely necessary on railway account must be incurred. Our exports of produce bring us wealth; and our exports being limited, why, our imports also have been limited. That is exactly the reason why we are obliged to extend our paper currency. Silver and gold could not be imported because there is an embargo and then there are the very limited imports. If anybody looks at the trade returns he will find that the balance of trade in favour of India has been about 300 crores during the last four years. Where is that money gone? It is very largely hoarded no doubt. Silver has been pouring in in stream after stream and rupees coined to back up the enlarged currency which was absolutely necessary, from time to time, swiftly disappear. Where have these crores of newly coined rupees gone? People hoarded gold and silver because they were afraid that they could not get these precious metals owing to limited imports and the embargo. There is a great scramble for silver and gold all over the world; and there will be greater scramble when peace is established. Every Government, even the smallest European Governments, will require them, and we shall perhaps be famished for gold. The people are wise; they think that if they can get gold and silver and hoard it before the famine in these precious metals overtake the world they could melt it any day. That is one of the reasons of the abnormal hoarding. It is only when exports and imports increase that things will become normal and hoarding will cease and the rupees come into active circulation. It is for this purpose that our railways should be so fully recuperated as to be able to carry more and more goods to the ports for exports and internal trade. The larger the exports the greater the imports of goods which will certainly diminish hoarding and release the silver now disappearing so fast as it is coined. Mr. Sarma is very anxious to see that the currency which is partially inflated should be brought to a normality. The Finance Minister has very largely dealt with this subject in his speech, and I think that as soon as the normal condition of things is established, as far as railways are concerned, we shall be all the better economically and forge ahead.

"I will only add a few more remarks. I do not want to take up the time of the Council. I do not want to be told by the President in Council that I have exceeded my twenty minutes. A good deal has been talked about education and about sanitation; it has been said that we should spend more and more on them. But have they looked and compared these items with those of last year? Look at the increase on education and compare the actual accounts of 1917-18 with the Budget estimates for 1919-20. There is an increase of 44 per cent.; that too, at a time, of stress and in spite of the Hon'ble the Education Member being only too keen to give us double or treble the sum budgetted for. Coming next to the item of sanitation, there is an increase of 348 over the accounts of 1917-18. It is equivalent to an increase of 57 per cent. Can this be called starving sanitation? Our people do not seem to understand that Government has no pagoda tree which has simply to be shaken to get unlimited amount of rupees from which to spend 200 or 300

crores on sanitation and education! Practically while military expenditure, heavy as it has been complained, is only 41 per cent., whereas in reference to the items of education and sanitation the increases actually come to 44 and 57 per cent. Government is a limited concern and its resources are limited, India's financial resources are extremely limited in comparison with those of the flourishing countries in Europe. Then there is the question of housing; this is a difficult problem; there are 75 to 80 per cent. of the population living in one-room tenements; that being so can you expect any better results of mortality than those annually recorded? It is the duty of the public, and it is the duty of all large employers of labour to cordially co-operate with the Government and see that the housing problem is satisfactorily settled. If this is done, I am sure the mortality statistics will be greatly reduced. An increase meanwhile of 57 per cent. in sanitation is not bad; on the contrary, I say it is very good. We have been talking about Police, but there is an increase of only 12 per cent. We have been talking about Medical expenditure. I see we have an increase of 38 per cent. over the accounts of 1917-18. Lastly, we come to agriculture. Look at the United States which has been spending crores on this. But the Agricultural Department is only of recent creation. Still I must say we are annually doing better and better. To have an increase of 26 per cent. is certainly satisfactory. We have to remember that this is a transitional period; so that taking everything of an exceptional nature into consideration, I regard the Financial Statement as a very good one, and I congratulate the Hon'ble Sir James Meston on the admirable and luminous manner in which he has presented it, especially that essay on the 'outlook' which should be read, marked and inwardly digested by those earnestly interested in our finances. The future, I fear, will not be very bright for some time to come; the burden of taxation will be heavier; our interest obligations will be a great deal larger. We shall have perforce to meet vast sums as interest charge on the growing national debt, so that our resources for meeting expenditure on sanitation, education and other desirable objects, will be limited in proportion to our resources. I conclude by once more congratulating the Hon'ble Sir James Meston on his luminous Budget speech and its weighty reflections."

The Hon'ble Mr. H. F. Howard:—"Sir, the Hon'ble Sir James Meston has asked me to speak on one or two points. I have a grievance against the Hon'ble Sir Dinshaw Wacha for having taken out of my mouth a good deal that I was going to say. Now, the first point on which I shall touch is that of railway expenditure. I have no doubt this will be discussed when Mr. Sarma brings up his threatened Resolution in the second part of the proceedings, but there is one essentially financial aspect of this question, that is the remunerative character of our railways. I think the Hon'ble Mr. Ironside touched briefly on this in his speech, but it is apt to be overlooked. Railways have been for many years almost the backbone of our revenue system; they have been bringing in very large sums indeed, and the nett profits after paying all expenses, such as working expenses, the interest on sums borrowed for building them, and so on, have amounted to very large sums. In 1917-18, the figure after paying all these expenses amounted to £9·9 millions. This year we expect it will be £11 millions. That sum is larger than we can ordinarily expect, because railways have been starved on the revenue side. But after paying all expenses we expect that next year the sum will still be £6 to £7 millions. I think, therefore, that those who ask us to reduce the railway grants and speak as the Hon'ble Mr. Patel did of 'railway magnates battenning on sums beyond their wildest dreams,' are, to put it plainly, ignorant of the real position. What they are asking us to do is to 'kill the goose that lays the golden eggs,' and if I have anything to say in any advice I give to the Hon'ble Sir James Meston it will be to keep that goose alive. There are just one or two other points that I wish to mention in connection with the railway grants. Those Hon'ble Members in this Council who ask us to starve this poor goose are apt to blame it for not doing what it should do. We had a lecture last year from the Hon'ble Pandit, who is not in his place now, about the hardships of 3rd class passengers. We recognise that this is not as it should be, but obviously shortcomings in this respect cannot be rectified unless our railways are placed in

a position to carry the traffic required. The Hon'ble Mr. Shukul has asked what we are doing to stop famines. I am afraid that we cannot control the monsoon, but Mr. Sarma's remedy of relieving the congestion on the railways by obtaining additional shipping would not help in the carriage of grain to the districts where it is required. Mr. Shukul said that we are doing nothing for the agriculturist suffering from scarcity. I should like to mention that in the current year we are estimating for remissions 49 lakhs, suspensions of revenue 256 lakhs, and direct famine expenditure 81 lakhs. Next year we have provided for remissions and suspensions of revenue 65 lakhs, and 166 lakhs, and for direct famine expenditure of 172 lakhs. I think that Mr. Shukul also overlooked the enormous sums that we have allowed in past years on protective works. These and our productive works undoubtedly at a time like this have been of great protection to us, and I do not think they can reasonably be ignored.

"There is just one other point, Sir, that Mr. Sarma touched on. He asked us why we had incurred all this unnecessary expenditure under the head 'Miscellaneous' in the current year. I would just like to refer to some of the items. In Bengal and Central Provinces and the United Provinces the chief increases were due"

The Hon'ble Rao Bahadur B. N. Sarma:—"I referred to Miscellaneous, Army. I did not refer to the head 'Miscellaneous.'"

The Hon'ble Mr. H. F. Howard:—"I beg the Hon'ble Member's pardon. I understood that he was referring to the figures under the ordinary miscellaneous head which include charges such as grain shops and relief of scarcity, and so forth.

"I think, Sir, these are the only points that I desire to refer to."

The Hon'ble Sardar Sundar Singh Majithia:—"Sir, in going through the Financial Statement and the Narrative of the Hon'ble Sir James Meston one finds that he has most economically and with great ingenuity tried to handle the resources of the country to make two ends meet and to get through the difficulties of the situation which was presented to him. He would have met the normal requirements at the present juncture, but the legacy of heavy liabilities on account of the war, coupled with the agricultural situation, has made his task very difficult. It is, therefore, most gratifying to find that he has not only avoided heavy taxation, but has seen his way to grant relief to people with small means who have been hard hit by raising the limit of taxable income from 1,000 to 2,000 rupees. This concession will be gratefully received by the people of small means, and will be greatly appreciated by them, but it cannot materially benefit the middle class agriculturists who along with the other members of the community have to meet comparatively heavier expenditure to carry on their agricultural pursuits. The epidemic of influenza and its effect upon agricultural labour has hit the ordinary agriculturist very hard, and but for better prices his position would have been extremely delicate.

"The war has, thank God, come to a victorious end, and the armies of His Majesty the King-Emperor have gained a well-deserved victory, and the cause which was upheld by His Majesty and His Allies has triumphed over the militarism of the Central Powers and the enemy has been sufficiently crippled not to be able to take up arms in future and to ruthlessly disturb the peace, and this might enable us to provide less for the army in future; but the after-effects of war will necessitate our not being sparing in the needs of the army and the country must be prepared to meet the needs of an efficient army for the defence of the Empire. This will naturally require larger allotments than has been the case hitherto, as the present war has taught that aeroplanes, armoured cars, tanks, and other scientific methods of warfare and the improved transport must cost comparatively more than what used to be spent hitherto. Keeping all this in view I have to join the Hon'ble the Finance Member in thanking His Excellency the Commander-in-Chief for his rigid economy in putting forward his demands, and though our expenditure would be practically half of the total

outlay of the country, I think it could not be grudged and we must not hurry in cutting down military expenditure as the improvements in other directions depends upon the peace and prosperity in the country, and the army, no doubt, plays its necessary part in securing this to the country. While on this point I would strongly urge the throwing open of higher posts to Indians in greater numbers than has hitherto been done. In the giving of these posts I regret to observe that my community, which has been foremost and unstinting in this branch of the service of the Empire, has not received its adequate share of these posts, and this has caused disappointment in Sikh circles. I would, therefore, press the claims of my community as also of others with military traditions upon the attention of His Excellency the Commander-in-Chief, and have no doubt that the matter would receive his kind consideration.

“The next item of heavy outlay has no doubt been claimed by the Railway. It has to be conceded that we have to make up for past curtailments due to war. The Hon'ble Members of this Council are no doubt aware of the inconveniences which the travelling public and the commercial community have had to put up with owing to the curtailment of train services, both passenger and goods. I have seen, Sir, large consignments of goods lying on railway stations, in goods yards and even on platforms, and in many cases being damaged or deteriorated by climatic effects due chiefly to want of necessary waggons and the provision of larger train services. I know that many a trader would be willing to join together and pay for the running of special goods trains to rail their wares to centres where they could be profitably disposed of, but the want of rolling-stock and locomotives is, I believe, in the way, and I therefore think that the Hon'ble the Finance Member was right in giving the second place in his Budget to the needs of the Railway, and I think it should not be grudged. I quite admit that the needs of education and sanitation are also paramount, but their requirements have not been forgotten by the Finance Member, and with the hard times before him he has given comparatively larger allotments in his Budget. We find that compared with the figures of last year he is giving 1 crore and a little over 37 lakhs to education, 40½ lakhs to sanitation, and nearly 29 lakhs more to agriculture. The Council will thus see, Sir, that the Hon'ble Sir James Meston has not been unmindful of the needs under these heads. I must say that these departments require more, and I am sure the Education Department would find no difficulty in spending more if the funds were available, as thus alone could the illiteracy of the people be banished from the country. If people are to be fitted to take an intelligent part in the coming reforms, greater amounts will have to be spent on education. I have to thank the Government for the beneficent grant of three lakhs to the Khalsa College, and this no doubt will be gratefully appreciated and will come in very handy to the institution to complete the main building and to provide additional hostel accommodation for the increasing number of students who have to come there to fit themselves for life as useful citizens of the Empire.

“As to the tendencies of the people to hoard money in war times, I am one with the Finance Member in regretting this, but it must be admitted that this is a great deal due to the low standard of education amongst the people, and Sir James Meston could not expect a great majority of illiterate people to rise equal to the tests of high financial efficiency. It is the village people who have eventually to deal with the paper currency, and the average villager with his want of education cannot be brought up to the new way of thinking. Even the leather notes of the great Qaran had a golden nail embedded in it. Though, therefore, the habit of hoarding is to be very much regretted and deprecated but under the circumstances it is excusable to some extent. I think the restrictions on the importation of gold and silver due chiefly to tonnage difficulties accounts to some extent for the extra demand on the metallic currency. I fully realize the strenuous labours of our late Finance Member Sir William Meyer and the Department over which he ruled to meet the situation, and Sir James Meston's praise is fully merited.

“On the whole, I have to offer the Hon'ble Sir James Meston my hearty congratulations for the skilful and able handling of the situation and resources at his command. He has not been unmindful of strict economy,

and I have no doubt that with better times his hold of the strings of the Government Exchequer would not have been so tight. He has to grapple with the peculiar situation, and our sympathies are with him in his arduous task. With better times I have no doubt the legitimate demands of education, sanitation and agriculture will receive more liberal treatment at his hands."

The Hon'ble Sir James Meston:—"Sir, the interesting discussion to which we have just listened has covered such a vast range of topics that it would be quite impossible to attempt to deal with it adequately during the short time that is left to Council to-day. I propose, therefore, to allude only very briefly in the first place to certain general propositions which have been emphasised in the course of the discussion, and, in the second place, to touch briefly upon certain arguments, either because they were imperfectly stated or were misleading in form, and it is undesirable to allow them to be passed over in entire silence. Before going on to that, Sir, I wish to express my thanks to the various Hon'ble Members who have been good enough to say pleasant things about the Budget and about myself personally. It is indeed a great pleasure to be back in this Council. I was one of the Members of the first Council that sat under the then new Minto-Morley Reform Scheme at Calcutta. There are still a few Members of those days present here. It was a very interesting gathering full of emotion and excitement. The leadership of the opposition was in the capable hands of Mr. Gokhale, whose inspiring influence and control over the non-official side of the Council was undoubtedly the dominant characteristic of that gathering. Therefore I say, Sir, it is a pleasure to be back here again at a time when further great reforms are in prospect, and when this Council is looking forward to step into a larger and more responsible share in the government of the country. The dominant feature of the Budget to-day has been the old story that Government gives too much attention to, and bestows too large a share of its funds on, the material progress of India, and too little on its moral, social, industrial, educational development. The story is one, Sir, on which, I think, we must await the verdict of history and of the verdict of history I am sure that none of us are afraid. We have made mistakes; we have made a grave mistake, I believe, in thinking, as we did, that we could leave the people of India to themselves to work out their own moral and social development. They clearly wanted much greater aid, much greater, more definite, more courageous assistance from the Government than they have received. But we did honestly believe, and we acted on the belief, that the first and greatest thing that lay to our hand was to make the people of India more contented and more prosperous, and in that way to make them readier to welcome the inevitable advent of economical and social progress. In that, Sir, I do not confess that we have failed. The Hon'ble the Maharaja of Cossimbazar did me the honour a few minutes ago of saying that I knew very little about the conditions of the people. I have no desire to enter into competition with the knowledge of the Maharaja, but I have not lived and worked in India for 33 years with my eyes shut, and I do say that in my time in India I have seen a very marked and very striking advance in the standard of comfort of the people of this country, an advance which has taken place among all classes of Indians in that period; and so I repeat that on that side of our task I am not afraid of the verdict of the future. However, be that as it may, the fact is that another chapter of this story is now coming to a conclusion and we are turning over a new leaf and starting a new chapter. New powers and new responsibilities are going to be given; we sincerely hope are going to be given to the representatives of the people under a scheme which we trust will very shortly materialise. These powers and these responsibilities will enable the chosen of the people to help us and stimulate us, to enter into partnership with us and take a much larger part in the development of these educational, sanitary, industrial interests about which we have heard so much to-day. With that I think I might very well leave the subject, except that it would be a grave discourtesy to pass over without a word of appreciation and a word of thanks some of the speeches, more particularly those of the two veterans in this Council, my Hon'ble friends Mr. Surendra Nath Banerjea and Sir Dinshaw Wacha. In the earnest and eloquent plea in which Mr. Banerjea has put forward for education and sanitation, I can assure him that he is

preaching to an audience on this side of the Council who do not need to be converted. There is not one of us here that does not recognise the paramount importance of the causes which Mr. Banerjea has so forcibly advocated; there is not one of us who does not believe in his heart that without a generous and forceful programme in the matter of education and in the safeguarding of public health, our political progress will be little more than a mockery and a delusion. I personally, Sir, should like to see a great national movement, supported by a great national fund for true education, the education of the voter of the future to appreciate his civic duties, to recognise the power that is passing into his hands, and to learn wisely to use and exercise that power. I am not without hope that some great national movement, some great national fund of that sort will shortly materialise; and then I should like to see something parallel on the side of public health. If these things are to come, they will be, we hope, the first fruits and the proud fruits of the new regime. However, Sir, to-day we are discussing the Budget, we are not discussing the political future of India; and when we come to translate into practice and into figures (for that is the duty of all of us in the course of the Budget debate) the aspirations which have been given voice to in the course of to-day's discussion, I am not sure that some of our critics always treat us quite fairly. An attack, for instance, has been delivered to-day upon the large sum which we have given for the extension of railway facilities. My merry friend, Mr. Khaparde, described railways as a pure luxury, and others seem to regard them as a great nuisance, but the Hon'ble Mr. Ironside and the Hon'ble Mr. Howard have delivered a defence and the Hon'ble Sir Dinshaw Wacha on his side has taken up the cudgels on behalf of the railways in a manner which leaves me under the necessity of saying very little more on their side. I would like those who believe that £17½ millions is an excessive sum to devote next year to railway development to understand exactly what it implies. It simply implies this. For the last four years we have been devoting practically nothing to railway extension, and we have to distribute a very large share of that £17½ millions over four years of past neglect. If we go through that very simple arithmetical process, I am inclined to think that the real rise in railway capital expenditure next year would be something negligible. Now, if we drop pure rhetoric on the subject, if we refrain from flights of fancy on the figures, if we try to persuade ourselves that it is worth looking twice at the proposition that education is starved, sanitation is starved, industries are starved, we should probably open the Financial Statement, and more particularly that valuable memorandum signed by Mr. Howard, which follows it, and dig for ourselves a little more into the figures. Mr. Banerjea and Sir Dinshaw Wacha have done a little digging, but some of their colleagues, I am afraid, have not. If they will look at page 46 of Mr. Howard's memorandum they will find that next year the provision for education over the whole of India is 7 crores and 30 lakhs. I am taking Imperial and Provincial together: it is obviously essential they should be considered in combination. This figure as against 5·93 crores for the current year represents a rise of 23 per cent. in one single year. If they turn over a few pages more and come to sanitation, they will find that the proposed expenditure for next year is 1 crore 43 lakhs, against 1 crore 3 lakhs this year—a rise of 40 per cent. These percentages do not seem to me to be particularly bad for one single year and that a year in which, as most of our critics have recognised, our general financial difficulties are very considerable.

“Similarly, I do not think they have done sufficient justice to the Report of the Industries Commission and the imposing programme which my Hon'ble Colleague, Sir Thomas Holland, will very shortly place before the country. At the present moment it is being investigated with the greatest possible rapidity—with a rapidity accorded, I venture to think, to no similar programme in the records of the Government of India; and I have little doubt that you will find in the next Budget, whatever provision the Hon'ble Sir Thomas Holland considers possible to employ during the next year. I may go further and say that if before next year's Budget he finds it necessary to utilise money for the beneficial development of industries, he will have no difficulty in getting it out of me.

“ From these general propositions, Sir, I turn to a few of the more miscellaneous—I trust I may call them that without offence—miscellaneous fallacies voiced by Hon’ble Members in the course of to-day’s discussion. My Hon’ble friend, the Maharaja of Cossimbazaar, in the course of his address, employed a sentence which I tried to take down at the time, and which, I think, was to this effect. He said ‘ Here is a poor country like India being saddled with England’s military expenditure in Mesopotamia and East Africa ’. I hope I did not misunderstand my Hon’ble friend ; but if I did not, then I think that he will discover, if he will examine the statistics in the Narrative of our military expenditure, that he has been ill-advised on this particular topic. Practically the whole cost of the military operations in Mesopotamia and East Africa was borne by the British Treasury, and the only part that we have taken in it, by way of financial assistance, has been in the form of the two donations which were offered to the British Treasury last year and again in September. I am sure that the Hon’ble Member would not like to see either of those donations withdrawn, and I am sure he is not ashamed of them. I know him too well to think that his patriotism is shallow enough for that. As regards military expenditure generally, all that could be said on the subject has been well and fully said by the Hon’ble Sir Godfrey Fell.

“ Again, my Hon’ble friend the Maharaja, in the course of his address, expressed a wish to see railways nationalised, and the Hon’ble Mr. Sarma expressed the same aspiration with regard to shipping. I turn to the speech which has been placed on the table and treated as read by our Hon’ble colleague from Madras, in which, like a second Cassandra, he tells us that everybody and everything is wrong ; and there I discover that he talks in most melancholy tones about the rapid advance which this Government is taking in the direction of State socialism. To which leader are we going to turn ?

“ Another little point which I noted at the time was the Hon’ble Mr. Chanda’s statement that Local Governments have not been allowed to draw on their balances for sanitation. It is true that sanitation was not mentioned among the particular subjects which Local Governments might use as reasons for withdrawing their balances ; but here again a little study of the figures will show him that they have not failed to exercise a very wise discretion in utilising their past savings for this very desirable purpose. On page 53 again of Mr. Howard’s memorandum he will find that Local Governments have increased their sanitary allotments for next year by over 30 lakhs.

“ The same Hon’ble gentleman made, as I understand, a grievance of it that we had not helped by a special grant a college which lies very close to his heart in Assam. I find that the Province of Assam has a closing balance next year of 38 lakhs. I hope he has done all that he can to get a grant out of that before he comes to us ; and if he has not, I hope that he will do so now.

“ The Hon’ble Mr. Patel asked me two specific questions. The first was whether Parliament had sanctioned the appropriation of the revenues of India to the extent that was proposed during next year for the assistance of military operations outside India. My reply is that Parliament has not yet, as far as I know, sanctioned this. Parliament has not been continuously in Session and has been occupied with many grave matters of State since the end of the war. It is quite possible that there has been no opportunity for the Secretary of State to put the matter formally before Parliament. I have no doubt, however, that when he does so, Parliament will accept the gift in the same spirit in which that gift was offered by India.

“ The second question the Hon’ble Mr. Patel put was whether the increased pay for the Indian Medical Service and the Indian Police Service which has been sanctioned by the Secretary of State comes within the present Budget. I am not able to give him a categorical answer, because I have not the detailed provincial figures before me, but I have little doubt they are there. If they are not there, they will be put there in due course.

“ One or two Hon’ble Members have spoken on the subject of irrigation, pointing to the unsatisfactory nature of the grants allotted to irrigation as compared with the more generous grants made to Railways. I have no doubt

their apprehensions will be relieved when my Hon'ble colleague Sir Claude Hill opens the next stage of this discussion. But I think, I ought to assure the Hon'ble Mr. Sarma that there is really no reason to fear, as he seems to suggest, that in entering upon any large railway programme, we lay ourselves open to the criticism that we do so in order to give employment to British workmen in England, and that the absence of any such consideration has influenced us in keeping down our irrigation programme. On the contrary, I most cordially agree with the Hon'ble Sir Fazulbhoj Currimbhoj in the enormous importance he attaches to irrigation. We have given every rupee that was asked for, and I trust we will continue to do so. There are, as Hon'ble Members will recognise, vast differences between the capacity for progress in irrigation schemes, and the capacity for progress in railway schemes. It is very easy when you have got a railway running into a certain town, when funds are available, to extend the railway to another town further away. It is a very different proposition to construct a new canal. The space left on the map of India for the making of new canals is very limited, and projects which are now in prospect are immense projects which will require the most careful and anxious professional scrutiny before they are finally sanctioned. As soon as they are sanctioned, I think I can promise, in so far as in me lies, that the money shall be found.

"Then the Hon'ble Rai Bahadur Sita Nath Rai rebuked me for what he called my 'incubus of the mythical millions buried underground', and told us that there is no hoarding in India, that the habit of hoarding has been forgotten, that money is coming freely into investments. I find my Hon'ble friend Sir Dinshaw Wacha took a somewhat different line on the same subject. But the proposition to my mind is simply this: during the last four years we have turned out of our mints twelve hundred million silver rupees, and wherever I go to-day I never succeed in finding one. If I present a five-rupee note at a shop here in Delhi, I get four discoloured rupee-notes and some small change. If I ask for rupees, I am treated as if I were an enemy of the gentleman who owns the shop. Well, what has happened to all these rupees?

The Hon'ble Rai Sitanath Ray Bahadur :—"They have been converted into ornaments."

The Hon'ble Sir James Meston :—"I suppose that is another proof of the growing poverty of India. I shall not detain the Council longer. There is a great deal on which I should like to speak, more particularly on the vast field which has been opened up in the discourse of my friend, Mr. Sarma. But I resist the temptation. The Council has recognised, and recognised generously, that in a time of high prices, unsettled trade and many future uncertainties, it is very difficult to get reliable estimates at all; and it is of the first importance to get estimates which are cautious, humdrum if you like, orthodox. Those are the sort of estimates which we have to put before you this year. It is a period of transition; nothing sensational, nothing generous was possible. The Council have also expressed in unmistakeable terms their adherence to our faith in the financial future of the country, the progressive prosperity of India and the growing employment of its resources in a wise campaign which must necessarily take a two-fold character. Each side of that campaign supplements the other; neither would be possible without the other. One is a campaign of social, moral, educational, industrial advance; and another is the continuance of our present reasoned development of the material resources of the country. To these hopes and aspirations the Government of India unhesitatingly subscribe."

The Council adjourned to Saturday, the 8th instant, at 11 A. M.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 81.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Saturday, the 8th March, 1919.

PRESENT :

The Hon'ble SIR GEORGE LOWNDES, K.C.S.I., K.C., *Vice-President, presiding,*
and 54 Members, of whom 47 were Additional Members.

FINANCIAL STATEMENT, 1919-20.

SECOND STAGE.

The Hon'ble the Vice-President :—"The Council will now
proceed to the second part of the Budget discussion."

RESOLUTION *RE* REDUCTION OF LOAN FROM £10
TO £4 MILLIONS.

The Hon'ble Rao Bahadur B. N. Sarma :—"Sir, I beg to
move the following Resolution :—

'This Council recommends to the Governor General in Council that the Budget allotment
providing for the flotation of a loan of £10 millions be reduced by £4 millions.'

I acknowledge with humility the fact that not being a business-man I
am apt to make larger errors in speaking to the Resolution on the present
occasion than those connected with business might fall into, still I have
ventured to bring it forward hoping that this Council will be able to find
ample reason for a justification of the proposition that I have advanced.
This Resolution and the Resolution coming at the third stage marked 10* are
intimately connected, and I dealt at some length with Resolution No. 10 in
making my remarks on the Budget yesterday. These are inter-dependent, but
I think the question can be looked at from two independent standpoints. I shall
try first to approach this Resolution from the point of view as to whether in the
interests of India it would be wise for the Government to venture to go into
the loan market and ask for an additional loan of £10 millions this year to meet
the needs of the Exchequer. The main grounds on which I propose to defend
this Resolution are that the normal capacity of the loan market as exhibited
by the increase of paid-up capital of joint stock companies and the deposits
in the banks and otherwise has not been such in past year as to justify the
Government in coming forward with such a large flotation. The experience
of the last two years cannot be relied upon to any great extent, because we
could rely upon the resources derived from excess profits due to artificial causes
upon the flotation of artificial credit and the special exertions on the part of
Government officials in securing the success of the loans. I think it would be
politically unwise to make any experiments of this kind this year. I think
to increase the rate of interest which is very high at present would be
disastrous to business concerns, to private commercial men, to all trading
men in India. I also plead that it would be unwise when large sums
of money have been exported by means of contributions in the last
two years to add to the export, for that would virtually be the effect of this.

*This Council recommends to the Governor General in Council that the Budget allotment of £17·7
millions for the construction of railways, etc., 1·48 (page 101) be reduced by £5 millions.

to add to the export in any considerable degree by increasing our expenditure. There would also be a tendency or temptation to use rigorously the powers of the Company Restriction Act lest private concerns should compete with Government. The first point that I would respectfully submit is that during the years 1913-14-15-16 for which I have figures, we find that the increase in the paid-up capital of joint stock companies has not been more than 446 lakhs in the highest year; the average for 15 years from 1901 to 1915 is 240 lakhs and it never exceeded in any year 6 crores of rupees. There was an increase in the Presidency Banks between 1913-16, the highest amounts in private deposits were 609 lakhs but that was after a fall, and the exchange banks shew an average growth of 175 lakhs and for Indian Joint Stock Companies the figures were 212 in 4 years or an average of 55; or in all $4\frac{1}{2}$ crores or £3 millions. I am not talking of the increase in the Post Office Savings Banks, for the Government have that capital at their command. Now £6 millions is a fairly large sum to be raised in a poor country like India, and in this year after the war when everybody's efforts should be directed towards the flotation of companies for the purpose of increasing the industrial development of the country. Now, Sir, I pitched upon this figure of £6 millions for the reason that inasmuch as the excess profits derived during and from the war are estimated to be about that figure, it might be reasonable on the part of Government to look to the flotation of a loan of £6 millions and ask the merchants to invest that amount in Government loans though the excess profits derived from business should normally go towards increasing the capital of the concerns for industrial undertakings especially in a country like India. The experience of the last two years should not encourage us very much in anticipating large investments by the public. It is well known that Rajahs, Maharajas, noblemen, merchants, in fact all loyal subjects have strained their resources by borrowing largely from banks and otherwise on credit instruments for the purpose of taking part in the 100 million loan. Such enthusiasm and such incentives are not likely to be forthcoming the next year, and it would be dangerous politically to ask the man in the street to invest in this because it would be likely to lead to the impression that the object of Government is to raise as much money as possible from the people. I say it is a wrong impression. But it seems to me that we have to take the circumstances of India into consideration, and I hope that the Government will not look to the average man for investment. We find that in the United Kingdom and elsewhere there are banks which were started during the war for the purpose of encouraging industries. There are also amalgamations of Banks, amalgamations of Trusts, for the same purpose, and they have been to a certain extent helped morally, if not financially, by the Government; in some instances they are helped financially also. Under those circumstances, how can India even begin the faint traces of industrialism if the Government do not encourage private capitalists to combine together for the purpose, by encouraging the formation and growth of capital reserves for improving the industries of this country. I therefore think that although it is a very good proposition in theory that a debt of this description especially should be floated within the country so that it may fructify here, although it is very good as an abstract proposition, still we must have regard to the limitations of the time, and I think this year especially would not be a fairly good year for an experiment in that direction. I said that it would be practically increasing the export of capital. Well, I am not now here on the question as to whether what we have done is right or wrong; it may be that we were right, that those people who have encouraged contributions are in the right and have taken a long view of things and it is unnecessary to quarrel over that proposition. But the net result has been that the money which might otherwise have remained in India and fructified here has been, for a worthy cause it may be, exported out of India, and the question is inasmuch as this money also will necessarily have to be employed largely outside India, inasmuch as Indian business-men cannot utilise it for their own purposes, would it be wise to export the money out of India unless the necessities of the situation are so grave that there is no alternative but to face it. Therefore, we are naturally driven back to the question which I raised yesterday and which I have to raise later on, as to whether the Railway loan for this purpose is of such

an emergent character, so insistent in its demand that it cannot be reasonably postponed without incurring such a considerable risk to the general financial situation.

"Then I said that you should not encourage the money market in India to look to a very large rate of interest from the Government. I think there is a large question of policy involved here. Now there are a number of persons who have invested money in Government securities carrying a low rate of interest. Of course they have been hard hit during the war, and that could not be helped, but are we to add further to the depreciation of those securities by throwing again into the money market securities of the Government carrying a larger interest than even 5 per cent? I do not think as a business proposition it would be very practicable to reduce the rate of interest to very much below what we had to pay last year especially having regard to the interest that is being paid by the average borrower in the money market in India. Well, that being so, if an impression should prevail that money can be kept back until the Government pay this amount, I think in the future there would be some handicap to Government flotations, and therefore we must think twice as to whether we should embark on a policy of that description. We must remember, Sir, in this connection that what we are asking to-day is virtually not to raise a flotation of 10 millions but really of 16·9, because we are asking for the withdrawal from the reserve 6·9 million pounds which, I believe, was really money borrowed, and we must also face the fact that we shall have to meet in the coming years the payments of large sums of money towards the discharge of the loan raised to make the one hundred million gift. These are, Sir, some of the reasons from the point of view of the money market which I thought would be ample reasons for justifying a proposition of this kind.

"Then to turn to the Railways. I shall not go into the details which I may have to go into when I take up that particular point. I said yesterday that we were trying to meet, to overtake, the arrears of the last four years. I think on examination it will be found that the money that was being employed prior to the war only on rolling-stock was a much smaller sum than I had given yesterday, and you will also find on examination of the figures that the produce traffic in 1919-1920 would be very much smaller than what was put in 1914-15, owing to insufficient rainfall in many parts. However, inasmuch as I shall have to take up the Council's time on that point later on I shall not deal with it at greater length now. I hope therefore that the Council will see that there are ample reasons for asking that this loan should be restricted in the manner I have proposed."

The Hon'ble Pandit Madan Mohan Malaviya:—

"Mr. Vice-President, I strongly support the Resolution which has been moved by my friend Mr. Sarma. In addition to the reasons which he has urged, I would ask the Council to take one more point into consideration, and that is this. Hitherto we have never worked up to a programme like what is proposed for the next year. I feel that it is a larger programme than can reasonably be expected to be carried out if there is not really to be extravagance and waste which would be deplorable in the present state of the country. I think, Sir, therefore, that Mr. Sarma's proposal is a reasonable one. It is proposed to spend 17 crores and odd on the improvement of rolling-stock. The improvement of rolling-stock is a matter of great interest and concern to the public. I do not grudge a reasonable amount of expenditure on this item. But I consider, Sir, in view of the present industrial situation, due to the war, the expenditure proposed is excessive. We must not forget that this is the year of the war not yet closed. Peace has not yet been signed. Industries have been disorganized in England also, and I wonder how the Government expect to get during the year all the material with the money that they are budgetting for will purchase. Of course they may be able to import railway material from America, but I do not think that the patriotism of Englishmen or of Scotchmen either, will permit of that course being adopted, and if you are not to go to other countries I do not know whether you will be able to get all the material in time to be able to carry out the programme within the year for which you are budgetting.

“Secondly, assuming that you get over all the tonnage and shipping difficulties and that you get all the materials in time, I do not know if, without incurring an amount of waste in working up this programme here, you would be able to utilise the full amount within the course of the year. For these reasons I support the proposition which has been moved by my Hon’ble friend Mr. Sarma. Even if the proposition is accepted, the amount which will be left will be a large one. It would enable the Government to keep up the Railways in a sufficiently efficient condition, and we can look forward to further progress in the years that lie before us. I hope, though it is almost hopeless to hope, that the Hon’ble the Finance Member may yet see his way to curtail the programme, to reduce the amount which is budgetted for to the extent suggested, and at any rate if not exactly by that amount, then at least by something less. In the present state of the country the need for expenditure in other directions is very great, and the provision of such an enormous expenditure on the improvement of railway rolling-stock seems to me to be unjustifiable. For these reasons, I support the Resolution which has been moved by my friend Mr. Sarma.”

The Hon’ble Sir James Meston :—“Sir, when the Hon’ble Member, who has moved this Resolution, fulfils the prophesy that was made last evening and occupies this seat ten years hence, I hope that he will be a little more insistent on Hon’ble gentlemen explaining what underlies somewhat cryptic Resolutions. As this Resolution is worded it gave us all in the Finance Department a certain amount of interesting food for speculation. We had no idea what the Hon’ble Member meant or on what grounds he was going to justify his somewhat drastic proposal. I had, I confess, a sort of wild hope that he was going to produce out of his pocket some new and pleasant method of raising the funds without going on the money market, and I was looking forward with great anticipation to his nostrum. However, Mr. Howard, with constitutional caution, dissuaded me from entertaining any such aspiration, and then we looked down the long series of Resolutions which stand in the Hon’ble Member’s name and we attempted to do a little arithmetic. We saw that on one side he proposed to reduce the expenditure on railways by £5 millions, and that he was going to cut down the Loan by £4 millions, which left one million for some other purposes, probably for the purposes stated in his three further Resolutions. However, when we added up the expenditure advocated in the next three Resolutions it came, instead of £1 million to £2 millions, and we knew the Hon’ble Member was too good an arithmetician to make a mistake of that sort, and so we came into the Council still in a position of bewilderment as to what actually the Hon’ble Member meant. He has now in an interesting and lucid speech dissolved our bewilderment, and he tells us that his sole purpose is to associate this Resolution with the Resolution which stands as No. 10 in to-day’s Agenda; and in anticipation of his moving that Resolution we have had his proposal supported by my friend the Hon’ble Pandit, who takes strong exception to the extended railway programme, and tells us that it is impossible to spend the money that we have budgeted for without waste and extravagance. I am content to leave him to the tender mercies of my Hon’ble Colleague on my left when he proceeds to deal with Resolution No. 10, and I shall proceed to answer, as far as in me lies, the suggestions and the criticisms that have been made by the Hon’ble Mover of this specific Resolution before us. He says that he wants us to stay out of the market this year except to the extent of £6 millions, in order, I take it, to give the market a rest, to give the market an opportunity of fulfilling other demands upon it and so on; and that is in substance his first substantial reason for reducing our loan. He says the shortage of floating money is apparent from the returns of the savings banks, and that we shall be unable now to raise more than £6 millions. I have listened with profound respect, but I am afraid with very little conviction, to the Hon’ble Member’s *a priori* arguments on that aspect. We can at least have a try and see what the market will give us. The same argument would have deterred us from raising loans during the last two or three years, and still we did not do so very badly with those loans, as he will find if he will look at the statistics of our borrowing operations. We have intentionally very largely reduced our demands for this year in order to give the very opportunity

which he is anxious for, in order to give new companies an opportunity of coming on the market or old companies an opportunity of increasing their capital, and I may say that they are already beginning to do so on a very satisfactory scale. -Another reason the Hon'ble Member has suggested for our not showering money upon railways is that we, by pursuing such a policy, would be exporting more of our own money. There is already a great deal of money of ours lying in London, and he says he does not want us to add to it. If that were the result of our borrowing, I should most cordially agree with him, but fortunately the result of what we are proposing to do is exactly the opposite. What we are going to do is to import money, we are going to bring out not gold or silver, but wealth. After all money is only a token of wealth. We are going to bring out wealth in the form of railway material against this £4 millions, and the wealth will be used for remunerative purposes. I do not think the Hon'ble Member need be afraid that there is any financial heresy or economic fallacy underlying these proposals.

" Briefly, Sir, the Hon'ble Member's proposition involves one of two consequences. The first consequence is that we should reduce our loan and retain the railway figure. This assumes that the present Resolution is dealt with without reference to its corollary later. If we accept this consequence, it implies that we have to pinch our Ways and Means; we have got to refrain from paying for something else. If you will turn to page 86, you will see the sort of thing you will have to cut down; we should have to cut down the discharge of our Treasury Bills, or go without paying for the silver we have purchased from America: or we might probably have to refrain from paying His Majesty's Government certain dues which we owe them. I am sure the Hon'ble Member, like myself, has a constitutional objection to postpone or reduce the payment of our lawful dues, and yet that is the position into which he is forcing us. The second alternative would be to assume that, along with the reduction of the loan, we are going to reduce our railway programme. Of course we still have to see whether the Council approve of any such suggestion, but if they did take the extreme step and reduce our railway programme correspondingly, what is the Hon'ble Member doing? He is preventing us from doing the very thing that he advised us to do last night. He was telling us how gravely wrong we are in allowing our paper currency to be inflated to the extent that it is; he was telling us that we are gravely wrong in having so many Treasury Bills floating about the market. I do not say we are right in this, and if circumstances had not been too much for us, we certainly would not have fallen into these uncomfortable habits. But even if our railway programme were reduced, would not the Hon'ble Member let us have our £4 millions in order to help in clearing these floating loans to which he takes such strong, such just exception? Would he not allow us to pay off our Treasury Bills and withdraw some of our surplus currency notes? I think the Hon'ble Member is hardly consistent. On the Resolution as it stands, without reference to any other subsidiary arguments based on the Resolution which is yet to be moved, the Government must oppose his motion."

The Hon'ble Rao Bahadur B. N. Sarma:—" Sir, it is difficult at the stage at which we have arrived for the Government to do otherwise perhaps than what they have done, namely, oppose the Resolution, but I must confess that I have not been able to be convinced by the Hon'ble Member's arguments. Of course it is easier for me to be convinced than for the Hon'ble Member to be convinced by my arguments, because I have got no particular position to defend, and I should therefore have very gladly accepted the Hon'ble Member's conclusions if I had felt that there was considerable force in his remarks. Well, Sir, I have already alluded to the experience of the last two years in my original remarks and tried to show how that cannot afford any standard whatsoever for a judgment as to what is likely to happen this year unless a somewhat similar attempt be made by the Government to push forward their scheme of flotation of this loan. I have not the slightest doubt that if the Government will it, they will have this £10 millions, and even more, but the only question is whether they should will it having regard to these circumstances, nor have I the slightest doubt that next year the Hon'ble

Sir James Meston will be able to say—'Mr. Sarma said the loan could not be floated, but we have been able to find the £10 millions easily.' But that would not be any justification for saying that the previous market experience has to be altogether neglected and that we ought to rely only or mainly on the experience of the last two years. I shall not deal with that point at greater length.

"Then it was said that my Resolution did not give any reasons whatsoever for the reduction, and that therefore the Finance Department were naturally at a loss to know exactly what was in my mind when I framed my Resolution. I am very sorry for not having been more argumentative, or rather, for not having been argumentative at all; but I was afraid I might be caught by the rule which says that Members should not be argumentative when they frame Resolutions. I shall attempt to give my reasons hereafter. But I may say, Sir, that one object I had in view in moving this Resolution was to have a reserve available to the Government which, along with other resources on which I shall dwell when I come to the next Resolution, would give me the monies that I want on the second, third and fourth Resolutions. That was one of my objects, and there is no need for concealing that fact. I ask for 2 millions and there is a surplus of 1·868 millions. I had hoped to be able to show that expenditure marked as 'Contingent' could be easily utilised by the Government, who had only ear-marked revenue for indefinite purposes, for the purposes that I suggest; so that there should be no difficulty whatsoever in the Government finding money to spend in the ways which I shall indicate when I come to the next Resolutions; and this one million was particularly meant for that purpose. But apart from that I tried to put this matter from two standpoints. The first was independent of the railway programme; but I never said the two were unconnected. I did not wish to detain the Council with any lengthy remarks on the last proposition, because I thought it would be wrong on my part to deal with that at great length now. These are inter-dependent propositions, as I have already said; and I am confident that I can put myself in the hands of the Legislative Council on the merits of this Resolution viewed apart from the railway Resolution as well as in conjunction therewith."

The Resolution was put and rejected.

RESOLUTION *RE* INCREASE OF BUDGET ALLOTMENT FOR SANITATION.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to put the next Resolution:—

'This Council recommends to the Governor-General in Council that the Budget allotment '24-B.—Sanitation, etc.,' be increased by R50 lakhs towards the equipment and improvement of the Health Department, and by R50 lakhs for the improvement of water-supply in rural areas.'

"I trust and hope that now that we are to have the full loan of 10 millions, the Government will be able to view this Resolution more sympathetically than they did the last Resolution. What I feel is that the Government and the Legislative Council will be at one in thinking that the money should be found for this object if it can be found for any object at all.

"Sir, supposing the statesmen attending the League of Nations in Europe, or for the matter of that any of us, were to open a morning newspaper and read there that on account of some preventible cause or some preventible calamity the whole of the population of Greece and Servia, or Belgium or one of the smaller countries of Europe, or for the matter of that, Scotland or Ireland, was swept away. What would their sensations be; what would their feelings be like? Would they give way to a fatalistic formula or would drastic attempts be made to meet a situation of a similar character should it unfortunately ever arise? I do not propose to be theatrical in dealing with this proposition because the hard facts of the situation are sufficiently clear, potent, influential and convincing to need any mere

display of sentimentality. The country seems to have taken the loss of 5 million souls owing to influenza rather coolly and cynically. The Eastern temperament, which accepts with abject submission what it conceives to be the decrees of Providence, has never been known to do better; but we expect the Western statesmen ruling our destinies to put more force into the machinery in order to avoid such calamities. Put from the purely business point of view, what does the loss of these 5 million men, women and children amount to? I tried to say yesterday that at the very, very low figure Rs. 60 per human being the loss would amount to 30 crores per annum, and capitalised at 20 times it would amount to 600 crores. But Rs. 60 per head is a very low figure. It may be said that influenza is admittedly one of those visitations which cannot be exactly foreseen and prevented. But what about the preventible mortality that is going on in this country? Seven millions are being carried away, partly owing to inevitable causes and partly owing to preventible causes. I think it is acknowledged on all hands that deaths from cholera could be prevented. Deaths from dysentery and diarrhoea, which really largely come under the head 'Cholera' and even if they come under dysentery and diarrhoea are equally largely preventible, help to swell the list of mortality. Small-pox is another annual visitant, to say nothing of malarial fever, which carries away more than 4 millions in a single year. If we take the normal death-rate in Europe at 14 to 17 per cent. and the normal death-rate here during the last ten years for which figures are available at 31.8 per cent., we see at once the remarkable disparity between them; and even if we assume that owing to an Eastern country being in question the rate of mortality would be naturally higher, I think the preventible deaths can be assumed to be not less than 2½ millions a year. I ask you again to look at it from the business point of view, the sordid business point of view, let alone from the higher moral or humanitarian point of view. What does the loss amount to? I am bringing these facts, Sir, prominently to your notice to ask the Council and the Government to accept a new principle, a departure from orthodox methods, in dealing with this situation. I know I shall be told that the pagoda tree cannot be shaken, that after meeting the ordinary needs of the country we are trying to do what we can in the way of giving medical help, in the way of promoting sanitation, and that possibly the Government can show that they have done more than other Governments in the past. But I ask you to depart from that doctrine; I ask you to look at it from the Western standpoint, to look upon the expenditure that you should incur hereafter as a sort of national insurance against debility, death and starvation, insurance against industrial fatiguing causes, industry-defeating causes, production-decreasing causes. I ask you to look at it from that point of view and find the necessary money for sanitation, for medical help. If you look at it from that point of view, I think that even 30 crores a year would not be a bad sum to start with. But I know that that is a ridiculously high figure and one which need not be entertained for a minute. I have put my proposition now on the Agenda chiefly for the purpose of getting the principle accepted at the nearest possible date, and for something being done to start the principle into active vital enforcement. That is the reason, Sir, why I have asked that this 50 lakhs should be provided for the health department and 50 lakhs for the water-supply in rural areas. Yesterday we were told that the Governments of the Provinces had exceeded the Budget estimates of the previous year by as much as 40 lakhs, had exceeded the sum which was generally utilised in previous years, and therefore we should thank our stars that in spite of there being no specific instructions the Local Governments were very wise in using their discretion in drawing upon their ancient hoards for the purpose of meeting these new disbursements. We are thankful that there has been an increase, and we deeply regret that in some of the provinces there is a large surplus still available which has not been utilised owing to the indifference, the reckless indifference I would call it, of the Provincial Governments in not foreseeing expenditure and not planning beforehand what their proposals should be in case money was available. At any rate, Sir, it is the duty of the Government of India, having the supreme control, to whip up the Local Governments into active work, if they fail to do their duty. I do not see what the Government of India are for if they do not discharge that duty. Now, what is

40 lakhs when the task is so gigantic? I was very much amused when these increased estimates and percentages were indulged in yesterday. I know that some of us when dealing with percentages open ourselves to the same remark. I remember when I was young some students in colleges newly started used to boast of cent. per cent. successes of the students that went up from those colleges, whereas the percentage of successes in older established college was very poor. Well, if the number sent up is one and that one passes, the percentage is 100. If a hundred boys are sent up and only 20 pass, the percentage is only 20, but still the number who have passed is 20. Similarly, when you deal with percentages, you must be very careful as to whether the money you spend has been proportionate to the undertaking and the increased ratio has a relative significance when there is a large expenditure in the past, whereas when you were spending very little in the past any small addition would swell the percentage. I think my remarks would be perfectly justified when you look at the ridiculously small sums that you have spent on sanitation in past years. Therefore there is no reason why we should be exultant over the percentages, or think that it is such a glorious record when we indulge in the pastime of dwelling on percentages to suit our own arguments. I submit, Sir, that I understand the limitations of the purse and that it is impossible to fly in the air and make a very large provision, but I hope I have said enough to convince you that on the first part of the Resolution there is need to depart in principle from our ancient practice and look upon the health department as a national insurance department just as much or just as little as the War Office is. Is then the 50 lakhs I have asked for too much? There are 1,100 divisions with an average population of 200,000 roughly in India. Even if you give one assistant surgeon and two sub-assistant surgeons with the necessary staff and a little money to spare, each division or sub-division would not have more than Rs. 45,000. But you will have a nucleus of a staff which can be developed. I believe, Sir, that it is absolutely necessary that the Government of India and possibly the Provincial Governments should have sanitary experts at the head to warn, to think out these problems, to understand what is going on in the rest of the world, to inform intelligently and in time the responsible Governments of the needs of the situation, to advise Provincial Governments and local bodies as to what is being done to bring the delinquencies, the omissions, the irregularities and the lapses of these subordinate administrative bodies to the notice of higher authorities for correction and reproof. I know that the present medical administration is doing splendid work, has been very, very sorely exercised during the last few years, and it would be ridiculous, wrong, cruel and mad to attribute to them any lack of industry or zeal to do what lies in human power to meet the situation. But it is impossible to expect from such a meagrely staffed body results at all proportionate to the needs of the situation. I therefore respectfully submit that the day should not be postponed, should not be unduly postponed, when we should give these bodies the necessary staff to undertake this task.

“Much of what I have to say with reference to this and the next Resolution would cover a portion of the Financial Statement. I hope to be well within my time, Sir, but if I trespass my time-limit on this I shall curtail my speech on the next. I respectfully request the indulgence of the Chair because I do not wish to take up the time of the Council unnecessarily . . .”

The Hon'ble the Vice-President:—“I am afraid that to-day I must hold Hon'ble Members strictly to the time-limit.”

The Hon'ble Rao Bahadur B. N. Sarma:—“Well, then Sir, that is so far as the first part of the Resolution is concerned. Then, with regard to the second part, I have only to say this. I have in my mind a vivid picture of what is passing with regard to this water-supply in rural areas, both where there is an abundant source of supply available and where there is no water at all. In dry villages the task is how to find water, and how to assist materially in adding to the amenities of life. From the industrial point of view you will save a large waste of time by women not having to spend two to three hours in seeking to get a pot of water for their daily use. It need not be expatiated upon. In other parts, in delta and other tracts, where water is available, it is so

filthy that the first flushes bring cholera and dysentery. With a little organisation you can improve it. I therefore hope that this item of expenditure need not be further expatiated upon to recommend itself to the acceptance of Council.

“Then we come to the question as to whether there is money for it. We have a surplus of £688,000. In dealing with this proposition apart from the question of the surplus, I ask you to consider whether it is not time for the Government to act upon the principle of the Reform proposals, in framing their Budget. I ask you to do this for the reason that apart from normal expenditure on the Army you budgetted for nearly 180 lakhs from revenue in trying to get the money that was promised last year. The excess profits duty is estimated at Rs. 7.5 millions, therefore if we make allowances for the fact that the rest of the money has been taken from revenue whereas it is a legitimate loan charge or taxation charge, I am within my rights in asking that the Imperial surplus should be used for this purpose. I said yesterday that if you leave the normal growth of revenue under land-revenue, court-fees, etc., you would have 175 lakhs to be given to the provinces or minus income-tax 160 lakhs. I ask that at least indulgence might be shown if this is to be a Provincial burden. You may treat it as a gift by the Imperial Government to the Provinces, the Provinces being left to utilise what is likely to be their own in the near future. Any way the money is theirs and, together with the 201 lakhs you propose to leave the Provinces on the Budget figure of 1917-18, there will be ample money in the Provinces to meet this expenditure. I beg that you may treat this money as a gift from the Imperial Government because the Reform proposals have not come into effect. Money is necessary for the purposes I have set out, and I am insistent for this reason that if we ignore the true Imperial surplus there is every risk of the military expenditure being swollen to enormous proportions so that you will practically get out of the country in the shape of Imperial taxation every pie leaving nothing for Provincial development. The matter should be looked at from that point of view. There is not the same surplus available in all Provinces alike, in Madras it is *nil*; in three Provinces taken together it is 7.4 lakhs. I think the matter should be viewed from this point of view, and I therefore request that the Government may be pleased to take this Resolution into their sympathetic consideration and vote the money.”

The Hon'ble Mr. W. A. Ironside:—“Sir, I did not intend to rise again to-day, for I thought after yesterday's experience that Mr. Sarma would have hesitated to get up and repeat some of the arguments then used as to the financial troubles of this country, but apparently like the brook of poetic fame he goes on for ever. I listened with much interest to his exposition and explanation of the financial features of the Budget. Am I to understand that this is the financial view as made in Madras? because if that is so I can quite understand the libel which has been levelled at that Presidency. In regard to the views put forward by Mr. Sarma on the subject of the necessities of sanitation, medical relief and water-supply, I may say that there is no one more insistent, more eager, than I am that these should be provided throughout India, but in questions of finance, no matter whether one is dealing with Imperial finance, Provincial finance, commercial finance, or shopkeeper's finance, one has to cut one's coat according to one's cloth. At the present time the Hon'ble the Finance Member has gone out of his way to put every rupee into the pool, and it has been done in a most extraordinarily generous manner on behalf of each and every department. When one deals with finance, and especially expenditure, the immediate necessity is to see what expenditure gives the quickest return. Now, as I pointed out yesterday, if railways are to be run less efficiently everything else in the chain of economic progress must be checked, retarded, and ultimately, if the plan be continued, stopped. I should be more inclined to listen to Mr. Sarma if I felt that this expenditure on sanitation were to have immediate effect. Only yesterday I read the Bengal Government's Report on some of the municipalities of that Province, and there a statement is made of the utter incapacity of the educated classes to grasp the value of sanitation. I refer to the Dacca Municipality; we have any number of other similar cases. I know that industrial concerns in Bengal and Bihar

and Orissa are daily spending money on water-supply schemes and on sanitation; and if we could but get the assistance, the practical assistance and the advice, of the educated people in our midst, our task would be so much lessened. We spend money day after day on this or that scheme for the amelioration of the people, and one of our main desires is to get the educated classes to assist us in the task of ours. So Mr. Sarma must not think that I am against the principle of Sanitation. I am not. But when he talks on this subject, I think it will be fair to say, he is wasting the time of this Council on expounding views which are economically unsound, and I feel that it is necessary to make some protest against some of them, otherwise without a protest they might be accepted outside this Council as correct."

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, I did not want to take any part at all in the discussions of to-day, and I had imposed upon myself what I would call the vow of silence. But I am obliged to break that vow in consequence of the observations of my Hon'ble friend to my left.

"My Hon'ble friend was pleased to say in the course of the observations which he has addressed to us that the educated classes—I suppose he has in his mind the educated classes in Bengal with whom he is in close touch—that the educated classes have exhibited an utter incapacity to grasp sanitary problems. I distinctly challenge that statement, and I say that whatever sanitary progress has been made in my Province has been largely due if not to the initiative, at any rate, to the persistent and strenuous efforts of the educated classes. I am not content with making a general statement of that kind. Every general statement should be tested by reference to concrete facts, and I desire to call the attention of my Hon'ble friend and of this Council to facts which, I think, will completely disprove the allegation which my Hon'ble friend has made with reference to the incapacity of the educated classes to grasp sanitary problems. Let us come to facts. My fact No. 1 is—The complete change in the sanitary condition of the town of Faridpur has been due to the initiative, the public spirit and the foresight of the Chairman of that Municipality, Mr. Amvica Charan Muzumdar, who was in 1916 the President of the Lucknow Congress and who was in consequence of his sanitary efforts congratulated by Sir John Woodburn, then Lieutenant-Governor of Bengal, as the Grand Old Man of East Bengal. He it was who projected the water-works of Faridpur. He it was who raised the funds for those water-works. He it was who completed those works, and the Government thanked him on the completion of those water-works.

"Then let us take case No. 2. Take the case of the district of Krishnagar. The water-works are about to be undertaken. Who was it that initiated these water-works? Again, a non-official Chairman of the Krishnagar Municipality, my respected friend Rai Bishambar Nath Bahadur. They are appealing to Government for funds.

"Take again the case of Hoogli, which has a history behind it, and I need not go into it here. There again the water-works were initiated by my friend the Chairman of the Municipality, Rai Manindra Chandra Mitter Bahadur, and the water-works were completed, and, I think, he himself made a very large contribution towards the water-works.

"Then, Sir, coming nearer home, here is my friend to my right the Hon'ble the Maharaja of Kassimbazar than whom there is not in Bengal a more patriotic, a more liberal, a more philanthropic public man. We have got the water-works at Berhampur, and I think he was Chairman of that Municipality for some little time, and these works have completely transformed the sanitary condition of the place. Who was it, again I ask, who initiated those water-works and bore the burden of them? I think my friend paid about half a lakh. No, I stand corrected, my friend paid two lakhs for those water-works. The health of Berhampur is very different now from what it was twenty years ago. It was the hot bed of malaria. People used to run away from Berhampur. But now Berhampur, I will not say, is a sanitarium, but at any rate it is largely free from the scourge of malarial fever. There is that great educational institution the Krishnath College towards which my friend has paid a large sum of money, and I think he contributes about 3 lakhs of

rupees a year towards the maintenance of educational institutions and the college is attended by 1,100 boys, healthy and strong young men, and the town is healthy owing to the water-works initiated by my friend, and the people of Berhampur feel deeply grateful to him for them.

“Take again the case of Murshidabad. Here again the initiative is due to Indian gentlemen who, I am told, are unfit to grasp sanitary problems. I am sorry that a statement of that kind should have been made by my friend the Hon'ble Mr. Ironside, for whom I have great personal respect. I am truly sorry that such an observation should have been made. Whether you pass this Resolution or not, that is another matter, but I am here to vindicate the character of my countrymen against the unjust aspersions which have been cast in this Council Chamber, and I should have rejoiced, speaking to the Resolution itself, I should have rejoiced if the Hon'ble the Finance Member could see his way to accept the Resolution of my Hon'ble friend Mr. Sarma. Wherever water-works have been extended, they have been attended with the greatest improvement in the sanitary condition of the place. Malaria has considerably abated, if it has not altogether disappeared. It is the one boon which the people appreciate; it is the one boon for which they are prepared to make sacrifices, and it is the one boon which the Government ought to extend to the people.

“My friend has referred to the incapacity of the people. There is another matter which I forgot to allude to. A Conference was held not long ago for the purpose of supplying water-works to the riparian municipalities. I was a member of that Conference. It was held in the Presidency Commissioner's office. The estimates came to about 36 lakhs of rupees, and the representatives of the municipalities, and I was one of them, were willing to pay the taxes that would be necessary for the water-works. Educated India appreciates the boon of sanitation, and no stronger evidence of the fact could be found than in the constant appeals which are renewed year after year in this Council Chamber for sanitary grants and the enhancement of the sanitary grants. My friend's Resolution itself is proof positive of the eager and keen interest which we feel in sanitary problems and in the improvement of sanitary areas. I do hope that my friend the Hon'ble the Finance Minister, if he can see his way, will accept this Resolution.”

The Hon'ble Pandit Madan Mohan Malaviya :—“Mr. Vice-President, I give my hearty support to the proposal put forward by my friend Mr. Sarma. I do not wish to say anything more with regard to the remarks which the Hon'ble Mr. Ironside made, because I take it that he will withdraw those remarks and express his regret for having made them. I think, Sir, the proceedings of this Council and of the Provincial Legislative Councils bear most eloquent if also painful testimony to the strenuous efforts which educated Indians have been making towards the improvement of the sanitation of the country, and I think they bear also regrettable proof of the unwillingness of the Government to do as much as is needed in this direction.

“Now here we are in this year with a large Budget in which a very heavy sum is being set apart for expenditure on military purposes, and in which a very large programme of railway construction has been provided for. In these circumstances, I do not think it is a sin for an Indian who feels that there should not be so many preventible deaths in his country to appeal to the Government to set apart more money for the health department and for supplying drinking water to the people. My friend Mr. Sarma has pointed out how great, how pressing, is the need for more money being spent on the health department. I know from my little experience as President of the Seva Samiti in Allahabad how great is the need for supplying medical relief to the people in the villages. Our volunteers have gone into the villages during the time of influenza and distributed medicines so far as they could; but medicines have been asked for from long distances and we have not been able to supply them. The need for medical relief is patent, it is crying, it is insistent. I think, Sir, a Government which spends so much on other departments, which is anxious to be up-to-date in other departments, ought to find money to give the necessary amount of medical relief and protection to the people. The heavy death-roll to which my friend Mr. Sarma has referred

speaks for itself. It is high time that the Government made a resolve to reduce this death-rate and made a strenuous effort to achieve that end. We have this sad fact that six millions of people, according to official calculation, have been carried away by influenza. There are some people who imagine that these deaths from influenza could not be avoided. I can say from my personal knowledge and experience of the work we have done that these were preventable deaths, most of which, if not all, could have been avoided. They were deaths brought about by insufficient food, by insufficient sanitary surroundings, by want of early medical help, by want of milk to give to the patients when they were down, and by want of other remedies and ameliorating conditions which the Government and the people working together could secure and should have secured to the people. Apart from this influenza, the ordinary death-rate also has been very high. I do not want to take up the time of the Council by repeating the figures which we have been used in the past to refer to in this Council, but I ask the Council, when it is providing for expenditure on other departments, to find the 50 lakhs which is asked for to increase and strengthen the Medical department.

“As for the second item, the item for providing pure drinking water, it seems to me a sad thing that in this Council, consisting of so many European members and consisting of Indian members from all the Provinces, it should be necessary to argue this matter with the Government. One would have expected that the Government would have itself made ample provision for providing healthy drinking water in areas where it is not available. But when a Resolution has been brought forward, I hope the Government will see their way to accept it. The want of good drinking water has been responsible for numerous deaths which could have been prevented. My friend Mr. Banerjee has referred to his experience in Bengal. We have the same experience in our United Provinces. Everywhere where good drinking water has been provided, cholera has nearly died out, at any rate has become a less frequent visitor than it used to be, and we have found the health of the people generally improved. My friend Mr. Ironside said that he did not feel sure that expenditure on the head which Mr. Sarma has asked for was going to bring the quickest return. He also said that if the expenditure on sanitation were to have an immediate effect, he would have supported the Resolution. I cannot understand my friend. I do not know that there is any expenditure which would have a more immediate effect than the provision of good drinking water for the people. Everywhere that has been the experience. Of course it will not bring a quick return in the shape of pounds, shillings and pence, it will not bring any quick return in the shape of rupees, but that is not the only return which Government may be concerned with. Business-men may lay too much stress upon that aspect of the question, but the Government has a larger business, a more humanitarian programme before it, and it has to consider what money is needed in order to prevent the premature death among people who should live normally to an old age. For these reasons, I would urge that the Government should accept this Resolution and provide the money that is asked for. If this is done I hope that the havoc of the last epidemic, such a death-rate, as we have had the misfortune to witness this year will not be repeated in future years. If this provision is not made, there will be widespread feeling in the country, that the Government is not sufficiently alive to the medical needs of the people, and to the sanitary needs of the people, and I regret to think that they will have justification for taking such a view. I commend this Resolution to the acceptance of the Government.”

The Hon'ble Mr. W. A. Ironside:—“Sir, in making

The Hon'ble the Vice-President:—“We will certainly hear any explanation Mr. Ironside would like to make.”

The Hon'ble Mr. W. A. Ironside:—“Sir, in making the remarks I made just now I knew they would raise a storm of protest

The Hon'ble Pandit Madan Mohan Malaviya:—“Condemnation, not protest.”

The Hon'ble Mr. W. A. Ironside :—“Very well then, condemnation, from Mr. Surendra Nath Banerjea. When one makes a statement like that, surely it may be taken for granted that I did not do so without knowledge of the subject and without a thorough grasp of the facts, and I agree there are many individuals who are working hard, spending money, using their influence in favour of this most desirable object. But we cannot get away from the fact that a great proportion of the educated classes have failed to support the schemes for sanitation that have been provided by friends like those on my right here, and the case has been brought to my personal knowledge by facts, where the surrounding educated classes of the inhabitants could have done so much to render sanitary schemes with which I have been connected far more beneficial to the surrounding people. I withdraw anything in the shape of an imputation against individuals, it was never intended”

The Hon'ble Mr. Surendra Nath Banerjea :—“Against us as a class.”

The Hon'ble Mr. W. A. Ironside :—“Against the great majority of them.”

The Hon'ble Mr. Surendra Nath Banerjea :—“I rise to point out that the imputation was not against individuals. ‘Educated class,’ I think those were the words used, and I submit that my friend, in view of the statement which he himself has made, will be good enough to withdraw the allegation so far as the class is concerned. Individuals you may pillory as much as you like, but I think I am entitled to ask my Hon'ble friend to withdraw the imputation as against the class.”

The Hon'ble Mr. W. A. Ironside :—“I leave it to Mr. Surendra Nath Banerjea. I am quite prepared to withdraw it, but I cannot get away from the fact that if we are going to spend money, if it is to be on railways or on sanitation, it should be spent where it may secure the quickest return, and where I have spent money on sanitation my difficulty has been to get that return by reason of the apathy of the large number of educated people whom one would ordinarily have expected would have grasped the benefits placed at the disposal of their less educated neighbours.”

The Hon'ble Sir Dinshaw Wacha :—“I am very glad, Sir, that Mr. Ironside has seen the advisability of withdrawing the accusation made against the educated classes. I read generally the annual Administration Reports of almost all the Presidencies and Provinces, and, as far as sanitation is concerned, during the last ten or fifteen years, I have seen that in every municipality and district board the educated classes are perfectly alive to the advantages of a good supply of potable water of a health-giving kind, and also to conservancy and other matters which help to prevent a high mortality. That being the case, I say, I am glad, Sir, that Mr. Ironside has thought fit to withdraw this allegation, which certainly is a libel against the educated classes. Apart from that, Sir, I am a member (though I will cease to be so on the 30th March) of the Bombay Municipal Corporation for thirty years, and nobody will deny at any rate that I have been one of the foremost members there to do every thing in my power, whenever the occasion arose, not only to increase the water-supply but also to see that medical relief and sanitation had the best chances of success from the Municipality as far as funds permitted. I do not mean to say that I am the only member of the Municipality who has done this; the whole of the Bombay Municipal Corporation has been insistent and useful in these directions. In Bombay, it was the educated classes who, in 1885, first raised the very big question of a large supply of pure water from the Tansa Lake at a cost of 1½ crores of rupees.

“The population increased, and only two years ago we were able to construct what we call a duplicate main at the cost of another crore. Even then we find now that the water-supply will not suffice, and what are we doing to meet the

inadequacy? At the present moment my Corporation is very busy attempting to get an estimate for a third supply of water, which will cost perhaps another crore. In ten years' time the Bombay Municipality will nearly have spent something like 4 to 5 crores on water-supply alone.

"Then look at our conservancy, which means cleansing the streets and removing nightsoil and other things which, if not removed, would cause great nuisance and high mortality. They are doing everything in Bombay for preventing the spread of cholera and other infectious diseases. They did everything to check the influenza epidemic when the latter was at its worst in September last, and when there was a heavy holocaust of as many as 750 deaths a day. Every educated young man—particularly from the colleges, volunteered to go about the worst parts of the town and very ably seconded the efforts of the Municipality—so ably that the whole press eulogised the services of every one of these young educated men. That certainly showed the spirit of our educated classes as to sanitation and prevention of diseases. Not only in the city but in other places too, like Poona and Ahmedabad, they did similar work"

The Hon'ble Pandit Madan Mohan Malaviya:—"Some of those young men died."

The Hon'ble the Vice-President:—"Order, order."

The Hon'ble Pandit Madan Mohan Malaviya:—"I was only reminding my Hon'ble friend that some of these young men have died doing the work."

The Hon'ble the Vice-President:—"Hon'ble Members should address to the Chair any remarks they may have to make."

The Hon'ble Sir Dinshaw Wacha:—"Exactly, that is the rule we follow in the Bombay Corporation. We always address all remarks to the Chair. That is a constitutional procedure and you, Sir, have ruled rightly."

"Of course, my Hon'ble friend Pandit Malaviya is right when he says that some of these educated young men died while doing their duty. I know of a very able young man, Mr. Netrajan, who sacrificed his life for this purpose while ministering to the afflicted. But, Sir, we need not further pursue this subject. I do admit that there are backward municipalities and other district and local boards which cannot go ahead for want of funds; but the spirit is there, and if there was more money they would do a great deal more in the way of water-supply and conservancy. As far as the Hon'ble Mr. Sarma's Resolution is concerned, I think it is a pertinent one. I myself yesterday told the Council what I thought was done by the Imperial Government itself in regard to sanitation. The accounts for 1917-18 showed an expenditure of £698,000 and the Budget estimate is for £998,000. I do not consider the revised estimates as complete, and I therefore compare the completed accounts of 1917-18 with the Budget estimate of the coming year. I find that we have increased the sanitation expenditure by nearly 57 per cent. As I said yesterday, when referring to this question, as far as sanitation is concerned, I think there is a bigger problem looming even than that of water-supply, because once the water-supply is put on a proper footing, there is an end to it. But a more serious problem of a permanent nature is the housing of the poorer classes in every part of the country. Insanitary housing is the cause of a greater holocaust of lives than even want of good drinking water. Therefore I observed that whatever is done in future by the Government in co-operation with private enterprise for the better sanitary housing of the poorer classes of the people would go a great way to reduce the prevailing heavy death-rate in India. That being my conviction, I associate myself with the Hon'ble Mr. Banerjea and say that, if the Hon'ble the Finance Minister could see his way to increase the grant in spite of the exigencies of the financial estimates, I for one would be very glad to support the Hon'ble Mr. Sarma's proposition."

The Hon'ble Mr. Malcolm Hogg :—“ Sir, in according in a limited degree of support to this Resolution, I do not wish it to be understood that I necessarily consider that the figure of 50 lakhs suggested by the Hon'ble Mover is feasible under the circumstances of this year ; but I do feel that the need for increased expenditure on sanitation and medical relief in particular in this country is so great that I cannot let this Resolution pass without according to it a degree of support, in principle, at any rate.

“ I do not wish to take up the time of the Council by going lengthily into the whole question of the need for sanitation and medical relief ; nor do I want to follow my Hon'ble friend, Mr. Ironside, into the somewhat thorny question as to whether people always take the best possible advantage of such facilities as are afforded them. I know of cases within my own experience where certain mofussil municipalities have shown a regrettable indifference to the necessities of sanitation. But that seems to me to be a question which is rather beside the point in discussing this Resolution. That might be an argument if we were discussing under whose control the expenditure of money granted for sanitation should be. But we are not discussing that question to-day, fortunately. The only question before us now is as to whether there is a need for increased expenditure on these subjects in this country, and I do not think that can be denied. I should like to give just one very brief instance as showing the sort of conditions that I imagine prevail over very large parts of this country. During the recent influenza epidemic in a district which I know well and in which I have industrial interests, the only medical relief open to a large number of villages, the only means of coping with the epidemic at all, was our own doctor, employed at our own mills there primarily for the purpose of looking after the people who resided in our own village. The local authorities had to come to us and ask us to lend our doctor to the surrounding villages and to supply the medicines. We were very glad to do so, but I do not think it is right that a considerable number of villages should be entirely dependent for medical relief on the chance fact that private interests happen to maintain a doctor and a dispensary in the neighbourhood.”

The Hon'ble Rai Sitanath Ray Bahadur :—“ Sir, I beg to associate myself and to express my sympathy with the Resolution which has been moved by my Hon'ble friend, Mr. Sarma, by giving it my humble support. In doing so, I also beg to refute the charge that the educated classes, so far as Bengal is concerned (I do not know what is the case in other Provinces), are backward in supporting any movement to improve sanitation and water-supply. So far as I know, and so far as I personally am concerned, I have all my life advocated the desirability of supplying good drinking water to rural areas, and I have in my humble way spent some money in supplying filtered water in one place alluded to by my Hon'ble friend

The Hon'ble Mr. Surendra Nath Banerjea :—“ How much?”

The Hon'ble Rai Sitanath Ray Bahadur :—“ Rupees 25,000 only. It may be that the educated classes on account of their poverty have not always been to the fore in supporting movements which go to improve their sanitary surroundings or to improve the water-supply ; but may I at the same time point out to the Hon'ble Mr. Ironside that whilst it is very easy to level criticism at the educated classes for their backwardness in these matters, what has the Calcutta Improvement Trust done so far to improve the condition, to remove congestion and bring about better sanitary conditions in the northern quarter of the town of Calcutta ?

“ We, two or three Indian members of the Calcutta Improvement Trust, have been crying ourselves hoarse to improve the sanitary condition of the northern quarter of the town ; but all the efforts of the Trust have been practically directed to improve the areas to the south of Chowringhee, and not to the improvement of the northern quarter of the town. I hope Mr. Ironside will kindly try and find out whether this is so or not. We have been submitting note after note—making suggestions for the improvement and opening up of the northern portion of Calcutta but to no effect

The Hon'ble the Vice-President:—"I think the Hon'ble Member is travelling very far from the Resolution. This is not the Calcutta Improvement Trust."

The Hon'ble Rai Sitanath Ray Bahadur:—"I referred to that only in order to show that Indian members are not at all apathetic to the improvement of sanitation. With these few words I beg to say that I wholeheartedly support the Resolution, especially that part of it which says that provision should be made in the Budget to allot 50 lakhs more for the improvement of water-supply in rural areas."

The Hon'ble Rai Bahadur Krishna Sahay:—"Sir, I accord my hearty support to both parts of the Resolution which my friend, Mr. Sarma, has moved. It can hardly be contended that the allotment under the head of sanitation, etc., is at all adequate. At any rate it is not commensurate with the requirements of the Provinces. I believe all Provinces stand in need of larger expenditure under the head of sanitation—particularly for my Province of Bihar and Orissa I find that there is an allotment of Rs. 5,89,000 only for sanitation. If you take into account the vast population of that province, about 34 millions, it will at once appear that the provision made here is grossly inadequate. I find also another curious thing. The allotment under that head as regards another Province, namely, Bombay, with a population of 19 millions only, is 23 lakhs. First of all we have to see whether an allotment of 5 lakhs and odd is sufficient for a population of 34 millions. I submit, that it is not.

"It is hardly necessary for me to enter the lists against the remark which has been made, unfortunately, by my friend, Mr. Ironside, as regards the incapacity of the educated people of this country to appreciate the problems of sanitation. I may remind my friend, that so far as my Province is concerned, this question of medical relief, as well as water-supply, has been times without number brought forward not only by the educated classes in the Provincial Council of which at one time both my friend and I were members, but also in the mofussil district boards and municipalities. A perusal of the proceedings of the Council and of the municipalities and district boards will, I am sure, convince my friend that far from their incapacity to appreciate problems of sanitation they have studied it, they have felt the need for a proper solution of the problem and have incessantly applied their minds to a solution of the problem. I think it was an uncalled for remark on the part of Mr. Ironside when he said that the educated classes in the country did not appreciate the problems of sanitation.

The Hon'ble Mr. Surendra Nath Banerjea:—"May I be permitted to make a suggestion, Sir, that this unhappy controversy should be allowed to drop, having regard to the fact that Mr. Ironside has withdrawn the allegation he made against the educated community?"

The Hon'ble Rai Bahadur Krishna Sahay:—"I said, therefore, that it was not necessary to enter the lists, in view of the fact that Mr. Ironside withdrew his remark. But I was just going to convince him that so far as my Province is concerned his remark would not apply. With these words I support the Resolution."

The Hon'ble Rai Bahadur B. D. Shukul:—"Sir, on behalf of the Central Provinces and Berar I rise to submit my emphatic protest against the

The Hon'ble the Vice-President:—"I must call the Hon'ble Member's attention to the fact that the allegation has been withdrawn."

The Hon'ble Rai Bahadur B. D. Shukul:—"Yes, but not against the educated classes, Sir. As coming from the backward parts of

the Central Provinces I do assure the Council that the members of the backward municipalities are as keenly interested in the question of adequate water-supply as the members of advanced municipalities like Bombay and Calcutta, and as such I submit that the Hon'ble the Finance Minister will kindly see his way to accept the suggestion made by my Hon'ble friend, Mr. Sarma. In my Budget speech last year I pointed out how the allotment for sanitation was not adequate so far as the Central Provinces were concerned, and I now find to my regret that the situation has not very much improved. With these words I commend the Resolution of my Hon'ble friend, Mr. Sarma, to the acceptance of this Council."

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—

"Sir, the Resolution moved by my friend, the Hon'ble Mr. Sarma, has been so thoroughly discussed that I shall content myself with merely saying that I associate myself entirely and whole-heartedly with the object which my friend has in view, and I trust that the Hon'ble the Finance Minister will see his way to accede to the request embodied in this Resolution."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I will follow my friend, the Hon'ble Mr. Shafi's example, in simply associating myself with the Resolution moved by my friend Mr. Sarma. In fact in my remarks yesterday I think I went beyond what he said, and I earnestly hope that the Finance Member will see his way to accept this Resolution."

The Hon'ble Sir James Meston:—"Sir, the Hon'ble Mover in his opening speech said that he had no intention of being either theatrical or sentimental, and in replying to the Resolution I shall endeavour to follow his excellent example. I shall therefore express no sort of resentment against the suggestions that have been made that we, Government officials, do not regret the appalling calamity that has visited us in the course of the last few months or that we do not wish to see an enormous development of medical and sanitary work, or that we do not recognise that such medical and sanitary services as are available to rural areas are at present gravely inadequate or in fact generally speaking that we do not think as much as the Hon'ble Member does of the thirst of the people, whether it is . . .

The Hon'ble Rao Bahadur B. N. Sarma:—"May I make an explanation, Sir. I never meant that the Government did not have the people's welfare at heart or did not think of it at all. I simply ask them to think more about it, that they should give their millions to it."

The Hon'ble Sir James Meston:—"I was going to make that clear. The Hon'ble Member's speech was all that could be desired; but some of his followers moved a little further in that direction than I think he did. I do not want to exacerbate this debate in any way whatever. I do want to say that we are fully aware of the deficiencies of the system of sanitation and water-supply. As a Government we are fully aware of what I was going to describe as the thirst of the people, whether it was for pure drinking water in the literal sense or for education in a metaphorical sense. I say nothing further on those points. I have no desire to enter into the merits of the case. I subscribe cordially to the statement that has been made by my Hon'ble friend, Mr. Banerjea, that great energy and great generosity have been displayed by individuals and by large groups of the educated classes in providing water-supply for large towns. The discussion, however, has rather tended to drift away from the precise terms of the Resolution before us which do not apply to large towns, but apply directly and specifically to rural areas. Well, the real fact of the matter is, as the Hon'ble Mover has said and as Mr. Hogg who supported him has emphasised, that this Resolution endeavours to establish a principle. I accept the principle; I gladly accept the principle and in opposing the Resolution I do it purely on technical grounds. I have to oppose the Resolution on technical grounds, and I may say at once that for the same reason, on the same grounds, I shall have to oppose the next Resolution that stands in the Hon'ble Member's name.

"Public health, rural sanitation, primary education all stand on the same footing; and the reasons I have to urge upon the Council to-day for not

accepting these specific proposals for large grants to them are the same in each case. There are three or four good reasons to my mind why these Resolutions should not be accepted in the form in which they stand. In the first place, it is, if I may say so, the duty of this Council to insist upon the salutary rule that when an Hon'ble Member rises to propose large additional expenditure, he should say where that expenditure is to come from. The Hon'ble Mover in his speech referred in a general way to various possible sources, and he referred specifically to the Imperial surplus. Well, I ran down the list of proposals that stand in his name and I find the extra grants he asks for come to 3 crores; the Imperial surplus is just a little over one crore; it obviously therefore cannot go round. He does not propose that we should impose extra taxation; the sources from which we are to find this extra grant are vague and indeterminate. I think it would be a beneficial thing to lay upon ourselves a self-denying ordinance that when we put forward proposals for extra grants we should specify clearly where the money is to come from. This is the first ground on which I shall oppose these two Resolutions. The second ground is that they are both opposed to the whole idea of provincial autonomy which now holds the field. We are endeavouring to get Local Governments to develop their own resources and surpluses and not to come cap in hand to the Government of India for assistance whenever they have any deserving proposals to put forward. The Hon'ble Member in that connection is doubtful whether the Local Governments have sufficient freedom to draw on their balances. As to that I can only refer him to the figures. The third ground on which I oppose the Resolution is that the provision of water-supply for rural areas, the development of their own Health Departments, the extension of primary education, are all matters for the Local Governments; they have to draw up plans and to lay out programmes, and it will then be for us to consider the grant of assistance if they come and tell us exactly to what extent they wish the Central Government to co-operate. We have no suggestions in the current Budget from any of the Provincial Governments for extra grants. I cannot charge my memory with any single case in which a sanitary scheme or an education scheme has been rejected by the Central Government. The fourth and last reason why I ask the Council not to accept this Resolution in its present form is, that it is reviving the old, the discredited, the dead system of doles. It will be within the memory of a good many of the members of this Council that there was a time when doles were very much in fashion. There was the historic case in which India was revelling in money which accrued from the opium habit of the Chinese. There was a great deal more money than we knew what to do with, and enormous sums were offered to Local Governments for various beneficial purposes. What happened? I can speak from personal experience. At least one Government received a very considerable amount for education, and we had to set to work to prepare schemes for the best employment of these funds. If we had employed them straightaway we should have been involved in recurring expenditure to an extent which our Provincial funds were utterly inadequate to provide. If we employed them, as we ultimately did, very largely on non-recurring expenditure, we required time to mature our schemes to see that we were using the money to the best advantage. These doles were not a blessing in disguise, very much the reverse. I believe that in the balances of Local Governments there are still lying considerable sums, dating from that period which Local Governments have not been able wisely to employ. It is a very easy thing to offer largesses to Local Governments; it is very easy to go and say 'my predecessor has taxed you, my colleague has imposed an unwelcome policy upon you; but here is the Finance Department, or any other department of Government, coming to solace you with money'; in other words, 'Codlin is your friend not Shortt.' That is an easy policy but it is an embarrassing policy, and to my mind an unwise policy. I trust the Government of India will continue to resist temptation of that sort and get the relations between the Central and the Provincial Governments on a healthier and more permanent basis henceforth. I have to oppose the Resolution as it stands, and I shall have to adopt the same attitude as regards the next Resolution, but in view of the strong feeling that has been expressed in this Council, I desire to say that I shall be very glad to consider, in consultation with the

Hon'ble Sir Sankaran Nair, who is in charge of these departments, the insertion in the final Budget for next year of whatever sum he considers reasonable for the development of central investigation into influenza or similar epidemics and measures for dealing with occurrences of that sort. Speaking generally, I am prepared to do that, but this does not apply to the suggestion about the improvement of the water-supply in rural areas which is entirely a Provincial matter. I do not know if my Hon'ble friend accepts that as sufficient, or whether he will still press his Resolution."

The Hon'ble Rao Bahadur B. N. Sarma :—" Sir, I have just to make a few observations with regard to the remarks which have fallen from my esteemed friend Mr. Ironside

The Hon'ble the Vice President :—" If the Hon'ble Member is going to refer to what has been withdrawn then he is out of order."

The Hon'ble Rao Bahadur B. N. Sarma :—" I am not going to speak of what was said of the educated classes, but certain remarks fell from the Hon'ble Member with reference to myself and the proposition I advanced. If he does not desire to press the point against me, I have no desire to indulge in any controversy, but if these remarks stand against me then it is my duty to reply to them.

" Sir, the Hon'ble Member has alluded to certain positions which I have taken up with reference to this debate and to financial questions in general, and has made a grave indictment against me. Speaking personally about my own position I have been accustomed to these attacks for the last thirteen years in the Legislative Councils with one break, and my reputation can be allowed to take care of itself. But my Hon'ble friend has dragged the dear name of the presidency to which I belong into question, and I must protest in the most emphatic terms against the suggestion that the Province has suffered cruelly at my hands.

" Well, Sir, in view of the support which I have received from the representative of the Bombay commercial community and the sympathetic remarks from the Hon'ble the Finance Member and of all my non-official colleagues, I do not think those remarks require any refutation whatsoever in detail. But when he made those remarks I literally trembled in my shoes as to whether he was going to follow up those vague charges with any substantial reasons, or whether he was going to indulge in them simply because that he was angry because I have suggested certain retrenchments possibly in other directions which hurt the interests he advocates. I may be permitted to say, Sir, that his remarks, though they show a general lip sympathy for the object which all of us have at heart, are, if construed rightly, a libel on the European commercial community, because he brings in the question of immediate financial returns when I ask for expenditure on sanitation and on the equipment of the Health Department. I do not think the mercantile world, the Indian mercantile world among whom some of the best intellects, cultured intellects, find a place, would deal with a proposition of this description in the manner in which the Hon'ble Mr. Ironside proposes to deal with it.

" I said, Sir, that I wanted an acceptance of the principle that we should look upon the Health Department as a national insurance department. He has not one word to say by way of argument against it. Is my proposition of such a stupid, fallacious character as to deserve that condemnation from him ?

" Then I asked for Rs. 50 lakhs. For what object ? For the equipment of the Department of Health. I suppose it is a monstrous financial proposition, a gross fallacy, that I have advocated in this Council wasting the time of this Council which does not appeal to my Hon'ble friend.

" And what is the third object ? I asked for Rs. 50 lakhs for rural water-supply, and he brings in the question of the educated classes. Wherein is there any connection between the educated classes and rural areas, I wonder ? And I was asking chiefly for the funds for wells and other objects in which educated classes would not take any part at all, and in which the machinery of the Government, largely official, would take part, and

therefore was there any fallacy in my argument even there? I fail to see any unless I am told wherein it lies.

"Then, Sir, the Hon'ble Mr. Ironside says the general objects to which I alluded are economically unsound financial propositions. Now what did I ask for? I simply said that the general Exchequer would have to find funds to adopt ways and means to meet this pressing situation, whatever may be the nature of the other difficulties with which we are confronted, even at the expense of risking a certain amount of diminishing expenditure under the favourite head 'Railways.' Most certainly in the Hon'ble Member's estimate Railways are better than the lives of His Majesty's Indian subjects! That is a new proposition that has been expounded to us here to-day.

"Well, Sir, I stand unconvinced by any of the arguments.

"Then with reference to the remarks of the Hon'ble Sir James Meston, I cordially appreciate the position that he takes. But, Sir, I have not asked for any interference with provincial autonomy. I have simply pointed out that if the spirit of the Reform proposals be carried out, then obviously this money that I am asking for would not be really the money of the Imperial Department which they would be doling out to Provincial Governments, but money of the Provincial Governments, money which is legitimately and rightfully their own. Therefore, the question of interference with provincial autonomy, that impolicy of doles, does not, I submit respectfully, come in here.

"Then, Sir, I am asked whether I have suggested additional taxation or addition to the resources. The rules of course prohibit me, they prohibit any non-official Member from raising any questions of taxation, and therefore that cannot be flung in my face, but I have suggested increased customs on beer, etc. But having regard to what he has said and to his decision, if possible, to find money if the Sanitary Department wants it, I do not think any useful object would be served by my pressing this Resolution on the further attention of this Council, and I therefore withdraw it."

The Hon'ble Mr. Malcolm Hogg :—" Sir, I would like to make a personal explanation. The Hon'ble Mover has referred to the support which I gave him on this Resolution. I just wish to make it clear that my support was limited to the general principle of allotting more money for medical relief, and did not necessarily extend to the methods by which my Hon'ble friend proposed to provide it."

The Hon'ble Rao Bahadur B. N. Sarma :—" I did not understand it."

The Hon'ble the Vice-President :—" I understand the Hon'ble Member desires to withdraw the Resolution with the leave of the Council? "

The Hon'ble Rao Bahadur B. N. Sarma :—" Yes, Sir."

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION RE EXTENSION AND IMPROVEMENT OF PRIMARY EDUCATION.

The Hon'ble Rao Bahadur B. N. Sarma :—" The next Resolution, Sir, that I have the honour to move is—

'This Council recommends to the Governor General in Council that the expenditure under education be increased by Rs. 150 lakhs to provide for the extension and improvement of primary education.'

"I shall not take up the time of the Council very much on this question. This is a hardy annual as was put last year by one of the Hon'ble Members, and it is unnecessary to ask this Council to accept the principle of extension of primary education. My object, Sir, in bringing forward the Resolution this year is of a two-fold character.

"The first is that this year and as early as possible we should recognise that the Provincial Governments should be given funds for the immediate

development of primary education in the Provinces. My object is to draw the attention of the Council to the fact that this question cannot be indefinitely postponed, that we should not be satisfied with mere paper Acts passed in the various Legislative Councils about compulsory primary education; that we should not labour under any delusions that the progress is going to be rapid if we are to be satisfied with the acceptance of the principle. Time was when the Government fought even the question of principle, but we seem to think that inasmuch as the Government have accepted the principle, we have gained 90 per cent. of the goal, that we are within measurable reach of victory, that our ideal will be realised in practice, that the Local Governments by passing paper Acts will be able to extend primary education. I want the Legislative Council clearly to realise that, in spite of the Act which my Hon'ble friend Mr. Patel had the honour of introducing and getting passed in the Bombay Council and similar Acts passed elsewhere, not much seems to have been done because the sinews of war have not been provided; there is no finance to back up the proposals. Now you will say 'this is going to be left to the people hereafter under the proposals for reform, therefore why worry us now about it?' Accept that principle if you please, but give us the money which is really the Provincial Governments' money. I will not deal with this matter at length, because I have dealt with it already and I have shown that if the Provincial Governments get their own revenues there would be more than 300 lakhs to their credit out of which they could meet this 150 lakhs. Be consistent, give them that, otherwise I ask you to accept the responsibility of the Imperial Council to provide funds from out of the general Exchequer this year. What after all am I asking for? Hon'ble Members will realise that we have during the last five years increased the total revenues of the country from £83 to £123 millions, or there has been an increase of £40 millions; in other words, Rs. 60 crores. I know that about Rs. 261 lakhs net have been added for education, that means about 4 per cent. I ask you to add 150 lakhs more, which would work out at 6 per cent. of the whole increase of revenues that I am asking to be devoted to education on which everybody is agreed the future salvation of India depends. Is that an excessive proportion? Is that a large sum? Am I to be told the Army wants this, the Railways want that, a third administration wants money, therefore we cannot provide for the prime necessities of education? I ask Hon'ble Members to see what is being done in other countries; people elsewhere are not satisfied with mere talk such as is indulged in here; they have been formulating proposals as to how even primary education should be supplemented by education up to the age of 16 and 18, how extension classes should reach everybody, how even University education should be within the reach of all deserving youths. That is the way they are proceeding about their task in order to equip the people of their countries with facilities to meet the growing competition of the world; to make the men and women worthy of their lives. But what are we doing? We are in an ante-diluvian era, thinking that every proposition is financially unsound, is economically unripe, and that a poor country cannot solve this question. I ask, Sir, that the Council should rise to the height of the occasion and should have this money. I am not asking for doles, I am not asking for provincial autonomy being interfered with, I want restoration of the old policy, that during the transition stage about 2.5 per cent. be given out of the increase of revenue during the last five years."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, I heartily support the proposal which has been put before the Council. In doing so I will only add this much that if the Hon'ble the Finance Member cannot find the money in other ways, I should go the length of suggesting that this money should be provided out of the loan which it is proposed to take for the purpose of expenditure on railways, that to that extent the amount to be provided for railways should be reduced and the money should be set apart for education. I venture to think that if we will remember the history of the question of primary education in this Council and the Provinces, my suggestion would not seem to be altogether a wild one. Ordinarily the money needed for primary education should be found from ordinary revenues, but we find that adequate sums are not provided for it out of the ordinary revenue; but the purpose of providing primary education for the people ranks in importance

not lower than any other question. And if the Government, after making a strenuous and earnest effort to find the money out of the revenues to an adequate extent for this purpose, find themselves unable to do so, then I say that rather than delay progress by one year, they should borrow the money for one year and provide it for education, partly for non-recurring expenditure in the shape of buildings, partly for the creation of normal schools, and also to meet partly the expenditure of ordinary schools for the year, and then make a strenuous effort in the next year to find the money out of revenue. If they should not be able to do that, then I should say they should go on borrowing for a few years, *i.e.*, until they are able to find the necessary money out of revenue rather than allow the extension of primary education to be delayed year after year. We have expenditure found for building Delhi, we have money found for increasing military expenditure up to the extent asked for by the military authorities of the day; we have an immense sum found for expending it on railways. It is time we found sufficient money for education. I know a certain sum has been spent on primary education; we recognise that a certain amount is being spent on it; but that amount is not adequate to the needs of the situation, and this question of primary education is of greater importance from every possible point of view than any other question. For these reasons I suggest that the Finance Department should find the money asked for by Mr. Sarma out of revenues by cutting down expenditure in other directions, which I cannot suggest, but which the Department themselves are in a better position to find out; and if they cannot do so, then they should provide the amount out of borrowed money to the extent that has been suggested. I strongly urge that for the sake of humanity, do not let the progress of education be delayed any longer. The work that has been done is appreciated, but that is very small compared to what is needed, and I ask Government to find the money somehow, either out of revenues, or by borrowing, to push on the progress of this very beneficent reform which lies at the root of all other reforms so far as the welfare of the people is concerned."

The Hon'ble Sir James Meston :—"Sir, the Hon'ble Member has been brief in opening his proposal, and again I shall follow his example. I have indeed very little to add to what I said in reply to the last Resolution. I am still in a state of considerable uncertainty as to the Hon'ble Member's financial intentions. He assures me that he does not want doles, and if the Resolution in the form in which it stands does not mean doles, I am unable to attach any other interpretation to it. The Hon'ble Member said that there was a time when Government was opposed to the principle, I take it the principle of the extension of primary education. I do not remember that time . . .

The Hon'ble Rao Bahadur B. N. Sarma :—"Compulsory education."

The Hon'ble Sir James Meston :—"That is another question. My friend the Hon'ble Pandit Malaviya has advised us that we should borrow this million sterling for the purposes of education. I think it is quite conceivable that in the near future we may have to borrow for capital purposes such as the Hon'ble Pandit mentions, the erection of new buildings, normal schools, training institutions and so on, but I would point out that to borrow £1 million this year is certainly not going to provide the pivot of the system, the trained teacher. If I understand anything about primary education, it is that the whole success in the future depends on the provision of trained teachers, men who are able to come forward and occupy the schools that we build and take over the classes which are now being in many cases somewhat inadequately taught, men who have a thorough appreciation of the science of education and who are prepared to undertake the profession of education in the necessary missionary spirit. So that if my Hon'ble friend with his proposal for Rs. 150 lakhs, could take me with him to a shop where this product is turned out ready-made for immediate use, I should gladly provide the Rs. 150 lakhs. If he would give me 15,000 teachers for Rs. 1,000 each, I should take them and pay the money down; or even 1,500 teachers at Rs. 10,000 each, I should take them and pay the money down. But I am afraid the product is not available, and so the money could not be spent, and I must oppose the Resolution."

The Hon'ble Rao Bahadur B. N. Sarma :—“Just one word, Sir. I listened with some surprise to the last argument that has been advanced by the Hon'ble the Finance Minister. It is an argument that has been advanced for the last ten years; I think, by almost every Finance Minister, both in the Provinces and in the Government of India. When is that psychological moment to arrive when the Government is going to start schools and prepare these teachers. Are we to be told year after year that that millenium must arrive, and until that millenium arrives nothing will be done. We are arguing in a vicious circle. What my friend the Hon'ble Pandit Malaviya said was, if the money cannot be spent straightaway in equipping teachers for primary schools, use the money for starting normal schools, for building purposes and for a thousand other purposes, for which, I think, estimates are being prepared during the last ten years in the Education Department. You want crores of rupees in the shape of non-recurring expenditure. You want crores of rupees in the shape of recurring expenditure; and to be told that the Education Department cannot find use for these 150 lakhs is, I think, to be told what it is rather difficult to believe. I think there is not much strength in that part of the argument.

“Then the Hon'ble Member says it is a question of doles really. Of course it will be a question of doles so long as the ancient system of finances as between the Imperial and the Provincial Governments continues. I believe that it has been discarded. But so long as it is in force, the ancient practice of finding something even in the most difficult years for these essential departments, Education, Sanitation, etc., should not be departed from and some money should be found. Precedent is in my favour. Whether you look upon it as a dole or as the Provinces getting back what is recognised to be their own, is not essential, so long as the money is forthcoming. I hope the Hon'ble the Finance Minister, though he may not be able to accept the Resolution, will change his mind and before the 21st find some money for the improvement of this essential branch of Indian administration.”

The Resolution was put and the Council divided as follows :—

<i>Ayes—18.</i>	<i>Noes—32.</i>
The Hon'ble Sir Gangadhar Chitnavis.	His Excellency the Commander-in-Chief.
„ Mr. Surendra Nath Banerjea.	The Hon'ble Sir Claude Hill.
„ Raja of Mahmudabad.	„ Sir Sankaran Nair.
„ Pandit Madan Mohan Malaviya.	„ Sir William Vincent.
„ Mr. S. Sastri.	„ Sir James Meston.
„ Mr. R. Ayyangar.	„ Sir Thomas Holland.
„ Mr. B. N. Sarma.	„ Sir Arthur Anderson.
„ Mir Asad Ali, Khan Bahadur.	„ Mr. W. A. Ironside.
„ Mr. V. J. Patel.	„ Mr. H. F. Howard.
„ Sir Fazulbhoy Currimbhoy.	„ Sir James DuBoulay.
„ Maharaja Sir Manindra Chandra Nandi.	„ Mr. A. H. Ley.
„ Rai Krishna Sahay Bahadur.	„ Mr. H. Sharp.
„ Khan Bahadur Mian Muhammad Shafi.	„ Mr. R. A. Mant.
„ Khan Zulfikar Ali Khan.	„ Major-General Sir Alfred Bingley.
„ Sardar Sundar Singh.	„ Sir Godfrey Fell.
„ Mr. G. S. Khaparde.	„ Mr. F. C. Rose.
„ Rai B. D. Shukul Bahadur.	„ Mr. C. H. Kesteven.
„ Mr. K. K. Chanda.	„ Mr. D. deS. Bray.
	„ Lieutenant-Colonel R. E. Holland.
	„ Surgeon-General W. R. Edwards.
	„ Mr. G. R. Clarke.
	„ Mr. P. L. Moore.
	„ Sir Dinshaw Wacha.
	„ Mr. M. N. Hogg.
	„ Mr. T. Emerson.
	„ Mr. E. H. C. Walsh.
	„ Mr. C. A. Kincaid.
	„ Sir John Donald.
	„ Mr. P. J. Fagan.
	„ Mr. W. J. Reid.
	„ W. F. Rice.
	„ Mr. J. T. Marten.

The Resolution was therefore negatived.

RESOLUTION RE GRANT TO ASSAM COLLEGE.

The Hon'ble Mr. Kamini Kumar Chanda :—“Sir,—I beg to move the following Resolution :—

‘This Council recommends to the Governor General in Council that the grant to the Assam Government be increased by a non-recurring grant of Rs. 11 lakhs and a recurring grant of Rs. 1 lakh for the Murarichand College at Sylhet.’

“Sir, in the first place I think I owe an explanation to the Council for bringing up an apparently local matter before this Council, so that there may be no prejudice against it on that score. I ought to assure the Council at once that I do not come here over the head of my Government. I am not an appellant against its decision, rather I am in the position of a co-plaintiff with the Local Government against the Government of India. The facts are these :—We had a private second grade college called the Murarichand College established and maintained by the premier zemindar of the district, the late Raja Girischandra Roy. It was a very efficient and successful institution. Its boys on more than one occasion secured the highest places in the University. During the swadeshi agitation the Government of Eastern Bengal and Assam decided to have control of the educational institutions, and negotiations were opened with the proprietor of the college to hand over charge of the college. A part of the contract was that it was to be raised to a fully equipped first grade college. The sanction of the Secretary of State was obtained for it, but in the meantime the Government of Eastern Bengal and Assam became defunct, and the Assam Administration was formed, and the Surma Valley districts of Sylhet and Cachar, I may say in passing, in the teeth of our opposition, were attached to Assam. However, it now devolved upon the Assam Government to provincialise the college and it was done while my Hon'ble friend sitting on my right was then Chief Secretary of the Assam Administration. The question of raising its status to the B. A. standard was then taken up. Some time was spent in a dispute regarding the site to be located, and after calling several conferences the Chief Commissioner, Sir Archdale Earle, visited Sylhet, and after consulting local opinion selected a site, and land was acquired by Government. But then unfortunately the war broke out and all work had to be stopped. But our boys then were in a fix. Although Bengalees, they were strangers in Bengal and could not find admission in Bengal because they were in Assam, and although they were in Assam they were strangers because they were Bengalees and not Assamese and could not find admission in the Assam College at Gauhati, and hundreds of boys were turned out, and the difficulty was to obtain accommodation for them in any college, and parents were not anxious to send them to Calcutta for various reasons and some of them were not able to afford it either.

“In this state of things the Chief Commissioner, Sir Archdale Earle, visited Sylhet in the cold weather of 1916, and we waited on him in deputation and placed our grievances before him. He fully went into the matter and was satisfied about the justice of our claim. But he observed that owing to the war funds would not be forthcoming for some time. If we agreed to pay a portion of the cost, about half, that would be required for the kutchha buildings to open B. A. classes and part of the cost of the staff for a year, he thought that matters might be expedited, and the local public agreed to these terms, and nine of the leading men of the town gave an agreement in writing to pay the sum of Rs. 18,000 which was estimated by Government. We now thought that the whole thing was all right and that the college would be sanctioned in no time, and we were directed to make our application for affiliation up to B. A. degree of the University. This was done, and I believe the Chief Commissioner addressed the Government of India, but apparently the Government of India was not anxious to pay any heed to it, and the University in its turn informed us that owing to a recent ruling of the Government of India, our application for affiliation was out of time.

“During the Budget debate of the Assam Council in March 1916,—I was then a member of the Assam Council,—we mentioned this matter and the Chief Commissioner invited some of us who were interested in the college to meet him. It was then decided that I was to come up to Simla to place our case personally before the Education Member. Accordingly,

armed with a letter of authority from the Chief Commissioner, I came in April 1916 and interviewed my Hon'ble friend Sir Sankaran Nair and Sir Edward Maclagan. I believe my Hon'ble friend Mr. Sharp was then away to Kashmir. I gratefully acknowledge that both my Hon'ble friend Sir Sankaran Nair and Sir Edward Maclagan were pleased to take a favourable view of the application, and removed the bar which stood in the way of the University to consider our application for affiliation. With that decision I went down to Calcutta, and approached the Syndicate. They then granted affiliation of the B. A. classes in Pass, and the classes were opened in kutchha buildings for which we paid the cost. In a short time the enrolment was exceeded by more than double of what was estimated, and the result of the University Examination was more than gratifying. We now found that the college was flocked by hundreds of boys, but we had no accommodation and the staff was insufficient, and the affiliation was inadequate being confined to a Pass. We, therefore, approached the Government to place the college on a proper footing in accordance with the undertaking that was given to us, and the Assam Government pressed the matter to the notice of the Government of India. But the Government of India was unmoved and raised all sorts of difficulties. They objected to the site selected by the Chief Commissioner himself. They objected to give more money, and the University refused to grant affiliation in Honours until the defects were removed, until all the conditions were fulfilled, and I do not think that the University could do anything else. I am sure I could not support the application under the circumstances from my place in the Senate. So the college was confined to Pass course, and classes were held in kutchha buildings and the staff remained inadequate. After that we had to accept the suggestion of the Government of India and abandon the old site and selected a new site. But where is the money to come from? The Hon'ble Sir James Meston told us yesterday that the Assam Government had 34 lakhs at its disposal, but the Assam Government cannot pay for a single project out of this sum. Nor can it finance a first grade college without a grant from the Government. I, therefore, appeal to the Hon'ble the Finance Minister to give us this money. We have done everything we had to do. Every condition that had to be fulfilled by us has been fulfilled, and it is the Government of India which has to fulfil its part. I am sure if it was a private party we could sue him for a breach of contract, but of course we cannot sue the Government of India for breach of faith. Apart from this you took the college from us on the understanding that you would maintain a fully equipped first grade college to teach up to the B. A. standard. You took Rs. 18,000 from us on the understanding that after a year the college would be placed on a permanent footing. We have selected the site which you insisted on, and what more can we do? You must give us the money now. Apart from any breach of contract, there is a moral duty which the Government owes to Assam as we have been separated from Bengal. When we were attached to Assam we protested, but then we were told that we would be granted all these things in Assam. When we waited in deputation on the Chief Secretary to the Government of Eastern Bengal, Mr. P. C. Lyon, he told me 'why do you wish to be in Bengal: in Bengal you will be the tail end. But you will be the premier district in Assam.' Where are we now?

"I must therefore ask you, Sir, to let us have the money to place the college on a permanent footing. I have reasons to believe that my official colleague sitting on my right will, if appealed to, support my case. It may be he may not support every remark I make against the Government, but I am sure so far as the prayer for the college is concerned, he will give it his support, and I trust the Council will be pleased to accept this Resolution."

The Hon'ble Mr. Reid:—"Sir, as the Commissioner of the Division in which the college is situated, my sympathies are entirely with the Hon'ble Mr. Chanda. But when he says that he appears as a co-plaintiff for the Government of Assam I do not think I can support him. I have no instructions on the subject from my Chief Commissioner. I do not know that he would consider this project as the one most immediately necessary for Assam.

I am quite sure that if he were offered any additional grant whatsoever for any purpose whatsoever he would gladly accept it. That, however, is a different matter.

“The Hon’ble Mr. Chanda has stated the case on the whole accurately, although I cannot endorse a few of his remarks. It is, perhaps, not quite relevant to the discussion, but it is not in accordance with facts to say that the districts of Sylhet and Cachar were taken away from Bengal in 1912. These districts have formed part of the Chief Commissionership of Assam since its creation. During the brief period that the province of Eastern Bengal and Assam was in existence, they formed part of that Province, and in 1912 they came back to Assam.

“Then the Hon’ble Mr. Chanda says that he has a grievance against Government for breach of contract. At first I was not sure whether it was against the Local Government or the Government of India that he had a grievance for breach of contract. He has now made it clear that his grievance was against the more august body. I am not sufficiently familiar with the negotiations that took place when the Murarichand College at Sylhet was handed over to Government to state the precise terms of the agreement. One material fact is a comparison of the number of students at that time with the number of students at the present time. It has increased manifold. In so far as Mr. Chanda argues that the college is an urgent need of the Surma Valley, in so far as he says that there is not enough accommodation for the young men who wish to go to college, in so far as he says that they are not welcome in Gauhati, he is perfectly correct. But whether on these facts a claim can be made for what is apparently the whole of the initial and recurring expenditure on account of this college, is a matter which it is not for me to decide.”

The Hon’ble Sir James Meston :—“Sir, I am not a sufficient lawyer to say whether the withdrawal of a co-plaintiff in a suit means that the suit falls to the ground. Probably it does not, and unfortunately I could not catch a good many of the arguments that were placed with fluency and eloquence before us by the original plaintiff. The Hon’ble Mover, however, has probably achieved his purpose in demonstrating to the world his affection and enthusiasm for this scheme, and personally I am quite prepared to accept his statement of the merits of the Murarichand College, supported as it has been by the Hon’ble Mr. Reid. On the Resolution, Sir, I am afraid there is nothing for me to do except to offer my unfortunate usual opposition. I find that a very short time ago when the scheme was officially before the Government in the Education Department, the local administration was told that the expenditure would fall on the Provincial revenues. That is still the situation, and it is not in my power, especially as there has been no suggestion to that effect from the Local Government, to impose doles upon them for the purpose. I must, therefore, oppose the Resolution.”

The Hon’ble Mr. Kamini Kumar Chanda :—“Sir, after the decision of the Hon’ble the Finance Minister I do not think it is very useful to go on with the discussion and take up the time of the Council. I think, therefore, I must withdraw this Resolution.”

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* INCREASE OF BUDGET ALLOTMENT FOR CARRYING OUT THE RECOMMENDATIONS OF THE INDUSTRIAL COMMISSION.

The Hon’ble Rao Bahadur B. N. Sarma :—“Sir, I beg to move the next Resolution that stands in my name :—

‘That this Council recommends to the Governor General in Council that the allotment ‘26-B.—Scientific and Miscellaneous Departments’ be increased by Rs. 50 lakhs for carrying out the recommendations of the Industrial Commission.’

"We had a very sympathetic reply yesterday to some remarks which fell from Hon'ble Members on this question during the last stage of the debate. The question, therefore, stands thus, that the Finance Minister will be pleased to consider during the course of the year favourably any need that there may be felt for giving effect to the recommendations of the Industrial Commission. The objection to any grant at the present moment seems to be that the recommendations of the Industrial Commission have not been finally approved by the Government in any practicable form, and therefore for Budget purposes, it is a trifle premature to allot any funds. Sir, I respectfully submit that reasons, and very cogent reasons, may be urged for a way out of the situation which has been presented by the Hon'ble the Finance Member. Now, it is absolutely necessary to waste the time of the Council in urging the imperative importance of giving immediate effect to the recommendations of the Industrial Commission. We are not at the stage now to discuss the merits of definite proposals, but, I think, everybody is agreed that we must set in practical motion the machinery for enabling the industrial advancement to keep pace with the times without any appreciable or undue delay. Now the real point is as to whether amongst these various recommendations of the Industrial Commission involving an expenditure of 25 lakhs of rupees (Rs. 24,63,000) Imperial and about Rs. 98 lakhs Provincial, or an aggregate recurring expenditure of 123 lakhs, there are not schemes to which effect can be given as having been universally consented to, immediately and during the course of this year. Besides items of recurring expenditure the Committee recommended the expenditure of 150 lakhs of rupees on certain schemes towards the capital expenditure that may be involved, and another 66 lakhs was foreshadowed as being possible expenditure on schemes that may be approved. Now the point is as to whether, amongst these numerous objects, the Government of India cannot find some objects at least which are universally acknowledged to be the right objects upon which immediate attention should be riveted and to which money should be devoted. Of course, there may be differences amongst Provincial Governments as to whether the control by the Imperial Government should be rigorous or should be merely of an advisory character, as to whether greater latitude should be given to the Provinces in the development of their own industries, or the whole should be controlled by an Imperial Department. On this there may be some difference of opinion, but even that, I submit, should be settled during the course of the year and before long. I think we have had this wrangle for the last 30 years, really. I have been reading this literature on industrial development for the last 30 years, and have seen the Resolution of the Government of India expressing its hearty sympathy with the objects and proposing schemes and asking that something should be done. The time has now come when practical effect should be given to the schemes and we should not any longer delay. I need hardly allude to what is going on in other countries, and the practical effect which is being given and which was given even during the course of the war to various schemes of national importance. Therefore, Sir, I submit that provision should be made to some extent because we are sure to have some Imperial Department. What the relations of that Department to the local department may be is another matter, and there will be some subjects within the control of that Department. Similarly, with regard to non-recurring expenditure we shall hope to construct technological schools, etc., and money could be employed on them. Therefore, I do not think, any valid reason can be urged in favour of a policy of *laissez faire*, the policy of doing nothing during the current year on the ground that Local Governments are not ready with the formulation of their proposals. I do not think I need say more. Local Governments I know are being given a fair impetus by the special officer appointed by the Government of India. I think we must thank the Government for the manner in which they are trying to meet the solution of this question, but I submit the proposals must be given some shape during the course of the year, and I think some expenditure must be allotted during the course of the year in order to throw the onus of proving that the machinery cannot be set on foot upon the Government of India and the Local Governments. I put it as a secondary reason. The first reason, I urge, is that amongst these new schemes there are various schemes which are ready and ripe

for expenditure. I put it as a secondary ground that the need of proving that the money cannot be spent should be upon the Imperial and the Provincial Governments. I think that will give a greater impetus to the carrying out of proposals all of us have at heart than merely saying, 'if the Department ask, we will give it.' The Department may not ask out of courtesy to the Government of India, or out of courtesy to the Provincial Government. I think the whip hand must be taken with more vigour. There are such things as lapses in Provincial expenditure and Imperial expenditure, and I do not think therefore, we need be so very sorry after all if there be any lapse of money provided for this purpose, and there will not be much in any case because the money I am asking for is so infinitesimally small in amount when compared with the needs and the proposals of the departments. I have only to say that the expenditure during the last five years under Imperial has grown by three lakhs only, from 39.43 to 42.21 Imperial, and the total expenditure has grown only by 33 lakhs, 93 being the expenditure as against 60. Surely that is a very small item having regard to the needs of the subject. I therefore, submit that the Finance Member will kindly see his way not to oppose this Resolution."

The Hon'ble Sir Fazulbhoj Currimbhoj :—"Sir, I am in entire sympathy with the object my friend has in view. I must say that for the last two or three years the Government have been very active with regard to the promoting of industries in the country. An Industrial Commission was appointed, and I had the honour to be one of the members, and we submitted our report last November. The Government were very anxious that we should make our report earlier, but unfortunately we were unable to do so owing to certain reasons. But the Government as soon as they got the report, have specially appointed, as my friend said, an officer, Mr. Low, who has been travelling in every Province and taking the opinions of the different Governments. If my friend Mr. Sarma had carefully read the report of the Commission he would have seen that there are many matters on which the Government of India have to consult the Local Governments, such as how they divide the different departments of industry, and whether an Imperial department of Industry is to be established. These are questions which the Government of India cannot undertake unless they consult the Local Governments. Sir, the Hon'ble Mr. Sarma also mentioned that there were institutions such as technological colleges which should be established, but that also is a question on which the Government of India must consult local opinion. He has himself admitted that the Hon'ble the Finance Member in reply to the Budget speeches made here has distinctly told us that he will be able to give the money if it is wanted by the Member for Commerce. I think under these circumstances when the Government are alive to the situation, he should withdraw this Resolution. I can assure the Hon'ble Member that the Government are very keen and they will do as much as they can in the way of adopting the recommendations of the Commission. With these few words, I will ask my friend to withdraw his Resolution."

The Hon'ble Mr. Malcolm Hogg :—"Sir, I do not think it is necessary for me to say more than a sentence or two on this Resolution. My real difficulty is in understanding exactly what is in the Hon'ble Mr. Sarma's mind. Does he think that the Hon'ble Member for Commerce and Industry has been unable to prevail upon the hard heart of the Hon'ble the Finance Member to give him the funds he requires; or does he think that the Hon'ble Member for Commerce and Industry, who was himself the President of the Industries Commission, has been so lacking in energy and enthusiasm as not to have asked for necessary funds? One or other of these hypotheses is necessary for the support of this Resolution. I find equal difficulty in accepting either."

The Hon'ble Pandit Madan Mohan Malaviya :—"Sir, I am quite prepared to answer my Hon'ble friend Mr. Hogg's question. The Hon'ble Mr. Sarma's Resolution does not imply any reflection on the Hon'ble Member for Commerce and Industry on the score of want of a desire to push forward the recommendations of the Commission. Nor does it imply any

insinuation of unwillingness on the part of Government to recognise the need of expenditure in that direction. The Hon'ble Mr. Sarma has himself referred to what the Hon'ble the Finance Member said yesterday and appreciated the fact that the Government has said that when the schemes have matured the Finance Department will find money for them. But I agree with the Hon'ble Mr. Sarma that there is a need for providing a large amount in the Budget for the purpose for which he asks for it, and I will give my reasons for it. No doubt the Local Governments have to be consulted about various important proposals which have been made by the Commission; but there are certain proposals about which we might presume that there is an agreement in principle between the Provincial Governments and the Government of India, and provision for carrying out those proposals requires a very large amount to be set aside. I will draw attention here to only a few of these important recommendations. For instance, there are to be two Departments of Industries, an Imperial and a Provincial Department. The Imperial Department is to cost 24 lakhs, and the Provincial Departments are to cost 98 lakhs. Now, let us assume for a moment that there is a difference of opinion—as no doubt there is—about the creation of an Imperial Department of Industries; but about the need of a Provincial Department of Industries there can be no difference. Both the Provincial Governments and the Government of India are likely to agree that a Department of Industries must be established in the Provinces. Departments of Industries already exist in most Provinces, and a development in that direction is bound to take place.

“ Then let us take a few other items. Among the schemes recommended for capital expenditure you will find a proposal for providing industrial schools, and the amount of 55 lakhs is recommended for this purpose. Take again, technological institutes. A tabular statement in the Report shows the amount which the Commission think ought to be provided in each Province for technological institutes, *viz.*—

	Lakhs.
Bombay	5
Bengal	10
United Provinces	6
Madras	5
Bihar and Orissa	18
Burma	8

making a total of 47 lakhs for technological institutes. There is likely to be very little difference of opinion about the need of these institutes; the Provincial Governments and the Government of India are not likely to disagree about it.

“ Then let us take the training of mechanical engineers, upon which the Commission has laid very great stress. For the technical training of mechanical engineers this Report recommends 10 schools at a capital charge of 40 lakhs. Now confining ourselves to these few items alone, the technical training of mechanical engineers, the technological institutes, and the industrial schools, all this is expenditure which has to be incurred in the Provinces, and it seems to me that making a very large and liberal allowance for differences of opinion between Provincial Governments and the Government of India, regarding the rate of expenditure recommended or the extent of the undertakings to be started, we may clearly say that a crore will not be a pie too much to be set aside to carry out the recommendations of the Industries Commission, about which there will be general agreement. It is important that this provision should be made. The general promise made by the Hon'ble the Finance Minister that when the schemes mature he will find money for them is not sufficient in a case like this. The need for expenditure is great and insistent, and we have lost much precious time. We should not lose any more time. We should therefore urge upon the Hon'ble the Finance Member and the Government of India to make a clear provision of at least a crore of rupees for expenditure on those items among the recommendations of the Industries Commission about which we may fairly expect to be in general agreement. If such provision is made, it will be recognised that there is a determination to push things on and that things shall be pushed on. If it is left merely to the general contingency of the recommendations maturing and money being then found for them, I apprehend with all respect to the Hon'ble the Finance

Member, that satisfactory progress will not be made this year. We should note what Japan has done and is doing. During the years of the War Japan has stolen a march over us. Last year the value of Japanese imports into this country amounted to 52 crores. The United States of America also have been pouring in their imports into our country. It was high time that India also moved forward in the right direction. There are numerous schemes waiting to be taken up. Those schemes will bring money not only to the people, but also to the Government, but unless you provide money for encouraging private effort, and unless you tell Local Governments that you are ready to help them in pushing those schemes, you will lose another year which will be very greatly injurious to the cause of industrial development. I therefore urge with all the emphasis that I can command that the Resolution, which asks only for a modest sum, a sum which is not at all adequate to the needs of the situation, ought to be accepted and that the Government should provide the sum in the Budget."

The Hon'ble Sir Thomas Holland:—"Sir, it is possible that Hon'ble Members may regard my action in recommending the rejection of this Resolution as not wholly consistent with my position as President of the Industrial Commission. Nevertheless, reconciliation of my two points of view does not necessitate the linguistic dexterity with which my Hon'ble friends, Messrs. Ironside and Hogg, during the debate on the Excess Profits Tax, advocated the interests of their constituents against their own personal convictions.

"Being one of the authors of the recommendations which the Hon'ble Mr. Sarma presses on the attention of Government, my parental instincts naturally respond sympathetically to the spirit of the Resolution. But I am none the less anxious for our offspring to reach the light under favourable and healthy conditions of birth; and I am consequently constrained to oppose any action that might result in premature parturition. It is for this reason, and this reason only, that the Government think it would be unnecessary, and even unwise, to make a separate allotment, of the dimensions suggested, for expenditure during the coming financial year.

"The Hon'ble Sir James Meston told the Council yesterday that Government had been by no means dilatory in dealing with the recommendations of the Commission. The Report did not reach the Government of India until late in October. It was placed under analysis in all Departments at once; and early in December, the Government of India had referred to the Local Governments the issues which concerned them, whilst their views on the questions that affect the Central Government were forwarded at once to the Secretary of State. So much for the steps taken by the Government of India to deal with those recommendations of the Commission that affect them.

"Now if the Hon'ble Mover will read the report once more, he will realise that the majority of our recommendations bear on questions for which Local Governments are responsible; for in spite of impressions that seem to have gained currency, our intention was to show that—to use a loose phrase that has lately got into general use—industries form essentially a provincial subject. Not only do most of our recommendations deal with questions about which Local Governments must take the initiative, but many of the small remainder deal with matters about which Local Governments must be consulted before the Government of India can reach the stage of spending large sums of money with economic advantage.

"Those who support this Resolution also forget that, whilst there is no special allotment, distinctly marked as such, for the objects of the Industrial Commission, many of the proposals that we have made or supported are being taken up already under other heads. They are scattered throughout the Budget according to the old classification of heads.

"I will draw your attention to one or two illustrations only. The Commission drew attention to the importance of the tanning industry and the necessity of investigating natural tanstuffs. In November last, Government secured the services of a distinguished expert for one year in order to survey the situation, and to advise us as to whether, and in what ways, our amateur efforts required reform.

"The industry, as you know, made great progress during the war, and some 600 tanneries, working on rigidly uniform lines and with fixed prices, turned out Army leather in a way which earned the warm commendation and thanks of the War Office. I was only too anxious to secure this industry as a permanent source of wealth, and what is equally important to preserve the standard of quality which had been attained under conditions of education that cannot be imitated by any University.

"To supplement the work of the tanner, and to give him the advantage of the raw materials now lying idle in our jungles, research work was carried out on a commercial scale, and our results are now being published in a convenient form for the use of the trade.

"Last summer we had some anxiety about the supply of Army boots; and, after inquiry at home, the India Office secured the services of Sir Henry Ledgard, who consented to come out without remuneration to help us in the organisation of this industry. Before Sir Henry arrived, the war was over; but he has now consented to remain for a year without salary in order to give us the benefit of the lessons learnt about Army boots at home, and to advise manufacturers as to how their methods might be improved to meet that demand for European boots which seems to increase as one of the visible signs of modern education. I should like to take this opportunity of expressing the Government's appreciation of Sir Henry Ledgard's public spirited action, which is really due to the spirit which dominates many healthy and successful men—an irresistible desire to see a job done well.

"My Hon'ble Colleague in charge of Revenue and Agriculture worries me at intervals regarding his proposals for extending the research facilities, and his plans for training Indian forest officers, at Dehra Dun. He will tell the Council later what is being done to utilise forest products for industries. Satisfactory results are being obtained in our efforts to extend the use of Indian timbers, large quantities of which have been sent to Egypt, Salonika, Palestine and Mesopotamia.

"A special survey of the coal situation has been arranged and Mr. Trehearne Rees has been selected by the Institution of Mining Engineers to advise Government as to the necessity of improving our methods of mining and using coal, in order that our limited resources in mineral fuel may be more economically turned to advantage. This is the Government reply to our demand for inquiry into the causes of waste:

'Experimental work has been in progress for some time at the Indian Institute of Science, Bangalore, in order to test the possibilities of turning our waste and cheaper forms of wood to account by destructive distillation and the recovery of by-products. The results obtained at Bangalore are now under consideration of the Madras Government and the Mysore Durbar, both of whom may find it possible to turn the laboratory results to commercial account.'

"In dealing with the fuel question, the Commission drew attention to the fact that water-power in India might be turned to account for industrial purposes, and have recommended a survey of our resources. Based on the recommendations made on this question in our Report, the Government have appointed two Engineers to make a preliminary survey with a view of locating the most promising power-sites for detailed investigation. This work is now in progress.

"I will not weary the Council with further illustrations of Government activity in the directions recommended by the Commission, but I ought to draw your attention to the fact that some of the proposals made by the Commission require further examination by specialist Committees before it is possible to take any line of action with safety; for example, we have recommended Committees to investigate the possibility of establishing scientific services, for the development of industrial banks and for the institution of a system of purchasing Government stores in India.

"This last question of the purchase of stores, I regard as the most important of the measures by which Government can assist local industries in a healthy way, and in order that we may not lose the benefit of the organisation created under war conditions by the Munitions Board, we are preserving, in a modified form, an agency for the purchase of stores for the Army and for

those civil departments that find it convenient to obtain their materials through a central organisation. This Branch of the Munitions Board scrutinises all indents submitted for transmission to the India Office ; it removes all items that certainly can be met with safety in this country, and gives advice to indenting officers as to the sources in India from which they are able to purchase their own stores.

“ With regard to the activities of Local Governments, I am only partially informed ; but I receive frequent communications from some Governments with requests for advice and help in the organization of their Provincial Departments of Industries. The chief difficulty with them, and with us, is that of obtaining suitable officers to organise the work.

“ My Hon'ble friend and former colleague, Pandit Madan Mohan Malaviya, gave illustrations of questions about which he thought action could be taken at once, as they are questions about which there is little difference of opinion. As illustrations, I think he referred to the formation of Provincial technological institutions. Judging by the experience of the past, there are few subjects about which differences of opinion have caused greater delay in action. For many years before I left India, discussions were in progress regarding the development of the Engineering College at Sibpur, the institution of a Mining School on the coal-fields and the development of a central technological institute in Calcutta. These questions, which are interrelated, appear to be no nearer solution now than they were ten years ago.

“ In 1907, my Hon'ble friend shared with me the work of a Conference at Naini Tal, when we recommended to Government the establishment of a technological institute at Cawnpore. This question has been under discussion ever since and has been attacked by three successive heads of the Local Government without final result or action of immediate value to the industries in that district.

“ The Hon'ble Mr. Sarma suggests that they might at any rate start the buildings that will be required, as buildings, in any case, will be wanted. This pre-supposes unanimity of opinion regarding location, dimensions and the government of the institutions projected. It is obviously useless to gallop unless your horse's head is in the right direction !

“ Under the circumstances which I have described, I cannot recommend the acceptance of the Resolution in its present form, not because I do not sympathise with its object, but because until we have drawn our plans to fit the rest of the Government machinery, we cannot economically spend more money than has been already provided under various heads. The Hon'ble Mover will remember that my Hon'ble colleague, Sir James Meston offered yesterday to find the money necessary for schemes that may attain reasonable maturity during the coming financial year. Possibly, after this explanation, the Hon'ble Mover may not now think it necessary to press his Resolution in its present form.”

The Hon'ble Rao Bahadur B. N. Sarma:—“ Sir, I shall profit by the advice that has been very kindly given me by the Hon'ble Sir Thomas Holland and the Hon'ble Sir Fazulbhoy Currimbhoy. I can assure them that I have read the report with some care, but I promise to do so with greater care. I realise the interdependence of the various recommendations of the Industrial Commission's report, and that is why I have not pressed for a larger provision being made in the current year which I would have done, having regard to the importance of the subject, though I know what the fate of such a Resolution would have been. But I know something of the difficulties of Government machinery. I recollect very well when I was Chairman of a Municipality that I could not carry out the construction of a drain for three years, though the matter had been under consideration for five or six years previously, owing to some technical difficulty or another. I fully realise the difficulties of Government departments getting through their work, but the needs of the hour are very urgent, and I hope technical considerations and delicacy and the fear of wounding the susceptibilities of Provincial departments will not continue to keep us in the same position in which we have been for the past 30 years. Sir Thomas

Holland has told us what has been done by the Government; we are extremely interested in this and very thankful, but if he analyses his argument he will find that he has given me a very good reason for proceeding with my Resolution. He tells us that, notwithstanding the fact that no final conclusions have been arrived at by the Government of India in regard to the various recommendations of the Industrial Commission, the Government have started various inquiries and that the department has done a thousand other things in the way of carrying out the recommendations made. I do not say that the whole thing should be done at once. What I have said is that you should not wait till the whole scheme has been scrutinised. What I suggested was that something should be done now; that something should be begun during the gestation period; otherwise it is very probable that the gestation will be unduly prolonged, and there may be some doubt as to the parentage. I hope, therefore, that Sir Thomas Holland will not leave India before he pushes this scheme through. Here is a subject, industrial education, statement II at page 227. I do not go through the details, because I do not wish to take up more time; the Provinces surely have some knowledge of this, the machinery is there; why not provide funds for it, whether a department is a department to be divided horizontally or vertically, whether it is to be Imperial or Provincial, should not interfere with providing for a department about which there can be no doubt. My position is that something must be done this year. Is that a sound proposition or an unsound proposition? Could not ways and means be found to spend usefully another 50 lakhs during 1919-20? That is a fair proposition. If the Government say that our machinery has been such that we cannot spend these 50 lakhs usefully, I must accept the inevitable, but I submit respectfully that it cannot be so, and that at least 50 lakhs should be found. There are some portions of the scheme which do not depend on the exact relations of the Government of India and Provincial Governments. However, let us not rely on technicalities, and say 'this is not the business of the Government of India, or that is not the opinion of the Provincial Government.' I submit respectfully that my Resolution should be accepted."

The motion was put and negatived.

FINANCIAL STATEMENT, 1919-20.

THIRD STAGE.

The Hon'ble Sir Claude Hill :—" Sir, I now beg to open the third stage of the discussion on and to introduce the following heads of the Financial Statement :—

<i>Revenue.</i>	<i>Expenditure.</i>
Land Revenue.	Land Revenue.
Provincial Rates.	Provincial Rates.
Forest.	Forest.
Agriculture.	Agriculture.
Scientific and Miscellaneous Departments.	Scientific and Miscellaneous Departments.
Irrigation.	Famine Relief.
Civil Works.	Protective Works, Irrigation.
	Irrigation.
	Civil Works.
	Capital outlay on Irrigation.

"In dealing with these heads I think it would be convenient if I advert to some of the observations which have been made in the earlier stages of the discussion of the Budget in reference to matters with which my departments are concerned. I turn in the first place to the observations which fell from my Hon'ble friend Mr. Shukul. My Hon'ble friend has given his annual personation of Mrs. Gummidge on behalf of the ryots and has stated that he is 'a poor lone creature'. I am bound to admit that on the present occasion there is considerable justification for

his attitude of persistent gloom, but I venture to think that, before I conclude, I shall show the Council that there is good reason for believing that there is a bright lining to the cloud that undoubtedly hangs over India from the point of view of agriculture at the present time, and that there is no necessity for the excessively gloomy attitude which my Hon'ble friend has taken up. My Hon'ble friend went on to assert that the Government of India were doing nothing to assist and promote agriculture, and he proceeded further to fortify his statement by a quotation from the reminiscences of Sir O'Moore Creagh, from which he inferred that instead of endeavouring to improve the principles of land revenue administration in this country, the Government of India were purely concerned with the collection of revenue. Well, Sir, Sir O'Moore Creagh was a distinguished soldier and in regard to matters pertaining to the army, I have no doubt that his criticisms in his reminiscences will receive that consideration to which they are entitled. But I should like to put up one personal petition to this Council in this connection. We all know the proverb, or rather the quotation, about Satan and idle hands. My hands will be idle next year when I take my pension, and it is possible that I may be susceptible to temptations. I may be tempted to write my own reminiscences, though I hope I shall not. I may even be tempted in the course of those reminiscences to give expression to views regarding my friend His Excellency Sir Charles Monro's conduct of the administration of Army headquarters and of the Government of India in the Army Department. Should I be so rash, then at least I would beg any of my friends who are at present Members of this Council and who may then be Members of this Council to have sufficient regard for me as to refrain from quoting me in this Council.

"Now, Sir, in regard to the actual condition of affairs in India, it is quite true that we have been faced with a very bad year and that it has been a very anxious time, and the questions which have been asked in this Council have shown how keenly Hon'ble Members have appreciated the anxieties of the situation. I laid on the table of this Council on the 19th February a full statement of the situation so far as we knew it and of the remedial action taken by the Government of India to meet the situation. From the purely financial standpoint, with which we are chiefly concerned for the moment, I should like to point out in what a very advantageous position we are as compared with corresponding calamities on previous occasions. Although the failure of the monsoon has been perhaps more widespread than on any previous occasion, certainly since 1899-1900, the actual situation as disclosed by the numbers on relief works at present contrasts in the most startling and favourable manner with the situation in 1900. On the week ending the 3rd of March 1900 there were on relief or test works 4,400,000 people. There were on the week ending on the 1st of March of this year on relief or test works 120,000 people. Now, I suggest, Sir, that those are facts from which we cannot get away and that we are not entitled to take the gloomy view which has been suggested by my Hon'ble friend Mr. Shukul in regard to the relative economic position of India, in regard to the relative prosperity of the ryots, and in regard to the relative capacity of those ryots to withstand the difficulties of the situation. I have said that the failure of the monsoon is at least as widespread as in the year 1900; and yet we have this startling contrast in the numbers of the people whose condition has compelled them to resort to relief.

"But, Sir, while in regard to direct famine expenditure there will be comparatively little cost as compared with past occasions, the indirect cost will this year be very heavy. An aggregate sum of Rs. 2,18,94,000 has been allotted to Takavi grants, while considerable remissions and suspensions of land-revenue are anticipated.

"The next subject to which I should like to turn to is that of agricultural education, and I am very glad, as evidenced by my Hon'ble friend Mr. Sarma's question, that the subject continues to retain the interest of this Council, because I have dealt at such length in the past with the matter that I have almost feared to weary the Council with my iteration of the anxiety of Government to develop agricultural education to the highest possible degree. Last year I described what had been done towards stimulating action in the Provinces and towards the establishment, in accordance with the recommendations of

the Board of Agriculture, and of the Agricultural Educational Conference, of Agricultural Middle Schools. I am glad to be able to say, as has already been made known in the statement which I laid on the table in response to Mr. Sarma's question, that nearly every Province but one in India has now taken steps to initiate agricultural middle schools. This step has been largely rendered possible by the grant which Sir William Meyer was enabled to make last year of 30 lakhs for technical and agricultural education. Of that sum, I am glad to say I was able to snatch as much as 21 lakhs, a much larger portion than my fair share, from my Hon'ble colleague Sir Sankaran Nair, who did not happen to be quite ready when the flag fell; and these 21 lakhs were supplemented by a sum of Rs. 1,80,000 available from the wheat profits. It will be seen from the statement that we have succeeded in spending that,—I think my Hon'ble friend Mr. Sarma will agree,—in a very useful manner, by distribution to the Provinces for the establishment of institutions for tuition in agriculture. I should like to explain, since it is relevant to a good many of the arguments which we have heard here to-day in connection with other grants, that the reason why we were able to usefully spend that and why we did not come within the category of the objections to doles which obtain in ordinary times, was that for the previous three years, thanks to the energy of the Agricultural Adviser, Mr. Mackenna and his Department, we had been maturing schemes deliberately, in consultation with Local Governments, with a view to being ready to meet any windfalls that might occur. This year, unfortunately, I shall not be able to establish such a preponderating claim, and I am afraid my Hon'ble colleague Sir Sankaran Nair has put in a demand for half. Only 15 lakhs will be available, but I can assure the Council that it will be spent to the very great advantage of agricultural education.

“Last year I referred, at some length, I am afraid, to what we had in view in constituting the Indian Cotton Committee. That Cotton Committee sat through the cold weather of 1917-18 and got through its work very quickly. We had every hope, in May 1918, that we should get the Report published about June last. But we very unwisely, I am sorry to say, permitted two of the members of the Indian Cotton Committee to proceed Home in anticipation of their signing the Report, since they had agreed to all the important items in it. When the Report was despatched Home for their signature they developed points of difference in regard to minor matters which compelled us to withhold the Report, and the result is that we were not able to get those small points of difference settled until one of them returned again to India. I earnestly hope that we shall be able to make the Report available to the public very soon, and I may say at once that, although it will have in the ordinary course to be referred to Local Governments on many points for consultation, there are one or two main points in regard to which I hope that we shall be able to take action immediately the Report is published.

“The newspapers have referred, one or two of them, to the admirable opportunity which presents itself to my Hon'ble colleague Sir James Meston and myself for spending large sums of money on the development and improvement of agriculture.

“I need only say in regard to that suggestion that I am quite confident that Sir James Meston will do precisely what his distinguished predecessor Sir William Meyer did, and that is to support, and, if possible, to find the money for, any schemes which I am able to demonstrate to him are justified on their intrinsic merits. I have never found the Finance Department refusing any schemes that we could justify on those grounds, and I am perfectly certain that attitude will be continued. But it is quite likely that the resources upon which Sir James Meston can count may sometimes be inadequate, because, as I think Hon'ble Members know, having been engaged during the last three years in evolving schemes of development throughout India, both Imperial and Provincial, we shall be submitting very shortly, or rather we have submitted in some cases, and shall hope to be getting sanction very shortly for, some very large measures of development costing very large sums of money indeed, and it will thus be a problem as to how far and how rapidly the finances of India will permit those schemes to

develop. The progress of agricultural development in India has of course been, and still is, enormously handicapped by the relative shortage in India of the requisite number of research officers. We have now, including the provinces, between 30 and 40 scientific research officers in agriculture in India, and this of course compares lamentably with the number, for instance, in the United States. That is one of the prime factors which we hope to place on a better footing by our proposed development.

"The next important matter which I hope to take up and which I hope will form the subject of investigation in the ensuing year is sugar; and I hope a Sugar Committee will be appointed to investigate in particular the commercial side of the development of the industry. I have already told the Council on previous occasions what has been done by Dr. Barber of Coimbatore on the scientific side, and the enormous amount of material which we have accumulated there for scientific guidance in regard to the botanical side of the sugar-cane problem; and it is now chiefly the industrial side which we want to investigate with a view to co-operation in the general scheme of industrial development, which, under the ægis of Sir Thomas Holland's Report, we hope to further in the near future.

"Then I ought to refer for a moment to Mr. Lefroy's silk report which I mentioned last year. It has recently been published and we are now asking for the appointment of the special officer, recommended in the report, to make research into the disease of pebrine and other diseases connected with silkworms, and we hope to get him to work very shortly, without waiting for the development of the other measures with regard to the silk industry, which Mr. Lefroy advocated.

"The conditions of the monsoon of 1917 were so widely different from those of 1918, and as a result of abundant rain there was so much water, throughout the country that it developed to a very serious extent—an extent which greatly alarmed His Excellency the Commander-in-Chief—the disease known as Surra; and we have taken steps to appoint a Standing Committee in Surra, and that Standing Committee is to direct investigations as to the best method of research and the application of preventive measures, and it is hoped that that Committee will see its way eventually to make recommendations which may have far-reaching effects on this devastating disease.

"I now turn for a moment to forest matters. The war, as I explained last year has, during the past four years, by depriving us of many of our forest officers, slowed down the rate of progress which we hoped to show in the matter of forest development, but, in spite of this handicap, the United Provinces and the Punjab have made large strides in advance in the matter of industrialising some kinds of their forest produce, notably resin; and we are now, as I think Sir Thomas Holland adumbrated just now, taking steps for the selection and appointment of a wood technologist to be attached to the Dehra Dun Research Institute, whose business will be to investigate thoroughly the properties of Indian timbers with a view to placing them on the market in India, thus to utilise for indigenous forests instead of importing timber from abroad. The United Provinces Government have established, in pursuance of their desire to push forest produce as far as possible, a utilization branch in charge of a special conservator. Another matter to which I have referred before, and which I think Hon'ble Members were interested in, is the appointment of forest engineers. A large number of these officers will, we hope, be appointed during the ensuing year, and as soon as suitable officers can be found, there will be a forest engineer or engineers in nearly every Province in India.

"The only other matter connected with forests which I wish to mention is the lac industry, the value of which is perhaps greater than is generally supposed. It amounts to £1½ million a year. With a view to develop that if possible and place it on a sound footing the Board of Forestry, which is to sit in Dehra Dun next month, is going to consider the whole matter in consultation with experts, manufacturers and others, and I hope the result may be that the lac industry will be developed to a very considerable extent.

"I will now turn very briefly indeed to the operations of the Public Works Department. I do not propose to notice minor points, nor do I propose to go again over the ground which has been traversed by the Financial Statement

of Sir James Meston in regard to the bigger works ; but I should like in reference to the criticisms that have been made of the smaller allotments, both in the case of the productive and protective irrigation works, to make one or two observations in this connection. The critics have been Mr. Sarma, Sir Fazulbhoy Currimbhoy and others, and criticism has also been made in the written statement which has been put forward by my friend the Hon'ble Mr. Ayyangar. Mr. Ayyangar, in particular, has asked what has happened to the Cauvery scheme and why the Cauvery scheme should not be proceeded with? That is a very big scheme with which of course Mr. Ayyanagar is familiar ; but it is held up because it cannot properly be provided with pending the settlement of certain disputes which have arisen in connection with the Kannambadi reservoir, between the Mysore Darbar and the Madras Government. It would not be right, we hold, to permit the Cauvery scheme to be proceeded with until that dispute is settled. I should like also to say generally with reference to the criticisms relating to the suggestion that productive and protective irrigation should have a larger allotment and the railways a lesser allotment than has been given by Sir James Meston, that, in the first place, our development of productive and protective irrigation works has been necessarily limited by the human equation ; our establishments have been low and we could not have proceeded at the normal rate in any circumstances. But there are other reasons which have operated to deter the Public Works Department on the irrigation side, from pressing for a larger allotment as against railways. One of them—I do not think I have heard this mentioned during the debate—is this. I think nobody who had experience of, or came into contact with, the threatened difficulty last September, October and November, owing to the shortage of rolling-stock and other equipment on the railways, or who realize the imminence of a block in the transfer from one part of India to another of necessary supplies of foodstuffs—I believe no one who had experience of that time of anxiety—would hesitate to say that the first plank in the protection of India from the ravages of scarcity and famine is to place our railways on such a plane of efficiency that there should be no risk of the repetition of the threat of such a calamity. At that time—I am speaking of September, October and November, when the war was still on—the chief anxiety of those who realized the apprehended scarcity in various parts of India was that it would be impossible to transfer foodstuffs sufficiently rapidly from one part of India to another owing to the depletion of rolling-stock and other equipment. Therefore, having been through that time of anxiety, I for one am fully convinced that the first essential, both in regard to industrial development and to the prevention of famine and its consequences through a shortage of foodstuffs, is the urgent need for restoring our railways to their former grade of efficiency.

“On the financial side, I should like to mention that the productive irrigation system gave us a net profit last year of 345 against 341 lakhs which we anticipated, and those who have read the Statement will see that we anticipate a revenue of 361 lakhs next year, the increase being due to the development of irrigation.

“One point remains : We have appointed Messrs. Barlow and Meares to examine, and make a preliminary survey of, the potentialities of India for the utilisation of water-power for the development of industries ; and we hope to get preliminary notes from them commencing from June next. Of course these preliminary reports will not be conclusive : they will be merely indications of where and how there seem to be probabilities of developing hydro-electric power to industrial advantage.

“That, I think, represents all the matters with which I need trouble the Council at present. But I should like to communicate a piece of information which we have just received, namely, that before the end of this month, the amount of wheat from Australia which we hope will have actually arrived will be 63,200 tons.

“And that reminds me of a criticism which was made also by my Hon'ble friend Mr. Shukul. I began with my Hon'ble friend and I propose to finish with him. He said that we had recklessly exported foodstuffs when we ought to have known better, thereby imperilling the well-being of the people of India.

I interjected a question to ask the date to which he was referring, and he said 'before we prohibited exports.' We actually began to check exports before September. We actually prohibited exports of the major foodgrains at the beginning of October, and we had the situation carefully under observation from the time of the Nagpur Conference, that is, the 15th August. Hon'ble Members will perhaps still recollect that there was a war on at that time; and we anticipated that the war might continue for at least another year. I am perfectly certain that every Member of this Council desired that, up to the last moment that it was safe, India should continue to give all the assistance in her power to the allied cause; and it was for that reason that up to the last safe moment we held our hands and refrained from prohibiting the export of foodgrains designed to help our Allies. But so soon as it became evident that it was unsafe to permit unrestricted export, we restricted export, and we have since then, as is evidenced from the information I have just given, taken steps to ensure that the stocks in India shall, as rapidly as possible, be reinforced by imports from abroad."

RESOLUTION *RE* EXTENSION AND IMPROVEMENT OF AGRICULTURAL EDUCATION.

The Hon'ble Rai Bahadur B. D. Shukul :—" Sir, I beg to move that—

'This Council recommends to the Governor General in Council that the provision for expenditure under Agriculture be increased by Rs. 50 lakhs to provide for the extension and improvement of Agricultural Education.'

" Sir, before I make any observations on this Resolution, I wish to express my regret that my Hon'ble friend Sir Claude Hill seems to be under the impression that I stated the other day that Government did nothing for the improvement of Agriculture. So far as I remember, I never meant to say that. What I really meant to say was that whatever the Government had done was not commensurate with the needs and requirements of the country; and to that position I still adhere. What I think is that very much more has yet to be done, and that all that could be done has not been done.

" Now, coming to my present Resolution, I shall not detain the Council very long, for the reason that the cause of agriculture in my humble opinion needs no advocacy especially before this Council which is responsible for the permanent improvement of the moral and material well-being of the Indian population of whom more than 85 per cent. draw their sustenance directly or indirectly from the land.

" It is indeed a sad irony of fate that the question of agricultural education upon which solely hinges the further advancement of the cause of agriculture and the very success of the Agricultural Department itself, failed for a long time to receive such attention of the Government of India as was its due, and that even though the Government has of late taken a greater interest in the subject, yet the Government policy with regard to agricultural education should have proved a failure. This I say on the strength of the statement found in paragraph 324 of the Quinquennial Report of the Progress of Education in India for 1912-1917 to the effect that 'the results have hitherto been disappointing.'

" Although it was so far back as 1880 that the Famine Commission expressed the view that 'no general advance in agricultural system can be expected until the rural population had been so educated as to enable them to take a practical interest in agricultural progress and reform,' and although Sir Edward Buck pointed out at the Simla Agricultural Conference in October 1898 that 'it was no longer a matter of choice whether agricultural departments could take up the subject of agricultural education or not, but it was a positive duty which they could not evade unless released by the Secretary of State from the obligations put upon them.' Yet adequate attention was not paid to it for a long time. However, it is a matter of great satisfaction that of late the Government of India have begun to take a more real interest in the subject as is reflected in the prolonged and close attention which has been paid

to the question by the conferences of agriculturists and educationists which met at Pusa in February 1916 and again at Simla in June 1917. For this I cannot but express my deep sense of gratitude to the Government of India as well as to my Hon'ble friend, Sir Claude Hill, the Minister in charge of the portfolio of agriculture.

"I admit, Sir, that there is a machinery to bring into effect the intentions of the Government. I know the good-will is also there, but what we require now is enthusiasm and money. Without money, *i.e.*, without adequate funds, no Local Government will be in a position to carry into effect a substantial advance so as to produce a tangible result upon the system of agriculture in India. The conclusions which have been arrived at by the latest conference held to discuss the subject, especially the Resolutions recommending the establishment of a large number of agricultural middle schools and institutions for the training of teachers for such schools, have to be complied with.

"Sir, I think the present allotment made in the Budget under the head of Agriculture will not be quite sufficient for the undertaking of this ambitious object. Although I am glad to notice an improvement of about 25 lakhs in the Financial Statement under this head as compared with that of last year, yet, I think, it is inadequate. Reference to the statement furnished by my friend, the Hon'ble Sir Claude Hill, in reply to the question put by the Hon'ble Mr. Sarma, would show that out of Rs. 20 lakhs spent on agricultural education out of the special grant of 30 lakhs sanctioned for the current year for the purpose of technical and agricultural education, a sum of 4 lakhs only was spent for the establishment of agricultural middle schools in this country, and what was the result? We could only get two schools for Madras, three for Bombay, two for Bengal, one for the United Provinces and one for the Central Provinces, that is nine in all for the whole of this country. Well, Sir, I beg to ask, is this a rate of progress with which the Government of India should rest satisfied? Does not the importance and the urgency of the subject demand a more forward policy to be adopted with regard to it, and is it too much for me to expect that the Government will see their way to spend a much larger sum under this head, intimately connected as it is with the immediate moral and material prosperity of the people who contribute so largely to the Imperial revenues? For these reasons, Sir, I beg to commend this Resolution to the acceptance of the Council with all the earnestness and emphasis that I can command."

The Hon'ble Mr. K. V. Rangaswami Ayyangar:—"In the agenda paper it is said that this subject is to be taken up on the 10th March; so I suggest, Sir, that this be postponed till the 10th March."

The Hon'ble the Vice-President:—"I propose like Sir Claude Hill to finish with Mr. Shukul."

The Hon'ble Sir Claude Hill:—"I hope, Sir, my Hon'ble friend, Mr. Shukul, will not place the malicious meaning upon the word 'finish with' which that word might seem to suggest. I hope that I will end up with Mr. Shukul on our usual terms of mutual regard and friendship. It goes to my heart, Sir, to have to oppose a Resolution which offers to give me for expenditure an additional sum of money. It is rather like biting the hand that feeds one, and I feel that I lay myself open to the charge of ingratitude; but the simple facts of the case are these. Agricultural education, like so many other things, is essentially Provincial, and the situation of the Government of India *vis à vis* the development of agricultural education is one of applying a stimulus and inducing Local Governments to make a start, sometimes rather reluctantly, I am afraid; though in some Provinces a good start has been already made. My Hon'ble friend has hardly referred to the grant which was made last year and to the 22 lakhs which have been expended in the development, chiefly of agricultural education, by the aid of that grant; but I may mention that the 22 lakhs which were sanctioned to Local Governments last year practically covered, or covered a very large majority of, the schemes put to us by Local Governments. With the 15 lakhs which I have secured as the moiety of the grant this year, I cannot say that Provinces are prepared at present with

schemes which would justify me in asking for more than that 15 lakhs. And here I should like, from my experience as a Member of a Provincial Government, to endorse what fell from Sir James Meston on the subject of doles. I happen to have been a member of the Bombay Government and my experience of these doles, if I may use an un-Parliamentary expression, was that they were an unmitigated nuisance. We were given instructions that we were to spend within a given period a given sum on a given object; and the result of that was unquestionably uneconomical expenditure of public funds. Local Governments did not have the time to consider and evolve satisfactory schemes for meeting the objects which they were directed to meet from these doles, and personally I should be most reluctant to be a party to any system which implied that without full consultation with the Provinces a grant of public money should be made by the Government of India, and that the Provinces should be ordered to spend that grant upon agricultural middle schools and agricultural high schools or whatever the particular object might be. I suggest that the addition to the grant for agricultural education at present suggested might be actually mischievous,—not only not beneficial, but actually mischievous,—and in any case I feel that while there is no question that in a short time we shall be in a position to spend very much larger sums of money annually upon agriculture and agricultural education, we are not at the moment ready for this grant. We only began, as the Hon'ble Mr. Shukul will bear me out, to mature the lines upon which agricultural education should develop two years ago, and it is rather premature to force the pace now, universally, among the Provinces, (Provinces as I say which in some cases are reluctant to move) until results make us certain of the correctness of the policy we have laid down. For these reasons, Sir, I fear I shall not feel justified in urging on my Hon'ble colleague, Sir James Meston, the acceptance of the Resolution moved by my Hon'ble friend."

The Hon'ble Rai Bahadur B. D. Shukul :—" Sir, in view of the explanations given by my Hon'ble friend, I do not think I shall press the Resolution. Yet, I have one or two points which I wish to bring to the notice of my Hon'ble friend. The first point to which I wish to draw his attention is, that I do not understand how it is that while in other countries, such as England and America, provision is to be found for the expansion of agricultural education and agricultural developments even during the time of the war, as a special war-measure, why in India alone agriculture should have been relegated to a backward position. My submission to Government, therefore, is that early steps should be taken to give prominence to agricultural reforms, and the principle should be recognised that agricultural reforms have as strong a claim upon the finances of the State as any other reforms. The second point to which I have to draw the attention of the Hon'ble Member is this : I tried to find out in the Financial Statement how much money was provided for agricultural education and how much was spent on it from year to year, but there is no comparative statement or anything of the kind to show how expenditure on this particular head was incurred. In future, I would therefore request the Hon'ble Member in charge of Finance and the Hon'ble Member in charge of Revenue and Agriculture that more precise and clear information should be given in the Financial Statement as to what amount is to be allotted for this purpose, and how much is spent, so that in future we may have the advantage of a comparative statement to find out how the position stands. With these words I beg to resume my seat. I do not wish to press the Resolution."

The Hon'ble Mr. H. F. Howard :—" Sir, may I rise to offer an explanation. The Financial Secretary's Memorandum was circulated to all the Members of this Council, and if the Hon'ble Mr. Shukul will turn to paragraph 227 thereof at page 98, he will find the information he requires."

The Hon'ble the Vice-President :—The Hon'ble Member desires to withdraw his Resolution."

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned to Monday, the 10th March, 1919, at 11 A.M.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Monday, the 10th March, 1919.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C.S.I., K.C., *Vice-President, presiding,*
and 52 Members, of whom 46 were Additional Members.

FINANCIAL STATEMENT, 1919-20.

THIRD STAGE.

The Hon'ble Sir C. Sankaran Nair :—“ Sir, I beg to introduce
the following heads of the Financial Statement for 1919-20 :—

<i>Revenue.</i>	<i>Expenditure.</i>
Sanitation.	Sanitation.
Education.	Education.

“ As regards Education, it will be seen that the revised Budget Estimate for the current year was nearly 594 lakhs, while the Estimate for 1919-20 is nearly 731 lakhs. The reasons for this are explained in the memorandum published in the Gazette of the 21st instant. During the past two years our Imperial grants for Education have been increased by 90 lakhs recurring, namely, 30 lakhs for the training and pay of teachers, 30 lakhs for elementary education and 30 lakhs for industrial and agricultural education. Excluding this last grant, since we do not know the proportion of it which will ultimately be used by the Department of Revenue and Agriculture, the recurring Imperial allotments have now risen to 184 lakhs a year, and the whole of this addition has been made with effect from the year 1912-13. From the close of 1910-11 up to date the Imperial assignments (capital and recurring) allotted to Education are not far off a total of 14 crores, nearly the whole of which has been assigned to the provinces. These calculations do not include the annual grants of 40 lakhs made in 1902-03, 40.4 lakhs made in 1904-05 and 5 lakhs in 1906-07. The orders against the utilisation of provincial balances during the war and the delay in the maturing of certain schemes account for considerable balances standing with Provincial Governments, especially Bengal, out of the assignments of the past six years. It is to be hoped that this money will now be put to use and Hon'ble Members will observe that an increase of 46 lakhs is anticipated in the coming year in the expenditure from Imperial grants, while it is encouraging to find that the provision from ordinary provincial resources is about 58 lakhs more than in the revised Budget of the current year. As regards the last Imperial grant of 30 lakhs, the Revenue and Agricultural Department enjoyed the lion's share during the current year. The Education Department took 9 lakhs and has distributed it all. No one, I am sure, certainly not I, would grudge the money devoted to agricultural education. But I must demur when my Hon'ble Colleague says I was not ready when the flag fell. At that time the Industrial Commission's report had not even appeared and large expenditure on industrial education on the eve of its appearance would have been little less than a mark of disrespect to the Commission and might have resulted in that sort of wasteful expenditure which my colleague has so rightly deplored. For the same

reason, the distribution had to be made for non-recurring objects and for those schemes which were the most ready or which it appeared most useful and simple to bring into effect. We hope to utilise a larger share next year as I trust that Local Governments will shortly be ready with schemes framed in accordance with the recommendations of the Industrial Commission's Report. It is possible that we may use some part of this allotment on Imperial institutions should it be decided to bring them into being.

"Mr. Sharp will presently lay on the table the figures and the usual brief narrative for 1917-18. The increase in public institutions during 1917-18 was 4,558, while that of pupils was a little under 100,000. This shows a slackening of the pace of progress which fortunately had been maintained during the earlier years of the war. It is hardly a matter for surprise that the effects of the war showed themselves in that year in our educational figures. But if adverse circumstances have tended to lower the rate of progress the enthusiasm for the spread of education has shown no diminution. The closing period of the war has been marked by a noteworthy movement in favour of compulsory primary education. This, as suggested by Sir Harcourt Butler in one of his speeches on the late Mr. Gokhale's Bill, has taken the form of Provincial legislation. In five of the major provinces measures permitting of the adoption of compulsion have been passed or have reached various stages. In some cases they were introduced as Government and in some cases as private Bills. It is now therefore at the option of local bodies so empowered to introduce compulsory primary education provided they are able to make necessary arrangements and to show Governments the advisability of such action. With a view to this end they will be able to raise special taxation.

"This does not of course imply that Local Governments will not assist in introducing such measures in areas where such assistance is required. Indeed, the Government of Bombay have, by rule, guaranteed one-half of the cost of providing free and compulsory primary education incurred by a municipality for this purpose in any given year, and cases are contemplated in which even a larger grant will be given. Thus the initiative for further progress now largely falls, in some of the provinces, and will tend more and more to fall upon local authorities. At the same time I should like to say that I fully appreciate the spirit underlying Mr. Sarma's Resolution put forward on Saturday about larger provision for primary education. No one would rejoice more than myself to see such money given. I endorse all that Sir James Meston said about the prime importance of getting a number of trained teachers. We have, as this Council is aware, made recent provision for this and for raising the pay of teachers, and reports show that provinces are making a wise use of this grant.

"Under Sanitation the principal feature is the growing increase in our expenditure. The Budget Estimate, both Provincial and Imperial, for next year provides for an increased expenditure of 40.25 lakhs. The Provincial estimates are responsible for 30.91 lakhs of this increase. There are many who may not regard the increase as adequate and who will think that the Government is not spending enough on sanitation. That Government was fully aware of the inadequacy of the present expenditure was made clear in the Circular of June last on the organisation of public health administration in rural areas. The Sanitary Commissioner calculated the additional cost of his proposals at a lakh of rupees for every million of the population. Nor is this all. There are the problems of housing, of better water-supply, of the protection of our ports against imported disease. If our expenditure is incommensurate to these many needs, it is (and here I am sure I may speak for the Local Governments) our poverty and not our will that consents to such a situation. We all heard what Sir James Meston said on Saturday about the Resolution on Sanitation, etc. My Department has its recommendations ready. The needs of Sanitation are indeed inexhaustible. I have already spoken at some length in answering questions on the ravages of influenza. Fortunately such awful visitations are rare.

"The sanitary reserve at the disposal of the Government of India was 8.08 lakhs. In introducing the Sanitation and Education heads of the Budget last year, I stated that some portion at any rate of this sum would be

utilised in assisting Local Governments to provide for the improvement of the health conditions attending pilgrimages. A sum of 1½ lakhs was accordingly assigned to Madras, and sums of 1 lakh each to Bombay, the United Provinces and Bihar and Orissa. These allotments were intended for the improvement of pilgrim centres. In addition, one lakh was given to the United Provinces for the improvement of the pilgrim routes to Badrinath and Kedarnath. Thus 5½ lakhs were allotted for this laudable object. Of the balance, capital assignments were made for the housing of clerks in Simla, which was one of the recommendations made by the Simla Improvement Committee, and for minor Administrations. Half a lakh was given to Madras for anti-malarial work. Next year our reserve will stand at 8·17 lakhs. Hon'ble Members have already heard in the course of one of my replies what is proposed to meet the housing problem in Bombay city. I can assure my Hon'ble friend Sir Dinshaw Wacha, who takes so laudable an interest in this subject, that it is one the importance of which I fully appreciate.

“Next I have to speak of Research. The Indian Research Fund Association received during the year the full normal grant of 5 lakhs. The inquiries conducted under the Association continue to be circumscribed by the absence of a large number of officers on military duty, but during next year we are likely to get back many officers, and we can confidently look forward to a considerable expansion of activity. We have appointed a Special Officer to investigate influenza. As in previous years, allotments have been made for plague prevention experiments and hookworm inquiries. We are also assisting experiments regarding leprosy treatment. The success achieved by the laboratories in supplying vaccines to His Majesty's forces for the protection of the troops from the ravages of typhoid, para-typhoid and cholera has been remarkable. But regarding these and other kindred matters I trust my friend General Edwards will presently give you some interesting details. I need merely add the hope that in coming years the wide field which India offers for medical research will be fully utilised.

“Though I am not introducing the head Scientific and Miscellaneous Departments, the Education Department deals with several subjects classed under that heading.

“All here are fully aware of the splendid work carried on by the Archæological Survey under Sir John Marshall, who, I regret to say, is compelled by ill-health to go to England for a time. The Zoological Survey, though less in the public eye, has continued to do good service and has latterly assisted in research regarding the importation of disease. The popularity of the Indian Museum is maintained. All I need add is that during the current and ensuing years we have budgetted for an Indian War Memorial which will take the shape of a Museum at Delhi. It will be temporarily located in the Fort and, though the collection of exhibits is still proceeding, I hope it will shortly be open to the public. I think that all will approve the idea that India should possess a collection of trophies as a memorial to her effort.”

The Hon'ble the Vice-President :—“Do I understand that the Hon'ble Member desires that others in his Department should supplement his statement?”

The Hon'ble Sir C. Sankaran Nair :—“It is usual for the Educational Commissioner to lay his report on the table. Mr. Sharp will do that.”

The Hon'ble the Vice-President :—“The Hon'ble Member also referred to Major-General Edwards.”

The Hon'ble Sir C. Sankaran Nair :—“Yes, he will also submit a statement.”

The Hon'ble Mr. H. Sharp :—“As is usual on this occasion, I beg to lay on the table the General Tables for education, also the brief annual narrative. In addition, I beg to lay the paper called the Statement of

Educational Progress in India, or as it is usually called, Salient Features, which differs from the General Tables in that it gives provincial figures and also comparative figures over a series of years."

The Hon'ble Major-General W. R. Edwards:—"Sir, my illustrious predecessor, the late Sir Pardey Lukis, when he addressed this Council two years ago, pointed out that scientific investigation and preventive medicine could never again be relegated to the background. Medical research is now admitted on all sides to be a vital part of Government activities. The appalling pandemic of influenza which swept over and ravaged the whole of India has drawn attention in an acute form to the urgent necessity, not only of developing all our existing arrangements for research, but also of applying the knowledge, so acquired, by means of efficiently organized public health services. I wish to say something further on these points, but before doing so I will give a brief review of our activities during the last two years.

"The exigencies of the war demanded the reversion of the majority of the officers of the Bacteriological Department to military duty, where they formed the major part of the staffs of the Central Laboratories in Mesopotamia. Those remaining in India were engaged almost entirely on war work, that is in the preparation of vaccines, intended to protect the troops in India, and overseas, from typhoid and para-typhoid fever and cholera. I am proud to be able to say that, in spite of the enormous demands for vaccines, we have been able to meet such demands without indenting on the Home authorities, and we supplied His Majesty's forces in Mesopotamia, East Africa, Egypt and Palestine, as well as in India. The Central Research Institute at Kasauli developed its vaccine production to an almost incredible extent. The yearly average before the war was eighteen and a half thousand cubic centimeters. During the war it rose to over 2½ million cubic centimeters, and included anti-typhoid, cholera, pneumonia and influenza vaccines. From a monetary point of view alone the value of this Kasauli vaccine, for the period of the war, was about half a million sterling. In addition to turning out these vaccines, Kasauli also equipped three laboratories, two of which were sent overseas. I am sure the Council will agree with me that the greatest credit is due to Lieutenant-Colonel Harvey, Director of the Institute, and his staff for their excellent and most successful work.

"The Bombay Bacteriological Laboratory at Parel has also enormously developed its production of vaccines, other than plague, which latter is their speciality and the manufacture of which continued. The total vaccines issued from this laboratory to the troops in India and abroad was over 1½ million doses and in addition to this, the Director, Lieutenant-Colonel Glen Liston from June 1916, undertook the supervision of the bacteriological work in the base hospitals of Bombay.

"The Pasteur Institute at Kasauli also assisted in the war, for it treated no less than 2,177 soldiers sent from the war areas overseas.

"To all medical officers connected with the medical laboratories of India, and who, in consequence, were denied the privilege of proceeding on active service, I now take this opportunity of offering my thanks for their unselfish devotion to duty and for their loyal co-operation.

"In spite of the war and the absence of so many of our officers, we have nevertheless succeeded in carrying out a considerable amount of research.

"An inquiry into diabetes was continued by Major McCay and his co-workers in Calcutta, and a series of papers which are of great scientific value are being published in the Indian Journal of Medical Research. A report has just been submitted by the same officer on the treatment of diabetes which is also, in my opinion, of very great importance, and I propose to approach the Governing Body of the Indian Research Fund Association for funds, with which to continue these investigations.

"The Research Fund has continued to finance the inquiry at Poona on the subject of plague prevention, and Dr. Chitre, under the advice of Lieutenant-Colonel Hutchinson and Major Kunhardt, has made numerous experiments concerning the best methods of rat destruction. This inquiry has yielded good results which will shortly take practical shape.

“At Karachi, Lieutenant-Colonel Greig, working under the Indian Research Fund Association, continued his valuable work on cholera carriers, and he also investigated the anti-beriberi value of certain foodstuffs. His expert advice has been of constant value both to me and to the military authorities. Recently he has submitted a most valuable paper on influenza written in collaboration with Captain Maitra. From his laboratory at Karachi we have also had valuable studies on the curative values of certain drugs, such as chenopodium oil, and thymol, used in the treatment of ankylostomiasis, these were contributed by Captain Wrench, R.A.M.C. Lieutenant-Colonel Greig has just been deputed by the Government of India to proceed with Major Norman White to the Inter-Allied Conference at Paris in connection with Influenza.

“Lieutenant-Colonel McCarrison is on special duty in charge of an inquiry into beriberi, and is investigating other so-called ‘deficiency diseases.’ A very important paper on his initial results appeared in the January number of the Indian Journal of Medical Research. Three further papers from his pen are in the press and will be published in April.

“The study of ‘hookworm disease’ has been pursued by Lieutenant-Colonel Clayton Lane in Bengal and by Dr. Mhaskar in Madras. The results show that the incidence of hookworm infection is in many places nearly one hundred per cent. They have further shown that this disease cannot only be cured, but even eradicated, if only the people could be sufficiently educated in sanitary matters.

“Captain Knowles, who is Director of the Pasteur Institute at Shillong, is now engaged in an investigation as to the mode of infection of kala-azar, he also is being assisted by the Indian Research Fund Association.

“Mr. Awati has continued his investigation into the bionomics of house flies and has contributed papers regarding the specific differences of the genus *musca*. This work is of much importance, as we know that the house fly is a terrible carrier of disease.

“Another insect engaging our attention is the sand-fly and an effort is being made to discover and destroy these pests in their larval state. This investigation is being conducted by Mr. Mitter at Lahore, who has done good work in this direction.

“Sir Leonard Rogers, among other activities, continues to conduct the general direction of an inquiry into the chemistry of chaulmoogra oil and other oils found useful in the treatment of leprosy. Meanwhile, the Mission to Lepers has instituted a trial, by qualified medical men and women, into the comparative effects of drugs thus prepared. These trials are under the general advice of Sir Leonard Rogers, and the Mission is being helped financially for this purpose by the Government of India.

“There are several other lines of research in progress in India: some of them are of a highly technical nature. For example, a study is being made regarding the best constitution of media, with reference to vaccine production on a large scale. This is engaging the attention of the staff at Kasauli, who are being assisted by Dr. Norris.

“Dr. Annandale has undertaken surveys in Madras, Persia, Baluchistan and North India in connection with molluscs, with reference to the possibility of the spread of *Bilharzia*. In the Bombay Bacteriological Laboratory valuable work has been done on molluscs by Dr. Soparkar. The staff of the Bombay laboratory has also been engaged in perfecting methods for detecting typhoid carriers. Captain Malone, who has come out with an excellent reputation for research, has recently been sent to investigate influenza.

“From what I have just said I am sure that all will agree that medical research work is of the utmost importance, and further that it is most necessary that we should give the inhabitants of India every chance of getting a first-class training in medical research, in India. Thanks to the energy of Sir Leonard Rogers, a school of tropical medicine with a special hospital of its own, attached to it, will shortly be opened in Calcutta, and now I have the greatest pleasure in stating that there is every prospect of another school of tropical medicine and medical research being shortly opened in Bombay. This school

will be based on the splendid Parel Laboratory, which Colonel Glen Liston has by his indefatigable labours brought to such perfection. It will also have a special hospital of its own attached to it. That well-known philanthropist, Sir Dorab Tata, has by a munificent gift of a lakh a year enabled the Bombay Government to proceed with their school, which will not only be well staffed, but also have a number of valuable scholarships, including travelling ones, attached to it. We shall thus shortly have means of giving the best possible training in medical research to Indians. This will enable them to aspire, not only to professorships, but also to the winning of worldwide reputations.

“In addition to these schools it is very necessary that we should have at least two institutes of medical research. I want to see an Imperial Institute comprising an Imperial library and bureau of medical research opened in Delhi, and another institute opened in Southern India. For the first we must depend on the Government of India, and for the second I have reason to believe that we can rely on the munificence of the Tata family, and other wealthy philanthropists of that great Presidency of Bombay. I have just been asked by Sir Dorab Tata if a first-class expert could be found to visit India, at Sir Dorab's expense, to advise on this matter.

“So much for Research, but it must be remembered that without a Ministry of Public Health, such as is now being instituted in Great Britain, and well organised provincial Health services, the knowledge that we thus acquire cannot be efficiently applied. This at least is my private opinion. In such Public Health services all the officers must be responsible, not merely to the members of a Municipality or District Board, but through their superior officers to Government itself. It is only by means of well-paid and pensioned services that officers of public health can act efficiently, without fear or favour.

“A third factor is, however, absolutely essential to the preservation of public health, and that is the education of the masses. Without this the best organized preventive medical service in the world must work in vain. An ignorant populace not understanding the meaning of advice, or the value of orders, will not follow the former, and will actively or passively resist the latter. District visitors and magic lantern lectures cannot do more than touch the fringe of the dense ignorance of the masses. There is only one way to remove this ignorance. The knowledge of public health, like all other knowledge, must be imparted through the schools and colleges of India; this is essential. I know the difficulty, it is first necessary to educate the teachers. Unfortunately too in practically every country in the world, the rulers themselves have never received any education in public health. They therefore find it difficult to believe, even now, in the absolute necessity of giving this instruction in every school throughout the land. I would indeed go further than simply teach. I would, in order to impress the vital necessity of this knowledge on the educated classes, make public health, if not a compulsory subject, at least a highly marked, optional subject, in the Matriculation Examination of every University in India.

“To bring the immense importance of this subject home, I can say without fear of contradiction that such teaching would, alone, without a single additional doctor, or a single drug, save India hundreds of thousands of lives and millions of money every year. To substantiate this last remark of mine I would like as time permits to mention a few diseases concerning which every inhabitant of India should have some knowledge.

“Take first hookworm or ankylostomiasis. This parasite affects to a greater or less extent the rural population of the whole of India, in many parts infecting as many as 90 per cent. It causes anæmia and debility, it renders the sufferers unfit for hard work and an easy prey to other diseases. The means of infection is briefly as follows. Microscopic larvæ hatch out of eggs deposited with human excrement. These larvæ, attaching themselves to the feet or legs of the next comer penetrate the skin painlessly, get into the blood current, so go to the lungs, from the lungs they find their way through the air passages and working up to the throat are then swallowed and thus infect the intestinal canal. This debilitating disease so universal in India could be eradicated by the use of properly attended latrines. It is also not a difficult disease to cure. Another disease is Guinea worm—which in parts

of India is a veritable scourge. It is propagated by minute insects (the cyclops) which act as the intermediary hosts and are swallowed with drinking water. This disease may be entirely avoided by straining all drinking water through a cloth as the Jains have been taught to do. Of course boiling the water would also make it safe to drink. Then again take malaria itself. How many villagers know that this disease cannot be contracted except through the bite of an infected mosquito, and that the systematic use of mosquito nets and surface drainage would make an enormous difference in its incidence.

“Cholera, dysentery and typhoid are diseases due to germs derived solely from human excrement. These diseases can only be contracted by drinking water which has been fouled by such excrement or by taking contaminated food or milk. Flies which have been feeding on human excrement are the usual source of food contamination. These germs are killed by a temperature of 140°, and therefore by eating only freshly cooked food with clean hands and drinking only hot fluids you can live without danger in the midst of an epidemic of cholera. Typhus again, which has recently ravaged the United Provinces, is spread by lice and can be avoided by cleanliness.

“That terrible scourge bubonic plague is contracted from the bite of an infected rat flea. Obviously the way to eradicate it is to keep rats out of houses and grain stores, and to destroy them as far as possible. During an epidemic keeping the skin oiled will probably prevent a flea biting. Lastly, take tuberculosis. The knowledge we have of this worldwide disease, if acted on, would make an enormous difference in its incidence and so save untold misery and innumerable lives.

“I think I have said enough to show that if the knowledge of even these few diseases alone was systematically imparted in every school throughout the land, the effect would be of enormous benefit to the entire population of India. With regard to influenza we have, I regret to say, much to learn. The latest researches go to prove that we have not yet even discovered the germ which is undoubtedly ultra-microscopic and filter passing. This and many other diseases call for and are receiving close investigation.

“I trust that I have not wearied the Council and that I have said enough to convince everyone of the immense importance of medical research, preventive medicine and the education of the whole people of India in public health measures.”

The Hon'ble Sir Thomas Holland:—“Sir, I beg to introduce the following heads of the Financial Statement for 1919-20 :—

<i>Revenue.</i>	<i>Expenditure.</i>
Salt.	Salt.
Excise.	Excise.
Posts and Telegraphs.	Customs.
Stationery and Printing.	Posts and Telegraphs.
State Railways.	Stationery and Printing.
Subsidised Companies.	Protective Works, Railways.
	Subsidised Companies.
	Miscellaneous Railway Expenditure.
	Capital outlay on State Railways.

“In introducing the heads of business for which I am for the time being responsible, the first comment that I have to make will be received with the unanimous approval of the Council. The Council will regret the absence, and especially the reasons for the absence, of Sir George Barnes, and more than any of you, I, as the immediate and chief victim of his defection, have strong personal reasons for hoping that his recovery may be uninterrupted and his return to duty punctual. Sir George and I have now worked together for a little over two years, and the only serious difference of opinion that has ever occurred between us arose regarding our competing claims for relief from work. In this competition I have to mourn his success.

“Following the good example set last year, I propose to leave my fellow victim, Sir Arthur Anderson, the task of maintaining the standard set by his predecessor in dealing with the subject of railways. My comments on the

rest of the work of the Department will seem so dull and uninteresting after the exciting and alarming details we have just heard about flies, lice and hookworms that I will cut my remarks correspondingly short.

"In spite of the increased rates, the volume of telegrams to be handled continues to expand, and for some obscure reason seems twice to have broken all records, first of all during April and May last year, and then again in the following August. For the first 8 months of the current year the telegrams despatched amounted to 14 millions, against $12\frac{1}{2}$ millions for the corresponding period of the previous year. There was a similar expansion in the use of the Post Office, and for parcels the rates had to be raised to keep pace with the increase in railway rates. Sir George Barnes referred last year to the way in which a wholesale resort to the foreign parcel post was adopted in consequence of the shortage of ocean freight. This year another anomaly arose by the abuse of the inland system. In one week in Bombay over 50,000 parcels, containing about 20 million silver rupees, were posted. A similar use of the Post Office on a smaller scale was detected in other towns. It evidently requires some mobility of legal powers to deal with postal epidemics on this scale.

"In two important respects improvements have been introduced and will be extended, I hope, with increased facilities for obtaining apparatus and materials. One of these is the adoption of motor mail vans to take the place of horse vans in many of the larger towns and on the more important roads, as for instance in the Kangra Valley, to deal with the Kulu fruit traffic.

"Another forward move has been made in the installation of long-distance telephones. The line from Calcutta to the coalfields is now used sufficiently to justify another two trunks. For an early recognition of the commercial value of these lines we are indebted to the support of the Hon'ble Mr. Ironside. The Delhi-Lahore trunk now ready will soon be extended to Pindi and to Peshawar; while some of the large towns in the United Provinces and Bombay are being connected. Possibly before the next Council meeting here, our friends from Bombay and Calcutta may be able by telephone to keep in touch with, if not to control, the flutterings of their respective stock markets during the Budget debate. The total staff of the Department at the beginning of the year numbered something like 108,000, with over 12,000 in the various war-fields. No department has responded more completely to the abnormal war pressure, and the response has been so general that it is difficult to select names without making obvious omissions. I feel sure, however, that every member of the Department would wish me to draw your attention to the inspiring example of Mr. Meredith, the Chief Engineer, to whose technical efficiency and energy we owe the successful working of an organisation which has been carried out in spite of shortage of plant and heavy pressure.

"Government have endeavoured to meet by increases of pay and by grants of war allowances the increased cost of living which has been felt especially in the lower ranks; but increases that are small to the individual make up embarrassing totals. The additional charges, for example, due to war bonuses alone granted to the lower grades of the Post and Telegraph Department now exceed $3\frac{1}{2}$ lakhs a month.

"On the subject of Customs there is very little for me to say. The Financial Statement anticipates an expansion of over a crore of rupees in our revenue. The return of peace will lead, I hope, to some fall of prices, but the reduction which this will entail in our receipts should be more than counter-balanced by an increase in the volume of our import trade as the tonnage position becomes easier and the removal of war restrictions on trade takes effect. The Council may be assured that we are anxious to remove the restrictions, both on our import and our export trade, as soon as we possible can; and you will find in the Narrative of my Hon'ble colleague, Sir James Meston, in introducing the Financial Statement, an account of the extent to which we have already been able to remove these restrictions. I need not therefore repeat the tale. I am well aware how annoying many of these restrictions have been and how patiently they have been borne by the commercial public of the country.

" I should like to add a few words on the subject of Stationery and Printing. You will notice that there has been a considerable increase of expenditure under this head during the current year ; but we hope for a reduction next year. It must be remembered that every expansion of other branches of the administration means more work for the Printing and Stationery Department. As a territorial victim I can testify to the marvellous number and variety of army forms ; but in addition to these a very useful piece of work has also been done in reprinting for the armies in the East a large number of War Office publications. The fact that a period of unprecedented demand coincided with a period of unprecedented difficulty in obtaining supplies of imported goods, proved, I am glad to say, a great stimulant to local industries. The Stationery Department has been giving all possible support to the local manufacture of pencils, pens, ink and, above all, paper. The good offices of the Printing and Stationery Department have been also enlisted for the purpose of procuring stationery for the Colonies and British possessions further east. A great deal of unusual work has been thrown also on the Controller in recruiting the personnel for the field presses at Basrah and Baghdad, and in maintaining the personnel and stocks in the various overseas stationery depôts in Mesopotamia, Egypt and Persia. I should like to take this opportunity of expressing my appreciation of the untiring zeal with which Mr. Cogswell and his assistants have met with all demands made upon them.

" Hon'ble Members will be pleased to know that the efforts referred to by Sir George Barnes to increase the output of salt have been already sufficiently successful to cover the deficit due to restricted imports. Improved methods of mining and handling rock-salt at Khewra have resulted in an increased output of nearly 50 per cent. compared with the previous ten-years average, while at Sambhar the current year's output will probably reach the record of a crore of maunds. The facilities for manufacture and the interesting technical questions connected with salt recovery are now receiving special attention, and I am confident that increased production and substantial economies will follow.

" One of the unusual incidents this year for which my Department is responsible, is the completion and publication of the Report of the Industrial Commission. For obvious reasons I wish to pass this incident over with only one comment, and that is my appreciation of the continued and friendly co-operation of my colleagues throughout the tour and of the heavy work done by them in the preparation of the Report."

The Hon'ble the Vice-President :—" Does the Hon'ble Member desire the statement to be supplemented by the President of the Railway Board ? "

The Hon'ble Sir Thomas Holland :—" If you please, Sir."

The Hon'ble Sir Arthur Anderson :—" In his speech before this Council a year ago, my predecessor referred to the serious disabilities under which the railways of India have been labouring in recent years. Our Budget of 1918-19 was framed under the shadow of war, and contemplated an expenditure of just over 4 millions. Owing to the impossibility of obtaining an adequate supply of English materials, the programme had of necessity to be confined to such essentials as were obtainable, and it is doubtful whether our very modest English grant of 2½ millions will be spent. On the other hand, we have had to meet special calls in India, and on the whole it is probable that our expenditure will about equal, if it does not slightly exceed, the provision originally made.

" I am glad to be able to say that many of the difficulties hitherto experienced are now in a fair way to be removed. Owing to the termination of the war, the supply of materials has been brought within measurable distance, and this fact, coupled with the liberal provision of funds announced by the Hon'ble the Finance Member in his speech when presenting the Financial Statement, will

enable railways to rapidly improve their position. I wish to cordially acknowledge on behalf of railways the appreciation, which the Hon'ble Member then gave expression to, of the services rendered by the staff during the past few years. Ordinarily railway men look upon themselves as fortunate if they escape a vote of censure, and it will be a matter for gratification among them to know that in the anxious period all have of late years passed through they are held to have so well succeeded in the task they set their hands to.

"From what we heard during the debate on the Financial Statement one would be almost justified in concluding that the work railways have been performing has been so satisfactory as to render unnecessary the provision made for them during next year. The opinions expressed must, I fear, be owing to the want of a proper appreciation of the position, and I am beholden to the Hon'ble Mr. Ironside for having so clearly depicted conditions as they actually exist. Railways have been starved throughout the war period, and if leeway is not to be made up without delay, the position will soon become an impossible one. Neglect to take all possible steps to set them right again could not therefore be excused. Once deterioration sets in, it continues at an ever increasing pace, if not seriously tackled, and there can be no economy in refusing to face the situation at the earliest possible moment. Railways are commercial propositions with which the country's prosperity is indissolubly bound up. The greater therefore their efficiency the greater the benefit to the public and to Government. Not only have we to face very large arrears, but we have also to replace withdrawals for war centres, particulars of which together with other details will be furnished by the Hon'ble the Member for Commerce and Industry when discussing the Resolution put forward by the Hon'ble Mr. Sarma for a reduction in the grant.

"The Bill will undoubtedly be a heavy one, but it must be remembered, as pointed out yesterday by the Hon'ble Mr. Ironside, that the stock and materials which it is now proposed to secure will not amount to more than one-half of what the same money would have purchased in pre-war days. Even with the large provision of funds which has been made, we shall not therefore be able to overtake more than a portion, though a considerable one, of the arrears which have accumulated.

"Granting then that our first concern must be to endeavour to overtake the arrears which have piled up during the war period, it will be impossible to allocate any of the funds available entirely to construction. But little advantage indeed would be gained by developing and bringing increased traffic on to main lines until these attain a sufficiently high standard to deal efficiently with what already comes to them, and the most we propose to do therefore in the way of extensions is to re-start some of the works progress on which has been interrupted during the war. If, however, we are in the same position a year hence, as we are now with regard to funds, it may be anticipated that some of the larger projects will then receive attention.

"In questions put by the Hon'ble Rao Bahadur B. N. Sarma and other Hon'ble Members during the present Council meetings, reference was made to the old-standing controversy of State *versus* Company-managed railways, and from the answers given to the question, Hon'ble Members were made aware that in the case of one important railway system it has been decided to transfer its direction a few years hence from London to India, though the particular form which control will take has not yet been arrived at. The Council were also made aware that the appointment of a Committee is contemplated to inquire into the desirability or otherwise on financial and administrative grounds, of modifying the present management of Indian State-owned railways either by substitution of management by Companies domiciled in India, or by extension of one or other of the existing systems. Opportunity will then presumably be afforded to those interested in the question of recording their opinions before the Committee, and it is hoped that as a result of its deliberations, a final settlement of this thorny question may result.

"A matter which has been occasioning Railway Managers the utmost concern during recent months is that of labour. Throughout this country railway men were conspicuous among railways of some other parts of the world

which could be named for the loyalty and devotion to duty they showed throughout the long trying war period. Coupled with the strenuous endeavour they were called upon to exert, they, in common with others, have been affected by the general increase in the cost of living. Government and railway managements generally recognised the difficulties in which the lower paid men were placed, and from time to time have endeavoured to improve their position by the grant of allowances calculated to be equivalent to the additional expenditure occasioned by the rise in prices in necessities of life. The position, however, is a constantly changing one and has been receiving unremitting attention, the desire being that all cases of hardship should be justly met.

“ I have already referred to the difficulties of obtaining materials during recent years ; though these difficulties will be eased in future, it must of necessity be some time before normal conditions of supply are restored. In India we are taking advantage of local resources to secure as much permanent-way and rolling-stock as possible. I would like to say a word in this connection with regard to the Tata Iron and Steel Company. This Company has been a veritable Godsend to us during the war period, as but for its enterprise we would, during the last two or three years, have been unable to secure a single mile of additional railway, or to extend a helping hand to Mesopotamia, East Africa and Egypt in the matter of their railway building. For some considerable time the whole output of these works went to the different theatres of war in the East and nothing but praise is due to the Company for the sustained effort they made to meet successfully all calls made upon them. Other firms have also shown their metal by rendering most valuable assistance during these trying times. It would perhaps be invidious to distinguish between them, but I can assure all of those concerned of the high appreciation of Government of the assistance rendered by them.

“ Our requirements for the coming year are heavy and large orders have been placed in England, particularly for rolling-stock, engines and machinery. The capacity of India as yet is extremely limited in regard to the former of these items, while none of the latter classes are yet produced in this country. In the many directions in which developments are taking place, we may confidently look forward to railway wagon-building being in the forefront, and though it will probably be a number of years before India will witness its first locally manufactured locomotive running on its railways, it is not beyond the bounds of possibility that in the not distant future we shall see such a result actually achieved.

“ A direction in which improvement is showing itself lies in the substitution of oil-burning for coal-burning engines on lines serving West Coast ports. This has been made possible by the supplies of oil which have become available from the head of the Persian Gulf. Its introduction will free a large amount of coal for purposes other than railways, and will at the same time lessen the pressure on railways, so that taken together the advantages to be gained from its introduction are considerable.

“ A matter which also is of interest is that of railway-owned and managed harbours. Up to the present time the only railway in the country working and controlling a harbour, where ocean-going vessels can come alongside, is the Madras and Southern Mahratta Railway. This Company have worked the Portuguese harbour of Marmagoa for a considerable number of years past, and though the war has interfered with the successful development of the trade of the harbour, sufficient experience was gained prior to the outbreak of hostilities to prove that the combination of railway and harbour under one management possesses many advantages. It is now proposed to extend the system, though in a more complete form, by constructing a harbour at Vizagapatam, to be owned and worked by the Bengal-Nagpur Railway Company. The scheme at present contemplated is of moderate dimensions, but with the construction of the Raipur-Vizianagram Railway it is confidently anticipated that the trade which will come to the port will necessitate considerable expansion at a not very distant date.

“ Perhaps it is not generally known that, while we have been busy during the war period in supplying materials for military railways overseas, either from local manufacture or by dismantling existing lines in this country, we

have at the same time been pushing forward the construction of an important strategic broad gauge line, starting from Nushki, on the North-Western Railway, to Dalbandin, and from thence to the Persian boundary. The railway runs through a most inhospitable country, but despite all difficulties, including the almost total absence of potable water throughout its length, the first 120 miles were built in the short period of four months. When it is remembered that all labour, materials, stores, supplies and water had to be carried along with the railhead, the achievement is one which those in charge of the work have reason to be proud of. The total length of line already constructed is about 350 miles.

“The only other purely railway matter to which I would refer is that of the restrictions which had been placed upon travel during the past two years. Government are well aware of the discomfort and inconvenience caused to the public by the curtailment of train services which have been introduced. The pressure on railways left them no option but to bring it into being. Now, however, that normal conditions are being resumed, Government will use their best endeavours to restore the services to their former level at the earliest possible date. Already some improvements have been effected, particularly on the North-Western Railway, and similar action will be taken on other lines immediately opportunity presents itself.

“I would like to now refer to a subject which has been mentioned in recent issues of the Administration Report on Railways. Government have for some time past had under consideration certain schemes for the construction of aerial ropeways for the carriage of public traffic in various parts of India. Though this form of transport is not altogether a novelty in this country, it has not so far been used for the carriage of public traffic. Experience in other countries has, however, proved that it is eminently suited for the opening up of mountainous tract where the cost of construction of railways or of roads would be prohibitive; and there is obviously ample scope for its employment for this purpose in India, as well as for the replacement of cooly transport to and from hill stations in Northern and Southern India which are not served by railways. The most important of such schemes now before the Government of India contemplates the construction of a ropeway from Jammu to Shahabad in Kashmir, and of a railway in continuation from Shahabad to Srinagar. This scheme has been investigated in detail on behalf of the Kashmir Durbar by a well-known Karachi firm who are in negotiation with the Durbar with regard to it. Further schemes of a similar nature are also contemplated by the same firm as well as by other promoters. Some of the projects have already made considerable progress, and the Railway Board hope that circumstances will so shape themselves as to admit of a start being made with construction before very long.”

RESOLUTION *BE* REDUCTION OF BUDGET ALLOTMENT FOR RAILWAYS.

The Hon'ble Rao Bahadur B. N. Sarma:—“Mr. Vice-President, in my Budget remarks I have stated that I am one of those who believe in the rapid development of railways in this country”

The Hon'ble the Vice-President:—“May I remind the Hon'ble Member that he should first read the Resolution he moves?”

The Hon'ble Rao Bahadur B. N. Sarma:—“I beg your pardon.

“Sir, I beg to move the following Resolution:—

‘This Council recommends to the Governor General in Council that the Budget allotment of £17·7 millions for the construction of railways, be reduced by £5 millions.’

“Sir, I have already stated in my Budget remarks that I am one of those who believe in the rapid construction of railways with borrowed funds, and if I bring forward this Resolution asking for the curtailment of the Budget allotment of railways by £5 millions on the capital expenditure, it is because I am not satisfied, on the materials available to Hon'ble Members, that there is any necessity whatsoever for such a large expenditure of money consistently

with the needs of the country or with the needs of any of the other branches of administration, and also I may say, consistently with economy. At this juncture I may be permitted to state that perhaps the procedure that is followed in Madras, if followed here, would help Hon'ble Members in appreciating more correctly the value of the Budget statements than is at present possible. We are there furnished with a statement of the existing state of the establishments, the existing state of the administration and the proposed increases in the various branches, together with the details as far as they can be given, so that Hon'ble Members will know exactly where they are, in dealing with the details. Now here, it may be, that that procedure cannot be followed in its entirety in the case of the Government of India which may have to deal with additional taxation proposals. But I humbly submit that in the case of departments like the Post Office and the Railway, where there cannot be any question of disclosure of secrets, it would help us considerably in arriving at a correct understanding and appreciation of the existing state of things if that procedure were to be followed. For instance, we might be told what exactly is the number of wagons required, what exactly is the number of engines required, what approximately is the quantity of material that is to be carried, how the stock is proposed to be added, or what the cost of it is to be approximately, so that we may know whether there would be so much need for materials, whether the materials are being properly priced, whether there is so much need for the increase of engines or wagons and so on. Of course it may be said that in the details prices cannot be given, as that would mean dangerous disclosures. I humbly submit that that argument does not seem to be sound, because if the details are given in respect of contracts already made, there cannot be any difficulty whatsoever; people will be able to appreciate whether the contracts are proper or not; if they are in respect of future contracts, then it is but right that everybody in the market should know exactly what is wanted by the Government so that the Government may purchase at the lowest possible rate. I allude to this fact, because supposing we had known what the number of wagons or other materials proposed in this year is, what the increased traffic would be for which the increase in the number of wagons is meant, what the cost of these materials is to be and what the proposed cost is, then certainly we should have been able to appreciate correctly the need for this 35 crores of rupees expenditure. So much for the difficulties of Hon'ble Members.

“Now on the materials available, can Hon'ble Members be accused of having criticised adversely, wrongly and ignorantly this large programme of railway expenditure that is proposed during 1919-20? My submission is, no. I am not here, as I have already stated, to defend any particular position. We are here to bring to the notice of His Majesty's Government in India what our views are in respect of the various branches of administration. Certainly if we are given the information in the course of the reply to show how those views are incorrect inasmuch as we are not placed in the position of His Majesty's Government where they cannot acknowledge an error or in the position of His Majesty's Government here who are perhaps in the same situation, I should certainly be most happy to withdraw my Resolution; but on the materials furnished to us, I think I am perfectly right in asking for a retrenchment on the lines I have suggested. Why is it so? Now the Hon'ble Sir Arthur Anderson has told us that owing to the war we have not been able to replace various materials; that the machinery is out of order, and consequently there would have to be a good many replacements before we can cope with the traffic that is at present ready and that is going to be increasingly ready for conveyance the moment facilities are afforded to the public. I quite appreciate that position, and I see that under the head of working expenses a sum of about 10 crores of rupees has been taken for replacements, etc., and I take it that that grant, though it is a very large grant, would meet the necessities of the case, and therefore in respect of making the present machinery efficient, I think there is no dispute at present between the non-official Members and the Government, and they have not criticised that part of the Budget. Therefore, we must take it that we proceed with the railway appliances in the same state of efficiency as they were in before the war with such increases as may have been made during the course of the war.

“Then what is our next position? I understand and appreciate correctly, and I myself feel the difficulty as to whether by curtailing the expenditure we might not add to the difficulties of the public in reducing facilities by additions to the coaching or to the goods wagon stocks. But I will never, assuming that there is a difficulty, I will never arrive at the conclusion that because there is a difficulty and therefore there is a need for increase, therefore there must be so much increase. It does not logically follow that because the Railway Department has not been able to meet the demands of the public in the past owing to certain artificial circumstances, therefore they will not be able to meet the same demands or similar demands in future. It will have to be shown how it is so, and I hope, before I sit down, to show that part of the programme should be deferred. Now we have been told that there has been a considerable curtailment of expenditure during the war. I will take the first item, for which a grant of £17 millions has been made. I find that during the years 1911-12, 1912-13 and 1913-14 there has been an expenditure of Rs. 1,167 lakhs, or an average of Rs. 389 lakhs a year. Now, if the expenditure during the next four years, namely, 1914-15 to 1917-18 be taken, we will find that it was Rs. 1,141 lakhs. That is, there has been a reduction, taking the average of the previous three years, of Rs. 415 lakhs, and taking the normal increase to be Rs. 359 lakhs, we will arrive at Rs. 389 for the current year +415 lakhs, or about 804 lakhs of rupees, taking the proportions existing prior to the war and nothing else.

“Then it cannot be said that there has been no increase whatsoever in coaching traffic. We find that while the number of passengers has during the years 1913-14 to 1917-18 varied from year to year and was 457 millions in one year and in 1917-18 it was 436 millions the coaching stock has been increased, I do not say in accordance with the needs of the situation, because there have been loud complaints that there has been overcrowding, and I appreciate the difficulties of the situation, but still there has been an increase and the increase is as follows :—

“It was at the end of 1914-15 22,991 coaching stock, and in 1917-18 23,956, or an increase of 965. If we turn to goods stock we find also there has been an increase. It was 184,376 in 1915-16 and 189,538 in 1917-18, or an increase of 5,162. So there has been an increase, as a matter of fact, in the goods stock. •

“Then I submit that the total goods weight that was carried when I spoke last was about 83 million tons, dividing the total mileage by the number of miles run by each ton of goods. That may be a correct method of working or it may not be. If it is a correct method of working, it works out to an increase of about 3 per cent. I find, turning to page 130, that the weight of the principal commodities that were carried during that year 1917-18 were 67.4 million tons. The same or 67.05 in 1916-17. Whereas I find that during 1912-13 it was more than that, about 78 million tons; so that although a certain quantity of goods were to be carried over a longer length of mileage, we find that there has not been an appreciable increase in the weight. And we find if we turn to the agricultural statistics on page 6 that in 1917-18, except in the case of rice, the yield of the other articles in 1917-18 has not been greater than in 1914-15, that the yield of 1918-19 must have been even smaller than in 1917-18. Consequently it cannot be said that the produce of this country, I mean the agricultural produce of this country, the weight of agricultural produce has been so enormously increased as to necessitate drastic changes. It may be that, owing to having to carry the coal traffic which increased by about 4 million tons over longer distances, the goods wagons which were available could not be utilised for carrying the ordinary agricultural produce, but we at any rate think that inasmuch as a large part of the military traffic would not be necessary during the next year, it is possible to effect economies which would make a portion of the rolling-stock available to the merchant dealing in agricultural produce. And I think the same may be said with regard to the carriage of coal. We may be in the wrong, but at any rate we have reason to expect that that would be so.

“Now turning to the goods coaching facilities, we find that about a fourth or a fifth are military wagons. I do not think that, as the war has come to a close, there would be any necessity for an increase

under that head ; and the total cost of the goods stock being about Rs. 52 crores, even if you put the increase at one-fourth, it will not come to more than 13 crores at the old cost. The new cost being heavier, it is possible you would have to increase the Budget expenditure for the same quantity hence there must be economy, and a large increase is impossible in a year of high prices. I therefore submit that, whether we look to the existing agricultural prospect or the agricultural situation of the past few years, or whether we look to the increased facilities, which the Government can place at the disposal of the public in the immediate future, or the amounts of money that were being expended on the development of rolling-stock during the last few years and during the years previous to the war, we are unable to see that there is any need for such a vast expenditure as 1,714 lakhs. Well then with regard to the rest, that is the other items, we are hopelessly in the dark, they amount to 86½ lakhs. There may be a very good explanation, but it would be for the erection of additional buildings or expenditure of that kind, or it must be, I suppose, by increasing the length of mileage. If it were so, it would have been a very welcome expenditure, but there are to be no new lines to be constructed. The only new lines to be constructed would cost 76 lakhs of rupees. Therefore we are not contemplating during the next year any very large or any appreciable increase in our total mileage, and it is solely and wholly with a view to the development of open lines, for adding to rolling-stock and making other improvements that we contemplate this expenditure, not to make the old machinery more efficient, but to add to the existing rolling-stock. I hope that the Hon'ble Member in charge of Railways will be able to convince us that there is real need for the money and that the money will be well spent, and then I shall be only too happy to acknowledge that the Resolution, though it serves a useful purpose, will have served its purpose, and withdraw it."

The Hon'ble Mr. M. N. Hogg :—" Sir, I really do not know whether to wonder at the pertinacity or to deplore the shortsightedness of my Hon'ble friend in bringing forward this Resolution. I wonder at his pertinacity because I should have thought that the speeches made by the Hon'ble Mr. Ironside and Mr. Howard and Sir Dinshaw Wacha during the last stage of this discussion, to say nothing of the *coup de grace* administered by the Hon'ble Finance Member, would have entirely demolished any vestige of a case that my Hon'ble friend may ever have imagined himself to possess, but apparently it is not so and he remains unrepentant and unconvinced. It is necessary therefore for me to oppose this Resolution. In doing so it is difficult to avoid repeating a good deal of what has already been said, but I will avoid repetition as far as possible, and I will therefore start by associating myself whole-heartedly with the very excellent speech on this subject made by Mr. Ironside last Friday. Now, Sir, the first point which emerges from this Resolution is whether the proposed expenditure during 1919-20 on railways is in excess of the requirements of the railway system. What are the facts? The facts are that the Mackay Committee recommended an annual expenditure of £12½ millions sterling as required for the railways of India. They recommended that several years before the war, but not only was that recommendation never acted up to as an average annual expenditure, but I think I am right in saying that in no single year was that figure actually attained. We, therefore, entered upon the war with a railway system which had already fallen behind the requirements of the country. I base that statement not only on the fact that we were behind the recommendations of the Mackay Committee, but on what I think was an almost universally acknowledged fact. Every year, when the yield of any particular kind of agricultural produce in any particular district was unusually large, there was the same tale, hopeless congestion, much of the produce spoilt through, being unable to be railed down to the consuming or exporting centres before the advent of the rains.

" Well then, we entered upon the war period with arrears of railway development. During the war the railways have accomplished wonders, but they have accomplished those wonders at the cost being bled white. I do not think I need labour that point. It is generally admitted. And what are we doing? This extravagant grant, against which my Hon'ble friend rails, simply amounts to giving the railways this year the equivalent of what the

Mackay Committee recommended should be spent upon them each year. They recommended 12½ millions and there can be no question about it that the purchasing power of the 24½ millions recommended this year is certainly not in excess of, if it is equal to, the purchasing power of 12½ millions in pre-war days. Therefore, it simply amounts to this, that our estimate for this year is equivalent to what we were told a good many years ago we ought to spend each year on our railways; whereas the railways have been worked to the death during the last three or four years and all repairs and renewals neglected through absolute necessity. I submit, therefore, Sir, that the grant this year is in no way in excess of the requirements; indeed it is barely adequate to the requirements; and I would ask Hon'ble Members of this Council to face this railway situation seriously and to realise that, if we are to have a railway system in any way adequate for the requirements of the country, we have for several years to come to maintain railway expenditure on very much the same level as it is in the estimates for the coming year; unless, of course, the cost of all railway materials goes back to pre-war prices which I for one do not expect to see for many years to come. It is not a question merely of this year's programme; we shall have to face a programme of this nature for years to come or else fall hopelessly into arrears. The next point for consideration is whether, if this grant is not in excess of the requirements of the railway system, it is desirable that those requirements should be met. I do not think that I need say much about this, as I understand that even the Hon'ble mover admits that it is desirable. This aspect of the question was also fully dealt with by the Hon'ble Mr. Ironside. There is just one point however I should like to refer to in this connection, and that is the very common fallacy which finds a place in the writings and speeches of some publicists, who ought to know better, the fallacy that it is only the commercial classes who really benefit by an efficient railway system. The truth is that, although, of course, the commercial classes like everybody else benefit by an efficient railway system, there is nobody who benefits more than the agricultural labourer who is the backbone of this country. As the Hon'ble Sir Claude Hill pointed out on Saturday, in times of scarcity, an efficient railway system is required to relieve that scarcity; in times of prosperity an efficient railway system is required to enable the agriculturist to reap the full fruits of the prosperity.

“Well, Sir, I have accused the Hon'ble Member of shortsightedness in moving this Resolution, and I propose to attempt to justify that accusation. In this connection the first point to which I would refer is the remark made by the Hon'ble Mr. Howard who pointed out that by starving your railways you were killing the goose that laid the golden eggs. In support of this I need only refer the Hon'ble Mr. Sarma to the Hon'ble the Finance Member's Narrative relating to this year's Budget, in which it is pointed out that railways this year were a great standby, and similar remarks occur in the similar statements of the last two or three years. Throughout the war one of the greatest standbys of Government has been the revenue derived from railways.

“Another reason why I accuse my Hon'ble friend of shortsightedness is this. He professes—and I am sure he feels—great eagerness for the development of industries. In this Council, only on Saturday, he moved a Resolution pressing for further expenditure in carrying out the recommendations of the Industrial Commission. I put it to the Council, what better way of carrying out those recommendations can there be than expenditure on railways. An efficient up-to-date railway system is the very life's blood of, the very first essential to, any industrial development whatever, and I would ask Sir Thomas Holland whether his Industrial Commission's Report is worth the paper it is written on without an efficient railway system.

“I have just one other point in this connection to make, and that is that it is not sufficient from my point of view that this Resolution should be, as I hope it will be, rejected. The mere moving of it is capable of doing a good deal of harm and for this reason. We have heard at different times a good deal of the lack of sufficient capital in India for the development of industries or rather of the shyness of Indian capital in coming forward to invest in industries. Can anything be more calculated to increase that shyness and to

reduce English capital to the same condition than finding that gentlemen in the position of my Hon'ble friend are always ready to move reductions in the most necessary expenditure on railways? It is no use my Hon'ble friend prefacing his remarks by assuring us that he is a whole-hearted advocate of railway development and then proceeding at once to move the reduction of the most necessary expenditure. Words of that sort will cut no ice with the investor. I do very earnestly ask Hon'ble Members to look at this aspect of the question. We are on the eve of great constitutional reforms in India, constitutional reforms which will enable gentlemen in the position of the Hon'ble Mr. Sarma and those who agree with him to have a great deal more power and influence over financial and political matters than they have at present. Is it likely to encourage the investment of capital, whether English or Indian, in industries in this country, if those who possess that capital find Hon'ble Members like Mr. Sarma taking up this attitude towards the most necessary expenditure on what is the very foundation of any industrial progress or development at all? I can assure him from my own personal knowledge that this Resolution and the point of view it represents is calculated to do considerable harm to the prospects of the investment of English capital in this country, and with regard to Indian capital I will leave that to the Hon'ble Sir Fazulbhoy Currimbhoy to say."

The Hon'ble Rai Sitanath Ray Bahadur :—"Sir, I am sorry to have to oppose this Resolution, because of the fact that I am myself a merchant and I know from my personal experience that it would be most mischievous and detrimental to the interests of the country to reduce by £5 millions the allotment of £17 millions made for the construction of railways. Now when scarcity looms very large in the horizon and when famine has already been declared in some parts of Bombay and other places, what could there be more positive proof of the desirability of doing all that we can to make up the deficiency that has been caused by the transfer of wagons and locomotives to Mesopotamia than in the fact that it is on account of the shortness of wagons that restrictions have been placed on the movement of foodgrains from one province to another, and we cannot move grain freely even where it is absolutely necessary that they should be so moved. Only the other day I purchased some thousands of maunds of rice in a place very near to Calcutta; and for the last two or three months I have been moving heaven and earth to get a few wagons to transport that rice, which was lying at a distance of only 16 miles from Calcutta, and where boat or other transport is not available. Even with my best efforts I could not induce the Railway Department to give me these wagons, and I had to move the Hon'ble Sir Arthur Anderson to come to my rescue. He was good enough to refer me to two other gentlemen, and those gentlemen referred me back to the Traffic Manager at Calcutta, and it was with the greatest difficulty that at last I secured a few wagons. However, I have got most of the rice now in Calcutta. It is only the merchant who knows the difficulty that is being experienced in this matter, and it would be a misfortune if, after the drain which has been caused to the railways of India by the transfer of wagons and other rolling-stock to Mesopotamia, we were to reduce the allotment made this year for railway construction. I am, therefore, sorry to have to oppose this Resolution."

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—"Sir, the Hon'ble Rai Sitanath Ray Bahadur has opposed the Resolution moved by the Hon'ble Mr. Sarma as a representative of the Indian mercantile classes. As a representative of agricultural interests in this Council, I rise to offer my opposition to the Resolution. I cannot help thinking that when my friend the Hon'ble Mr. Sarma decided in his own mind to move this Resolution, he could not have had an adequate conception of the state of things actually existing in the country. My province has been spoken of by the poet of old as *Intikhab-e-haft Kishwar*, i.e., 'an epitome of seven kingdoms'. I will, therefore content myself with describing very briefly indeed the state of things prevailing in the Punjab, assuming, as I do, that the conditions obtaining in the rest of India are either absolutely or very nearly similar.

“ Before the middle of 1914 the process of railway expansion in the Punjab was tardy enough, as pointed out by the Hon’ble Mr. Hogg; but some railway expansion did go on from year to year. Towards the end of that year, because of the terrible world conflagration which has brought untold misery on the human race, the expansion was absolutely stopped owing to the exigencies of the military situation and of the exorbitant and heavy calls on the public exchequer due to military expenditure. For the past $4\frac{1}{2}$ years, therefore, there has been no railway extension of any kind or sort in the Punjab. But matters did not rest there. When the Mesopotamian campaign was undertaken, branch lines in more than one part of the province were taken up and the rails were sent to Mesopotamia to meet military requirements there, with the result that not only was the trade of those parts absolutely dislocated, but a considerable amount of hardship and inconvenience was caused to the people in those tracts who had become accustomed to railway traffic. In addition, a large number of locomotives, wagons and trucks and I am not certain if 3rd class railway carriages also

The Hon’ble Sir Thomas Holland :—“ Yes.”

The Hon’ble Khan Bahadur Mian Muhammad Shafi :—
 . . . were sent away from our province to Mesopotamia, with the result that the number of goods trains and the number of passenger trains had to be cut down. The consequences of this curtailment of passenger and goods trains are obvious. Foodstuffs from parts of the province, where they were in abundance, could not be transported to places which were threatened with scarcity and famine. Trade was dislocated and the travelling public in the Punjab had to face difficulties and inconveniences which those who have actually seen the discomfort of the travellers with their own eyes can alone appreciate. When I have during my travels over the Punjab in the hot months of June, July and August seen 3rd class passengers packed in 3rd class carriages like sardines, I have pitied their lot, and I have been waiting, anxiously waiting, for the time when the situation would enable the Government to meet the difficulties of the travelling public. To me it seems that the urgent necessity of a speedy restoration of the state of things which existed before the war is the paramount duty of Government, and it is obvious that the industrial development of this country also will require considerable railway expansion in order to meet the needs of the situation. I do not wish to travel over the ground which has already been covered by the Hon’ble Mr. Hogg, and I will therefore conclude my remarks by hoping with the Hon’ble Mr. Hogg that my friend, the Hon’ble Mr. Sarma, will see his way to withdraw this Resolution. I have personally a suspicion that he really intended to put forward this Resolution in order that he might be able to point out where the money for his two previous Resolutions in regard to Sanitation and Elementary Education—Resolutions with which I was in entire sympathy—was to be found. If that is so, there is no sense in insisting on this Resolution now. But if he intended to put forward this Resolution on its own merits, then I am sorry to have to oppose it. With these few words I beg to oppose the Resolution.”

The Hon’ble the Vice-President :—“ Pandit Madan Mohan Malaviya.”

The Hon’ble Pandit Madan Mohan Malaviya :—“ I will speak after my Hon’ble friend (Sir Fazulbhoy Currimbhoy) has spoken.”

The Hon’ble the Vice-President :—“ I am afraid the Hon’ble Member can only speak when he is called on by the Chair.”

The Hon’ble Pandit Madan Mohan Malaviya :—“ I refuse to speak until my Hon’ble friend has spoken.”

The Hon’ble the Vice-President :—“ I have given the Hon’ble Pandit an opportunity of speaking, and he must not complain if I do not give him another.”

The Hon'ble Pandit Madan Mohan Malaviya:—"I will be within my rights in asking for another opportunity whether you give it to me or not."

The Hon'ble Sir Fazulbhoj Currimbhoj:—"Sir, I fully endorse what has fallen from my friend the Hon'ble Mr. Hogg. The Indian commercial community, Sir, have always complained of the shortage of wagons. Even before the war, the Indian Chambers of Commerce were feeling the pinch. There were not enough wagons even to transport cotton from one place to another, and a lot of money was locked up by cotton merchants in the districts on account of this shortage of wagons. What has been made most of is that it is only the commercial people who for their own benefit want to extend the railway programme. I think that it is not entirely so. As my friend, the Hon'ble Mr. Shafi, has just pointed out, it affects agriculture also. Then, Sir, we must see what other countries have done in regard to railways. All other civilised countries, according to the proportion of their land and population, have much larger mileage of railways than this country, and we ought, therefore, I think, to extend the programme, which ought to be kept up as my friend, Mr. Hogg, has suggested. I therefore wish that Mr. Sarma will withdraw his Resolution. I think, Sir, that Members in this Council also must think of the commerce of the country. Unless you have commerce extended how can you get more money? In financing the war a lot of money was met by the commercial people; not only that, but the major portion of the loan was subscribed by the commercial people. So Indian politicians ought to try to expand trade and industries in the country. I know my friend, Mr. Sarma, is also very keen on industries. I hope he will do his best to ask his Indian friends on the Madras side to do their best in starting industries. In this way he will get money for sanitation, as well as more money for education. As my friend, Mr. Hogg, has said, railways are the first charge upon which the industries can be extended. With these few words I oppose the Resolution."

The Hon'ble the Vice-President:—"I will give the Hon'ble Pandit another opportunity of speaking. But we must naturally observe the rules under which we meet here. I refer him to rule 11 of the rules for the discussion of Budget Resolutions. But on this occasion I will give him another opportunity."

The Hon'ble Pandit Madan Mohan Malaviya:—"I submit with due respect, Sir, that I do not violate any of the rules. A Member is entitled to speak when he has a chance."

The Hon'ble the Vice-President:—"I cannot hear the Hon'ble Member on a question of order. The rule says distinctly that Hon'ble Members will speak in the order in which the President may direct."

The Hon'ble Pandit Madan Mohan Malaviya:—"Well, Sir, I will not say anything more about it at present, save that I think that Members have a right to speak at the time they think fit. Now, coming to the Resolution, I do not think that my friend, Mr. Sarma, left it in doubt that he appreciates railway development. His point is not that there should be no sufficient provision made for railway development. I understand his point to be that the provision made is excessive. The remarks which have been made after his speech show also that it was so understood by some Members; for instance, Mr. Hogg in speaking of it put it distinctly that the question was whether the provision was in excess of the requirements of the situation. Now, one of the arguments which has been used is that in past years during the period of the war railway finance was starved and the amount that is now provided is, in the words of one of the speakers, just equivalent to what would have been provided in the past years according to the recommendations of the Mackay Committee. There are two points to which I will invite attention. The first is that the Mackay Committee recommendation had never been carried out to its full extent during the years before the war,

has never yet been carried out, and it seems to me to be a peculiarly bad time to select after this period in this particular year to make up for the deficiencies of all the grants provided in the previous years according to the recommendations of the Mackay Committee. I have never heard that because a man was starved or had not had sufficient food for a certain number of days, therefore he should be stuffed with an amount of food equivalent to make up the deficiency of the whole period during which he had been starved. The question raised is, whether the amount that you are providing in the Budget will be usefully, reasonably, properly spent, and there I beg to join issue with all the Members who have spoken in support of it. We are not opposed to railway development; we are not blind to the existence of commerce or agriculture; we recognise that railways are beneficial; we want railways to be developed; but the substance of the Resolution, as I understand it, is whether you are likely to spend the amount that you are providing reasonably without extravagance and without waste. On that point I submit the explanations that have been given are not sufficient, are not convincing. Now, it has been said by the Hon'ble Sir Arthur Anderson that there were difficulties in obtaining supplies of railway materials within the past three years. Naturally. And he hopes that those difficulties will be surmounted. I join in that hope most ardently. We do need railway development, and I hope that those difficulties will be surmounted to a large extent. But is there a reasonable guarantee that those difficulties will be surmounted to the extent of justifying the expenditure which is provided for without involving waste and extravagance? That is the point which is before the Council. I submit that nothing that I have heard satisfies me that extravagance and waste will be avoided. Therefore, Sir, all remarks pointing to the urgency of railways, to the need of railways and more railways, and to the benefits which are to be derived from those railways, do not touch the main point which has been raised by the Resolution. I hope that I will hear something more before the Resolution is put to the vote. There is one other aspect to which I would invite the attention of this Council. The opposition of some of us Indian Members to the extension of railway programme is not properly appreciated by my European friends in the country. In other countries where you have railway systems, the railways are worked more economically and with more benefit. Thus Holland has paid up every pice of what it had sunk in railways. Other countries have derived large profits. Here you are extending the railways system on a basis which is very extravagant, very much more costly than it should be. This has been pointed times without number. Years ago, in the eighties I think or early in the nineties, a member of the geological department deplored that when the Government of India resolved upon having a State railways system, and upon extending the railways in this country, they did not at the same time decide to start iron and steel works in order to manufacture railway material which they required for the purpose of that extension. He pointed out that it cost 50 per cent. more of tonnage charges importing material from England, 50 per cent. more than would be required if the material were produced in this country. Now, the experience of this war has shown the work done by the Tata Iron and Steel Works, has shown that material can be supplied, can be obtained in this country. The Government have utilised that material, and I am glad to know that the Government have asked the works to go on supplying materials for the years to come; but the point is that if the Government has appreciated the extension of the railways they ought at the same time to appreciate the duty of doing everything that they can to economise the extension of those railways, and one of the ways is to found workshops, huge workshops where railway materials should be manufactured in the country. That is one point.

“ The other point is that in other respects also you have shown nothing that you are doing anything to economise railway construction and management. Complaints have been made many times in this Council and elsewhere that you are not employing indigenous agency to the extent you should in order to have a less costly and equally efficient agency to deal with. Well, I have not heard anything said in this debate, or throughout the Financial Statement debate, which would point to the hope that the Government are alive to the necessity of practising such economies as can be practised and ought

justly to be practised in the extension and management of railways. I should like to hear something on that point. These are the reasons why we Indians are so suspicious, rather I would say so anxious, to see that railway extension should not be pushed at a breakneck rate. We do not ignore the benefits of railway extension. We should have more if we had the power which my friends on the official bench have; probably we could show that we could develop railways to a larger extent, with more economy and with greater benefit to the people and with greater satisfaction to everybody concerned. That is the gist of the opposition. Let the Government deal with the proposition as they like."

The Hon'ble Sir Thomas Holland:—"Sir, I propose to deal with the remarks that have been made to-day in the inverse order of the speakers. My Hon'ble friend, Pandit Malaviya, has just drawn your attention to the fact that, as he thinks, there have been extravagances in the management and working of railways. He apparently suggests that if we could change the present management and introduce more Indian experts like himself, these difficulties would disappear"

The Hon'ble Pandit Madan Mohan Malaviya:—"I did not say I was an expert in railway working. The Hon'ble Member is wrong."

The Hon'ble Sir Thomas Holland:—"I will withdraw the suggestion that the Pandit is an expert in railway working, but nevertheless he is ready to give us advice. I should like to point out that we shall not get one step further in this discussion as long as we introduce extraneous questions of this kind, as there is no quantitative unit by which may be determined the economic advantage that will follow if we introduce more Indians into the management and working of Railways. My friend Mr. Hogg from Bombay said it was not sufficient to reject this Resolution. I agree with him; and I hope the patience of the Council will not be exhausted while I attempt the difficult task of making the situation convincingly clear to the Hon'ble Mover. The Hon'ble Mr. Sarma complains that members are not provided with details sufficient to enable them to criticise the details of the Budget. The Annual Administration Report on Railways is one of the most detailed reports of its kind issued; but, if the Hon'ble Mr. Sarma can move a Resolution without knowledge of the facts, it would be quite useless to provide him with any details.

"The questions that have been discussed to-day were discussed last week, and the arguments used to-day were effectively answered last week from different points of view. I will not waste the time of the Council by reviewing them. I will not attempt also to review the competing claims of sanitation, of education, industrial development and irrigation. These types of activities fall into one class in this respect, namely, that any money spent, except through qualified agencies and without carefully thought out plans, must necessarily do more harm than good to the country. The Government are as anxious as any Member of this Council to improve and extend both education and sanitation; but it would not be difficult to cite examples to show how costly have been our past errors in both directions.

"My business to-day is not to establish a justification for every constituent of the Budget equation, but to demonstrate to the satisfaction of the Council the necessity of increased expenditure on those activities for which I am for the time being responsible. It is easy to prove, not only that the money allotted is necessary and urgent, but that it can actually be spent judiciously within the year. On Friday last the Financial Secretary, Mr. Howard, drew attention to the fact that we look to the Railways for a revenue of 10 to 11 millions sterling, and he advised us to be careful of the fruitful goose that lays the golden eggs. But it is not the eggs so much as the goose itself that I am now so anxious about. That goose cost just 367 millions sterling. We have been compelled during the war to starve it and we have been compelled even to pluck many of its feathers. The eggs we get in any one year are less important than its depreciation by neglect and ill-treatment.

“To neglect to renew our losses and to repair the damage done to such a valuable property would be justifiable only to win the war. We have won the war, and it would now be criminal disregard of our trust to postpone any longer the repairs and renewals which are necessary to preserve the fertility of the goose. I will not pursue this simile any further, as on the last occasion when I adopted a homely domestic illustration, the Hon'ble Mr. Sarma, in reply, first mutilated it beyond recognition, and then pursued the idea to the borderland of the indelicate.

“Neglect to repair our property means that depreciation sets in, not by arithmetical increments but in geometrical progression. We dare not wait another year, whatever the prices of materials may be. The sum we now propose to spend on railways would be regarded by any business-man as distinctly small.

“You can get some idea of the necessity of repairs and renewals from two sets of figures; the profits compared with the expenditure and the rolling-stock compared with the traffic statistics. The Hon'ble Mr. Sarma this morning has given us certain figures with regard to both, and I will try to make them a little clearer by removing unnecessary details. During the war the net working profits on Indian railways have jumped from £2 millions to £11 millions, which indicates significantly the way in which receipts have outstripped expenditure. If now we take the rolling-stock account and compare it with the traffic figures, we get what a shareholder would regard as equally disquieting results. When the war started we had 186,000 wagons in commission. By last April we had 192,000. If now you allow us to carry out our programme and add 15,000 wagons, we shall have by next April, not 192,000 *plus* 15,000, but only some 198,000; that is, we have to allow for about 4,000 that certainly will be scrapped this year and more in the next, in addition to the 4,418 that were sent to Mesopotamia. The increase of wagon capacity will thus be about 6 to 7 per cent. The ton-mileage has, however, risen from 15 thousand millions in 1915 to 21 thousand millions in 1918; that is, an increase of 40 per cent. without counting the record year just closing and the year about to open. And still the picture is not quite true; for our annual ‘scrap’ account henceforward will certainly be in excess of the past: wagons that have been overworked during the war will fall to pieces as rapidly as the rest of us who have also been overworked. These figures in a business concern would naturally give rise to disquieting suspicions in the mind of any wise shareholder. He would naturally expect his Board of Directors to prove that his property is not being torn to pieces, and the future being sacrificed for immediate profits.

“I could give you a similar picture of our 8-9,000 locomotives, but I do not want to weary the Council with figures. What I do want to say for the Hon'ble Mr. Sarma's edification is this: If he had the most elementary political prevision, instead of trying to starve the goose, he would have challenged the Government for neglecting the property which he, as a prospective member of the Reformed Government, hopes to inherit.

“On Friday last the Hon'ble Sir Dinshaw Wacha told us that a year ago he recommended the Hon'ble Mr. Sarma to take up the study of finance; and, based on the improvement which he thinks he now recognises, he predicts that Mr. Sarma might be the Finance Minister of the Reformed Government, possibly in another ten years. Sir Dinshaw's cheerful and charitable optimism is well known to all of us. But, Sir, on the assumption that this time his diagnosis and his prediction are both well-founded, I will take the opportunity of giving Mr. Sarma a formula that may serve to be a useful guide to him in time of doubt. It is this: the Finance Minister who fails to distinguish between what is important for the future and what is absolutely essential to-day, will bring his country to grief in his first year of office. It is the observance of this formula (which is true in business, true in administration and fatally true in war) that forces the Government at this special time to distinguish between Education and Railways and between Sanitation and Railways.

“The expenditure of a relatively large sum on Railways, as compared with Irrigation and Industrial development, is based on another principle only

secondary in importance. It has been pointed out in this Council that the railways are already unable to carry our crops and our coal. Few people here realise the great increase of tonnage that follows the development of a relatively small industry. It is not so much the transport of the finished products, which was referred to by one of the speakers on Friday, as the assembly of the raw materials (which weigh much more than the finished products) that throws a burden on the railways. I have not looked up the figures very recently, but I think I can trust my memory in saying that the Bengal Nagpur Railway statistics show that, on account of the Tata Steel Works alone, the ton-mileage of the whole system had increased by 50 per cent. There are gentlemen in this room who will remember, and remember with pain, my refusal to give priority recommendations last year for the plant required for a most desirable industrial enterprise, merely because I knew that the railway concerned could not handle the raw materials to be assembled without the doubling of its track.

“Now, the other business principle which I offer to complete the mental equipment of our future Finance Minister is this: In business administration take care that all parts of the organization are duly balanced. The most economical step towards increasing the strength of the chain is to discover and strengthen its weakest link, and in the industrial development of India especially, the railways at present are carrying as great a burden as they can bear; they form the weak link in our chain.

“It has always struck me, as an outsider and before responsibility had produced its inevitably soothing influence, that one Finance Minister after another till now had failed fully to realise that every rupee spent on our railways also meant subsidising a new industry, adding far more to our wealth than the golden eggs which Mr. Howard counts so anxiously. This battle between the prophets and the financier has been going on since the railhead first stopped at Ranigunj. In my old office at Calcutta will be found a correspondence dated in the early sixties when the first Director of the Geological Survey implored Government to push the rail through the coalfields. He was told to mind his own business and to cease the correspondence; but, being less perfectly disciplined than some of his successors, he delivered a final shot by rashly declaring that, in his opinion, it would pay ultimately to push the railway even as far as Benares! It is difficult to realise now the mental attitude that existed in those days with regard to the railway question, but I am afraid we have always been lagging behind the needs of the country.

“Some of our commercial friends here have never ceased telling the Government that the Railways have hitherto been the limiting factor in commercial progress. I recently noticed, on turning over the products of my early service in India, before Councils were invented and one had time to work and think, a deduction drawn from the study of mineral statistics which subsequent figures, so far as I can ascertain, have confirmed and demonstrated to be sound. Twenty-five years ago the annual output of coal in India was under 3 million tons, while the consumption of Indian coal on railways was just a million tons. Last year the output of coal was over 18 million tons and the consumption on Indian railways under 6 millions. So that the output of Indian coal has risen by six times in the same period. If you study also any intervening year, you will find that the consumption of coal on railways has never been below 28 per cent. and never above 33 per cent. of the total output. This means that the ratio between coal consumed on railways and that used in other coal-consuming industries has remained almost stationary for 25 years, in spite of an increase in both of 600 per cent. I would not say from this that the development of railways has absolutely checked the development of industries, but I do say that the railways have obviously never rashly gone ahead of the coal-consuming industries, and that fact is, I think, significant. I published this conclusion 15 years ago, and was never reprimanded by the Department of Government responsible for the Railway policy. I re-state it now, on behalf of that Department, as a lesson that we should take to heart in considering the Railway policy of the future.

“One of the Hon'ble Members has already drawn attention to the important fact that during the past three years we have spent on our Railway

property less than 3 millions a year, against the $12\frac{1}{2}$ million standard which was set by the Mackay Commission. The actual position, however, is far worse than these figures disclose; they take no account of the fact that during that period we have sent away to Mesopotamia 210 engines and 429 coaching vehicles and 4,418 goods wagons. These have to be replaced, in addition to large quantities of rolling-stock that have been damaged by over-work and forced neglect of repairs during the war.

"I regret, therefore, that on behalf of the Railway Department, I cannot undertake to relinquish any part of the money that has been allotted in the Budget for the purpose of preventing further losses on our Railway system. On the other hand, I ought to remind the Hon'ble Mover of the Resolution that when, ten years hence, he proposes a small allotment of say 50 millions for Railways, some member, with an inconveniently long memory, may recall, to his discomfiture, this Resolution of March 10th, 1919. My advice to him is, therefore, to earn merit now and to justify Sir Dinshaw's prediction by acknowledging an error which great men before him have also made, and an error that, I understand, some of them have repented."

The Hon'ble Rao Bahadur B. N. Sarma :—" Sir, I am very glad that I have moved this Resolution because the extreme warmth with which the Hon'ble the Commerce Member has been compelled to defend his policy and his measures, convinces me beyond doubt that I am right and the great need for the non-official public to take hereafter some interest in railway administration. Well, I never posed as an expert, and I never in my dreams expected that the Government of India would be so radically modified in the near future as to allow any Indian five thousand times more brilliant than I to occupy those sacred seats which are now occupied by Sir Thomas Holland and others. Therefore I think the Hon'ble Sir Thomas Holland has, for lack of argument, made use of my friend's joke, which I did not take exception to seriously as coming from an elder who has a perfect right to give advice, but I am afraid that at this juncture I shall have to show that perhaps Sir Thomas Holland is not quite so correct in his diagnosis of railway policy or in the conclusions at which he has arrived as he seems to imagine. There is no need for my defending any position and therefore for feeling anger with the Department or with the gentleman in charge of a department even when he successfully uses his position for the purpose of showing that the materials which his department can furnish him enable him to demolish a non-official member who is devoid of that advice. But, in spite of the great help which Sir Thomas Holland has and which I sought to have placed at the disposal of non-official members, what has the result been? First of all with regard to the remarks about sufficient materials being available in that blue-book, which has not been utilised, may I ask, Sir, whether Sir Thomas Holland has got here the additions by which he proposes to increase the stock by his Budget grant in 1919? The number of wagons which were sent away to Mesopotamia, the number of wagons which he proposes to build in India, the number he proposes to get from England, the cost thereof prior to the war, the cost thereof at present, and the materials which even a more obtuse mind than mine can appreciate, let alone that of the genius shining across there? He says, if I understand rightly, that 186,000 was the number of wagons prior to the war, and 192,000 at the end of the war, that is in 1917-18. There has been some increase, so I take it that the number existing now is larger excluding the number sent away to Mesopotamia, because I find here a number of minuses, so that I take it that in spite of the wagons, materials, etc., that have been sent away to Mesopotamia, we arrive at this result of 192,000. Therefore I for one, trained in less intellectual methods, cannot appreciate the force of the argument that a number of engines have been sent away, a large stock of other kinds, and many goods wagons have been sent away. Of course I can understand that if these were included in the 192,000 there would be very great force in the reasoning. But failing to see that, let us proceed. 186,000 wagons I take it cost about 52 crores of rupees. If these figures are correct and 15,000 wagons are expected to cost 17 crores of rupees that is less than 1-12th, which ought to cost $4\frac{1}{2}$ crores, are to be purchased at 17 crores now. Therefore material which we might have bought for 4 crores is supposed to be

bought this year for 17 crores, and Hon'ble Members who question the wisdom of buying so many wagons in the market at such high prices are foolish, are ignorant, are asking for impossible things, are asking for uneconomic expenditure, and are therefore to be placed outside the pale of the law as persons with whom no person who has at heart the true economic and industrial development of the country can have anything to do. It may be that these 15,000 wagons are of a first class type, or it may be that some of them are of very poor quality and open trucks, but these averages will not help us and that is the reason why I said a little light thrown in the Budget Statement as to what kind these 15,000 wagons are would be an advantage. First of all we are not told that it is 15,000. Never mind that. We should then analyse and see whether they would be 1st class, 2nd class or 3rd class carriages or what kind of carriages they are if any portion of the rolling-stock is to be coaching and whether the cost taken is the correct cost. But these are materials which the Hon'ble Member (Sir Thomas Holland) thinks need not be furnished to Hon'ble Members because they are never expected to interest themselves in these matters, and it would be foolish and impertinent of me to ask similar questions of the Hon'ble Member in the midst of the august assembly which rules here. I, therefore, take it that it is about 1-12th that is proposed to be added at a cost normally four times as much as the pre-war cost. It may be that the figures and averages that I have been dealing with may be incorrect, but I think I am perfectly justified in my criticism that the purchase in the market of material at four times its normal cost would be wasteful extravagance, and that I am right to deprecate it. Then it was said, Sir, that we were not entitled to take only the weight of the tonnage into consideration, but also the total mileage run, and if that is taken, 40 per cent. would be the ratio and not 3 per cent. or less that would have to be taken into consideration. In setting out one of the factors in the situation I stated last time distinctly that that is one of the difficulties which meets us and one would like to know how far that difficulty would be minimised in the coming year on account of the cessation of hostile operations, on account of the large numbers of wagons which are being at present utilised and which were utilised last year for military operations and for the carriage of coal connected with the war, being released for ordinary commercial purposes, that is a proposition on which I said some light might be thrown. But I see at the end of the argument we had a lecture on general commercial development and general railway development, but on some of these details asked for the Hon'ble Member thinks that it is not wisdom to throw light. While so, I fail to see how any one, with the most brilliant intellect, can be convinced even now that my proposition was wrongly conceived or was wrongly pressed upon the Government.

"Now, referring to the observations of the Hon'ble Mr. Hogg, I have every sympathy with what he said that we should demonstrate in a practical manner that we have at heart the commercial and industrial railway development of the country and not merely profess it in theory. Well, if the Hon'ble Mr. Hogg had thrown light upon any of the difficulties which I expressed strongly both on the last and on the present occasion and helped me in a solution thereof instead of indulging in general observations, I should have been extremely thankful to him, and I should have said certainly I am in the wrong, if I felt so, but, without doing so, he cannot expect us to follow him. We are not ignoring, and I for one am not ignoring, that in the future the cost of materials is likely to be much larger than it has been in the past. But without the Legislative Council, without the country, having an opportunity of deciding, after expert investigation of the subject, as to what its future policy should be having regard to other needs, are we to have practically the inception of a new policy embarked on in this fashion? My Hon'ble friend says that my Resolution must be rejected not only because it denies the grant of £25 millions this year, but because it would in principle be rejecting the grant of another £25 millions in future. I humbly submit that it was for that very reason I have asked this Council at this stage to reject this amount of £25 millions, because we should otherwise be indirectly committing the Government to the policy. If we are to buy the same material for nearly twice the money, then certainly the proposition is an arguable one. But it

will have to be considered whether we should borrow at such a high rate of interest as $5\frac{1}{2}$ or 6 per cent., borrow money competing with those who wish to utilise it for the reconstruction of Europe or wait until the industrial development of this country can produce the material more cheaply and the interest rate goes down. These are questions which ought to lead us to pause before we reject this Resolution in a light-hearted fashion. I for one protest against incurring an enormous expenditure of £25 millions year after year at these high prices without an adequate inquiry, and therefore I submit that that argument should not be used during the current year for the purpose of rejecting my Resolution.

"Then, my friend the Hon'ble Mr. Shafi, drew a doleful picture with regard to trade in his own province. I might draw an even more doleful picture of what is taking place in my own part of the country; because if anyone is feeling the effects of the shortage of wagons it is my unhappy district and my unhappy province, which is too far, too distant from Delhi to have its cries heard. I have alluded to the fact that the total cost of goods wagons on the Southern Mahratta Railway is only 97 lakhs against more than 62 crores, in more favoured provinces, and I have said in a way that in my district, owing to the wagon difficulty, traffic is suspended and we cannot import rice into it. I realise fully the difficulties of agriculturists and others. I realise them and if in spite of that I move this Resolution it is not because I am oblivious of all this, but because I want to have this policy threshed out and to understand clearly whether we are getting our money's worth for the money we are going to spend. I have not been convinced by the arguments that have been advanced by the other side, and I must press my Resolution."

The Hon'ble the Vice-President:—"Does the Hon'ble Member in charge desire to make any final observations?"

The Hon'ble Sir Thomas Holland:—"No, Sir. The Hon'ble Mr. Sarma, I think, has the right of final reply."

The motion was put and negatived.

[At this stage the Council adjourned for Lunch till 2-30 P.M.]

FINANCIAL STATEMENT, 1919-20.

The Hon'ble Sir William Vincent:—"Sir, I beg to introduce the following heads of the Financial Statement for 1919-20:—

<i>Revenue.</i>	<i>Expenditure.</i>
Registration.	Registration.
Jails.	General Administration.
Police.	Courts of Law.
Medical.	Jails.
	Police.
	Medical.

"In introducing the heads of the Financial Statement with which the Home Department has to deal, there is really little that I have to say except on one or two heads. Under the head 'Police' there is, however, an important item to which I should draw attention, namely, the reorganization in the pay and grading of the Imperial Police. This has recently been sanctioned by the Secretary of State. The new scheme was published recently in the newspapers and I need not explain it in detail. It takes effect from the 1st of January 1919. The bulk of the cost will, I believe, be borne by the Provinces, and I understand that in the current year the great part if not the whole will be met by savings under other heads. I hope that this change will be accepted generally as giving a living wage to men who have deserved very well by the country for many years and have been labouring under a severe strain during the years of the war. If Hon'ble Members will look at paras. 95 and 96 of the explanatory memorandum which is annexed to the Budget, they will see also that the lower ranks of the police have been benefited. Indeed for some years we have been pursuing this policy of doing what is possible to better conditions in the lower ranks of the police. It may interest Hon'ble

Members to know that during the years 1910 to 1917 while the expenditure on the Imperial Police rose by less than five lakhs of rupees, that on the grade of inspector and sub-inspector and the lower grades rose by 75 lakhs. I believe that in many cases this expenditure has been accompanied by a reduction in the numbers.

“Another subject to which I wish to draw the attention of this Council relates to the head ‘Jail.’ About five years ago, my predecessor announced that it was the intention of Government to constitute a Jail Commission to inquire into the question of jail administration, and see what was needed to bring it up to modern ideas. Unfortunately the war intervened and year after year we have had to abandon this project in which my predecessor and if I may say so I myself have taken a great interest. This year I am glad to be able to say that we propose to undertake this work. The constitution of the Committee has not yet been finally settled, but it is hoped that it will begin its operations within two or three months. It will include, besides the chairman, two Inspectors-General of Prisons, a prison expert of standing from England, two Indian non-official gentlemen and probably one high administrative official. It is intended that the Committee shall assemble in England, if necessary, though I doubt if it will be necessary, visit America and then return to India and make its report here as early as possible. We expect great results from this commission. I am particularly glad that the work has not been delayed any longer, because we have very definite evidence in the administrative reports that reach us of the necessity for considerable modifications in our present system.

“Under the head of ‘Law and Justice’ there are only two matters to which I should like to draw the attention of Council. The first is the conversion of the Punjab Chief Court into a High Court, which will take effect from the 1st of April next. I believe that this will be a subject for much gratification to many Hon’ble Members here. The other matter connected with law and justice is a permanent increase in the number of civil Courts in the Madras Presidency. We have recommended to the Secretary of State that substantial additions should be made in the number of permanent subordinate Judges and Munsifs at a cost of 1½ lakhs a year. My recollection is that a large number of officers are employed now on a temporary basis, and this is not at all a satisfactory system.

“There is only one other matter to which I need refer at all, and that is the great increase which has taken place in the cost of living generally during the last few years. The purchasing power of the rupee has fallen, and there appears to be little prospect of normal conditions being restored. The significance of this is that salaries both of the superior and inferior services which have hitherto been considered adequate are so no longer, and we constantly have to sanction large sums to improve the emoluments, up to now mainly of lower paid servants of Government. In Bombay, this has been a frequent necessity both in the case of the police and in the case of other services. In some cases the improvements have taken the form of temporary allowances, such as grain compensation and war compensation allowances. In some cases we have made permanent additions to the salaries. The case of the superior services, Imperial and Provincial, is a matter of urgency with which we must deal as soon as possible. In these circumstances, it is right I should warn the Council in regard both to the superior and the inferior services that there is a possibility of the cost of administration rising very considerably.”

RESOLUTION RE APPOINTMENT OF A MIXED COMMITTEE TO INQUIRE INTO THE ADMINISTRATION OF THE DELHI PROVINCE.

The Hon’ble Mr. Kamini Kumar Chanda:—“Sir, I beg to move the following Resolution:—

‘This Council recommends to the Governor General in Council that the surplus in the Budget Estimate for 1919-20 be reduced by Rs. 10,000 in order to provide for the appointment of a mixed Committee to inquire into the administration of the Delhi Province.’

“ The first thing that may probably strike some Hon'ble Members of the Council is why should a person from distant Assam take upon himself to move a Resolution about Delhi. Apart from the fact that every member of the Council is a member of the whole of India, there is no representative of Delhi on the Council, and unless members from outside take up questions about Delhi they will not be placed before the Council at all. This in fact is my apology for bringing the subject forward. Delhi, as the Council are aware, is the Imperial city, the official capital of India, formed part of the late Delhi Division of the Punjab. It was cut off from the Punjab to form the Imperial enclave in 1912 in accordance with the announcement made at the Durbar on the model of Washington. The idea was to keep the Government of India apart from any Provincial Government. The connection of the Government of India with a Provincial Government was characterised in the Durbar Despatch as 'bad for the Government of India and bad for the Provincial Government.'

“ I will now respectfully invite the Council to consider how far that idea has been kept in view ; to see whether we have not actually drifted far away from that idea, to see whether while the Government of India has come away from Calcutta to avoid connection with the Provincial Government whether a new Provincial Government has not sprung up in its midst, in close proximity to, and in intimate connection with it, a Provincial Government essentially entirely bureaucratic in nature but bereft of the benefits which the people enjoy in the provinces. The province of Delhi, since it must be called a province, is the smallest in size of any province. It is only 64 miles in length and 18 broad and is indeed very small. The income must necessarily be small, it is only 20 lakhs, I believe. But the bureaucratic administration that has gradually been built up is disproportionately top heavy, consisting as it does of a large number of highly paid officials. We have a Chief Commissioner, his Personal Assistant, a Deputy Commissioner, an additional Magistrate, a paid Municipal Secretary and a District Judge ; all belonging to or drawing emoluments of the I. C. S. The Deputy Commissioner is a military man. There are two Superintendents of Police with a more than sufficient staff of police, both regular and C. I. D., and quite a host of members of the Punjab Provincial Service. Thus, it is obvious, we have the strongest bureaucracy of any Province in India. Surely this could not have been intended when it was resolved to have an Imperial enclave, isolated from any Provincial Government. If we are to have another Provincial Government intertwined as it were with the Government of India, what is the point in having come away from Calcutta? On the other hand, what have the people got, what benefits have they derived, what privileges have been conferred on the people along with the distinction of being the citizens of the Imperial city? In the first place the highest civic right open to an Indian now, the right of occupying a seat on a Legislative Council, the privilege of being associated with the Ruler in the administration of the province is denied to a citizen of Delhi and has in fact been taken away from him. Though the Members of the Legislative Council possess no real power there is no doubt the privilege such as it is is highly valued. Along with the rights of sitting in the Council is of course the right of electing a representative to the Council. These rights the people of Delhi possessed before. The Delhi Division along with Umballa had the right of electing a member of the Punjab Legislative Council and a well-known and highly respected citizen of Delhi, Rai Bahadur Lala Sultan Singh, was a member of the Punjab Legislative Council. The people of Delhi no longer possess this right. You may say Delhi is too small an area to have a Provincial Legislative Council ; it may be so, I have no mind to dispute it at the present moment, but only point out the consequence which has automatically followed from the carving out of the Imperial enclave out of the Punjab. In the next place, though it is the Imperial city and the Imperial Council sits here, Delhi has no right to send a representative to this Imperial Council. Here again you will say there is no constituency in Delhi to be represented on this Council. Here again I say I will not join issue with you beyond referring to the bare fact. It is, however, permissible to call attention in passing to the fact that the Central Provinces had the right of having a representative on this Council before the formation of the Provincial Legislative Council. Thus

the right of ventilating administrative and other grievances in the Council is denied to the people of Delhi, and we from outside have to take upon ourselves the task of bringing up questions about Delhi in this Council. That is my apology for moving this Resolution to-day as I have already said. Thus there being no Legislature to deal with provincial questions, no laws can of course be enacted here. You will inquire how are the laws passed? I say no laws are passed for Delhi at all. Punjab laws are engrafted on Delhi at the discretion of the administration without the people knowing anything at all, far less being consulted. The next question is that of local self-government. No doubt there is a Municipality in Delhi, the Deputy Commissioner is *ex-officio* Chairman, and half the number of Members is nominated. Apart from this unprogressive constitution of the Board, it has a very limited jurisdiction being confined within the city walls. There are three other bodies called the Notified Area Committees—a rather mystifying name, which are in fact municipalities as regards other portions of Delhi. There is one for the Civil Station, that is the Imperial city, where we are which is under the jurisdiction of one Notified Area Committee which consists of three European officials and a nominated Indian. Thus, Sir, I can say that in Delhi representative institutions are at a very heavy discount. What an anomaly! A cruel irony of fate!

“Next comes the question of the administration of justice and the Services. The highest Court of Appeal, Civil and Criminal, is the Chief Court of the Punjab, which, as we have just heard from the Hon'ble the Home Member with great satisfaction, is going to be raised to the status of a Chartered High Court from the 1st of April next. Now unlike the High Court at Patna, where the Hon'ble Judges hold circuit Courts in Orissa, which is a part of the province, here there does not seem to be any intention of having any circuit Court in Delhi though it is a different province. Therefore the people of Delhi have always to go to the Punjab Chief Court in appeal cases.

“Then as regards the services, the heads of all departments are in the Punjab. There is no provincial service in Delhi, and these provincial services from the Indian point of view are the most important services which give openings to the educated community, [so the educated people in Delhi have no chance of getting any entry into the public services. It is well known, Sir, that if qualified candidates from Delhi apply in the Punjab for service, they are plainly told that they have no *locus standi* because they belong to a different province.

“Next take the question of education. There is no Government College, nor even a University, perhaps no material for a University either. The people of Delhi have got to be content with two seats by nomination on the Senate of the Punjab University out of 80. I understand there are nine colleges under the Punjab University outside Delhi, and there are three colleges in Delhi, therefore proportionately they ought to get at least one-fourth of the total number of seats on the Senate of the Punjab University.

“Then, Sir, there is no Legislative Council, there is no Advisory Board whatsoever of any kind reflecting educated public opinion which could give independent, responsible advice to the administration on public questions. There is thus no means whatever of bringing the pressure of public opinion to bear on the administration, and the Chief Commissioner of Delhi and the Chief Engineer are thus the sole arbiters of Delhi and of the greater Delhi that is in the making. They have left to their own unfettered discretion, to find as best they can what they take to be the public opinion. That means that it is and must always be a matter of personal equation.

“This being the position, there being no healthy check whatsoever which enlightened and independent public opinion everywhere exerts on the administration, it will be a marvel, it would be strange, if what has happened at other places, at other times under similar circumstances would not happen, does not happen and will not happen in Delhi. On the other hand, Sir, there being not the slightest chance of any public opinion exerting any influence over the local administration there are bound to be occasions of executive high-handedness, of improper interference with, of undue indifference to, questions affecting personal liberty, of public right of speech and public right of action, and I can give you, Sir, any number of instances of this kind. But I am afraid

you will call upon me to finish my speech within the time-limit, and I shall therefore quote only a few instances.

“The first point to which I wish to invite the attention of the Council is that in this Imperial city the right of public meetings has been taken away by an order of the Deputy Commissioner purporting to be passed under the Police Act of 1861. Some time in September last orders were passed under section 30 of the Police Act calling upon the conveners of public meetings to obtain licenses from the Superintendent of Police to hold public meetings at any place of public resort specifying the occasion for which such meetings are held, the object for which the meeting is held, and so far as possible the names of the speakers. My submission is, Sir, that these orders are *ultra vires*. I submit that it was never intended by this section to restrict the right to hold public meetings. I shall read the section to the Council. It is this. ‘That a District Superintendent or Assistant District Superintendent of Police may, as occasion requires, direct the conduct of all assemblies and processions on the public roads, or in the public streets or thoroughfares, and prescribe the routes by which and the times at which such processions may pass.’ I call the attention of the Council to the words ‘public roads, public streets or thoroughfares.’ Then further it is said in the Act ‘he (that is the District Superintendent or Assistant Superintendent of Police) may also, on being satisfied that it is intended by any person or class of persons to convene or collect an assembly, in any such road, street or thoroughfare, or to form a procession which would, in the judgment of the Magistrate of the District, or of the subdivision of a district, if uncontrolled, be likely to cause a breach of the peace, require by general or special notice that the persons convening or collecting such assembly or directing or promoting such procession shall apply for a license.’

“Sir, my submission is that these orders under this section are *ultra vires*. Action under this section could not possibly include a public meeting held at a public place. The section speaks of ‘public roads, thoroughfares and streets’, and if the Council will bear with me for a moment I shall show how the original section stood. The words originally framed were ‘place not being a private house or place of worship.’ That is to say, if anybody wanted to convene a meeting or assembly at a place which was not a private house or a place of worship, he had to take a license. The words being found capable of being misunderstood, the Select Committee substituted the words which are now embodied in the section. The words in the section relate only to processions or things of that kind, and it is obvious that it was never intended to restrict the right to hold public meetings in a public place. But in this Imperial city, Sir, action has been taken under this section and public meetings were prohibited, with the result that persons wishing to hold meetings had to hold them in private houses.

“Not only this, but when the Secretary of State came here, Sir, the Local Government prohibited all public meetings in public places. On these orders being passed, Mr. Asaf Ali, a well-known gentleman of the city, in company with the Joint Secretary of the Home Rule League, interviewed the Deputy Commissioner with reference to their application for leave to hold a series of meetings, and Colonel Beadon is reported to have said (I am quoting the *Bombay Chronicle* of the 22nd December, 1917, which, so far as I know, has never been contradicted) :—

‘The Government do not want any *tamasha* during the Secretary of State’s stay. He further regretted the unwisdom of the Government in allowing Mr. Montagu any deputations at all.’

“Sir, even assuming that such an order could be passed, my submission is that such an order ought not to have been passed. I do not think such an order was passed anywhere else during the war. That is how the status of the citizens of Delhi have been raised.

“Then, there is a well-known incident in connection with the *Ramlila* procession of 1917. The Hindus from time immemorial have been celebrating the *Ramlila* during the Dussera festival. It is a religious institution, not a *tamasha* as the Deputy Commissioner described it when disposing of the application for a license. *Ramlila* is celebrated for nine days in the month of

Asauj, corresponding with the month of October. In 1917, it was to take place between the 17th and 26th of October, and the *Mohurrum* procession of *Mendhi* and *tazias*, which the *Shiah* Moslems—to the resentment of the *Sunnis*—celebrate, was fixed to take place on the 24th and 27th of October. It was found that on one of these days it would coincide with the *Ramlila* procession which would end on the 26th. On this day both the processions would have a small part of the route—about half a furlong I am told—in common, namely, that lying between the Ajmer Gate and Barh Shahbala. To avoid any possibility of friction, however remote it might be, some of the leading Hindu and Moslem citizens of Delhi met and by common consent prepared a time sheet for both the processions; and a deputation of 12 gentlemen, 5 Hindus and 7 Mussalmans, including the two headmen of the *Shiah* community, handed this to the Deputy Commissioner on the 23rd August. No order was then passed. It became known, however, that the Deputy Commissioner on the 15th September called some of the Hindus and told them that it would not do; they must have a different route, which excepting a small part was uninhabited. The Hindus met and considered the matter and decided that the proposal of the Deputy Commissioner would not suit them. There were also mass meetings of Hindus and Moslems at which thousands of Moslems attended who condemned the Deputy Commissioner's proposal as unnecessary interference with the rights of the people, and held that there was no danger of disturbance if the *Ramlila* and *Mohurrum* processions were to pass by the common route. But the authorities paid no heed to all this and as no written order was passed by the Deputy Commissioner, the *Ramlila* Committee on the 11th of October filed a formal application for a license, and the Deputy Commissioner added insult to injury to the Hindu feelings by the terms of the order he passed. On the 16th of October the *Ramlila* Committee then approached the Chief Commissioner, the Hon'ble Mr. Hailey, who I am pleased to find has taken his seat in the Council again to-day. They got stones in place of the bread they asked for, as he dismissed them summarily with caustic remarks. The result was that no procession was taken out, and as a result of this disregard of Hindu feelings, the Hindu shopkeepers as a protest and to mark their sense of grief, closed their shops for nine days, and the resentment was deepened and everybody was simply bewildered when they saw artillery parading the streets of Delhi and the cavalry being drafted out to keep the peace. Sir, that is how the Imperial city was administered in October 1917. That the action of the authorities was unjustifiable is shown conclusively by the fact that in 1918, under exactly similar conditions, the two processions of *Ramlila* and *Mohurrum* passed on the same route, not on one day as would have happened in 1917, but on two days, and there was not the slightest hitch or disturbance.

“Then, Sir, take another instance in Delhi. There is a Hindu girls' school called the Indraprastha Girls' School. It used to get a subsidy of Rs. 200 a month. There was a lady called Miss Gmeiner as Lady Superintendent in charge of it. She formed a branch of the Home Rule League in Delhi and came and informed the Chief Commissioner of this, and the result was that the Chief Commissioner called upon the School Managing Committee either to part with Miss Gmeiner's services or do without the grant. They would not part with the services of Miss Gmeiner and the grant was withdrawn. Not only that, but privileges due to the students were withheld. The students of Delhi are allowed one day a week to visit the gardens of the Fort and this right was also denied to the students. On this matter I put a number of questions in this Council on the 24th of September 1917 and the questions were practically all admitted, as the Council will see. I will read them out:—

(a) Is there a girls' school in Delhi called the Indraprastha Girls' School established in 1904, and is it a fact that Miss Gmeiner was Lady Superintendent thereof from 1905 and that last year this school with an enrolment of 350 girls was raised to the status of a High School, and that the school was receiving a grant-in-aid of Rs. 200 a month?

(b) Is it a fact that after the opening of a Branch Home Rule League at Delhi, the grant-in-aid has been withdrawn on the ground that the Lady Superintendent, Miss Gmeiner, had joined the League and that she must withdraw either from the school or the League?

(c) Is it a fact that at the same time the payment of the scholarship money which was then overdue was also withheld?

(d) Is it a fact that the said school is the largest girls' school in Delhi and that though all other schools were given one evening in the week to visit the Delhi Fort Gardens, no day was allotted to it?

(e) Is it a fact that the Lady Superintendent and the Honorary Secretary of the School Committee gave an assurance to the Chief Commissioner that the Home Rule League is quite apart from the school and that no member of the School Committee nor any person connected with the school besides Miss Gmeiner and an Honorary worker, Miss Priest, had anything whatever to do with the Home Rule League?

"Then, Sir, the next point is this. Miss Gmeiner opened a Home Rule reading-room and library and what happened in regard to this library will be seen from the question I put the same day, which was admitted by the Hon'ble Home Member:—

(a) Is it a fact:—

(i) that a reading-room called the Home Rule Reading-room was lately opened at Delhi? and

(ii) that the management of the reading-room complained of harassment at the hands of the Criminal Investigation Department, not only by crowding the room but making it a rule to follow and harass visitors so as to make them discontinue their visits?

(b) If so, was any inquiry made about the complaint?"

The Home Member admitted this.

The Hon'ble Mr. Srinivasa Sastri:—"Does the Hon'ble Member mean that the Home Member admitted the question or that he admitted the facts?"

The Hon'ble Sir William Vincent:—"That is what I wish to know too."

The Hon'ble Mr. Kamini Kumar Chanda:—"I will quote the answer."

The Hon'ble the Vice-President:—I would advise the Hon'ble Member not to quote it at great length because he has only 2½ minutes left."

The Hon'ble Mr. Kamini Kumar Chanda:—"The Hon'ble Sir William Vincent replied:—'(a) The fact is as stated.' But I need not repeat the answer. I shall refer only to one other matter as an instance of how educated public opinion is flouted by the local authorities. It is in connection with the public procession in honour of the President-elect of the Indian National Congress in December last. The route that was applied for by the Reception Committee is the route that is daily taken by processions without any hitch. There was also another reason why the Reception Committee selected this route. It lay through streets lined on both sides by houses, the owners of which were most of them members of the Reception Committee, and it was their desire that the procession should pass that way. But it was not to the liking or pleasure of the Police Superintendent, who said it would look too much like 'A State Entry.—' I quote what I understand were the gentleman's own words—and he prescribed a route which lay through roads where there were no inhabited houses but only railway godowns, the building of a cinema show, and houses occupied by local prostitutes. The Reception Committee were not prepared to accept this route. They then applied to the Deputy Commissioner, and having failed to obtain a favourable decision from him, they approached the officiating Chief Commissioner. This is what the Chief Commissioner replied:—

'Such assemblies and processions are, under sections 30—33 of the Police Act of 1861, entirely subject to the general control of the Magistrate of the District exercised through the District Superintendent of Police. The law does not contemplate any interferences by any superior executive authority with the exercise of the responsibility thus placed upon the District Magistrate.'

The Head of the Province will not look into the matter even though there was an improper exercise of the discretion of the District Magistrate . . .

The Hon'ble the Vice-President:—"I must ask the Hon'ble Member to bring his remarks to a close, as he has been speaking for half an hour already."

The Hon'ble Mr. Kamini Kumar Chanda:—"I will, Sir. These are the grounds on which, I submit, there ought to be an inquiry of the kind my Resolution suggests."

The Hon'ble Mr. W. J. Reid:—"Sir, I come from the same remote Province as the Hon'ble Mover of this Resolution, and we live in the same mofussil town. The Hon'ble Mover is the Chairman of the Municipality that looks after the affairs of that town. He has filled that honourable position for many years and is therefore eminently qualified as a critic in matters municipal. In the course of his speech I understood him to take strong exception to the system under which certain members of the Delhi Municipality are nominated. That system or some modification of it is in force in our own Province, and I hope the Hon'ble Mover's condemnation of it is not universal"

The Hon'ble Mr. Kamini Kumar Chanda:—"Just one word, Sir. What I said was this, that on the Delhi Municipality half the members are nominated, which makes it a most unprogressive body. In our Municipality only one-third of the members are nominated."

The Hon'ble Mr. W. J. Reid:—"I said, Sir, that in Assam the system in a modified form is in force. That is not the point which I wished to make. The Hon'ble Member himself is at the present moment a Municipal Commissioner by the way of nomination. When the last elections were held an ungrateful constituency refused to elect him as their Ward Commissioner. I regarded this as a public calamity because the Hon'ble Member had for many years been an admirable Chairman of the Municipality and persuaded him to accept a nomination, which he did. I would only suggest, Sir, that a system which has done so well for the people of Silchar cannot be an entirely bad system."

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—"Sir, I have no desire to intervene in this combat between the champion of Delhi and whoever is going to champion the cause of the Government in this matter. But there is one error—and to my mind a very grave error—in the figures and in the claim based on those figures, which, on behalf of the rest of the Punjab, it is my duty to invite the attention of this Hon'ble Council to. My learned and Hon'ble friend claimed that there being three colleges in Delhi, Delhi was entitled to 25 per cent. of the seats on the Senate of the Punjab University. According to him there are only nine colleges outside Delhi. I find on a very hasty calculation of the number of colleges in our Province that there are altogether twenty-one colleges in the Punjab. That is to say, the colleges at Delhi number only one-seventh of the total number of colleges in the whole province. If the Government were to distribute the seats on the Senate of the University only between the towns which happened to possess colleges in proportion to the number of colleges which those towns do possess, I do not know how the educational interests of the rest of the Province could find representation on the Senate of the University. For if this principle were to be adopted, there are eight colleges in Lahore and Lahore ought to have 8 by 21 of the total number of seats on the Senate of the University; and similarly the other towns, whether they have two or whether they have three or whether they have one, college, ought to have proportional representation on that principle, and the rest of the entire population of the Punjab and its educational interests, according to the principle, ought to go entirely unrepresented. That is the fallacy of my Hon'ble friend in regard to this particular matter which I want to point out to this Council. I am not concerned in the combat itself between the Delhi town and the Delhi Government. That is a matter which I have no doubt the champions on the two sides will fight out among themselves."

The Hon'ble Sir William Vincent:—"Sir, the Hon'ble Member began with an apology for putting himself forward as a champion for Delhi. If I may say so, no apology was needed. Delhi is indeed to be congratulated on having secured so eloquent an advocate of its cause. It is moreover correct that there is no direct representation of the Province of Delhi on this Council, and having regard to the limited number of members, I think Hon'ble Members will admit that any such representation is impossible. At the same time, when any public question is agitated in the Province, I have always found that there were numbers of non-official Members ready to take it up and make representations about it to this Council; and I do not think that it can be said that the pressure of public opinion in the city of Delhi is not felt as much as it is elsewhere. In any case, I submit that there is scarcely any room for an inquiry by a Committee into this question of representation, because we know that in the Report on Reforms recently prepared by His Excellency the Viceroy and the Secretary of State, provision has been made for the representation of Delhi; and Lord Southborough's Committee—on which I believe some Hon'ble Members here also served—has no doubt considered that question in connection with the franchise for the Legislative Assembly, I mention this as indicating the absence of any need for a separate Committee to inquire into a matter which has already been fully investigated. As a matter of fact, the population of Delhi being what it is, I think the Hon'ble Member would himself admit that there is no reason why it should be represented in this Council at present. Nor can it be maintained that being outside the Punjab it is entitled to any representation in the Punjab Council. It is an unfortunate position, but as I explained it will possibly be rectified—or at any rate, it has been fully inquired into recently.

"The Hon'ble Member complained of the laws that were in force in Delhi. Sir, I speak merely from memory, but I believe most of the laws that are in force in this province are those which have come down from the time when Delhi formed part of the Punjab, and had a representative in the Punjab Council, or are laws which would have applied to it whether this Province had remained inside or outside the Punjab. I may be wrong: as I said, I am speaking from memory; but I think this statement is correct as to most of the laws.

"The Hon'ble Mr. Chanda then made references to the question of municipal administration, on which he suggested an inquiry was needed. This is a matter really for my Hon'ble colleague on my left (Sir Sankaran Nair) to deal with, and I should be hardly justified in touching on it except to suggest to the Council that it is unnecessary to discuss the appointment of a Committee of inquiry to investigate a matter of this kind before other and simpler methods of dealing with it have been tried. I am quite sure my Hon'ble colleague will be the first to pay attention to any representation that may be made to him in the matter. Then I am told that another reason for an inquiry is that there is no circuit Court of the Chief Court or High Court at Delhi. Sir, if any complaints had been made to the Home Department on this matter, they would have been inquired into. To the best of my knowledge no such complaints have been made. There is a circuit Court in Cuttack, in the province of Bihar and Orissa, but there are those who doubt if it is really a great benefit, and if there are advantages there are also certainly corresponding disadvantages, as I think some of those who come from that province will admit. In the absence, however, of any express request by responsible people in Delhi for a circuit Court here I urge that no case for the appointment of a Committee to inquire into this matter has been made out. May I remind Hon'ble Members in this connection that we have recently had rather a surfeit of these reports. We have reports of Committees on industries, a report of a Committee on legislation, which is now pending before this Council, a report on reforms which gave us a good deal of work, and we are now threatened with a report on University education which is likely, I believe, to run to 2,000 pages. I think that the Hon'ble Member would scarcely wish to add to the number of reports of that kind.

"There is another reason why no inquiry by a Committee is necessary into the administrative matters to which he refers. I listened with some care to the complaints that have been made of the administration of Delhi. Let me begin with that regarding public meetings. The order referred to was made in

October, 1917, that is about 18 months ago, and I do not know even if it is in force now. I am quite prepared to have inquiries made as to whether that order is in force, or as to whether any necessity exists for keeping it in force; but had there been any real cause for inquiry, I submit to the Council that it is reasonable to suppose that we should have heard of it sometime earlier than 18 months after the order, and that it is unnecessary now to have an inquiry into so old a matter. At the same time I am quite prepared to have the question which the Hon'ble Member has raised examined.

"Similarly, with the *Ramlila* procession of 1917. That is, I believe, a matter also about a year and a half old. Am I correct in that?"

The Hon'ble Mr. Kamini Kumar Chanda:—"Yes, that is so."

The Hon'ble Sir William Vincent:—"Yes, October, 1917. I should have thought that if there had been any real police or executive *zulum* the Hon'ble Member or somebody else—Delhi is never lacking in persons ready to take up these questions—would have brought forward a Resolution in this Council dealing with the matter at the time, in which case we should have had a full debate on the question, and I should have been in a position to answer it"

The Hon'ble Mr. Kamini Kumar Chanda:—"There was no Council sitting at that time; it was in October."

The Hon'ble Sir William Vincent:—"I will ask the Hon'ble Member to remember that there was a Council sitting in January and at that time"

The Hon'ble the Vice-President:—"I think the Hon'ble Member means that it takes a long time for news to get from here to Assam."

The Hon'ble Sir William Vincent:—"The Council met in January, and if the Hon'ble Member had wished he could have brought it up then"

The Hon'ble Mr. Kamini Kumar Chanda:—"6th February was the first meeting."

The Hon'ble Sir William Vincent:—"It is very difficult to speak if I am subjected to constant interruptions. But I still submit that there was ample time in the cold weather Sessions last year in which the Hon'ble Member could with ease, as was done by the Hon'ble Mr. Banerjea, put a question or have brought this matter to the notice of Council by means of a Resolution. We had a full report on it at the time and the information we received was that on a previous occasion the *Ramlila* and the *Muharrum* festivals had clashed with the result that there was a very serious riot, details of which are recorded. In consequence of that it was decided that no procession should pass through the Chandni Chowk in subsequent years.

"In 1915, a meeting was held of leading Hindus, Muhammadans, Sikhs and Bengalis, and after protracted discussions and adjournment of the matter for a month, the approved scheme of routes, as agreed on at the second meeting, was embodied in an order issued by District Magistrate which was communicated to all the parties. The revised scheme provided that no Hindu procession should pass either the Jumma Masjid or the Fatehpuri Mosque, but as a compensation the Hindus obtained a much more suitable and lucrative route, namely, through the Chandi Chowk and Egerton Road. This arrangement was intended to hold good for normal years, but the District Magistrate recorded that the general sense of the meeting was that if in future years the dates of the *Muharrum* and the *Ramlila* were to clash, the latter might suitably proceed, *via* the Dariba, the Chandi Chowk, the Queen's Garden and Dufferin Bridge to the Tis Hazari Maidan. Well, in

1917, the dates of these two processions did clash. Meetings were held, every possible attempt was made to arrive at a satisfactory understanding, and in the end Colonel Beadon, the Deputy Commissioner, gave the *Ramlila* Committee a choice of two courses, namely, either to celebrate the festival throughout on the alternative route described above, *i.e.*, ending up on the Tis Hazari Maidan, or to maintain the old route ending up at the Shaji tank. There were detailed inquiries into the matter, and the local authorities did the best they could to meet the wishes of all concerned. I submit it would be idle after 18 months to start an inquiry into a thing of that kind.

"The other matter to which the Hon'ble Member referred, I think, was in connection with the Home Rule League Reading Room at Delhi. The facts are that a question to which Mr. Chanda has referred was asked in this Council and I read it and the answer.

Question—

(a) 'Is it a fact—

- (i) that a reading room called the Home Rule Reading Room was lately opened at Delhi, and
- (ii) that the management of the reading room complained of harassment at the hands of the Criminal Investigation Department, not only by crowding the room but making it a rule to follow and harass visitors so as to make them discontinue their visits?

(b) If so, was any inquiry made about the complaint?'

Reply—

'(a) (i) The fact is as stated.

(a) (ii) and (b) The management have made no complaint either to the Chief Commissioner or to other local authorities of harassment by the Criminal Investigation Department.'

I think perhaps it would have been a little fairer if he had read the answer in full."

The Hon'ble Mr. Kamini Kumar Chanda :—"I am sorry."

The Hon'ble Sir William Vincent :—"I am glad to hear the Hon'ble Member say so. As no complaint was made at the time it is a little unreasonable to expect that an inquiry should be made now. As to the complaints about the last Congress I am informed that large public processions are not allowed to pass a particular mosque—I am not very distinct about the point—I think it is called the Fatehpuri Mosque, as there is always a fear of a breach of the peace there. The District Magistrate went out of his way however to arrange another route for the processions through Queen's Road, through Chandni Chowk by the clock tower and past the Congress Pandal. Everything that was reasonable was indeed done. I submit, Sir, that no case has been made out for an elaborate inquiry into matters of this kind many of which are now dead matters."

The Hon'ble Mr. H. Sharp :—"Sir, the Hon'ble the Home Member said that the questions of municipal administration in Delhi were a matter for the Education Department. I do not stand here as a champion of nomination. In May of last year the Government of India issued a Resolution dealing with this and other matters of local self-government. That Resolution made clear the attitude of the Government of India towards nominated members in municipalities. Mr. Reid has made clear what Mr. Chanda's attitude is.

"I confess I shudder to plunge into these local matters and to enter into competition with the Hon'ble Mr. Chanda after the fascinating glimpse which he afforded us on Saturday afternoon into the *penetralia* of provincial administration. But it is necessary for me to point out that the facts on which Mr. Chanda has based some of his statements appear to be incorrect, or at least out-of-date.

"I understood Mr. Chanda to say that in the Municipal Committee of Delhi half the members were nominated and that the Notified Area Committee consisted of three European officials and one nominated Indian.

"As regards the Municipal Committee, the fact is that the number of elected members equals the number of *ex-officio* and nominated members taken together on paper. But this is only on paper. For recently two among the nominated members have been nominated at the instance of local associations, so that to-day there are really six nominated against thirteen elected members. Furthermore, my friend, Mr. Hailey, here tells me that some time ago he informed the Municipal Committee that he was quite ready to see a substantial diminution of the number of nominated members.

"I do not think that it is necessary for me to labour the matter further in respect to the Notified Area Committee. The Notified Area is an exceptional and temporary arrangement. But here also the constitution of the Committee is not such as Mr. Chanda has told us. I need not weary the Council with giving them any details. But the information which lies before me shows that its constitution is considerably more liberal than he has represented.

"I am sorry to have had to trouble the Council with these matters of fact. But I feel that I cannot quite close my remarks without some allusion to what Mr. Chanda said regarding education, although the Hon'ble Mr. Shafi has in reality sufficiently answered him. I think it can hardly be said that Delhi is so ill-equipped in the matter of educational institutions. After all it has three colleges. Mr. Chanda found fault because there was no Government college. I can assure the Council that both the Local Administration and the Government of India have kept in view the question of a Government college. Speaking for myself, I trust that Delhi will soon be so important an educational centre as to have its own University. Nor do I think that that time need be so very far distant. I submit that the educational progress of a place should be judged not by its representation on bodies but by its institutions. I understand that Delhi is as a matter of fact not unreasonably represented upon the Punjab University. But its progress must be gauged by the number of its institutions, their equipment and above all by their efficiency."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I am grateful to the Hon'ble the Home Member for the sympathetic reply which he has given. Of course, I may say at once that I do not seriously press for a Committee. My submission is that this is the Imperial city, but that there is no direct control by the Government of India, and that we should have things better than they are. Things should be such that the people would take pride in the affairs of the city. It is unfortunate that an impression has been created that there is a lack of public spirit. My object in bringing forward this Resolution was to get Government to consider this matter and to agree that the status of the citizens should not be inferior to that of other places; that as I said they should take a pride in being citizens of the Imperial city. I am grateful to the Hon'ble Mr. Shafi and to the Hon'ble Mr. Sharp for pointing out my mistakes. Being an outsider I cannot possibly have an intimate knowledge of the affairs of Delhi. If I have been misinformed and any mistakes have been made I accept the corrections. As regards the *Ramlila* procession I may say that the Hon'ble the Home Member has not met the charge that I made against the Local Administration. Though there might be friction between the two communities, I say the answer to this is conclusive that in the following year under the same conditions and under similar circumstances both the processions passed over the same route without any friction or trouble whatever, and Government was satisfied. Then twelve of the leading gentlemen of this city, five prominent Hindus and seven Muhammadans decided on a common course of action and approached the Deputy Commissioner. Why did not the Local Government accept it? That is with regard to the correction which my Hon'ble friend on my right thought fit to make. Sir, it is rather unfortunate that such a local matter as this should be introduced into the Imperial Legislative Council. What happened is this: two years ago during my absence from Silchar . . .

The Hon'ble Sir William Vincent :—“ May I rise to a point of order ? The reasons for the Hon'ble Member's defeat in a municipal election in Assam do not seem to me to be relevant to this discussion ? ”

The Hon'ble the Vice-President :—“ I would ask the Hon'ble Member to confine his remarks to the question before the Council.”

The Hon'ble Mr. Kamini Kumar Chanda :—“ Well, Sir, under these circumstances I have no mind to press the Resolution, but I do hope that the appeal which I have made to the Council will be taken into consideration, and that the reforms which I have suggested will be carried out, so that the people of this city may really feel proud of being citizens of this Imperial city of Delhi. With these words I ask leave to withdraw my Resolution.”

The Resolution was, by leave of the Council, withdrawn.

FINANCIAL STATEMENT, 1919-20.

The Hon'ble Sir James Meston :—“ Sir, I beg to introduce the following heads of the Financial Statement for 1919-20 :—

<i>Revenue.</i>	<i>Expenditure.</i>
Opium.	Refunds.
Interest.	Opium.
Mint.	Stamps.
Receipts in aid of superannuation.	Income Tax.
Exchange.	Interest on obligations other than the Public Debt.
Miscellaneous.	Mint.
	Civil Furlough and Absentee Allowances.
	Superannuation Allowances and Pensions.
	Exchange.
	Miscellaneous.
	Reduction or Avoidance of Debt.

“The subjects under the direct control of the Finance Department are enumerated above and the statistical and administrative facts regarding them are set forth with sufficient fulness in the Financial Statement and in Mr. Howard's memorandum. All that I would ask your permission to do is to place on record a word or two about the war services of the Finance Department, a department which is not ordinarily associated in the popular mind with martial activities. The contributors to our war efforts which take the place of honour in this list are undoubtedly His Majesty's Mints in Bombay and Calcutta and the Mint at Hyderabad. During all the time that munitions were being made in India, those mints took a very active part in their construction. They did work which it was particularly difficult to get done elsewhere, being of a very highly technical type, particularly the manufacture of gauges for testing the output of workshops engaged in the preparation of shells. They also prepared copper bands and they were very active in the construction, especially in Bombay, of motor ambulances. They undertook all this work at a time of the greatest possible strain during their very scanty leisure with depleted staff, and it is difficult to praise too highly the uncompromising zeal with which they threw themselves into this patriotic work. I did not find the staff of the Mints mentioned in the Despatches which covered so many other war workers. It seems to me that this fact is symptomatic of their work. They did their work cheerfully, zealously and unostentatiously and gave their best with no expectation of reward.

“Turning to the Indian Finance Department proper, I might mention that it possesses a cadre of 166 officers and 5,000 men. Out of these, the Department has spared, and spared very cheerfully, 51 officers and about 900 men, of whom a considerable number were on purely military duty. Three of our officers, Mr. Graham, who was well known as Accountant-General, and Mr. Sykes and Mr. Slacke, have been killed in action and a number of clerks met death whilst on active service.

“Four officers have been awarded distinctions for war services, the honours including a D.S.O. and a M.C. and three officers and four Accountants have been mentioned in Despatches.

“The majority of the officers deputed have of course undertaken financial, audit and account duties and other work of a clerical type, but nevertheless have done very valuable service of its kind. Thus at the present time officers of the department are holding the important posts of Controller of War Accounts, India, Financial Adviser to the General Officer Commanding, Mesopotamian Expeditionary Forces, and Financial Adviser to the South Persia Rifles and several of the departmental Accounts officers in Mesopotamia, for instance, the Railway and Irrigation Departments, are members of this Department.

“Our men have also shown a versatility which perhaps was not expected from them. We have had representatives in the Infantry, Cavalry, Gunners, Royal Engineers, the Supply and Transport, and Flying Corps and on every front. In England, we have had officers working in the Admiralty, the office of the Controller of Merchant Shipping, the Ministry of Munitions, the War Office, and the India Office. One officer has been an Assistant Provost Marshal. In Mesopotamia the Director of the Blockade, Mesopotamian Expeditionary Force, was a former member of the Indian Finance Department, while other officers have worked in Local Resources and in Food Control.

“The release of so large a number of the officers and men has thrown a very great amount of extra work on to the shoulders of those who have been left behind, and I am glad, Sir, of this opportunity of testifying to the fact that this burden has been willingly and cheerfully borne by the men who stayed in India.”

RESOLUTION RE ORGANIZATION AND DEVELOPMENT OF THE BANKING SYSTEM OF THE COUNTRY.

The Hon'ble Rao Bahadur B. N. Sarma:—“Sir, I beg to move the following Resolution:—

‘This Council recommends to the Governor General in Council that the expenditure under Miscellaneous 32 be increased by (a) Rs. 10,000 to meet the cost of a Committee to recommend the measures needed for organizing and developing the banking system of the country, (b) by Rs. 30,000 towards the cost of a Committee to inquire into and report on the civil expenditure of the country during the last five years and recommend measures for the retrenchment of the annual expenditure.’

“Sir, we have been sitting rather late, and I do not propose to go at any considerable length into the merits of this Resolution, which is of extreme importance, and I think that the Resolution is the least controversial of all the Resolutions that have so far been moved, and I hope therefore the Government will be able to meet me by accepting this.

“With regard to the first part of it in which I ask that a Committee should be appointed to recommend the measures needed for organizing and developing the banking system of this country, I do not think that there is much need for any arguments in support of this branch of my Resolution. The Government have very sympathetically answered my questions on this subject during the last two years and have in a way promised that as soon as the war conditions permit or as soon as the war is over, they would take it up and do what

they can in respect of it. I shall now merely read the recommendations of two very responsible Commissions in support of my position, and I do not think anything more need be said. The Chamberlain Commission which reported on the 24th February, 1914, state on page 56 of their Report :—

‘ We are not yet in a position to report either for or against the establishment of a State or Central Bank, but we regard the subject as one which deserves early and careful consideration and suggest the appointment of a small expert Committee to examine the whole question in India either to pronounce against the proposals or to work out in full detail a concrete scheme capable of immediate adoption.’

“ Nothing could be done, I believe, by the Government of India because war broke out in August, 1914, within six months of the signing of this Report, and it was felt, and perhaps rightly, that the experience gained during the war might be utilised in formulating proposals that might be suitable to the conditions of India after the war is over. I may point out, Sir, that various Committees have been sitting even during the war to see what can be done in the way of developing, organizing and improving the resources of various countries, both in the United Kingdom and elsewhere, and I therefore hope, now that the Government of India will have some respite after sending Home the Reforms Committee’s Report, this question may be taken up.

“ The Chamberlain Commission have clearly suggested the appointment of a Committee, and I need not therefore lay any further emphasis on this point.

“ Then I allude next to the recommendations of the Industrial Commission’s Report at pages 179 and 182. They say :—

‘ We consider that the establishment of industrial banks working on approved lines is of sufficient national importance to justify Government assistance ; but we do not feel that we have sufficient material before us to enable us to formulate a definite scheme for industrial banks, whether of Provincial or Imperial scope. We ask, therefore, for the appointment at the earliest possible date of an expert Committee to consider what additional banking facilities are necessary for the initial and for the current finance of industries ; what form of Government assistance or control will be required to ensure their extension on sound lines as widely as possible throughout the country ; and whether they should be of Provincial or of Imperial scope, or whether both these forms might not be combined in a group of institutions working together.’

Therefore the Industrial Commission also recommend the appointment of a Committee to go into this question thoroughly at the earliest possible date. I may submit, Sir, that the experience of the Government during the last two years in connection with the war loans shows clearly what India can do under proper organisation and with Government co-operation. There is no gainsaying the fact that the people of India are at present shy in investing capital in large commercial concerns, but that they have very great faith and credit in Government institutions. I need not elaborate the point, and I therefore submit that any interest the Government may take in banking would be of considerable use in bringing forward capital to assist the industrial concerns that happen to be started. I think it must be admitted that there is enough capital of a kind, if only the people would use it, in this country to run their industries without much extraneous help. There is no use disguising the fact that the people of this country will have to change their habits considerably if they are to be industrially forward. I find from statistics that from £200 (two hundred) to £300 (three hundred) million worth of gold have been imported into this country and about Rs. 400 crores worth of silver has also been imported for various purposes, coinage, etc., and there is not in England as much gold and silver as there is here, though their fluid resources are incomparably superior. In point of land, in point of our water power, in point of human power, in point of everything that goes to constitute the credit of a country and the wealth of a country we are not backward, but we have to learn proper methods and organised banking will be one of the principal methods by which the people can be taught to utilise their resources and make them liquid. It is therefore, Sir, of the highest importance that this question should be taken up at the earliest possible date. I fear that what I have asked for is too little and not too much for the purposes we have at heart, and I have not the

slightest objection if the Finance Member will see his way to give us more money than that. All I ask for is that a Committee may be appointed; the question of money is of secondary importance.

“Coming to the second part of my Resolution, I would submit here that this is no reflection whatsoever upon the Government. This proposal should not be considered as hostile to the Government when I ask that there should be a Committee appointed to consider the question of the expenditure of India. This is a matter that every responsible Government provides for automatically. We know that in France and other countries they have Committees sitting to inquire into this question year after year, and we know that during the war various Committees were appointed in England to suggest methods and help the Government with proposals as to how Government expenditure should be curtailed. I need not take the Council into many figures to convince them that during the last few years the expenditure (I shall omit the military expenditure) has been so great that it demands some outside body to help the Government with suggestions and suggestions in favour of retrenchment. I would only ask the Council to remember this, that between 1902 and 1913, while the total expenditure of India rose from £62 millions to £82 millions, that is, by about £20 millions in a period of ten to eleven years, during the last five years our expenditure has grown from £82 to £123 millions, or an increase of £41 millions, or about 60 crores of rupees. So in five years we have increased the expenditure by Rs. 60 crores, whereas during the previous period of ten years it was increased by £20 millions. I recognise that of this increase of 60 crores about £20 millions is under the Army head. But even deducting that, we have got about £20 millions expenditure within five years under civil, as against £20 millions during previous ten to eleven years. I recognise also that during the last five years grants have been made for education, etc., and the Imperial expenditure would come to about 5½ crores. Even deducting this expenditure under heads which are approved by everybody, there is still an expenditure of £16½ millions during these five years as against 18 or 17 during the last ten years. I need not take the Council into detail after detail under direct demands of revenue, under salaries and expenses, under miscellaneous expenditure; in almost every department there has been enormous growth. Of course most of this growth may be on inquiry found to be suitable and expenditure which cannot be avoided. In a short speech it is impossible to indicate in what particular directions expenditure should be curtailed. The Hon'ble Members will see, if they go through the pages of the civil estimates the enormous sums spent on travelling expenses, and one sometimes fails to see how it is necessary for administrative purposes to transfer officers so frequently and to such distant places. We see it in the provinces as well as in the Government of India, and I think a Committee will be able to suggest various improvements in that direction. If we go into the matter in detail we shall be able to find expenditure under each head, part of which may be necessary, but part of which would be and could be cut down. But enough has been said by me without entering in the slightest degree into any hostile criticism to indicate that it should be highly beneficial to the Government as well as to the public that this question should be gone into by a Committee whose report would be of considerable assistance in reassuring the public mind that the expenditure is on healthy and sound lines. With these words, Sir, I recommend the proposition to the acceptance of the Council.”

The Hon'ble Sir Dinshaw Wacha :—“Sir, I should like to say a few words as far as the recommendation of a Committee for considering the question of a Central State Bank is concerned. The Chamberlain Commission did, of course, conditionally recommend such a bank, and, I believe, it will be for the Government of India in the Finance Department to see in future how a Central State Bank can be practically established. Opinions have widely differed on that subject; different Chambers of Commerce have entertained different views and the general difference is this, whether the three Presidency Banks should be amalgamated as suggested into one Central State Bank. I think the question was mooted and a good deal of discussion took place on the subject, but the result was that, as far as possible, the three Presidency Banks

should be allowed to remain where they are. But how far a separate State Bank, apart from the Presidency Banks, a bank which might in its fundamental constitution approach, as near as possible the Bank of England, might be established is, of course, a question for serious consideration by the Government and the Finance Department. I do not know whether this Council will act wisely in asking Government to appoint a Committee on this subject. As far as the private banking institutions are concerned, I do not see what would be the use of a Committee for this purpose. Everybody in India is fully alive to the fact that more extensive banking facilities are necessary and to the necessity of an organisation to promote the object. There is no speciality about it; it requires that the people should be taught how banking organisations could be established in each province. The only thing required is that the people themselves should have sufficient enterprise and enlightened self-interest to embark on such organisations for extensive industrial development. Self-help must be greatly stimulated. Nothing more than that is essential. However, if the Council is anxious that the Hon'ble Mr. Sarma's proposition, which is quite an academical one, may be put into effect, I have not the slightest objection. As far as civil charges are concerned, Members of Council may recollect that in this place I did bring forward this matter first to the notice of the Finance Minister who is now gone—Sir William Meyer. What I did say was this: that the net expenditure, wholly apart from the Army charges, was increasing, and that it was increasing in a larger ratio than that of net revenue. Let us put it in this way, that there is a net revenue showing in ten years a growth of only 10 per cent., while the net expenditure for the same period shows a growth of 13 per cent. Now, that is a state of finance which I do not consider to be very sound; because under those circumstances, the net expenditure would outrun the net revenue. That is my point; and I will relate to you where the fallacy lies. If the railway surplus, which now averages somewhere about 8 or 9 millions, is separated from the ordinary revenue accounts, it will be easily found that the ordinary revenue does not suffice for our expenditure. Our expenditure has increased enormously in the last ten years. If you would look into the figures of net revenue and expenditure, say, for the decade ending 1917 and if you would deduct the railway surplus from the net revenue, you will find that instead of having these large surpluses that have been shown in the past Financial Statements, there have been actual deficits. I went into the figures carefully some time ago and I am now speaking from memory; but it is a fact that in only two years during the ten years ending 1917 was there a surplus, apart from the railway surplus; that is to say, in the other years the revenue was a great deal less excluding the railway surplus to suffice to meet the increased expenditure. The other years really closed with a deficit which was concealed because of the inclusion of the railway surplus in the revenue accounts. That, I say, is not a state of things which ought to be allowed. It is financially unsound and now that the Hon'ble Sir James Meston has come and the war is over, I think it would be a very good thing if this part of the administration of civil expenditure was thoroughly overhauled. What I mean to say is this that expenditure under different heads, such as education, sanitation, police, law, etc., might be necessary; but the question is this, whether a Finance Minister should allow it or sit tight on the spending departments and say 'No, my revenues will not allow it and therefore I shall not allow larger expenditure; I will not allow my net revenue to be outrun by my net expenditure.' That is a point on which, I think, an experienced Finance Minister of the ability and acumen of the Hon'ble Sir James Meston can do more than any Committee of experts. More I need not say. There is, I admit, something in the contention of the Hon'ble Mr. Sarma that a Committee or some kind of inquiry is necessary for the purpose of investigating how far the civil charges have outgrown the revenue; but I am of conviction such a Committee cannot do any good. The question is one of practical finance. The Finance Minister ought never to allow the net expenditure to outrun the net revenue. That is my point."

The Hon'ble Mr. H. F. Howard:—"Sir, the Hon'ble Mr. Sarma's Resolution deals with two quite different matters, as he recognises, the common link being the studied moderation with which he has pitched the cost of them, as if he were to say, 'Let me have but a little'. Now, Government are very

anxious to do what they can and they sympathise entirely with his object. As regards the question of banking, everybody of course—as the Hon'ble Sir Dinshaw Wacha says—realises the necessity and importance of banking development in this country. In fact the Hon'ble the Finance Member specifically referred to the importance of that question in his Statement where he said that any development in other ways, in the way of checking hoarding and in the way of a saner currency policy, must go hand in hand with the development of banking. It was a great disappointment to the Government five or six years ago when the Swadeshi banking movement, which seemed from all the outward signs to be set on a fair course, came to such horrible grief. So far as I can recollect, the smash commenced with the People's Bank in the Punjab with no less than 70 branches or so and a crore or more of deposits; but when that went down the road it was followed by the collapse of many others, including various mushroom institutions. Apart from the smaller institutions there were the Credit Bank in Bombay and a larger bank, the Indian Specie Bank. Sir, the collapse of those banks taught us one very important lesson, and that is, for banking development you must have sane and sound and trained bankers. It is the same question as that of the trained teachers, who are so necessary for real educational development. The present position is not without its hopeful signs that we are getting to be better off than we were before in this respect. We have seen the large industrial Bank of Messrs. Tata's started in Bombay which has been mostly, if not entirely, floated on Indian capital. And we have in Bombay on smaller lines a very successful little bank, the Central Bank, which has weathered all these storms, owing largely, I believe, to the great efficiency and commonsense and knowledge of its manager, Mr. Pochkhanawala. Mr. Pochkhanawala has had great difficulties to contend with, both in the waves of panic which at different times have swept over Bombay as the result of War conditions, and I believe even as the result of spiteful personal attacks made upon him. But I understand his bank stands stronger than it did before. We have again Sir Robert Aitken in the Bank of Bombay, who has been introducing, I understand, the policy of employing Indians to an increasing extent in his Bank and its branches. Well, Sir, every little helps and we hope that all these signs show that something is being done, not by Government, but by a more or less spontaneous process, which is of far more value than anything that Government can do.

“At the same time Government recognise that there are these large problems to which the Hon'ble Mr. Sarma has drawn attention. There is the question of general banking, which is bound up with the Chamberlain Commission's recommendations, and there are those perhaps no less important side lines, the question of industrial banking, in connection with which the Hon'ble Sir Thomas Holland's Committee has recommended the appointment of a small expert Committee, and there are other branches also. I need not run through them all; but perhaps one of the most important of them is the co-operative banking movement. Many of those interested in this movement have emphasized the importance of considering how far the Government should take a hand in supporting the central finance of the movement. Sir, it is impossible to say at this stage how far these various inquiries will ramify into one another; but Government are ready to agree, as far as industrial banking goes, that a Committee should be appointed. Its composition has not yet been considered, and that will have to be carefully thought out: it was proposed that it should be an expert Committee. The Government are quite ready to make such grant as may be necessary for that purpose. The amount proposed by the Hon'ble Mr. Sarma is so small that I am not quite certain whether it is necessary to include the particular sum mentioned by him in the Budget, but if he wishes us to do so I think, Sir, we can agree.

“The second portion of the Hon'ble Member's Resolution relates to a very much wider sphere. Here again, Sir, the question is one in which Government have definitely declared what their policy is. The Hon'ble Member's suggestion in this matter is also not a new one. There have been many of these recommendations for commissions to examine expenditure and to recommend measures for retrenchment. So far as I know, the last occasion

on which a definite motion to this effect was before the Council was that moved by the late Mr. Gokhale in 1911. He was given on that occasion a very sympathetic reply by Sir Guy Fleetwood Wilson and he withdrew his motion. Later on, however, Government had an officer placed on special duty and compiled a lengthy report containing a very detailed examination of the growth of public expenditure in India over a period of ten years. I know this to my cost as I was officiating in the Finance Department as Secretary, and this took me many hours a day, for many weeks if not for several months. It was duly presented to Parliament and, I believe, it has thereafter reposed in the libraries; but nobody has shown any interest in it. That is apt to be the fate of all inquiries into public expenditure. Their results, however good the intentions with which they are started, are almost invariably infructuous. What usually happens on these occasions is that the factors responsible for the growth of expenditure are very well known from the outset. Take the factors on the present occasion. I will not take the Hon'ble Mr. Sarma's years, as the fact of the growth is admitted, but the two years quoted by one or two other Hon'ble Members the other day—the accounts for 1917-18 and our Budget estimate for next year. The figures mentioned by the Hon'ble Members in question were those for the growth under 'Salaries and expenses of Civil Departments', the growth being from £20·8 millions to £24·3 millions, or an increase of approximately £3½ millions in two years. Well, Sir, the main causes of that increase are two. The greater portion of the increase is due to expenditure on the beneficent services. Education accounts for £1½ millions; Medical Services £350,000; Sanitation £350,000; Agriculture £300,000, and the Scientific Services £100,000; or say £2,600,000 in round figures. The net balance of the increase (I say 'net' because there was an increase under some heads and a decrease under others) is due to the large increases in the salaries which it has unfortunately been necessary to sanction—I say unfortunately not because they are not deserved but because they were necessitated by the very high level of prices with which we are now faced. 'Police' is the largest item; under the head 'Police' there is an increase of £700,000. But an increase appears under practically all the heads. The facts are well known, and I do not think that Hon'ble Members would urge that we should not pay our servants a living wage; in fact we have heard Hon'ble Members sympathise with these services—for example Mr. Banerjea came to us the other day and said 'what about such and such a department? They are suffering great hardship.' That is just where it is. On the one side the Finance Department is asked to control this expenditure and on the other side we are accused by our own officers of not paying them a living wage. My only point in saying this is that the facts are very well known.

"Further, even assuming that at some time it may be desirable to appoint a Committee for the purpose of inquiring into the growth of expenditure, I submit that this is not the time. The five years in the immediate past which we are asked to examine are years entirely of abnormal expenditure due to the war, and an inquiry into expenditure of abnormal character can produce no useful result. As to the future we are on the eve of the introduction of the reforms scheme and we may expect to see very shortly an entirely different line of demarcation as between Imperial and Provincial expenditure and resources. If a Committee set about these inquiries now they would have to travel all over India, and it would be many years before they could hope to get to the bottom of even a small portion of the items which are covered by the Resolution. I submit it would serve no useful purpose whatever in anticipation of the separation of our finances which is contemplated to appoint any such Committee to hold an exhaustive inquiry. Again, one of the points pressed by the Hon'ble Mr. Gokhale when he moved a similar Resolution was that the Comptroller and Auditor-General should submit appropriation reports which would be published and put in the hands of Members of Council. The Comptroller-General does now submit appropriation reports; they are published and similarly the Accountants-General in the provinces submit similar appropriation reports, and I have never yet heard of any use being made by Hon'ble Members of Councils of these reports with the detailed information which they contain.

"The only other point to which the inquiry of such a Committee could be directed is the everlasting price question which underlies a great deal of the growth of expenditure. Sir, the last Committee on prices sat for over three years and produced an enormous number of volumes of very valuable statistical information supplemented by a very valuable report. But all that that report tells us is again practically what was known before, the main point being summed up in the Government Resolution on the subject. It was practically that the prices of Indian exports are governed by those prevailing in the world's markets and through the growing influence of foreign trade Indian prices, apart from temporary fluctuations resulting from the character of the seasons, tend to follow the same course as world prices. The position may have been affected to some extent by the abnormal conditions of the war as a result of which communications between countries have been restricted so that special Indian conditions may affect the position, but these disturbing factors must be transient. I feel, Sir, that if the Committee's energies were directed to that point of the inquiry, this could serve little useful purpose and they would find themselves in the position of poor Mrs. Partington who when last heard of was endeavouring to sweep back the Atlantic with a mop.

"There is only one other point which I need mention, namely, that referred to by the Hon'ble Sir Dinshaw Wacha on the question of the growth of our expenditure at a rate exceeding that of our gross revenue. I think I remember that he wrote to Sir William Meyer on the subject, and that we looked into it and we found we were largely assisted in meeting this growth of expenditure by our increasing railway surplus. But I do not know that that really affects the particular proposal which has now been made. He suggested also that there might be an overhauling of the whole position. I think that some such overhauling must necessarily take place in working out the detailed arrangements for the greater separation of the Imperial and Provincial spheres of finance."

The Hon'ble Sir Dinshaw Wacha :—"I wish to say one word only. The railway surpluses actually conceal a large amount of expenditure growing from year to year. There will be more economy if this is made transparent. The railway surplus is the *deus ex machina* as opium revenue was."

The Hon'ble Pandit Madan Mohan Malaviya :—"Sir, I am glad to know from the Hon'ble Mr. Howard's statement that the Government are going to appoint a Committee to consider the question of Industrial banks. I wish, however, to point out the urgent necessity of the Committee being asked to deal with the larger question of banking in general. My friend referred to the collapse of Swadeshi banks. He will be aware, I presume, that by this time one of the banks referred to, the People's Bank, has paid up 17 annas in the rupee or is going to pay it. From the history of banking in the Punjab it is clear that these banks failed not for the fault of the management entirely, but owing to other reasons. I draw attention to this because it is likely to have an important bearing upon the question. There was a Committee appointed in the Punjab to inquire into the causes of the failure of these banks, of which the Hon'ble Mr. Maynard was the President. That Committee summed up the result of their investigation in the following words: 'Thus, speaking generally, our feeling is that the collapse can be referred to two fundamental causes:—(1) the inexperience and the defects of the machinery, inevitable to the starting of every new venture; (2) the lack of palliation or remedial action such as government itself, or quasi-government agencies, *i.e.*, a State-supported Provincial bank, might supply.' I refer to this to show the need for the Government widening the scope of the inquiry of the Committee which they propose to appoint. If the inquiry is confined to the case of Industrial banks only I fear that will not be enough.

"I would like to draw attention to one other circumstance. Mr. Howard spoke of the employment of Indians in banks started by private persons or

bodies. I fear that Government does not yet realise that in this country, situated as it is, it is the duty of Government to organise banking and place it on a far better footing than heretofore. At present we are in a very unfavourable position as compared with Japan. At the time of the Restoration in 1868 ignorance concerning the methods of foreign finance, or of banking, or of joint stock companies was universal, although Japan was not entirely without some financial machinery. National finance and economy were both in a perilous condition. The Japanese Government took advice as to the system of banking. They sent men to other countries, America among them, and they introduced a well-considered scheme. They invited a gentleman from England to introduce the scheme. The first National Bank was established in Tokyo in 1873 and began business in less than ten months. There are now five kinds of banks in Japan, viewed in relation to the line of business respectively followed, namely, Home Trade, Foreign Commerce, Industry, Agriculture and Colonisation; and in 1913 the total number of the banks was 2,152, of which 2,100 represented ordinary and savings banks at the end of the first half-year, and 52 the number of special banks at the end of the year. The paid-up capital of these banks amounted in 1913 to 436,188,271 yen, the reserve fund to 139,109,917 yen, the total deposits to 10,811,884,300 yen. I draw attention to this to show how much can be done if Government will take up the whole question in right earnest. There is a pressing need for having a net work of banks all over the country to help agriculture, trade, commerce and other purposes. The Committee which is going to be appointed should be instructed not to confine its attention to the question of industrial banks, but to the larger question of organising banks of different kinds which are needed for the development of the country. The case for a State bank has been strongly presented by the Hon'ble Mr. Sarma; the Chamberlain Committee recommended that the question of a State bank should be investigated by a Committee. I maintain it is high time that this question was dealt with. Another matter to which I would draw attention in connection with this point is the necessity for Government taking steps to provide better training in banking and commerce for our young men. Commercial colleges are a growing necessity. The Maynard Committee pointed out that it was the want of business knowledge and experience on the part of company promoters and managers that was the primary cause of bank failures in the Punjab. It is necessary that the investing public should be protected against inexperience and from other incidental evils. There should be a regular system of commercial training where young men could qualify.

“Lastly, I would say a word about the growth of civil expenditure. My friend the Hon'ble Mr. Howard said that this is not the right time for an inquiry. But in England during the war a National Retrenchment Committee was appointed to look into the question of expenditure. Happily the war is now at an end, and this in my opinion is the proper time for an inquiry into expenditure when experience gained in several directions is fresh. But not only this. While on the one hand my friend urged that this is not the time for examining the question of increases in expenditure, we find that the Secretary of State has granted increases of pay and pensions, and expenses are going up in other directions. If a Committee is appointed it could look into the whole question and suggest retrenchment. The country could then know whether the growing expenditure is justified, and the inquiry may lead to some economies being effected. The period is critical, expenditure has grown, and there is likely to be an increase of expenditure in several directions in the near future. This is therefore just the time when a Committee should look into the question and afford valuable help. I hope the Government will consider the matter and appoint a Committee to report to the Council. The question deserves looking into and should not be shelved any longer. I trust the proposal will be accepted.”

The Hon'ble Sir James Meston:—“Mr. Howard has so fully and adequately dealt with the attitude of Government towards this Resolution that it is unnecessary for me to do more than to say a few words in explanation of one or two minor points. The Hon'ble Mover may naturally feel that we

exhibit a certain amount of ingratitude in declining the help he has offered us in dealing with the very thorny and difficult question of banking. We are by no means ungrateful, we are very anxious to have all the light that we can get on the subject, but there is a distinct danger of over-nursing a matter, the health of which depends very largely on spontaneous growth. At the present moment I confess I can see no clear advantages in undertaking this wide inquiry which Hon'ble Members press on us. If there are any obvious advantages, I can only repeat what my Hon'ble colleague, Sir William Vincent, said a little while ago, that we have sufficient on our hands to justify us in asking to be absolved from further investigations which are not of the first interest. Banking, for all practical purposes in India, may be divided into four heads. There is first general banking, the ordinary bank with which we are familiar with which we keep our accounts or our over-drafts; there is, secondly, the land mortgage bank, thirdly, the co-operative bank, and fourthly, the Industrial bank. These are the four branches with which India is mainly concerned. As regards general banking, we have to walk warily, because we come at once against sharp differences of opinion as regards State banking and the way in which it should be approached. We are not forgetful of the problem. We are not absolutely supine on the subject. We are endeavouring to ascertain the best way in which we can approach a difficult matter. And so I must leave the question of a State Bank alone for the present, I am not sure that I am convinced by my friend the Hon'ble Pandit Malaviya that it is the duty of the Government to establish model banks in the different provinces. It is a matter which I would very much rather wish was left to the people themselves

The Hon'ble Pandit Madan Mohan Malaviya :—" May I, Sir, explain? I did not mean that Government should only establish model banks. I said that Government should establish and regulate banks. I meant both."

The Hon'ble Sir James Meston :—" I accept the Hon'ble Member's correction. But I am afraid my difficulty still remains as it was. I have no objection to see strong banking laws, strong regulations for preventing dishonesty and fraud. But apart from that, it does seem to me that the best way in which a nation can work out its own banking salvation is by its own experiments and its own experiences. India, as we know, is making considerable progress in indigenous banking. Mr. Howard has shown how successful the development of indigenous banking has become in Bombay. It is spreading in all parts of the country. Every six months we hear of new institutions being established, and it is no secret, that through the agency of the Presidency Banks, State or quasi-State assistance and guidance are generously provided for young banking institutions which are able to establish their claims to consideration. It would clearly be a breach of confidence for me to go further than that at the present moment, but many Hon'ble Members here will know perfectly well what I allude to.

" Now coming to the second type of Banking, the Land Mortgage Bank, everybody will recognise that it is a very different sort of institution from the ordinary commercial bank. It must be an institution which is financed very largely by long term deposits in order to ensure that it shall not be embarrassed in its handling of advances to landlords and estate holders. It is a type of bank which I do hope to see established in this country, but I hope to see it done in every province or even in smaller areas in every province, started very largely by local enterprise and maintained under local supervision and control. It is the local knowledge and neighbouring control by groups of intelligent landlords that are going to make the land mortgage business a success in this country, and I do not think it is any use for Government to undertake work of this sort on a large scale.

" We then come in the third place to co-operative banking, and in regard to that inasmuch as a very influential Committee has quite recently reported

and as action is now being taken on that Report, it is unnecessary for me to say more.

“As regards Industrial Banks, the fourth and the last head of Banking, we have declared our willingness to accept the recommendations of Sir Thomas Holland's Commission, and we are prepared to act in accordance with its recommendations. If the Hon'ble Member wishes that the expenditure under Miscellaneous 32 be increased by Rs. 10,000 for the purpose of carrying out those recommendations, I shall most gladly consent to that being done.

“Then, Sir, I turn to the second proposal of Mr. Sarma, to increase our expenditure by Rs. 30,000 towards the cost of a Committee to recommend measures for the retrenchment of the annual expenditure of the last five years. That again at the risk of apparent ingratitude I am obliged to resist. We are always glad of any help we can get in keeping down expenditure. I do not know that we always get that particular form of help in this Council, but we are always glad of whatever help we can get. But I do say, Sir, that this particular suggestion of the Hon'ble Mr. Sarma is at present wholly premature. The last five years have been entirely an exceptional period. Everything has been abnormal, and there is no use whatsoever in setting up the huge machinery of a big Committee to correct obvious abnormalities. They are going to correct themselves. Then you have prices rising still, You have salaries slowly rising behind them, and you have got the whole of the future of our salary and wage basis extremely indeterminate and uncertain. You must give the Departments breathing time till they settle down to new conditions. It may be that we are now at the turn of the tide, that prices will shortly fall, and the necessity for a further increase in wages and salaries may cease. Anyhow none of us know what is going to happen. There is no use investigating a question of that kind until we get to a more stable position. Finally, as Mr. Howard has emphasized, there is, in connection with the Reforms which are now impending, an absolute certainty of a very considerable increase in expenditure. The new régime, whatever else it is to be (I hope it is going to be a very great success), is going to be a very expensive thing. There is no question about that. Until therefore the normal state of things is restored, until we get the new apparatus of Government into working order, I can hardly imagine the necessity for an inquiry of this kind. In fact I cannot imagine a less suitable time for such an inquiry; and therefore on behalf of Government I must oppose the second part of the Resolution.”

The Hon'ble Rao Bahadur B. N. Sarma:—“We are grateful, Sir, to the Government for accepting the proposition dealing with the investigation in at least one branch of banking, namely, Industrial Banking. But I must confess that the replies to the other parts of the inquiries which I have suggested have been most disappointing and will leave a very painful impression in the country. The Government perhaps does not realise that in rejecting an inquiry into the possibilities of a State Bank which the Chamberlain Commission, a very authoritative Commission, suggested five years ago, in rejecting that proposal

The Hon'ble Sir James Meston:—“May I explain, Sir? I have not objected to that, but we cannot undertake it at present.”

The Hon'ble Rao Bahadur B. N. Sarma:—“I am glad I am corrected, because it will still leave some faint hope—five years is not too long a period. I hope we shall live to see that when Government's hands are free from other urgent work, they will be able to appoint a Committee to investigate into the possibilities of a State Bank, and to meet the peoples' wishes. People realise that though the individualistic attitude which was in vogue both in England and in India, has very very important possibilities and should not be overlooked, it has been played out, at any rate it should not be a working

proposition in India, as it is not elsewhere. I hope that the Government, having regard to the inaptitude of the people, you may say weakness of the people, you may say the ignorance of the people, ought to take up a more nationalistic, a more socialistic attitude with regard to their needs, and not refer to the individualistic policy always whenever some help is needed in this matter. And in this matter of banking, Sir, if the general banking which has ramifications into almost every other branch of banking and trade which is connected with the other branches, is neglected, and its improvement postponed, and, if you merely take up one, it will be attending to a branch instead of to the root, and I do not think that fruitful results will follow. I hope, therefore, Government will be able to find time to investigate the first branch also.

“Then coming, Sir, to the second question, namely, the appointment of a Committee to inquire and report on the retrenchment of the annual expenditure, I may be permitted to state that here again the Government reply means that we dare not risk an investigation into the annual expenditure of the country during the last five years. It comes to that virtually, or at any rate the implication is there. Well, I should have expected that when in the hurried days of the past large expenditure was incurred, that Government, of all departments, would welcome an inquiry of the kind I have suggested which would show that money has been well utilised having regard to the abnormal conditions which prevailed. They should therefore have welcomed an inquiry such as I have suggested even apart from its usefulness for the future. But has it no lessons for the future? I humbly submit that it has. The very reason that we have to differentiate between Imperial and Provincial finance seems to be the reason for inquiring into the growth of Imperial as well as Provincial expenditure so that we may know what is really Imperial expenditure and what is really Provincial expenditure, so that the Government of India may not take more from the provinces than is absolutely necessary for true Imperial needs, so that they may give the provinces all the legitimate help that is needed by them, which is only possible in the light of an inquiry such as the one I have suggested. We should have known then what revenue would have to be set apart to the Imperial Government. At any rate whether the Imperial Government from the revenues which it has would be able to help the Provincial Governments or would have to take as contributions something from the Provincial Governments. On a question of that description it is of very vital importance that we should know what the Imperial expenditure is, and therefore I should have thought the Government would have welcomed an inquiry of that sort. Apart from that, it is said that the rise of prices is so abnormal and has been so unusual that nothing which could be settled now would be of value a few years hence. I recognise the value of that reasoning to a certain extent, but because these prices have been rising there must be some constructive programme, some programme which will not result in expenditure being incurred in a haphazard manner, but according to a plan devised to meet needs as they may arise in certain eventualities. Supposing the prices increase to a certain extent, what shall be our policy; supposing they increase a little more, what will be our policy should be thought out beforehand? An inquiry like that might help the Government in formulating its policy previously and enabling it to fall back on that policy, instead of being driven into sanctioning four annas here, eight annas there, bargaining with the officials and saying ‘would not this do?’ and so on. I hope that this would be useful, and I therefore hope that, though the Government may decline to accept this part of the Resolution now they may be able to see their way in the near future to take action in this direction on their own initiative. I wish the two parts of my Resolution to be put separately.”

The Hon'ble the Vice-President:—“If the Hon'ble Member would like to amend his Resolution, he may do so. I understand the only hope held out by the Hon'ble Member in charge was for a Committee on Industrial Banks. I shall put the Resolution in two parts as requested.

Part (a) was put to the Council and lost.

Part (b) was put to the Council and lost.

FINANCIAL STATEMENT OF THE

The Hon'ble Member then asked for a division on the Resolution as a whole and the Council divided as follows :—

Ayes—9.

The Hon'ble Mr. S. N. Banerjea.
 „ Raja of Mahmudabad.
 „ Pandit M. M. Malaviya.
 „ Mr. S. Sastri.
 „ Mr. B. N. Sarma.
 „ Mr. V. J. Patel.
 „ Maharaja of Cossimbazar.
 „ Sardar Sundar Singh.
 „ Mr. G. S. Khaparde.

Noes—31.

The Hon'ble Sir Claude Hill.
 „ Sir George Lowndes.
 „ Sir T. Holland.
 „ Sir William Vincent.
 „ Sir James Meston.
 „ Sir Arthur Anderson.
 „ Mr. W. A. Ironside.
 „ Mr. H. F. Howard.
 „ Sir James DuBoulay.
 „ Mr. A. H. Ley.
 „ Mr. W. M. Hailey.
 „ Mr. H. Sharp.
 „ Mr. R. A. Mant.
 „ Sir Godfrey Fell.
 „ Mr. F. C. Rose.
 „ Mr. C. H. Kesteven.
 „ Mr. D. de S. Bray.
 „ Lieutenant-Colonel R. E.
 Holland.
 „ Surgeon-General W. R.
 Edwards.
 „ Mr. G. R. Clarke.
 „ Mr. H. Moncrieff-Smith.
 „ Mr. C. A. Barron.
 „ Mr. P. L. Moore.
 „ Mr. T. Emerson.
 „ Mr. E. H. C. Walsh.
 „ Mr. C. A. Kincaid.
 „ Sir John Donald.
 „ Mr. P. J. Fagan.
 „ Mr. J. T. Marten.
 „ Mr. W. J. Reid.
 „ Mr. W. F. Rice.

The Resolution was therefore negatived.

The Council adjourned to Wednesday, the 12th instant, at 11 A.M.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Wednesday, the 12th March, 1919.

PRESENT :

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E.,
Viceroy and Governor General, *presiding*, and 61 Members, of whom 53
were Additional Members.

MOTOR SPIRIT (DUTIES) AMENDMENT BILL.

The Hon'ble Sir James Meeson :—"My Lord, I beg to move that the Bill to extend the operation of the Motor Spirit (Duties) Act, 1917, be taken into consideration. The Bill has been published and has evoked no opposition."

The motion was put and agreed to.

The Hon'ble Sir James Meeson :—"My Lord, I beg to move that the Bill be now passed."

The motion was put and agreed to.

INDIAN INCOME-TAX (AMENDMENT) BILL.

The Hon'ble Sir James Meeson :—"My Lord, I beg to move that the Bill to amend the Indian Income-tax Act, 1918, be taken into consideration. This Bill also, my Lord, has been published, and I believe it has met with general approval."

The motion was put and agreed to.

The Hon'ble Sir James Meeson :—"My Lord, I beg to move that the Bill be now passed."

The motion was put and agreed to.

The following Act of the Indian Legislative Council received the assent of the Governor General on the 12th March, 1919, and is hereby promulgated for general information :—

ACT No. III OF 1919.

An Act to extend the operation of the Motor Spirit (Duties) Act, 1917.

II of 1917.

WHEREAS it is expedient to extend the operation of the Motor Spirit (Duties) Act, 1917 ; It is hereby enacted as follows :—

Short title.

1. This Act may be called the Motor Spirit (Duties) Amendment Act, 1919.

II of 1917.

2. In section 1 of the Motor Spirit (Duties) Act, 1917, the word "and" at the end of sub-section (2) and the whole of sub-section (3) shall be omitted.

Amendment of section 1, Act II of 1917.

The following Act of the Indian Legislative Council received the assent of Governor General on the 12th March, 1919, and is hereby promulgated for general information :—

ACT No. IV OF 1919.

An Act to amend the Indian Income-tax Act, 1918.

VII of 1918.

WHEREAS it is expedient to amend the Indian Income-tax Act, 1918 ; It is hereby enacted as follows :—

Short title and commencement.

1. (1) This Act may be called the Indian Income-tax (Amendment) Act, 1919.

(2) It shall come into force on the first day of April, 1919.

VII of 1918.

2. In the proviso to sub-section (2) of section 14 of the Indian Income-tax Act, 1918 (hereinafter referred to as the said Act), for the word "one" the word "two" shall be substituted.

3. In sub-section (4) of section 18 of the said Act, for the figures, brackets and word "17 (1), (2) or (3)", the figures, brackets and word "17 (1) or (2)" shall be substituted.

4. For Schedule I to the said Act, the following Schedule shall be substituted, namely :—

Substitution of new Schedule for Schedule I, Act VII of 1918.

" SCHEDULE I.

(See Section 14.)

RATES OF TAX.

	Rate.
I.—When the taxable income is less than Rs. 2,000	Nil.
II.—When the taxable income is Rs. 2,000 or upwards, and	
(i) The total income is less than Rs. 5,000	Five pies in the rupee.
(ii) The total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(iii) The total income is Rs. 10,000 or upwards, but is less than Rs. 25,000.	Nine pies in the rupee.
(iv) The total income is Rs. 25,000 or upwards	One anna in the rupee."

5. For Schedule II to the said Act, the following Schedule shall be substituted, namely :—

Substitution of new Schedule for Schedule II, Act VII of 1918.

" SCHEDULE II.

(See Section 37.)

RATES OF REFUND.

	Refund.
1. Less than Rs. 2,000	One anna in the rupee.
2. Rs. 2,000 or upwards, but less than Rs. 5,000	Seven pies in the rupee.
3. Rs. 5,000 or upwards, but less than Rs. 10,000	Six pies in the rupee.
4. Rs. 10,000 or upwards, but less than Rs. 25,000	Three pies in the rupee."

6. In the said Act, sub-section (3) of section 17, Chapter III, and in section 35 the words "or in a notice or order under section 30" are hereby repealed :

Repeals.

Provided that such repeal shall not affect the liability of any person to pay any sum due from him or any existing right of refund under the said Act.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Wednesday, the 19th March, 1919.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E.,
Viceroy and Governor General, *presiding*, and 54 Members, of whom 46
were additional Members.

EXCESS PROFITS DUTY BILL.

The Hon'ble Sir James Meston :—“ My Lord, I beg to move that the Report of the Select Committee on the Bill to impose a duty on excess profits arising out of certain businesses be taken into consideration.

“ My Lord, this Bill sets out to secure a net sum of £6 millions to pay part of the contribution to the cost of the war which was decided upon by this Council last September. The Bill in its original form followed the lines of the similar, but very much more drastic, measure now in force in England. In its passage through the Select Committee it has been materially modified in several important details and in numerous points of mechanism, although the main structure of the law remains identical with what was accepted by the Council when the measure was first introduced.

“ I shall first describe the broad lines upon which the amendments of the Select Committee are based, then touch upon a few detailed changes of major importance ; and in the course of the narrative I may have to indicate certain matters of policy and procedure which we undertook to observe in the administration of the Act, although we have not found it necessary to include provision for them in the actual wording of the Bill.

“ The purpose of the Bill, my Lord, is to obtain for Government a one-half share in profits which accrued during 1918 or thereabouts, in excess of the profits of a more normal period. The main issue for decision therefore has been the ascertainment, first, of the typical profits to-day, and second, of the more normal profits with which they have to be compared. We have thus to determine, and determine as far as we can with equity, two different periods, one of which is the ‘ accounting period ’ for the profits of to-day, and the other of which is the standard period for the profits of a less abnormal character. It was obviously upon getting a fair definition of these two particular periods that the deliberations of the Select Committee mostly concentrated. If this tax had been imposed earlier, or if it were likely to remain in force for a prolonged period, the precise ascertainment of those two periods would have been attended with much less difficulty ; for the simple reason that inequalities in one year could have been adjusted in the next. In our circumstances, however, the greatest care was obviously necessary in arriving at a basis of comparison which would be fair, not only to trade and commerce generally, but would also reduce, as far as possible, the number of exceptional or hard cases for which special treatment could equitably be claimed from our assessing officers. To any one who has studied the fluctuations of commercial activity in different parts of India in the last few years, it will at once be obvious that a system of assessment which may be fair to one great industry would probably hit its neighbour very hard ; and the only remedy which we could devise for this state of affairs, the only expedient

which we could invent to secure a relatively parallel system of treatment in classes of business of which the conditions vary both among themselves and from year to year, was a high degree of elasticity in defining the periods upon which we are to assess. Even here there was a danger, my Lord, for if the choice of period is made too elastic, it would almost certainly be found that one class of business would be able to secure for itself a method of assessment which would not only suit it better than any of the other options, but would also enable it to get off with the payment of a smaller percentage of its return, a smaller relative share of its return, as compared with the incidence of the tax under any available option upon some other neighbouring class of business. The jute and cotton trades are prominent examples of what I mean. To take one year or one set of years for cotton would probably hit it much harder than an assessment upon the same basis, the same year or the same set of years, would hit the jute trade; and yet to offer both trades the same variety of options would probably result in the jute industry securing a method of assessment which would be much more favourable to it, relatively, than any of the same alternative methods would be to cotton.

"In these circumstances, the Select Committee was naturally guided to a very large extent by the advice of its commercial members, and more particularly of those gentlemen who represent the main staple industries of Calcutta and Bombay. Well, my Lord, that advice was freely placed at our disposal; and on behalf of the Select Committee, and I am sure of the Council also, I wish to express our sincere indebtedness for the invaluable assistance which we have received in this and every other detail of the Bill, particularly from the Hon'ble Mr. Hogg and the Hon'ble Mr. Ironside, with the assistance of the Hon'ble Sir Fazulbhoj Currimbhoy. It is a matter of congratulation that in all the essential features of the Bill, we have been able to arrive at provisions which these gentlemen accept on behalf of the commercial communities which they represent as broadly fair and equitable; for the Council will observe that in the short minute of dissent which is attached by four of the members of the Select Committee, no objection is taken to any important point of principle in the Bill.

"Now, my Lord, let me turn from the general to the concrete. The first question of importance to be decided was the year for which we should accept the accounts of businesses which are being assessed to the duty—the accounting period. The Bill originally provided that that period should be the business year of the company or firm, up to the end of March 1919, or to such other date in the course of the last twelve months as was the end of the company's usual business year. To this arrangement considerable objection was taken in Committee. It was pointed out in particular that a company which closed its books last June might be returning a much larger scale of profits than a company which closed its accounts in the current month; the former had 12 uninterrupted months of what we may call war prosperity, while the latter showed only five or six months of really good business and a number of months of comparative reaction after the Armistice was signed in November last. This of course is not the only type of inequality which results (and we were satisfied that inequality does result) from the rigidity of our original clause. It has also been taken as a serious objection to our original clause that the valuation of stocks outstanding on the books of companies which closed several months ago may probably have been very much higher than subsequent circumstances showed to be reasonable. It was pressed upon us that, if we assess upon the valuation of stocks which appear in the accounts of several months ago, we ought in fairness to allow for whatever depreciation has occurred since then; and the argument was pressed to the point that it might be necessary to leave the valuation altogether an open question for some considerable period in order to correct it by the prices at which the stocks are ultimately disposed of. To meet these and similar difficulties a number of suggestions were made. From Cawnpore we had a suggestion that the accounting period should be taken as the year 1917, and from Bombay there came a suggestion that we should average up the whole of the five years since the starting of the war. These proposals were obviously open to the objection of the very exaggerated degree of retrospective effect which we would be giving to the measure. In the end we determined to accept a suggestion of the Hon'ble Mr. Ironside, and this now forms the

accounting period as defined in clause 2 of the Bill. Now, clause 2 has to be read with the provisions of clause 5 (b), and, taken together, they certainly look a little complicated. But all that they mean is this. If the accounts of a business are not closed in the ordinary course of that business at the end of March, the business in question will have the option of taking its ordinary account year and of adding to that the whole of the transactions between the end of the account year and the end of the current month, *i.e.*, the end of this March. If the period which thus comes to be handled should happen to be 15 months, as it would if the company closed in December, we then take twelve-fifteenths of the profits of the whole period. If the company close in July and exercised the option of running on to March, we should take twelve-twentieths of the aggregate profits of the whole period, and so on. The business has thus the option of standing by its own regular year, or of adding to that year the subsequent months up to the end of March 1919 and thus getting the benefit, in many cases, of a period of slacker trade and diminishing values. We believe that this will allow of an equitable assessment, and ought to relieve materially the number of relatively hard cases. It would also permit concerns which wish to take advantage of the option sufficient intimation to allow them to have a proper stock-taking at reasonable prices at the end of the current month, upon data which our assessing officers can easily check and get easily justified.

“The next cardinal feature in the Bill is the determination of the standard period, that is the period the profits of which are taken in comparison with the profits of to-day. The original proposal in the Bill as it came before the Council was to take the average profits of four specified years, two immediately before the war, and the other two after the commencement of hostilities. These four years were chosen in all good faith and, as we believed, in the interests of the assessee. The idea was to base the standard profits on a period which would not be altogether a period of low profits, but would include also some years of higher returns; and it was hoped that in this way we should keep the excess of the current year over the standard within as reasonable limits as possible. Our attempt to secure moderation in this manner has not been altogether a success. Apparently with some businesses the profits assessed after the declaration of war were really lower than those that they had been earning before hostilities began; and with some businesses the assessment year 1916 covered profits which would have been earned in a twelve-month period which covered the outbreak of the war and the unsettlement of trade which immediately followed it. Other concerns, again, had had one bad year out of the four which we enumerated; they had probably not been assessed to income-tax in that year, and consequently, under the only alternative which was open to them in the original Bill, had to go to what is known as the percentage assessment, that is to say, they would have had to get their standard profits taken on an assumed figure of 10 per cent. upon their capital. All these were cases of more or less hardship, and in order to meet these and other hardships, we have, after much anxious discussion, provided for a wide range of options, which will be found tabulated in the new clause 6 of the Bill. As the Bill now stands, a business may claim to have its standard profits calculated at 10 per cent. on its capital, if that suits it best. If its profit were low before the war, it can claim that the average on which it paid income-tax in 1913 and 1914 be taken as the standard. If it prefers the standard we originally suggested, it can abide by the income-tax assessment made in 1913 and 1914 and in any two out of the three years 1915, 1916 and 1917. There are more minute features in this rather elaborate section, but this, broadly speaking, is the range of options among which an assessee may choose that which makes his assessment the easiest for him. But having made his choice, if he still feels that he has a hard case, he may when sending in his return—but not later—apply to the Collector for special treatment on a large variety of grounds enumerated in clause 7 of the Bill, which the Council will observe from the italics in it has also been substantially altered in the course of the discussion in Select Committee. To the hard cases which were originally set out there, we have added several others. We provide, for example, for obsolescence and the heavy cost of any replacements that may be necessary in the accounting period. We allow also, in clause 7 (e) and (f),

for the not infrequent case of one company deriving income from shares in another company which has paid excess profits duty already, either in India or in England. A general recipé for hard cases will also lie in the prescription which allows the ordinary rate of ten per cent. on capital for the calculation of standard profits to be raised in the case of special businesses. And finally there is a very elaborate system of appeal for assesseees who are discontented with the finding of the Collector. They may go in the first instance to the Chief Revenue authority of the province (clause 8), and from him they may claim either that he should hear their appeal, or that he should refer it to a Board of Referees. If they elect the latter alternative, a Board will be constituted of either 3 or 4 members according to the importance of the case (still clause 8); in either case not less than two of the members will be non-officials with adequate business experience, though not necessarily—as was apprehended in some quarters from the terms of the original Bill—business rivals. One other special provision is of great importance. An entirely new provision for hard cases is embodied in a new clause 9, which permits the Government of India to appoint a Board of special Referees to advise it upon any particular class of business upon which it is said that the ordinary provisions of the law would press severely. Among such cases we contemplate that new businesses might be dealt with, as well as controlled businesses. The treatment of the latter would of course vary according to the nature of the control; for example, in some cases there might be complete and entire control of the whole output, while in others there might be only a limited control extending to a partial fixation of the price of the output. In these and all other cases of alleged hardship, instructions will be issued that Boards of Referees should form their decisions in accord, as far as possible, with the general principles of the law and regulations obtaining in the United Kingdom. On these points of course we hope to obtain very special advice and help from Mr. Watkins of the Board of Trade, who is now on his way out to India and ought to arrive during the course of the current month.

“ When introducing the Bill I made on behalf of the Government a promise that no assessee would be made liable to both super-tax and excess profits duty on the profits of the same business, and that income-tax would not be levied upon that part of his profits which is commandeered by Government. Effect to that promise had been given in clauses 19 and 20 of the Bill. In their note of dissent, four of my colleagues in Select Committee have expressed regret that the opportunity is not taken to abolish the super-tax altogether in the case of companies or firms. I tried to explain, when introducing the Bill, that we are not particularly proud of the super-tax as at present worked, and that we hope to reconstruct our whole system of taxation upon incomes as soon as the excess profits duty ceases to be levied. Until then it would hardly be practicable to abolish the super-tax in the partial manner now proposed; and I am afraid that such a measure would be resented by companies which come under the operation of this Bill. It would mean relief to their neighbours which are domiciled in the United Kingdom at a time when they themselves are becoming amenable to this higher duty. It would also have the effect of enabling the British Treasury to assess Indian companies domiciled in England at a higher rate of profits, because the super-tax now levied in India is treated as a set-off in England before the excess profits duty is taken there. This would mean a very substantial transfer of revenue from India to England. I am sure that Hon'ble Members who signed the minute of dissent will realise the difficulties which the Government feels in meeting this particular proposition.

“ My Lord, I think that I have now dealt, though in a somewhat popular and non-technical manner, with the outstanding features of the Bill as amended in Select Committee. I turn now to a few matters of detail of minor importance in regard to which a word of explanation seems necessary. I have been asked to explain what is meant by the term ‘ person ’ wherever it occurs in the Bill. It is used in its legal sense as defined in the General Clauses Act, and covers a company, firm or business assessed under this Act. I have also been asked to make clear what is meant by the profits assessed in a particular year, say 1913, in the standard period. The expression

refers to the assessment made in the financial year beginning in this particular case on the 1st of April 1913, and that assessment would, under the old Income-tax Act, mean the assessment upon the income of the previous year. This explanation of course does not apply to the accounting period, which is assessed under the terms of the new Income-tax Act. All this was clearly explained in a Press Communiqué last December. Questions have been asked as to the meaning of the words in the latter half of clause 7 (g). The intention here was to allow for elasticity in the case, for example, of a company which closes its accounts in June and would thus be assessed in 1916 for the year stretching from the 1st July 1914 to the 30th June 1915 and thus covering a period of disturbed trade conditions. In clause 7(c) the exceptional depreciation of assets will not exclude the specially considerate treatment of securities if they form assets employed in the business. Then again, we were pressed in regard to our intentions about foreign firms. I readily accept—we all readily accept—the high desirability of bringing them into our net. This point has been specially impressed upon our income-tax authorities, and we trust that they will be required to pay their fair share of the duty which is now being imposed. In clause 13 the question has been raised as to the nature of the instalments in which the tax will be levied. We have undertaken to issue general executive instructions on this subject with three objects—first, that reasonable time should be given for payment; second, that the instalments should be as far as possible uniform throughout India; and third, that the whole of the duty should be levied before the 31st of March 1920.

“Coming to clause 18, we have been pressed to publish for previous criticism any rules that may be made under the Act. As far as practicable we shall be glad to publish any rules which are not of an emergent character, or, if that is preferred, to refer them to the criticism of committees of commercial bodies in the more important centres. Rules, however, will often have to be made in circumstances of considerable urgency and we find ourselves unable to accept the suggestion that previous publication in all cases should be prescribed in the Act.

“Another matter which has met with considerable attention is a proposal that we should accept war bonds in payment of the tax. Whether we shall be in a position or not to comply with this suggestion depends entirely upon the general financial results of the year. If our ordinary revenues should turn out to be substantially in excess of our estimate, we shall be glad indeed to take the opportunity of retiring short-term bonds that may be offered in payment of excess profits duty. It is, however, obviously quite impossible to make any promise at this stage.

“There is no other question, I think, of general importance which requires special mention here. The Bill as revised contains a number of minor amendments and improvements which will no doubt be appreciated by assesses who have to study its provisions. I do not know, however, that the Council would be greatly interested in any exposition of these in detail, and I shall accordingly move now that the Report of the Select Committee be taken into consideration. On the agenda paper it will be observed that there stand several Government amendments, which I shall ask your Excellency to allow Mr. Howard to move on behalf of Government; and if I have not in these remarks made any special reference to the first paragraph of the minute of dissent attached to the Report of the Select Committee, it is because I shall have the opportunity of dealing with that in reply to an amendment which the Hon'ble Mr. Hogg has placed on the agenda paper.”

The Hon'ble Mr. Malcolm Hogg:—My Lord, I must first acknowledge the very generous terms in which the Finance Member was good enough to refer to such assistance as I was able to give during the proceedings in the Select Committee. In moving that the Select Committee's report be taken into consideration, Sir James Meston has dealt very fully with most of the changes that have been made in the Bill, and I do not wish to cover the same ground again as far as I can avoid doing so; but there are a few points which have been brought to my notice at different times by the commercial public, which it may be of interest and value to mention. One point that has occasioned

a certain amount of misunderstanding and which is referred to in the Report of the Select Committee is the duration of the Bill. Well, as is pointed out in the Report of the Select Committee, it is quite plain that the Bill itself cannot continue for more than one year, and that this duty cannot be renewed without further legislation. But, I think, the point really is that the commercial public would like an assurance from Government that they recognise that this tax is a special tax, suitable only to war conditions, and that whatever taxation may or may not be necessary next year they have no intention of introducing legislation to prolong the excess profits duty. That is really what, I think, is at the back of the minds of those who have been asking for some assurance that the Bill does not mean more than one year's taxation of excess profits.

"Another point that was referred to briefly by the Hon'ble the Finance Member was the question of securities. But I think I might just point out to the Council its significance a little more fully. There are certain classes of businesses, such as banks, insurance companies and the like, which have to invest a considerable portion of their resources in Government and other trust securities. These securities have depreciated very considerably in value through circumstances arising out of the war. For income-tax purposes that depreciation is not allowed to be taken into account. Well, my Lord, this is not the time for me to argue whether that is or is not an equitable ruling. But while it is arguable that such depreciation is not a proper charge on income-tax which is a continuing tax from year to year, it cannot, I think, be denied that there is a strong case for such depreciation being taken into account when you are dealing with a tax imposed for one year only on excess profits made during a certain restricted period. I therefore welcome the assurance of the Hon'ble the Finance Member that Government will give instructions that the term 'assets' in clause 7 (c) will include securities, provided that those securities do in fact comply with the other provisions of that sub-clause.

"I then wish to refer briefly to the question of the abolition of super-tax. The super-tax in the United Kingdom is a tax on individual incomes only. When it was imposed in India, it was extended in a partial degree to the incomes of firms and companies, that is to say, it was extended to the undivided profits. The reason for doing that was that at that time Government did not consider that an excess profits tax was practicable in this country. They desired to find some means of tapping the commercial and industrial profits which were being made, and for want of a better method they extended the super-tax to the undivided profits of firms and companies. Well, my Lord, ever since that tax was imposed it has been very generally criticized as thoroughly unsound and uneconomic. Now that the excess profits tax is being imposed the only excuse for the extension of the super-tax to the incomes of firms and companies is gone, and it seems to me that the proper, the logical and the just course to take is to remove the super-tax from the incomes of firms and companies and confine it to its proper sphere of individual incomes. It is quite true that the effect of that would be in certain cases remission of taxation. There are two classes of cases; one is the case of companies which have enjoyed for some years steady prosperity, which have not made more money in 1918 than in previous years or not much more, and therefore would hardly be liable to excess profits tax and would profit by the abolition of the super-tax from the incomes of companies. Similarly, there is the case of English companies who are liable to English excess profits tax and are exempted from the excess profits tax here. They would undoubtedly benefit if they did not have to pay Indian super-tax. The Hon'ble the Finance Member has suggested that that might be resented. Well, in so far as the English cases are concerned, I really do not think that anybody can possibly resent it. For what is the position? They at present pay Indian income-tax, Indian super-tax, English income-tax and English excess profits tax. I really do not think anyone would grudge it if they happened to get a remission in respect of the Indian super-tax.

"Be that as it may, I submit that in any case it is not a sound argument. You impose an excess profits tax and there is no doubt that a certain number of people will be hard hit, but the fact that a certain number of people will be hard hit is not accepted as a valid reason for not imposing it. Similarly, I

submit that the fact that a certain number of people would benefit is not a valid reason for refusing to remit a tax, when its remission is sound and just. I hope, my Lord, that the Hon'ble the Finance Member will at least be able to give us an assurance that the whole question of income-tax and super-tax in this country will be taken into consideration next year, and that it will be put on a sounder and more satisfactory basis. I do not think I need say much on the provisions which relate to the accounting period and the standard period, for the Hon'ble the Financial Member has explained them very clearly. But I should like to make a few observations on the changes made in respect of standard profits. The object of these changes was to reduce the number of hard cases, the number of cases that will require individual adjudication. It has got to be remembered that the machinery for dealing with such cases is inadequate. It will be difficult to get the non-officials required for Boards of Referees, for you have not got the large supply of expert accountants, etc., that you have in England. Also, your official income-tax machinery is already sufficiently burdened with income-tax collections and you do not want to add to their work unnecessarily. We, therefore, thought in the Select Committee that it was desirable to make the provisions of the Bill as elastic as possible in order to reduce the number of hard cases. We recognise however that it is not possible to remove them altogether, and that there must be a good many. In order to cover them we have made clause 7 fairly wide. There again, it was felt that if we started to try and legislate for all possible hard cases—I may say that I have rather a substantial file of correspondence dealing with various cases that may arise—if we attempted to put all these into the Bill we should have been sitting in Select Committee till next X'mas and would have produced a Bill as lengthy and complicated as the English Act. That of course was not desirable, especially as it was only intended that the Bill should be in force for one year. We accordingly made the provisions as wide as possible, under which hard cases can come up. In this connection I understand that the Hon'ble the Finance Member will be able to assure us that in dealing with hard cases Boards of Referees and executive officers will be instructed to observe the provisions of the English Act as far as they are applicable to the circumstances in this country. That assurance will be very much valued because, naturally, anybody who considers that he has a grievance under this Act will wish to know more or less on what lines his particular case will be dealt with. Another point that seems to have given rise to misapprehension is the provision for the ascertainment of capital under Schedule II. Well, I admit that this definition is rather formidable and not easy to understand at first reading. There seems to be an idea that Schedule II is limited to block capital. As I understand it this is not so. The Schedule is copied almost verbatim from the English Act, and includes any capital that is included in the United Kingdom. I think before I sit down I should like to say a word about the case of those companies which close their accounts on the 30th of June. Undoubtedly, even under the standard period as we have amended it, they have some grievance. As has been pointed out by the Hon'ble the Finance Member when you talk in this Bill of the year 1915, for the 30th June companies that means 1st July 1913 to 30th June 1914. That is to say in giving the 30th June companies the option of taking 4 years out of the 5 years 1913-14-15-16-17, you are not offering them the same option as you offer to those that close on the 31st December. Those that close on the 31st December have the option of taking two specified pre-war years and two out of three war years. In the case of the 30th June companies the operation of this option is different; they can take, firstly 1913 and 1914, that is two pre-war years and secondly, they can combine with that any two of the three years 1915, 1916 and 1917. For the reason previously explained this means to them that they can take three pre-war years and one war year, or two pre-war years and one war year, and the year in which the war broke out, they do not get exactly the same choice of including two full war years as the 31st December companies get. Personally, I should have liked to have given the 30th June companies the option of the further year 1918 (in the sense defined in the Bill), but the Hon'ble the Finance Member was not in a position to accept that. The only remaining remedy was that, if the facts justify it, any 30th June company can come up as

a hard case. It was for that reason that the amendment to which the Hon'ble the Finance Member has already referred, the addition to clause 7 (g) was made. Another point which has given rise to a good deal of criticism is the rate of percentage of 50 per cent., but as that will be dealt with by several amendments, I will say nothing at present about it."

The Hon'ble Sir Fazulbhoj Currimbhoj:—"My Lord, I do not think it would be appropriate for me to speak at this stage on the provisions of the Bill. I have fully and clearly expressed the views of the commercial community in India against the principle of the Bill, when the Bill was introduced. The Bill was then sent to the Select Committee, and the principle was accepted by this Council. In the Select Committee, we suggested several modifications and the Hon'ble the Finance Member has just expressed to us what modifications have been made. I take this opportunity of thanking the Hon'ble Sir James Meston for having considered our suggestions in a most sympathetic manner and for having accepted some of the most important ones. I do not wish to take up the time of this Council. I agree with the Hon'ble Mr. Hogg in the views he has expressed. With these words I support the motion."

The Hon'ble Sir Dinshaw Wacha:—"No doubt when the Bill was first introduced so far as Bombay was concerned, there was a good deal of panic. I know that the then Finance Member had got telegrams on the subject to the effect that it would ruin Bombay and the investors. Of course, when once a cry of this character is raised it is taken up and the parrot cry is repeated. I am glad to find, however, that since then a great deal of the misapprehension and of the panic, whether promoted by investors or gamblers and speculators, has been allayed. I am glad also that there has been a great improvement on the original Bill as introduced, judging from the explanatory statement of the Hon'ble the Finance Member. From that it appears to me that there is nothing in the Excess Profits Bill so far as equity is concerned, to complain of. I think, my Lord, that people generally make no difference between what is called a war taxation and a loan. A war taxation is only meant for war purposes, and the moment, I suppose, the exigencies of the war are over, there is an end to that taxation. The loans stand in a different category. Loans are raised, the expiration of which extends sometimes to 20 years or 30 years, while war taxation does not burden posterity. I do not see why taxation for war purposes which can only at most fall on the present generation should be so indefinitely prolonged as to burden posterity. That, my Lord, is a point for very careful consideration by this Council. I am glad that it was fully considered by the Government itself from the very beginning, though the public did not see it quite in that light, namely, that war taxation is different from raising a loan. I quite agree with my Hon'ble friend Mr. Hogg, that the Finance Minister should give an assurance to those who are pessimistic that the tax now to be imposed is of short duration. Otherwise, profiteers would try to gobble away their profits. Their complaint is that the Government is determined to sweep away their profits. At the same time it has to be borne in mind that after all, what the Government is about to take from them, say, even 50 per cent., cannot be considered as burdensome. The tax-payers of all India have paid into the Government Treasury a certain sum of money by way of general taxes. The Government, on account of war and other kindred purposes, have paid out from those very taxes a considerable amount to business firms and other large traders and contractors. It is this very money which, of course, is now excised by Government for purposes of war taxation. I mean the colossal profits in excess of the normal. What earthly reason is there for these profiteers to complain of? Practically speaking, the Government is partially recouping its Treasury for the benefit of the original body of tax-payers. That is the way I look at this process of levying the Excess Profits tax. I do not think that the Government is doing anything wrong financially or economically. But my Bombay friends seem to think otherwise. However, I do sincerely hope that when this Bill is published as an Act, and when the proceedings of to-day's meeting are made generally known, all this panic and alarm, needlessly and ingeniously raised by gamblers and speculators on the stock exchanges, will be greatly allayed. The only thing I should like to suggest is this: that the rules and regulations

which are to be framed under the Act by the Finance Minister will be translated into the principal vernaculars of Bombay and Bengal, because a large number of those who will be assessed to the excess profits duty will be, of course, people who do not understand English; and because they do not understand English it will be a profitable business of certain designing persons who trade on popular ignorance and credulity, to misrepresent and misinterpret the true meaning of the rules and regulations which the Government will frame. It would be a very good thing were the Government themselves to translate these rules and regulations, so that none may question the correctness of the translation, copies of which may be distributed broadcast, and every business firm or other person who has to deal with excess profits tax may be enabled to thoroughly understand them. This will prevent not only needless complaints but all interested agitation. As far as this Bill is concerned, I am also glad to learn that we are to have an Advisory Board. For what was formerly the case? The tax-payers were a body quite apart, while the tax-gatherers were a body also apart. The latter kept the former at arm's length. Well, that procedure is going to be abolished, and the tax-payers and the tax-gatherers are to be brought together, the lion and the lamb will drink water at the same fountain, and of course, in that way there will be a good deal of harmony and peace. That is exactly what is wanted in financial matters of this character, where a large amount of money is to be taken from the pockets of people who do not like to pay any taxes excepting those that are needful. Therefore, I think this establishment of an Advisory Board is a very good provision that has been enacted. But I do sincerely hope that this Bill will now be accepted by the general public. Our thanks are due in this case to the Select Committee, and especially to our friends here, Sir Fazulbhoj Currimbhoj, Mr. Hogg and Mr. Ironside. I think, also, we may as well thank our friends the Secretary and Treasurer of the Bank of Bombay and other gentlemen, whom the Government of India had invited for consultation and advice. I also hope that the bogey of the failure of the loans which Government are going to raise in July or August next will be laid low. There are not wanting those who raise the cry that the needed capital will not be forthcoming, because the excess profits tax will take away all the profits which are partially capital. Such economic nonsense, I hope, will not be circulated. I do not at all apprehend that any large industry will be crippled, and the Finance Minister will be fully able to raise the loans that he wishes during next July or August. With these few words I take my seat."

The Hon'ble Mr. W. A. Ironside:—"My Lord, the question before us has been so fully dealt with by my Hon'ble friends Mr. Hogg, Sir Fazulbhoj Currimbhoj and Sir Dinshaw Wacha that I have no intention to go into the matter at any length. The disappointment to me is the fact that the super-tax has not disappeared from the Statute-book. It is a matter I talked for the past two years, and consequently I am not going to talk any more now, besides I know Sir James Meston's views on the matter. I am strongly in favour of Mr. Hogg's proposal in regard to the English firms who pay British income-tax being absolved from paying Indian super-tax. It is a question of fairness, these firms have paid to such an extent in the past that they are to-day less able to meet the future than we are.

"There is just one small point that I would like to bring before the Hon'ble the Finance Minister. Firms paying excess profits duties are allowed to take such payments as a charge on their business when paying income-tax. A few firms will pay super-tax instead of the excess profits duty. Under the Super-tax Act they are not allowed to take this in as a charge on their business. I should like, if possible, some easement be allowed to them, that is to say, the people who pay super-tax on the same lines but in place of excess profits tax should be allowed to take it as a charge on their business.

"Another point is that the machinery of collection, I know it is totally inadequate, it has been inadequate for years even for the purposes of income-tax, and it must be, and I hope Government will see to it, that the collection of this larger sum of money cannot be undertaken by one or two men on quite inadequate salaries. The fact that the machinery has been inadequate has

allowed a great number of people to escape in past years who should, and I daresay would, have been brought to book if it were adequate.

"It has been no pleasure to me to support a Bill which I knew would affect the commercial community so seriously. I have gone into the question very fully and accepted it as the least of other evils, as the best of a bad job, but I take this opportunity of stating that the best has been made of the bad job by our Hon'ble friend the Finance Minister, and with him I should also like to associate Sir George Lowndes as well. In the Select Committee we did our best to press for bargains; probably they thought us rather hard bargainers at times, but at any rate a hard bargainer has that benefit. He appreciates the qualities of the other side. In regard to Sir James Meston and Sir George Lowndes I wish to express myself in these terms."

The Hon'ble Sir James Meston ;—"My Lord, I should like to touch very briefly in turn upon each of the speeches that have been made. What I tried to say in my opening remarks in regard to the future treatment of the super-tax will, I think, cover exactly what Mr. Hogg and Mr. Ironside have expressed as being what they desire.

"What we do intend to do is to have a complete review and, if possible, re-arrangement of the whole system of our taxation upon incomes as soon as the excess profits duty ceases to be levied. I think that must also be my answer to Mr. Ironside's suggestions for what may be called an *ad interim* adjustment as between the present super-tax and income-tax in the case of concerns which are not going to pay this excess profits duty. I am afraid also it must be the only answer that I can give at the moment to Mr. Hogg's very natural appeal that Government should bind itself not to re-enact this Bill next year. Frankly, it is quite impossible for Government to make a definite promise in a matter of this sort. It would be a very unprecedented, and I venture to say, a very dangerous, proceeding on the part of Government to commit itself as to the future of its taxation programme. Most of us have in mind the classic instance of Mr. Gladstone's expressed hopes in regard to the income-tax when it was first put into the English Statute-book. There is the position for Hon'ble Members to judge for themselves. We have made the Bill a one-year Bill, and we do hope next year to put the whole of our levy upon incomes on a more equitable, more consistent, more logical basis than the form that these levies assume at present.

"Then, my Lord, in reference to what fell from Mr. Hogg, I said before, and I gladly repeat it, that our assessing authorities and our Boards of Referees will be given instructions, definite instructions, to work, so far as is consistent with Indian conditions in accord with the law and the subsidiary rules under which the excess profits duty is now assessed and levied in the United Kingdom.

"I have to thank the Hon'ble Sir Fazulbhoy Currimbhoy for his friendly remarks on a subject on which I know he feels rather strongly. And our gratitude is due to Sir Dinshaw Wacha for the blessing that he has conferred upon the Bill

The Hon'ble Sir Dinshaw Wacha :—"The Newspapers will curse me."

The Hon'ble Sir James Meston :—"He never came to curse he came to bless; and a blessing of that sort comes with very special weight from a veteran authority like him. I thank him also for his good wishes for the future loan. I wish to assure him also that the rules made under the Bill will be translated into the vernacular when published in the provincial gazettes of Bombay and Bengal.

"I was very glad indeed to hear what the Hon'ble Mr. Ironside said in regard to our colleague the Law Member. I had intended in my opening remarks to say, and stupidly omitted it, that any obligations that Hon'ble Members feel or have expressed for the treatment of this measure in Select

Committee are almost entirely due to the Hon'ble the Law Member for his handling of this very complicated measure."

The motion was put and agreed to.

The Hon'ble Mr. H. F. Howard:—"My Lord, I beg to move that in clause 2 after the definition of 'business' the following definition be inserted, namely:—

'Chief Revenue-authority' means the Board of Revenue or the Financial Commissioner in provinces where those authorities exist, and in any other case such authority as the Local Government may declare to be the Chief Revenue-authority for the purposes of this Act.'

"This definition, my Lord, merely repeats the definition of 'Chief Revenue-authority' which appears in the Income-tax Act. We may possibly be asked why this repetition is necessary in view of the further provision in the Bill that 'all expressions used or embodied by reference in this Act which are not hereinbefore defined, shall have the same meaning as is attributed to them by the Indian Income-tax Act'. The position is briefly that unless this definition is separately inserted in our Bill, the words 'Chief Revenue-authority' would necessarily have the same meaning as they have in the Income-tax Act. This might not always be quite convenient in every case. It would be quite suitable in provinces in which there is a Board of Revenue or a Financial Commissioner, but in cases where these authorities do not exist, it may occasionally happen that the Local Government in the Revenue Department is the Chief Revenue-authority for purposes of the Income-tax Act. Now that arrangement is very suitable under the Income-tax Act, where the functions of the Chief Revenue-authority are mainly revisional, but the same would not necessarily be the case under this Bill, where the Chief Revenue-authority has much more personal functions, and it is in order to enable the Local Government to have some latitude in appointing the Chief Revenue-authority that we ask the Council to accept this small amendment."

The motion was put and agreed to.

The Hon'ble Rai Sita Nath Ray Bahadur:—"My Lord, before moving my amendment, I beg most respectfully to thank the Hon'ble Sir James Meston for the numerous changes that he was good enough to make in the Bill in the Select Committee. But though several important changes have been made, the main features of the Bill have not been touched at all, I may as well remark here that originally it was understood, when the subject was mooted at the Delhi Conference last year, that the excess profits tax would be imposed only on those who had made excess profits from the war. However, that principle has now been pushed aside and the net has been cast so that every fly may be caught in it.

"From the amendment which the Hon'ble Mr. Hogg is going to move and from what I heard in the Select Committee, it is evident that it is anticipated that a much larger sum will be realised than the £6 million or 11 crores of rupees. I understand—of course I have no authority for saying so—that a very large sum, three-fourths of the amount required to be raised from the excess profits tax, will be realised from Calcutta alone. It is therefore possible that a much larger sum than £6 millions will be raised. In that case there might be a necessity to give effect to the amendment to be moved by the Hon'ble Mr. Hogg, but that would be a very irksome, troublesome way of doing the thing. Instead of that, the Government have got the machinery, they have got the returns filed by different firms and individuals, from that they can now easily ascertain whether ₹6 crores or ₹11 crores, or ₹12 crores would be realised. Therefore, instead of levying the tax at the rate of 50 per cent., my amendment is that it might be levied at the rate of 33 per cent.

"But I would like to move another amendment, namely, that instead of fixing any definite amount now, it might be left to the discretion of the Government of India or the Governor General in Council to fix the rate at which the tax should be levied after ascertaining from the Collectors the amount that may be realised. The tax would be mostly realised from Bombay and Calcutta, and it

would be very easy to ascertain from the Collectors of those two places what amount would be realisable from the Excess Profits Duty. Therefore, I would like that it might be left to the discretion of the Governor General in Council to fix by notification the rate of the amount to be realised from the different firms, mills or parties affected. I would like either to move that, instead of 50 per cent., 33 per cent. should be substituted, or else that the rate at which the duty is to be levied might be left to the discretion of the Governor General in Council who would be entitled by a notification to fix it

His Excellency the President:—"The Hon'ble Member must make up his own mind as to which alternative he is going to put before this Council."

The Hon'ble Rai Sita Nath Ray Bahadur:—"I would like 33 per cent., but if that is considered low, I would beg to suggest as an alternative proposal that it might be left to the discretion of the Governor General in Council to fix by notification the rate at which the duty is to be levied. In that case the Governor General in Council would be entitled, according to his requirements, to fix the rate either at 33 per cent. or 40 per cent. or 45 per cent. or even 50 per cent.

His Excellency the President:—"I must really ask the Hon'ble Member to move the amendment which he has got on the paper; I really cannot put an alternative amendment to this Council. He must have one or the other."

The Hon'ble Rai Sita Nath Ray Bahadur:—"Very good, my Lord. I move that in Clause 4, for the words 'fifty per cent.' the words 'thirty-three per cent.' be substituted. That is my first amendment

His Excellency the President:—"You have got two portions."

The Hon'ble Rai Sita Nath Ray Bahadur:—"And for the words 'thirty thousand' in the proviso 'fifty thousand' be substituted. These are the two amendments that I beg leave to move

The Hon'ble Sir Dinshaw Wacha:—"I rise to a point of order. I should like to know whether, if one amendment is moved and lost, the Hon'ble Rai Sitanath Ray Bahadur will be allowed to put a second amendment as an alternative."

The Hon'ble Rai Sita Nath Ray Bahadur:—"I have given up the alternative although it would have been more convenient to have it. However, I move that instead of the words 'fifty per cent.' the words 'thirty-three per cent.' be substituted, and that the words 'fifty thousand' be substituted for the words 'thirty thousand' in clause 4."

The Hon'ble Sir Gangadhar Chitnavis:—"My Lord, I beg to support the amendment.

"While I am in complete agreement with the generally expressed opinion of the country, both official and non-official, that such taxation is unjustifiable after the war, I find that the amendments made by the Select Committee and the one proposed by the Hon'ble Rai Sitanath Ray Bahadur are likely to bring some relief to the people who will be affected by this measure. Both the Hon'ble Rai Sitanath Ray Bahadur and myself suggested to the Select Committee these changes, but I am sorry to say they were not accepted by the majority in the Select Committee. I therefore again associate myself with him in the motion he now brings forward in the Council this morning, as I think this would be a more convenient method of keeping industries in an industrially backward country like India, and especially because men with smaller profits will be able to invest more money in small industries. Capital, my Lord, has always been shy in this country, and I am sure this

measure is likely to make it more so, especially at a time when India will have to compete with countries of an advanced type in the matter of industrial development. Capital which has to be conserved for this purpose is likely to be dissipated. There is also some danger that instead of giving any impetus to nascent industries, it may perhaps create distrust among the more nervous and encourage the declining habit of hoarding which both Government and the people who wish the prosperity and the advancement of this country so much deplore. My Lord, India is at the present moment pre-eminently in need of encouragement in the matter of small industries than it was ever before, and it is to be regretted that at a time when she is in a position to do so and to make some advance in that direction, at that very time she should be even to some small extent handicapped by a measure like this. There are already signs of coming troubles in the industrial and economic life of the country. The high prices that are now ruling all over the country and the denial they bring to the people not only of comforts but even of the bare necessities of life more than ever necessitate the urgency of opening of new and extensive spheres for the employment of our rapidly increasing population, and that also of a more remunerative character by making it possible for capital to thrive and prosper, and thus enable labour to largely share in those profits. Reference has been made in the Finance Member's speech to the fact that the law in England on this subject is much more drastic than the measure now contemplated. My Lord, it is true England may have had to pay much heavier taxation than India in connection with this war. My Lord, it is also true that the necessities of the State have to be duly and primarily considered, and, that being so, it behoves people both there and here ungrudgingly to bear the burdens which the necessities of the situation demand. But, my Lord, there are at the same time many differentiating circumstances between England and India which have to be duly weighed and considered. Fiscal autonomy and all its advantages are here denied to us. It has also to be remembered that what is possible in England is not possible in India, when the average income of individuals and the accumulated experience of centuries in this matter of industrial development in that country are considered. In the second place, it has to be borne in mind that this high rate of taxation at a time like this, even though it may be on profits made in the war, will be like killing the goose that lays the golden eggs. Industries are not so far advanced in this country as they are in England. India is moreover an agricultural country, and all possible efforts are now being made both by Government and the people to improve its industrial condition and to make the country more dependent on industries other than agriculture. It is therefore, as far as this country is concerned, not proper that taxation at such a heavy rate should be placed on industries more especially after the war at a time of reconstruction like this. It would be more desirable if a larger portion of these profits could be employed in the fructification of new industries and the development of old ones, so that Government would be able to take away from these industries much more money in the shape of taxation in the long run than what the present tax will bring. My Lord, such heavy rate especially on small industries will not only give a set-back to the growth and promotion of indigenous industries, but also may have the effect of preventing the importation of foreign capital which is so very necessary at the present moment to find remunerative employment for our vast population in a manner that it should remain and work above want. The development of industries and the country generally will depend upon the start that will be given at the present moment of reconstruction and on the creation of a belief that India is a home for good investment. It is also necessary that the substantial Indian public both in the presidency-towns and the mofussil should acquire the joint stock habit and associate themselves with sound commercial enterprises outside their own narrow ideas to make them useful citizens of the world. What I mean to say is, that a smaller levy, proportioned to the capacity and circumstances of the people affected thereby, coupled with the exemption from this heavy duty of profits below Rs50,000, will have the above desirable effect, and it is because this amendment reserving to Government the power to increase, when essentially necessary if accepted is sure to have that effect, that I beg to give it my cordial support."

The Hon'ble Maharaja Sir Manindra Chandra Nandi :—

“ My Lord, while according my whole-hearted support to the principle of this Bill—by which I understand that, if the revenue of the State has got to be raised by taxation to meet urgent liabilities, the burden should fall on the shoulders of the well-to-do—I think it is just fair that the incidence of taxation should not be heavy on their shoulders either. A levy of 50 per cent. upon the excess profits of a company seems to me rather too heavy, and, in view of the fact that a similar tax has just been remitted in England, I would beg of you, my Lord, to consider the amendment of my friend, Rai Bahadur Sitanath Ray, and allow it to be incorporated in the Bill under discussion. I have also very great pleasure in supporting the second portion of my friend's amendment, which runs to the effect that the amount of this duty shall not exceed such sum as would reduce the profits of any company, in the accounting period, below ₹50,000. This, I am quite sure, my Lord, will keep some little margin in the hands of all companies to face the dark days of struggle and competition which are before them. I have no doubt, my Lord, that, in your attempt to raise revenue, the Government of India do not desire to paralyse existing or nascent industries, which, in many countries of the world, are fed up and supported by State bounties. I hope, my Lord, in view of the above fact and the industrial renaissance to which we are all looking forward with such confidence, the Council will see its way to agree to the reduction in the terms of my friend's amendment.”

The Hon'ble Sir Fazulbhoy Currimbhoy :—“ My Lord, as far as I understand my friend the Hon'ble Rai Sitanath Ray Bahadur, he is not objecting to giving the required amount—6 million sterling; yet the method he suggests is this, that the percentage should be reduced to 33 per cent; and later on if the amount falls short of the required 6 millions, then the Government should again raise the percentage. My Lord, I think this is a very objectionable method, and it will mislead the commercial public into believing that the tax has been reduced to 33 per cent. I think the better course is to accept the Hon'ble Mr. Hogg's amendment, which is next coming before Council; and therefore, I think, it would be better if my Hon'ble friend Rai Sitanath Ray Bahadur withdrew the first part of his amendment.”

The Hon'ble Sir James, Meston :—“ My Lord, the difficulty about accepting the first amendment moved by the Hon'ble Rai Sitanath Bahadur is frankly that we want £6 million sterling. Our estimates give us £6 million sterling, if we assess at 50 per cent. If we assess at 33 per cent., the tax will give us £4 million sterling, and £4 million sterling is not enough to let us balance our accounts. I quite agree with the Hon'ble Sir Fazulbhoy Currimbhoy that we should be in an extraordinarily difficult and foolish position if we found, in the course of the year, that an assessment of 33 per cent., assuming that we accepted this amount—that an assessment of 33 per cent. gives us very much less than we wished and we have to come again before the Council and ask for an amendment in an upward direction. If the Hon'ble Mover had shown me any way of making good a deficiency of that sort without coming to the Council, one would have gladly looked at the matter in a different light. I must therefore, I am afraid, oppose the first part of his motion; and if it is any solace to him in regard to the alternative which your Excellency did not permit him to put forward, if it is any solace to him, I can assure him that the whole ground which he hoped to traverse will be effectively covered in dealing with the amendment which stands in the name of the Hon'ble Mr. Hogg.

“ Coming to the second part of the Hon'ble Member's amendment, I wish to point out, my Lord, that this means in effect raising the exemption in the Schedule from ₹30,000 to ₹50,000, which the Hon'ble Member has not proposed. It is difficult to deal with this isolated proposition without referring to the Schedule. However, the matter is not really of very great importance. In England, there is no minimum figure of this sort. Incidentally I was surprised to hear from the Hon'ble Maharaja of Cossimbazar just now that in England the excess profits duty had been withdrawn. I was not aware of that. I knew it was proposed to some extent to reduce it, but I am not sure that there is any

question of immediate withdrawal. In England, there is no minimum figure of the sort which is proposed in this Bill. All the profits in England which exceed the pre-war standard are liable to assessment except £200. Here we took the arbitrary figure that we did in order to protect the small assessee and to keep small businesses from being harassed by the assessment and levy of this duty. The figure is avowedly an arbitrary one. There is no more virtue in ₹50,000 than in ₹30,000. But a business, I submit, which yields half a lakh of excess profits is, as Indian businesses go, not altogether regarded in the public mind as a petty concern which the tax-collector ought to neglect. If we had taken ₹50,000 as our figure, I expect the Hon'ble Member would have asked us to make it ₹75,000. However, the Hon'ble Member has not convinced me that there is any great hardship involved in inserting the figure we have proposed; and I am afraid that I must oppose the second part of his amendment also."

The Hon'ble Rai Sita Nath Ray Bahadur :—"My Lord, I made this suggestion for the reduction of the duty to 33 per cent. solely in the belief that a much larger amount would be realised than the amount required; but if the Hon'ble the Finance Member is sure that such a sum cannot be raised by fixing the rate at 33 per cent., then I do not wish to press it or to press the other part of my amendment, which requires that the profits should not be less than ₹50,000. Here again I had hoped that the amount realisable by this means would be much greater than the amount required by the Government. It was in that belief that I ventured to put forward this amendment; but if the Hon'ble Member's impression is that the effect of my amendment would be to reduce the amount which this Bill is introduced to bring in, then I would be the last person in the world to press it."

The motion was put and negatived.

The Hon'ble Mr. Ayyangar's amendment that in clause 4 for the words 'fifty per cent.' the words 'thirty-five per cent.' be substituted was by leave withdrawn.

The Hon'ble Mr. Malcolm Hogg :—"My Lord, I beg to move that after the proviso to clause 4 the following further proviso be inserted :—

'Provided further that if the total amount of duty charged, levied and paid under the provisions of this Act exceeds the sum of eleven crores of rupees, there shall be refunded to each person who has paid excess profits duty a sum which shall bear as nearly as may be the same proportion to the excess over eleven crores as the duty paid by the said person bears to the total amount of duty paid under the provisions of this Act.'

"The purpose of this amendment, my Lord, is, I think, perfectly plain and requires very little explanation. Undoubtedly, the provision which I suggest is an unusual one; but so is the tax. The tax is an unusual one levied under special circumstances, levied to meet certain special war expenditure and for that purpose only. Therefore I do not think that the fact that the proposal for refund is unusual is necessarily an argument which need rule that proposal out. The reply which the Hon'ble the Finance Member gave to the amendment moved just now by my friend the Hon'ble Rai Sita Nath Ray Bahadur has given me great hopes that he intends to accept my amendment, because my amendment is designed to meet the very difficulty which prevented the Hon'ble the Finance Member from accepting my Hon'ble friend's amendment. In fact, my Lord, I go further and I claim that the Hon'ble the Finance Member is really the father of my amendment far more than I am myself. I would refer to his speech on the introduction of this Bill. He said 'Another, and really the only other, suggestion of any value was that while standing by our proposals, we should be content with a smaller share of the current year's profits, say one-third instead of one-half. I can assure the Council that this proposal was very carefully examined, and that at one time we had hopes of being able to accept it, but since that time there has come upon us a large additional liability for the maintenance of our Army, which will add over £2 millions, probably £2½ millions, to next year's expenditure. A third of the assessable profits, if Hon'ble Members followed the brief calculation I tried to place before them a few minutes ago, would have given us £4

millions and that would not have been enough with a gap of very nearly £6 millions to fill; and I am afraid we have been driven by force of circumstances to fall back upon the full 50 per cent. Well, my Lord, that amounts to this, that the Hon'ble the Finance Member would have been very glad to have reduced the percentage from 50 per cent. if his estimates had enabled him to do so. And it, therefore, comes to a question of whether those estimates are correct or not. It is very generally thought, as far as I can ascertain, in commercial circles that the estimates are very much on the conservative side. I have received estimates from gentlemen of considerable position and commercial experience in Bombay giving estimates which are practically double those of the Finance Member. But the difficulty about the matter, my Lord, is that it is just as difficult for non-officials to prove the accuracy of their estimates as it is for the Hon'ble the Finance Member to prove the accuracy of his, and it is obvious that in a matter of this sort, a new tax with no experience to go upon, the estimates must be very largely a matter of guess work and may possibly be very considerably out. I, therefore, propose, in order to get over the difficulty which is felt by the Hon'ble the Finance Member, namely, that the estimates do not justify any reduction in the percentage, that if his estimates prove to be wrong, and if the yield of the tax is in excess of the amount which he desires to get, there should then be a proportionate refund to those people who have paid the tax. It seems to me a perfectly logical and simple way out of the difficulty.

"There is just one other point which requires explanation, and that is, why I have taken the figure of 11 crores. In the calculation which the Hon'ble the Finance Member gave us when introducing the Excess Profits Bill, he calculated that the profits assessable would be $22\frac{1}{2}$ crores out of which Government would get 50 per cent., i.e., $11\frac{1}{2}$ crores; he then proceeded to show that in order to get 6 millions (taking the exchange at 1s. 4d.) according to his calculation he required $7\frac{1}{2}$ million gross yield to get 6 millions net. My Lord, I think that the Hon'ble the Finance Member's calculations are open to a little criticism. For instance, the Hon'ble Member reckons that he will lose about a million by super-tax. I do not know exactly how that is worked out; but it appears to me to be worked out on the assumption that practically the whole yield of the excess profits duty would have to pay super-tax, most of it at the maximum rate of 3 annas, if it was not paid in excess profits duty. That assumption I believe to be a fallacy. I believe a great proportion of this excess profits duty will come from public companies. We know that in one of the largest industries in the country, the jute industry, most of the companies in the recent times of prosperity have already put very large amounts to their various reserve and depreciation funds, and that if they did not have to pay excess profits duty this year, they would probably not put any substantial portion of that money to reserve, but would distribute the greater part of it in dividends. Naturally, therefore, a great deal of the money which will be paid in excess profits duty would, if it were not so paid, be distributed and therefore not liable to super-tax. I think therefore that the Hon'ble the Finance Member is taking rather a high figure in estimating one million. So that I think I may reasonably knock off that extra $\frac{1}{2}$ crore which he says he requires.

"There is just one other point, and it is about the exchange which is taken at 1s. 4d. If any part of the expenditure to be met out of this excess profits is in sterling payments, there is a considerable gain up the sleeve, the capacious sleeve, of the Hon'ble the Finance Member. It is impossible for me to say how much of that expenditure is in sterling and how much of it in rupees. Therefore, I leave to the Finance Member the 1s. 4d. exchange; it merely strengthens my case that 11 crores is sufficient."

The Hon'ble Mr. Srinivasa Sastri:—"My Lord, I will ask for a little enlightenment on a question of principle. Does not the Hon'ble Mr. Hogg's amendment really amount to a measure for remission of taxation? If it is a measure for the remission of taxation, it appears to me it is very unusual to make it part of a taxation measure. Suppose instead of this duty yielding more than 6 millions, suppose instead of that it happened that some one of our other taxes did not yield the amount that was expected of it and there was a general deficit, is it not a proper thing that the excess this taxation

yields should be made to make up for that deficit? Is every piece of taxation to be considered responsible for so much of our revenue and the moment it yields more should there be a remission of taxation under that particular head? I have always understood that when taxes yielded much more than was expected of them, it was treated as a general surplus or excess, and the various interests of the country would be considered together as to which it was in whose case the necessity of remission was most urgent. I suppose the amount of 6 millions has been fixed somewhat arbitrarily. If we have anything more we could spread it over others; and I am not sure that if we came to consider at this time, when every part of India is hard pressed by one kind of difficulty or other of a financial nature, I am not sure if we came to consider the matter if we had a little more money to spare whether it would be the commercial community that would be most entitled to a remission of taxation. I want to know if this is or is not a measure for remission of taxation brought in under cover of an amendment."

The Hon'ble Mr. W. A. Ironside:—"My Lord, I have very little to say in support of the amendment moved by my friend Mr. Hogg who has stated the case fully and concisely. As to the point which has been made by the Hon'ble the Finance Member on the question of refund, the Hon'ble Member still has power to reduce the percentage of taxation, if it be not constitutional to make a refund. I think the only reply to the Hon'ble Mr. Sastri's point is that the tax is a special one, it was imposed for a definite and special purpose and has required special provisions for its enactment. Consequently I think that the people who pay the tax whether they be the commercial community or anybody else, should be protected from paying more than is absolutely necessary."

The Hon'ble Sir Fazulbhoj Currimbhoj:—"My Lord, I beg to support the amendment moved by the Hon'ble Mr. Hogg. It is a very fair suggestion and I hope the Hon'ble the Finance Member will accept it. As regards the Hon'ble Mr. Sastri's difficulties that the Government cannot remit the taxes, and that the extra money they get must be spent in other ways. When the Resolution for £45 millions was accepted by the Council it was on an assurance that the extra money raised on account of this Resolution will be for the army and for pensions and for war purposes. I think therefore that it is not right that the commercial community should be over-taxed. I hope that the Hon'ble the Finance Member if he cannot remit taxation will reduce the percentage."

The Hon'ble Sir Dinshaw Wacha:—"But supposing that the Hon'ble the Finance Member does not get his £6 millions, then what is to happen? If he only gets £4 millions? That is a dilemma which will have to be faced. I think the conservative estimate of the Hon'ble Sir James Meston may be accepted, and even supposing there is a remission of taxation this is a particular kind of taxation, which will need to be remitted under a certain contingency. It is not general taxation."

The Hon'ble Sir James Meston:—"As the Hon'ble Sir Dinshaw Wacha has truly said, this raises the whole question of the accuracy of the estimates prepared by the Finance Department. If our critics are wrong and we accepted their proposals we should be left in 'Queer Street'. The Hon'ble Rai Sitanath Ray asked us for an assurance that we required the 50 per cent. in order to get £6 millions. The Finance Department does not profess to be a prophet. The budget is only a forecast, it is not a prophecy. The fact is that we do make the very best estimates that we can on the very uncertain factors that are before us. I do not wish to explain in detail how we arrived at those estimates, it would be rather embarrassing and it might even be invidious and undesirable for the particular trades interested. But this I may say that we got through the courtesy of the Bengal Chamber of Commerce a statement of profits for the past year in the jute industry. We have been told that it is the jute industry that is going to bear the lion's share of taxation. I doubt whether the aggregate estimates are seriously wrong. Then take the case of cotton; there we have

certainly not taken a high figure, but every allowance had to be made for the recent labour troubles and the slump in the price of cotton materials. Mr. Hogg has told us that from Bombay he has received advices which would double our estimates. I may say in confidence that the original Bombay estimates were doubled by ourselves. If this continues and we double the figure again, it will become a regular game of poker. The fact is that many elements in the forecast are uncertain; for jute we had actuals; for other trades, including cotton, we took a fair hypothetical figure; but we neglected no source of information that was available. On the whole I prefer at present to stand by our original estimates of 22 crores as being the aggregate on which we shall assess the Government share. Mr. Hogg has explained why 11 crores, the half of this figure, is equivalent to £6 millions for our present purposes. I shall not follow him over the criticisms to which he has exposed that estimate. I could have satisfied him if time had allowed, but I may incidentally say that the exchange gain which accrues on our ordinary transactions in England will not accrue in regard to the amounts to be devoted entirely to the payment of Indian troops. Mr. Hogg's proposal comes to this that, if we are in earnest in our desire to get only £6 millions net, we ought to demonstrate the sincerity of our intentions by agreeing to refund anything in excess of that sum which our actual assessments may bring in. The Hon'ble Mr. Sastri has said that this would be a very unusual expedient in taxation procedure and I agree. When one looks to the future as well as to the present it might create a very embarrassing precedent. I fear that it is impossible for Government to accept the amendment in the form in which it stands. We are however in earnest in our desire not to take more than £6 millions net and not to employ the proceeds of this tax for any purposes except the redemption of the obligation which we undertook last September. I must ask the Council to be content with this assurance and with the further undertaking that, if Mr. Hogg is right and we are wrong, we shall consider the whole position again later in the year when the actual assessments are known, and we shall see whether it is possible to bring the position into accord with our present intentions. The collection of the instalments of duty will be regulated with a view to making such review of the situation capable of being effective. I am afraid I cannot say more than that. I must oppose the motion."

The Hon'ble Mr. Malcolm Hogg:—"My Lord, in view of the assurance given by the Hon'ble the Finance Member that though he cannot accept my motion he will attempt to apply the spirit of it, if necessary, later in the year. I beg leave to withdraw my motion."

The motion was by leave withdrawn.

His Excellency the President:—"The next item on the List of Business is an amendment to clause 7 to be moved by the Hon'ble Sir James Meston. As I understand it, that would be consequential on the amendment which is to be moved to clause 11. I think, therefore, that Council will agree that it should be postponed until the amendment to clause 11 has been disposed of. Is not that so?"

The Hon'ble Sir James Meston:—"Yes, my Lord."

The Hon'ble Mr. Malcolm Hogg:—"My Lord, I beg to move that in clause 7 (f) for the words 'any liability' the words 'the liability of any part' be substituted.

"This is a small amendment merely intended to make the intention clearer, but it is perhaps necessary to explain the intention of this clause to the Council. In Schedule I the Bill excepts any business which is likely to pay in respect of the accounting period an excess profits duty in the United Kingdom. It was pointed out in the course of our discussions that there were some businesses which though really on the same footing would not come within the provisions of the exception. I refer to businesses of the nature—but perhaps the easiest way is to give a simple illustration. I believe they are not uncommon. You have a firm of the name of Jones and Co. in London, with three

partners and you have a firm of the name of Jones and Co. in Calcutta with the same three partners and perhaps two additional local partners. The greater part of the profits from Calcutta go into the firm in London and there they are assessable to excess profits duty in the United Kingdom although the actual firm in Calcutta is not so assessable. It is to cover such cases that this sub-clause is proposed. I propose to amend it by substituting for the words 'any liability' the words 'the liability of any part.' As it stands it might have been interpreted to mean that a firm could only claim remission under this sub-clause if the whole of its profits were subject to some kind of liability. The intention is that if any part of the profits are liable to English excess profits duty the relief should be claimed. It is to make this intention quite clear that I move the amendment."

The Hon'ble Sir James Meston:—"My Lord, the Government accepts this amendment."

The motion was put and agreed to.

[At this stage the Council adjourned for Lunch till 2-15 P.M.]

The Hon'ble Mr. H. F. Howard:—"My Lord, Sir James Meston has asked me, if you have no objection, to move this and one or two other amendments that stand in his name. I beg to move that in sub-clause (1) of clause 9 after the words 'on the application' the words 'made before the 30th June 1919' be inserted. The position is that clause 9, which was inserted by the Select Committee, is intended to cover cases of hardship extending over classes of business. Well, it is obviously desirable that the principles governing the assessment of such classes of businesses should be decided at as early a date as possible, so that they may afterwards be applied to individual cases. Two such classes of business, as Sir James Meston explained, would be the cases of new companies and of controlled companies. We have mentioned the 30th of June in order to give people plenty of time, but of course we shall be only too glad if those interested will send in their applications at an earlier date, if possible."

The motion was put and agreed to.

The Hon'ble Mr. H. F. Howard:—"My Lord, I beg to move that clause 11 be re-numbered as sub-clause (1) of clause 11, and that to sub-clause (1) of clause 11 as re-numbered, the following sub-clauses be added, namely:—

(2) At the time of furnishing such particulars such person shall—

(a) state the method which he desires to be adopted for the purpose of—

(i) ascertaining the profits of the business in the accounting period under section 5, and

(ii) determining the standard profits under section 6, and

(b) make any application which he desires to make under section 7 for an allowance in the calculation of the amount of the excess profits duty.

(3) Where any person fails, without reasonable cause or excuse, to comply with the provisions of clause (a) of sub-section (2), the Collector shall proceed to ascertain the profits of the accounting period and to determine the standard profits by such method, provided in this Act, as he thinks fit.

"This amendment also is mainly consequential on the amendments introduced in Select Committee. We have given new options both as regards the accounting period and as regards the method by which standard profits should be determined. We have, therefore, thought it reasonable to ask the Council to add a clause requiring the assessee to put in, with his return, his claim to exercise any of the options which we have now given. That is to say we desire that he shall ordinarily put in any claim of the kind when he furnishes his income-tax returns with the further particulars which the Collector may ask for. The assessee should by that time be in a position to know which of these options suits him best."

The motion was put and agreed to.

The Hon'ble Mr. H. F. Howard :—“ My Lord, I move that in clause 7 after the words ‘ on the application ’ the words ‘ (made in accordance with the provisions of clause (b) of sub-section (2) of section 11) ’ be inserted.

This amendment is merely consequential on the amendment to clause 11, to which the Council has just agreed, and I do not think any further explanation is required.”

The motion was put and agreed to.

The Hon'ble Mr. Malcolm Hogg :—“ My Lord, I beg to move that in clause 18 (2) (c), after the word ‘ ownership ’ the words ‘ during any period which can be selected for the purpose of ascertaining standard profits, or during any subsequent period prior to the commencement of this Act ’ be inserted.

This amendment is merely intended, my Lord, to make the intention clearer. Clause 18 is a rule-making power and rules will be required to govern not only cases where there has been a change of ownership during the accounting period, but also cases where there has been a change of ownership during any period subsequent to the earliest date which can be taken for the standard period. As the clause stands at present, I think it might be limited by inference by clause 14, because clause 14 is the only other place in the Bill where a change of ownership is mentioned ; and that clause, dealing only with the person liable to be assessed refers to change of ownership only during the accounting period. I think, therefore, to make the intention of clause 18 quite plain, these words should be added so that there will be no danger of misunderstanding.”

The Hon'ble Sir James Meston :—“ My Lord, there is no objection on the part of Government to accepting this amendment.”

The motion was put and agreed to.

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—“ My Lord, I beg to withdraw my amendment that in Schedule I, after item 5, the following item be added :—

‘ 6. Any business the income of which is derived from banking or money-lending ’.

The amendment was by leave withdrawn.

The Hon'ble Sir George Lowndes :—“ My Lord, I only desire to call the attention of the Council to certain drafting alterations that have been made in the Bill. They are all of a small character, and, if Hon'ble Members will follow me, I will read them out.

‘ *Clause 6* :—In sub-section (2) for the words ‘ sub-section (1) (b) ’ the words ‘ clause (b) of sub-section (1) ’ have been substituted. In the proviso to the same clause for the word ‘ ascertaining ’ the word ‘ determining ’ has been substituted.

“ ‘ *Clause 8* :—(a) In sub-section (1) for the word ‘ their ’ the word ‘ its ’ has been substituted.

“ (b) In sub-section (5) for the word ‘ them ’ the word ‘ it ’ has been substituted.

“ ‘ *Clause 9* :—In sub-section (1) after the words ‘ excess profits ’ the word ‘ duty ’ has been inserted.

“ ‘ *Clause 13* :—For the word ‘ time ’ the word ‘ times ’ has been substituted.

“ ‘ *Clause 15* :—After the words ‘ instead of ’ in line 9 the word ‘ to ’ has been inserted.

“ ‘ *Clause 18* :—In clause (a) of sub-section (2) for the words ‘ section 6 (1) (a) ’ the words ‘ clause (a) of sub-section (1) of section 6 ’ have been substituted.

“ ‘ *Clause 20* :—Before the words ‘ Income-tax Act, 1918 ’ the word ‘ Indian ’ has been inserted.”

The marginal notes to clauses 8, 10, 15 and 20 have been slightly altered.”

The Hon'ble Sir James Meeson:—"My Lord, I beg to move that the Bill, as amended, be passed."

The Hon'ble Mr. Malcolm Hogg:—"My Lord, before this Bill is finally passed, I should like to take this opportunity of associating myself with what was said by the Hon'ble Mr. Ironside about the patience which the Hon'ble Member for Finance and the Hon'ble the Law Member have displayed in dealing with our various contentions and amendments in the proceedings of the Select Committee, and the very fair and reasonable spirit in which they met us."

The motion was put and agreed to.

The following Act of the Indian Legislative Council received the assent of the Governor General on the 20th March, 1919, and is hereby promulgated for general information :—

ACT No. X OF 1919.

An Act to impose a duty on excess profits arising out of certain businesses.

WHEREAS it is expedient to impose a duty on excess profits arising out of certain businesses ; It is hereby enacted as follows :—

Short title and commencement.

1. (1) This Act may be called the Excess Profits Duty Act, 1919.

(2) It shall come into force on the 1st April, 1919.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

“ accounting period ” means the twelve months ending on the 31st March, 1919, or if VII of 1918. the accounts of the business have been made up within the said twelve months for the purposes of the Indian Income-tax Act, 1918, in respect of a year ending on any date other than the said 31st March, then the year ending on that other date ;

“ business ” includes any trade, commerce or manufacture, or any adventure or concern in the nature of trade, commerce or manufacture ;

“ Chief Revenue authority ” means the Board of Revenue or the Financial Commissioner in provinces where those authorities exist, and in any other case such authority as the Local Government may declare to be the Chief Revenue-authority for the purposes of this Act ;

“ prescribed ” means prescribed by rules made under this Act.

All expressions used or embodied by reference in this Act which are not hereinbefore defined shall have the same meaning as is attributed to them by the Indian Income-tax VII of 1918. Act, 1918.

3. This Act shall apply to every business (other than the businesses specified in Schedule I) which is, during any part of the accounting period, either carried on in British

India by any person or owned or carried on in any place in India by a person ordinarily resident in British India.

4. Subject to the provisions of this Act, there shall, in respect of any business to which this Act applies, be charged, levied and paid on

period exceed the standard profits, a duty (in this Act referred to as “ excess profits duty ”) of an amount equal to fifty per cent. of that excess :

Provided that the amount of the said duty shall not exceed such sum as would reduce the profits in the accounting period below thirty thousand rupees.

Ascertainment of profits in the accounting period.

5. The profits of a business in the accounting period shall, at the option of the person by whom the excess profits duty in respect of that business

is payable be or deemed to be,—

VII of 1918. (a) the taxable income as finally ascertained for the purposes of the Indian Income-tax Act, 1918, or

(b) when the accounting period in respect of the business ends on any date other than the 31st March, 1919, and the accounts of the business are made up for an additional period ending on the said 31st March, a sum which bears the same proportion to the taxable income of the total period (such taxable income being ascertained as nearly as may be in accordance with the provisions of the said Act) as a period of one year bears to the total period.

Explanation.—The profits in the accounting period shall, notwithstanding any composition in force for the purposes of the said Act, be actually ascertained in accordance with the provisions of that Act.

Standard profits.

6. (1) The Standard profits of a business shall be as follows :—

(a) an amount calculated at the rate of 10 per cent. or at such rate not being less than 10 per cent. as may be prescribed, on the capital of the business as existing at the end of the accounting period, in which case the capital of the business shall, for the purposes of this Act, be ascertained in accordance with the provisions of Schedule II ; or

(b) at the option of the person by whom excess profits duty in respect of the business is payable—

(i) if the profits of the business have been assessed in the years 1913 and 1914 for the purposes of the income-tax law then in force—the aggregate of half of the profits so assessed and half of the interest, if any, received in those years on securities forming part of the assets of the business ; or

- (ii) if the profits of the business have been assessed for the said purposes in the years 1913 and 1914, and in two only of the three years 1915, 1916 and 1917—the aggregate of one-fourth of the profits so assessed and one-fourth of the interest, if any, received in the same four years on securities forming part of the assets of the business ; or
- (iii) if the profits of the business have been assessed for the said purposes in all the five years 1913, 1914, 1915, 1916 and 1917—the aggregate of one-fourth of the profits assessed in the years 1913 and 1914 and in such two of the years 1915, 1916 and 1917 as may be selected by the said person and one-fourth of the interest, if any, received in the same four years on securities forming part of the assets of the business :

Provided that if the average capital employed in the business in the years adopted for the purpose of determining the standard profits is less or more than the capital so employed at the end of the accounting period, there shall be made to or from the standard profits an addition or a deduction, as the case may be, which shall bear to the standard profits the same proportion as such increase or decrease of capital bears to the average capital so employed in the years so adopted.

Explanation.—For the purpose of ascertaining the average capital employed, the capital employed in the business in any year shall be deemed to be the capital so employed at the end of that year :

Provided further that if the assessment in any of the said years was made in respect of a period of less than twelve months that assessment shall, for the purpose of determining the standard profits, be proportionately increased.

(2) If a composition for income-tax was in force in any of the years 1913, 1914, 1915, 1916 and 1917, such composition shall be deemed for the purposes of clause (b) of sub-section (1) to have been the assessment and the profits shall be determined in accordance therewith :

Provided that the person by whom excess profits duty in respect of the business is payable shall, notwithstanding any such composition, be entitled to have an assessment of the profits of the business made for the purpose of determining the standard profits, in the same way as the assessment would have been made if no such composition had been agreed upon.

(3) Each of the years referred to in sub-sections (1) and (2) shall be deemed to be the twelve months commencing with the 1st of April in the year mentioned.

(4) Notwithstanding anything contained in this section no increase of capital made after the 31st December, 1918, shall be taken into account in any case, and no such increase before that date shall be taken into account when it appears or to the extent to which it appears that the increase was made with intent to evade or has the effect of evading the payment of the excess profits duty.

7. On the application (made in accordance with the provisions of clause (b) of sub-section (2) of section (11) of any person chargeable with excess profits duty alleging that, owing to any of the following circumstances, special circumstances, namely :—

- (a) any change in the constitution of a partnership of which he is or was a member,
- (b) any postponement or suspension, as a consequence of the present war, of renewals or repairs,
- (c) any exceptional depreciation or obsolescence (including the cost of replacement during the accounting period) due to the present war of assets employed in the business,
- (d) the provision in connection with the requirements of the present war of plant or machinery which will not be required for the purposes of the business after the termination of the war,
- (e) the fact that the assets of the business consist to any material extent of shares in a company the business of which is itself chargeable to excess profits duty,
- (f) the liability of any part of the profits of the business to excess profits duty in the United Kingdom, or
- (g) any special circumstances connected with the nature of the business or the period for which any profits are ascertained or determined,

the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such allowances in calculating the amount of the duty as seem to him to be necessary to meet the special circumstances, provided that any such allowance shall not reduce the amount of duty payable under the provisions of the Act by more than twenty-five per cent. without the previous sanction of the Commissioner.

8. (1) If any person who has applied under section 7 is dissatisfied with the decision of the Collector on his application, he may appeal to the Chief Revenue-authority which shall, at the option of such person, either itself decide such appeal or refer it to a Board of Referees to be appointed by the Local Government. The Board shall hear and consider any appeal so referred and shall communicate its decision to the Chief Revenue authority.

(2) The Chief Revenue-authority and the Board shall be entitled to take into account any of the circumstances specified in section 7, and to modify the decision of the Collector with reference thereto in such way and to such extent as they may consider just and equitable.

(3) Every Board of Referees appointed under this section shall consist of three or, in cases which the Local Government considers to be of difficulty or importance, of four persons. When the Board consists of four persons, the Local Government shall appoint one of the members to be Chairman. In any case at least two members of the Board shall be persons not in the service of Government and having in the opinion of the Local Government adequate business experience.

(4) In case of a difference of opinion between the members of the Board, the opinion of the majority shall prevail. When the Board consists of four members and the members are equally divided in opinion, the Chairman shall have a second or casting vote.

(5) The decision of the Chief Revenue-authority on any appeal under this section or of the Board where an appeal is referred to it shall notwithstanding any other provision of this Act be final and shall be deemed to be the basis of assessment in the particular case.

9. (1) The Governor-General in Council may, on the application made before the 30th June, 1919, of any person alleging that owing to special circumstances to be stated in the application the provisions of this Act for the calculation of excess profits duty would operate unfairly in the case of any class of business in which such person is engaged, refer such application for the report of a Board of special Referees to be appointed in this behalf by the Governor General in Council.

(2) Every Board appointed under this section shall consist of four persons of whom at least two shall be persons not in the service of Government. The Governor General in Council shall appoint one member to be Chairman.

(3) On receipt of the report of the Board, the Governor General in Council shall consider the same and pass thereon such orders as he thinks fit. Any such order may vary the basis or method of assessment in respect of the class of business so reported on, and any variations so made shall be deemed to be modifications of this Act in respect of the matters to which they relate and this Act shall apply accordingly.

10. Every liquidator of a company which is being wound up at the commencement of this Act or is wound up after the commencement of this Act and which is chargeable to excess profits duty shall, before the 31st May 1919, or within two months of the commencement of the winding up, as the case may be, give notice of the fact to the Collector.

11. (1) The Collector may, for the purposes of this Act, require any person whom he believes to be engaged in any business to which this Act applies or to have been so engaged during the accounting period or in the year ending on the 31st March, 1912, or on the 31st March in any year thereafter, to furnish him within two months after service upon him of a notice to that effect with such particulars in connection with the business as the Collector may require.

(2) At the time of furnishing such particulars such person shall—

(a) state the method which he desires to be adopted for the purpose of—

(i) ascertaining the profits of the business in the accounting period under section 5, and

(ii) determining the standard profits under section 6, and

(b) make any application which he desires to make under section 7 for an allowance in the calculation of the amount of the excess profits duty.

(3) Where any person fails, without reasonable cause or excuse, to comply with the provisions of clause (a) of sub-section (2), the Collector shall proceed to ascertain the profits of the accounting period and to determine the standard profits by such method provided in this Act as he thinks fit.

12. If a person fails, without reasonable cause, or excuse, to give to the Collector in due time any notice required by section 10 or to furnish any particulars referred to in section 11, he shall on conviction by a Magistrate be punishable with fine which may extend to thirty rupees for every day during which the default continues.

13. The amount of excess profits duty to be paid in respect of any business shall be assessed by the Collector, who may in any case where he thinks fit allow the duty to be paid in instalments of such amounts payable at such times as he may direct.

14. The duty may be assessed on any person for the time being owning or carrying on the business whether as agent for the owner or otherwise or, where the business has ceased during the accounting period, on the person who owned or so carried on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business during the accounting period, the Collector shall make the assessment in the prescribed manner.

15. The provisions of sections 20, 21, 22, 23, 24, 26, 27, and of Chapters IV and V and of sections 42, 45, 46, 47 and 49 to 52 of the Indian Income-tax Act, 1918, shall apply, with such modifications, if any, as may be prescribed, as if the said provisions referred to excess profits duty instead of to income-tax, and every officer or authority exercising powers under the said provisions may exercise the like powers under this Act in regard to excess profits duty as he or it exercises in regard to income-tax under the said Act :

Provided that references in the said provisions to the assessee shall be construed as references to a person by whom excess profits duty is payable.

16. Notwithstanding anything contained in the Indian Income-tax Act, 1918 or in any Act repealed thereby, all information contained in any statement or return made or furnished under the provisions of any of the said Acts or obtained or collected for the purposes of any such Act may be used for the purposes of this Act.

17. (1) A person shall not enter into a fictitious or artificial transaction or carry out any fictitious or artificial operation, and if he has entered into any such transaction or carried out any such operation before the commencement of this Act shall inform the Collector of the nature of the transaction or operation.

Explanation.—For the purposes of this section an artificial transaction or operation includes every device of whatever nature adopted for the purposes of presenting the accounts of a business in a misleading form of manner with intent to evade or having the effect of evading any obligation imposed by this Act.

(2) If any person acts in contravention of, or fails without reasonable cause or excuse to comply with, the provisions of sub-section (1), he shall on conviction by a Magistrate be punishable with fine which may extend to one thousand rupees.

18. (1) The Governor General in Council may, by notification in the Gazette of India, make rules for carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for—

- (a) the rate to be allowed in respect of any business or class of business for the purpose of clause (a) of sub-section (1) of section 6 ;
- (b) the procedure to be followed by Boards of Referees appointed under this Act ;
- (c) the basis and method of assessment when there has been a change of ownership during any period which can be selected for the purpose of determining standard profits, or during any subsequent period prior to the commencement of this Act ; and
- (d) the adaptation to excess profits duty of any of the provisions of the Indian Income-tax Act, 1918, which are made applicable to that duty by section 15.

(3) All rules made under this section shall have effect as if enacted in this Act.

19. Where the profits of any business in the accounting period are chargeable to excess profits duty under the provisions of this Act and to super-tax under the provisions of the Super-tax Act, 1917, then—

- (1) if the amount chargeable as excess profits duty exceeds that chargeable as super-tax, excess profits duty shall alone be charged, and
- (2) if the amount chargeable as super-tax exceeds that chargeable as excess profits duty, super-tax shall alone be charged, and the provisions of this Act and the Super-tax Act, 1917, shall be construed accordingly.

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20. The amount of excess profits duty paid in respect of any business shall be allowed as a deduction at the adjustment made in the year ending on the 31st March, 1920, in respect of the profits of that business for the purposes of section VII of 1918. 19 of the Indian Income-tax Act, 1918 :

Excess profits duty an allowance for the purposes of Act VII of 1918.

Provided that if the amount of excess profits duty payable has not been ascertained at the time when the said adjustment is made the amount by which the income-tax would have been reduced if effect had been given to the deduction shall be deducted from the amount payable for excess profits duty.

SCHEDULE I.

EXCEPTED BUSINESSES.

(See section 3.)

1. Any business the income from which is agricultural income.
2. Officers of employments.
3. Any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on, and in which no capital expenditure is required or only capital expenditure of an amount which is small when compared with the profits which the person carrying on the profession makes :

Provided that the business of any person taking commissions in respect of any transactions or services rendered, or any agent of any description (not being a whole-time officer or servant of the business or a commercial traveller, or an agent whose remuneration consists wholly of a fixed and definite sum not dependent on the amount of business done or any other contingency) shall not be included in this exception.

4. Any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom.
5. Any business of which the profits in the accounting period do not exceed thirty thousand rupees.

SCHEDULE III.

ASCERTAINMENT OF CAPITAL.

(See section 6.)

1. The amount of the capital of a business shall, so far as it does not consist of money, be taken to be—

- (a) so far as it consists of assets acquired by purchase, the price at which these assets were acquired, subject to any proper deduction for depreciation or for unpaid purchase money,
- (b) so far as it consists of assets being debts due to the business, the nominal amount of those debts subject to any reduction which has been allowed or is allowable in respect of those debts under the Indian Income-tax Act, 1918, and
- (c) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the business, subject to any proper deduction for depreciation :

II of 1918.

Provided that nothing in this provision shall prevent accumulated profits (other than those made in the accounting period) employed in the business being treated as capital.

2. Any borrowed money or trade debts shall be deducted in computing the amount of capital for the purposes of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but where the business has been converted into a company and more than two-thirds of the shares in the company are held by the person who was the owner of the business no value shall be attached to those shares so far as they are represented by good-will or otherwise than by material assets of the company, unless the Collector in special circumstances otherwise directs. Patents and secret processes shall be deemed to be material assets.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Friday, the 21st March, 1919.

PRESENT :

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E.,
Viceroy and Governor General, *presiding*, and 53 Members, of whom 45
were Additional Members.

BUDGET, 1919-1920.

The Hon'ble Sir James Meston :—“ I present the Budget of the Government of India for 1919-20. The preliminary estimates laid before Council on the 1st March have been revised in the light of our latest information. The Financial Secretary's explanatory memorandum has also been checked and brought up to date. The final figures of the Revised estimates for 1918-19 and the Budget estimates for 1919-20 are given in separate formal statements which are or shortly will be placed in the hands of Hon'ble Members.

“The broad results as regards the Revised estimates for 1918-19 on the Imperial side are that we now expect our total revenue to stand at £85,298,000 and our expenditure at £89,866,000, leaving a deficit of £4,568,000 as compared with £4,350,000 previously estimated. The deterioration of rather over £200,000 is due to a number of variations of which I need only mention a falling-off in the customs revenue of £200,000 and in the land-revenue of £50,000, set off by some small improvements under other heads. We also expect to spend more on famine relief, but this will be found from the Famine Insurance Grant and does not affect our surplus or deficit.

“For the coming year, the revenue is now expected to amount to £86,375,000, and the expenditure to £85,706,000, leaving a surplus of about £669,000, against £868,000 taken in the Financial Statement, or a reduction in the surplus of £200,000. This is mainly due to increased famine relief outlay in Bombay and the Central Provinces. In this case our surplus is affected, as the famine relief grant for next year is already exceeded. We have also included in the Budget, as I promised Hon'ble Members during the course of the debate on the Financial Statement, a sum of £33,000 to form the nucleus of a new public health fund. We fully appreciate the importance attached by non-official Members of this Council to the necessity of strengthening the equipment of Government for dealing with epidemic diseases, such as the recent disastrous outbreak of influenza; and we consider it desirable to emphasise, by a small initial grant, our acceptance of the principle that our central machinery for dealing with these matters should be developed.

“I need not trouble Hon'ble Members with details of modifications in the Provincial Budgets. The net result is that there will be a slight reduction in the collective surplus of the provinces anticipated during the current year from £1,073,000 to £979,000. For 1919-20 their estimated drafts on their balances will be increased from £1,641,000 to £1,918,000, mainly due to increased provision for civil works expenditure in Burma and Bombay.

“In our ways and means estimates, the most important changes are due to the fact that the Secretary of State is expecting to make rather larger purchases

of silver, with the result that his payments in the two years on this account will be increased by £1 million, while as the result of the increase in our remittances to him necessitated by this and other causes, we are increasing our estimates for Councils next year by £2 millions, making a total provision of £12 $\frac{1}{4}$ millions for this purpose. As far as our Indian position goes, there have been heavy sales of our Treasury Bills during the course of the last two or three weeks, which will enable us (though we are reducing the discount under which we sell them) to close the current year with a balance of £12 $\frac{1}{2}$ millions, against the previous figure of £10 millions. We expect, however, during the course of next year to be able to reduce the amount of outstandings of Treasury Bills to the level which was forecasted in the Financial Statement.

“There is one small item on the ways and means side to which I can refer with particular gratification, and that is the remarkable increase in our postal savings bank deposits in the course of the last few months. The net deposits, which had averaged about 20 lakhs a month during the months of October to December, amounted in January to 42 lakhs, while in February they reached 73 $\frac{1}{2}$ lakhs, which is an absolutely record figure for any single month. This large receipt is the more striking, coming as it does at a time when a considerable part of India is suffering from scarcity.”

BUDGET
OF THE
GOVERNMENT OF INDIA
MARCH 1919.

ACCOUNTS	1917-18
REVISED ESTIMATES	1918-19
BUDGET ESTIMATES	1919-20

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

	For details, vide Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (a)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	31,607,248	32,708,600	20,805,900	32,686,400
Opium	"	3,078,903	3,191,800	3,229,000	3,056,200
Salt	"	5,499,487	3,492,200	4,216,300	3,914,300
Stamps	"	5,727,522	5,938,000	5,916,500	6,097,100
Excise	"	10,161,706	10,647,000	11,567,900	12,152,300
Customs	"	11,036,533	10,814,400	12,403,200	13,352,400
Income Tax	"	6,308,104	6,333,200	7,320,800	13,554,900
Other Heads	"	3,885,177	3,870,700	4,098,000	4,568,900
TOTAL PRINCIPAL HEADS . . . . .	...	67,304,733	67,055,900	69,547,600	79,353,500
Interest	A	2,170,108	3,552,600	3,842,930	3,637,400
Posts and Telegraphs	"	4,616,690	4,782,500	5,322,900	5,716,500
Mint	"	517,401	376,000	1,676,800	1,356,500
Receipts by Civil Departments	"	1,935,364	1,950,100	2,086,600	1,957,500
Miscellaneous	"	4,868,353	1,295,300	5,624,300	2,557,400
Railways: Net Receipts	"	24,141,708	22,953,700	25,347,400	21,372,900
Irrigation	"	5,063,879	5,320,400	6,402,200	5,511,900
Other Public Works	"	323,599	304,900	321,900	323,000
Military Receipts	"	1,720,509	1,532,700	1,713,600	1,547,300
TOTAL REVENUE . . . . .	...	112,662,347	109,190,300	121,185,200	123,404,200
DEFICIT . . . . .	...	...	...	4,568,200	...
TOTAL . . . . .	...	112,662,347	109,190,300	125,754,400	123,404,200

(a) The figures of the Budget estimates for 1918-19 shown in this statement and in statement II represent the estimates as presented sanction to which was received too late for the incorporation of the grant in the Budget statements.

(b) Include £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the

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

	For details, vide Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (a)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	9,854,695	10,454,800	11,669,900	11,293,300
Interest	"	7,323,169	7,784,300	7,866,600	7,763,500
Posts and Telegraphs	"	3,567,730	3,931,400	4,116,500	4,580,200
Mint	"	167,382	170,000	267,000	284,500
Salaries and Expenses of Civil Departments	"	20,855,368	23,164,300	24,233,500	24,549,100
Miscellaneous Civil Charges	"	5,918,707	5,671,500	6,257,400	6,139,100
Famine Relief and Insurance	"	1,000,000	1,000,000	1,000,000	1,789,100
Railways: Interest and Miscellaneous Charges	"	14,227,385	13,782,000	14,154,000	14,468,900
Irrigation	"	3,784,838	3,928,700	3,988,300	4,071,100
Other Public Works	"	5,048,294	6,057,700	5,582,100	6,932,700
Military Services	"	30,763,650	30,532,700	(b) 45,639,600	(b) 42,782,300
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	102,516,218	106,477,400	124,774,900	124,653,800
<i>Add—</i> Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	2,256,623	572,600	1,091,000	...
<i>Deduct—</i> Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	197,568	441,200	111,500	1,918,300
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	104,575,273	106,608,800	125,754,400	122,735,600
SURPLUS . . . . .	...	8,087,074	2,581,500	...	663,600
TOTAL . . . . .	...	112,662,347	109,190,300	125,754,400	123,404,200

to the Council last March and do not take account of the grant of £200,000 for technical and agricultural education, the Secretary of State's military forces raised in India.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1917-1918.	Budget Estimate, 1916-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Surplus	C	8,087,074	2,581,500	...	668,600
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways	"	—500,000	—250,000	...	...
Capital contributed by Indian States towards construction of State Railways	"	100,000	33,300	...	...
Capital raised and deposited by Railway Companies (net) . . . . .	"	...	...	...	165,700
TOTAL CAPITAL ACCOUNT RECEIPTS		—400,000	—216,700	...	165,700
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	69,239,218	...	...	724,000
Temporary Debt (net incurred)	"	49,267,455	...	15,737,600	...
Unfunded Debt (net incurred)	"	9,568,066	1,215,300	4,629,100	3,130,400
Deposits and Advances (net)	"	...	4,139,500	...	21,111,100
Loans and Advances by Provincial Governments (net Repayments)	"	628,737	119,100	...	...
Loans to Local Boards for Railway Construction (net Repayments)	"	...	8,700	17,300	9,000
Remittances (net)	"	...	2,000,000	2,373,600	6,174,300
Secretary of State's Bills drawn	"	24,799,964	...	6,599,200	12,250,000
Sterling Transfers on London drawn . . . . .	"	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		153,408,440	7,482,600	34,781,800	43,398,600
TOTAL RECEIPTS . . . . .	...	161,090,514	9,847,400	34,781,800	44,233,100
Opening Balance—India . . . . .	...	15,293,216	16,523,616	15,825,177	12,475,477
England . . . . .	...	11,391,993 ^(a)	15,781,193 ^(a)	16,625,416 ^(a)	13,200,616 ^(a)
TOTAL . . . . .	...	187,775,723	42,151,209	66,733,893	69,900,193

(a) Includes balances of the Gold Standard Reserve as shown

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1917-1918.	Budget Estimate, 1918-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Deficit	C	...	...	4,568,200	...
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	"	372,991	466,700	257,400	433,300
Outlay on State Railways	"	3,571,464	3,704,400	4,304,100	16,370,500
Initial outlay on new Capital at Delhi	"	250,543	266,700	286,700	300,000
India's Financial Contribution to the War	"	100,000,000	...	...	...
Outlay of Railway Companies (net)	"	—694,144	631,600	261,000	1,499,400
Capital raised and deposited by Railway Companies (net)	"	805,810	2,242,400	1,388,900	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	104,306,664	7,311,800	6,498,100	18,603,200
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	877,300	14,819,900	...
Temporary Debt (net discharged)	"	...	2,866,700	...	14,994,700
Deposits and Advances (net)	"	26,298,745	...	304,600	...
Loans and Advances by Imperial Government (net Advances)	"	52,624	59,500	68,000	59,500
Loans and Advances by Provincial Governments (net Advances) . . . . .	"	...	...	1,267,100	760,100
Loans to Local Boards for Railway Construction (net Advances)	"	268	...	...	...
Remittances (net)	"	381,749	...	...	...
Secretary of State's Bills paid	"	24,785,090	1,933,300	8,105,400	12,250,000
Sterling Transfers on London paid . . . . .	"	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES . . . . .	...	51,518,466	5,536,800	29,990,000	28,064,300
TOTAL DISBURSEMENTS . . . . .	...	156,826,130	12,848,600	41,056,300	46,667,500
Closing Balance—India . . . . .	...	15,825,177	12,273,116	12,475,477	12,322,577
England . . . . .	...	16,625,416 ^(a)	17,029,493 ^(a)	13,200,616 ^(a)	10,919,116 ^(a)
TOTAL . . . . .	...	187,775,723	42,151,209	66,732,393	69,909,193

in the notes on pages 256 and 257.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	\$	\$	\$	\$	\$	\$	\$
I.—Land Revenue	21,807,246	...	21,807,246	10,611,344	10,995,902	20,805,900	...
II.—Opium	3,078,903	...	3,078,903	3,078,903	...	3,239,000	...
III.—Salt	5,499,487	...	5,499,487	5,499,487	...	4,216,300	...
IV.—Stamps	5,727,522	...	5,727,522	2,918,379	2,809,143	5,916,500	...
V.—Excise	10,161,699	7	10,161,706	2,807,314	7,354,392	11,567,900	...
VI.—Provincial Rates	28,633	...	28,633	132	28,501	29,600	...
VII.—Customs	11,036,588	...	11,036,588	11,036,588	...	12,403,200	...
VIII.—Income Tax	6,308,104	...	6,308,104	4,092,878	2,215,226	7,320,200	...
IX.—Forest	2,731,284	...	2,731,284	113,049	2,618,235	2,904,200	...
X.—Registration	527,590	...	527,590	7,357	520,233	553,200	...
XI.—Tributes from Indian States	597,670	...	597,670	597,670	...	600,900	...
Total	67,304,726	7	67,304,733	40,762,596	26,542,137	69,547,600	...
XII.—Interest	863,301	1,306,307	2,170,108	1,857,099	313,009	1,071,400	2,771,500
XIII.—Posts and Telegraphs	4,568,378	48,312	4,616,690	4,616,690	...	5,309,900	13,000
XV.—Mint	517,401	...	517,401	517,401	...	1,676,700	100
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	435,150	...	435,150	28,418	406,732	413,700	...
{ Jails	379,683	...	379,683	50,787	328,896	491,200	...
XVII.—Police	133,246	...	133,246	6,240	127,006	1,8,700	...
XVIII.—Ports and Pilotage	102,997	...	102,997	...	102,997	120,500	...
XIX.—Education	820,138	...	820,138	6,327	813,811	308,700	...
XX.—Medical	92,634	292	92,926	1,500	91,426	105,900	300
XXI.—Sanitation	85,351	...	85,351	15,465	69,886	30,200	...
XXII.—Agriculture	110,452	...	110,452	19,015	91,437	135,200	...
XXIII.—Scientific and Miscellaneous Departments	324,783	638	325,421	8,314	317,107	373,700	1,000
Total	1,934,434	930	1,935,364	136,586	1,798,778	2,085,200	1,300
Miscellaneous—							
XXIV.—Receipts in aid of Superannuation, etc.	174,532	38,074	212,606	133,668	78,938	184,000	39,000
XXV.—Stationery and Printing	94,049	...	94,049	32,728	61,321	110,000	...
XXVI.—Exchange	3,145,186	...	3,145,186	3,145,186	...	4,400,000	...
XXVII.—Miscellaneous	1,219,765	198,700	1,418,465	1,231,517	186,948	1,162,200	28,500
Total	4,683,532	234,774	4,918,306	4,533,099	385,257	5,866,200	68,100
Railways—							
XXVIII.—State Railways (Gross Receipts)	45,840,227	107,294	45,947,521	45,938,406	9,116	51,033,200	20,600
Deduct—Working Expenses	20,905,395	...	20,905,395	20,897,168	8,227	24,344,200	...
Surplus profits paid to Companies, etc.	994,404	...	994,404	994,404	...	1,266,600	...
Net Receipts	23,940,228	107,294	24,047,522	24,046,834	888	25,232,400	20,600
XXIX.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	23,517	70,469	93,986	93,986	...	10,100	94,200
Total	23,963,745	177,763	24,141,508	24,140,820	888	25,242,500	114,800
Irrigation—							
XXX.—Major Works: Direct Receipts	2,990,581	...	2,990,581	1,271,404	1,719,177	3,182,500	...
Portion of Land Revenue due to Irrigation	1,768,895	...	1,768,895	962,721	806,174	1,937,200	...
XXXI.—Minor Works and Navigation	304,403	...	304,403	116,777	187,626	332,400	...
Total	5,063,879	...	5,063,879	2,350,902	2,712,977	5,402,200	...
Other Public Works—							
XXXII.—Civil Works	323,599	...	323,599	59,013	264,586	321,900	...
Military Receipts—							
XXXIII.—Army: Effective	938,982	244,600	1,183,582	1,183,582	...	967,200	233,200
Non-Effective	64,495	35,863	120,358	120,358	...	73,800	36,000
XXXIV.—Marine	1,023,477	280,458	1,303,935	1,303,930	...	1,041,000	269,200
XXXV.—Military Works	322,155	...	322,155	322,155	...	313,400	...
	94,424	...	94,424	94,424	...	90,000	...
Total	1,440,066	280,458	1,720,524	1,720,509	...	1,444,400	269,200
Transfers between Imperial and Provincial Revenues . . . . .	...	...	...	-1,557,500	+1,557,500	...	...
TOTAL REVENUE	110,613,301	2,049,046	112,662,347	79,137,235	33,525,112	117,948,100	3,238,100

India, in India and in England.

ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.							
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		Increase + Decrease — as compared with Budget Estimate, 1918-1919.	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		Increase + Decrease — of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease — of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
	Imperial.	Provincial.					Imperial.	Provincial.		
₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
20,805,900	9,985,700	10,820,200	-1,992,700	22,686,400	...	22,686,400	11,007,800	11,679,100	-112,200	+1,680,500
3,229,000	3,229,000	...	+37,200	3,056,200	...	3,056,200	3,056,200	...	-135,600	-172,800
4,216,800	4,216,800	...	+724,100	3,914,300	...	3,914,300	3,914,300	...	+422,100	-302,000
5,918,500	3,018,900	2,897,600	-21,500	6,097,100	...	6,097,100	3,112,400	2,984,700	+159,100	+180,600
11,567,900	8,192,100	3,375,800	+920,900	12,153,300	...	12,153,300	3,362,700	8,790,600	+1,506,300	+585,400
29,800	100	29,500	+400	34,600	...	34,600	100	34,500	+5,400	+5,000
12,403,200	12,403,200	...	+1,688,800	13,352,400	...	13,352,400	13,352,400	...	+2,538,000	+949,200
7,320,800	4,861,600	2,459,200	+987,600	13,554,900	...	13,554,900	11,224,400	2,330,500	+7,221,700	+6,234,100
2,904,200	156,600	2,747,600	+219,900	3,352,800	...	3,352,800	185,700	3,167,100	+668,500	+448,600
553,300	7,700	545,600	+10,700	568,200	...	568,200	7,600	560,700	+25,600	+14,900
600,900	600,900	...	-13,700	613,300	...	613,300	613,300	...	-1,300	+12,400
69,547,600	41,672,100	27,875,500	+2,461,700	79,383,500	...	79,383,500	49,836,300	29,547,200	+12,297,600	+9,835,900
3,842,900	3,572,000	270,900	+290,900	1,260,900	2,376,500	3,637,400	3,299,000	338,400	+84,800	-205,500
5,322,900	5,322,900	...	+540,100	5,623,600	93,200	5,716,800	5,716,800	...	+934,000	+393,900
1,676,800	1,676,800	...	+1,300,800	1,356,500	...	1,356,500	1,356,500	...	+980,500	-320,300
413,700	22,000	391,700	-26,900	436,800	...	436,300	21,000	415,300	-4,300	+22,600
491,300	85,200	406,100	+105,100	413,600	...	413,600	84,500	329,100	+27,400	-77,700
188,700	6,200	182,500	+15,700	128,600	...	128,600	6,200	122,400	-44,400	-60,100
136,500	...	136,500	+27,600	125,500	...	125,500	...	125,500	+16,600	-11,000
303,700	6,800	296,900	-9,100	324,500	...	324,500	7,600	316,900	+11,700	+20,800
105,900	1,400	104,500	+8,400	104,500	300	104,800	1,400	103,400	+7,300	-1,100
36,200	10,000	26,200	+6,900	33,100	...	33,100	11,100	22,000	+3,800	-3,100
135,900	19,200	116,700	-6,400	165,100	...	165,100	19,500	145,600	+22,800	+29,200
274,700	14,800	259,900	+9,200	225,100	800	226,000	8,100	217,900	-39,500	-48,700
2,086,600	165,600	1,921,000	+130,600	1,956,300	1,200	1,957,500	159,400	1,798,100	+1,400	-129,100
223,600	135,000	88,600	+9,200	182,500	41,400	223,900	138,200	85,700	+9,500	+300
110,000	49,100	60,900	+16,900	104,500	...	104,500	44,000	60,500	+11,400	-5,500
4,400,000	4,400,000	...	+4,400,000	1,066,700	...	1,066,700	1,066,700	...	+1,066,700	-3,333,300
1,190,700	980,200	230,500	+203,000	1,078,600	83,700	1,162,300	959,500	202,800	+174,600	-28,400
5,924,300	5,544,300	380,000	+4,629,100	2,432,300	125,100	2,557,400	2,208,400	349,000	+1,262,200	-3,366,900
51,053,900	51,045,200	8,700	+4,053,400	53,338,300	48,600	53,381,900	53,371,900	10,000	+6,381,400	+2,328,000
24,544,300	24,536,200	8,100	-1,500,000	30,933,400	...	30,933,400	30,924,700	8,700	-7,889,100	-6,389,100
1,200,000	1,266,600	...	-200,000	1,226,600	...	1,226,600	1,226,600	...	-160,000	+4,000
25,243,000	25,242,400	600	+2,353,400	31,173,300	48,600	31,221,900	31,220,600	1,300	-1,667,700	-4,021,100
104,400	104,400	...	+10,300	10,000	141,000	151,000	151,000	...	+56,900	+46,600
25,347,400	25,346,800	600	+2,353,700	31,183,300	189,600	31,372,900	31,371,600	1,300	-1,610,800	-3,974,500
3,132,500	1,355,100	1,777,400	+40,000	3,226,900	...	3,226,900	1,409,400	1,817,500	+134,400	+94,400
1,937,300	1,049,100	888,200	+15,900	1,959,000	...	1,959,000	1,061,000	898,000	+37,600	+21,700
332,400	114,800	217,600	+25,900	326,000	...	326,000	118,700	207,300	+19,500	-6,400
5,402,200	3,519,000	2,883,200	+81,600	5,511,900	...	5,511,900	2,589,100	2,922,800	+191,500	+109,700
321,900	53,900	268,000	+17,000	323,000	...	323,000	53,000	270,000	+18,100	+1,100
1,200,400	1,200,400	...	+177,600	855,900	238,500	1,094,400	1,094,400	...	+71,600	-106,000
109,800	109,800	...	-11,500	73,900	36,000	109,900	109,900	...	-11,400	+100
1,310,200	1,810,200	...	+166,100	929,800	274,500	1,204,300	1,304,300	...	+60,200	-105,900
313,400	813,400	...	+4,800	299,000	...	299,000	299,000	...	-9,600	-14,400
90,000	90,000	...	+10,000	84,000	...	84,000	84,000	...	+4,000	-6,000
1,713,600	1,713,600	...	+180,900	1,312,800	274,500	1,587,300	1,587,300	...	+54,600	-126,300
...	-2,289,300	+2,289,300	...	...	...	...	-1,803,000	+1,803,000	...	...
121,186,200	85,297,700	35,983,500	+11,995,900	130,344,100	3,060,100	133,404,200	86,375,400	37,028,800	+14,213,900	+2,218,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Direct Demands on the Revenues—	\$	\$	\$	\$	\$	\$	\$
1.—Refunds and Drawbacks	597,922	...	597,922	455,890	132,032	1,248,500	...
2.—Assignments and Compensations	1,279,208	...	1,279,208	584,854	694,354	1,271,400	...
Charges in respect of Collection, viz.—							
3.—Land Revenue	3,780,124	2,152	3,782,276	373,256	3,509,021	4,105,900	1,200
4.—Opium (including cost of Production)	1,107,337	1,395	1,108,732	1,108,732	...	1,336,800	600
5.—Salt (including cost of Production)	427,072	386	427,457	427,457	...	559,900	2,100
6.—Stamps	61,609	114,713	176,322	97,771	78,551	65,800	145,000
7.—Excise	484,316	232	484,548	146,174	338,374	536,000	400
9.—Customs	285,092	254	285,346	285,346	...	307,200	100
10.—Income Tax	42,518	...	42,518	31,703	20,815	57,700	...
11.—Forest	1,410,470	672	1,411,142	89,549	1,327,493	1,741,100	1,600
12.—Registration	269,344	...	269,344	2,027	267,317	299,200	...
TOTAL	9,734,992	119,702	9,854,695	3,466,738	6,387,957	11,518,900	151,100
Interest—							
13.—Interest on Debt	6,231,068	9,938,906	16,169,974	15,222,292	947,700	8,266,700	8,400,600
<i>Deduct—Amounts chargeable to Railways†</i>	<i>4,502,528</i>	<i>2,652,952</i>	<i>7,155,480</i>	<i>6,155,481</i>	<i>...</i>	<i>4,650,800</i>	<i>2,636,600</i>
<i>" Amounts chargeable to Irrigation</i>	<i>1,391,180</i>	<i>124,415</i>	<i>1,515,595</i>	<i>779,811</i>	<i>735,784</i>	<i>1,415,700</i>	<i>124,500</i>
<i>Remainder chargeable on Ordinary Debt</i>	<i>337,380</i>	<i>6,161,537</i>	<i>6,498,917</i>	<i>6,287,001</i>	<i>211,916</i>	<i>2,200,200</i>	<i>4,639,500</i>
14.—Interest on other obligations	829,252	...	829,252	829,252	...	1,026,900	...
TOTAL	1,166,622	6,161,537	7,328,159	7,116,254	211,916	3,227,100	4,639,500
15.—Posts and Telegraphs	2,286,264	281,266	2,567,530	2,567,530	...	2,761,200	255,200
17.—Mint	146,488	20,894	167,382	167,382	...	225,000	42,000
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,722,071	441,245	2,163,316	1,229,502	933,814	1,760,400	674,800
19.—Law and Justice { Courts	3,319,995	787	3,320,782	79,538	3,241,244	3,439,200	1,200
{ Jails	1,149,293	23	1,149,321	172,620	976,701	1,325,100	...
20.—Police	5,616,751	336	5,617,087	334,481	5,282,606	6,038,200	1,400
21.—Ports and Pilotage	196,878	...	196,878	...	196,878	200,600	...
22.—Education	2,383,097	11,577	2,394,674	123,306	2,271,368	3,958,400	14,800
23.—Ecclesiastical	122,369	281	122,650	122,650	...	130,100	800
24A.—Medical	902,243	552	902,795	52,171	850,624	1,051,600	14,100
24B.—Sanitation	607,879	1,262	609,141	67,272	541,869	687,400	1,600
25.—Political	2,050,157	42,112	2,092,269	1,909,022	183,247	3,396,200	21,700
26A.—Agriculture	699,822	2,610	702,432	32,069	670,363	818,500	6,400
26B.—Scientific and Miscellaneous Departments	469,322	42,267	511,589	220,591	290,998	631,200	44,200
TOTAL	20,310,709	544,659	20,855,368	4,522,261	16,333,107	22,823,400	781,100
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	189,542	10,430	200,272	200,272	...	194,200	—7,600
28.—Civil Furlough and Absentee Allowances	1,962	180,502	182,464	182,464	...	2,900	142,000
29.—Superannuation Allowances and Pensions	1,516,597	1,968,596	3,485,193	2,001,991	1,393,202	1,593,500	1,987,000
30.—Stationery and Printing	824,052	128,152	952,204	438,512	513,692	904,100	125,200
32.—Miscellaneous	601,852	496,714	1,098,566	809,442	289,124	708,200	667,000
TOTAL	3,124,312	2,784,394	5,908,706	3,722,623	2,186,083	3,463,800	2,792,800
Famine Relief and Insurance—							
33.—Famine Relief	3,765	...	3,765	2,822	933	677,600	...
34.—Construction of Protective Railways	—20	...	—20	—20	...	—200	...
35.—Construction of Protective Irrigation Works	242,960	1,469	244,429	244,429	...	319,600	1,000
36.—Reduction or Avoidance of Debt	651,806	...	651,806	651,806	...	2,100	...
TOTAL	998,511	1,469	1,000,000	999,007	933	998,000	1,000
Carried over	38,778,009	9,914,042	48,692,051	22,592,214	26,099,837	40,647,400	8,782,500

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

ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.		
India.	England.	TOTAL.	India.	England.	TOTAL.
\$	\$	\$	\$	\$	\$
4,485,506	3,571,708	8,057,209	4,020,700	3,556,400	8,185,100
17,022	81,250	98,272	21,100	81,300	102,300
TOTAL	4,502,528	3,652,958	4,041,800	3,637,700	8,287,400

Revenues of India, in India and in England.

ESTIMATE, 1918-1919.			Increase + Decrease - as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease - of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease - of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
£	Imperial.	Provincial.	£	£	£	Imperial.	Provincial.	£	£	
1,248,500	1,105,500	143,000	+ 731,800	693,200	...	693,200	517,100	176,100	+ 176,500	...
1,271,400	544,400	727,000	-53,600	1,296,100	...	1,296,100	572,100	724,000	-26,900	-555,300
4,107,200	284,500	3,822,700	+ 85,000	4,150,700	1,600	4,152,300	286,300	3,866,000	+130,100	+45,100
1,337,200	1,337,200	...	+ 82,900	1,045,500	600	1,046,100	1,046,100	...	-206,200	-201,100
562,000	562,000	...	+ 65,400	603,700	1,000	604,700	604,700	...	+108,100	+42,700
210,300	181,200	29,100	+16,900	67,500	98,700	166,200	84,800	81,600	-27,200	-44,100
536,400	159,800	376,600	+19,800	570,600	100	570,700	169,000	401,700	+53,600	+34,300
307,300	307,300	...	+14,300	314,000	100	314,100	314,100	...	+21,100	+6,800
57,700	29,500	28,200	+6,200	95,200	...	95,200	48,400	46,800	+43,700	+37,500
1,742,700	129,400	1,613,300	+231,500	2,046,500	5,000	2,051,500	194,500	1,867,000	+540,300	+308,800
289,200	2,100	287,100	+15,400	303,200	...	303,200	2,100	301,100	+29,400	+14,000
11,669,900	4,592,900	7,077,000	+ 1,215,100	11,186,200	107,100	11,293,300	3,829,000	7,464,300	+ 838,500	- 376,600
16,667,300	15,674,800	992,500	+ 397,800	8,920,000	7,819,900	16,739,900	15,672,800	1,067,100	+ 470,400	+ 72,600
8,287,400	8,287,400	...	-354,500	4,859,000	8,699,600	8,558,600	8,558,600	...	-625,700	-371,200
1,540,200	796,600	743,600	-70,900	1,439,100	124,600	1,563,700	813,100	750,600	-94,400	-23,500
6,839,700	6,390,800	248,900	-27,600	2,621,900	3,995,700	6,617,600	6,301,100	316,500	-249,700	-222,100
1,026,900	1,026,900	...	+109,900	1,145,900	...	1,145,900	1,145,900	...	+228,900	+119,000
7,866,600	7,617,700	248,900	+ 82,300	3,767,800	3,995,700	7,763,500	7,447,000	316,500	-20,800	-103,100
4,116,500	4,116,500	...	+185,100	3,921,400	658,800	4,580,200	4,580,200	...	+ 648,800	+ 463,700
267,000	267,000	...	+97,000	195,700	88,800	284,500	234,500	...	+114,500	+17,500
2,435,200	1,480,800	954,600	+171,700	1,758,900	593,400	2,351,300	1,388,300	962,400	+ 87,800	-83,900
3,440,500	80,500	3,360,000	+46,100	3,537,700	5,800	3,543,500	84,500	3,459,000	+149,100	+103,000
1,325,100	168,800	1,156,800	+171,400	1,247,100	...	1,247,100	170,600	1,076,500	+ 93,400	-78,000
6,039,600	341,700	5,697,900	+173,000	6,336,400	3,500	6,339,900	356,400	5,983,500	+473,300	+301,300
208,500	...	208,500	+5,600	219,600	...	219,600	...	219,600	+18,700	+13,000
3,973,200	148,900	3,824,300	-248,300	4,875,600	13,000	4,888,600	367,800	4,520,800	+ 667,100	+ 915,400
139,900	139,900	...	+3,100	145,500	900	146,400	146,400	...	+ 9,600	+ 5,500
1,065,600	101,600	964,000	+28,700	1,310,800	37,500	1,348,100	135,900	1,212,300	+311,200	+281,500
688,900	81,700	607,200	-83,100	992,700	1,500	994,200	177,800	816,900	+212,200	+305,300
3,418,500	3,226,500	192,000	+785,800	1,769,600	14,200	1,783,800	1,575,500	208,300	-848,900	-1,634,700
824,900	87,400	737,500	-17,900	1,012,200	5,400	1,017,600	96,900	920,700	+174,800	+194,700
675,600	326,200	350,400	+43,100	639,100	29,900	669,000	311,300	357,700	+36,600	-6,600
24,233,500	6,182,300	18,051,200	+ 1,069,200	23,845,000	704,100	24,549,100	4,811,500	19,737,600	+1,384,800	+315,600
186,600	186,600	...	-20,800	197,500	3,400	200,900	200,900	...	-6,500	+14,300
145,800	145,800	...	-49,500	2,300	300,000	302,300	302,300	...	+107,000	+156,500
3,560,500	2,098,800	1,461,900	-11,100	1,640,100	1,978,000	3,618,100	2,107,800	1,510,300	+46,500	+57,600
1,089,300	608,200	681,100	+137,400	851,300	138,300	989,600	394,600	595,000	+37,700	-99,700
1,275,200	856,900	418,300	+529,900	1,001,900	26,300	1,028,200	231,400	796,800	+282,900	-247,000
6,257,400	3,795,100	2,462,300	+585,900	3,693,100	2,446,000	6,139,100	3,237,000	2,902,100	+467,600	-118,300
677,600	513,800	163,800	+637,200	1,435,800	...	1,435,800	1,080,400	855,400	+1,395,400	+758,200
-300	-300	...	+200	...	...	...	...	...	+500	+300
320,600	320,600	...	-86,100	362,500	800	353,300	353,300	...	-53,400	+32,700
2,100	2,100	...	-561,300	...	...	...	...	...	-553,400	-2,100
1,000,000	836,200	168,800	...	1,788,300	800	1,789,100	1,433,700	355,400	+789,100	+789,100
55,410,900	27,407,700	28,003,200	+3,234,600	48,397,500	8,001,300	56,398,800	25,622,900	30,775,900	+4,222,500	+967,900

BUDGET ESTIMATE, 1919-1920.		
India.	England.	TOTAL.
£	£	£
4,836,900	3,618,400	8,455,200
22,200	81,200	103,400
4,859,000	3,699,600	8,558,600

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	£	£	£	£	£	£	£
Brought forward	38,778,009	9,914,042	48,692,051	23,593,214	25,098,837	46,647,400	8,763,500
Railways—							
33.—State Railways: Interest on Debt	4,435,506	3,571,703	8,057,209	8,057,209	...	4,629,700	3,555,400
Annuities in purchase of Railways	...	3,357,623	3,357,623	3,357,623	...	...	3,357,600
Sinking Funds	...	333,477	333,477	333,477	...	...	242,800
Interest chargeable against Companies on Advances	17,022	81,250	98,272	98,272	...	21,100	81,200
Interest on Capital deposited by Companies	57,830	2,205,846	2,263,676	2,263,676	...	52,200	2,126,600
40.—Subsidised Companies: Land, etc.	64,062	...	64,062	63,888	674	24,000	...
41.—Miscellaneous Railway Expenditure	53,066	...	53,066	53,046	20	63,400	...
TOTAL	4,677,486	9,549,899	14,227,385	14,226,691	694	2,700,400	2,263,600
Irrigation—							
42.—Major Works: Working Expenses	1,404,487	...	1,404,487	670,934	733,553	1,409,900	...
Interest on Debt	1,391,180	124,415	1,515,595	779,811	735,784	1,416,700	124,500
43.—Minor Works and Navigation	864,771	15	864,756	253,352	611,404	1,038,100	100
TOTAL	3,660,438	124,400	3,784,838	1,704,097	2,080,741	3,868,700	124,600
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	—766	...	—766	...	—766	6,100	...
45.—Civil Works	5,006,993	42,067	5,049,060	762,509	4,286,551	5,536,600	45,400
TOTAL	5,006,227	42,067	5,048,294	762,509	4,285,785	5,536,700	45,400
Military Services—							
46.—Army: Effective	21,085,982	3,908,325	24,994,307	24,994,307	...	25,697,100	2,545,500
Non-Effective	974,792	2,124,805	3,099,597	3,099,597	...	1,066,000	2,511,400
	22,060,774	6,033,130	28,093,904	28,093,904	...	26,763,100	5,056,900
46A.—Marine	449,678	358,146	807,824	807,824	...	410,900	598,800
47.—Military Works	1,809,735	51,374	1,861,109	1,861,109	...	2,728,000	82,000
47A.—Special Defences (1902)	8,514	—8,001	813	813	...	...	...
TOTAL	24,329,001	6,434,640	30,763,650	30,763,650	...	39,901,900	5,787,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	76,451,161	26,065,057	102,516,218	71,050,161	31,466,057	100,740,100	24,034,800
Add—Portion of Allotments to Provincial Governments not spent by them in the year	2,256,623	...	2,256,623	...	2,256,623	1,091,000	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	197,568	...	197,568	...	197,568	111,500	...
Total Expenditure charged to Revenue	78,510,216	26,065,057	104,575,273	71,050,161	33,525,112	101,710,600	24,034,800

	ACCOUNTS, 1917-1918.		
	India.	England.	TOTAL.
	£	£	£
Capital Expenditure not charged to Revenue—			
48.—State Railways	3,132,031	439,438	3,571,464
49.—Irrigation Works	372,528	468	372,991
TOTAL	3,504,559	439,896	3,944,455
51.—Initial Expenditure on new Capital at Delhi	244,257	6,286	250,543
52.—India's Financial Contribution to the War	...	100,000,000	100,000,000

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

ESTIMATE, 1918-1919.			Increase + Decrease— as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease— of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease— of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	
55,410,900	27,407,700	28,003,200	+ 3,234,600	48,897,500	8,001,800	56,398,800	25,622,900	30,775,900	+ 4,222,500	+ 887,900
8,185,100	8,185,100	...	+ 850,800	4,836,800	3,618,400	8,455,200	8,455,200	...	+ 620,900	+ 270,100
3,357,600	3,357,600	...	...	...	3,357,600	3,357,600	3,357,600	...	...	...
242,800	242,800	...	...	...	255,500	255,500	255,500	...	+ 12,700	+ 12,700
102,300	102,300	...	+ 3,700	22,200	81,200	103,400	103,400	...	+ 4,500	+ 1,100
2,178,800	2,178,800	...	- 9,900	58,100	2,113,400	2,166,500	2,166,500	...	- 22,200	- 12,300
24,000	23,300	700	- 9,300	44,000	...	44,000	43,300	700	+ 10,700	+ 20,000
83,400	83,300	100	+ 36,700	86,700	...	86,700	86,800	100	+ 60,000	+ 23,300
14,154,000	14,153,200	800	+ 372,000	5,042,800	9,426,100	14,468,900	14,468,100	800	+ 686,900	+ 314,900
1,409,900	681,400	728,500	- 59,100	1,418,100	...	1,418,100	689,900	728,200	- 50,900	+ 8,200
1,540,200	798,600	743,600	+ 70,900	1,439,100	124,600	1,563,700	818,100	750,600	+ 94,400	+ 23,500
1,038,200	320,000	718,200	+ 47,800	1,089,300	...	1,089,300	340,400	748,900	+ 98,900	+ 51,100
3,988,300	1,793,000	2,190,300	+ 59,600	3,946,500	124,600	4,071,100	1,843,400	2,227,700	+ 142,400	+ 82,800
8,100	...	8,100	+ 5,400	5,100	...	5,100	...	5,100	+ 4,400	- 1,000
5,576,000	867,400	4,708,600	- 481,000	6,863,900	63,700	6,927,600	990,100	5,937,500	+ 870,600	+ 1,351,600
5,582,100	867,400	4,714,700	- 475,600	6,869,000	63,700	6,932,700	990,100	5,942,600	+ 875,000	+ 1,350,600
38,242,600	38,242,600	...	+ 13,584,200	32,383,100	2,793,100	35,176,200	35,176,200	...	+ 10,516,800	- 3,067,400
3,577,400	3,577,400	...	+ 444,900	1,191,400	3,363,100	4,554,500	4,554,500	...	+ 1,423,000	+ 977,100
41,820,000	41,820,000	...	+ 14,029,100	33,573,500	6,156,200	39,729,700	39,729,700	...	+ 11,938,800	- 2,090,300
1,009,600	1,009,600	...	+ 49,300	416,000	815,600	1,231,600	1,331,600	...	+ 271,300	+ 222,000
2,810,000	2,810,000	...	+ 1,028,600	1,778,000	43,000	1,821,000	1,821,000	...	+ 39,500	- 989,000
...
(a) 45,839,600	45,839,600	...	+ 15,106,900	35,767,500	7,014,900	42,782,300	42,782,300	...	+ 12,249,600	- 2,857,300
124,774,900	89,865,900	34,909,000	+ 18,297,500	100,023,300	24,630,500	124,653,800	85,706,800	38,947,000	+ 18,176,400	- 121,100
1,091,000	...	1,091,000	+ 518,400	...	...	...	...	...	- 572,600	- 1,091,000
111,500	...	111,500	+ 329,700	1,918,200	...	1,918,200	...	1,918,200	- 1,477,000	- 1,806,700
125,754,400	89,865,900	35,888,500	+ 19,145,600	98,105,100	24,630,500	122,735,600	85,706,800	37,028,800	+ 16,126,800	- 3,018,800

REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
India.	England.	TOTAL.	India.	England.	TOTAL.
£	£	£	£	£	£
3,700,700	603,400	4,304,100	9,060,000	7,310,500	16,370,500
256,200	1,200	257,400	424,900	8,500	433,300
3,956,900	604,600	4,561,500	9,484,800	7,319,000	16,803,800
284,100	2,800	286,700	226,700	78,300	300,000
...

(a) Includes £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the military forces raised in India.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
Revenue (from Statement A) .	110,613,301	3,049,046	113,662,347	117,943,100	3,338,100	121,281,200	130,344,100	3,060,100	133,404,200
Excess of Revenue over Expenditure charged to Revenue			8,087,074			-4,568,200			688,600
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways .	-500,000	...	-500,000	...	...	...	...	...	...
Capital contributed by Indian States towards construction of State Railways	100,000	...	100,000	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Repayments . . . . .	...	10,842	10,842	...	47,100	47,100	...	22,000	21,000
Net			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	276,690	...	276,690	143,000	...	143,000	165,700	3,576,400	3,742,100
Net			0			0			165,700
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
British Government 5 per cent. War loan, 1929-47 . . . . .	...	64,927,000	...	...	...	...	...	...	...
<i>Rupee Debt—</i>									
Rupee Loan . . . . .	...	...	...	...	...	...	10,000,000	...	...
5½ per cent. War Bonds 1925 . . . . .	...	...	...	2,845,600	...	...	1,000	...	...
Ditto 1928 . . . . .	...	...	...	16,955,300	...	...	3,000	...	...
5 per cent. War Loan 1929-47	7,622,561	...	...	600	...	...	...	...	...
TOTAL	7,622,561	64,927,000	72,549,561	19,602,000	...	19,602,000	10,004,000	...	10,004,000
Net			69,239,218			0			724,000
Temporary Debt Incurred—									
5½ per cent. War Bonds 1920	11,481,235	...	...	500	...	...	...	...	...
Do. do. 1922	6,455,888	...	...	100	...	...	...	...	...
Do. do. 1921 . . . . .	...	...	...	17,069,400	...	...	4,000	...	...
Do. do. 1923 . . . . .	...	...	...	1,859,400	...	...	700	...	...
Treasury Bills	29,047,000	...	...	58,193,300	...	...	29,047,000	...	...
Other Temporary Loans	2,666,667	...	...	12,071,500	...	...	...	...	...
TOTAL	49,600,788	...	49,600,788	88,694,200	...	88,694,200	29,052,300	...	29,052,300
Net			49,267,455			15,37,600			0
Unfunded Debt—									
Post Office Cash Certificates	6,667,282	...	...	2,133,300	...	...	2,000,000	...	...
Deposits of Service Funds	86,954	59	...	85,500	...	...	8,000	...	...
Savings Bank Deposits	11,233,707	...	...	12,918,500	...	...	12,196,800	...	...
TOTAL	17,987,943	59	17,988,002	15,137,300	...	15,137,300	14,231,800	...	14,281,800
Net			9,568,066			4,629,100			3,130,400
Deposits and Advances—									
Balances of Provincial Allocations	2,256,623	...	...	1,091,000	...	...	...	...	...
Appropriation for Reduction or Avoidance of Debt	651,806	...	...	2,100	...	...	...	...	...
Deposits of Local Funds—									
District Funds	5,606,818	...	...	5,937,400	...	...	5,787,600	...	...
Other Funds	1,187,271	...	...	1,283,300	...	...	1,243,300	...	...
Deposits of Sinking Funds	17,140	...	...	17,800	...	...	18,500	...	...
Gold Standard Reserve	888,268	33,535,292	...	270,000	31,778,500	...	...	39,303,800	...
Paper Currency Reserve . . . . .	...	79,266,408	...	...	115,584,100	...	...	103,295,100	...
Do. Depreciation Fund . . . . .	...	1,222,580	...	...	763,500	...	...	274,900	...
Depreciation Fund for War Loan (1929-47)	276,667	...	...	273,300	...	...	273,400	...	...
Special Reserve . . . . .	...	...	...	...	22,797,900	...	...	6,940,000	...
Deposit Account with the United States of America . . . . .	...	...	...	85,173,800	...	...	7,379,300	...	...
Departmental and Judicial Deposits	40,669,874	...	...	40,392,000	...	...	38,440,000	...	...
Advances	8,598,320	2,472,769	...	18,018,800	2,159,300	...	9,324,900	432,200	...
Expense Accounts	157,790	...	...	421,100	...	...	13,205,800	...	...
Miscellaneous	2,607,987	742,931	...	411,100	1,169,900	...	800,000	823,500	...
TOTAL	62,916,362	117,289,978	180,206,340	103,287,100	174,253,200	277,540,800	75,972,600	160,074,600	232,047,100
Net			0			0			21,111,100
Carried over	248,619,645	184,276,925	...	344,811,700	177,538,400	...	249,820,500	192,733,000	...

Government of India, in India and in England.

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	78,451,181	26,065,057	102,516,218	100,740,100	24,034,800	124,774,900	100,623,300	24,630,500	124,653,800
<i>Add</i> —Provincial Surpluses transferred to "Deposits"	2,256,623	...	2,256,623	1,091,000	...	1,091,000	...	...	...
<i>Deduct</i> —Provincial Deficits charged to "Deposits"	197,569	...	197,569	111,500	...	111,500	1,918,200	...	1,918,200
TOTAL	78,510,216	26,065,057	104,575,273	101,719,600	24,034,500	125,754,400	98,105,100	24,630,500	122,735,600
Railway, Irrigation, and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	372,528	463	372,991	258,200	1,200	257,400	424,800	8,500	433,300
OUTLAY ON STATE RAILWAYS	3,132,031	439,433	3,571,464	3,700,700	603,400	4,304,100	9,060,000	7,310,500	16,370,500
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	244,257	6,286	250,543	284,100	2,600	286,700	226,700	73,300	300,000
INDIA'S FINANCIAL CONTRIBUTION TO THE WAR	...	100,000,000	100,000,000	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital Outlay	-993,542	310,240	-683,302	-298,200	606,300	-308,100	-1,750,800	3,272,000	1,521,400
NET			-694,144			261,000			1,499,400
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for Discharge of Debentures	...	1,082,500	1,082,500	...	1,531,900	1,531,900	...	3,576,400	3,576,400
NET			805,810			1,388,900			0
Permanent Debt Discharged—									
<i>Sterling Debt—</i>									
British Government 5 per cent. War Loan, 1929-47	...	...	...	...	33,415,000	...	...	8,900,000	...
India Bonds	...	500,000	...	...	500,000	...	...	...	...
India 4 p. a. Stock	...	163	...	...	...	...	...	...	...
<i>Rupes Debt—</i>									
5 p. a. War Loan, 1929-47	273,547	...	...	330,000	...	...	293,300	...	...
4 p. a. Loans	420,420	...	...	83,900	...	...	80,000	...	...
3½ p. a. Loans	2,021,430	...	...	79,000	...	...	...	...	...
3 p. a. Loan	94,763	...	...	14,000	...	...	6,700	...	...
Provincial debentures	30	...	...	...	...	...	...	...	...
TOTAL	2,810,180	500,163	3,310,343	506,900	33,915,000	34,421,900	380,000	8,900,000	9,280,000
NET			0			14,819,900			0
Temporary Debt Discharged—									
5½ p. a. War Bonds, 1920	...	...	...	2,700	...	...	...	...	...
Ditto 1922	...	...	...	22,500	...	...	...	...	...
Treasury Bills	...	...	...	58,193,300	...	...	44,047,000	...	...
Other Temporary Loans	333,333	...	...	14,738,100	...	...	...	...	...
Total	333,333	...	333,333	73,956,600	...	73,956,600	44,047,000	...	44,047,000
NET			0			0			14,994,700
Unfunded Debt—									
Pos: Office Cash Certificates	744,313	...	...	2,546,600	...	...	2,000,000	...	...
Special Loans	220	...	...	4,000	...	...	200	...	...
Deposits of Service Funds	96,349	...	...	99,500	...	...	99,600	...	...
Savings Bank Deposits	7,679,054	...	...	7,858,100	...	...	9,051,600	...	...
TOTAL	8,419,936	...	8,419,936	10,508,200	...	10,508,200	11,151,400	...	11,151,400
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	197,568	...	...	111,500	...	...	1,918,200	...	...
Deposits of Local Funds—									
District Funds	5,680,642	...	...	5,795,400	...	...	5,795,600	...	...
Other Funds	1,166,951	...	...	1,246,600	...	...	1,301,600	...	...
Gold Standard Reserve	1,339,688	33,586,249	...	...	31,778,900	...	...	39,303,800	...
Paper Currency Reserve	...	79,266,408	...	...	115,584,100	...	...	108,295,100	...
Do. Depreciation Fund	...	1,222,569	...	...	763,500	...	...	274,900	...
Depreciation Fund for War Loan (1929-47)	256,557	...	...	293,400	...	...	273,400	...	...
Special Reserve	...	20,000,309	...	...	9,737,600	...	...	...	...
Deposit account with the United States of America	2,533,084	...	...	38,020,000	...	...	2,000,000	...	...
Departmental and Judicial Deposits	39,709,038	...	...	38,403,100	...	...	41,037,800	...	...
Advances	9,099,831	2,496,200	...	17,612,300	2,358,800	...	9,235,800	1,086,600	...
Suspense Accounts	9,308,748	...	...	15,552,800	...	...	1,700	...	...
Miscellaneous	110,064	543,183	...	300	537,600	...	...	510,600	...
TOTAL	69,392,164	137,114,921	206,507,085	117,034,400	160,810,500	277,844,900	61,465,000	149,471,000	210,936,000
NET			26,298,745			304,600			0
Carried over	162,221,103	265,519,063	...	306,668,500	231,505,700	...	223,109,400	197,242,300	...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
	India.	England.	TOTAL.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	248,619,645	184,276,925		344,811,700	177,538,400		249,820,500	162,733,000	
Loans and Advances by Imperial Government	333,571	...	333,571	898,900	...	898,900	192,200	...	192,200
Net			0			0			0
Loans and Advances by Provincial Governments	1,130,621	...	1,130,621	970,000	...	970,000	1,804,200	...	1,804,200
Net			528,737			0			0
Loans to Local Boards for Railway Construction	41,732	...	41,732	17,300	...	17,300	9,000	...	9,000
Net			0			17,300			9,000
Remittances—									
Inland Money Orders	50,414,231	...		51,300,000	...		52,666,700	...	
Other Local Remittances	225,834	...		16,342,300	...		8,582,600	...	
Other Departmental Accounts	43,384	...		3,000	...		4,100	...	
Net Receipts by Civil Treasuries from—									
Railways	20,566,423	...		20,133,200	...		19,456,200	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs	8,389,271	...		4,743,600	...		1,223,600	...	
Marine	7,785,456	...		5,008,300	...		4,248,400	...	
Military Works	3,878,222	...		4,624,700	...		593,200	...	
Military	72,662,471	...		166,861,100	...		49,699,900	...	
Remittance Account between England and India—									
Transfers through Currency	...	3,000,000		6,833,300	...		...	...
Purchase of Silver	12,939,900	...		41,166,700	...		16,900,000	...	
War Office transactions	34,490,548	68,780,995		9,918,000	92,548,000		1,450,000	40,660,000	
Railway transactions	942,234	89,932		1,009,800	22,700		7,488,100	517,000	
Other	6,431,780	17,251,344		9,331,300	17,187,200		9,958,300	6,688,000	
TOTAL	218,778,742	89,073,271	307,851,013	376,670,400	109,706,000	386,376,400	172,074,200	47,855,000	219,929,200
Net			0			2,373,600			6,174,300
Secretary of State's Bills drawn	...	(a) 24,799,964	24,799,964	...	(c) 6,599,200	6,599,200	...	12,250,000	12,250,000
Sterling Transfers on London drawn	...	...	...	5,425,000	...	5,425,000	...	...	...
TOTAL RECEIPTS	468,904,311	298,149,160		628,793,800	293,843,600		423,900,100	222,838,000	
Opening Balance	15,293,216	(b) 11,391,993		15,325,177	(d) 16,625,416		12,475,477	(e) 13,200,616	
GRAND TOTAL	484,197,527	309,541,153		644,118,477	310,469,016		436,375,577	236,038,616	

(a) In addition to £1,422,746 and £8,657,972 on account of the Gold Standard Reserve and the Paper Currency Reserve, respectively.
(c) In addition to £14,347,100 on account of the Paper Currency Reserve.
(e) Of this amount £8,000,099 represents the Funds of the Gold Standard Reserve.

DELHI,
FINANCE DEPARTMENT,
March 21, 1919.

M. F. GAUNTLETT,
Comptroller and Auditor General.

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

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	162,221,103	266,519,068		306,868,500	221,505,700		223,109,400	197,242,200	
Loans and Advances by Imperial Government	386,195	...	386,195	966,900	...	966,900	251,700	...	251,700
Net			52,624			68,000			59,500
Loans and Advances by Provincial Governments	601,884	...	601,884	2,237,100	...	2,237,100	2,564,300	...	2,564,300
Net			0			1,267,100			760,100
Loans to Local Boards for Railway Construction.	42,000	...	42,000	...	...	...	...	...	...
Net			268			0			
Remittances—									
Inland Money Orders	50,057,298	...		51,033,300	...		52,666,700	...	
Other Local Remittances	...	...		16,343,100	...		8,582,600	...	
Other Departmental Accounts	281	...		3,000	...		4,100	...	
Net Payments into Civil Treasuries by—									
Railways	20,650,743	...		20,162,200	...		19,456,300	...	
Net Issues from Civil Treasuries to—									
Posts and Telegraphs	6,380,858	...		4,743,600	...		1,228,600	...	
Marine	7,473,516	...		5,348,300	...		4,246,400	...	
Military Works	3,902,534	...		4,624,700	...		593,200	...	
Military	72,180,385	...		107,461,200	...		49,599,900	...	
Remittance Account between England and India—									
Transfers through Currency	3,000,000	...		...	6,333,300		...	...
Purchase of Silver	2,000	13,492,012		...	44,000,000		...	12,000,000	
War Office transactions	96,561,733	6,786,697		86,413,000	10,116,000		40,450,000	1,650,000	
Railway transactions	8,544	973,622		...	1,032,500		...	8,005,100	
Other	18,609,197	6,144,843		17,532,700	8,855,900		9,049,800	6,222,200	
TOTAL	280,836,083	27,396,674	308,232,757	313,665,100	70,337,700	384,002,800	185,877,600	27,877,300	213,754,900
Net			381,749			0			0
Secretary of State's Bills paid	(a) 24,785,080	...	24,785,080	(c) 8,105,400	...	8,105,400	12,250,000	...	12,250,000
Sterling Transfers on London paid	...	...	...	...	5,425,000	5,425,000	...	...	...
TOTAL DISBURSEMENTS	468,872,350	292,915,737		631,643,000	297,268,400		424,053,000	225,119,500	
Closing Balance	15,325,177	(d) 16,625,416		12,475,477	(e) 13,200,616		12,322,377	(e) 10,919,116	
GRAND TOTAL	484,197,527	309,541,153		644,118,477	310,469,016		436,375,577	236,038,616	

(b) Of this amount £8,001,456 represents the funds of the Gold Standard Reserve.
 (d) Of this amount £6,000,499 represents the funds of the Gold Standard Reserve.

E. M. COOK,
 Controller of Currency.

H. F. HOWARD,
 Secretary to the Government of India.

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1917-18.	Revised, 1918-19.	Budget, 1919-20.
Madras—			
Balance on April 1st	₹ 1,52,37,920	₹ 2,01,08,000	₹ 1,98,09,000
Special grants from Imperial revenues	28,51,000	40,50,000	34,50,000
Other revenue	8,05,48,980	8,09,40,000	8,51,18,000
Total Revenue including transfers from Imperial revenues	8,34,39,980	8,49,90,000	8,85,68,000
Total Expenditure	7,85,59,463	8,54,89,000	9,60,93,000
Closing Balance	2,01,08,437	1,96,09,000	1,20,84,000
Bombay—			
Balance on April 1st	2,71,28,600	3,91,96,000	4,55,28,000
Special grants from Imperial revenues	25,58,200	31,89,000	37,30,000
Other revenue	8,61,64,747	9,48,20,000	10,10,97,000
Total Revenue including transfers from Imperial revenues	8,87,20,947	9,80,19,000	10,36,27,000
Total Expenditure	7,66,53,239	9,16,89,000	10,52,00,000
Closing Balance	3,91,96,308	4,55,28,000	4,41,63,000
Bengal—			
Balance on April 1st	3,39,64,089	3,67,64,000	3,70,52,000
Special grants from Imperial revenues	45,15,225	51,40,000	48,69,000
Other revenue	6,41,52,575	6,79,08,000	6,81,14,000
Total Revenue including transfers from Imperial revenues	6,56,67,500	7,29,57,000	7,29,83,000
Total Expenditure	6,58,67,166	7,28,69,000	7,77,12,000
Closing Balance	3,67,64,678	3,70,52,000	3,23,23,000
United Provinces—			
Balance on April 1st	1,92,43,564	2,45,34,000	2,54,16,000
Special grants from Imperial revenues	34,41,500	39,62,000	29,17,000
Other revenue	6,96,20,412	7,22,82,000	7,53,86,000
Total Revenue including transfers from Imperial revenues	7,80,61,912	7,62,54,000	8,13,03,000
Total Expenditure	6,77,81,830	7,53,62,000	8,61,10,000
Closing Balance	2,45,23,646	2,54,16,000	2,06,09,000
Punjab—			
Balance on April 1st	1,22,74,735	1,94,52,000	2,26,85,000
Special grants from Imperial revenues	28,70,400	23,99,000	17,55,000
Other revenue	6,31,59,792	5,40,22,000	5,73,95,000
Total Revenue including transfers from Imperial revenues	5,50,20,192	5,64,31,000	5,91,50,000
Total Expenditure	4,78,53,406	5,31,98,000	6,02,28,000
Closing Balance	1,94,51,581	2,26,85,000	2,16,07,000
Burma—			
Balance on April 1st	1,17,79,863	95,12,000	1,35,48,000
Special grants from Imperial revenues	12,93,800	18,94,000	14,44,000
Other revenue	5,42,64,589	6,86,03,000	6,24,56,000
Total Revenue including transfers from Imperial revenues	5,55,58,689	6,54,97,000	6,39,00,000
Total Expenditure	5,78,27,000	6,14,61,000	6,75,28,000
Closing Balance	95,11,552	1,35,48,000	96,60,000
Bihar and Orissa—			
Balance on April 1st	1,48,00,950	1,41,06,000	1,45,54,000
Special grants from Imperial revenues	16,81,775	25,90,000	20,99,000
Other revenue	3,04,34,878	3,28,50,000	3,25,29,000
Total Revenue including transfers from Imperial revenues	3,23,15,553	3,54,40,000	3,46,68,000
Total Expenditure	3,30,10,769	3,49,92,000	3,78,52,000
Closing Balance	1,41,05,784	1,45,54,000	1,15,90,000
Central Provinces—			
Balance on April 1st	1,26,25,273	1,36,77,000	1,25,04,000
Special grants from Imperial revenues	18,59,000	14,72,000	12,24,000
Other revenue	2,97,92,058	2,92,31,000	3,22,67,000
Total Revenue including transfers from Imperial revenues	3,11,51,058	3,10,66,000	3,34,61,000
Total Expenditure	3,01,08,755	3,21,79,000	3,59,33,000
Closing Balance	1,96,77,576	1,25,04,000	1,00,62,000
Assam—			
Balance on April 1st	21,20,213	27,32,000	38,70,000
Special grants from Imperial revenues	5,47,500	6,78,000	6,48,000
Other revenue	1,48,98,056	1,70,56,000	1,68,83,000
Total Revenue including transfers from Imperial revenues	1,40,40,556	1,77,81,000	1,75,81,000
Total Expenditure	1,48,29,235	1,65,96,000	1,76,89,000
Closing Balance	27,31,534	38,70,000	37,12,000
Total—			
Balance on April 1st	14,91,85,217	18,00,71,000	19,47,64,000
Special grants from Imperial revenues	2,18,45,300	2,58,93,000	2,11,26,000
Other revenue	48,15,31,387	51,29,35,000	53,42,95,000
Total Revenue including transfers from Imperial revenues	50,28,76,887	53,68,29,000	55,54,81,000
Total Expenditure	47,19,90,863	52,86,35,000	58,42,45,000
Closing Balance	18,00,71,041	19,47,64,000	116,59,90,000
Total (in sterling)—			
Balance on April 1st	₹ 9,945,681	₹ 12,004,700	₹ 12,984,200
Special grants from Imperial revenues	1,423,020	1,692,900	1,409,100
Other revenue	82,102,092	84,195,600	85,619,700
Total Revenue including transfers from Imperial revenues	83,525,112	85,688,500	87,028,800
Total Expenditure	81,466,057	84,909,400	88,947,000
Closing Balance	12,004,736	12,984,200	11,066,000

M. F. GAUNTLETT,

Comptroller and Auditor General,

DELHI,

FINANCE DEPARTMENT,

March 21, 1919.

E. M. COOK,

Controller of Currency.

H. F. HOWARD,

Secy. to the Govt. of India.

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

REVENUE AND EXPENDITURE	ACCOUNTS, 1917-1918.					REVISED ESTI-MATE, 1918-1919.		BUDGET ESTI-MATE, 1919-1920.	
	Revenue.	EXPENDITURE.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		Refunds and Assignments.	Cost of Collection and Production.						
Revenue Heads.	£	£	£	£	£	£	£	£	£
Land Revenue (excluding that due to Irrigation)	21,807,246	783,044	3,782,276	17,041,926		15,902,500		17,738,300	
Opium	3,078,903	3,576	1,108,782	1,968,545		1,888,200		2,006,600	
Salt	5,499,487	290,367	427,457	4,781,363		2,381,300		3,028,900	
Stamps	5,727,622	58,848	176,322	5,492,352		5,648,500		5,872,700	
Excise	10,161,706	104,811	484,548	9,572,847		10,905,100		11,427,300	
Provincial Rates	28,633	125	...	28,508		29,400		34,500	
Customs	11,086,688	348,065	285,276	10,403,247		11,557,900		12,680,900	
Income Tax	6,308,104	59,597	42,518	6,205,989		7,159,100		13,381,600	
Forest	2,781,284	11,540	1,411,042	1,308,702		1,149,100		1,289,800	
Registration	527,590	963	269,344	257,283		263,100		264,100	
Tributes	597,670	206,394	...	391,276		393,500		405,600	
TOTAL	67,304,733	1,867,180	7,987,565	57,450,038		57,877,700		68,030,200	
Total deduction from Revenue		9,854,695							
Expenditure Heads.									
Debt Services Interest	2,170,108	7,328,169			5,158,061		4,023,700		4,126,100
Commercial Services Posts and Telegraphs	4,816,690	3,567,730		1,048,960		1,206,400		1,136,600	
Railways	24,141,708	14,227,385		9,914,323		11,193,400		6,904,000	
Irrigation	5,063,879	3,784,838		1,279,041		1,413,900		1,440,800	
Other Public Works Civil Works, etc.	323,599	5,048,294			4,724,695		5,260,200		6,609,700
Mint	517,401	167,382		350,019		1,409,800		1,072,000	
Civil Departments Civil Departments	1,935,364	20,855,368			18,920,004		22,146,900		22,591,600
Superannuation	212,666	3,485,193			3,272,597		3,336,900		3,394,200
Miscellaneous Exchange	3,145,186	...		3,145,186		4,400,000		1,066,700	
Civil Services Miscellaneous	1,416,485	1,098,572		317,893			84,500	134,100	
Other heads	94,049	1,334,942			1,240,893		1,311,700		1,388,300
Famine Relief Famine Relief	...	3,765			3,765		677,600		1,435,600
and Insurance Other heads	...	996,235			996,235		322,400		353,300
Military Services Army Effective	1,183,582	24,994,307		23,810,725		87,042,200		84,080,800	
Non-effective	120,348	3,099,597		2,979,249		3,467,600		4,444,600	
Marine	322,155	807,824		485,669		696,200		932,600	
Military works	94,424	1,861,109		1,766,685		2,720,000		1,737,000	
Special Defences (1902)	...	813		813		...		...
TOTAL	112,662,347	102,516,218		10,146,129		3,588,700		1,249,600	
Provincial Adjustment Surplus	...	2,059,055			2,059,055		979,500		
Deficit	...	...						1,918,200	
TOTAL	112,662,347	104,575,273		8,087,074		4,568,200		668,600	
Capital Account Surplus				8,087,074				668,600	
Deficit							4,568,200		
Railway, Irrigation and other Capital not charged to Revenue:—									
Capital raised through Companies towards outlay on State Railways				-500,000					
Capital contributed by Indian States towards construction of State Railways				100,000					
Capital raised and deposited by Railway Companies (net)					805,810		1,388,900		165,700
Outlay on Irrigation Works					372,991		257,400		433,300
Outlay on State Railways					3,571,464		4,304,100		16,370,500
Initial outlay on new Capital at Delhi					250,543		286,700		300,000
India's financial Contribution to the War					100,000,000				
Outlay of Railway Companies (net)					-694,144				
Permanent Debt				69,239,218			14,819,900		724,000
Temporary Debt				49,267,455		15,797,600			14,994,700
Unfunded Debt				9,568,066		4,629,100		3,130,400	
Loans and Advances by Imperial Government					52,624		68,000		59,500
Loans and Advances by Provincial Governments					528,737		1,267,100		760,100
Loans to Local Boards for Railway Construction					368		17,300		9,000
Deposits and Advances					26,298,745		304,600		21,111,100
Remittances					381,749		2,373,600		6,174,300
Secretary of State's Bills drawn				24,799,964		6,599,200		12,260,000	
Secretary of State's Bills paid					24,785,080		8,105,400		12,250,000
Sterling Transfers on London drawn						5,425,000			
Sterling Transfers on London paid						5,425,000			
TOTAL				161,090,514	155,825,130	34,781,800	41,066,300	44,233,100	46,667,500
Cash Balance Opening Balance				26,685,209		31,950,593		25,676,093	
Closing Balance					31,950,593		25,676,093		23,241,693
TOTAL				187,775,723	187,775,723	66,732,393	66,732,393	69,909,193	69,909,193

M. F. GAUNTLETT,
Comptroller and Auditor General.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 21, 1919.

MEMORANDUM EXPLAINING THE DETAILS OF THE ESTIMATES.

In this memorandum the variations between the Budget and the Revised estimates of the current year, and between the latter and the Budget estimates of next year, are explained in detail for the major heads of account. Under most of the heads details by provinces have been given, and it may be explained that the figures shown against "India General" represent the transactions of the Central Government, including all expenditure directly controlled by it, of the minor administrations of Ajmer-Merwara and Coorg, and of the convict settlement in the Andamans. The Budget estimates of Provincial and "Divided" expenditure in 1919-20 generally represent the allotments proposed by the several Governments and Administrations with whom regular provincial settlements have been concluded. More detailed information regarding the figures will be found in the Financial Statements presented by the local Governments to their respective Councils.

Introductory.

2. The figures for the province of Delhi have been entered separately and explained under each major head of account. A *pro formâ* account of expenditure on Delhi and the Delhi province is also appended to this memorandum (Appendix I), together with a prefatory note explaining the scope of the *pro formâ* account and the relation between it and the regular accounts.

3. A statement is added to the memorandum (Appendix II) bringing together for each province and for the Home treasury of the Government of India the actual revenue and expenditure under each major head during the last year, the Revised estimates of the current year and the Budget estimates of the next year. The statement takes the place of a return which was formerly presented separately to Parliament and will serve as an expansion of the totals of revenue and expenditure exhibited in the Budget Statements proper (Statements A to E) and as a summary of the figures shown for each province under the several heads in this memorandum.

4. The broad totals of revenue and expenditure for the last year, the current year and the ensuing year, are as follows:—

General results.

		Accounts, 1917-18.
		£
Revenue		112,662,347
Expenditure charged to Revenue		104,575,273
	Imperial surplus	8,087,074
		Revised, 1918-19.
		£
Revenue		121,186,200
Expenditure charged to Revenue		125,754,400
	Imperial deficit	4,568,200
		Budget, 1919-20.
		£
Revenue		123,404,200
Expenditure charged to Revenue		122,735,600
	Imperial surplus	668,600

These figures exclude all capital, debt and remittance transactions.

Accounts, 1917-18.

5. The Accounts of 1917-18 are not discussed in this memorandum, but according to our usual practice in the past a brief explanation is given below of the principal divergences between the Revised estimates of revenue and expenditure as submitted to the Council twelve months ago, and the actual accounts of the year as closed, audited and compiled by the Comptroller and Auditor-General.

6. The broad results are brought out in the following table :—

	REVISED, 1917-18.			ACTUALS, 1917-18.		
	Imperial.	Provincial.	TOTAL.	Imperial.	Provincial.	TOTAL.
	£	£	£	£	£	£
Revenue	76,563,200	33,361,100	109,924,300	79,137,200	33,525,100	112,662,300
Expenditure . . .	70,851,600	31,523,400	102,375,000	71,050,100	31,466,100	102,516,200
Surplus	5,711,600	1,837,700	7,549,300	8,087,100	2,059,000	10,146,100

7. The Imperial revenue exceeded the Revised estimate by £2,574,000 and the Imperial expenditure by £198,500, with the result that the surplus was £2,375,500 more than was anticipated. The bulk of the increase in revenue occurred under exchange (£2,145,200) due to the application of the higher exchange rate of 1s. 5d., the rupee to recoveries of a portion of the war disbursements in India on behalf of His Majesty's Government. An agreement was reached with His Majesty's Government, after the Revised estimates for 1917-18 were closed, that the rate of 1s. 5d. should be applied, with effect from the 1st October 1917, to rupee payments of a quasi-commercial character, e.g., for the supply of military stores, the purchase of commodities and the remittance of funds, as distinguished from payments to *personnel*. There was an increase of £341,100 in the gross traffic receipts from railways, mainly on the North-Western, Bombay, Baroda and Central India and Madras and Southern Mahratta lines owing to large movements of troops and military stores towards the close of the year. The working expenses were also higher by £238,600, mainly on the North-Western and Great Indian Peninsula lines, so that the betterness in the net receipts of railways amounted to £102,500. Super-tax and postal and telegraph revenue showed improvements of £218,300 and £124,600 respectively, and a saving of £163,300 occurred in political expenditure. On the other hand, customs revenue declined by £167,600, mainly under the import duty on cotton manufactures, while the net military expenditure was higher by £260,700 owing to an increase in the charges for operations on the Frontier and the movement of troops and stores.

The improvement of £221,300 in the Provincial section was the result of better collections of excise and forest revenue and of savings in the grants for expenditure on civil works and land revenue establishments, partly set off by an excess under police expenditure.

Authors of Memorandum.

8. Paragraphs 207 to 221 of the memorandum have been communicated by the Honourable Sir Godfrey Fell, K.O.I.E., C.S.I., Financial Adviser, Military Finance, and paragraphs 167 to 176 and 233 to 236 by Mr. H. M. C. Trotter, Accountant General, Railways; the rest of the memorandum has been drafted by Mr. A. V. Venkataramana Aiyar, C.I.E., Assistant Secretary in the Finance Department.

I AND 3.—LAND REVENUE.

REVENUE.

(Including the portion due to Irrigation.)

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	7,14,006	7,60,795	8,07,247	7,92,000	7,72,000	7,12,000
2. Delhi	4,13,467	3,48,021	3,35,608	3,73,000	2,79,000	2,99,000
3. Baluchistan	9,45,527	10,85,662	10,27,245	10,54,000	8,69,000	9,41,000
4. North-West Frontier	22,03,033	22,05,190	23,00,103	23,47,000	23,37,000	22,10,000
5. Other Provinces	23,80,959	40,19,895	34,52,032	24,00,000	22,60,000	22,75,000
Total	66,56,992	84,19,563	79,22,235	69,66,000	65,17,000	64,37,000
<i>Divided and Provincial.</i>						
1. Madras	6,97,93,862	7,00,16,684	7,03,23,132	7,15,04,000	6,85,54,000	7,17,56,000
2. Bombay	5,49,84,813	5,41,07,087	5,18,27,981	5,64,79,000	4,35,45,000	5,55,47,000
3. Bengal	2,82,05,800	2,79,27,219	2,75,15,426	2,79,94,000	2,31,21,000	2,80,41,000
4. United Provinces	6,93,40,212	6,66,08,251	6,71,55,442	6,71,69,000	5,88,14,000	6,77,72,000
5. Punjab	3,87,69,925	4,04,51,302	4,18,61,056	4,18,15,000	4,17,63,000	4,39,53,000
6. Burma	4,66,63,827	4,75,95,073	4,15,42,243	5,50,00,000	5,28,60,000	5,03,00,000
7. Bihar and Orissa	1,60,92,834	1,64,66,425	1,47,10,160	1,53,65,000	1,55,15,000	1,67,43,000
8. Central Provinces	1,97,48,498	1,98,54,287	1,96,61,766	2,00,60,000	1,72,50,000	2,14,51,000
9. Assam	78,16,453	75,79,713	81,22,671	84,47,000	84,08,000	86,81,000
Total	35,04,16,224	34,96,06,041	34,27,19,877	36,38,33,000	33,46,30,000	36,32,44,000
TOTAL REVENUE R	35,70,73,216	35,80,25,604	35,06,42,112	37,07,99,000	34,11,47,000	36,96,81,000
Shown under I.—Land Revenue R	33,04,67,411	33,06,18,976	32,41,08,686	34,19,78,000	31,20,88,000	34,02,97,000
Shown under XXIX.—Irrigation R	2,66,05,805	2,74,06,628	2,65,33,426	2,88,21,000	2,90,59,000	2,93,84,000
Equivalent of total Revenue in Sterling £	23,804,381	23,868,373	23,376,141	24,720,000	22,743,200	24,645,400
Shown under I.—Land Revenue £	22,031,161	22,041,265	21,607,246	22,798,600	20,805,900	22,686,400
Shown under XXIX.—Irrigation £	1,773,720	1,827,108	1,768,895	1,921,400	1,937,300	1,959,000

EXPENDITURE.

<i>Imperial.</i>						
1. India General	4,13,480	4,10,603	4,40,276	4,24,000	4,44,000	4,54,000
2. Delhi	1,06,710	1,03,806	87,993	1,05,000	86,000	88,000
3. Baluchistan	2,29,586	2,20,136	2,22,053	2,27,000	2,28,000	2,49,000
4. North-West Frontier	6,32,824	6,57,547	6,66,878	7,27,000	6,84,000	7,33,000
5. Other Provinces	30,42,742	26,60,612	26,49,340	32,23,000	28,07,000	27,47,000
Total	44,25,342	40,52,704	40,66,540	47,06,000	42,49,000	42,71,000
<i>Provincial.</i>						
1. Madras	1,23,55,014	1,22,76,233	1,24,81,018	1,27,63,000	1,29,50,000	1,34,24,000
2. Bombay	86,58,731	82,57,931	84,34,940	89,29,000	1,00,95,000	1,03,56,000
3. Bengal	34,76,687	34,92,481	34,94,026	36,28,000	35,18,000	38,14,000
4. United Provinces	95,07,344	95,69,444	96,19,515	97,76,000	1,02,39,000	96,88,000
5. Punjab	49,46,687	47,29,433	46,58,607	55,45,000	50,65,000	54,75,000
6. Burma	70,94,318	68,54,578	60,19,036	69,01,000	72,59,000	70,26,000
7. Bihar and Orissa	23,12,937	22,98,084	23,72,937	24,16,000	24,16,000	24,41,000
8. Central Provinces	41,26,317	39,98,035	39,61,980	40,65,000	42,20,000	41,52,000
9. Assam	16,37,550	16,43,845	15,93,202	15,82,000	15,78,000	16,13,000
Total	5,41,15,585	5,31,20,064	5,26,35,311	5,56,05,000	5,73,40,000	5,79,89,000
TOTAL INDIA R	5,85,40,927	5,71,72,768	5,67,01,851	6,03,11,000	6,15,89,000	6,22,60,000
Equivalent in Sterling £	3,902,729	3,811,518	3,780,124	4,020,700	4,105,900	4,150,700
England	985	1,615	2,152	1,500	1,300	1,600
TOTAL EXPENDITURE £	3,903,714	3,813,133	3,782,276	4,022,200	4,107,200	4,152,300

9. The Imperial expenditure shown against "Other Provinces" in the table on the preceding page represents the cost of survey and record-of-right operations on a large scale in Bengal and in Bihar and Orissa, undertaken more for administrative than for fiscal purposes. The expenditure is of a temporary and varying character and was accordingly not considered suitable for inclusion in the financial settlements with the two provinces. Three-fourths of the charges are eventually recovered from landlords and tenants for the protection of whose rights the operations are primarily undertaken; and the recoveries are shown in the table as Imperial revenue against "Other Provinces".

REVENUE.

(a) *Wholly Imperial.*

Revised, 1918-19.

10. The Revised estimate for 1918-19 is less than the Budget by R4.49 lakhs. A reduction of R1.40 lakhs is due to the postponement of recoveries of survey and settlement charges necessitated by the prevalence of scarcity in the Palamau district in Bihar and Orissa and damage caused by floods in the Rajshahi district in Bengal. The balance of the decrease occurs in the land revenue collections, mainly in Baluchistan (R1.85 lakhs) and Delhi (R94,000), as the result of unfavourable agricultural prospects.

Budget, 1919-20.

11. The Budget estimate for 1919-20 is less than the Revised for 1918-19 by R80,000. An increase in the receipts on account of survey and settlement charges owing to the recovery of the current year's suspensions in Bihar and Orissa and Bengal will be set off by a fall in the latter province as the result of a reduction in the programme of operations. Under land revenue collections, there will be decreases in the North-West Frontier Province (R1.27 lakhs) and Ajmer (R63,000) owing to the poor prospects of the ensuing harvest, but part of the revenue suspended in the current year in Baluchistan and Delhi will be realised in 1919-20.

(b) *Divided and wholly Provincial.*

Revised, 1918-19.

12. The total collections in 1918-19 will fall short of the Budget estimate by R2,92.03 lakhs. The agricultural prospects of the current year have been adversely affected by the failure of the rains over wide parts of Bombay and the United Provinces, and to a smaller extent in the Central Provinces, Madras, Bihar and Orissa, and the Punjab. Remissions and suspensions of revenue aggregating R49 and R2.59 lakhs respectively have been granted in these provinces, and the receipts will fall short of the Budget by R1,29.34 lakhs in Bombay, R83.55 lakhs in the United Provinces, R29.50 lakhs in Madras, and R28.10 lakhs in the Central Provinces. The decline in revenue would have been greater but for collections of arrears in the early months of the current year in almost all the provinces but chiefly in Bombay, and for improved receipts from the sale of waste lands and Government estates in the Punjab. There will also be a large decrease in Burma (R23.40 lakhs), owing to distress caused in some districts by the unfavourable condition of the paddy market during the greater part of the year and an anticipated reduction in the area under cultivation with rice in the current season. Bengal and Bihar and Orissa are the only provinces where an excess over the Budget estimate (R2.77 lakhs) is anticipated; there was a throw-forward of collections to the current year in these provinces owing to the *kist* days at the end of March 1918 falling within the Easter holidays.

Budget, 1919-20.

13. The total Budget estimate for 1919-20 is more than the Revised estimate for 1918-19 by R2,86.14 lakhs. The estimates have been framed on the basis of normal monsoon conditions in the ensuing year. It is expected that part of the revenue suspended in the current year in the provinces named above will be collected in 1919-20, but provision has been made for further remissions and suspensions in the latter year aggregating R65 and R1.66 lakhs respectively. The decrease in Burma (R23.60 lakhs) is explained by the fact that the Revised estimate for the current year includes a large amount of revenue postponed from 1917-18 owing to the unsettled condition of the paddy market in the latter part of that year.

EXPENDITURE.

(a) Wholly Imperial (India and England).

14. The saving of ₹4·60 lakhs on the Budget estimate for 1918-19 is Revised, 1918-19. chiefly due to lapses in the grants for survey and settlement expenditure in Bengal and Bihar and Orissa. The Budget estimate for 1919-20 does not Budget, 1919-20. differ materially from the Revised for the current year.

(b) Provincial.

15. The total expenditure in the current year will exceed the Budget Revised, 1918-19. estimate by ₹17·35 lakhs. An important cause of the excess is the grant of compensation to subordinate establishments for high prices; the expenditure on this account is estimated at ₹29·84 lakhs for all provinces, the largest provision being required in Bombay (₹16·80 lakhs) and Madras (₹5·22 lakhs). Among other causes contributing to an increase over the Budget are the purchase of land in the United Provinces for rewarding Indian soldiers who have distinguished themselves in the war (₹5·22 lakhs) and larger outlay on commission on revenue collections in Burma postponed from 1917-18 (₹4·56 lakhs). There will, on the other hand, be considerable savings owing to lapses in the provision for a new district and revision of district establishments in the Punjab (₹2·33 lakhs), the transfer to the head Minor Works and Navigation in the same province of the charges for the Thal survey for which provision was included under this head in the Budget (₹2·54 lakhs), smaller outlay on improvements in Government estates in Bengal (₹1·11 lakhs), and minor lapses in the grants for village and other establishments mainly in Bombay and Madras.

16. The total Budget for 1919-20 exceeds the Revised for the current year Budget, 1919-20. by ₹6·49 lakhs. Provision has generally been based on existing sanctions and commitments. An expenditure of ₹24·30 lakhs is anticipated on compensation for high prices, mainly in Bombay (₹14·42 lakhs) and Madras (₹6·19 lakhs), but in some provinces provision for this expenditure is shown under the head Miscellaneous. The grants made in the current year's Budget for the formation of a new district (₹1·33 lakhs) and the re-organisation of district establishments (₹1·27 lakhs) in the Punjab have been repeated for the next year. Special allotments have also been made for measures to arrest the denudation of the Siwaliks in the same province (₹1·50 lakhs), for the revision of village establishments in Sind (₹1·66 lakhs) and Madras (₹66,000) and for increased outlay on the improvement of Government estates (₹1·16 lakhs), the introduction of the circle system (₹85,000) and a larger programme of settlement operations (₹96,000) in Bengal.

II AND 4—OPIUM.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
INDIA.						
Revenues—						
Sale of provision and medical Opium	2,41,19,712	4,15,78,728	4,02,73,194	4,10,27,000	4,16,24,000	3,89,50,000
Excise Opium and other Revenues	45,83,000	58,21,345	59,10,344	68,50,000	68,10,000	68,93,000
TOTAL R	2,87,02,712	4,74,00,073	4,61,83,538	4,78,77,000	4,84,34,000	4,58,43,000
Equivalent in Sterling £	1,913,514	3,160,005	3,078,903	3,191,800	3,229,000	3,056,200
Expenditure—						
Purchase of Opium (including payments to Cultivators)	1,58,70,745	1,21,60,402	1,49,80,342	1,68,02,000	1,81,16,000	1,36,17,000
Other Charges	12,82,616	15,13,254	16,39,472	19,94,000	19,33,000	20,65,000
TOTAL INDIA R	1,71,53,361	1,36,73,656	1,66,10,814	1,87,96,000	2,00,49,000	1,56,82,000
Equivalent in Sterling £	1,143,557	911,577	1,107,387	1,253,100	1,336,600	1,045,500
ENGLAND.						
Miscellaneous Charges £	774	817	1,395	1,200	600	600
TOTAL £	1,144,331	912,394	1,108,782	1,254,300	1,337,200	1,046,100

REVENUE.

(i) *Provision and Medical opium.*

Revised, 1918-19. 17. The Budget estimate for 1918-19 provided for a revenue of R4,10·27 lakhs from the sale of about 15,700 chests of opium for consumption outside India. Of this quantity 5,600 chests were to be disposed of at the monthly auctions held at Calcutta, and the balance was to be supplied to the Foreign Governments with which agreements have been entered into for the direct supply of opium at fixed prices (*viz.*, the Straits Settlements, Hong-Kong, the Netherlands Indies, Siam and British North Borneo) or sold in England for medicinal purposes. The number of chests to be sold by auction was reduced during the year by 493 chests. On the other hand, the average price realised will, partly as the result of this reduction, amount to R3,413 a chest or R213 more than the upset price of R3,200, and the proceeds from auction sales are estimated at R1,74·15 lakhs. Taking into account opium supplied direct to other countries and sold in England for medicinal purposes, it is expected that about 15,100 chests will be disposed of in the current year, and that they will fetch a revenue of R4,16·24 lakhs.

Budget, 1919-20. 18. The Budget estimate for 1919-20 anticipates a revenue of R3,89·50 lakhs from the sale of provision and medical opium.

(ii) *Excise opium and other revenue.*

19. The variations are unimportant. Only the amount charged to local Governments on account of the cost of production of opium consumed in India is credited under this head, the difference between the actual price of issue and the cost of production forming an item of excise revenue.

EXPENDITURE.

Revised, 1918-19. 20. The Revised estimate for 1918-19 exceeds the Budget provision by R12·44 lakhs. The former includes some special expenditure in connection with purchases of mature Malwa opium effected in the current year. This extra expenditure will, however, be set off to a considerable extent by savings in the provision for payments to cultivators in the United Provinces and in the Central India States. The Budget estimate for 1919-20 provides for normal expenditure.

Budget, 1919-20.

III AND 5.—SALT.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	1,47,09,662	2,54,11,204	3,51,00,571	55,01,000	1,29,02,000	57,01,000
Madras (a)	1,16,78,575	1,28,65,839	1,61,98,441	1,61,80,000	1,78,41,000	1,70,64,000
Bombay (a)	1,39,91,462	1,80,09,168	1,73,25,271	1,82,00,000	1,88,00,000	1,83,47,000
Bengal (b)	1,23,67,112	1,34,04,794	1,09,13,107	95,00,000	1,04,00,000	1,41,00,000
Burma (b)	20,64,895	27,01,350	23,53,959	30,00,000	33,00,000	35,00,000
Bihar and Orissa	1,256	266	120	1,000	1,000	1,000
Assam	840	770	837	1,000	1,000	1,000
TOTAL R	5,47,13,802	7,23,93,891	8,24,92,306	5,23,83,000	6,32,45,000	5,87,14,000
Equivalent in Sterling £	3,647,587	4,826,260	5,499,487	3,492,200	4,216,300	3,914,300
CHARGES.						
Establishment charges	43,72,216	43,55,554	48,23,761	52,55,000	59,90,000	64,51,000
Cost of salt purchased by Government.	12,41,171	15,91,345	15,82,318	21,57,000	24,09,000	28,04,000
Total India R	56,13,387	59,46,899	64,06,079	74,12,000	83,99,000	90,55,000
Equivalent in Sterling £	374,226	396,460	427,072	494,100	559,900	603,700
England £	2,496	1,726	385	2,500	2,100	1,000
TOTAL £	376,722	398,186	427,457	496,600	562,000	604,700
Total Consumption Mds.	4,74,62,000	5,10,33,000	4,48,03,000	5,12,75,000	5,14,30,000	5,48,80,000

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

REVENUE.

21. As anticipated in the Budget estimate, no fresh indents for salt were received from ordinary traders in Northern India in the current year and the receipts of duty relate therefore mainly to preferential issues to local bodies, co-operative credit societies, Indian States, etc. An offer to refund the duty paid by them in advance in previous years was made to the traders towards the close of 1917-18; in the current year's Budget allowance was made for the throw-forward to that year of part of the claims for refund,—the estimated revenue being shown *net* after deducting from the fresh duty receipts the payments anticipated on account of refunds. These payments have amounted to R63 lakhs, but provision for them is now included in the Revised estimate under the expenditure head Refunds and Drawbacks (*vide* paragraph 57). This change in the method of exhibition of refunds accounts for the greater part of the increase of R74·01 lakhs in the Revised estimate of revenue in Northern India as compared with the Budget, the balance being due to larger receipts of duty on preferential issues.

Increases are also anticipated in Madras (R16·61 lakhs) owing mainly to the continuance of the sale of Government salt by auction in certain factories; in Bengal (R9 lakhs) as the result of special endeavours made to arrange for larger supplies of imported salt in the current year by the provision of additional tonnage; and in Bombay (R6 lakhs) due to the removal of restrictions on the issue of Baragora salt with effect from the 1st February 1919.

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Budget, 1919-20.

22. The total issues of salt in 1919-20, imported as well as locally manufactured, are taken at 5,49 lakhs of maunds. In estimating however the net receipts of duty during the year, allowance has been made for the advance payments made in Northern India in previous years (the outstanding amount of which is still considerable) and for the discontinuance of auction sales in Madras. Inclusive of sale-proceeds of Government salt and other miscellaneous receipts, the Budget estimate of revenue for 1919-20 has accordingly been placed at Rs.5,87.14 lakhs.

EXPENDITURE.

Revised, 1918-19.

23. The Revised estimate for 1918-19 exceeds the Budget by Rs.9.81 lakhs. Part of the increase (Rs.2.21 lakhs) is due to the grant of war allowances to subordinate establishments in all the areas of local manufacture, viz., Northern India, Madras and Bombay. Among other causes of increase are (i) an extension of the Pritchard salt works (Rs.2.82 lakhs) and heavier bagging and sewing charges (Rs.2.90 lakhs) in Bombay and (ii) a scheme for controlling the price of salt in mofussil stations in Madras (Rs.1.10 lakhs). The last two items of expenditure will be largely set off by recoveries credited as salt revenue. The Budget estimate for 1919-20 is more than the Revised for the current year by Rs.6.40 lakhs. It includes provision for the continuance of war allowances, for further expenditure on the extension of the Pritchard salt works (Rs.7.28 lakhs) and for the reorganisation of the combined salt and excise establishment (Rs.1 lakh) in Bombay, and for the scheme for controlling prices in Madras (Rs.1.70 lakhs). On the other hand, a decrease (Rs.2.58 lakhs) is anticipated in Northern India owing to the elimination of expenditure on the extension of salt works included in the Revised estimate.

Budget, 1919-20

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IV AND 6.—STAMPS.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	4,45,677	4,22,188	4,12,364	3,99,000	5,33,000	5,84,000
2. Delhi	3,22,777	3,53,754	4,06,417	3,79,000	4,59,000	4,59,000
3. Baluchistan	89,550	86,815	90,488	91,000	98,000	96,000
4. North-West Frontier	6,74,843	7,05,227	7,29,270	7,47,000	7,30,000	7,74,000
TOTAL	15,32,847	15,67,984	16,38,539	16,16,000	18,20,000	19,13,000
<i>Divided.</i>						
1. Madras	1,51,01,998	1,55,89,277	1,54,23,197	1,59,50,000	1,60,00,000	1,65,00,000
2. Bombay	85,23,187	97,64,993	1,01,52,670	1,04,00,000	1,17,00,000	1,22,00,000
3. Bengal	2,24,37,340	2,41,51,970	2,32,11,830	2,41,00,000	2,48,00,000	2,55,00,000
4. United Provinces	1,25,11,383	1,29,89,366	1,31,52,795	1,37,00,000	1,24,00,000	1,27,00,000
5. Punjab	58,11,218	59,82,286	60,00,300	61,50,000	68,30,000	60,50,000
6. Burma	35,15,055	36,64,993	31,82,389	35,00,000	34,00,000	35,00,000
7. Bihar and Orissa	66,97,240	73,22,624	74,79,901	78,50,000	72,50,000	73,50,000
8. Central Provinces	39,44,865	41,82,422	42,54,212	43,00,000	41,60,000	43,20,000
9. Assam	14,24,354	14,34,522	14,16,997	15,04,000	13,88,000	14,23,000
TOTAL	7,99,71,640	8,50,82,453	8,42,74,291	8,74,54,000	8,69,28,000	8,95,43,000
TOTAL REVENUE R	8,15,04,437	8,66,50,437	8,59,12,830	8,90,70,000	8,87,48,000	9,14,56,000
Distribution of Total Revenue :—						
Court Fees and Plain Paper	5,60,06,140	5,89,86,754	5,84,00,069	6,13,22,000	5,88,80,000	5,98,22,000
Commercial and other stamps	2,48,62,238	2,72,54,189	2,72,08,770	2,64,69,000	2,85,81,000	3,02,39,000
Other Revenue	6,36,109	4,09,494	3,03,991	12,79,000	12,77,000	13,95,000
Equivalent of total revenue in Sterling £	5,433,632	5,776,696	5,727,522	5,938,000	5,916,500	6,097,100

EXPENDITURE.

<i>Imperial.</i>						
1. India General :—						
(i) Superintendence and other charges	2,25,214	2,67,970	3,34,059	3,63,000	3,94,000	3,99,000
(ii) Credits for value of stamps supplied to Local Governments and administrations and to the Postal and Telegraph Departments.	—15,01,791	—15,82,435	—13,02,065	—17,83,000	—18,23,000	—18,69,000
2. Delhi	6,456	6,804	7,682	6,000	8,000	7,000
3. Baluchistan	1,312	1,376	1,494	1,000	1,000	1,000
4. North-West Frontier	22,405	23,260	26,422	29,000	27,000	30,000
TOTAL	—12,46,404	—12,78,025	—14,32,408	—13,84,000	—13,93,000	—14,32,000
<i>Divided.</i>						
1. Madras	4,13,897	4,46,380	4,87,691	4,52,000	4,67,000	4,62,000
2. Bombay	2,38,679	2,59,181	3,13,188	2,96,000	3,35,000	3,22,000
3. Bengal	5,82,710	6,26,371	6,30,197	7,37,000	6,31,000	6,83,000
4. United Provinces	2,63,448	2,58,530	2,78,032	2,87,000	2,64,000	2,74,000
5. Punjab	1,78,242	1,76,799	1,86,036	2,03,000	1,86,000	1,98,000
6. Burma	94,632	1,00,503	87,327	98,000	1,00,000	99,000
7. Bihar and Orissa	1,77,887	1,91,031	2,10,148	2,32,000	2,20,000	2,32,000
8. Central Provinces	1,10,505	1,18,406	1,20,154	1,30,000	1,25,000	1,28,000
9. Assam	48,108	43,680	43,775	50,000	44,000	46,000
TOTAL	21,08,108	22,25,931	23,56,548	24,85,000	23,72,000	24,44,000
TOTAL INDIA . R	8,61,704	9,47,906	9,24,140	11,01,000	9,79,000	10,12,000
Equivalent in Sterling £ England	57,447	63,194	61,609	73,400	65,300	67,500
	89,703	110,272	114,713	120,000	145,000	98,700
TOTAL EXPENDITURE £	147,150	173,466	176,322	193,400	210,300	166,200

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REVENUE.

(a) *Wholly Imperial.*

Revised, 1918-19. 24. The Revised estimate for the current year exceeds the Budget by ₹2·04 lakhs. The increase occurs in Delhi (₹80,000) and other minor administrations (₹1·34 lakhs) as the result of improved trade conditions.

Budget, 1919-20. The Budget estimate for 1919-20 is ₹93,000 more than the current year's Revised estimate.

(b) *Divided.*

Revised, 1918-19. 25. The total Revised for 1918-19 is less than the Budget by ₹5·26 lakhs. Increases are anticipated in Bombay (₹13 lakhs) and Bengal (₹7 lakhs), owing to the satisfactory conditions of local trade and industries during the greater part of the year, but they will be more than set off by a decline in almost all the other provinces attributable to stagnation in business and check to litigation which have resulted from the influenza epidemic and unfavourable agricultural conditions. The decrease is largest in the United Provinces (₹13 lakhs), Bihar and Orissa (₹6 lakhs) and the Punjab (₹3·20 lakhs). The revenue from non-judicial stamps is expected to be more than the Budget by ₹20 lakhs, but that derived from court-fee stamps will be less by ₹25 lakhs.

Budget, 1919-20. 26. The Budget for 1919-20 provides for a moderate growth in revenue in all the provinces in the expectation that the sales of court-fee stamps will show a recovery, and is taken at ₹26·15 lakhs higher than the Revised estimate for 1918-19.

EXPENDITURE.

27. The cost of all stamps and stamp paper supplied from England is charged under this head, and an adjustment is made in India transferring to Posts and Telegraphs the cost of stamps used for postal and telegraph purposes. Similarly the cost of revenue stamps supplied to Local Governments and Administrations is debited to them in the Provincial section of the accounts by *per contra* credit in the Imperial section under this head. The credits on both these accounts are shown against item I (ii) under expenditure in the table on the preceding page.

(a) *Wholly Imperial (including outlay in England).*

Revised, 1918-19. 28. The Revised estimate for 1918-19 exceeds the Budget by ₹3·66 lakhs owing to larger outlay in England on the manufacture of stamps. The decrease of ₹7·33 lakhs in the Budget for 1919-20 as compared with the Revised for the current year occurs almost entirely in the same item of expenditure.

Budget, 1919-20.

(b) *Divided.*

Revised, 1918-19. 29. The Revised estimate for the current year is less than the Budget by ₹1·13 lakhs. The decrease is attributed to smaller payments for discount on sales, following on the decline in the revenue from court-fee stamps. The Budget estimate for 1919-20 does not differ materially from the Revised for the current year.

Budget, 1919-20.

V AND 7.—EXCISE.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	16,31,925	18,77,477	23,86,929	23,72,000	31,08,000	34,10,000
2. Delhi	2,65,765	2,49,631	3,27,410	3,20,000	3,91,000	3,89,000
3. Baluchistan	2,98,920	3,68,194	4,70,468	4,70,000	5,92,000	5,91,000
4. North-West Frontier	3,53,604	3,58,716	4,32,051	4,70,000	5,40,000	7,93,000
Total	25,50,214	28,54,018	36,16,858	36,32,000	46,31,000	51,83,000
<i>Divided and wholly Provincial.</i>						
1. Madras	3,51,18,758	3,72,02,608	4,03,52,100	4,16,23,000	4,59,32,000	4,68,17,000
2. Bombay	2,27,91,330	2,60,50,666	3,19,81,830	3,50,00,000	3,33,50,000	3,95,00,000
3. Bengal	1,51,40,074	1,44,44,229	1,56,36,222	1,60,00,000	1,78,00,000	1,87,00,000
4. United Provinces	1,22,11,130	1,34,11,963	1,43,47,537	1,51,00,000	1,60,00,000	1,95,82,000
5. Punjab	70,59,656	75,86,836	85,62,967	91,47,000	1,04,40,000	1,10,57,000
6. Burma	81,11,370	88,31,324	92,39,195	94,00,000	97,31,000	1,01,00,000
7. Bihar and Orissa	1,09,71,527	1,12,26,696	1,18,22,679	1,21,58,000	1,25,00,000	1,27,00,000
8. Central Provinces	1,00,65,862	1,10,89,102	1,14,92,202	1,19,00,000	1,23,00,000	1,28,00,000
9. Assam	54,63,211	55,41,053	53,73,805	57,40,000	58,35,000	58,61,000
Total	12,69,32,918	13,53,84,477	14,88,08,637	15,60,73,000	16,88,88,000	17,71,17,000
Total India R	12,94,83,132	13,82,38,495	15,24,25,495	15,97,05,000	17,35,19,000	18,23,00,000
Equivalent in Sterling £	8,632,209	9,215,899	10,161,699	10,647,000	11,567,900	12,153,300
England £ . . . . .	...	...	7	...	...	...
TOTAL REVENUE £	8,632,209	9,215,899	10,161,706	10,647,000	11,567,900	12,153,300

EXPENDITURE.

<i>Imperial.</i>						
1. India General	97,701	1,00,849	1,02,888	1,09,000	1,06,000	1,07,000
2. Delhi	7,873	9,497	11,692	12,000	12,000	12,000
3. Baluchistan	11,355	12,923	11,810	30,000	29,000	15,000
4. North-West Frontier	15,388	15,548	16,298	16,000	17,000	18,000
Total	1,32,317	1,38,817	1,42,688	1,67,000	1,64,000	1,52,000
<i>Divided and wholly Provincial.</i>						
1. Madras	18,52,487	18,16,051	18,05,425	18,42,000	20,80,000	22,46,000
2. Bombay	11,47,633	11,23,723	11,13,522	11,61,000	12,95,000	14,52,000
3. Bengal	7,74,868	9,39,493	9,99,661	10,85,000	10,47,000	11,37,000
4. United Provinces	4,81,865	4,86,016	4,77,087	5,10,000	4,91,000	5,38,000
5. Punjab	2,25,691	2,31,891	2,35,130	2,60,000	2,39,000	2,96,000
6. Burma	12,52,270	12,54,379	12,56,312	12,83,000	12,91,000	12,95,000
7. Bihar and Orissa	5,85,276	5,81,814	5,86,520	6,43,000	6,42,000	7,46,000
8. Central Provinces	4,80,171	4,81,576	5,28,428	5,51,000	5,56,000	5,73,000
9. Assam	1,22,242	1,20,539	1,19,964	2,52,000	2,35,000	1,24,000
Total	69,22,493	70,35,482	71,22,049	75,87,000	78,76,000	84,07,000
Total India R	70,54,810	71,74,299	72,64,737	77,54,000	80,40,000	85,59,000
Equivalent in Sterling £	470,321	478,287	484,316	516,900	536,000	570,600
England £	419	345	232	200	400	100
TOTAL EXPENDITURE £	470,740	478,632	484,543	517,100	536,400	570,700

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REVENUE.

(a) *Wholly Imperial.*

Revised, 1918-19. 30. The Revised estimate for 1918-19 exceeds the Budget by R9.99 lakhs. The increase occurs mainly in Bangalore, Ajmer, Indore and Baluchistan and is attributed to the large number of troops located in these areas and to the enhanced license fees realised at auction sales. The Budget estimate for 1919-20 provides for a further expansion of revenue and is taken at R5.52 lakhs more than the Revised for the current year; the largest increase occurs in the North-West Frontier Province (R2.53 lakhs) and is based on the high bids at recent auction sales of licenses.

Budget, 1919-20.

(b) *Divided and wholly Provincial.*

Revised, 1918-19. 31. The Revised estimate for the current year is expected to exceed the Budget by no less than R1,28.15 lakhs. The increase is shared by all the provinces, but is largest in Madras (R43.04 lakhs) and Bombay (R33.50 lakhs). The unfavourable agricultural prospects in several provinces have not depressed the revenue, and the large advance appears to be due to the prohibitive prices prevailing for imported liquors and to a rise in the wages of the labouring population. An enhancement in duties accounts for part of the increase in Madras.

Budget, 1919-20. The total Budget for 1919-20 is taken at R82.29 lakhs more than the Revised for the current year. Enhanced duties will bring in a large increase of R35.82 lakhs in the United Provinces, and provision has been made for a moderate growth of revenue in the other provinces.

EXPENDITURE.

(a) *Wholly Imperial.*

32. The figures show little variation.

(b) *Divided and wholly Provincial.*

Revised, 1918-19. 33. The Revised estimate for the current year exceeds the Budget grant by R2.89 lakhs. The increase is due to the grant of compensation for high prices in Bombay and Madras, and to larger outlay on petty construction and repairs in the latter province. The Budget estimate for 1919-20 is more by R5.31 lakhs than the Revised for the current year. Provision has been made for compensation for high prices in Madras (R1.94 lakhs), the amalgamation and reorganisation of the non-gazetted establishment of the combined salt and excise department (R1 lakh) and the grant of house rent and other allowances to the excise inspecting staff (R72,000) in Bombay, and further expenditure on the reorganisation schemes in Bengal (R90,000) and Bihar and Orissa (R76,000). The decrease in Assam (R1.11 lakhs) is nominal, being due to the omission of a special payment included in the Revised estimate for the current year for compensation to the owners of the Jorhat distillery.

Budget, 1919-20.

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VI.—PROVINCIAL RATES.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	103	25	73	1,000	1,000	1,000
2. Delhi . . . . .	...	431	454	...	...	...
3. North-West Frontier.	3,715	3,048	1,424	1,000	1,000	1,000
TOTAL	3,818	3,504	1,981	2,000	2,000	2,000
<i>Provincial.</i>						
1. Bengal	2,33,853	1,34,841	1,39,091	1,17,000	1,22,000	1,24,000
2. United Provinces	1,63,716	1,64,613	1,72,102	1,56,000	1,56,000	1,44,000
3. Punjab	31,356	32,314	20,953	31,000	34,000	32,000
4. Bihar and Orissa	1,83,437	1,25,009	77,789	1,14,000	1,02,000	1,81,000
5. Assam	11,446	10,578	17,577	18,000	28,000	36,000
TOTAL	6,23,858	4,67,355	4,27,512	4,36,000	4,42,000	5,17,000
TOTAL REVENUE R	6,27,676	4,70,859	4,29,493	4,38,000	4,44,000	5,19,000
Equivalent in Sterling £	41,845	31,391	28,633	29,200	29,600	34,600

34. The increase of R75,000 in the Budget estimate of Provincial revenue for 1919-20 as compared with the Revised estimate for the current year is due to the recovery expected in Bihar and Orissa of arrears in respect of the years 1915-16 and 1916-17. The estimates do not otherwise call for remark.

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VII AND 9.—CUSTOMS.

SEA CUSTOMS. IMPORTS.	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Special Import Duties.</i>						
1. Arms, Ammunition and Military Stores	5,69,371	7,31,199	4,70,631	4,50,000	4,70,000	10,00,000
2. Coal, coke and patent fuel	2,031	22,283	14,340	14,000	35,000	46,000
3. Liquors—						
(a) Ale, Beer, Porter, Cider and other fermented liquors	5,65,325	6,72,356	4,82,634	5,00,000	5,00,000	10,00,000
(b) Spirits and Liqueurs	1,07,73,536	1,12,85,240	1,01,15,259	95,00,000	1,03,00,000	1,35,00,000
(c) Wines	4,50,925	5,55,748	3,96,572	4,02,000	4,50,000	6,00,000
4. Opium	4,222	6,046	2,937	5,000	3,000	4,000
5. Petroleum	71,54,327	45,19,141	35,59,223	35,00,000	12,70,000	35,18,000
6. Silver, Bullion and Coin	95,56,955	15,01,194	17,03,848	—	—	—
7. Silver manufactures	8,758	3,92,204	2,40,851	1,50,000	1,90,000	3,00,000
8. Sugar	60,66,583	1,30,05,428	1,48,16,402	1,50,00,000	1,76,50,000	2,00,00,000
9. Tobacco	28,36,568	46,01,391	61,51,771	60,00,000	81,75,000	80,00,000
<i>Duty at 2½ per cent.</i>						
10. Machinery	70,045	10,65,983	9,15,185	8,09,000	12,00,000	25,00,000
11. Metals—Iron and Steel	9,80,045	18,47,847	16,63,935	13,50,000	26,50,000	40,00,000
12. Railway plant and rolling stock	25,468	3,65,794	1,39,378	1,00,000	5,00,000	10,00,000
13. Other articles	23,285	3,87,991	4,16,710	4,00,000	4,20,000	5,00,000
<i>Duty at 7½ per cent.</i>						
14. Articles of Food and Drink (excluding sugar and vinegar)	31,78,023	52,00,338	53,38,851	50,00,000	57,25,000	70,00,000
15. Raw materials and articles mainly unmanufactured	15,64,779	38,55,706	39,58,935	33,00,000	40,00,000	47,00,000
16. Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	24,76,897	40,70,085	36,83,983	35,00,000	49,00,000	55,00,000
(b) Metals other than Iron and Steel	9,18,228	11,62,994	18,37,271	14,05,000	23,50,000	40,00,000
(c) Cotton manufactures	1,35,22,821	1,79,16,726	3,83,39,219	3,80,00,000	3,85,00,000	3,70,00,000
(d) Yarn and textile fabrics (other than cotton manufactures)	29,71,899	61,63,830	52,89,008	52,00,000	58,85,000	62,00,000
(e) All other articles wholly or mainly manufactured	90,69,159	1,69,73,753	1,76,08,371	1,75,00,000	1,91,00,000	2,20,00,000
17. Miscellaneous	10,65,411	27,18,853	28,14,576	20,00,000	33,00,000	35,00,000
TOTAL IMPORTS	7,38,54,711	9,90,22,740	11,99,59,950	11,45,85,000	12,74,73,000	14,58,68,000
18. EXPORT DUTIES—						
(a) Jute (raw and manufactured)	1,74,804	1,17,86,315	1,83,38,167	2,10,00,000	2,20,00,000	2,40,00,000
(b) Rice	76,25,692	86,71,041	1,05,26,999	1,00,00,000	1,10,00,000	65,00,000
(c) Tea	92,630	42,54,462	43,83,261	43,26,000	44,00,000	45,65,000
(d) Indigo	—	—	—	—	58,000	40,000
19. SEA CUSTOMS—MISCELLANEOUS	4,73,686	7,76,783	10,12,229	9,70,000	8,74,000	9,83,000
20. LAND CUSTOMS	5,53,258	5,58,377	9,83,157	2,50,000	3,63,000	6,80,000
21. EXCISE DUTY ON COTTON MANUFACTURES	49,23,571	44,61,448	76,20,779	80,00,000	1,51,00,000	1,30,00,000
22. EXCISE DUTY ON MOTOR SPIRIT	—	—	23,52,087	27,00,000	37,75,000	40,00,000
23. WAREHOUSE AND WHARF RENTS AND MISCELLANEOUS	4,07,941	3,56,562	3,72,190	3,85,000	8,00,000	6,50,000
GRAND TOTAL	8,81,03,293	12,98,87,728	16,55,48,819	16,22,16,000	18,60,43,000	20,02,86,000
Equivalent in Sterling	£ 5,873,886	£ 8,659,182	£ 11,036,588	£ 10,814,400	£ 12,403,200	£ 13,352,400
CHARGES	89,30,763	40,62,448	42,75,328	43,93,000	46,08,000	47,11,000
Equivalent in Sterling	£ 262,052	£ 270,830	£ 285,023	£ 292,900	£ 307,200	£ 314,000
England	£ 212	£ 334	£ 254	£ 100	£ 100	£ 100
TOTAL	£ 262,264	£ 271,164	£ 285,276	£ 293,000	£ 307,300	£ 314,100

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REVENUE.

35. The Revised estimate of Customs revenue in 1918-19 amounts to Revised, 1918-19. ₹18,60.48 lakhs or ₹2,38.32 lakhs more than the Budget estimate. Nearly one-third of the improvement occurs under the excise duty on cotton manufactures (₹71 lakhs) owing to a heavy demand for piece-goods and high prices. The effect on the import trade of war restrictions and freight difficulties has been more than counterbalanced by a continued rise in the level of prices. The tariff heads other than the excise on cotton goods which show important excesses are sugar (₹26.50 lakhs), tobacco (₹21.75 lakhs), manufactured articles (₹16 lakhs), cutlery and hardware (₹14 lakhs), iron and steel (₹13 lakhs), excise on motor spirit (₹10.75 lakhs), and the export duties on jute and rice (₹10 lakhs each). The only head which shows a material decline is petroleum (₹22.30 lakhs).

36. The Budget estimate of Customs revenue in 1919-20 is taken at Budget, 1919-20. ₹20,02.86 lakhs, or ₹1,42.38 lakhs more than the Revised estimate for 1918-19. It is expected that shipping facilities will gradually improve and that as the result of demobilisation and the release of industries from war work there will be an increase in the volume of commodities available for import into India; on the other hand, regard must be had to the probability of some fall in prices and to the unfavourable agricultural conditions in several provinces. The estimates include important increases under spirits and liqueurs (₹32 lakhs), manufactured articles (₹29 lakhs), sugar (₹23.50 lakhs), petroleum (₹22.48 lakhs), and the export duty on jute (₹20 lakhs). On the other hand, they allow for a falling off of ₹45 lakhs under the export duty on rice owing to the diversion of Burma rice for consumption in India, and ₹15 and ₹21 lakhs respectively under the import and excise duties on cotton manufactures; the revenue under the last two heads has been specially high in the current year, and the present conditions of the market and the disparity between the prices in India and England point to the probability of some set-back here. The Budget estimate provides for the retention of the duty of 6 annas a gallon on motor spirit manufactured in, or imported into, India which was imposed as a temporary measure in February 1917.

EXPENDITURE.

37. The expenditure in 1918-19 is expected to exceed the Budget by Revised, 1918-19. ₹2.15 lakhs, owing mainly to the grant of war allowances to subordinate establishments in Madras and Bombay (₹97,000) and larger expenditure on overtime and holiday allowances in Burma (₹69,000) in connection with the export of rice for the Royal Commission on food supplies and to India. The Budget estimate for 1919-20 is more by Budget, 1919-20. ₹1.03 lakhs than the Revised for the current year, and includes a small allotment for the revision of the Karachi customs establishment.

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VIII AND 10.—INCOME TAX.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
EXCESS PROFITS DUTY.						
<i>Imperial.</i>						
1. India . . . . .	...	...	...	...	...	1,00,000
2. Madras . . . . .	...	...	...	...	...	25,00,000
3. Bombay . . . . .	...	...	...	...	...	4,25,00,000
4. Bengal . . . . .	...	...	...	...	...	6,25,00,000
5. United Provinces . . . . .	...	...	...	...	...	25,00,000
6. Punjab . . . . .	...	...	...	...	...	3,00,000
7. Burma . . . . .	...	...	...	...	...	16,00,000
8. Bihar and Orissa . . . . .	...	...	...	...	...	3,00,000
9. Central Provinces . . . . .	...	...	...	...	...	2,00,000
Total . . . . .	...	...	...	...	...	11,25,00,000
SUPER-TAX.						
<i>Imperial.</i>						
1. India . . . . .	...	...	88,382	25,000	1,31,000	1,30,000
2. N.-W. Frontier . . . . .	...	...	...	...	24,000	24,000
3. Madras . . . . .	...	...	4,78,870	10,00,000	24,00,000	18,50,000
4. Bombay . . . . .	...	...	70,99,663	92,56,000	1,19,60,000	53,75,000
5. Bengal . . . . .	...	...	1,31,67,811	85,00,000	1,18,00,000	50,00,000
6. United Provinces . . . . .	...	...	5,81,979	5,70,000	12,42,000	7,73,000
7. Punjab . . . . .	...	...	1,67,200	1,50,000	2,50,000	2,50,000
8. Burma . . . . .	...	...	1,77,097	3,00,000	9,50,000	8,00,000
9. Bihar and Orissa . . . . .	...	...	2,28,327	1,52,000	4,36,000	3,77,000
10. Central Provinces . . . . .	...	...	83,881	83,000	1,35,000	1,36,000
11. Assam . . . . .	...	...	88,250	1,22,000	23,000	25,000
Total . . . . .	...	...	2,21,59,460	2,01,58,000	2,93,51,000	1,47,40,000
ORDINARY INCOME-TAX.						
<i>Imperial.</i>						
1. India General (Civil)	9,36,151	19,31,136	20,78,243	21,79,000	22,02,000	16,43,000
2. Delhi (Civil)	1,61,778	4,31,995	5,90,190	4,77,000	6,96,000	6,94,000
3. Baluchistan (Civil)	21,830	85,214	34,234	34,000	35,000	34,000
4. North-West Frontier (Civil)	1,71,418	2,60,447	2,99,688	3,00,000	3,00,000	3,15,000
5. Other Provinces (Civil)	18,789	93,189	1,19,590	1,25,000	1,39,000	1,36,000
6. Non-Civil Departments	14,39,064	22,49,963	28,68,237	23,71,000	33,13,000	33,48,000
Total	27,49,030	50,01,944	59,90,187	59,86,000	66,85,000	61,70,000
<i>Divided.</i>						
1. Madras	40,74,656	60,09,144	76,60,699	75,00,000	75,00,000	77,90,000
2. Bombay	73,32,639	1,39,95,113	2,06,30,096	2,20,00,000	2,42,00,000	2,44,90,000
3. Bengal	72,26,611	1,68,55,428	2,07,92,469	2,15,00,000	2,20,00,000	1,77,50,000
4. United Provinces	28,01,166	42,44,881	46,86,328	43,74,000	56,80,000	49,85,000
5. Punjab	18,55,709	24,61,856	34,36,364	35,00,000	35,00,000	41,25,000
6. Burma	24,75,430	40,05,618	47,30,775	46,25,000	60,23,000	60,60,000
7. Bihar and Orissa	14,28,417	20,21,417	21,66,747	23,50,000	22,00,000	20,40,000
8. Central Provinces	9,47,825	13,20,815	15,39,273	17,06,000	18,72,000	18,16,000
9. Assam	4,60,160	6,78,282	8,29,157	8,00,000	7,97,000	8,57,000
Total	2,86,02,613	5,15,92,554	6,64,71,908	6,83,55,000	7,37,77,000	6,99,13,000
Total ordinary income-tax	3,13,51,643	5,65,94,493	7,24,62,095	7,48,41,000	8,04,62,000	7,60,83,000
TOTAL REVENUE R	3,13,51,643	5,65,94,493	9,46,21,555	9,49,99,000	10,98,13,000	20,33,23,000
Equivalent in Sterling £	2,090,109	3,772,967	6,308,104	6,333,200	7,320,800	13,554,900

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EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,244	1,303	1,290	2,000	3,000	1,000
2. Delhi	1,466	2,106	3,529	3,000	4,000	4,000
3. North-West Frontier	955	903	987	4,000	1,000	4,000
4. Bengal . . . . .	...	...	7,522	10,000	10,000	11,000
Total	3,665	4,312	13,328	19,000	18,000	20,000
<i>Divided.</i>						
1. Madras	60,561	66,159	68,293	68,000	92,000	1,10,000
2. Bombay	1,71,853	1,79,298	2,12,554	2,45,000	3,06,000	4,31,000
3. Bengal	1,52,964	1,62,754	1,74,171	1,78,000	1,86,000	2,12,000
4. United Provinces	413	62	...	20,000	40,000	3,50,000
5. Punjab	12,423	26,587	32,731	32,000	62,000	1,08,000
6. Burma	47,732	49,125	57,664	68,000	65,000	80,000
7. Bihar and Orissa	45,996	45,459	45,473	46,000	49,000	49,000
8. Central Provinces	16,253	18,235	29,127	42,000	42,000	63,000
9. Assam	4,522	4,689	4,428	5,000	5,000	5,000
Total	5,12,717	5,52,368	6,24,441	7,54,000	8,47,000	14,08,000
TOTAL EXPENDITURE R	5,16,382	5,56,680	6,37,769	7,73,000	8,65,000	14,28,000
Equivalent in Sterling £	34,426	37,112	42,518	51,500	57,700	95,200

REVENUE.

(i) *Excess profits duty—Imperial.*

38. It has been decided to levy during the ensuing year a duty on excess profits from certain businesses, assessed at 50 per cent. of the profits realised in excess of a standard determined in accordance with the provisions of the Excess Profits Duty Act. The gross yield of the duty is estimated at R11.25 crores, of which R6.25 crores relate to Bengal and R4.25 crores to Bombay. Against this must be set off an estimated loss of R150 lakhs under super-tax as the result of the exemption from that tax of businesses paying excess profits duty and R70 lakhs under income-tax in respect of amounts paid as excess profits duty. The net receipts derived from the new tax are thus expected to amount to R9.05 crores including about R5½ crores from Bengal and R3½ crores from Bombay. Budget, 1919-20.

(ii) *Super-tax—Imperial.*

39. The Revised estimate for 1918-19 is taken at R91.93 lakhs more than the Budget. The increase is distributed over all the provinces except Assam, but is largest in Bengal (R33 lakhs) and Bombay (R27.04 lakhs). It is due generally to a rise in the incomes assessed to super-tax and to arrear collections in respect of the preceding year. Allowing for the exemption from super-tax of businesses paying excess profits duty, the revenue in the ensuing year is estimated at R1,47.40 lakhs or about half of the Revised estimate for the current year. Revised, 1918-19.
Budget, 1919-20.

(iii) *Ordinary Income-tax.*

(a) *Imperial.*

40. The Revised estimate for the current year exceeds the Budget by R6.99 lakhs. The increase arises from improved assessment in Delhi and the employment of additional establishments by Government for work connected with the war, mainly in the Military department. The Budget estimate for 1919-20 allows for the loss of revenue which results from the raising of the assessable limit of income—*vide* paragraph 42 below—and is taken at R5.15 lakhs less than the Revised estimate for the current year. Revised, 1918-19.
Budget, 1919-20.

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(b) *Divided.*

Revised, 1918-19.

41. The Revised estimate for 1918-19 is more than the Budget by ₹49·22 lakhs, nearly half of the increase occurring in Bombay (₹22 lakhs). The rise is attributable to larger profits realised in certain trades as the result of war conditions and would have been higher but for delay in collections in all provinces owing to the late introduction of the rules under the new Income-tax Act.

Budget, 1919-20.

42. In view of the hardships caused by high prices to persons with small incomes, it has been decided to exempt from assessment to income-tax, with effect from the ensuing year, incomes below ₹2,000 per annum. This measure will result in a loss of ₹68·70 lakhs in the divided portion of the revenue. As stated in paragraph 38 above, there will be a further loss estimated at ₹70 lakhs in respect of income which will be paid to Government as excess profits duty. Apart from these factors, a considerable rise in revenue is anticipated in 1919-20 as the result of the collection of arrears thrown forward from the current year, an increase in the trade profits which will come under assessment in the ensuing year and greater efficiency in assessments. The Budget estimate for 1919-20 is accordingly taken at only ₹38·64 lakhs less than the Revised estimate for 1918-19.

EXPENDITURE.

(a) *Imperial.*

43. The figures show little variation.

(b) *Divided.*

Revised, 1918-19.

44. The Revised estimate for 1918-19 exceeds the Budget grant by ₹93,000, mainly in Bombay.

Budget, 1919-20.

45. The Budget estimate for 1919-20 provides for the strengthening of establishments in several provinces and is ₹5·61 lakhs more than the Revised for the current year. The bulk of the increase is due to provision for the reorganisation of establishments in the city of Bombay (₹1·08 lakhs) and in the United Provinces, and for the debit to the head Income-tax of the cost of the entire staff employed on income-tax work in the latter province instead of part of the expenditure being shown under Land Revenue as hitherto.

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IX AND 11.—FOREST.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	9,37,836	11,91,042	13,40,086	11,67,000	19,25,000	23,24,000
2. Baluchistan	21,633	18,277	17,934	22,000	24,000	22,000
3. North-West Frontier	1,86,815	2,40,985	3,37,711	3,75,000	4,00,000	4,39,000
Total	11,46,284	14,50,304	16,95,731	15,64,000	23,49,000	27,85,000
<i>Provincial.</i>						
1. Madras	41,06,838	45,96,126	54,58,489	48,45,000	39,63,000	49,36,000
2. Bombay	47,01,263	55,19,177	63,12,022	65,00,000	80,00,000	80,50,000
3. Bengal	11,45,610	13,38,779	13,76,970	16,00,000	18,00,000	16,30,000
4. United Provinces	37,38,831	50,40,932	61,16,697	61,00,000	69,00,000	1,00,00,000
5. Punjab	17,27,283	16,87,800	21,17,776	22,58,000	23,00,000	36,35,000
6. Burma	96,99,217	1,23,79,531	1,23,61,499	1,19,00,000	1,23,91,000	1,35,00,000
7. Bihar and Orissa	5,17,727	5,29,081	7,53,625	6,50,000	9,00,000	8,00,000
8. Central Provinces	32,78,262	33,71,578	34,66,493	36,00,000	35,00,000	35,00,000
9. Assam	10,55,052	11,48,622	13,09,956	12,47,000	14,60,000	14,56,000
Total	2,99,70,083	3,56,11,626	3,92,73,527	3,87,00,000	4,12,14,000	4,75,07,000
TOTAL INDIA R	3,11,16,367	3,70,61,930	4,09,69,258	4,02,64,000	4,35,63,000	5,02,92,000
Equivalent in Sterling £	2,074,425	2,470,795	2,731,284	2,684,300	2,904,200	3,352,800

EXPENDITURE.

<i>Imperial.</i>						
1. India General	10,69,300	10,71,931	10,60,779	12,69,000	16,51,000	23,97,000
2. Baluchistan	27,995	26,929	29,999	32,000	52,000	30,000
3. North-West Frontier	1,04,795	1,18,070	1,53,875	1,74,000	2,34,000	2,65,000
Total	12,02,090	12,16,930	12,44,653	14,75,000	19,17,000	26,92,000
<i>Provincial.</i>						
1. Madras	29,27,318	28,42,678	30,20,349	30,17,000	31,30,000	37,25,000
2. Bombay	26,42,038	25,64,682	33,53,715	36,88,000	49,50,000	41,43,000
3. Bengal	5,93,635	6,19,649	7,38,713	7,50,000	8,30,000	7,66,000
4. United Provinces	25,66,307	27,35,915	32,04,928	36,18,000	47,41,000	67,02,000
5. Punjab	9,23,879	9,34,662	11,58,048	15,72,000	18,92,000	26,15,000
6. Burma	48,86,242	49,36,588	54,87,178	54,22,000	54,83,000	64,37,000
7. Bihar and Orissa	3,61,550	4,47,972	3,90,717	4,34,000	4,21,000	5,51,000
8. Central Provinces	17,34,336	17,68,775	18,72,124	19,25,000	20,40,000	21,65,000
9. Assam	7,55,214	6,76,033	6,86,627	7,29,000	7,13,000	9,02,000
Total	1,73,90,519	1,75,26,954	1,99,12,399	2,11,55,000	2,42,00,000	2,80,06,000
TOTAL INDIA R	1,85,92,609	1,87,43,884	2,11,57,052	2,26,30,000	2,61,17,000	3,06,98,000
Equivalent in Sterling £	1,239,507	1,249,592	1,410,470	1,508,700	1,741,100	2,046,500
England	3,360	2,173	572	2,600	1,600	5,000
TOTAL EXPENDITURE £	1,242,867	1,251,765	1,411,042	1,511,200	1,742,700	2,051,500
NET REVENUE £	831,558	1,219,030	1,320,242	1,173,100	1,161,500	1,301,300

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REVENUE.

(a) *Imperial.*

Revised, 1918-19. 46. The increase of ₹7·85 lakhs in the revenue in the current year as compared with the Budget estimate occurs in Port Blair (₹4·33 lakhs), due to better prices realised for timber and larger supplies to the Indian Munitions Board, and in Coorg (₹3·02 lakhs), owing to increased extraction of timber by the newly constructed tramway and high prices for sandalwood. The Budget, 1919-20. Budget estimate for 1919-20 provides for a further growth of revenue in these administrations and is ₹4·36 lakhs more than the Revised for the current year.

(b) *Provincial.*

Revised, 1918-19. 47. The Revised estimate for 1918-19 is more than the Budget by ₹25·14 lakhs. All the provinces except Madras and the Central Provinces contribute to the improvement, but it is largest in Bombay (₹15 lakhs) and the United Provinces. (₹8 lakhs). The rise is due generally to increased demands for timber, resin, turpentine and other forest produce, mainly from the Military Department, the Munitions Board and Railways, and to the higher prices that have been realised. The supply of fodder to the districts affected by famine (₹4·16 lakhs) and the recovery of the cost of hay presses supplied to Mesopotamia account partly for the excess in Bombay. The decline in Madras (₹8·82 lakhs) arises from the transfer of the control of tanning materials to the Munitions Board which pays the Forest Department on the basis of past results and not of current prices.

Budget, 1919-20. 48. The Budget estimate for 1919-20 is ₹62·93 lakhs more than the Revised for the current year. A considerable increase (₹31 lakhs) is anticipated in the United Provinces from the new turpentine and resin factories which will commence working early next year, and from various administrative improvements which have been or are about to be carried out, *e.g.*, the expansion of the sawmill with a view to increase the output of timber and to convert wood hitherto considered unsaleable into forms that will command a ready sale and the formation of a separate circle for exploiting the markets. Other large improvements occur in the Punjab (₹13·35 lakhs), Burma (₹11·09 lakhs) and Madras (₹9·73 lakhs), owing mainly to increased demands expected from railways, the Admiralty and other purchasers. A special receipt of ₹2·50 lakhs will accrue in Bombay from famine fodder operations. On the other hand, there will be decreases of revenue in Bengal (₹1·70 lakhs) and Bihar and Orissa (₹1 lakh) owing to a reduction in the indents from the Munitions Board.

EXPENDITURE.

(a) *Imperial (including outlay in England.)*

Revised, 1918-19. 49. The increase of ₹4·29 lakhs in the Revised estimate for the current year as compared with the Budget is due to the construction of a tramway in Budget, 1919-20. Coorg. The Budget for 1919-20 exceeds the Revised estimate for 1918-19 by ₹8·26 lakhs. It provides for further expenditure on the Coorg tramway (₹3·44 lakhs), for the improvement and extension of forests in Port Blair (₹6·50 lakhs), and for some increase in ordinary expenditure.

(b) *Provincial.*

Revised, 1918-19. 50. The Revised estimate for 1918-19 is more than the Budget by ₹30·45 lakhs, mainly in Bombay (₹12·62 lakhs) and the United Provinces (₹11·23 lakhs). The growth in expenditure is generally a concomitant of the larger revenue obtained from the sale of forest produce. Among special causes may be mentioned (i) the grant of compensation for high prices to subordinate establishments (₹6·09 lakhs), mainly in Bombay and Madras, (ii) expenditure on famine fodder operations in Bombay (₹7·20 lakhs) and on hay presses in replacement of those sent to Mesopotamia (₹88,000) and (iii) outlay on the administrative improvements in the United Provinces mentioned in paragraph 48.

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51. The total Budget estimate for 1919-20 exceeds the Revised for the *Budget, 1919-20.* current year by ₹35·06 lakhs. The bulk of the increase occurs in the United Provinces (₹19·61 lakhs), Burma (₹9·54 lakhs) and the Punjab (₹7·23 lakhs). Provision has been made for various measures of development in view of the growing demands for forest produce. Grants have been allotted, among other objects, for special expenditure on the turnery and sawmill, resin distillery and wood-working institute in the United Provinces (₹15·32 lakhs), for increased outlay on the sawing and carriage of sleepers in the same province (₹4 lakhs), for the floating and rafting of timber cut in 1918-19 in the Punjab (₹3·67 lakhs), for the installation of mechanical appliances for handling logs at the Rangoon timber depôt (₹2 lakhs), for the reorganisation of forest establishments in Madras (₹1·25 lakhs) and Bihar and Orissa (₹35,000), and for compensation for high prices (₹5·42 lakhs), mainly in Bombay and Madras. Bombay and Bengal are the only provinces where there will be a reduction in total expenditure owing to a smaller provision for famine fodder operations in the former province and to a fall in the supplies to the Munitions Board in the latter.

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X AND 12.—REGISTRATION.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	19,714	19,611	23,309	22,000	26,000	26,000
2. Delhi	22,342	23,701	27,910	27,000	30,000	29,000
3. Baluchistan	3,188	3,207	3,873	3,000	4,000	3,000
4. North-West Frontier	46,243	49,307	55,259	50,000	55,000	55,000
Total	91,487	95,826	1,10,351	1,02,000	1,15,000	1,13,000
<i>Provincial.</i>						
1. Madras	23,37,549	24,70,160	24,72,459	25,50,000	26,60,000	27,10,000
2. Bombay	7,95,523	8,37,457	9,25,151	9,30,000	11,00,000	11,50,000
3. Bengal	20,36,068	21,48,927	19,04,027	19,60,000	19,00,000	19,00,000
4. United Provinces	7,33,642	7,31,341	7,37,436	7,60,000	7,35,000	7,35,000
5. Punjab	3,55,564	3,71,489	3,80,798	3,84,000	3,60,000	3,75,000
6. Burma	2,49,935	2,48,754	1,89,204	2,20,000	2,16,000	2,30,000
7. Bihar and Orissa	6,96,048	6,80,909	6,68,083	7,00,000	6,50,000	7,50,000
8. Central Provinces	3,74,251	4,20,903	4,30,608	4,24,000	4,75,000	4,70,000
9. Assam	1,13,115	1,02,962	95,737	1,09,000	88,000	90,000
Total	76,91,700	80,12,902	78,03,501	80,37,000	81,84,000	84,10,000
TOTAL INDIA R	77,83,187	81,08,728	79,13,852	81,39,000	82,99,000	85,23,000
Equivalent in Sterling £	518,879	540,581	527,590	542,600	553,300	568,200

EXPENDITURE.

<i>Imperial.</i>						
1. India General	7,393	7,162	7,394	8,000	7,000	8,000
2. Delhi	7,111	7,523	8,026	7,000	9,000	8,000
3. Baluchistan	1,434	1,536	1,903	1,000	2,000	1,000
4. North-West Frontier	12,374	12,066	13,077	13,000	14,000	14,000
Total	28,312	28,287	30,400	29,000	32,000	31,000
<i>Provincial.</i>						
1. Madras	12,56,016	13,12,239	13,39,696	13,53,000	15,07,000	16,20,000
2. Bombay	3,71,933	3,71,704	3,87,884	3,97,000	4,84,000	4,82,000
3. Bengal	11,27,323	11,34,770	11,41,039	11,57,000	11,25,000	12,21,000
4. United Provinces	3,11,322	3,02,871	3,03,278	3,07,000	3,07,000	3,06,000
5. Punjab	1,26,149	1,24,682	1,26,694	1,30,000	1,34,000	1,37,000
6. Burma	1,08,725	1,08,007	1,04,912	1,05,000	1,06,000	1,08,000
7. Bihar and Orissa	3,78,240	3,79,001	3,77,273	3,94,000	4,04,000	4,04,000
8. Central Provinces	1,24,536	1,27,554	1,62,399	1,60,000	1,73,000	1,64,000
9. Assam	65,051	67,906	67,108	75,000	66,000	75,000
Total	38,69,300	39,23,134	40,09,763	40,78,000	43,06,000	45,17,000
TOTAL INDIA R	38,97,612	39,56,421	40,40,163	41,07,000	43,38,000	45,48,000
Equivalent in Sterling £	259,840	263,761	269,344	273,800	289,200	303,200

REVENUE.

Imperial.

52. The figures show little variation.

Provincial.

53. The Revised estimate for 1918-19 is ₹1.47 lakhs more than the Budget Revised, 1918-19 forecast; the increase occurs mainly in Bombay (₹1.70 lakhs) and Madras (₹1.10 lakhs), partly set off by minor decreases in almost all the other provinces. Provision for a growth of revenue in 1919-20 has been made in Bihar and Budget, 1919-20. Orissa, Madras and Bombay, and the Budget for that year exceeds the Revised estimate for 1918-19 by ₹2.26 lakhs.

EXPENDITURE.

Imperial.

54. The figures show little variation.

Provincial.

55. The Revised estimate for 1918-19 exceeds the Budget estimate by Revised, 1918-19. ₹2.28 lakhs, the increase being due mainly to the grant of compensation for high prices and revision of the pay of the clerical establishment in Madras. The Budget for 1919-20 is more than the Revised estimate for the current Budget, 1919-20. year by ₹2.11 lakhs. It includes a provision of ₹1.40 lakhs for compensation for high prices in Madras and lump allotments for minor schemes of revision in that province and in Bengal.

XI.—TRIBUTES.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	19,92,599	19,47,897	17,29,547	20,04,000	20,21,000	20,02,000
2. Madras	44,96,520	44,96,519	44,96,519	44,97,000	44,97,000	44,97,000
3. Bombay	12,88,860	13,94,235	13,65,137	13,53,000	11,35,000	13,40,000
4. Bengal	67,701	67,701	67,701	68,000	68,000	68,000
5. United Provinces	3,21,000	3,21,000	3,21,000	3,21,000	3,21,000	3,21,000
6. Punjab	1,44,754	1,43,453	1,43,965	1,44,000	1,44,000	1,44,000
7. Burma	4,57,706	4,48,099	4,59,405	4,52,000	4,52,000	4,52,000
8. Bihar and Orissa	85,499	85,499	85,500	86,000	86,000	86,000
9. Central Provinces	2,32,187	2,23,937	2,46,187	2,39,000	2,39,000	2,39,000
10. Assam	50,100	50,100	50,100	50,000	50,000	50,000
TOTAL INDIA R	91,36,926	91,83,440	89,65,061	92,19,000	90,13,000	91,93,000
Equivalent in Sterling £	609,123	612,429	597,670	614,600	609,900	613,300

56. The revenue recorded under this head represents tributes received from the protected States, in several cases as a result of exchanges of territory and settlement of claims, and contributions made chiefly in lieu of former obligation to supply or maintain troops. The figures do not ordinarily show any important fluctuations from year to year except for advance payment of sums falling due in the ensuing year, or arrears and their recovery. The decrease in the Revised estimate for the current year as compared with the Budget occurs in Bombay as the result of the unfavourable agricultural conditions. The Budget estimate for 1919-20 provides for normal collections.

Revised, 1918-19.

Budget, 1919-20.

1.—REFUNDS AND DRAWBACKS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,06,922	65,522	1,92,259	94,000	63,73,000	1,01,000
2. Delhi	5,455	10,613	16,278	11,000	35,000	35,000
3. Baluchistan	3,208	1,804	3,110	3,000	3,000	3,000
4. North-West Frontier	22,423	27,503	23,353	26,000	24,000	24,000
5. Other Provinces	24,11,368	41,22,695	53,37,883	44,48,000	87,08,000	61,57,000
Total	25,49,376	42,23,137	55,72,883	45,82,000	1,51,43,000	63,20,000
<i>Divided and Provincial.</i>						
1. Madras	4,44,531	4,76,011	5,01,562	5,31,000	6,97,000	5,81,000
2. Bombay	9,22,310	9,86,435	11,26,883	11,75,000	12,50,000	18,50,000
3. Bengal	2,94,526	4,36,318	4,03,499	3,59,000	4,40,000	4,69,000
4. United Provinces	2,43,117	2,84,472	3,12,038	3,14,000	3,69,000	3,32,000
5. Punjab	1,70,118	2,04,669	2,43,855	1,89,000	2,26,000	2,53,000
6. Burma	2,72,554	3,39,326	4,33,581	3,47,000	3,43,000	3,33,000
7. Bihar and Orissa	93,726	1,07,940	88,980	1,13,000	1,15,000	1,09,000
8. Central Provinces	1,22,115	75,211	91,703	90,000	92,000	96,000
9. Assam	49,315	41,953	43,859	50,000	52,000	55,000
Total	26,17,312	29,52,335	32,45,960	31,68,000	35,84,000	40,78,000
TOTAL INDIA ₹	51,66,688	71,80,472	88,18,843	77,50,000	1,87,27,000	1,03,98,000
Equivalent in Sterling £	344,446	478,698	587,922	516,700	1,248,500	693,200

(a) *Imperial.*

57. The wholly Imperial expenditure shown against "Other Provinces" ^{Revised. 1918-19.} represents refunds and drawbacks in respect of wholly Imperial revenue (*e. g.*, Opium, Salt, Super-tax, Customs and Tributes). The large increase of ₹1,05.61 lakhs in the Revised estimate over the Budget for 1918-19 occurs mainly under Salt (₹62.94 lakhs), Customs (₹38.18 lakhs) and Super-tax (₹4.24 lakhs) refunds. The excess under the first head is due to the refund to salt traders in Northern India of duty paid by them in advance in previous years; allowance for the payments was made on the revenue side in the current year's Budget (*vide* paragraph 21). Owing to shipping difficulties a large quantity of merchandise destined for other countries was in the current year imported into Indian ports in the first instance; the increase under Customs refunds arises partly from this cause and partly from the collection of import duties on a provisional basis, owing to delay in the receipt of shipping documents, subject to re-adjustment on receipt of the latter. The Budget estimate for 1919-20 ^{Budget, 1919-20.} assumes normal refunds of Salt revenue and a decrease under Customs refunds following on an anticipated reduction in re-exports owing to improved shipping facilities.

(b) *Divided and Provincial.*

58. The expenditure fluctuates considerably from year to year and is difficult to estimate. In 1918-19, the Budget will be exceeded by ₹4.16 lakhs owing ^{Revised, 1918-19} to higher refunds of income-tax revenue in several provinces and a special land revenue refund in Madras. The Budget estimate for 1919-20 includes a provision of ₹5 lakhs in Bombay for refund of excise license fees to shopkeepers who had to close their shops owing to the temporary failure of supplies of ^{Budget, 1919-20.} country spirits; and in Madras allowance has been made for the special payment included in the Revised for the current year. The estimates for the other provinces generally follow the Revised estimate.

2.—ASSIGNMENTS AND COMPENSATIONS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	33,33,765	32,13,487	36,30,766	39,33,000	30,49,000	34,33,000
2. Delhi	4,423	5,183	4,333	5,000	5,000	5,000
3. Baluchistan . . .	2,01,883	2,01,745	2,00,636	2,02,000	2,03,000	2,02,000
4. North-West Frontier	17,769	17,842	17,608	18,000	20,000	20,000
5. Other Provinces . .	35,51,743	35,45,856	35,64,978	35,74,000	34,92,000	34,97,000
Total	71,14,588	69,89,118	74,27,441	77,37,000	67,69,000	71,57,000
<i>Divided and Provincial.</i>						
1. Madras	6,19,472	5,95,418	5,55,915	6,10,000	6,24,000	6,20,000
2. Bombay	1,03,82,022	1,05,20,212	1,05,36,685	1,07,94,000	1,09,73,000	1,09,23,000
3. Bengal	60,060	1,00,389	1,36,574	1,89,000	1,76,000	1,99,000
4. United Provinces . .	2,98,624	3,06,022	2,92,797	3,03,000	2,83,000	3,02,000
5. Punjab	65,902	66,880	66,646	71,000	68,000	68,000
6. Burma	400	200	200	1,000	1,000	1,000
7. Bihar and Orissa . .	1,01,041	98,974	1,02,028	1,01,000	1,01,000	1,01,000
8. Central Provinces . .	36,011	34,813	34,897	32,000	34,000	33,000
9. Assam	35,039	34,331	34,933	37,000	37,000	37,000
Total	1,20,93,471	1,17,66,239	1,17,60,675	1,21,33,000	1,23,02,000	1,22,85,000
TOTAL INDIA R	1,92,13,059	1,87,55,357	1,91,88,116	1,98,75,000	1,90,71,000	1,94,42,000
Equivalent in Sterling £	1,280,870	1,250,357	1,279,203	1,325,000	1,271,400	1,296,100

(a) *Imperial.*

59. The wholly Imperial expenditure shown against "Other Provinces" represents Opium, Salt and Customs compensations paid to Indian States and Foreign Governments, as well as Miscellaneous compensations (*i.e.*, those of a general character and not intended to indemnify against loss of a particular kind of revenue) in provinces other than Bombay. The variations between the Budget and Revised estimates of the current year and between the latter and the Budget of next year are, generally speaking, due to the fact that the salt royalty payable to Jaipur and Jodhpur and the customs compensation payable to Travancore and Cochin fluctuate respectively with reference to the actual sales of salt and the actual realisations of customs revenue.

(b) *Divided and Provincial.*

Revised, 1918-19. 60. The Revised estimate for 1918-19 exceeds the Budget by R1.64 lakhs owing to arrear payments in Bombay in respect of compensation for lease of the revenue from hemp drugs and an increase under assessment of alienated lands in the same province due to revised survey and settlement rates introduced in certain districts. The Budget estimate for 1919-20 does not differ materially from the Revised for the current year.

Budget, 1919-20.

XII.—INTEREST RECEIPTS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. Interest on Imperial loans and advances	34,83,525	34,21,667	33,83,355	34,66,000	36,00,000	34,66,000
2. Profits of Paper Currency Circulation	34,70,420	34,70,420	34,70,420	34,70,000	34,70,000	66,70,000
3. Interest on over-drawn Capital of Railway Companies in India	5,62,490	5,67,643	6,39,511	6,46,000	5,60,000	5,95,000
4. Interest charged to Capital on advances to Railway Companies	39,990	9,553	9,987	11,000	9,000	60,000
5. Interest on Securities of Railway Companies' Provident Funds	...	...	1,02,597	16,00,000	31,51,000	26,41,000
6. Miscellaneous items	3,55,844	3,24,001	6,48,505	3,41,000	12,17,000	4,05,000
TOTAL R	79,12,269	77,93,284	82,54,375	95,34,000	1,20,07,000	1,38,37,000
<i>Provincial.</i>						
1. Madras	4,52,295	4,82,547	4,56,476	5,00,000	4,78,000	5,28,000
2. Bombay	12,43,788	12,62,716	11,39,358	10,07,000	8,51,000	9,43,000
3. Bengal	4,63,551	6,49,042	6,89,791	5,55,000	5,35,000	5,33,000
4. United Provinces	23,94,286	17,78,373	14,97,372	13,24,000	12,25,000	19,45,000
5. Punjab	2,45,866	2,77,185	2,47,291	2,43,000	2,44,000	2,38,000
6. Burma	1,71,053	1,64,513	1,65,978	2,15,000	2,26,000	2,45,000
7. Bihar and Orissa	1,87,067	1,75,750	1,56,625	2,08,000	1,48,000	1,98,000
8. Central Provinces	2,70,937	2,76,390	2,17,762	1,92,000	1,93,000	2,18,000
9. Assam	43,885	58,893	1,24,488	2,12,000	1,63,000	2,29,000
TOTAL R	54,72,728	51,25,409	46,95,141	44,61,000	40,63,000	50,77,000
TOTAL INDIA R	1,33,84,997	1,29,18,693	1,29,49,516	1,39,95,000	1,60,70,000	1,89,14,000
Equivalent in Sterling £	892,333	861,246	863,301	933,000	1,071,400	1,260,900
<i>ENGLAND.</i>						
1. Profits of Paper Currency Circulation	78,211	399,152	1,429,349	1,504,600	1,718,900	1,940,300
Deduct: transfer to the Paper Currency Reserve Depreciation Fund	...	399,080	450,000	...	...	...
Net profits of Paper Currency circulation	78,211	72	979,349	1,504,600	1,718,900	1,940,300
2. Interest realised from investment of Cash Balances etc.	93,458	213,929	364,645	280,000	280,000	145,000
3. Interest on advances to the Imperial Bank of Persia for the purpose of the Persian Government	31,349	24,591	27,280			
4. Interest on investment in Special Reserve	...	...	...	855,000	772,600	291,200
5. Miscellaneous	1,066	36,666	64,467	...	...	...
TOTAL £	204,084	275,258	1,306,807	2,619,600	2,771,500	2,376,500
TOTAL RECEIPTS £	1,096,417	1,136,504	2,170,108	3,552,600	3,842,900	3,637,400
Loans and advances outstanding on 31st March:—						
1. Imperial	£ 5,939,789	£ 5,934,988	£ 5,893,779	6,002,988	6,050,679	6,107,579
2. Provincial	£ 6,711,720	£ 6,120,555	£ 5,585,919	6,390,955	6,846,819	7,600,519

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(a) *India—Imperial.*

Revised, 1918-19. 61. The Revised estimate for 1918-19 is more than the Budget by ₹24·73 lakhs. The bulk of the increase represents discount on British and Indian treasury bills tendered in payment of subscriptions to the war loan (₹7·86 lakhs), and larger interest (₹15·51 lakhs) realised from securities of railway companies' provident funds taken over by Government, owing to recovery of arrears in respect of funds already transferred and to further transfers of provident funds during the current year. An excess of ₹1·34 lakhs in the receipts on account of Imperial loans and advances is partly counterbalanced by a reduction in the interest on the overdrawn capital of railway companies (₹86,000).

Budget, 1919-20. 62. The Budget for 1919-20 is taken at ₹18·30 lakhs more than the Revised for the current year. The special receipts in the current year in connection with provident funds and the tender of treasury bills as subscription to the war loan have been eliminated, but the profits on paper currency circulation will be higher by ₹32 lakhs owing to the issue to the Paper Currency Reserve during the current year of Indian treasury bills of the face value of ₹6·40 crores.

(b) *India—Provincial.*

Revised, 1918-19. 63. The Revised estimate for 1918-19 is ₹3·98 lakhs less than the Budget. The decrease occurs mainly in Bombay (₹1·56 lakhs) and the United Provinces (₹99,000) and is due to the postponement of recoveries in respect of advances to cultivators owing to the unfavourable agricultural conditions. The Budget estimate for 1919-20 provides for an increase of ₹10·14 lakhs owing to anticipated recoveries in respect of the large agricultural advances which have been granted in the current year. The bulk of the increase (₹7·20 lakhs) is expected in the United Provinces.

Budget, 1919-20.

(c) *England.*

Revised, 1918-19. 64. The interest receipts in England in 1918-19 are likely to exceed the Budget estimate by £151,900. The rise is due to increased investments on behalf of the Paper Currency Reserve and recoveries of arrears in respect of advances to the Imperial Bank of Persia for the purposes of the Persian Government, partly counterbalanced by a decline in the interest from investments on behalf of the Special Reserve.

Budget, 1919-20. 65. The interest receipts are taken in the Budget estimate for 1919-20 at £2,376,500 or £395,000 less than in the Revised for the current year. The interest on Paper Currency Reserve investments will be higher by £221,400 as a full year's interest will be realised in respect of the additional investments made in the current year. On the other hand, there will be a large decline of £481,400 in the receipts from the Special Reserve as it is anticipated that the securities held in the reserve will have to be sold during the course of the current and next years in order to finance the requirements of the Home treasury. The interest on the cash balances of the Home treasury and on advances to the Imperial Bank of Persia is also expected to be less than in the current year by £135,000.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20. 289

13 AND 14.—INTEREST EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
Interest on Debt other than that charged to Railways and Irrigation Works—						
Interest on total Debt—						
1. India	R 5,70,46,941	5,66,67,195	9,84,66,322	10,61,00,000	12,40,00,000	13,38,00,000
2. England	£ 3,803,130 £ 6,182,399	3,777,813 5,846,832	6,231,088 9,938,905	7,073,300 9,196,200	8,266,700 8,400,800	8,920,000 7,819,900
Total	£ 9,985,529	9,624,645	16,169,993	16,269,500	16,667,300	16,739,900
Deduct amounts charged to—						
(a) Railways:						
(i) India	R 6,42,62,141	6,20,88,181	6,75,37,922	6,51,65,000	6,97,61,000	7,28,85,000
(ii) England	£ 4,284,143 £ 3,738,430	4,139,212 3,620,110	4,502,528 3,652,953	4,344,300 3,588,600	4,650,800 3,636,600	4,859,000 3,699,600
Total Railways	£ 8,022,623	7,759,322	8,155,481	7,932,900	8,287,400	8,558,600
(b) Irrigation:						
(i) India	R 1,98,60,762	1,93,89,288	2,08,67,708	2,02,24,000	2,12,36,000	2,15,87,000
(ii) England	£ 1,324,051 £ 127,299	1,292,620 120,585	1,391,180 124,415	1,348,300 121,000	1,415,700 124,500	1,439,100 124,600
Total Irrigation	£ 1,451,350	1,413,205	1,515,595	1,469,300	1,540,200	1,563,700
Total deduction	£ 9,473,973	9,172,527	9,671,076	9,402,200	9,827,600	10,122,300
Interest on Ordinary Debt	£ 511,556	452,118	6,498,917	6,867,300	6,839,700	6,617,600
Distribution of above—						
Imperial	£ 271,214	229,306	6,287,001	6,659,100	6,590,800	6,301,100
Provincial	£ 240,342	222,812	211,916	208,200	248,900	316,500
Interest on other Obligations—						
On Savings Bank Balances converted at R15=£1	£ 473,085	513,795	631,034	679,500	791,600	852,200
Other items	£ 205,723	208,951	198,218	237,500	235,300	293,700
TOTAL	£ 678,808	722,746	829,252	917,000	1,026,900	1,145,900
GRAND TOTAL	£ 1,190,364	1,174,864	7,328,169	7,784,300	7,863,600	7,763,500
Debt outstanding on 31st March—						
Sterling	£ 182,171,829	£ 174,144,724	£ 236,957,575	£ 218,005,524	£ 203,042,575	£ 194,142,575
Rupee Debt—						
Permanent Debt—						
New Loan	...	...	...	30,00,00,000	...	15,00,00,000
5½ per cent. War Bonds.	...	...	...	...	29,40,21,000	29,40,81,000
5 per cent. debt	...	1,10,51,523	25,17,53,643	26,85,65,523	25,13,12,643	24,69,12,643
4 per cent. "	8,18,86,000	21,46,54,000	17,68,18,200	15,98,77,000	17,48,89,200	17,36,89,200
3½ per cent. "	1,38,50,89,600	1,32,02,13,950	1,19,38,73,900	1,18,94,58,950	1,19,00,77,900	1,19,06,77,900
3 per cent. "	7,75,47,200	7,26,69,400	6,83,29,150	6,57,73,400	6,69,00,150	6,62,00,150
Other debt	1,00,74,900	1,00,14,200	1,00,13,900	1,00,14,200	1,00,13,900	1,00,13,900
Temporary Debt—						
5½ per cent. War Bonds.	...	4,91,67,255	31,74,74,065	31,75,34,255	59,35,38,065	59,36,18,065
Treasury Bills	...	...	43,57,05,000	43,00,00,000	43,57,05,000	21,07,05,000
Other loans	6,50,00,000	50,00,000	4,00,00,000	...	...	...
Savings Bank Balances	23,13,00,699	25,25,68,358	30,70,05,385	32,35,23,358	38,18,57,385	42,80,49,385
Post Office Cash Certificates	...	...	8,88,44,541	9,00,00,000	8,26,44,541	8,26,44,541

*Interest on Ordinary debt.*Revised, 1918-19.

66. The expenditure in 1918-19 on account of interest payable on the public debt as a whole will exceed the Budget estimate by ₹59·67 lakhs (£397,800). In view of the large deficit in the Imperial revenue account now anticipated for the current year, no appropriation is being made from revenue towards the sinking fund for the discharge of the British war debt for which India has assumed liability in connection with her contribution of £100 millions to the cost of the war. But for this, the aggregate interest charges would have exceeded the Budget provision by ₹130·43 lakhs (£869,600), due mainly to larger discount on treasury bills (₹92 lakhs=£613,300), to interest on ways and means advances aggregating ₹17 crores obtained from Presidency Banks in the latter part of the year (₹20 lakhs=£133,000), and to a rise in other interest payments (₹8 lakhs=£53,300) in connection with the conversion operations of our first war loan. Apart from these items, the charges for the service of the second Indian war loan for which the Budget included a provision of ₹100 lakhs (£666,700) are now expected to amount to ₹160 lakhs (£1,066,700) owing to the proceeds of the loan being considerably larger than the figure assumed in the Budget. The excess in interest expenditure in India on this account will however be largely counterbalanced by a saving in England (₹48·52 lakhs = £323,500) in the provision for dividends in respect of India's share of the British war debt, the resultant *net* increase over the Budget figure for interest as a result of these changes being thus ₹11·48 lakhs (£76,500).

Budget, 1919-20.

67. In the Budget for 1919-20, provision has been made for a full year's interest on the second Indian war loan raised in the current year. A sum of ₹70 lakhs (£466,700) has been set aside for the service of the rupee loan to be floated in the coming year, and a further sum of ₹1,05 lakhs (£700,000) for the discount on the treasury bills which it is anticipated will be sold during the course of 1919-20 in partial replacement of those issued in the current year. Provision has also been entered for the dividends due on the undischarged balance of India's share of the British war debt and for a sinking fund appropriation of £633,700.

68. The following statement shows the details of the charges now anticipated in the current and next years for the service of India's £100 million contribution to the cost of the war:—

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
	£	£	£
In India—			
Interest on first Indian war loan, 1917	1,582,000	1,582,000	1,551,000
Sinking fund for long term Indian war loan (1929-47) at 1½ per cent. on the amount of loan created by fresh issue and conversion . . .	273,300	273,300	273,300
Interest on second Indian war loan, 1918	666,700	1,066,700	2,092,200
Total	<u>2,522,000</u>	<u>2,922,000</u>	<u>3,916,500</u>
In England—			
Interest on British 5 per cent. war loan (1929-47) taken over by India . . .	3,006,200	2,682,700	1,498,300
Sinking fund in respect of British 5 per cent. war loan (1929-47) taken over by India	471,800	...	633,700
	<u>6,000,000</u>	<u>5,604,700</u>	<u>6,048,500</u>

Transfers to Railway and Irrigation Accounts.

69. The amount of interest transferred to the Railway and Irrigation sections of the accounts depends, firstly, on the capital expenditure; secondly, on the actual payment of interest on that portion of the debt which has been incurred specifically on account of the construction or purchase of railways or irrigation works; and, thirdly, on the rate at which interest is charged on that

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portion of the debt which has not been specifically raised for the above or other purpose. Our practice is to adopt, for this adjustment, the average rate of interest actually paid in respect of the whole of the non-specific debt in the latest year for which complete accounts are available. The result is that the rate adopted in calculating the Revised estimate for a year is generally somewhat different from that used for the Budget estimate : and this usually leads to a difference between the two estimates apart from that caused by a variation in the capital expenditure itself.

The increase of ₹63·81 lakhs (£425,400) in the Revised estimate of total interest to be transferred in 1918-19, as compared with the Budget, is due to an increase in the rate as well as in the capital at charge at the end of 1918-19. The increase in the total amount of interest to be transferred in 1919-20 over the Revised estimate for 1918-19 is almost wholly due to the progress of capital expenditure.

70. A portion of the interest on Ordinary Debt appears in the Provincial section of the accounts. Provincial Governments are authorised to grant advances to cultivators (as well as to certain other people in special cases) under various Acts, to Indian States, to landholders and notabilities apart from the provisions of any law and to municipalities and local bodies (other than Presidency Corporations), out of amounts annually placed at their disposal by the Government of India. The interest actually levied on such advances is credited as Provincial revenue. But interest at a fixed rate is charged to the local Governments on the mean between the outstanding balances of the Provincial Loan Accounts at the commencement of the year and at its close ; and this is done by transferring the amount so calculated from the Imperial to the Provincial section under Interest on Ordinary Debt. The differences between the Budget and the Revised estimates of the amount to be transferred to the Provincial Section in the current year, and between the latter and the Budget estimate of 1919-20, are explained by the variations in the outstanding balances of the Provincial Loan Account as shown in the table under head XII.—
Interest receipts.

Interest on other obligations.

71. The total expenditure in 1918-19 is likely to exceed the Budget by ₹16·48 lakhs (£109,900) owing mainly to an increase in the interest payable in respect of the provident funds of railway companies in consequence of further transfers of these funds to Government during the current year. The Budget estimate for 1919-20 provides for an increase of ₹17·86 lakhs (£119,000) over the Revised for 1918-19. It is attributable to an anticipated growth in the deposits in state and railway companies' provident funds and to provision for a special arrear payment (₹5·96 lakhs) of certain *wasika* pensions which have remained undrawn since the outbreak of the war.

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XIII AND 15—POSTS AND TELEGRAPHS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
REVENUE.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
INDIA.						
1. Postage and Message Revenue	4,39,07,079	4,78,47,180	5,23,91,597	5,49,49,000	6,20,54,000	6,66,29,000
2. Commission on money orders	63,44,831	67,48,904	76,49,308	79,00,000	81,00,000	86,00,000
3. Other Receipts	44,54,226	46,51,886	48,50,337	49,00,000	50,60,000	52,10,000
TOTAL INDIA { R	5,47,06,136	5,92,47,970	6,48,91,242	6,77,49,000	7,52,14,000	8,04,39,000
£	3,647,076	3,949,865	4,326,083	4,516,600	5,014,300	5,362,600
ENGLAND £	...	20,014	23,000	50,000	...	50,000
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT £	3,647,076	3,969,879	4,349,083	4,566,600	5,014,300	5,412,600
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
INDIA.						
1. Message Revenue	19,29,616	30,32,096	36,22,663	30,00,000	43,70,000	45,00,000
2. Other Receipts	-1,10,479	18,478	11,763	-2,55,000	65,000	-5,85,000
TOTAL INDIA { R	18,19,137	30,50,574	36,34,426	27,45,000	44,35,000	39,15,000
£	121,276	203,371	242,295	183,000	295,600	261,000
ENGLAND.						
1. Message Revenue	10,077	1,196	22,688	2,000	12,200	2,000
2. Other Receipts	9,049	161	2,624	31,200	800	41,200
TOTAL ENGLAND £	19,126	1,357	25,312	33,200	13,000	43,200
TOTAL INDO-EUROPEAN TELEGRAPH DEPARTMENT £	140,402	204,728	267,607	216,200	308,600	304,200
TOTAL REVENUE £	3,787,478	4,174,607	4,616,690	4,782,800	5,322,900	5,716,800
EXPENDITURE.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
INDIA.						
1. Establishment charges	3,22,63,206	3,23,38,193	3,39,90,038	3,64,42,000	3,91,17,000	4,06,57,000
2. Stationery and Printing	15,42,836	15,72,270	24,88,973	17,41,000	23,80,000	23,81,000
3. Conveyance of mails	72,37,261	72,03,461	72,59,446	75,90,000	77,34,000	78,53,000
4. Maintenance of Telegraph Lines	24,43,300	25,03,651	22,89,030	25,18,000	27,78,000	25,51,000
5. Capital outlay in connection with the Telegraph Service.	-5,47,706	-4,26,035	-1,20,962	5,35,000	6,88,000	17,60,000
6. Miscellaneous	10,58,228	10,47,817	12,91,086	10,91,000	12,11,000	12,37,000
TOTAL INDIA R	4,89,96,626	4,42,39,357	4,71,97,611	4,99,17,000	5,39,08,000	5,64,39,000
Equivalent in Sterling £	2,933,108	2,949,291	3,146,508	3,327,800	3,593,900	3,762,600
ENGLAND.						
1. Contribution to Eastern mail subsidy	42,713	59,863	45,788	45,800	45,800	45,800
2. Stores	149,595	204,171	186,165	367,800	267,800	547,000
3. Other items	9,047	5,298	3,933	4,200	4,200	7,200
TOTAL ENGLAND £	201,355	269,332	235,886	417,800	317,800	600,000
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT £	3,134,463	3,218,623	3,382,394	3,745,600	3,911,700	4,362,600
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
INDIA AND ENGLAND.						
1. Revenue charges	93,823	107,941	144,205	133,000	170,500	173,200
2. Capital outlay	6,732	145,435	41,075	76,000	44,000	59,100
3. Payments in respect of Revenue	-85,338	-30,662	56	-23,200	-9,700	-14,700
TOTAL INDO-EUROPEAN TELEGRAPH DEPARTMENT £	15,217	222,764	185,336	185,800	204,800	217,600
TOTAL EXPENDITURE £	3,149,680	3,441,387	3,567,730	3,931,400	4,116,500	4,580,200
NET REVENUE £	637,798	733,220	1,048,960	851,400	1,206,400	1,136,600

REVENUE.

(a) *Indian Postal and Telegraph Department.*

72. The Revised estimate for 1918-19 exceeds the Budget by ₹67.15 lakhs (₹447,700). There will be no receipts in England in the current year under the Morley award in connection with the Eastern Mail Service against ₹7.50 lakhs anticipated in the Budget. The improvement in India thus amounts to about ₹75 lakhs and is due to a large expansion of internal business, a growth in the revenue from state messages owing to war conditions and increased rates introduced during the year for foreign postage and inland letters, parcels and telegrams. Revised, 1918-19.

73. The Budget estimate for 1919-20 provides for a further advance of ₹52.25 lakhs in the collections in India. There will be a fall in military traffic brought about by war conditions, but it will be more than made up by the normal growth in revenue and a full year's yield of the increased rates introduced in the current year. A receipt of ₹7.50 lakhs is also anticipated in England in connection with the Eastern Mail Service. Budget, 1919-20.

(b) *Indo-European Telegraph Department.*

74. An increase of ₹13.87 lakhs (₹92,400) in the revenue is anticipated in the current year as compared with the Budget owing to an expansion of traffic with Persia and adjacent countries. The Budget estimate for 1919-20 does not differ materially from the Revised for the current year. Revised, 1918-19.
Budget, 1919-20.

EXPENDITURE.

(a) *Indian Postal and Telegraph Department.*

75. The expenditure in 1918-19 is likely to exceed the Budget grant by ₹24.91 lakhs (₹166,100). The increase is mainly due to a rise in the cost of allowances granted to subordinate establishments as compensation for high prices, the improvement of motor-car services, larger outlay on stationery and printing owing to a rise in prices, and payments for stores returned from Mesopotamia, partly counterbalanced by a saving in the provision for the purchase of stores in England. Revised, 1918-19.

76. The Budget grant for 1919-20 exceeds the Revised for the current year by the large sum of ₹67.64 lakhs (₹450,900). The outlay in England will be higher by ₹42.33 lakhs owing to higher prices for stores and a larger demand to replenish stocks depleted by supplies for military requirements. Provision has also been made in India for various schemes of revision of pay and reorganisation of establishments costing about ₹15 lakhs, for the continuance of the war allowances and for further expenditure (₹6 lakhs) on the motor services. The credits for stores supplied to other departments will be less by ₹8 lakhs owing to reduced demands following on the termination of the war. Apart from these special items, the Budget estimate provides for sanctioned establishments and normal working expenses, together with a margin for the development of the operations of the department which are generally remunerative in character. Budget, 1919-20.

(b) *Indo-European Telegraph Department.*

77. The Revised estimate for 1918-19 exceeds the Budget by ₹2.85 lakhs (₹19,000), the rise being due to the reorganisation of establishments, the grant of compensation for famine and high prices and for variations in the exchange rates for the kran and the dollar, and a reduction in the net receipts in England in connection with the joint purse arrangement, etc., partly counterbalanced by a lapse in the grant for capital outlay owing to the postponement of works. The Budget estimate for 1919-20 is taken at ₹1.92 lakhs (₹12,800) more than the Revised for the current year. An increase in the capital outlay on the construction of telegraph lines will be met from a contribution from the British Exchequer for the Jask-Lingah and Bunder-Abbas Kerman lines. Revised, 1918-19.
Budget, 1919-20.

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XV AND 17.—MINT.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
REVENUE.						
INDIA.						
1. Percentage chargeable on coinage of new rupees . . . . .	...	61,90,138	43,15,269	30,00,000	1,05,00,000	98,00,000
2. Profit on circulation of—						
(a) Nickel coins	14,01,818	32,91,627	22,56,321	25,00,000	1,31,00,000	95,00,000
(b) Bronze coins, etc. . . . .	...	...	4,70,417	...	10,50,000	5,00,000
3. Fees for coining dollars, etc.	136	3,06,032	2,22,419	26,000	2,00,000	2,94,000
4. Other items	1,26,349	5,60,185	4,96,585	1,14,000	3,01,000	2,54,000
TOTAL	R 15,28,302	1,03,47,982	77,61,011	56,40,000	2,51,51,000	2,03,48,000
England	£ 101,887	689,866	517,401	376,000	1,676,700	1,356,500
England	£ 31	...	...	...	100	...
TOTAL	£ 101,918	689,866	517,401	376,000	1,676,800	1,356,500
EXPENDITURE.						
INDIA.						
1. Establishment charges	6,40,920	9,91,475	11,18,659	12,23,000	16,00,000	13,94,000
2. Purchase of stores	82,662	4,19,956	4,68,335	4,20,000	7,58,000	6,70,000
3. Loss on bronze coinage	1,24,786	1,12,152	...	...	...	...
4. Loss on re-coining old silver coins	3,59,833	4,16,692	3,00,636	} 4,44,000	8,83,000	7,51,000
5. Other coinage losses	18,834	4,39,764	3,09,637			
6. Charges for gold mint . . . . .	...	...	...	2,00,000	1,34,000	1,20,000
TOTAL	R 12,27,040	23,79,939	21,97,317	22,87,000	33,76,000	29,35,000
England	£ 81,803	153,662	146,438	152,500	225,000	195,700
England	£ 7,570	8,749	20,894	17,500	42,000	88,800
TOTAL	£ 89,373	167,411	167,332	170,000	267,000	284,500
TOTAL NET REVENUE	£ 12,545	523,455	350,019	206,000	1,409,800	1,072,000

REVENUE.

78. The Revised estimate for the current year exceeds the Budget by Revised, 1918-19. **Rs 1,95.12 lakhs.** Of this increase **Rs 75 lakhs** are contributed by the seignorage on **52½** crores of rupees which it is expected to coin in the current year from the silver obtained from America under the Pittman Act, and from purchases made by the Secretary of State in the market. The balance of the increase is mainly derived from the profit on the circulation of nickel and bronze coins (**Rs 1,16.50 lakhs**); there has been an extraordinary demand for subsidiary coinage, especially nickel, during the current year as the result apparently of the increased circulation of notes and of the concurrent restrictions which it was necessary to impose on the encashment of currency notes by district treasuries. There will also be a receipt of **Rs 2 lakhs** in respect of re-coinage undertaken for the Straits Government, and the heavy coinage

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of rupees will result in an increase in the operative gains included under "other items" in the above table; but the latter will be counterbalanced by an increase in the debits on account of operative losses.

79. The Budget estimate for 1919-20 is taken at ₹48·04 lakhs less than the Revised estimate for 1918-19. Provision is made for a seignorage receipt of ₹98 lakhs from the coinage of the balance of the silver to be received under the Pittman Act and a moderate purchase in the market, and for a profit of ₹1,00 lakhs from the circulation of subsidiary coinage for which demand will continue to be heavy. Budget, 1919-20.

EXPENDITURE.

80. The excess of ₹14·55 lakhs in the expenditure in the current year over the Budget estimate arises from the heavy coinage of rupees and small coin. The Budget for 1919-20 provides for a small excess of ₹2·62 lakhs over the Revised, which occurs in the cost of stores obtained from England. Revised, 1918-19.
Budget, 1919-20.

18.—GENERAL ADMINISTRATION.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
INDIA.						
<i>Imperial.</i>						
1. Cost of the Central Government:						
(i) Salary and expenses of the Governor-General .	10,22,202	10,49,815	10,38,509	10,25,000	10,43,000	10,08,000
(ii) Executive Council .	5,40,960	5,34,543	5,17,426	5,38,000	5,17,000	5,17,000
(iii) Legislative Council .	1,25,012	1,54,383	1,71,883	1,58,000	1,95,000	1,98,000
(iv) Charges of the Secretariats .	36,89,215	38,11,699	38,96,600	37,42,000	39,44,000	41,11,000
2. Offices of Account and Audit .	38,51,258	38,97,014	39,46,194	38,57,000	39,89,000	37,70,000
3. Currency Department and Reserve Treasury .	9,59,186	10,46,462	12,36,733	11,04,000	12,77,000	12,82,000
4. Payments to Presidency Banks for treasury and public debt work .	3,95,461	4,63,264	5,10,664	4,74,000	6,23,000	5,44,000
5. Ajmer-Merwara Administration, etc. .	2,404	4,594	4,375	2,000	2,000	3,000
6. Delhi .	1,47,767	1,45,418	1,27,033	1,36,000	1,25,000	1,33,000
7. North-West Frontier Administration .	3,69,421	3,61,994	3,65,432	4,15,000	3,72,000	3,82,000
Total .	1,11,02,886	1,14,69,186	1,18,14,849	1,14,51,000	1,20,87,000	1,19,48,000
<i>Provincial.</i>						
1. Madras	15,50,732	15,15,419	15,84,614	15,86,000	16,35,000	17,09,000
2. Bombay	20,49,821	20,50,106	21,39,819	21,63,000	22,13,000	23,05,000
3. Bengal	23,83,887	24,82,180	25,83,941	25,88,000	26,11,000	26,38,000
4. United Provinces	17,56,105	17,60,350	18,17,156	18,21,000	18,69,000	18,50,000
5. Punjab	12,41,339	12,48,683	12,40,298	12,87,000	12,54,000	12,63,000
6. Burma	15,87,066	16,89,550	17,25,847	16,18,000	16,70,000	16,66,000
7. Bihar and Orissa	13,50,018	14,14,087	13,98,999	14,18,000	14,56,000	14,43,000
8. Central Provinces	9,25,185	9,62,329	9,39,798	9,91,000	9,81,000	9,45,000
9. Assam	6,12,443	5,94,072	6,05,735	6,26,000	6,30,000	6,16,000
Total .	1,34,61,596	1,37,16,781	1,40,31,207	1,40,98,000	1,43,19,000	1,44,35,000
TOTAL INDIA R	2,45,64,482	2,51,85,967	2,58,46,056	2,55,49,000	2,64,06,000	2,63,83,000
Equivalent in Sterling .	£ 1,637,682	£ 1,679,065	£ 1,723,071	£ 1,703,800	£ 1,760,400	£ 1,758,900
ENGLAND.						
1. Cost of the Secretary of State's establishment, etc.	280,424	301,819	331,717	340,600	367,700	361,900
2. Stores, etc., for India .	50,682	102,253	110,128	219,600	307,100	230,500
TOTAL £	331,106	404,072	441,845	560,200	674,800	592,400
GRAND TOTAL £	1,968,788	2,083,137	2,164,916	2,263,500	2,435,200	2,351,300

(a) *India--Imperial.*

81. The expenditure in 1918-19 is likely to exceed the Budget grant by Revised, 1918-19.
 ₹6.36 lakhs. Apart from the grant of compensation for high prices, mainly in Bombay and Madras, the rise is due to (a) an increase in the charges of the civil accounts department (₹1.32 lakhs) owing to the cost of advertising the Indian war loan, for which provision was included in the Budget under "Interest on debt", partly set off by a contribution for audit and account establishment employed on public works expenditure adjusted in reduction of the charges under this head under a revised procedure for the distribution of the establishment charges of the Public Works Department which has been introduced in the current year; (b) larger expenditure on account of the Secretariats owing to the employment of officers on special duty in connection with the war and the question of constitutional reforms (₹2.02 lakhs); (c) an excess in the allowance payable to the Presidency Banks owing to increased public debt work, chiefly in connection with the conversion operations associated with the first war loan (₹1.49 lakhs); and (d) larger expenditure on the Currency Department, owing to the printing of treasury bill forms and the currency difficulties of the year (₹1.73 lakhs). The Budget estimate for 1919-20 provides generally for sanctioned establishments and normal charges. The decrease of ₹1.39 lakhs as compared with the Revised estimate for the current year is due to the omission of the special items of expenditure incurred in 1918-19, namely, the advertisement of the war loan and the extra payment to the Presidency Banks. The charges of the Secretariats show a rise instead of a reduction owing to the inclusion of provision in the Budget for the ensuing year for an investigation into the hydro-electric potentialities of India (₹2.86 lakhs) in pursuance of the recommendations of the Industrial Commission. Budget, 1919-20.

(b) *India--Provincial.*

82. The total Revised for 1918-19 will exceed the Budget grant by ₹2.21 lakhs, owing generally to the employment of officers on special duty in the Secretariats and the grant of compensation for high prices. The total Budget estimate for 1919-20 is ₹1.16 lakhs more than the Revised for the current year. The increase is mainly due to provision made for outlay on furniture for the Government houses in Madras (₹75,000) and Bombay (₹69,000) and for the construction of a new saloon for the Governor of Bengal (₹35,000). Revised, 1918-19.
Budget, 1919-20.

(c) *England.*

83. The Revised estimate for 1918-19 exceeds the Budget by £114,600. The cost of stores supplied to India will be higher by £80,000 owing to the postponement to the current year of payments for the manufacture of currency notes for Re. 1 and ₹2½, and an expenditure of £4,800 is due to the visit of the Secretary of State to India and the deputation allowance of a representative attending the Imperial War Conference and the Peace Conference. There will also be a rise of £25,900 in the charges of the Secretary of State's establishment due mainly to higher salaries necessitated by the exigencies of the war, larger payments for professional inspection of stores, an increase in the wages of labourers at the India Store Depot and the addition of a new storey to the India Office building. The Budget estimate for 1919-20 is less than the Revised for the current year by £82,400, owing mainly to the omission of the expenditure in the current year in connection with the Secretary of State's visit to India and the arrear payment for note forms. Revised, 1918-19.
Budget, 1919-20.

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XVI-A and 19-A.—LAW AND JUSTICE—COURTS OF LAW.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	3,66,693	3,77,772	3,05,583	2,44,000	2,63,000	2,60,000
2. Delhi	1,63,893	1,56,874	1,50,649	1,48,000	1,93,000	1,63,000
3. Baluchistan . . .	27,479	23,944	32,311	28,000	31,000	28,000
4. North-West Frontier	6,41,577	6,64,690	6,92,720	7,16,000	7,01,000	7,39,000
Total	11,99,642	12,23,280	11,81,263	11,36,000	11,88,000	11,80,000
<i>Provincial.</i>						
1. Madras	84,47,568	85,47,219	85,12,927	89,13,000	89,70,000	93,76,000
2. Bombay	57,75,879	56,15,539	57,24,837	58,98,000	61,80,000	63,03,000
3. Bengal	1,03,11,110	99,20,187	1,00,08,704	1,01,75,000	1,04,20,000	1,04,35,000
4. United Provinces . .	69,97,430	67,48,239	66,85,224	67,58,000	69,45,000	69,35,000
5. Punjab	47,44,398	44,95,204	44,48,490	47,14,000	46,81,000	48,18,000
6. Burma	50,76,796	50,68,388	49,19,585	49,57,000	48,00,000	49,82,000
7. Bihar and Orissa . .	38,23,402	41,02,172	42,62,111	42,33,000	42,61,000	43,30,000
8. Central Provinces . .	28,83,014	28,50,990	30,12,340	30,67,000	31,67,000	31,81,000
9. Assam	10,35,202	10,27,425	10,44,450	10,52,000	10,76,000	10,75,000
Total	4,90,93,799	4,83,75,363	4,86,18,668	4,97,67,000	5,04,00,000	5,18,85,000
TOTAL INDIA . R	5,02,93,441	4,95,98,643	4,97,99,931	5,09,03,000	5,15,88,000	5,30,65,000
Equivalent in Sterling £ England £	3,352,896 1,042	3,306,576 450	3,319,995 787	3,393,600 800	3,439,200 1,300	3,537,700 5,800
TOTAL £	3,353,938	3,307,026	3,320,782	3,394,400	3,440,500	3,543,500

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	2,81,439	1,64,745	1,24,050	40,000	41,000	34,000
2. Delhi	22,944	26,284	19,897	20,000	19,000	19,000
3. Baluchistan	38,123	48,303	50,473	46,000	41,000	42,000
4. North-West Frontier	1,74,293	2,05,258	2,31,838	2,23,000	2,29,000	2,21,000
Total	5,16,804	4,44,590	4,26,258	3,34,000	3,30,000	3,16,000
<i>Provincial.</i>						
1. Madras	12,00,387	11,88,856	11,93,641	10,79,000	10,10,000	10,91,000
2. Bombay	8,66,659	8,26,308	8,98,721	9,35,000	9,15,000	9,50,000
3. Bengal	8,43,999	9,21,386	11,22,200	12,23,000	10,67,000	11,88,000
4. United Provinces . .	8,53,721	8,60,104	8,74,837	8,64,000	8,64,000	8,98,000
5. Punjab	5,67,763	6,90,167	6,81,485	7,60,000	6,20,000	6,60,000
6. Burma	6,33,412	6,38,635	6,20,967	6,23,000	6,14,000	6,21,000
7. Bihar and Orissa . .	3,50,679	3,01,846	3,66,510	3,69,000	3,75,000	3,85,000
8. Central Provinces . .	2,43,774	2,67,305	2,75,831	2,80,000	2,75,000	2,95,000
9. Assam	1,25,971	1,42,796	1,26,793	1,43,000	1,35,000	1,41,000
Total	56,86,365	57,77,398	61,00,985	62,75,000	58,75,000	62,29,000
TOTAL R	62,03,169	62,21,988	65,27,243	66,09,000	62,05,000	65,45,000
Equivalent in Sterling £	413,545	414,799	435,150	440,600	413,700	436,300

EXPENDITURE.

(a) *Imperial.*

84. The figures show little variation.

(b) *Provincial.*

85. The Revised estimate for 1918-19 exceeds the Budget by ₹6.33 lakhs. *Revised, 1918-19.*
 Heavy expenditure amounting to ₹16.93 lakhs has been necessitated in all provinces except Burma and Assam on account of compensation for high prices. Increases also occur in respect of fees paid to pleaders in the High Court and mofussil courts in Bengal and in connection with a riot case in the United Provinces. The excess due to these causes will be met in part from savings in the grants for other items of ordinary expenditure and owing to the non-utilisation of the lump provision made in the Budget for additional judges in Bengal.

86. The Budget estimate for 1919-20 is ₹14.85 lakhs more than the Revised estimate for 1918-19. The excess is distributed over all provinces except the United and Central Provinces and Assam. Provision has generally been made for the normal charges of sanctioned establishments, and a sum of ₹17.93 lakhs in all has been set apart under this head for compensation to subordinate establishments for high prices. Grants have also been allotted in Madras (₹1.85 lakhs) for a permanent increase in the number of civil courts and consequent re-grading of sub-judges and munsiffs, the revision of pay of clerical establishments and additional process-service establishments; in the Punjab (₹1.26 lakhs) for the conversion of the Punjab Chief Court into a High Court and revision of the process-service establishment; in Bengal (₹1.25 lakhs) for the improvement of the pay of ministerial establishments; in Bombay for various extra appointments and minor reforms; and in the United Provinces (₹1,40,000) for an additional judicial commissioner and for the riot case mentioned in the preceding paragraph. *Budget, 1919-20.*

REVENUE.

(a) *Imperial.*

87. The figures show little variation.

(b) *Provincial.*

88. The revenue in the current year will fall short of the Budget by ₹4 lakhs owing to a drop in magisterial fines in Madras, Bengal and the Punjab and in the receipts of the Administrator-General in Bengal. The Budget estimate for 1919-20 anticipates a recovery in these provinces from the set back in the current year. *Revised, 1918-19.*
Budget, 1919-20.

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XVI-B and 19-B.—LAW AND JUSTICE—JAILS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	18,26,014	21,25,376	21,45,362	21,75,000	20,62,000	20,76,000
2. Delhi	81,789	78,315	61,938	80,000	62,000	67,000
3. Baluchistan	38,170	39,311	39,987	40,000	46,000	46,000
4. North-West Frontier	2,52,648	3,07,717	3,41,599	3,29,000	3,54,000	3,70,000
TOTAL	21,98,571	25,50,719	25,88,886	26,24,000	25,24,000	25,59,000
<i>Provincial.</i>						
1. Madras	15,27,715	15,63,198	16,70,385	16,03,000	20,56,000	18,23,000
2. Bombay	12,85,300	13,34,848	13,97,457	13,97,000	19,42,000	18,04,000
3. Bengal	25,06,617	27,96,318	50,35,129	30,03,000	33,36,000	30,04,000
4. United Provinces	23,84,085	23,27,153	23,29,290	24,28,000	30,05,000	27,21,000
5. Punjab	17,93,754	17,61,295	19,43,539	20,44,000	21,72,000	20,45,000
6. Burma	15,81,723	15,68,263	16,04,131	15,46,000	15,34,000	15,91,000
7. Bihar and Orissa	14,21,469	14,22,827	16,07,764	15,98,000	20,43,000	19,70,000
8. Central Provinces	6,56,887	6,62,816	7,23,647	7,21,000	9,15,000	8,21,000
9. Assam	3,29,022	3,06,686	3,33,765	3,42,000	3,49,000	3,69,000
TOTAL	1,34,36,572	1,37,43,404	1,46,50,507	1,46,82,000	1,73,52,000	1,61,48,000
TOTAL INDIA	₹ 1,56,35,143	1,62,94,123	1,72,39,393	1,73,06,000	1,98,76,000	1,87,07,000
Equivalent in Sterling £	1,042,343	1,086,275	1,149,293	1,153,700	1,325,100	1,247,100
England	177	147	28	...	...	...
TOTAL £	1,042,520	1,086,422	1,149,321	1,153,700	1,325,100	1,247,100

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	4,66,352	6,37,775	6,99,757	7,65,000	12,19,000	13,21,000
2. Delhi	39,164	29,090	20,315	28,000	11,000	12,000
3. Baluchistan	858	850	1,325	1,000	1,000	1,000
4. North-West Frontier	42,008	49,203	39,910	39,000	46,000	34,000
TOTAL	5,42,382	7,16,918	7,61,807	8,33,000	12,77,000	12,68,000
<i>Provincial.</i>						
1. Madras	5,10,531	5,69,398	7,69,942	6,10,000	9,92,000	7,08,000
2. Bombay	3,11,796	3,04,611	3,62,207	3,00,000	3,90,000	3,50,000
3. Bengal	9,09,148	12,18,040	12,01,713	13,52,000	13,00,000	10,01,000
4. United Provinces	3,52,443	3,67,714	3,95,515	3,51,000	7,71,000	3,52,000
5. Punjab	4,44,191	4,16,024	6,77,050	5,96,000	6,86,000	6,22,000
6. Burma	4,36,989	4,08,869	4,29,874	4,37,000	3,95,000	4,52,000
7. Bihar and Orissa	6,82,564	7,38,794	7,09,843	8,82,000	10,33,000	10,00,000
8. Central Provinces	2,17,291	3,05,914	2,95,064	3,42,000	4,21,000	3,57,000
9. Assam	81,047	94,583	92,431	90,000	1,04,000	94,000
TOTAL	39,46,000	44,68,947	49,33,439	49,60,000	60,92,000	49,36,000
TOTAL ₹	44,88,382	51,85,865	56,95,246	57,93,000	73,69,000	62,04,000
Equivalent in Sterling £	299,225	345,725	379,683	386,200	491,300	413,600

EXPENDITURE.

(a) *Imperial.*

89. The decrease of ₹1 lakh in the Revised estimate for the current year Revised, 1918-19 as compared with the Budget occurs mainly under commissariat supplies in Port Blair. The Budget for 1919-20 does not differ materially from the Budget, 1919-20. Revised estimate for the current year.

(b) *Provincial.*

90. The total expenditure in 1918-19 is likely to exceed the Budget grant Revised, 1918-19 by ₹26·70 lakhs. An excess of ₹14·87 lakhs will occur in the purchase of raw materials, in all provinces except Burma and Assam, due to increased orders from the Military and other Departments for jail-made articles and to a rise in prices. There will also be an increase of ₹11·95 lakhs in the ordinary charges of jails, mainly in Bombay (₹4·15 lakhs), the United Provinces (₹2·04 lakhs) and Bihar and Orissa (₹2·76 lakhs), as the result of a rise in dietary and clothing expenses owing to higher prices, and in some provinces to a larger jail population and the grant of compensation for high prices to subordinate establishments.

91. The Budget for 1919-20 is less than the Revised of the current year by Budget, 1919-20. ₹12·04 lakhs. The grant is generally based on the sanctioned scales of establishment, the probable jail population and the estimated outlay on raw materials, the reduction in expenditure being due to an anticipated decline in the demand for jail supplies to the Military and other Departments. Provision has generally been made for a rise in dietary charges, and the Budget estimate in the United Provinces includes an increased grant for the reformation of criminal tribes, mainly for a new settlement at Cawnpore (₹1·08 lakhs).

REVENUE.

(a) *Imperial.*

92. The excess of ₹4·44 lakhs in the Revised estimate for the current year Revised, 1918-19 as compared with the Budget occurs mainly in Port Blair owing to increased receipts from jail supplies, hire of convicts and freight on rice and coal shipped by the S. S. "Maharaja". The Budget estimate for 1919-20 closely Budget, 1919-20. follows the Revised for 1918-19.

(b) *Provincial.*

93. The increase of ₹11·32 lakhs in the revenue in the current year over Revised, 1918-19 the Budget estimate is mainly due to heavy supplies of jail-made articles to the Military and other Departments in Madras, the United Provinces and Bihar and Orissa. Special receipts have also accrued in the Punjab and Bombay from the supply of convict labour to arsenals, military works, etc. The Budget estimate Budget, 1919-20. for 1919-20 provides for a large decrease in the demands for jail-made articles from other departments, and is taken at ₹11·56 lakhs less than the Revised estimate for the current year.

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XVII AND 20.—POLICE.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	12,34,883	12,62,285	13,73,134	13,98,000	14,30,000	14,05,000
2. Delhi	4,04,580	3,76,897	4,22,491	4,10,000	4,37,000	4,29,000
3. Baluchistan	5,90,234	5,91,599	6,44,656	6,98,000	6,84,000	7,08,000
4. North-West Frontier	19,32,256	22,06,427	25,71,897	28,23,000	25,53,000	27,51,000
Total	41,61,953	44,37,208	50,12,178	53,30,000	51,04,000	52,93,000
<i>Provincial.</i>						
1. Madras	1,10,09,898	1,14,74,811	1,17,33,361	1,20,73,000	1,20,46,000	1,36,51,000
2. Bombay	1,05,79,762	1,06,16,374	1,07,83,587	1,14,30,000	1,16,00,000	1,45,32,000
3. Bengal	1,09,03,783	1,18,57,283	1,26,13,287	1,37,85,000	1,30,45,000	1,36,21,000
4. United Provinces	1,28,01,703	1,25,18,155	1,25,49,942	1,31,86,000	1,33,33,000	1,34,91,000
5. Punjab	64,25,524	64,52,125	66,22,218	69,49,000	70,08,000	72,33,000
6. Burma	1,37,05,639	1,37,01,907	1,40,07,545	1,36,03,000	1,51,11,000	1,40,75,000
7. Bihar and Orissa	47,55,942	46,98,196	49,24,252	54,59,000	53,17,000	55,15,000
8. Central Provinces	35,88,952	34,72,855	35,33,167	37,00,000	39,19,000	37,97,000
9. Assam	23,65,730	23,33,931	23,71,725	24,82,000	40,90,000	38,38,000
Total	7,61,36,933	7,69,25,637	7,92,39,084	8,26,67,000	8,54,69,000	8,97,53,000
TOTAL INDIA	8,02,98,886	8,13,62,845	8,42,51,262	8,79,97,000	9,05,73,000	9,50,46,000
Equivalent in Sterling £	5,353,259	5,424,190	5,616,751	5,866,500	6,038,200	6,336,400
England	356	...	336	100	1,400	3,500
TOTAL	5,353,615	5,424,190	5,617,087	5,866,600	6,039,600	6,339,900

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	23,617	26,110	31,538	22,000	23,000	23,000
2. Delhi	5,967	7,473	7,227	6,000	6,000	6,000
3. Baluchistan	20,710	23,610	21,905	23,000	20,000	20,000
4. North-West Frontier	32,279	24,450	42,934	32,000	44,000	44,000
Total	82,573	81,643	93,604	83,000	93,000	93,000
<i>Provincial.</i>						
1. Madras	5,06,454	5,19,980	5,40,124	5,32,000	5,33,000	5,46,000
2. Bombay	3,02,072	3,67,773	96,801	1,01,000	1,07,000	1,00,000
3. Bengal	1,90,866	1,83,633	1,87,154	1,87,000	2,54,000	2,37,000
4. United Provinces	1,01,839	98,835	1,15,082	1,13,000	1,30,000	1,42,000
5. Punjab	1,98,940	2,71,038	2,27,132	1,76,000	2,13,000	2,11,000
6. Burma	5,79,894	5,48,016	4,25,893	4,05,000	5,45,000	3,42,000
7. Bihar and Orissa	36,068	35,733	91,410	8,75,000	8,31,000	1,44,000
8. Central Provinces	26,452	43,238	39,100	26,000	20,000	18,000
9. Assam	1,22,825	1,74,880	1,82,385	97,000	1,04,000	96,000
Total	20,65,410	22,43,116	19,05,081	25,12,000	27,37,000	18,36,000
TOTAL	21,47,983	23,24,759	19,98,685	25,95,000	28,30,000	19,20,000
Equivalent in Sterling £	143,199	154,984	133,246	173,000	188,700	128,600
England	54
TOTAL	143,199	155,038	133,246	173,000	188,700	128,600

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EXPENDITURE.

(a) Imperial (including outlay in England).

94. The Revised estimate for 1918-19 is less than the Budget by Revised, 1918-19.
₹2.07 lakhs. The saving is mainly due to temporary vacancies in the execu-
tive force in the North-West Frontier Province. The Budget estimate for Budget, 1919-20.
1919-20 exceeds the Revised for the current year by ₹2.20 lakhs owing to
increased provision for the executive force in the same province.

(b) Provincial.

95. The Revised estimate for the current year is expected to be more than Revised, 1918-19.
the Budget grant by ₹28.02 lakhs. Expenditure amounting to ₹24.81 lakhs
is expected in connection with the grant of compensation for high prices in
several provinces, the largest provision being required in Bombay (₹9.31 lakhs),
the Punjab (₹4.57 lakhs) and the United Provinces (₹3.80 lakhs). The
operations against the Kuki tribe will result in an increased outlay of ₹11.17
lakhs in Burma and ₹17.83 lakhs in Assam; but the extra expenditure will
be refunded to Provincial revenues by an assignment under the transfer head
as only the normal cost of the forces engaged in the operations is treated as
Provincial expenditure. Part of the larger outlay due to these causes will
be met from savings in ordinary expenditure following mainly on vacancies in
the district executive force, and lapses in the lump allotments included in the
Budget estimates in several provinces for additional police and reforms; there
will also be a decrease in expenditure in Bengal owing to a transfer of grants
from this head to Civil Works expenditure for the construction of police
buildings.

96. The Budget estimate for 1919-20 is taken at ₹42.84 lakhs more than Budget, 1919-20.
the Revised for the current year. The excess is distributed over all the
provinces except Burma and the Central Provinces. The decrease in the
latter province is nominal, due to provision for compensation for high prices
during the next year having been entered under Miscellaneous expenditure,
while the reduction in Burma occurs in the cost of the Kuki operations.
Bombay and Madras show the largest increases, ₹29 and ₹16 lakhs respect-
ively, due to an enhanced grant for compensation for high prices; the total
provision for this item of expenditure in the estimates for the next year
amounts to ₹44.18 lakhs for the provinces collectively. The Budget estimate
provides for the full cost of sanctioned establishments and of the various schemes
of reform already introduced. A provision of ₹5.10 lakhs has also been made
in Bengal and the United and Central Provinces for the revised rates of pay
recently sanctioned for the Imperial Police Service. Among objects for which
special allotments have been made may be mentioned the re-organisation of
the presidency and district police in Bombay (₹9.22 lakhs), the entertainment
of additional police force in Bengal (₹3.55 lakhs) and increased outlay on
the reclamation of criminal tribes in the Punjab (₹1.20 lakhs). The outlay
on the Kuki operations during the next year in excess of the normal cost of the
forces employed on them is estimated at ₹12 lakhs.

REVENUE.

(a) Imperial.

97. The figures show little variation.

(b) Provincial.

98. The Revised estimate for 1918-19 exceeds the Budget by ₹2.25 lakhs, Revised, 1918-19.
due to increased recoveries for punitive police in Burma and the Punjab
and a special receipt (₹57,000) in Bengal on account of compensation
received from the Military Department for police launches lent. The
Budget estimate for 1919-20 is less than the Revised for the current year Budget, 1919-20.
by ₹9.01 lakhs; the decrease occurs in Bihar and Orissa. (₹6.87 lakhs) and
Burma (₹2.03 lakhs) where the recoveries for punitive police are specially
high in the current year and provision for normal receipts has been made for
1919-20.

XVIII AND 21.—PORTS AND PILOTAGE.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Provincial.</i>						
1. Madras	47,020	37,017	51,371	43,000	49,000	49,000
2. Bombay	1,86,008	1,23,771	1,09,834	1,22,000	1,27,000	1,65,000
3. Bengal	13,73,068	11,15,029	11,60,185	11,12,000	12,47,000	13,31,000
4. Burma	14,86,303	16,47,384	15,65,900	16,67,000	15,93,000	16,80,000
5. Bihar and Orissa	5,114	6,071	4,545	6,000	6,000	6,000
6. Assam	61,620	65,756	61,340	64,000	71,000	63,000
TOTAL	31,59,128	29,95,028	29,53,175	30,14,000	30,98,000	32,94,000
Equivalent in Sterling £	210,609	199,668	196,878	200,900	206,500	219,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Provincial.</i>						
1. Madras	69	1,31	410	...	1,000	1,000
2. Bombay	1,31,976	1,62,135	1,65,328	2,00,000	1,71,000	2,11,000
3. Bengal	13,49,562	12,60,964	10,03,412	10,30,000	13,10,000	12,64,000
4. Burma	3,99,267	4,26,674	3,72,598	4,03,000	5,65,000	4,07,000
5. Assam	33	199	204	...	...	...
TOTAL	18,80,912	18,51,265	15,44,952	16,33,000	20,47,000	18,83,000
Equivalent in Sterling £	125,394	123,419	102,997	108,900	136,500	125,500

EXPENDITURE.

Revised, 1918-19.

99. The total Revised estimate for 1918-19 exceeds the Budget by R84,000. An increase of R1.35 lakhs in Bengal owing to a grant of R1 lakh for the improvement of the Chittagong port and a larger payment of allowances to pilots is partly counterbalanced by a decrease in the outlay on marine stores and light-houses in Burma (R69,000). The Budget estimate for 1919-20 is more by R1.96 lakhs than the Revised for the current year. Increased provision is made in Bengal and Burma for the charges of pilotage establishments and the purchase of marine stores, but there will be a partial set-off from the omission of the grant to the Chittagong port included in the Revised estimate for the current year.

Budget, 1919-20.

REVENUE.

Revised, 1918-19.

100. The increase of R4.14 lakhs in the revenue in 1918-19 as compared with the Budget estimate is due to a rise in pilotage receipts in Bengal following on an improvement in sea-borne trade, and special receipts in Burma (R1.69 lakhs) on account of compensation awarded by the Military Department for steam launches impressed for service in Mesopotamia, and in Bengal (R58,000) from the hire of pilot vessels lent to the Military Department. The Budget estimate for 1919-20 is less than the Revised for the current year by R1.64 lakhs. The special receipts in the current year have been eliminated and some allowance made for an expansion in pilotage receipts.

Budget, 1919-20.

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XIX AND 22.—EDUCATION.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India, General	7,03,183	7,38,238	7,73,473	10,88,000	8,89,000	41,39,000
2. Delhi	1,92,315	1,82,753	2,04,725	2,06,000	3,12,000	2,80,000
3. Baluchistan	91,031	97,743	1,04,044	1,34,000	1,20,000	1,60,000
4. North-West Frontier	5,27,345	5,17,061	5,93,682	6,97,000	6,90,000	7,42,000
Total	15,13,874	15,35,845	16,75,924	21,25,000	20,11,000	53,21,000
<i>Provincial.</i>						
1. Madras	76,93,650	83,17,005	94,04,674	1,12,98,000	1,08,00,000	1,28,98,000
2. Bombay	75,29,863	76,01,881	79,95,711	1,21,42,000	1,11,91,000	1,32,06,000
3. Bengal	84,83,414	76,87,152	80,92,061	1,03,01,000	85,00,000	97,86,000
4. United Provinces	60,73,311	62,26,532	66,18,623	74,34,000	74,51,000	1,06,63,000
5. Punjab	44,10,192	42,78,524	44,46,821	54,77,000	53,42,000	60,44,000
6. Burma	30,44,813	30,84,334	35,22,321	41,25,000	42,35,000	41,92,000
7. Bihar and Orissa	35,73,507	36,87,173	40,31,570	47,39,000	44,81,000	49,95,000
8. Central Provinces	27,85,989	29,96,350	34,54,339	36,89,000	37,69,000	39,97,000
9. Assam	14,13,758	14,39,231	15,04,416	18,35,000	15,96,000	20,31,000
Total	4,50,16,497	4,53,18,182	4,90,70,536	6,10,40,000	5,73,65,000	6,78,12,000
TOTAL INDIA R	4,65,30,371	4,68,54,027	5,07,46,460	6,31,65,000	5,93,76,000	7,31,33,000
Equivalent in Sterling £	3,102,025	3,123,602	3,383,097	4,211,000	3,958,400	4,875,600
England £	9,102	9,346	11,577	10,500	14,800	13,000
TOTAL	3,111,127	3,132,948	3,394,674	4,221,500	3,973,200	4,888,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	50,614	44,464	43,471	47,000	45,000	45,000
2. Delhi	15,681	15,529	15,960	16,000	15,000	15,000
3. Baluchistan	18,689	17,847	18,611	19,000	19,000	19,000
4. North-West Frontier	26,796	1,51,370	24,357	25,000	23,000	35,000
TOTAL	1,11,780	2,29,210	1,02,399	1,07,000	1,02,000	1,14,000
<i>Provincial.</i>						
1. Madras	3,09,763	3,54,148	3,54,894	4,28,000	3,79,000	5,20,000
2. Bombay	7,94,273	5,73,245	9,50,494	6,26,000	6,00,000	5,98,000
3. Bengal	8,86,574	9,47,392	9,51,950	9,79,000	9,89,000	10,29,000
4. United Provinces	6,47,761	6,50,893	6,72,579	7,37,000	6,76,000	7,59,000
5. Punjab	4,91,073	5,22,373	5,25,067	5,40,000	5,24,000	5,46,000
6. Burma	3,65,991	3,65,741	3,73,535	3,88,000	3,83,000	3,85,000
7. Bihar and Orissa	3,70,930	3,55,634	3,70,917	3,80,000	3,76,000	3,85,000
8. Central Provinces	2,60,617	2,71,297	2,86,939	3,00,000	3,00,000	3,14,000
9. Assam	1,86,780	2,04,236	2,13,246	2,27,000	2,27,000	2,17,000
TOTAL	43,13,762	42,44,959	46,99,671	45,85,000	44,54,000	47,53,000
TOTAL INDIA R	44,25,542	44,74,169	48,02,070	46,92,000	45,56,000	48,67,000
Equivalent in Sterling £	295,036	298,278	320,138	312,800	303,700	324,500

EXPENDITURE.

(a) *Imperial—India and England.*Revised, 1918-19.

101. The Revised estimate for 1918-19 is less than the Budget by ₹49,000. A nominal saving of ₹1·04 lakhs due to allotments to Provincial Governments for non-recurring outlay out of the reserve provision of ₹2·77 lakhs entered in the Budget will be partly set off by larger expenditure in England owing to an extension of the period of deputation of the members of the Calcutta University Commission.

102. The reserve of ₹2·77 lakhs provided in the Budget for 1918-19 out of the recurring appropriation of ₹184 lakhs made from Imperial revenues up to the end of the current year for the improvement of education (exclusive of the grant of ₹30 lakhs for technical and agricultural education referred to below) will be utilised as follows:—

	Lakhs of ₹.
(i) Assigned to Provincial Governments for non-recurring expenditure	1·04
(ii) Allotted to minor administrations, etc., for—	
(a) recurring expenditure	·25
(b) non-recurring expenditure	·79
(iii) Balance which is likely to be allotted to definite objects before the close of the year	·69
Total	2·77

The grant of ₹30 lakhs for technical and agricultural education for which an additional allotment was sanctioned after the Budget estimates were finally settled, has been assigned in full to Provincial Governments for non-recurring outlay during the course of the year—*vide* paragraph 227.

Budget, 1919-20.

103. The Budget estimate for 1919-20 exceeds the Revised for the current year by ₹32·83 lakhs; the increase being mainly due to provision under this head for the recurring grant of ₹30 lakhs for technical and agricultural education pending its allotment to definite objects; and a reserve of ₹3·07 lakhs.

104. Of the special appropriation of ₹214 lakhs (including the previous grants aggregating ₹184 lakhs referred to in paragraph 102 above and the grant of ₹30 lakhs for technical and agricultural education), ₹172·65 lakhs have already been distributed among the various provinces, etc., to meet recurring expenditure. The balance of ₹41·35 lakhs has been allotted as follows in the Budget estimate of the ensuing year:—

	Lakhs of ₹.
(i) Assigned to Provincial Governments for non-recurring expenditure	·88
(ii) Allotted to minor administrations	7·90
(iii) Lump provision for technical and agricultural education	30·00
(iv) Reserve	3·07
Total	41·35

(b) *Provincial.*Revised, 1918-19.

105. The total expenditure in 1918-19 is expected to be ₹36·75 lakhs less than the Budget estimate. The latter included special allotments under this head, aggregating about ₹1,75 lakhs, from the recurring and non-recurring assignments made from Imperial revenues in recent years for the development and improvement of education. These allotments are expected to be utilised to the extent of about ₹1,64 lakhs, ₹1,58 lakhs of the expenditure being recorded under Education, and the balance under Civil Works. Under the former head, there is thus a decrease of ₹17 lakhs as compared with the Budget provision in the outlay from special Imperial grants; and the expenditure from

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other provincial resources will accordingly fall short of the corresponding Budget provision by about R20 lakhs. This decrease is chiefly due to lapses in ordinary grants in Bengal, Bombay, Bihar and Orissa and Madras, partly counterbalanced by increased expenditure in the United Provinces. The lapse would have been higher but for outlay on compensation for high prices (R4.69 lakhs) and a grant to the Khalsa College, Amritsar (R3 lakhs).

106. The Budget estimate for 1919-20 exceeds the Revised for the current year by R1,04.47 lakhs. The expenditure in 1919-20 from the previous Imperial assignments will be about R45 lakhs more than in 1918-19, the provision made in the Budget under Education amounting to R2.03 lakhs against a probable outlay of R1.58 lakhs in the current year. The provision in the Budget for 1919-20 for expenditure from ordinary provincial resources is thus about R60 lakhs more than in the Revised of the current year. The increase is distributed over almost all the provinces, but is largest in Madras (R19½ lakhs), Bombay (R18½ lakhs) and the United Provinces (R14 lakhs). The estimates include provision for an expansion of the expenditure on education in various directions, chiefly by grants to schools. Special allotments have been made in Madras of (i) R6.35 lakhs for grants to local bodies for buildings for secondary and elementary schools, (ii) R2 lakhs for the equipment of secondary schools and (iii) R1 lakh for University buildings; in Bombay of R1 lakh each for (i) the equipment of the Royal Institute of Science, (ii) the opening of new Government High Schools and (iii) the Karnatak College building and hostel; R3 lakhs in Bengal for University reforms to carry out the recommendations of the Calcutta University Commission; and R4 lakhs in the Punjab for grants to local bodies for vernacular school buildings and vernacular education.

107. The following table shows the progress made by the Provincial Governments in utilising the various non-recurring grants given from Imperial revenues in recent years. To simplify the position, it has been assumed that the whole of the recurring grants for any year are fully utilised before any expenditure is debited against the non-recurring grants. The *minus* figure shown against some provinces in 1918-19 indicates that they will not spend their recurring grants in full during that year.

[In lakhs of Rupees.]

Province.	Grants to end of 1919-20.	EXPENDITURE.				Unspent balance on 31st March 1920.	
		To end of 1917-18.	In 1918-19 (Revised) recorded under		In 1919-20 (Budget) recorded under		
			Education.	Other heads.	Education.		Other heads.
1. Madras . . .	65.96	52.48	.99	1.89	2.19	3.15	5.26
2. Bombay . . .	58.81	17.48	3.27	.42	4.82	...	32.82
3. Bengal . . .	1,49.34	34.91	-11.23	...	2.37	1.95	1,21.34
4. United Provinces . . .	72.32	46.69	...	4.67	16.68	4.28	...
5. Punjab . . .	41.89	37.75	.56	.50	1.83	.50	.75
6. Burma . . .	34.25	16.17	...	.28	...	...	17.80
7. Bihar and Orissa . . .	42.34	13.59	-1.11	...	1.15	2.25	26.46
8. Central Provinces . . .	23.95	19.83	.52	...	.47	...	3.13
9. Assam . . .	16.00	11.09	-1.11	...	1.03	.31	4.68
Total . . .	5,04.86	2,49.99	-8.11	7.76	30.54	12.44	2,12.24

Provincial Governments have been authorised to draw to a moderate extent upon their accumulated balances during the next year for such important purposes as the extension of education, etc., expenditure on which has been specially hampered by war economies. The effect of these orders is reflected in the increased provision made in almost all the Provinces for

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educational expenditure out of the unspent balances of Imperial grants as well as from ordinary Provincial resources during the ensuing year.

REVENUE.

(a) *Imperial.*

108. The figures show little variation.

(b) *Provincial.*

Revised, 1918-19.

109. The Revised estimate for 1918-19 falls short of the Budget by ₹1.31 lakhs owing mainly to the postponement till the next year of the transfer of certain secondary schools to Government for which provision was made in the Budget. There are also minor decreases in the income from fees in several

Budget, 1919-20.

provinces owing to the prevalence of the influenza epidemic. The Budget estimate for 1919-20 is more than the Revised for the current year by ₹2.99 lakhs. Provision has been made for fees from private and local fund schools to be taken over under Government management during the next year in Madras, the United Provinces and the Central Provinces and from new secondary colleges to be opened in the Punjab.

23.—ECCLESIASTICAL.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,72,073	1,71,081	1,72,913	1,74,000	1,63,000	1,69,000
2. Delhi	17,890	14,617	16,047	20,000	17,000	19,000
3. Baluchistan	25,075	25,820	24,523	24,000	25,000	25,000
4. North-West Frontier	52,088	53,955	61,316	65,000	68,000	75,000
5. Madras	3,50,120	3,27,254	3,54,978	3,55,000	3,59,000	3,77,000
6. Bombay	3,17,201	3,61,023	3,75,670	3,83,000	3,83,000	3,92,000
7. Bengal	1,89,362	1,70,542	1,81,113	1,72,000	1,93,000	1,93,000
8. United Provinces	2,87,932	2,46,495	2,40,029	2,56,000	2,73,000	2,93,000
9. Punjab	2,61,357	2,44,868	2,51,785	2,80,000	2,84,000	2,85,000
10. Burma	1,41,366	1,45,878	1,35,100	1,46,000	1,28,000	1,43,000
11. Bihar and Orissa	34,893	34,451	39,215	39,000	42,000	43,000
12. Central Provinces	91,913	1,10,532	1,03,088	1,10,000	1,25,000	1,31,000
13. Assam	22,586	18,843	20,051	24,000	26,000	28,000
TOTAL INDIA R	19,63,856	19,25,359	19,85,828	20,48,000	20,86,000	21,83,000
Equivalent in Sterling £	130,924	128,357	132,339	136,500	139,100	145,500
England £	122	180	231	300	800	900
TOTAL £	131,046	128,537	132,670	136,800	139,900	146,400

110. The increases of R46,000 in the Revised estimate for the current year as compared with the Budget and of R98,000 in the Budget for the next year as compared with the Revised for the current year are due to the gradual return of chaplains from military duty.

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XXA AND 24A.—MEDICAL.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	6,70,402	7,19,326	7,79,668	7,65,000	8,09,000	8,08,000
2. Delhi	1,68,155	1,83,659	2,06,698	2,47,000	2,54,000	2,64,000
3. Baluchistan	1,00,281	93,697	1,00,037	1,38,000	99,000	1,73,000
4. North-West Frontier	1,31,622	1,82,796	1,52,872	1,92,000	1,51,000	2,31,000
Total	10,70,460	11,79,478	12,89,275	13,42,000	13,13,000	14,76,000
<i>Provincial.</i>						
1. Madras	16,76,622	17,99,320	21,72,444	26,34,000	25,95,000	36,67,000
2. Bombay	18,12,721	19,17,471	20,34,113	22,91,000	24,16,000	36,17,000
3. Bengal	22,83,740	23,36,330	23,04,071	26,66,000	26,67,000	27,69,000
4. United Provinces	13,56,449	13,61,327	13,92,604	14,14,000	15,51,000	17,92,000
5. Punjab	12,41,347	8,03,440	9,25,806	11,57,000	11,11,000	17,84,000
6. Burma	17,51,522	16,71,842	16,94,198	17,34,000	18,41,000	19,25,000
7. Bihar and Orissa	6,37,591	6,62,846	7,60,221	8,11,000	8,99,000	10,04,000
8. Central Provinces	6,94,816	7,13,854	8,66,858	9,24,000	8,44,000	10,34,000
9. Assam	5,61,057	5,26,400	5,44,054	5,49,000	5,35,000	5,91,000
Total	1,20,15,865	1,17,92,830	1,31,94,369	1,42,00,000	1,44,59,000	1,81,83,000
TOTAL INDIA R	1,30,86,325	1,29,72,308	1,44,33,644	1,55,42,000	1,57,72,000	1,96,59,000
Equivalent in Sterling £	872,422	864,820	962,243	1,036,100	1,051,500	1,310,600
England £	1,328	946	553	800	14,100	37,500
TOTAL £	873,750	865,766	962,796	1,036,900	1,065,600	1,348,100

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	6,164	6,938	12,340	6,000	12,000	11,000
2. Delhi	2,593	1,241	4,808	1,000	4,000	4,000
3. Baluchistan	264	26	75	1,000	1,000	1,000
4. North-West Frontier	1,389	726	895	1,000	1,000	1,000
TOTAL	10,360	8,931	18,118	8,000	17,000	16,000
<i>Provincial.</i>						
1. Madras	1,27,918	1,42,059	1,57,224	2,35,000	2,90,000	2,71,000
2. Bombay	3,29,612	4,20,308	4,59,843	4,80,000	4,70,000	4,61,000
3. Bengal	3,69,574	3,73,618	4,00,834	4,05,000	4,05,000	3,96,000
4. United Provinces	1,29,942	95,135	1,12,291	97,000	97,000	1,04,000
5. Punjab	39,960	39,224	44,675	42,000	75,000	75,000
6. Burma	1,01,547	1,22,585	1,26,975	1,25,000	1,38,000	1,41,000
7. Bihar and Orissa	28,872	40,268	47,486	49,000	72,000	84,000
8. Central Provinces	14,234	7,960	8,733	8,000	10,000	10,000
9. Assam	8,272	6,499	13,338	9,000	10,000	10,000
TOTAL	11,99,931	12,47,656	13,71,899	14,50,000	15,67,000	15,52,000
TOTAL INDIA R	11,50,291	12,56,587	13,89,517	14,58,000	15,84,000	15,68,000
Equivalent in Sterling £	76,686	83,772	92,634	97,200	105,600	104,500
England £	562	356	292	300	300	300
TOTAL £	77,248	84,128	92,926	97,500	105,900	104,800

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EXPENDITURE.

(a) *Imperial (India and England).*

111. The Revised estimate for the current year does not differ materially from the Budget. The Budget for 1919-20 provides for an increased expenditure on hospitals and dispensaries in the North-West Frontier Province, for the construction of new hospitals in Baluchistan and larger outlay on stores in England, owing partly to an increased purchase in order to replenish stocks depleted during the war and partly to the transfer to this head in the Budget for the next year of some expenditure for which provision has been included under Scientific and miscellaneous departments in the Revised estimate for 1918-19.

Revised, 1918-19.

Budget, 1919-20.

(b) *Provincial.*

112. The expenditure in 1918-19 is expected to be more than the Budget by ₹2.59 lakhs. The increases occur in Bombay (₹1.25 lakhs) due to the grant of compensation for high prices, in the United Provinces (₹1.37 lakhs) owing to additional expenditure on diet and clothing, and in Burma (₹1.07 lakhs) and Bihar and Orissa (₹88,000) on account of larger grants to hospitals. The excess will be partly counterbalanced by minor savings in the other provinces.

Revised, 1918-19.

113. The Budget estimate for 1919-20 is taken at ₹37.24 lakhs more than the Revised for the current year. The increase is distributed over all the provinces. Provision has been made for the return of officers from military duty and for normal charges generally; for increased expenditure in connection with the transfer of district headquarter hospitals to Government management (₹5.60 lakhs) and grants to local bodies for medical buildings in Madras (₹3 lakhs); for a special expenditure of ₹9.38 lakhs from the surplus excise revenue and for the establishment of a school of tropical medicine in connection with the King Edward Memorial Hospital in Bombay (₹1 lakh); for increased emoluments for officers of the Indian Medical Service in Bengal (₹1.50 lakhs); for the revision of pay of sub-assistant surgeons in the United Provinces (₹1.13 lakhs); for the improvement of hospitals in the Central Provinces (₹2 lakhs); and for the transfer of the medical school from Lahore to Amritsar (₹1.34 lakhs), acquisition of land for, and construction of a maternity block at, the Punjab medical school for women, Ludhiana (₹1.40 lakhs), and various minor measures in the Punjab including the establishment of canal and itinerating dispensaries.

Budget, 1919-20.

REVENUE.

(a) *Imperial.*

114. The figures show little variation.

(b) *Provincial.*

115. The increase of ₹1.17 lakhs in the Revised for the current year over the Budget arises from larger receipts from college fees and paying patients in several provinces and from the refund of contributions made to district boards in previous years in Madras. The Budget estimate for 1919-20 closely follows the Revised for the current year.

Revised, 1918-19.

Budget, 1919-20.

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XXB AND 24B.—SANITATION.

EXPENDITURE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-20.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	5,65,050	6,40,852	5,48,512	16,85,000	9,46,000	22,78,000
2. Delhi	1,13,058	2,71,741	2,06,361	70,000	94,000	1,31,000
3. Baluchistan	10,677	11,652	13,637	11,000	11,000	11,000
4. North-West Frontier	2,59,711	2,21,002	2,25,120	1,57,000	1,52,000	2,17,000
Total	9,48,496	11,45,247	9,91,630	19,23,000	12,03,000	26,37,000
<i>Provincial.</i>						
1. Madras	33,51,417	17,04,832	16,42,576	14,38,000	14,70,000	24,35,000
2. Bombay	5,73,787	4,61,193	7,33,445	24,74,000	15,89,000	23,10,000
3. Bengal	4,15,035	3,93,456	4,89,180	11,71,000	9,04,000	18,66,000
4. United Provinces	14,31,461	13,73,996	22,45,546	15,84,000	19,33,000	20,71,000
5. Punjab	7,24,833	8,08,780	9,81,300	8,18,000	7,79,000	10,64,000
6. Burma	9,37,483	9,03,407	8,10,417	9,15,000	8,96,000	9,31,000
7. Bihar and Orissa	3,27,032	2,54,466	2,41,857	5,42,000	3,79,000	5,89,000
8. Central Provinces	5,36,972	5,90,997	7,77,524	6,31,000	8,49,000	6,21,000
9. Assam	1,06,657	1,42,872	1,74,713	2,12,000	3,09,000	3,67,000
Total	84,04,637	66,34,004	81,26,558	97,85,000	91,08,000	1,22,54,000
TOTAL INDIA R	93,53,133	77,79,251	91,18,188	1,17,08,000	1,03,11,000	1,48,91,000
Equivalent in Sterling £	623,542	518,617	607,879	780,500	687,400	992,700
England £	1,744	1,681	1,263	1,500	1,500	1,500
Total	625,286	520,298	609,142	782,000	688,900	994,200

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	29,665	1,00,087	2,31,978	1,50,000	1,50,000	1,67,000
2. North-West Frontier	5,310	...	...	...	...	...
TOTAL	34,975	1,00,087	2,31,978	1,50,000	1,50,000	1,67,000
<i>Provincial.</i>						
1. Madras	10,834	17,485	15,525	14,000	47,000	15,000
2. Bombay	12,927	20,075	8,057	16,000	16,000	19,000
3. Bengal	660	83,937	12,922	18,000	8,000	10,000
4. United Provinces	80,666	40,938	41,719	30,000	48,000	33,000
5. Punjab	37,853	1,16,022	1,26,843	96,000	1,36,000	1,09,000
6. Burma	20,411	21,474	11,562	20,000	11,000	13,000
7. Bihar and Orissa	2,967	13,527	16,864	16,000	14,000	16,000
8. Central Provinces	20,579	31,553	31,419	40,000	39,000	40,000
9. Assam	18,983	29,902	33,968	40,000	75,000	74,000
TOTAL	2,05,880	3,74,913	2,98,279	2,90,000	3,94,000	3,29,000
TOTAL INDIA R	2,40,855	4,75,000	5,30,257	4,40,000	5,44,000	4,96,000
Equivalent in sterling £	16,057	31,667	35,351	29,300	36,200	33,100

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EXPENDITURE.

(a) Imperial (India and England).

116. The Revised estimate for 1918-19 is less than the Budget by **₹7.20** lakhs. The decrease is nominal, being due to the allotment of **₹1.50** lakhs for the Dhar housing scheme in Simla, the expenditure on which will be recorded under "45—Civil Works," and to the assignment to Provincial Governments of **₹6** lakhs, out of the reserve of **₹8.08** lakhs for sanitary expenditure provision for which was included in the Imperial section in the Budget estimate. *Revised, 1918-19.*

117. The reserve of **₹8.08** lakhs provided in the Budget for 1918-19 out of the recurring appropriation of **₹51** lakhs from Imperial revenues for the improvement of sanitation will be utilised as shown below :—

[Lakhs of rupees.]	
(i) Assigned to Provincial Governments for non-recurring outlay as follows :—	
(a) to the United Provinces for the improvement of the pilgrim route to Badrinath and Kedarnath	1.00
(b) for the improvement of pilgrim centres in Madras (1.50) and Bombay, the United Provinces and Bihar and Orissa (1.00 each)	4.50
(c) to Madras for anti-malarial work . . . . .	.50
	6.00
(ii) Allotted to minor administrations for non-recurring sanitary outlay . . . . .	.54
(iii) Transferred to "45.—Civil Works—Imperial" for the Dhar housing scheme, Simla	1.50
(iv) Unallotted balance which will be utilised before the close of the year . . . . .	.04
	4.08
TOTAL	8.08

118. The Budget estimate for 1919-20 exceeds the Revised for the current year by **₹14.34** lakhs. Provision has been made for the cost of sanctioned establishments and for increased grants to local bodies for sanitary purposes in Delhi and the North-West Frontier Province; for a contribution of **₹5** lakhs to form the nucleus of a new Public Health Fund; and for a reserve of **₹8.17** lakhs. *Budget, 1919-20.*

119. Out of the special appropriation of **₹51** lakhs referred to in paragraph 117, **₹37.83** lakhs have been assigned permanently to Provincial Governments or allotted for outlay in minor administrations. From the balance of **₹13.17** lakhs, **₹5** lakhs will be paid in 1919-20 to the Indian Research Fund; and **₹8.17** lakhs will be held in reserve to meet demands that may come forward during the ensuing year.

(b) Provincial.

120. The Revised estimate for 1918-19 is less than the Budget by **₹6.77** lakhs. The latter included special allotments aggregating about **₹43** lakhs for outlay from recurring and non-recurring grants made from Imperial revenues for the development of sanitation. The corresponding expenditure is now estimated at **₹47** lakhs inclusive of expenditure from the assignments made during the current year as stated in paragraph 117. Of this amount, **₹38** lakhs only are recorded under Sanitation, the balance being shown under Civil Works. It is therefore expected that the provision for expenditure from ordinary provincial resources will fall short of Budget anticipations by **₹1½** lakhs. An increased outlay in connection with epidemics during the year has been set off by savings under other items. *Revised, 1918-19.*

121. The Budget estimate for 1919-20 exceeds the Revised for the current year by **₹31.46** lakhs. The provision under Sanitation for expenditure from special Imperial grants amounts to about **₹54** lakhs against a probable expenditure of **₹38** lakhs in the current year. Provision has generally been made *Budget, 1919-20.*

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for the full cost of sanctioned establishments as well as for a considerable expansion of outlay on sanitary schemes in several provinces, the Central Provinces being the only province which provides for a material decrease in the total expenditure. Provision has been made in Madras for a grant of R5 lakhs to the City Corporation for water-supply and drainage schemes and in the Punjab for a grant of R2 lakhs towards the Simla Improvement scheme; for special grants to local bodies for sanitary purposes in Bombay (R16·37 lakhs), Madras (R8 lakhs) and the United Provinces (R5 lakhs); and for investigations into the hookworm disease and river pollution (R1 lakh) and schemes of sanitary improvement and anti-malarial works (R13·70 lakhs) in Bengal.

122. The following table shows the progress made by the Provincial Governments in utilising the various non-recurring grants made from Imperial revenues in recent years (beginning from 1911-12) in aid of Sanitation. To simplify the position, it has been assumed that the recurring grants are fully utilised before any expenditure is debited against the non-recurring grants; and the *minus* figure in 1917-18 against some of the provinces indicates that the recurring grants will not be spent in full during the year.

[In lakhs of rupees.]

Province.	Grants to end of 1919-20.	EXPENDITURE.				Unspent balance on 31st March 1920.	
		To end of 1917-18.	In 1918-19 (Revised) recorded under		In 1919-20 (Budget) recorded under		
			Sanitation.	Other heads.	Sanitation.		Other heads.
Madras	41·25	39·25	2·00	...	...	...
Bombay	39·70	9·77	—·68	...	1·00	...	
Bengal	41·55	4·07	·40	2·15	9·95	...	
United Provinces	55·20	38·31	2·50	...	5·00	...	
Punjab	31·84	21·51	...	...	...	...
Burma	21·50	11·88	...	...	...	·79
Bihar and Orissa	18·82	10·64	...	3·12	·25	...	
Central Provinces	17·10	12·81	1·10	·06	1·12	...	
Assam	6·96	6·57	—·29	...	...	·59
Total	2,73·92	1,54·81	5·03	5·33	17·32	1·38	90·05

No material expenditure from the special grants is expected in the current year. In the ensuing year only Bengal and the United Provinces expect to utilise the unspent balances of the non-recurring grants to any appreciable extent.

REVENUE.

(a) Imperial.

123. The figures show little variation.

(b) Provincial.

Revised, 1918-19.

Budget, 1919-20.

124. The increase of R1·04 lakhs in the Revised estimate for the current year as compared with the Budget is the result of minor improvements in several provinces. The Budget for 1919-20 provides for normal receipts.

25—POLITICAL.

	Accounts, 1915-16.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	76,84,254	83,08,451	1,90,89,273	2,69,38,000	3,88,04,000	1,40,08,000
2. Delhi	1,236	880	1,735	1,000	1,000	1,000
3. Baluchistan	25,32,825	31,91,018	28,29,574	29,21,000	29,36,000	31,19,000
4. North-West Frontier	33,77,482	37,09,366	46,50,458	47,85,000	48,40,000	49,11,000
5. Punjab	6,22,022	6,15,273	5,91,287	5,84,000	6,95,000	5,91,000
6. Other Provinces	7,54,390	6,42,728	8,26,321	7,65,000	7,97,000	7,90,000
TOTAL	1,49,72,209	1,64,67,716	2,79,83,648	3,59,94,000	4,80,73,000	2,34,20,000
<i>Provincial.</i>						
1. Madras	85,757	91,967	89,292	89,000	91,000	92,000
2. Bombay	5,02,820	5,01,663	5,36,978	5,28,000	5,63,000	5,55,000
3. Bengal	23,187	89,380	2,79,727	2,99,000	2,88,000	2,70,000
4. United Provinces	4,264	5,790	7,690	12,000	24,000	78,000
5. Burma	11,89,489	10,94,813	12,24,963	15,94,000	12,75,000	16,13,000
6. Bihar and Orissa	39,687	48,925	59,228	54,000	55,000	78,000
7. Central Provinces	30,422	37,605	33,100	45,000	39,000	40,000
8. Assam	5,68,221	5,67,560	5,32,735	6,07,000	5,45,000	3,98,000
TOTAL	24,43,847	24,37,703	27,63,713	32,28,000	28,80,000	31,24,000
TOTAL INDIA . R	1,74,16,056	1,89,05,419	3,07,52,361	3,92,22,000	5,09,53,000	2,65,44,000
Equivalent in Sterling £	1,161,070	1,260,361	2,050,157	2,614,800	3,396,800	1,769,600
England £	6,957	22,082	42,112	17,900	21,700	14,200
TOTAL . £	1,168,027	1,282,443	2,092,269	2,632,700	3,418,500	1,783,800

125. The Imperial outlay shown against "Other Provinces" consists of the charges of the Political Residency at Aden and certain other expenditure—mainly in connection with political refugees and state prisoners—in several provinces.

(a) *Imperial—India and England.*

126. The expenditure in 1918-19 is likely to exceed the Budget estimate by R1,21'36 lakhs. The latter included a provision of R1,12'50 lakhs for the moiety chargeable to Indian revenues of the cost of the South Persia Rifles, and the Indian share is now estimated at R1,60 lakhs. There will also be an excess of R75'05 lakhs under other political payments in Persia and on the frontiers arising from the war. On the other hand, the charges on diplomatic and consular services in Persia will be less by R2'61 lakhs than anticipated in the Budget, and there will be a further decrease due to the transfer to the Army head of certain charges for which Budget provision was included under this head; but these savings will be absorbed by excesses under other items. *Revised, 1918-19.*

127. The total Budget for 1919-20 is less than the Revised for the current year by R2,47'65 lakhs. A very substantial decrease is thus anticipated in the political expenditure necessitated by war conditions. The Indian share of the cost of the South Persia Rifles during the next year is estimated at R37'50 lakhs, and of special political expenditure in Persia at R37 lakhs. *Budget, 1919-20.*

(b) *Provincial.*

128. The saving of R3'48 lakhs in the Revised estimate for the current year as compared with the Budget occurs in the special expenditure in connection with the administration and proper control of the North-East Frontier, mainly in Burma. The Budget estimate for 1919-20 is R2'44 lakhs more than the Revised for the current year. Normal provision has been made in Burma for the above item of expenditure, but there is a nominal decrease in Assam owing to the inclusion under Police in the Budget for the next year of provision for part of the expenditure shown under this head in the Revised estimate for 1918-19. *Revised, 1918-19.*
Budget, 1919-20.

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XXI A. AND 26 A.—AGRICULTURE.

EXPENDITURE.

	Accounts, 1916-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	7,71,720	8,33,341	10,74,147	10,10,000	10,71,000	11,70,000
2. Delhi	10,705	10,861	14,572	12,000	14,000	13,000
3. Baluchistan	36,672	25,764	35,100	47,000	41,000	52,000
4. North-West Frontier	80,060	61,623	70,017	1,44,000	90,000	1,38,000
5. Other Provinces	27,189	—	—	—	—	—
TOTAL	9,26,346	9,31,589	11,93,836	12,13,000	12,16,000	13,73,000
<i>Provincial.</i>						
1. Madras	11,21,167	12,00,524	12,87,441	15,68,000	15,65,000	20,97,000
2. Bombay	12,06,261	13,60,166	14,63,350	16,89,000	17,00,000	22,85,000
3. Bengal	11,39,162	10,86,600	11,71,522	14,20,000	15,34,000	17,48,000
4. United Provinces	12,74,821	11,90,354	14,48,422	19,40,000	17,66,000	19,28,000
5. Punjab	11,82,849	12,41,220	13,62,967	18,54,000	17,60,000	26,87,000
6. Burma	6,03,974	6,35,179	7,52,034	7,52,000	7,33,000	8,08,000
7. Bihar and Orissa	4,73,647	4,52,239	6,01,247	7,06,000	7,05,000	7,58,000
8. Central Provinces	7,81,288	8,34,255	8,81,336	10,17,000	9,65,000	10,68,000
9. Assam	2,33,082	2,82,892	3,32,134	3,81,000	3,34,000	4,32,000
TOTAL	80,16,251	81,83,429	93,00,503	1,13,27,000	1,10,62,000	1,38,11,000
TOTAL INDIA	89,42,597	91,16,018	1,04,94,839	1,25,40,000	1,22,78,000	1,51,84,000
Equivalent in Sterling £	596,173	607,668	699,623	836,000	818,500	1,012,200
England £	1,328	3,947	2,510	6,800	6,400	5,400
TOTAL £	597,501	611,615	702,133	842,800	824,900	1,017,600

REVENUE.

	Accounts, 1916-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,55,842	1,77,086	2,72,508	3,28,000	2,74,000	2,77,000
2. Baluchistan	2,360	4,252	4,673	4,000	3,000	4,000
3. North-West Frontier	2,450	772	8,042	11,000	11,000	11,000
TOTAL	1,60,652	1,82,060	2,85,223	3,43,000	2,88,000	2,92,000
<i>Provincial.</i>						
1. Madras	1,70,924	1,98,249	1,88,771	1,89,000	2,31,000	3,74,000
2. Bombay	1,52,129	1,78,517	2,27,901	1,90,000	2,40,000	2,08,000
3. Bengal	1,01,156	1,16,197	1,21,456	1,55,000	1,47,000	1,85,000
4. United Provinces	1,93,218	2,42,510	2,73,357	2,55,000	2,45,000	2,89,000
5. Punjab	2,27,457	2,50,050	3,31,638	6,74,000	6,30,000	7,93,000
6. Burma	16,026	24,733	17,798	19,000	19,000	20,000
7. Bihar and Orissa	35,674	31,486	34,326	70,000	70,000	60,000
8. Central Provinces	1,10,759	1,27,160	1,87,539	1,40,000	1,52,000	1,64,000
9. Assam	14,582	15,669	38,778	89,000	16,000	91,000
TOTAL	10,16,920	11,84,611	13,71,564	17,91,000	17,50,000	21,84,000
TOTAL INDIA	11,76,972	13,66,671	16,66,787	21,34,000	20,38,000	24,76,000
Equivalent in sterling £	78,465	91,111	110,452	142,300	135,900	165,100

EXPENDITURE.

(a) *Imperial (India and England).*

129. The Revised estimate for 1918-19 is about the same as the Budget. *Revised, 1918-19.*
 A lapse in the North-West Frontier Province in the provision for outlay from the wheat profits and in the grant for the creation of a separate Civil Veterinary Department will be set off by an excess in the charges of the Imperial Bacteriologist. The Budget for 1919-20 is more than the Revised for the current year by ₹1.42 lakhs. The grants which have lapsed in the North-West Frontier Province in the current year have been repeated for the next year, and provision has been made for a sugar bureau and for increased expenditure in other directions under the control of the Agricultural Adviser to the Government of India. *Budget, 1919-20.*

(b) *Provincial.*

130. The total Revised estimate for 1918-19 is less than the Budget by ₹2.65 lakhs. There will be lapses of ₹2.31 lakhs in the United Provinces and the Punjab from the allotments made from wheat profits, and a transfer to the Public Works head in the Central Provinces will account for a further decrease of ₹54,000. On the other hand, the Budget grant will be exceeded in Bengal (₹1.14 lakhs) owing to expenditure on the distribution of improved paddy and jute seeds and from the Imperial grant made for agricultural education in the current year. The Budget estimate for 1919-20 exceeds the Revised for the current year by ₹27.49 lakhs. Increased allotments have been made in all the provinces for the expansion of the operations of the agricultural and allied departments. The Budget includes ₹4.49 lakhs for expenditure in the Punjab from the unspent balance of the wheat profits and ₹2.56 lakhs for the Bara reclamation experiment in the Lower Bari Doab Colony; and ₹9.16 lakhs for outlay on agricultural education, mainly in the United Provinces, Bombay and the Punjab, from Imperial grants made in the current year. *Revised, 1918-19.*
Budget, 1919-20.

REVENUE.

(a) *Imperial.*

131. The shortage of ₹55,000 in the Revised for the current year as compared with the Budget occurs mainly in the receipts of the Veterinary Department. The Budget for 1919-20 does not differ materially from the Revised for the current year. *Revised, 1918-19.*
Budget, 1919-20.

(b) *Provincial.*

132. The Revised estimate for the current year is less than the Budget by ₹41,000. Decreases in Assam due to the postponement of the opening of a sugarcane farm and in the Punjab in the sale-proceeds of seeds are partly set off by minor increases in other provinces. The Budget for 1919-20 exceeds the Revised for the current year by ₹4.34 lakhs due to increased receipts from the sale of seeds in the Punjab, the departmental sale of manure in Madras and the opening of a sugarcane farm in Assam. *Revised, 1918-19.*
Budget, 1919-20.

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XXI B AND 26 B.—SCIENTIFIC AND MISCELLANEOUS DEPARTMENTS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	38,85,573	34,89,836	40,95,714	37,81,000	41,39,000	41,31,000
2. Delhi	2,775	3,659	3,908	1,000	4,000	1,000
3. Baluchistan	10,024	12,507	12,347	25,000	19,000	34,000
4. North-West Frontier	8,479	16,052	11,478	11,000	12,000	12,000
5. Other Provinces	36,620	35,899	34,766	37,000	39,000	43,000
TOTAL	39,43,471	35,57,953	41,53,213	38,55,000	42,13,000	42,21,000
<i>Provincial.</i>						
1. Madras	10,27,401	12,28,215	13,77,863	17,77,000	17,09,000	22,93,000
2. Bombay	1,52,064	1,64,418	2,83,654	3,63,000	4,48,000	9,30,000
3. Bengal	4,47,690	4,69,806	5,55,255	19,60,000	22,09,000	10,63,000
4. United Provinces	1,11,509	1,13,013	1,52,149	1,01,000	2,05,000	2,03,000
5. Punjab	1,39,277	1,48,452	1,39,951	1,57,000	1,71,000	2,07,000
6. Burma	73,712	99,953	92,008	1,01,000	1,09,000	1,12,000
7. Bihar and Orissa	21,634	28,732	41,067	32,000	82,000	1,06,000
8. Central Provinces	79,172	93,969	1,55,593	1,93,000	2,41,000	3,52,000
9. Assam	87,599	77,020	84,237	89,000	82,000	95,000
TOTAL	21,40,058	24,23,378	23,31,777	47,73,000	52,56,000	53,66,000
TOTAL INDIA	60,83,529	59,81,331	70,33,990	86,28,000	94,69,000	95,87,000
Equivalent in Sterling £ England (mainly stores)	405,568	398,756	469,333	575,200	631,300	639,100
	26,490	40,424	43,367	57,300	44,300	29,900
TOTAL	432,058	439,180	512,700	632,500	675,600	669,000

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,17,564	1,09,082	1,09,129	1,09,000	2,02,000	1,03,000
2. Delhi	938	2,384	6,019	5,000	5,000	5,000
3. Baluchistan	8	24	145	...	...	...
4. North-West Frontier	135	468	155	...	...	...
TOTAL	1,18,645	1,11,958	1,15,443	1,14,000	2,07,000	1,03,000
<i>Provincial.</i>						
1. Madras	11,13,461	13,85,311	18,71,495	17,21,000	17,88,000	19,56,000
2. Bombay	36,465	38,875	1,47,847	1,28,000	1,18,000	1,22,000
3. Bengal	6,04,849	12,60,469	26,35,397	19,09,000	18,80,000	10,82,000
4. United Provinces	22,119	21,645	23,059	21,000	26,000	22,000
5. Punjab	27,245	30,676	28,985	34,000	30,000	32,000
6. Burma	3,993	29,912	4,507	6,000	8,000	7,000
7. Bihar and Orissa	2,874	1,443	1,067	2,000	1,000	1,000
8. Central Provinces	26,608	24,792	34,699	30,000	40,000	40,000
9. Assam	11,409	17,966	9,245	3,000	8,000	7,000
TOTAL	18,49,023	28,11,039	47,56,301	38,54,000	38,99,000	32,69,000
TOTAL INDIA	19,67,668	29,23,047	48,71,749	39,68,000	41,06,000	33,77,000
Equivalent in Sterling £ England	131,178	194,870	324,733	264,500	273,700	225,100
	557	678	638	1,000	1,000	900
TOTAL	131,735	195,548	325,421	265,500	274,700	226,000

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Details of expenditure shown against "Imperial" in the preceding table.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>(a) Scientific—</i>						
i. Survey of India .	21,73,009	18,13,854	22,74,499	19,80,000	21,19,000	19,84,000
ii. Geological Survey	2,40,809	1,73,234	2,30,072	2,36,000	2,62,000	2,63,000
iii. Meteorological Survey	4,32,342	4,31,807	4,15,858	4,22,000	4,14,000	4,38,000
iv. Archaeological Survey	3,09,368	3,17,591	3,42,928	3,06,000	3,48,000	3,26,000
v. Zoological Survey	...	46,480	98,343	1,00,000	1,02,000	1,06,000
vi. Central Museum .	1,34,001	93,010	43,590	46,000	46,000	46,000
vii. Other items .	67,723	70,676	77,786	80,000	86,000	78,000
<i>(b) Labour and Emig- ration—</i>						
Emigration and other charges .	21,123	17,178	20,209	19,000	11,000	11,000
<i>(c) Statistics—</i>						
i. Bureau of Com- mercial Intelli- gence, and other charges	1,92,508	1,98,551	2,06,394	1,94,000	2,08,000	2,15,000
ii. Census	2,007	2,121	2,439	2,000	2,000	22,000
<i>(d) Miscellaneous—</i>						
i. Imperial Library	45,723	45,639	59,572	46,000	49,000	57,000
ii. Examinations . .	45,782	47,602	48,339	50,000	51,000	48,000
iii. Chief Inspector of Explosives	87,808	82,777	80,238	85,000	85,000	80,000
iv. Inspector of Mines	1,25,498	1,23,471	1,29,984	1,40,000	1,25,000	1,27,000
v. Controller of Patents	36,462	40,384	39,101	42,000	40,000	41,000
vi. Actuary to Govern- ment of India . .	22,315	24,519	23,666	25,000	30,000	30,000
vii. Wheat Commis- sioner . . . . .	...	...	...	73,000*	76,000	50,000
viii. Foodstuffs Com- missioner . . . .	...	...	...	...	42,000	94,000
ix. Controller of Cotton Cloth . .	...	...	...	...	43,000	90,000
x. Indian War Memorial . . . .	...	...	...	...	48,000	44,000
xi. Other items . .	6,993	29,559	65,195	9,000	26,000	71,000
TOTAL B	39,43,471	35,57,953	41,58,213	33,55,000	42,13,000	42,21,000

* The charges for 1917-18 are included under Other items.

133. The figures of expenditure shown against "Other Provinces" in the table on the preceding page represent outlay incurred in the several provinces in connection with ethnographical survey and census operations, as well as the cost of the Archaeological Department in Burma.

EXPENDITURE.

(a) Imperial—India and England.

134. The total expenditure in 1918-19 will exceed the Budget by **Rs. 63** Revised, 1918-19. lakhs. The increase is due to the charges of the Directors of Civil Supplies in minor administrations, the Foodstuffs Commissioner and the Controller of Cotton Cloth for India (Rs. 04 lakhs), higher expenditure on the Survey of India (Rs. 39 lakhs) owing to a large purchase of tools and materials for the Mathematical Instrument Office, and minor increases under other items, partly set off by a smaller outlay on stores in England (Rs. 95 lakhs). The decrease of Rs. 08 lakhs in the Budget for 1919-20, as compared with the Revised for the current year, Budget, 1919-20. results from a smaller provision for the purchase of stores in England and a

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decrease in that for the charges of the Survey of India; the former is nominal and arises from the transfer to Medical of part of the cost of stores included under this head in the Revised estimate for 1918-19. The Budget includes a grant of R2.34 lakhs for the Directors of Civil Supplies in minor administrations, the Foodstuffs Commissioner and the Controller of Cotton Cloth.

(b) Provincial.

Revised, 1918-19. 135. The total Revised estimate for 1918-19 will exceed the Budget grant by R4.83 lakhs. The increase is distributed over all provinces except Madras and Assam, and is due to the charges of the Directors of Civil Supplies in the several provinces (R3.72 lakhs), and a larger payment for the purchase of Java quinine to replenish stocks in Bengal (R3.35 lakhs), partly counterbalanced by a smaller expenditure on the purchase of cinchona bark in Madras and minor savings under other items in several provinces.

Budget, 1919-20. The Budget estimate for 1919-20 is taken at R1.10 lakhs more than the Revised for the current year. Allowing for a reduced provision for the purchase of Java quinine in Bengal, the Budget provides for an increased expenditure of over R16 lakhs. Provision has been made for the charges of the Directors of Civil Supplies in some provinces, and for a larger outlay on soap making experiments in Madras (R2.50 lakhs) and on the development of industries generally in several provinces. The aggregate provision for the latter object during the next year amounts to R26½ lakhs against an anticipated expenditure of R13½ lakhs in the current year.

REVENUE.

(a) Imperial.

Revised, 1918-19. 136. The Revised estimate for the current year includes some special receipts in the Survey of India. The Budget for 1919-20 provides for normal receipts.

Budget, 1919-20.

(b) Provincial.

Revised, 1918-19. 137. The increase of R45,000 in the Revised estimate for the current year as compared with the Budget is due mainly to the sale-proceeds of the pencil factory in Madras. The Budget for 1919-20 is R6.30 lakhs less than the Revised for the current year. A decline in Bengal (R7.98 lakhs) due to a fall in the demand for sulphate of quinine from the Military Department will be partly counterbalanced by increased receipts in Madras from the Government soap factory.

Budget, 1919-20.

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27.—TERRITORIAL AND POLITICAL PENSIONS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,01,560	1,04,826	1,09,792	1,16,000	1,14,000	1,08,000
2. Delhi	47,698	45,462	45,090	45,000	45,000	49,000
3. Baluchistan	36,768	40,038	36,500	42,000	47,000	38,000
4. North-West Frontier	57,670	59,933	41,313	61,000	85,000	60,000
5. Madras	3,09,757	3,08,128	2,90,101	2,90,000	2,81,000	2,82,000
6. Bombay	4,71,049	4,64,510	4,35,993	4,60,000	4,60,000	4,59,000
7. Bengal	7,21,388	7,25,551	7,12,113	7,20,000	7,15,000	7,12,000
8. United Provinces	7,70,124	7,89,285	7,35,697	7,82,000	7,28,000	7,84,000
9. Punjab	2,24,463	70,686	69,061	71,000	70,000	70,000
10. Burma	1,81,916	1,23,034	1,22,079	1,27,000	1,30,000	1,63,000
11. Bihar and Orissa	69,803	47,415	73,749	53,000	57,000	53,000
12. Central Provinces	1,78,338	1,74,837	1,69,039	1,77,000	1,73,000	1,76,000
13. Assam	7,343	7,570	7,124	8,000	8,000	8,000
TOTAL INDIA	31,27,877	29,61,273	28,47,651	29,52,000	29,13,000	29,62,000
Equivalent in Sterling £	208,525	197,418	189,843	196,800	194,200	197,500
England £	10,550	10,550	10,430	10,600	-7,600	3,400
TOTAL £	219,075	207,968	200,273	207,400	186,600	200,900

138. The variations in the estimates of payments in India are unimportant. The receipt in England in the Revised estimate for the current year arises from adjustments consequent on the death of a political pensioner who was drawing his pension in England. The reduced provision for payments in 1919-20 is due to the same cause.

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28.—CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
India R	11,692	22,642	29,427	20,000	57,000	35,000
Equivalent in Sterling £	780	1,509	1,962	1,300	3,800	2,300
England £	235,054	251,007	180,502	194,000	142,000	300,000
TOTAL . . £	235,834	252,516	182,464	195,300	145,800	302,300

139. Almost the whole of the expenditure recorded under this head is incurred in England. Leave allowances of officers paid in India are charged to the same head as their salaries, and the small sums shown against India represent leave allowances of officers lent to Foreign States, etc.

Revised, 1918-19. 140. The Revised estimate for 1918-19 is less than the Budget by £49,500 owing to the number of officers on leave out of India being less than anticipated. Budget, 1919-20. The Budget estimate for 1919-20 provides for an increase in payments as owing to the termination of hostilities a larger number of officers will be absent on leave out of India during the next year.

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XXII AND 29.—SUPERANNUATION.

EXPENDITURE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-20.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	12,24,674	12,48,756	12,89,369	12,52,000	13,43,000	13,85,000
2. Delhi	1,96,313	2,05,131	2,26,072	2,04,000	2,22,000	2,23,000
3. Baluchistan	32,778	35,870	34,268	39,000	35,000	34,000
4. North-West Frontier	1,76,011	1,76,962	1,80,022	1,95,000	1,98,000	2,06,000
5. Other Provinces . .	99,598	94,401	1,21,184	98,000	1,76,000	1,49,000
TOTAL	17,29,374	17,61,120	18,50,915	17,88,000	19,74,000	19,47,000
<i>Provincial.</i>						
1. Madras	33,08,215	33,22,796	33,32,808	35,65,000	35,98,000	37,00,000
2. Bombay	38,59,890	39,32,784	41,19,102	43,10,000	43,85,000	45,43,000
3. Bengal	31,41,809	33,01,098	33,75,972	35,30,000	34,78,000	35,47,000
4. United Provinces . .	35,97,913	37,47,233	38,61,053	40,16,000	39,32,000	41,37,000
5. Punjab	23,15,418	24,24,463	25,78,163	27,20,000	26,04,000	27,11,000
6. Burma	10,97,040	11,42,758	12,02,207	12,86,000	14,49,000	14,62,000
7. Bihar and Orissa . .	10,02,672	10,08,155	9,91,821	10,06,000	10,33,000	10,55,000
8. Central Provinces . .	9,61,856	10,30,669	11,14,168	11,43,000	11,10,000	11,45,000
9. Assam	3,35,677	3,41,042	3,22,740	3,45,000	3,39,000	3,54,000
TOTAL	1,96,19,990	2,02,50,998	2,08,98,034	2,19,21,000	2,19,28,000	2,26,54,000
TOTAL INDIA	2,13,49,364	2,20,12,118	2,27,48,949	2,37,09,000	2,39,02,000	2,46,01,000
Equivalent in Sterling £	1,423,291	1,467,475	1,516,597	1,580,600	1,593,500	1,640,100
England	2,046,992	2,008,225	1,968,696	1,991,000	1,967,000	1,978,000
TOTAL £	3,470,283	3,475,700	3,485,193	3,571,600	3,560,500	3,618,100

REVENUE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General . . .	3,55,112	3,91,438	3,48,186	3,63,000	4,35,000	3,73,000
2. Delhi	3,756	3,645	2,604	4,000	5,000	5,000
3. Baluchistan	5,458	4,798	7,585	8,000	8,000	7,000
4. North-West Frontier	20,089	26,956	26,182	28,000	26,000	26,000
5. Other Provinces . .	10,52,668	10,30,325	10,49,345	10,72,000	9,57,000	10,41,000
TOTAL	14,37,083	14,57,162	14,33,904	14,75,000	14,31,000	14,52,000
<i>Provincial.</i>						
1. Madras	1,21,255	1,26,996	1,25,990	1,20,000	2,04,000	1,47,000
2. Bombay	4,53,041	4,59,312	4,79,686	4,68,000	5,20,000	5,20,000
3. Bengal	54,583	59,011	57,369	56,000	60,000	58,000
4. United Provinces . .	98,638	1,06,055	1,06,633	1,00,000	1,01,000	1,02,000
5. Punjab	1,01,870	89,572	86,359	90,000	85,000	85,000
6. Burma	23,692	23,704	23,885	24,000	20,000	24,000
7. Bihar and Orissa . .	31,716	40,058	45,138	46,000	51,000	48,000
8. Central Provinces . .	2,27,244	2,32,931	2,55,024	2,60,000	2,85,000	2,96,000
9. Assam	6,232	5,877	4,741	6,000	4,000	5,000
TOTAL	11,18,271	11,43,516	11,84,825	11,70,000	13,30,000	12,85,000
TOTAL INDIA	25,55,354	26,00,678	26,18,729	26,45,000	27,61,000	27,37,000
Equivalent in Sterling £	170,857	173,379	174,582	176,300	184,000	182,500
England	43,570	46,486	38,074	38,100	39,600	41,400
TOTAL £	213,927	219,865	212,656	214,400	223,600	223,900

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141. The figures of Imperial revenue shown against "Other Provinces" represent the receipts of certain abolished funds, the assets and liabilities of which were taken over by the Government, as well as the subscriptions paid by members of the Indian Civil Service for securing certain pensionary benefits for their families. The charges on account of such pensions as well as of the pensions of the abolished funds are recorded in the accounts as Imperial expenditure.

EXPENDITURE.

(a) *Imperial—India and England.*

Revised, 1918-19. 142. The expenditure in the current year will be less than the Budget by R1.74 lakhs, a decrease in England in the pensions of retired officers of the uncovenanted service and in civil service annuities being partly set off by an increase mainly in ordinary payments in India. The Budget estimate for Budget, 1919-20. 1919-20 does not differ materially from the Revised for the current year.

(b) *Provincial.*

Revised, 1918-19. 143. The Revised estimate for 1918-19 does not differ materially from the Budget, a rise in payments in Burma, Bombay, Madras and Bihar and Orissa,—due in the first named province to a special commutation payment,—being set off by lapses in other provinces. The Budget estimate for 1919-20 provides for Budget, 1919-20. the normal growth of the retired list.

REVENUE.

(a) *Imperial.*

144. The variations are unimportant. The Revised estimate for the current year and the Budget for the next year include special receipts of R96,000 and R32,000 on account of capitalised value, recoverable from the revenues of the occupied territories in Mesopotamia, in respect of pensions granted to the families of officers who were lent from India and have died in consequence of service in Mesopotamia. The increase in the Revised estimate is more than set off by the lower rate of subscriptions towards the Indian Civil Service family pensions in consequence of the rise in the exchange value of the rupee.

(b) *Provincial.*

145. The only variation of importance occurs in Madras where the Revised estimate for the current year includes a special receipt of R75,000 on account of contributions from local bodies on behalf of civil assistant surgeons in their employ.

XXIII AND 20.—STATIONERY AND PRINTING.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. Central Stationery Office	2,46,159	2,53,897	2,75,817	2,63,000	3,02,000	3,04,000
2. Stationery purchased for Central stores.	42,46,143	54,16,264	86,06,211	76,40,000	93,78,000	78,64,000
3. Government Presses (mainly Calcutta, Simla and Delhi)	19,74,654	21,05,774	22,53,829	22,74,000	26,64,000	26,92,000
4. Other charges	8,771	7,257	4,646	8,000	19,000	8,000
5. <i>Deduct</i> —Value of supplies to Local Governments and Administrations and to Postal and Telegraph Department, etc.	-49,78,824	-50,71,168	-66,07,505	-63,86,000	-72,41,000	-71,81,000
6. Delhi	16,173	14,167	14,168	16,000	14,000	16,000
7. Baluchistan	1,518	1,792	815	3,000	2,000	3,000
8. North-West Frontier	1,08,548	1,19,722	1,07,436	1,35,000	1,07,000	1,33,000
TOTAL	16,23,142	28,52,705	46,55,417	39,53,000	57,45,000	38,44,000
<i>Provincial.</i>						
1. Madras	14,84,731	12,91,963	14,42,990	14,63,000	14,16,000	14,84,000
2. Bombay	12,43,301	14,71,781	14,36,227	17,22,000	19,43,000	19,87,000
3. Bengal	13,01,451	12,91,585	13,73,722	14,38,000	14,73,000	14,93,000
4. United Provinces	9,89,632	9,10,169	8,60,949	10,50,000	9,89,000	9,16,000
5. Punjab	7,64,981	7,02,966	7,10,322	8,15,000	7,90,000	8,96,000
6. Burma	6,69,804	6,75,068	6,29,532	8,41,000	8,22,000	9,06,000
7. Bihar and Orissa	6,58,811	6,59,629	6,93,350	7,73,000	6,93,000	6,68,000
8. Central Provinces	3,70,289	3,37,940	4,03,803	4,13,000	4,22,000	3,90,000
9. Assam	1,73,523	1,64,963	1,49,484	1,83,000	1,63,000	1,85,000
TOTAL	76,81,523	75,06,064	77,05,379	86,98,000	87,16,000	89,25,000
TOTAL INDIA R	93,04,670	1,03,58,769	1,23,60,796	1,26,51,000	1,44,61,000	1,27,69,000
Equivalent in Sterling £	620,311	690,584	824,053	843,400	964,100	851,300
England { Stores £	103,703	109,933	119,580	97,000	115,000	125,000
{ Other charges £	7,030	6,521	8,572	11,500	10,200	13,300
TOTAL £	731,044	807,038	952,205	951,900	1,089,300	989,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	4,35,460	4,39,243	3,66,379	3,82,000	5,86,000	4,90,000
2. Delhi	4,937	2,804	10,789	8,000	8,000	10,000
3. Baluchistan	363	144	823	...	...	...
4. North-West Frontier	17,730	23,759	13,882	29,000	13,000	13,000
5. Other Provinces	1,06,617	1,48,612	99,052	1,66,000	1,30,000	1,47,000
TOTAL	5,65,107	6,14,562	4,90,925	5,85,000	7,37,000	6,60,000
<i>Provincial.</i>						
1. Madras	1,24,034	1,23,057	1,68,068	1,25,000	1,55,000	1,42,000
2. Bombay	1,32,827	1,47,989	1,96,409	1,70,000	2,00,000	2,00,000
3. Bengal	1,33,395	1,49,799	1,40,097	1,22,000	1,42,000	1,49,000
4. United Provinces	1,61,901	1,57,624	1,69,672	1,67,000	1,72,000	1,71,000
5. Punjab	81,573	1,13,076	1,00,493	93,000	90,000	92,000
6. Burma	43,153	46,962	51,949	50,000	54,000	54,000
7. Bihar and Orissa	21,895	26,913	39,292	27,000	33,000	33,000
8. Central Provinces	62,554	55,990	49,243	52,000	57,000	57,000
9. Assam	5,511	4,534	4,593	5,000	5,000	5,000
TOTAL	7,71,893	8,25,944	9,19,816	8,11,000	9,13,000	9,08,000
TOTAL INDIA R	13,37,000	14,40,506	14,10,741	13,96,000	16,50,000	15,88,000
Equivalent in Sterling £	89,134	96,034	94,049	93,100	110,000	104,500

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EXPENDITURE.

(a) *Imperial—India and England.*

Revised, 1918-19. 146. The total Imperial expenditure in 1918-19, exclusive of the charges of the commercial departments, is likely to exceed the Budget provision by R20.42 lakhs. The rise is due mainly to a larger purchase of stationery to meet an increased demand and higher prices and an excess in the outlay on the Government presses following on additional printing work. Part of the excess arises also from the postponement to the current year of payments which were expected to be made in 1917-18 for stores purchased in England.

Budget, 1919-20. The Budget estimate for 1919-20 provides for a reduction of the expenditure on stationery.

(b) *Provincial.*

Revised, 1918-19. 147. The Revised estimate for 1918-19 does not differ materially from the Budget, an increase of about R3 lakhs in the cost of stationery supplied from central stores being counterbalanced by a saving in other expenditure, mainly the cost of Government presses. The Budget estimate for 1919-20 provides for sanctioned establishments and for about the same outlay on stationery as in the current year.

Budget, 1919-20.

REVENUE.

148. The Imperial revenue shown against "Other Provinces" represents recovery of the value of stationery supplied to railways and to municipalities and other local bodies. The Revised estimate of Imperial revenue for 1918-19 includes a special receipt for supplies of stationery to the Indian Munitions Board. The figures do not otherwise show any important variation.

XXIV AND 31.—EXCHANGE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-20.
				Budget.	Revised.	
Revenue . . . R	11,13,815	16,70,564	4,71,77,799	...	6,60,00,000	1,60,00,000
Equivalent in Sterling £	74,254	111,371	3,145,186	...	4,400,000	1,066,700
Expenditure . . . R	...	...	...	...	...	...
Equivalent in Sterling £	...	...	...	...	...	...

149. This head normally records the comparatively small sums which have to be brought to account owing to the fact that the remittances from India to England by means of Council bills and transfers, and the remittances in the opposite direction by sterling bills and transfers, are not effected exactly at the rate of 16 pence to the rupee. It may be mentioned that any gain derived from remittances on account of the Gold Standard Reserve is credited to the Reserve and not to general revenues.

150. The exchange value of the rupee rose to 1s. 5d. in the middle of 1917-18 and further to 1s. 6d. in the middle of April 1918, council drafts being sold by the Secretary of State from the 11th April 1918 at 1s. 6d. per rupee in the case of immediate telegraphic transfers and 1s. 5½d. in the case of deferred transfers and bills. As stated in paragraph 7 above, His Majesty's Government agreed in March 1918 to repayment at 1s. 5d. per rupee of rupee disbursements incurred on their behalf in India in so far as they related to quasi-commercial supplies. In consequence of the further rise in exchange in April 1918, the agreement of the British treasury was subsequently obtained to the application of the 1s. 6d. rate from the 1st July 1918 to recoveries of disbursements in respect of quasi-commercial supplies, and from 1st October 1918 to recoveries of all disbursements in India on behalf of His Majesty's Government including payments to *personnel*. The current rates of exchange are also applied to recoveries in respect of funds supplied in India on behalf of Colonial Governments, to postal and money order transactions with countries having a sterling exchange and some other miscellaneous remittances between India and England. The profit derived from these causes will be set off to some extent by the actual loss sustained on the coinage of rupees by reason of high silver prices and by the loss on sales of reverse drafts on London since November 1918 at the rate of 1s. 5½d. per rupee in the case of immediate transfers and 1s. 6½d. in the case of deferreds.

It may be explained that the gain or loss exhibited in the Government of India accounts in respect of the above transactions is exhibited in this way merely because of the fact that these accounts are framed on the basis of a 1s. 4d. rupee. The real effect of higher rates of exchange on the Government of India's position is that it enables them to discharge their sterling liabilities with a smaller number of rupees; this would be apparent if the accounts were prepared on a rupee basis, the sterling transactions being converted into rupees at the average rate at which remittances were effected throughout the year.

151. The following statement shows the details of the net receipts from exchange anticipated in the current and next years :—

	(In lakhs of rupees.)	
	Revised, 1918-19.	Budget, 1919-20.
(i) Gain on sales of Council Bills	2,77	85
(ii) Gain on recoveries from His Majesty's Govern- ment of disbursements in India on their behalf	9,60	6,72
(iii) Gain in respect of postal and money order transactions	73	42
(iv) Gain on other remittance transactions	61	17
TOTAL	13,71	8,16
(v) Deduct—loss on coinage	—6,16	—6,56
(vi) „ —loss on sales of sterling drafts	—95	...
Net gain	6,60	1,60

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The reduction in the gain on exchange in the Budget estimates for 1919-20 in the case of items (i) to (iv) follows on the lower estimates adopted for the remittances from which the profit is derived. Thus the war disbursements in India on behalf of His Majesty's Government are expected to amount in the ensuing year to £35·8 millions only against £72·7 millions in the current year. The Budget estimate in the case of Council Bills represents the gain on the estimated drawings of the year, *viz.*, £12½ millions, after allowing for the effect of the guarantee which was given to the six British Exchange Banks, in connection with their undertaking to provide preferential finance for exports of national importance, to sell them Councils at certain favourable rates within one year after the war in order to enable them to bring back funds to India to the extent to which they were compelled to overbuy in that connection.

XXV AND 32.—MISCELLANEOUS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. Remittance charges, mainly in connection with movements of Government funds . . .	4,76,511	8,64,201	17,82,899	7,46,000	10,59,000	9,15,000
2. Special Commissions of enquiry . . .	81,815	3,02,976	3,78,096	1,61,000	6,64,000	60,000
3. Charges arising out of the War adjusted in the Civil Department . . .	9,61,419	17,65,720	7,69,105	7,28,000	8,73,000	5,27,000
4. Other charges : (a) in Delhi . . .	42,081	63,041	61,627	1,07,000	61,000	1,04,000
(b) in the N.-W. Frontier Province . . .	68,803	40,978	40,661	54,000	74,000	51,000
(c) elsewhere . . .	5,55,300	7,65,777	16,58,538	8,96,000	16,03,000	14,20,000
Total . . .	21,85,929	38,02,693	46,90,926	26,92,000	43,34,000	30,77,000
<i>Provincial.</i>						
1. Madras . . .	4,72,977	4,29,201	5,53,060	13,81,000	5,25,000	16,00,000
2. Bombay . . .	7,84,861	4,51,138	4,86,872	7,36,000	8,34,000	11,13,000
3. Bengal . . .	6,38,467	2,47,838	3,24,679	9,14,000	7,96,000	9,34,000
4. United Provinces . . .	3,31,528	2,35,345	1,96,703	12,31,000	7,03,000	29,32,000
5. Punjab . . .	3,66,504	5,26,596	15,19,738	20,94,000	20,29,000	24,72,000
6. Burma . . .	5,00,527	4,93,191	4,36,406	4,88,000	5,03,000	4,98,000
7. Bihar and Orissa . . .	1,32,347	1,35,589	1,84,377	2,56,000	2,02,000	5,56,000
8. Central Provinces . . .	1,55,930	1,31,932	1,94,873	4,57,000	2,52,000	13,27,000
9. Assam . . .	5,22,429	5,16,800	4,40,341	5,10,000	4,46,000	5,20,000
Total . . .	39,05,570	31,67,128	43,36,949	80,67,000	62,90,000	1,19,52,000
TOTAL INDIA . . .	60,91,499	69,69,821	90,27,875	1,07,59,000	1,06,24,000	1,50,29,000
Equivalent in Sterling £	406,100	464,655	601,858	717,300	708,200	1,001,900
England . . . £	66,339	206,395	496,714	28,000	567,000	26,300
TOTAL . . . £	472,439	671,050	1,098,572	745,300	1,275,200	1,028,200

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
(a) Freight tax . . .	...	...	1,00,34,189	1,00,01,000	1,07,20,000	1,12,32,000
(b) Other receipts—						
1. India General . . .	5,03,774	7,83,303	37,76,627	5,93,000	17,57,000	9,50,000
2. Delhi . . .	39,675	3,45,231	47,835	1,04,000	48,000	1,07,000
3. Baluchistan . . .	5,507	7,292	13,269	5,000	12,000	6,000
4. North-West Frontier . . .	1,46,320	1,58,418	1,60,456	1,54,000	1,35,000	1,61,000
5. Other Provinces . . .	7,11,401	17,02,425	13,37,872	6,98,000	13,04,000	6,92,000
TOTAL . . .	14,06,677	29,96,668	1,53,72,248	1,15,55,000	1,39,76,000	1,31,38,000
<i>Provincial.</i>						
1. Madras . . .	3,59,256	3,43,096	2,02,380	3,12,000	2,56,000	2,64,000
2. Bombay . . .	1,22,590	2,42,862	2,55,030	1,31,000	2,96,000	2,16,000
3. Bengal . . .	5,65,208	7,51,242	5,65,563	6,81,000	9,53,000	6,99,000
4. United Provinces . . .	4,61,010	4,59,889	4,78,846	4,77,000	5,07,000	4,88,000
5. Punjab . . .	4,29,630	5,29,774	7,07,862	6,98,000	7,43,000	7,43,000
6. Burma . . .	1,70,546	1,00,464	1,21,156	91,000	1,07,000	1,02,000
7. Bihar and Orissa . . .	3,12,385	3,07,033	3,37,192	2,73,000	3,25,000	3,00,000
8. Central Provinces . . .	2,18,586	2,48,738	2,34,362	2,15,000	2,27,000	1,93,000
9. Assam . . .	43,674	54,311	21,831	45,000	43,000	36,000
TOTAL . . .	27,32,885	30,37,459	29,24,222	28,63,000	34,57,000	30,41,000
TOTAL INDIA . . .	41,89,562	60,34,127	1,82,96,470	1,44,18,000	1,74,33,000	1,61,79,000
Equivalent in Sterling £	279,304	402,275	1,219,765	961,200	1,162,200	1,078,600
England . . . £	23,869	17,935	196,700	26,500	28,500	83,700
TOTAL . . . £	302,173	420,260	1,416,465	987,700	1,190,700	1,162,300

152. Charges in connection with the remittance of Government treasure are Imperial in all provinces; so is the discount paid, or the premium levied, in connection with the sale of bills at treasuries and currency offices to facilitate trade remittances of funds. Extraordinary items of revenue realised, or of expenditure incurred, under this head in the various provinces are also treated as Imperial, if they exceed ₹10,000 in amount. The proceeds of the freight tax on goods traffic by railways and inland steam vessels imposed in March 1917 are shown under Miscellaneous as Imperial receipts.

EXPENDITURE.

(a) India—Imperial.

Revised, 1918-19.

153. The Revised estimate for 1918-19 exceeds the Budget by ₹16·42 lakhs. The payment to the Mysore Durbar in respect of surplus revenues of the Bangalore Assigned Tract is expected to be more than the Budget by ₹4·61 lakhs. An expenditure of ₹6·64 lakhs will be incurred on special commissions of enquiry, *viz.*, the Industrial Commission, the Calcutta University Commission, the Sedition Committee, and the Reforms Committees against a Budget provision of ₹1·61 lakhs. Charges for the remittance of treasure will show a rise of ₹3·13 lakhs owing to the low level at which the Government's reserve of rupees stood throughout the year, and the increased movements of coin thereby necessitated. Miscellaneous items of expenditure connected indirectly with the war will cause an excess of ₹1·45 lakhs over the Budget, while an outlay of ₹2 lakhs will be entailed in connection with the war boards constituted after the Delhi Conference of April 1918. On the other hand, the bulk of the reserve provision of ₹1·17 lakhs for grain compensation allowance and unforeseen charges in Baluchistan and Delhi, which was provided in the Budget under Miscellaneous, has been appropriated to meet sanctioned outlay under other heads of account.

Budget, 1919-20.

154. The Budget estimate for 1919-20 provides for some reduction in the charges for remittance of treasure; for miscellaneous expenditure resulting from the war likely to be incurred in the ensuing year, mainly for the maintenance of aliens and refugees; for a small outlay on the commissions of enquiry mentioned in the preceding paragraph and ₹10,000 for a committee or industrial banking; and for normal expenditure on other items. A reserve provision of ₹50,000 has been entered in Delhi for unforeseen requirements, and one of ₹71,000 in Baluchistan for grain compensation allowance.

(b) India—Provincial.

Revised, 1918-19.

155. The Revised estimate for 1918-19 is less than the Budget by ₹17·77 lakhs. The decrease is mainly due to the record under other heads of account of most of the expenditure incurred against the lump grants for grain compensation allowance, and against the various other reserves which were included in the Budget estimates of several provinces under Miscellaneous. On the other hand, the constitution of war boards in the various provinces has entailed an extra expenditure of ₹10 lakhs, and there have been special charges in Bengal for the write-off of loans (₹3·55 lakhs) and in the Punjab (₹2 lakhs) on account of a grant to the Imperial Relief Fund for cheap grain shops and in connection with the celebration of the cessation of hostilities.

Budget, 1919-20.

156. The Budget estimate for 1919-20 provides generally for normal charges and for the usual reserves for unforeseen expenditure in most provinces. In Bengal, the Central Provinces and the United Provinces, lump allotments have again been made for grain compensation charges, and in the last province also for other indirect famine expenditure (₹14 lakhs) and for expenditure that may fall on provincial revenues in connection with the sale of standard cloth (₹5 lakhs). Special allotments of ₹1·40 lakhs and ₹1·20 lakhs respectively have been made in the same province for raising the pay of menials and the continuance of the war journal, ₹1 lakh in the Punjab for a grant for cheap grain shops, ₹3 lakhs in Bihar and Orissa for special allowances to low paid Government servants other than menials, and ₹5·50 lakhs in the Central Provinces for a special war allowance.

(c) *England.*

157. The increase in the Revised estimate of the current year as compared with the Budget represents mainly the value of stores lost on the voyage between England and India. The Budget estimate for 1919-20 provides for normal expenditure.

Revised, 1918-19.

Budget, 1919-20.

REVENUE.

(a) *India—Imperial.*

158. The Revised estimate for 1918-19 exceeds the Budget by R24.21 lakhs. The proceeds of the freight tax will be higher by R7.19 lakhs, and there will be a special receipt of R11.87 lakhs from requisitioned liners employed as Government cargo ships. Increases are also anticipated in the proceeds from the sale of town sites in the Punjab, and in the receipts from the sales of bills owing to an increased demand for remittances of funds. The Budget estimate for 1919-20 excludes the special receipts in connection with cargo ships in the current year, but provides for a growth of R5.12 lakhs in the proceeds of the freight-tax and for a larger credit from percentage on Europe stores imported for provincial and local funds.

Revised, 1918-19.

Budget, 1919-20.

(b) *India—Provincial.*

159. The total revenue in 1918-19 is likely to exceed the Budget estimate by R5.94 lakhs. There has been a special receipt of R3 lakhs in Bengal from the sale of a police hospital; the balance of the increase occurs in the credits to revenue on account of unclaimed deposits in Bombay and in the receipts from the copying agency scheme in the Punjab. The Budget estimate for 1919-20 provides generally for normal receipts.

Revised, 1918-19.

Budget, 1919-20.

(c) *England.*

160. The Revised estimate for 1918-19 does not differ materially from the Budget. The increase in the Budget estimate for 1919-20 as compared with the Revised for the current year is due mainly to a recovery of £50,000 anticipated in respect of stores lost in 1917.

Revised, 1918-19.

Budget, 1919-20.

33 TO 36.—FAMINE RELIEF AND INSURANCE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-20.
				Budget.	Revised.	
INDIA.						
Famine Relief { Imperial	9,61,881	21,11,427	42,476	4,54,000	77,07,000	1,62,05,000
Provincial .	1,58,539	7,02,827	14,000	1,52,000	24,57,000	53,31,000
Construction of Protec- tive Railways	-2,896	-7,146	-299	-8,000	-5,000	...
Construction of Protec- tive Irrigation Works	74,19,436	49,87,016	51,44,401	59,41,000	47,95,000	52,88,000
Reduction or Avoidance of Debt	63,79,580	71,88,879	97,77,096	83,02,000	31,000	...
TOTAL INDIA R	1,49,16,540	1,49,83,003	1,49,77,674	1,48,41,000	1,49,85,000	2,68,24,000
Equivalent in Sterling £	994,436	998,867	998,511	989,400	999,000	1,788,300
ENGLAND.						
Construction of Protec- tive Irrigation Works £	5,564	1,133	1,489	10,600	1,000	800
TOTAL INDIA AND ENGLAND £	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,789,100

161. Owing to the failure of the monsoon, outlay on measures for famine relief is anticipated to the extent of ₹1,01.64 lakhs in the current year and ₹2,15.36 lakhs in 1919-20. The following table shows the distribution of the estimated expenditure by provinces :—

	Revised, 1918-19.	Budget, 1919-20.
Madras	75	2.00
Bombay	70.00	60.00
Bengal . . . . .	...	2.00
United Provinces	20.00	89.90
Punjab	3.00	4.00
Bihar and Orissa	1.00	16.00
Central Provinces	3.50	39.30
Minor Administrations	3.39	2.16
Total	1,01.64	2,15.36

One-quarter of the outlay in the major provinces will fall on Provincial Governments, the balance being borne by Imperial revenues. The expenditure in the Punjab relates to concessions granted for the carriage of fodder.

Revised, 1918-19.

162. The amount available for famine insurance in 1918-19 accordingly amounts to ₹48.36 lakhs, of which ₹48.05 lakhs will be spent on protective works and ₹31,000 will be appropriated for the reduction or avoidance of debt.

Budget, 1919-20.

163. The outlay on famine relief in 1919-20 will, as stated above, amount to ₹2,15.36 lakhs and a grant of ₹53 lakhs is required for the construction of protective works. There will thus be an excess of ₹1,18.36 lakhs over the normal grant of ₹1.50 lakhs for famine relief and insurance, and no allotment can be made for the reduction or avoidance of debt.

Construction of Protective Railways.

164. The small *minus* figure entered in the Revised estimate for 1918-19 represents the excess in the sale-proceeds of surplus stores of the Dharmapuri-Hosur extension of the Morappur-Dharmapuri Railway over the outlay during the year.

Construction of Protective Irrigation Works.

165. In the Budget estimate for 1918-19 an allotment of ₹61 lakhs was made for outlay on Protective Irrigation works, the whole amount being met from the Famine Insurance grant. The probable expenditure according to the Revised estimate will amount to ₹48.10 lakhs owing mainly to slower progress of work on the Nira Right Bank canal and the Pravara river project in Bombay, the Tandula canal in the Central Provinces, the Tribeni canal in Bihar and Orissa and certain tank projects in the Central and United Provinces. The entire outlay will be recorded in the Famine Relief and Insurance section of the accounts. Revised, 1918-19.

166. In the Budget estimate for 1919-20, the allotment for Protective Irrigation works is taken at ₹53 lakhs, the whole amount being met from the Famine Insurance grant. The distribution of the grant of ₹53 lakhs is given in the table below. Budget, 1919-20.

	1918-19.		Budget, 1919-20.
	Budget.	Revised.	
	₹	₹	₹
1. Madras :			
(i) Mopad project	1,89,000	1,75,000	1,55,000
(ii) Other projects	39,000	45,000	7,000
2. Bombay :			
(i) Godaveri Canal	20,000	39,000	19,000
(ii) Chankapur Tank	37,000	21,000	13,000
(iii) Pravara river project	10,52,000	8,21,000	7,90,000
(iv) Nira Right Bank Canal	19,26,000	17,92,000	19,99,000
(v) Other projects, etc.	1,65,000	1,18,000	1,79,000
3. Bengal	5,000	5,000	2,000
4. United Provinces :			
(i) Barwar Lake and Canal	88,000	64,000	81,000
(ii) Ghaggar Canal	63,000	1,31,000	28,000
(iii) Jaiwanti Tank	37,000	40,000	1,24,000
(iv) Bhatkhara Tank	1,37,000	51,000	2,25,000
(v) Raipura Tank . . . . .	...	...	1,42,000
(vi) Other projects, etc.	1,10,000	36,000	1,23,000
5. Bihar :			
(i) Tribeni Canal	2,13,000	1,55,000	1,87,000
(ii) Other projects, etc.	2,000	9,000	10,000
6. Central Provinces :			
(i) Tandula Canal	8,66,000	6,85,000	7,76,000
(ii) Tank projects	5,76,000	6,04,000	5,19,000
(iii) Other projects, etc.	1,38,000	11,000	5,000
7. Minor administrations	8,000	8,000	9,000
8. Reserve provision	4,29,000	...	...
<i>Deduct</i> —Allowance for possible lapses in grants	—93,000
TOTAL	61,00,000	48,10,000	53,00,000

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XXVI to XXVIII and 38 to 41—RAILWAY REVENUE ACCOUNT.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-20.
				Budget.	Revised.	
STATE RAILWAYS—	₹	₹	₹	₹	₹	₹
Gross Receipts . . .	57,26,42,888	62,94,69,001	68,92,12,825	70,50,08,000	76,58,09,000	80,07,29,000
Deduct—						
Working Expenses . . .	29,53,00,146	29,96,86,445	31,35,30,926	34,56,64,000	36,81,64,000	46,40,00,000
Surplus profits paid to Companies, etc.	90,57,411	1,15,56,624	1,49,16,062	1,60,00,000	1,90,00,000	1,84,00,000
Net Receipts . . .	26,82,85,331	31,82,25,932	36,07,15,837	34,33,44,000	37,86,45,000	31,83,29,000
Net Revenue equivalent at Rs=£1 . . .	£ 17,885,689	£ 21,215,062	£ 24,047,723	£ 22,889,600	£ 25,243,000	£ 21,221,900
Interest and capital re- demption charges—						
Interest on Debt . . .	7,923,670	7,660,850	8,057,209	7,834,300	8,185,100	8,455,200
Annuities in purchase of Railways . . .	3,357,691	3,357,650	3,357,623	3,357,600	3,357,600	3,357,600
Sinking Funds . . .	208,898	323,647	338,477	242,800	242,800	255,500
Interest chargeable against Companies on advances . . .	98,953	98,472	98,272	98,600	102,300	103,400
Interest on Capital deposited by Com- panies . . .	2,131,862	2,225,940	2,263,676	2,188,700	2,178,800	2,166,500
	13,721,069	13,666,559	14,110,257	13,722,000	14,066,600	14,338,200
Net Result . . .	4,164,620	7,548,503	9,937,466	9,167,800	11,176,400	6,883,700
Other Receipts . . .	91,414	98,735	93,985	94,100	104,400	151,000
Other Charges . . .	180,596	165,363	117,127	60,000	87,400	130,700
Net Result . . .	—89,182	—66,628	—23,142	34,100	17,000	20,300
TOTAL NET RESULT . . .	4,075,438	7,481,875	9,914,324	9,201,700	11,193,400	6,904,000
Redemption of capital from revenue . . .	929,426	961,160	994,013	1,028,026	1,028,026	1,063,242
STATISTICS—						
State Railways—						
Capital Expenditure to March 31st—						
Expenditure by Government*	237,571,142	239,446,931	243,517,608	246,925,731	247,827,508	264,203,108
Expenditure by Companies . . .	28,794,378	28,900,629	27,858,523	29,524,829	27,957,623	29,287,123
Outlay on the East Indian Railway from Debentures raised by the Company . . .	18,046,847	18,046,847	18,046,847	18,046,847	18,046,847	18,046,847
Outlay on the South Indian Railway by the Company . . .	3,809,060	3,809,060	3,309,060	3,069,060	3,309,060	3,309,060
Outlay on the Bombay, Baroda and Central India Railway by the Company . . .	1,093,364	1,093,364	1,093,364	1,093,364	1,093,364	1,093,364
Outlay on the Great Indian Peninsula Railway by the Company . . .	3,253,158	3,253,158	3,253,158	3,253,158	3,253,158	3,253,158
TOTAL . . .	292,567,849	294,549,989	297,078,560	301,902,989	301,487,560	319,192,660
Miles open on the 1st April . . .	26,369	26,433	26,572	26,612	26,471	26,491

*The figures against this line include contribution by the Jaipur Darbar towards Capital outlay on the Nagda-Mutra Railway, as follows:—

₹	₹	₹	₹	₹	₹
400,000	466,667	566,667	566,667	566,667	566,667

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167. The Gross Receipts and Working expenses of State Railways include the following figures on account of the Jorhat State Railway in Assam. This is the only line the transactions of which are recorded in the Provincial section of the accounts :—

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
	₹	₹	₹	₹	₹	₹
Gross Receipts	1,53,781	1,65,389	1,36,724	1,50,000	1,30,000	1,50,000
Working Expenses	1,01,834	1,01,641	1,23,412	1,30,000	1,21,000	1,30,300

168. The Budget estimate of Gross Receipts for 1918-19 was taken at ₹70.50 crores, or ₹2.25 crores more than the probable receipts of the previous year as then estimated. It was based on the assumption that the favourable conditions of traffic which contributed so largely to the earnings of the year 1917-18 would be fully maintained and that the enhancements of fares and freights introduced for the most part during 1917 would in 1918-19 add to the receipts of the whole year. Allowance was also made for additional earnings from new lines and extensions of recent construction. The result has proved much more favourable than was anticipated and the Revised estimate is now placed at ₹76.55 crores, or ₹6.05 crores higher than the budget. This substantial improvement occurs on almost all the principal railways and is attributable mainly to larger receipts from the carriage of troops and military stores, and to increase in the ordinary passenger and general merchandise traffic. The figures in the Revised estimate of gross receipts as shown in the table on the preceding page include a repayment to the Secretary of State in England by the Mysore Durbar of ₹3 lakhs on account of interest on the Debenture loan of 1886 relating to the Mysore State Railway.

169. The Revised estimate of Working Expenses for 1918-19 stands at ₹2.25 crores more than the Budget estimate. The excess is attributable mainly to payment to the subordinate staff of railways of temporary increases of pay, to the enhanced scales of pay of officers and subordinates which have been sanctioned generally on railways and to the large increase in gross earnings and in the train mileage run.

170. The increase of ₹30 lakhs in the provision for payment of surplus profits to companies follows on the improvement in their net earnings during this year and in the last quarter of the preceding year.

171. The Budget estimate of Gross Receipts for 1919-20 is taken at ₹80 crores, or ₹3.45 crores higher than the Revised estimate of the current year. It is anticipated that in spite of the diminution of military traffic and the effect of adverse agricultural prospects in several provinces, the steady growth of railway earnings will continue.

172. The grant for Working Expenses in 1919-20 is more than the Revised for the current year by ₹9.58 crores, the increase being due to the provision made for a very large programme of renewals of permanent way and of replacement and renewals of locomotives and rolling stock to make good the arrears which have accumulated as a result of restrictions on expenditure coupled with the difficulty of obtaining the necessary material during the war. Provision has also been made for additional working expenses arising from the larger traffic anticipated next year.

173. Under Surplus Profits paid to companies there is a decrease of ₹6 lakhs due to the smaller net receipts anticipated next year.

Interest Charges, etc.

174. The excess under Interest on debt is explained in paragraph 69.

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Other receipts.

Revised, 1918-19. 175. The receipts shown under this head represent the Government share of the surplus profits of the Rohilkund and Kumaon, Southern Punjab, Amritsar-Patti and Hardwar-Dehra Railways, payable under the terms of their respective contracts, and dividends on certain shares of the Ahmedabad-Dholka Railway allotted to Government in repayment of expenditure incurred by it on behalf of the railway. The improvement of £10,300 on the Budget estimate of receipts in the current year and of £46,600 provided for in the Budget of 1919-20 are due mainly to increase in the Government share of the surplus profits of the Southern Punjab Railway Company.

Budget, 1919-20.

Other charges.

176. These consist of cost of land required by certain Companies, the contracts with which provide for the free supply of land wanted for the purposes of the railways undertaken by them, and of miscellaneous items such as surveys and controlling establishments (including the Railway Board). A share of the cost of control is charged to the working expenses of each Railway Company and the recoveries thus made are adjusted by deduction from the miscellaneous expenditure. The figures are:—

	Accounts, 1917-18.	1918-19.		1919-20.
		Budget.	Revised.	Budget.
<i>Imperial.</i>				
1. Subsidised Companies—Land .	₹ 9,50,814	₹ 4,90,000	₹ 3,50,000	₹ 6,50,000
2. Miscellaneous Expenditure .	7,95,692	3,99,000	9,50,000	13,00,000
<i>Provincial.</i>				
1. Subsidised Companies—Land .	10,107	10,000	10,000	10,000
2. Miscellaneous Expenditure .	297	1,000	2,000	1,000
TOTAL	₹ 17,56,910	₹ 9,00,000	₹ 13,12,000	₹ 19,61,000
	£ 117,127	60,000	87,400	130,700

Revised, 1918-19.

Budget, 1919-20.

Land.—A lapse of ₹1.40 lakhs is expected in the Imperial Budget grant for the current year. The principal allotments made in 1919-20 are for the Sara-Sirajganj Railway and for the payment of rebate to the Guzerat Railways.

Revised, 1918-19.

Budget, 1919-20.

Miscellaneous Expenditure.—The Revised estimate for 1918-19 shows an increase of ₹5.51 lakhs and is chiefly due to outlay on certain large surveys undertaken during the year which were not foreseen at the time of the Budget estimate, e.g., Nushki Extension, Agra-Karachi and Maungdaw-Akyab Surveys. The Budget for 1919-20 is made up as follows:—

	₹
Allotment for surveys	13,34,000
Charges for Railway Board and other establishments	16,13,000
Less—Recoveries from Railway Companies on account of cost of supervision	16,47,000
TOTAL	13,00,000

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XXIX—XXX AND 42, 42-A and 43.—IRRIGATION.

IRRIGATION.	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget. 1919-1920.
				Budget.	Revised.	
MAJOR WORKS.	R	R	R	R	R	R
Revenue { Direct Receipts	4,10,69,852	4,51,68,395	4,48,58,712	4,63,88,000	4,69,88,000	4,84,04,000
Revenue { Land Revenue	2,66,05,805	2,74,06,628	2,65,33,426	2,88,21,000	2,90,59,000	2,93,84,000
Expenditure { Working Expenses	2,06,23,801	2,02,67,917	2,10,67,302	2,20,35,000	2,11,48,000	2,12,71,000
Expenditure { Interest	1,98,60,762	1,93,89,238	2,08,67,708	2,02,24,000	2,12,36,000	2,15,87,000
NET REVENUE IN INDIA	2,71,91,094	3,29,17,818	2,94,57,128	3,29,50,000	3,36,63,000	3,49,30,000
Equivalent in Sterling £ Expenditure in England (mainly Interest)	1,812,740	2,194,521	1,963,809	2,196,600	2,244,200	2,328,700
	127,299	120,585	124,415	121,000	124,500	124,600
NET REVENUE	1,685,441	2,073,936	1,839,394	2,075,600	2,119,700	2,204,100
CONSTRUCTION OF PROTECTIVE WORKS	12,632	...	...	...	...	...
MINOR WORKS.						
Receipts—Direct	40,10,525	47,59,342	45,66,046	45,97,000	49,86,000	48,90,000
Expenditure	1,32,28,564	1,17,76,139	1,29,71,568	1,48,51,000	1,55,72,000	1,63,39,000
NET EXPENDITURE IN INDIA	92,18,039	70,16,797	84,05,522	1,02,54,000	1,05,86,000	1,14,49,000
Equivalent in Sterling £ Expenditure in England	614,538	467,787	560,368	683,500	705,700	763,300
	290	437	--15	400	100	...
NET EXPENDITURE	614,826	468,224	560,353	683,900	705,800	763,300
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31	63,68,47,834	64,92,86,966	65,98,80,455	67,28,45,000	66,84,03,455	68,01,96,455
Equivalent in Sterling £	42,456,523	43,285,798	43,992,030	44,856,300	44,560,430	45,346,430

177. Taking India as a whole, the net revenue derived from Major Irrigation works in 1918-19 will exceed the Budget forecast by £44,100 (R6.61 lakhs). There will be a rise of R6 lakhs in the Direct Receipts and of R2.38 lakhs in the share of Land Revenue. There will however be an excess of R1.77 lakhs in the expenditure, viz., an increase of R10.64 lakhs in the interest charges, partly counterbalanced by a reduction of R8.87 lakhs under Working Expenses. A further improvement of £84,400 (R12.65 lakhs) is expected in the net revenue in 1919-20. This allows for a rise of R17.41 lakhs in the gross revenue, made up of an increase of R14.16 lakhs in the Direct Receipts and of R3.25 lakhs in the share of Land Revenue. But a higher provision of R1.23 lakhs has been made for Working Expenses and there will also be a growth of R3.53 lakhs in the interest charges. The net result under Minor Irrigation works in 1918-19 is worse than the Budget estimate by ₹21,900 (R3.28 lakhs), the result of an increase of R3.89 lakhs in revenue and of R7.17 lakhs in expenditure. The estimate for next year provides for a fall of R96,000 in the receipts and for a rise of R7.66 lakhs in expenditure.

178. The figures for Land Revenue due to Irrigation have already been examined in paragraphs 12 and 13 along with those for Land Revenue proper. The details of the other heads are exhibited in the following tables.

General Result.

Major Irrigation.

Minor Irrigation.

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XXIX AND 42.—MAJOR WORKS.

Direct Receipts.

IRRIGATION.	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. North-West Frontier	8,11,044	9,81,716	11,73,263	13,34,000	13,31,000	13,39,000
2. United Provinces	5,46,513	4,86,060	4,03,388	4,95,000	6,26,000	3,85,000
3. Burma	18,90,045	18,53,255	13,47,411	16,55,000	17,40,000	17,80,000
4. Central Provinces	97,982	1,31,820	1,70,194	2,48,000	3,97,000	4,32,000
Total	28,45,584	29,32,851	30,94,256	37,32,000	40,94,000	39,86,000
<i>Divided and Provincial.</i>						
1. Madras	2,94,368	3,11,537	3,19,074	3,20,000	3,26,000	3,22,000
2. Bombay	16,11,897	16,81,144	15,86,638	17,37,000	17,80,000	17,00,000
3. Bengal	2,78,079	2,89,732	2,78,301	2,82,000	3,00,000	2,80,000
4. United Provinces	95,14,391	97,07,939	98,10,840	95,11,000	1,04,30,000	1,01,08,000
5. Punjab	2,38,05,079	2,77,15,784	2,71,44,178	2,81,56,000	2,74,08,000	2,92,08,000
6. Bihar and Orissa	27,20,452	25,29,408	26,25,425	26,00,000	26,50,000	28,00,000
Total	3,82,24,268	4,22,35,544	4,17,64,456	4,26,56,000	4,28,94,000	4,44,18,000
TOTAL R	4,10,69,852	4,51,68,395	4,48,58,712	4,63,88,000	4,69,88,000	4,84,04,000
Equivalent in Sterling £	2,737,991	3,011,227	2,990,581	3,092,500	3,132,500	3,226,900

WORKING EXPENSES.

<i>Imperial.</i>						
1. India General	...	...	...	2,02,000	...	2,33,000
2. North-West Frontier	6,23,431	6,49,518	7,05,193	6,54,000	7,85,000	6,32,000
3. United Provinces	4,72,541	4,78,631	5,58,222	5,92,000	4,98,000	4,39,000
4. Burma	5,90,691	5,64,669	5,39,665	6,26,000	6,20,000	7,27,000
5. Central Provinces	87,118	1,17,227	2,02,563	2,80,000	3,59,000	5,20,000
Total	17,73,781	18,09,945	20,05,583	23,54,000	22,62,000	25,51,000
<i>Divided and Provincial.</i>						
1. Madras	22,36,368	19,89,410	22,13,265	23,00,000	19,90,000	17,24,000
2. Bombay	15,79,268	16,58,474	17,89,374	18,74,000	19,13,000	17,51,000
3. Bengal	1,96,022	1,85,304	1,71,300	2,70,000	2,37,000	2,03,000
4. United Provinces	29,70,190	29,46,301	29,44,866	30,57,000	29,67,000	31,26,000
5. Punjab	1,03,60,778	1,03,46,287	1,04,21,396	1,06,55,000	1,04,02,000	1,05,29,000
6. Bihar and Orissa	15,17,399	14,51,696	15,21,518	15,25,000	13,77,000	13,37,000
Total	1,88,50,020	1,84,57,973	1,90,61,719	1,96,81,000	1,88,86,000	1,87,20,000
TOTAL INDIA R	2,06,23,801	2,02,67,917	2,10,67,302	2,20,35,000	2,11,48,000	2,12,71,000
Equivalent in Sterling £	1,374,920	1,351,194	1,404,487	1,469,000	1,409,900	1,418,000

DIRECT RECEIPTS.

(a) Imperial.

179. The Revised estimate for 1918-19 is more than the Budget by R3·62 lakhs. The increase is due to a larger demand for canal water in the United and Central Provinces owing to deficient rainfall and to the collection of water rate for irrigation from the Yeu canal in Burma which has been opened in the current year. The Budget estimate for 1919-20 provides for a development of irrigation from the Mahanadi and Tandula canals in the Central Provinces, but a reduction is anticipated in the irrigated area in the United Provinces owing to the low state of the rivers which feed the canals. These causes account for the decrease of R1·08 lakhs in the next year's Budget as compared with the Revised for 1918-19.

(b) Divided and wholly Provincial.

180. The rise of R2·38 lakhs in the Revised estimate for the current year as compared with the Budget is due to a large increase in the area under irrigation in the United Provinces (R9·19 lakhs) during both the *rabi* and the *kharif* seasons, partly set off by a decrease in the revenue from the Sirhind, Western Jumna, Lower Jhelum and Upper Chenab canals in the Punjab (R7·48 lakhs) where excessive rainfall at the beginning of the last winter prevented early *rabi* sowings and reduced the demand for irrigation.

181. The Budget estimate for 1919-20 is based generally on the demand for *rabi* irrigation in the current year and on normal requirements in connection with the next year's *kharif*. An increase of R18 lakhs is expected in the Punjab owing to the development of irrigation from the Triple canal project, but there will be a fall of R3·22 lakhs in the United Provinces owing to the low state of the rivers. An expansion of irrigation is also expected in Bihar and Orissa as the result of the deficient rainfall, but there will be a diminution in Bombay owing to insufficient supply of water.

WORKING EXPENSES.

(a) Imperial.

182. The total expenditure in 1918-19 is likely to fall short of the Budget provision by R92,000. Increases will occur in the North West Frontier Province owing to expenditure on training and drainage works and diversion bunds on the Upper Swat River canal and in the Central Provinces on account of repairs to the Mahanadi canal, but they will be met from the reserve provision of R2·02 lakhs entered in the Budget and a saving in establishment charges in the United Provinces in consequence of the new method of distributing these charges.

183. The Budget estimate for 1919-20 is R2·89 lakhs more than the Revised for the current year. Increased allotments have been made in Burma for the newly opened Yeu canal and in the Central Provinces in consequence of the increased irrigation anticipated for the next year. The Budget also includes a reserve provision of R2·33 lakhs for unforeseen requirements. There is on the other hand a reduction in the provision for establishment charges in the North-West Frontier and United Provinces.

(b) Divided and wholly Provincial.

184. The Revised estimate for 1918-19 will be less than the Budget by R7·95 lakhs. The saving occurs partly under establishment charges in Madras, Bihar and Orissa and the United Provinces in consequence of the revised method of allocating these charges, and partly in the provision for works in the Punjab.

185. The Budget estimate for 1919-20 is R1·66 lakhs less than the Revised estimate for the current year. The decrease of R2·66 lakhs in Madras arises from the omission of the special expenditure incurred in 1918-19 for repairs to flood damages on certain canals. Elsewhere provision has been made with reference to present requirements.

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42A.—EXPENDITURE ON PROTECTIVE IRRIGATION WORKS IN ADDITION TO THAT CHARGED UNDER FAMINE RELIEF AND INSURANCE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
India . . . R	1,89,478	...	...	...	...	...
Equivalent in Sterling £	12,632	...	...	...	...	...

186. No supplementary expenditure on protective irrigation works is anticipated under this head either in the current or the next year, as explained in paragraphs 165 and 166.

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XXX AND 43.—MINOR WORKS AND NAVIGATION.

Revenue.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	16,907	15,172	19,656	32,000	27,000	30,000
2. Delhi	1,384	2,599	989	1,000	1,000	1,000
3. Baluchistan	21,784	79,709	54,742	44,000	58,000	92,000
4. Punjab	8,89,685	9,59,765	10,01,641	9,71,000	9,00,000	9,11,000
Total	9,29,760	10,57,245	10,77,028	10,48,000	9,86,000	10,34,000
<i>Divided and Provincial.</i>						
1. Madras	2,59,506	2,79,490	3,16,870	2,73,000	2,97,000	3,15,000
2. Bombay	3,36,511	3,46,939	3,33,240	3,75,000	3,50,000	3,60,000
3. Bengal	6,80,544	8,34,377	8,91,648	8,10,000	10,50,000	10,58,000
4. United Provinces	1,98,639	2,85,386	2,39,038	2,62,000	2,86,000	2,52,000
5. Punjab	67,070	63,246	1,26,464	1,03,000	1,22,000	1,33,000
6. Burma	14,23,781	16,90,753	13,68,211	16,00,000	17,50,000	16,00,000
7. Bihar and Orissa	67,098	70,828	74,362	72,000	74,000	74,000
8. Central Provinces	47,616	59,074	39,185	54,000	71,000	64,000
9. Assam . . . . .	...	72,004	...	...	...	...
Total	30,80,765	37,02,097	34,89,018	35,49,000	40,00,000	38,56,000
TOTAL R	40,10,525	47,59,342	45,66,046	45,97,000	49,86,000	48,90,000
Equivalent in Sterling £	267,368	317,289	304,403	306,500	332,400	326,000

Expenditure.

<i>Imperial.</i>						
1. India General	71,792	62,434	73,988	1,63,000	85,000	1,86,000
2. Delhi	1,043	1,593	1,102	1,000	1,000	1,000
3. Baluchistan	2,84,076	2,93,454	1,43,650	1,61,000	1,92,000	2,09,000
4. North-West Frontier	33,282	39,457	74,152	50,000	4,06,000	1,61,000
5. Punjab	9,11,895	8,07,631	8,24,360	9,31,000	9,23,000	9,57,000
Total	13,02,088	12,04,569	11,17,252	13,06,000	16,07,000	15,14,000
<i>Divided and Provincial.</i>						
1. Madras	88,17,049	35,70,915	40,64,563	42,25,000	44,78,000	44,99,000
2. Bombay	30,89,517	24,97,981	23,33,016	32,69,000	33,86,000	34,58,000
3. Bengal	22,96,494	20,04,123	23,44,716	27,02,000	28,36,000	35,08,000
4. United Provinces	4,01,417	3,28,489	3,12,347	6,33,000	5,70,000	5,83,000
5. Punjab	2,02,446	2,63,712	3,32,986	1,95,000	4,77,000	4,24,000
6. Burma	11,62,984	12,24,578	13,68,905	17,15,000	14,00,000	15,97,000
7. Bihar and Orissa	2,83,550	2,47,981	1,88,770	3,09,000	1,60,000	2,17,000
8. Central Provinces	5,77,173	3,81,718	3,78,730	4,55,000	6,26,000	5,00,000
9. Assam	95,846	52,073	30,333	42,000	32,000	39,000
Total	1,19,26,476	1,05,71,570	1,18,54,316	1,35,45,000	1,39,65,000	1,48,25,000
TOTAL INDIA R	1,32,28,564	1,17,76,139	1,29,71,568	1,48,51,000	1,55,72,000	1,63,39,000
Equivalent in Sterling £	881,904 290	785,076 437	864,771 -15	990,000 400	1,038,100 100	1,089,300 ...
GRAND TOTAL £	882,194	785,513	864,756	990,400	1,038,200	1,089,300

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REVENUE.

(a) *Imperial.*

Revised, 1918-19. 187. The Revised estimate for 1918-19 is less than the Budget by R62,000
Budget, 1919-20. owing mainly to diminished irrigation in the Punjab in consequence of deficient rainfall. The Budget estimate for 1919-20 does not differ materially from the Revised estimate for the current year.

(b) *Divided and Provincial.*

Revised, 1918-19. 188. The total Revised estimate for 1918-19 exceeds the Budget by R4.51
Budget, 1919-20. lakhs. Important increases occur in Bengal (R2.40 lakhs) owing to the diversion of railway traffic to canals and in Burma (R1.50 lakhs) from the collection of arrears. The Budget for 1919-20 excludes the arrear collections in Burma and elsewhere follows the Revised estimate for the current year.

EXPENDITURE.

(a) *Imperial—India and England.*

Revised, 1918-19. 189. The increase of R2.97 lakhs in the Revised estimate for the current year as compared with the Budget is due to a special outlay in the North-West Frontier Province for the safeguarding of a road. A sum of R54,000 out of the reserve provision of R57,000 included in the Budget has been allotted to the Government of the United Provinces for tank restoration works and placed at its credit by an assignment of Imperial revenue (*vide* paragraph 232).

Budget, 1919-20. 190. The Budget estimate for 1919-20 is less than the current year's Revised by R95,000. Provision has been made for normal expenditure and a reserve of R60,000 has been entered to meet expenditure which cannot be foreseen at present.

(b) *Divided and Provincial.*

Revised, 1918-19. 191. The Revised estimate for 1918-19 exceeds the Budget by R4.20 lakhs. Increases are anticipated in Madras owing to larger repairs to flood banks and a rise in establishment charges under the new method of allocation; in Bengal due to larger outlay on the Madaripur Bheel route and anti-malarial works; in the Punjab on account of charges for the Thal survey for which provision was included in the Budget under Land Revenue; and in the Central Provinces owing to expenditure on works undertaken to provide employment in connection with the scarcity. But these excesses and a minor one in Bombay will be met in part from savings in other provinces.

Budget, 1919-20. 192. The Budget estimate for 1919-20 is taken at R8.60 lakhs more than the Revised for the current year. Provision has generally been made for sanctioned establishments, for necessary repairs and for a normal programme of works. The bulk of the increase occurs in Bengal (R6.72 lakhs) where allotments have been made for the Kidderpore bridge (R3½ lakhs), for larger outlay on the Madaripur Bheel route (R1.40 lakhs), for coaling plant for dredgers (R1 lakh) and for some other minor objects. The Budget also includes R2.90 lakhs for a reserve depôt for tools and plant in the United Provinces and R2 lakhs for improvements to waterways and R1.50 lakhs for river embankments in Burma.

44.—CONSTRUCTION OF RAILWAYS CHARGED TO PROVINCIAL REVENUES.

	Accounts, 1915-1916	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Provincial.</i>						
United Provinces	...	...	...	...	1,00,000	66,000
Assam R	18,950	33,060	-11,493	10,000	-8,000	10,000
Total R	18,950	33,060	-11,493	10,000	92,000	76,000
Equivalent in sterling £	1,263	2,204	-766	700	6,100	5,100

193. The figures against Assam relate to capital outlay in connection with the Jorhat Railway and are unimportant in character. The provision against the United Provinces of Agra and Oudh in both the current and next years is for the construction of a siding for the resin distillery in that province.

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XXXI and 45.—CIVIL WORKS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	23,36,211	21,00,250	20,20,052	32,77,000	23,75,000	31,52,000
2. Delhi	17,59,694	18,15,313	20,64,703	15,88,000	19,85,000	16,84,000
3. Baluchistan	8,80,280	9,48,939	9,67,401	9,89,000	9,45,000	11,58,000
4. North-West Frontier	25,56,806	24,26,105	25,29,307	25,90,000	19,82,000	33,87,000
5. Other Provinces	47,99,736	30,97,615	32,24,659	39,92,000	50,43,000	45,15,000
Total	1,23,32,727	1,03,88,223	1,08,06,622	1,24,36,000	1,23,30,000	1,38,96,000
<i>Provincial.</i>						
1. Madras	87,00,566	79,75,704	80,70,672	86,40,000	99,44,000	1,05,21,000
2. Bombay	85,70,316	75,13,171	89,75,049	1,33,65,000	98,89,000	1,46,90,000
3. Bengal	89,34,903	64,39,725	90,20,293	97,37,000	1,06,83,000	1,28,64,000
4. United Provinces	73,14,591	65,85,308	60,83,805	65,44,000	66,38,000	73,86,000
5. Punjab	65,46,792	49,80,610	51,27,254	76,39,000	63,76,000	84,90,000
6. Burma	88,97,194	82,77,693	95,43,514	1,09,99,000	95,06,000	1,48,03,000
7. Bihar and Orissa	88,43,005	69,74,458	75,29,245	92,20,000	76,11,000	81,05,000
8. Central Provinces	68,95,387	60,45,394	68,41,533	81,83,000	67,95,000	84,01,000
9. Assam	39,69,319	32,63,485	31,01,904	35,04,000	31,87,000	37,98,000
Total	6,86,72,073	5,80,55,548	6,42,93,269	7,78,31,000	7,06,29,000	8,90,63,000
TOTAL INDIA	8,10,04,800	6,84,43,771	7,51,04,891	9,02,67,000	8,29,59,000	10,29,59,000
Equivalent in Sterling £	5,400,320	4,562,918	5,006,993	6,017,800	5,530,600	6,863,900
England	50,144	53,413	42,067	39,200	45,400	63,700
TOTAL	5,450,464	4,616,331	5,049,060	6,057,000	5,576,000	6,927,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
<i>Imperial.</i>						
1. India General	1,12,225	1,02,080	1,14,258	87,000	99,000	89,000
2. Delhi	2,55,017	—56,940	1,71,277	1,57,000	1,36,000	1,35,000
3. Baluchistan	48,783	46,868	67,368	48,000	49,000	48,000
4. North-West Frontier	1,68,004	1,68,995	1,74,907	1,74,000	1,73,000	1,72,000
5. Other Provinces	2,73,358	3,29,183	3,57,678	3,01,000	3,51,000	3,50,000
Total	8,57,387	5,90,186	8,85,488	7,67,000	8,08,000	7,95,000
<i>Provincial.</i>						
1. Madras	6,02,615	5,13,010	4,53,581	4,39,000	5,17,000	4,35,000
2. Bombay	4,00,240	4,97,111	5,33,611	3,84,000	4,56,000	4,05,000
3. Bengal	6,18,546	8,57,456	6,17,975	6,24,000	7,05,000	7,24,000
4. United Provinces	4,85,038	4,50,810	5,26,086	4,67,000	4,93,000	5,10,000
5. Punjab	3,60,841	4,21,242	3,75,686	3,77,000	4,03,000	3,89,000
6. Burma	3,52,829	3,50,497	3,57,052	3,60,000	3,85,000	3,61,000
7. Bihar and Orissa	3,99,375	4,36,731	4,78,958	5,05,000	5,10,000	5,35,000
8. Central Provinces	3,14,089	3,05,746	3,78,521	4,67,000	3,54,000	5,03,000
9. Assam	1,69,556	1,87,798	2,17,025	1,84,000	1,93,000	1,87,000
Total	37,03,129	40,50,401	39,68,495	38,07,000	40,21,000	40,49,000
TOTAL INDIA	45,60,516	46,40,587	48,53,983	45,74,000	48,29,000	48,44,000
Equivalent in Sterling £	304,035	309,373	323,599	304,900	321,900	323,000

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194. The Imperial revenue and expenditure shown against "Other Provinces" represent the transactions in connection with the buildings of the various departments, *e.g.*, salt, customs, etc., the receipts and charges of which are wholly Imperial.

EXPENDITURE.

(a) *Imperial—India and England.*

195. The Revised estimate for the current year does not differ materially from the Budget. An expenditure of about ₹7 lakhs over and above the Budget provision is expected to be incurred in connection with the provision of accommodation at Simla for junior officers and subordinate establishments of the Government of India, both European and Indian. A further increase of about ₹3·5 lakhs is due to the construction of a new Telegraph Office at Simla, and additional office accommodation at the Secretariat in temporary Delhi. Payments in England by the Secretary of State are also expected to be about ₹1 lakh more than the amount anticipated. These excesses will however be counterbalanced by savings in the provinces, inclusive of ₹4·50 lakhs in the North-West Frontier Province due to the transfer of certain roads to the Military Works Department. *Revised, 1918-19.*

196. In 1919-20 the total Imperial grant has been fixed at ₹1,00 lakhs, exclusive of ₹6·41 lakhs allotted for expenditure in the Civil Department, mostly in the several minor administrations, and of sums aggregating ₹42·10 lakhs to be spent by the administrations of the North-West Frontier Province (₹32·85 lakhs) and Baluchistan (₹9·25 lakhs). The total Budget for 1919-20 is more than the Budget and Revised estimates for 1918-19 by ₹18·27 lakhs and ₹18·40 lakhs respectively. The grants for ordinary expenditure have been kept as low as possible in view of the present financial situation. *Budget, 1919-20.*

197. The purposes to which the grant of ₹1,00 lakhs mentioned in the preceding paragraph will be applied are shown below :—

	In lakhs of rupees.
(a) Ordinary grant—	
(1) Establishment and Miscellaneous charges	14·47
(2) Repairs	22·07
(3) Works in progress	9·63
(4) New works—	
(a) Costing up to ₹5,000	7·86
(b) Costing more than ₹5,000	18·22
(5) Payments in England for stores, furlough allowances, etc.	9·55
(6) Reserve for Archæological expenditure	1·00
(7) Reserve for other unforeseen expenditure	2·33
	88·03
(b) Delhi Province—	
(1) Civil Buildings—Works in progress . . . . .	...
(2) New Works—	
(a) Costing up to ₹5,000	0·33
(b) Costing more than ₹5,000	1·38
(3) Communications	0·53
(4) Miscellaneous public improvements	0·13
(5) Repairs	7·27
(6) Establishment and Tools and Plant	3·18
(7) Archæological expenditure	0·41
(8) Reserve for unforeseen expenditure	0·74
	13·97
Total	1,00·00

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The more important works for which funds are being provided out of the ordinary grant mentioned above are stated below :—

Province.	Name of work.	Amount of grant.
	<i>Works in progress.</i>	R
Punjab .	New telegraph office building at Simla	2,00,000
	Quarters for junior officers of the Government of India on the Bemlos Estate, Simla.	1,25,000
Bombay .	New Customs House at the Ballard Pier, Bombay	2,00,000
	<i>New Works.</i>	
Bengal .	Extension of the Calcutta General Post Office	1,00,000
	New Post and Telegraph Office at Darjeeling	1,60,000
Bombay .	Extension of the Pritchard Salt Works at Kharagoda, Bombay	1,00,000
	Quarters for Postal and Telegraph messengers at Bombay	1,00,000
Punjab	Quarters for European clerks of the Government of India at Summer Hill, Simla.	4,50,000
	Development of the Park Estate, Simla	2,00,000

Revised, 1918-19.

198. The Budget grants for 1919-20 proposed for the North-West Frontier Province and Baluchistan are higher than the Revised estimate for the current year by R13.98 and R2.06 lakhs respectively. Increased allotments have been necessary both for works and repairs as a result of the severe restriction of expenditure which has been enforced since the outbreak of the war.

(b) India—Provincial.

199. The total Revised estimate for 1918-19 is less than the Budget by R72.02 lakhs. The Budget provided for an outlay of R8 lakhs on Civil Works from the special Imperial assignments made in recent years for Education, Sanitation and other beneficent services, but the total expenditure of this class in the current year to be recorded under Civil Works is now estimated at about R23 lakhs. Eliminating this special expenditure as well as the Budget provision made for it, the Revised estimate under Civil Works falls short of the corresponding Budget grant by about R87 lakhs. All the provinces except Madras and Bengal contribute to the lapse which is largest in Bombay (R35.38 lakhs) and Bihar and Orissa (R20.65 lakhs). The saving is attributable generally to a curtailment of the programme of works in pursuance of the recommendations of the Delhi Conference of April 1918 regarding economy in the expenditure of Government. The non-utilisation of the Budget provision for grants for sanitary objects from surplus excise revenue and a large reduction in the programme of works account for the decrease in Bombay, while that in Bihar and Orissa arises from the postponement of outlay on the new capital, the University site, the Lunatic Asylum and other works, partly for want of materials. The excess in Madras is due to grants aggregating R20 lakhs made to local bodies for the improvement of roads affected by restrictions on railway traffic and in Bengal to outlay on the construction of police buildings, the Budget provision for which was included under Police.

Budget, 1919-20.

200. The table below compares the details of the grants for 1919-20 in the various provinces so far as settled at present with the probable expenditure in the current year.

REVISED, 1918-19.

[Lakhs of Rupees.]

PROVINCES.	GRANTS TO		OUTLAY IN THE PUBLIC WORKS DEPARTMENT ON			Other items.	TOTAL.
	Local Boards and Municipalities.	Other local bodies.	Original works.	Repairs.	Establishment charges.		
1. Madras	46.75	.06	26.03	12.35	14.95	—70	99.44
2. Bombay	8.69	..	46.72	25.00	15.20	3.28	98.89
3. Bengal	10.03	1.50	51.15	30.75	12.00	1.40	106.83
4. United Provinces	4.40	...	20.83	29.21	9.72	2.22	66.38
5. Punjab	7.44	...	23.00	23.00	7.90	2.42	63.76
6. Burma	12.23	...	26.60	38.00	16.00	2.23	95.06
7. Bihar and Orissa	17.66	...	34.37	11.30	12.02	.76	76.11
8. Central Provinces	7.19	...	30.61	19.74	9.18	1.23	67.95
9. Assam	2.02	...	6.36	15.50	6.75	1.24	31.87
TOTAL	116.41	1.56	265.67	204.85	103.72	14.08	706.29

BUDGET, 1919-20.

[Lakhs of Rupees.]

PROVINCES.	GRANTS TO		OUTLAY IN THE PUBLIC WORKS DEPARTMENT ON			Other items.	TOTAL.
	Local Boards and Municipalities.	Other local bodies.	Original Works.	Repairs.	Establishment charges.		
1. Madras	34.48	.01	38.80	11.24	18.80	1.88	105.21
2. Bombay	16.70	...	84.50	28.00	15.00	2.70	146.90
3. Bengal	10.54	4.75	69.40	31.00	12.00	.95	128.64
4. United Provinces	4.59	...	21.74	31.63	12.58	3.32	73.86
5. Punjab	11.53	...	36.15	25.70	8.35	3.17	84.90
6. Burma	11.14	...	69.72	42.50	17.78	6.94	148.08
7. Bihar and Orissa	14.35	...	38.84	12.72	12.48	2.66	81.05
8. Central Provinces	5.93	...	44.12	22.23	10.60	1.13	84.01
9. Assam	3.17	...	8.09	18.02	7.22	1.48	37.98
TOTAL	112.43	4.76	411.36	223.04	114.81	24.23	890.63

201. The Budget estimate for 1919-20 exceeds the Revised for the current year by R1,84.34 lakhs. The increase is distributed over all the provinces, but is largest in Burma (R53.02 lakhs) and Bombay (R48.01 lakhs). Allotments aggregating R21 lakhs have been made for outlay on civil works from the special Imperial assignments made in recent years.

202. The total provision for original works in 1919-20 has been taken at R1,45.69 lakhs more than the probable expenditure in the current year. Provision has been made for a considerable expansion of outlay on buildings and communications in Bombay and Burma; for progress of work in connection with the Bankipore buildings in Bihar and Orissa and the partition of the districts of Midnapore and Mymensingh in Bengal; for regrant of lapses in the current year, for acquisition of land for the new University and for an expanded programme of works in view of the present scarcity in the Central Provinces; and in Burma for a regrant of lapses and the construction of an agricultural college from the Imperial grant made in the current year for technical and agricultural education.

203. The total provision for grants to local boards and municipalities in 1919-20 is about R4 lakhs less than the similar expenditure in 1918-19 as the result of variations in all provinces. The decrease occurs mainly in Madras where the Budget provision for grants for roads affected by railway restrictions amounts during the next year to R6 lakhs against R20 lakhs in the Revised for the current year. Of the provision under grants to local bodies R1.50 lakhs represent the grant from Imperial revenues to the Calcutta Improvement Trust, and R3.25 lakhs for a contribution to the Chittagong port.

204. The Budget grants for repairs and establishment charges are generally based on normal requirements and sanctioned scales. Provision has been made in the United Provinces for a temporary staff to prepare projects for works held in abeyance during the war. The Budget under the head "Other items" includes a reserve provision of R5 lakhs in Burma.

REVENUE.

(a) Imperial.

205. The variations are unimportant.

(b) Provincial.

206. The Revised estimate for 1918-19 shows a rise of R2.14 lakhs over the Budget estimate, due to the refund of contributions paid to local bodies in previous years in Madras and to increase in the sale-proceeds of old materials and miscellaneous items of revenue in Bombay and Bengal, partly set off by the postponement to the next year of a contribution of R1.50 lakhs expected from the public towards the King Edward's College, Amraoti. Apart from this contribution, the Budget estimate for 1919-20 provides for normal receipts.

Revised, 1918-19.

Budget, 1919-20.

XXXII and 46.—ARMY.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		1919-1920, Budget.
				Budget.	Revised.	
INDIA—						
EXPENDITURE.						
<i>Effective Services—</i>	R	R	R	R	R	R
Administration	50,70,067	57,48,817	67,29,855	66,28,800	69,92,000	70,69,020
Military Accounts	25,20,017	26,20,842	28,81,257	27,38,050	28,06,000	28,29,400
Regimental Pay, etc.	7,99,57,421	7,72,27,057	8,00,99,334	8,29,91,860	8,19,19,000	13,80,70,750
Supply and Transport	2,47,25,419	2,91,17,776	3,50,30,972	3,48,04,080	4,10,19,100	5,12,71,000
Veterinary	1,74,025	1,72,784	1,98,304	1,70,240	2,00,000	1,94,960
Clothing	24,53,604	42,87,239	26,77,025	20,42,000	39,36,000	72,75,200
Remounts	45,99,756	44,62,466	55,35,529	43,83,680	46,48,000	50,32,760
Medical Services	28,06,736	30,12,527	32,32,100	31,66,810	36,27,000	69,05,460
Medical Stores	4,92,279	6,19,833	22,32,843	13,40,630	23,01,000	23,36,000
Ordnance	89,30,346	1,18,71,030	1,59,59,793	1,79,92,030	2,23,00,000	1,82,19,980
Ecclesiastical	3,75,208	3,95,759	4,36,924	4,03,700	4,36,000	4,40,180
Education	5,66,320	5,65,931	6,74,813	7,03,280	8,42,000	14,10,290
Compensation for Food, etc.	35,84,000	34,00,920	7,99,000	7,47,000	12,66,000	28,69,000
Miscellaneous Services	10,11,82,874	11,31,78,446	14,08,82,246	15,96,43,000	33,28,56,000	21,47,96,000
Indian Munitions Board . . . . .	...	55,019	28,55,621	21,86,280	34,66,000	30,56,470
Hutting	2,61,600	2,56,912	2,65,487	2,00,000	3,20,000	2,50,000
Conveyance by Road, River, and Sea	5,91,658	9,65,231	8,13,580	8,33,970	9,97,000	9,88,690
Conveyance by Rail	58,83,294	1,09,80,704	1,48,21,052	1,20,00,000	2,36,50,000	2,14,00,000
Cantonments	14,06,228	17,87,917	18,41,728	12,08,090	18,75,000	13,16,840
Unadjusted Expenditure	-12,49,349	-1,75,481	-16,27,238	...	...	...
TOTAL	R 24,42,81,498	27,04,52,729	31,62,89,725	33,41,83,000	53,54,56,000	48,57,32,000
<i>Non-effective Services—</i>	R	R	R	R	R	R
TOTAL INDIA	R 1,17,29,048	1,28,45,207	1,46,21,875	1,60,71,000	1,59,90,000	1,78,71,000
EQUIVALENT IN STERLING	£ 17,067,369	18,886,529	22,060,774	23,350,300	36,763,100	33,573,500
ENGLAND—						
<i>Effective Services—</i>						
Payments to War Office for British Forces	929,251	930,700	930,700	930,700	872,200	911,700
Furlough Allowances, etc., of British Forces	15,123	14,941	15,219	30,000	20,000	50,000
Consolidated Clothing Allowances of British Soldiers	6,848	1	...	...	...	...
Furlough Allowances, Indian Service	143,393	190,062	191,037	187,000	192,000	250,000
Indian Troop Service	556,904	277,010	303,818	272,300	272,300	310,000
Other Heads	51,074	31,677	33,993	40,500	166,800	63,100
Clothing Stores	111,797	103,039	110,000	110,000	110,000	110,000
Ordnance and Miscellaneous Stores	319,175	1,152,372	1,946,096	166,700	422,000	429,400
Medical Stores	104,511	182,705	117,303	161,700	140,000	183,000
Remount Stores . . . . .	...	...	2,945	3,200	3,200	3,200
Supply and Transport Stores	88,414	83,000	83,000	83,000	83,000	83,000
Mechanical Transport Stores . . . . .	...	165,439	150,272	160,000	125,000	160,000
Military Farms Stores	12,943	25,428	23,879	31,100	37,400	39,700
Aviation Stores	60,000	...	63	203,300	100,000	200,000
North-West Frontier, 1914 . . . . .	...	29,638	...	...	...	...
Stores taken to India with Troops	8,815	...	...	...	1,600	...
TOTAL	£ 2,407,637	3,191,512	3,903,325	2,379,500	2,545,500	2,793,100
<i>Non-effective Services—</i>	£	£	£	£	£	£
Payments to War Office for British Forces	864,473	676,073	673,373	576,100	1,076,400	1,941,100
Pensions, Indian Service	1,301,993	1,236,154	1,175,236	1,170,000	1,150,000	1,130,000
Other Heads	251,528	269,735	277,196	315,000	285,000	292,000
TOTAL	£ 2,417,994	2,181,962	2,124,805	2,061,100	2,511,400	3,363,100
TOTAL ENGLAND	£ 4,825,831	5,373,474	6,033,130	4,440,600	5,056,900	6,156,200
TOTAL EXPENDITURE	£ 21,893,200	24,260,003	28,093,904	27,790,900	41,820,000	39,729,700
RECEIPTS.						
India	R 90,00,890	R 1,17,70,562	R 1,53,53,150	R 1,29,01,000	R 1,56,15,000	R 1,39,47,000
Equivalent in sterling	£ 600,059	£ 784,704	£ 1,023,477	£ 860,100	£ 1,041,000	£ 929,800
England	£ 339,584	£ 330,814	£ 280,453	£ 284,000	£ 269,200	£ 274,500
TOTAL RECEIPTS	£ 939,943	1,115,518	1,303,930	1,144,100	1,310,200	1,204,300
TOTAL NET EXPENDITURE	£ 20,953,257	23,144,485	26,789,974	26,646,800	40,509,800	38,525,400

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207. The receipts and expenditure under the 'Army' head are given in the preceding statement. *Revised, 1918-19, compared with Budget, 1918-19.*

208. The Revised Estimate for the current year and the Budget Estimate for 1919-20 include £12,700,000 and £8,695,000, respectively, on account of the Government of India's additional war contribution to the Imperial Government, represented by the following items:—

	Revised, 1918-19.	Budget, 1919-20.
	£	£
Normal cost, charges of additional Indian troops	8,800,000	6,800,000
Increased emoluments of Indian troops	200,000	200,000
Cost of European Section, Indian Defence Force	200,000	200,000
War pensionary charges of Indian troops and their British officers	500,000	995,000
War pensionary charges of British troops	...	500,000
Expenditure on temporary lines for the accommodation of additional troops	3,000,000	...
	<u>12,700,000</u>	<u>8,695,000</u>

209. Excluding these special charges, the net Army expenditure, according to the Revised Estimate for 1918-19, exceeds the Budget by £1,163,000, made up of an increase of R154.78 lakhs (£1,031,900) in India and of £131,100 in England. As the India Army Budget for 1918-19 included a reserve of R296.53 lakhs (£1,976,900) the actual additional expenditure in India, for which no specific provision was made in the Budget, is (R154.78 lakhs plus R2,96.53 lakhs) R4,51.31 lakhs (£3,008,800), which is mainly due to the following:—

Thousands of rupees.

(1) Additional expenditure on account of North-West Frontier operations, mainly in connection with the Marri operations; the complete mobilization of two divisions and a cavalry brigade and troops and headquarters in the three Frontier brigades; the raising of additional animal and mechanical transport units; and higher Military Works expenditure on accommodation for additional troops for the defence of the North-West Frontier	1,05,00
(2) Increased pay (in the form of bonus) to British officers and troops	66,90
(3) Increased railway charges	1,16,50
(4) Increased food charges, mainly owing to rise in prices	60,00
(5) Cost of Home stores obtained for the Royal Air Force by direct demand on the War Office and adjustable in the Indian accounts	30,45
(6) Increased outlay on dairy farms (this is counterbalanced by increased receipts)	20,20
(7) Increased travelling allowances and contingent charges	16,50
(8) Larger outlay on hire of transport	15,24
(9) Expansion of the activities of the Indian Munitions Board	12,80
(10) Rise in prices of medical stores and increased demands	8,74
(11) Increased pay to Subalterns of the British Army (this includes arrear payments from 1st October 1917)	12,80
(12) Cost of acquiring land for a parade ground at Bannu, for aeroplane landing grounds, and for ordnance factories, etc.	6,29
(13) Hair-cutting and washing allowances to British troops, owing to abolition of clothing allowances and grant of free issues in kind	7,16
(14) Larger expenditure on petrol and mechanical transport units	5,51
	<u>4,84,00</u>

*Revised, 1918-19,
compared with
Budget, 1918-19—
conold.*

Improvements in receipts reduce the net expenditure by ₹27.14 lakhs and the increase of pay to British troops sanctioned in 1917-18 is estimated to cost ₹21.75 lakhs less than the Budget provision.

With regard to (1), it may be mentioned that no provision had been made for the Marri operations, which commenced in March 1918 after the budget for 1918-19 had been settled. The mobilization of certain divisions and brigades on the Frontier was sanctioned in the course of the year in consequence of the then war situation and led to heavy additional expenditure in connection with animal transport. A small outlay will also be incurred on account of 10 Ford van companies, the formation of which was sanctioned as a temporary measure by the Secretary of State in July last, and some of which are expected to arrive in India before the end of the current financial year.

The bonus at (2) follows the scheme recently sanctioned at Home and provides for payments commencing from 1st February 1919 to officers and men of the British Army and British officers of the Indian Army forming the normal garrison in India, and to certain Royal Indian Marine personnel.

The increased railway charges at (3) are due to more railway movements, consequent upon the great expansion of recruitment. India bears the cost of all internal movements, other than those to ports of embarkation. The greater part of this additional expenditure comes back to Government in the shape of increased railway receipts.

The increase of ₹60 lakhs under food charges reflects the great increase which has taken place during the current year in prices of articles of food for men and animals.

With regard to (5), the cost of aeroplanes and aviation stores demanded from the War Office direct is being adjusted in India. There is also expenditure at Home, which is due to additional arrear claims having been preferred by the Imperial Government.

In connection with the increased travelling allowances and contingent charges at (7) above, it may be observed that, apart from the additional travelling necessitated by the increase of the army in India and consequent need for more constant inspection, and apart also from the higher expenditure on travelling allowances resulting from the formation of a number of classes for the intensive training of officers, non-commissioned officers and others, this increase is due to the fact that travelling allowances and contingent charges are borne by India in respect of the largely increased Army Headquarters staff and Divisional staffs.

The larger outlay on hired transport at (8) above is due to the constant internal movements of troops in India consequent upon redistributions due to units proceeding overseas, extra recruitment and the like.

The sum at (9) represents the share, debitable to India, of the increased establishments of the Indian Munitions Board. The Board has constantly been taking over new activities throughout the current year; and the ever increasing demands on India for munitions have also led to increases in the staff.

210. The increase of £131,100 at Home is made up of numerous items, the most important of which are an increase of £101,600 on Home stores, a payment of £90,100 to the War Office, representing minor savings due to the war in military expenditure in England, and a lower payment of £58,500 to the War Office in respect of effective charges of British forces serving in India.

*Budget, 1919-20,
compared with
Revised, 1918-19.*

211. Excluding the additional war contribution mentioned in para. 208 above, the net Budget of 1919-20 under the Army head exceeds the Revised estimate for 1918-19 by ₹3,03.09 lakhs (£2,020,600), of which ₹2,70.24 lakhs (£1,801,600) occur in India and £219,000 at Home.

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212. The following are the more important causes of increase in India:—

	Thousands of rupees.
(1) Increase in pay (in the form of bonus) to British troops and to British officers of the Indian Army sanctioned with effect from 1st February 1919	3,08,10
(2) Provision for building up a reserve of mobilisation and war stores	1,50,00
(3) ' Reserve ' provision to meet unforeseen charges	1,30,70
(4) Increased provision for ' food supplies '	30,00
(5) Larger provision for increased pay to British troops, which was sanctioned in 1917-18	12,00
(6) Provision in Budget, 1919-20, for revision of the peace establishment of mountain batteries	11,26
(7) Provision for a new wireless signal company	5,94
(8) Grant to British soldiers of allowances for haircutting and washing on abolition of clothing allowances from 1st October 1918 and issue of clothing in kind	7,17
	<u>6,55,17</u>

Of the foregoing, the new items of expenditure are at (2), (6) and (7). A Committee is now sitting to examine the extent of a mobilization store reserve which must be maintained, and pending a final decision a provision of £1 million has been made as a first instalment on this account. The revision of the peace establishment of mountain batteries is a measure which is being submitted for the sanction of the Secretary of State; the formation of a new wireless signal company, for which provision has been made at (7) has been approved by the Secretary of State.

The increases above are partly counterbalanced by decreases, of which the following are the principal:—

	Thousands of rupees.
(9) Lower provision for expenditure debitable to the head " War--India " in view of the cessation of hostilities	2,71,42
(10) Omission of provision in the Budget 1919-20 for scheme for the extension of the Ordnance factories	37,50
(11) Smaller provision for maintenance of Ordnance equipment and other items taken into account in the ordinary war contribution	30,00
(12) Special expenditure on acquisition of land in 1918-19, not required next year	6,29
(13) Smaller provision for increase of pay to subalterns, as the Revised 1918-19 includes arrear charges	4,30
(14) Smaller provision for the Indian Munitions Board	4,09
(15) Reduced allotment for travelling and contingent charges	6,50
(16) Less provision for hire of transport	7,77
(17) Expected fall in railway charges	22,50
	<u>3,90,37</u>

The omission of provision for the scheme for the extension of the Ordnance factories is due to the fact that the Government of India's liability for this scheme is limited to £250,000, and the whole of this amount is being adjusted in the current year's accounts. The other reductions are due generally to the cessation of hostilities and gradual return to the normal scale of expenditure.

213. The increase of £219,000 at Home is mainly due to larger provision for stores (£187,700). Other variations are—an increase of £88,000 in furlough allowances, of £37,700 in Indian Troop Service charges, and of £39,500 in capitation payments to the War Office: on the other hand, there is a lower provision of £70,800 on account of minor savings due to the war payable to the War Office, and of £27,000 which was refunded in 1918-19 to the War Office in connection with Indian regiments serving in the Colonies.

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*Budget, 1919-20,
compared with
Budget, 1918-19.*

214. As compared with the Budget of the current year, the Budget for 1919-20 (apart from the additional war contribution referred to in para. 208) shows an increase of £3,183,600 in net expenditure made up of £2,833,500 in India and £350,100 in England. These variations have been already explained in the preceding paragraphs dealing with the Revised for 1918-19 as compared with the Budget of that year and the Budget for 1919-20 as compared with the Revised for 1918-19.

XXXIII AND 46-A.—MARINE.

		Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		1919-1920, Budget.
					Budget.	Revised.	
EXPENDITURE.							
India	R	72,07,696	40,85,438	67,45,164	52,53,000	61,62,000	62,40,000
Equivalent in sterling	£	480,513	272,362	449,678	350,200	410,800	416,000
England	£	265,000	421,318	358,146	610,100	598,800	815,600
Total	£	745,513	693,680	807,824	960,300	1,009,600	1,231,600
RECEIPTS.							
India	R	33,48,942	54,75,072	48,32,333	46,29,000	47,01,000	44,85,000
Equivalent in sterling	£	223,263	365,005	322,155	308,600	313,400	299,000
England	£	...	22	...	...	...	...
Total	£	223,263	365,027	322,155	308,600	313,400	299,000
NET EXPENDITURE	£	522,250	328,653	485,669	651,700	696,200	932,600

*Revised, 1918-19,
compared with
Budget, 1918-19.*

215. The expenditure in India during 1918-19 is expected to be R9.09 lakhs over the Budget, owing mainly to larger expenditure on stores. But for a reduction of R9.60 lakhs owing to readjustment of war charges provisionally compiled as Marine expenditure in 1917-18, the increase would have been R18.69 lakhs over the Budget. Taking the small improvement of R72,000 in receipts into account, the net expenditure in India becomes R14.61 lakhs, or R8.37 lakhs more than the Budget figure of R6.24 lakhs.

The decrease of £11,300 at Home is due chiefly to the expenditure on the construction of certain vessels being now expected not to exceed £64,000 against £132,800 provided in the Budget. This decrease is partly counter-balanced by increased expenditure on miscellaneous stores (£52,700).

*Budget, 1919-20,
compared with
Revised, 1918-19.*

216. The provision for next year, India and Home combined, is R35.46 lakhs (£236,400) in excess of the anticipated net expenditure of £696,200 in 1918-19. The increase is due chiefly to larger provision of £123,200 for the completion of the two Royal Indian Marine vessels under construction and of £40,000 for a dredger which the War Office bought in 1917-18 in an unfinished condition and are now restoring duly completed to the Indian Government. An additional sum of £51,600 has also been provided for ordinary miscellaneous imported stores.

XXXIV and 47.—MILITARY WORKS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		1919-1920, Budget.
				Budget.	Revised.	
ORDINARY. EXPENDITURE.						
India	₹ 89,40,517	1,77,00,844	1,83,75,030	1,35,25,000	2,44,35,000	1,45,85,000
Equivalent in sterling	£ 596,035	1,180,056	1,225,002	901,700	1,629,000	972,400
England	£ 27,745	48,847	28,020	5,000	32,000	5,000
TOTAL	£ 623,780	1,228,903	1,253,022	906,700	1,661,000	977,400
RECEIPTS.						
India	₹ 11,78,015	14,31,014	14,16,355	12,00,000	13,50,000	12,60,000
Equivalent in sterling	£ 78,534	95,401	94,424	80,000	90,000	84,000
England . . . . .	£ ...	...	...	...	...	...
TOTAL	£ 78,534	95,401	94,424	80,000	90,000	84,000
Net expenditure, Ordinary	£ 545,246	1,133,502	1,158,598	826,700	1,571,000	893,400
SPECIAL DEMANDS. EXPENDITURE.						
India	₹ 33,01,067	51,31,599	87,71,003	1,29,87,000	1,64,85,000	1,20,85,000
Equivalent in sterling	£ 220,071	342,107	584,733	865,800	1,099,000	805,600
England	£ 7,015	23,528	23,354	9,000	50,000	38,000
TOTAL	£ 227,086	365,635	608,087	874,800	1,149,000	843,600
TOTAL NET EXPENDITURE	£ 772,332	1,499,137	1,766,685	1,701,500	2,720,000	1,737,000

217. *Expenditure—Ordinary Demands.*—These show a considerable increase—about ₹1.13 lakhs (£754,000)—which is to a great extent due to urgent measures necessitated by the war and consists of a number of relatively minor items sanctioned by General Officers Commanding in exercise of the special powers given them for the period of the war. A large item relates to the provision of additional furniture for temporary barracks which, under present arrangements, is debited to Indian revenues. The excess is also partly caused by further expenditure on the Acetone factory at Nasik, amounting to ₹12.30 lakhs; the establishment of an engineer field park at Lahore, costing ₹22.02 lakhs; and the maintenance charges of certain roads on the North-West Frontier, for which a sum of ₹4½ lakhs was transferred from the Civil to the Military Works estimates.

Special Demands.—The expected increase is about ₹41 lakhs (£274,000) over the budget allotment of about ₹131½ lakhs. Improvements to frontier roads account for about ₹17 lakhs over the budget provision of ₹40 lakhs (apart from an expenditure of ₹10½ lakhs made available by reappropriation); ₹5 lakhs are being spent on improvements and extensions in the Rawalpindi arsenal; the provision of temporary accommodation for a

*Revised, 1918-19,
compared with
Budget, 1918-19.*

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machine gun company at Quetta will cost about ₹1.16 lakhs; the construction of a temporary bridge over the Haro river, about ₹1 lakh; the establishment of an ice factory at Bannu, about ₹ $\frac{3}{4}$ lakh; the construction of new buildings in the Gun and Shell Factory at Ishapore, about ₹1.66 lakhs; and the reconstruction of Indian troops' lines accounts for a further increase of ₹4 lakhs over the budget provision (₹15 lakhs).

*Budget, 1919-20
compared with
Budget, 1918-19.*

Expenditure-Ordinary Demands.—For 1919-20, ₹146.60 lakhs (£977,400) have been allotted against ₹1.36 lakhs (£906,700) in the current year. The principal cause of the increase is due to provision of accommodation for mechanical transport companies and Royal Air Force, and heavier establishment and repair charges.

Special Demands.—The allotment for 1919-20 has been fixed at ₹126.55 lakhs (£843,600) as compared with about ₹131 $\frac{1}{4}$ lakhs (£874,800) in the current year. The most important measures provided for are :—

	₹ Lakhs.
Improvements to frontier roads to fit them for mechanical transport .	35
Reconstruction and improvements to Indian troops' lines	20
Installation of electric lights and fans in barracks and hospitals of British troops	12
Scheme for a new cantonment at Manzai	10
Provision for piped water supply at various stations	10
Improvements to Indian troops' hospitals	10
Improvements to British troops' hospitals	3
Buildings for additional units in new cantonment, Delhi	3
Ordnance factories under the control of the Indian Munitions Board	7 $\frac{1}{4}$

47A.—SPECIAL DEFENCES.

EXPENDITURE.		Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		1919-1920, Budget.
					Budget.	Revised.	
India	₹	83,941	2,10,806	1,32,213	...	...	...
Equivalent in Sterling	£	5,596	14,054	8,514	...	...	...
England	£	7,918	4,482	—8,001	...	...	...
Total	£	13,514	18,536	813	...	..	...

218. This head has been closed with effect from 1st April 1918.

SCHEDULE.

219. In the Budget for 1918-19, a sum of ₹3,25.77 lakhs (£2,171,800) was included for schedule measures. The probable expenditure is now estimated at ₹3,76.19 lakhs (£2,507,900), or an increase of ₹50.42 lakhs (£336,100), of which about £8,500 will be in England and £327,600 in India.

The increase at Home is due to larger expenditure on rearmament of artillery and to the payment of arrear charges on account of Very's pistols and cartridges, and hand grenades, for which no budget provision was made; it is also due to larger payments on Military Works stores. These excess payments have to a large extent been counterbalanced by a lapse of £68,800 in the provision on account of the two marine vessels, on which it is anticipated

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that only £64,000 will be spent, against the budget provision of £132,800. The increase in India includes £30,000 for equipment required in connection with the introduction of the station hospital system in India for Indian troops, £17,000 for the acquisition of land at Bannu for a parade ground, and about £233,000 on military works, *e. g.*, frontier roads, improvements and extensions in the Rawalpindi arsenal, the temporary bridge over the Haro river, etc.

220. The Schedule for 1919-20 has been fixed at ₹2,10.83 lakhs (£1,405,500). The important measures provided for are—Rearmament of artillery, £120,900; new wireless signal company, £51,400; revision of the peace establishment of mountain batteries armed with Q. F. 3.7 inch howitzer equipment, £26,800; alterations to the peace establishment of mountain artillery units armed with B. L. 2.75 inch equipment, £48,300; completion of the two marine vessels under construction in the Home dockyards and the taking over of the dredger “Cachalot” from the War Office, £227,200. The provision for military works amounts to £843,600, which includes £782,500 for works in progress and £61,100 for new works.

MILITARY SERVICES : SUMMARY.

	Accounts, 1915-1916.	Accounts, 1916-17.	Accounts, 1917-1918.	1918-1919.		1919-1920, Budget.
				Budget.	Revised	
EXPENDITURE—						
India	₹ 27,55,43,767	31,04,26,623	36,49,35,010	38,20,19,000	59,85,28,000	53,65,13,000
Equivalent in Sterling	£ 18,369,584	20,695,108	24,329,001	25,468,000	39,901,900	35,767,500
England	£ 5,133,509	5,871,649	6,434,649	5,064,700	5,737,700	7,014,800
Total Expenditure	£ 23,503,093	26,566,757	30,763,650	30,532,700	45,639,600	42,782,300
RECEIPTS—						
India	₹ 1,35,27,347	1,86,76,648	2,16,00,838	1,87,30,000	2,16,66,000	1,96,92,000
Equivalent in Sterling	£ 901,856	1,245,110	1,440,056	1,243,700	1,444,400	1,312,800
England	£ 339,884	330,836	280,453	284,000	269,200	274,500
Total Receipts	£ 1,241,740	1,575,946	1,720,509	1,532,700	1,713,600	1,587,300
NET EXPENDITURE	£ 22,261,353	24,990,811	29,043,141	29,000,000	43,926,000	41,195,000

221. Apart from the additional war contribution for effective and non-effective charges amounting to £12.7 millions in 1918-19 and £8.695 millions in 1919-20, the expenditure in 1918-19 is expected to exceed the Budget provision (which included £1.977 millions as a reserve for unforeseen expenditure) by £2.226 millions, and the budgeted expenditure for 1919-20 is placed at £1.274 millions higher than the anticipated expenditure this year. The variations have been explained in the foregoing paragraphs. The increases may be ascribed generally to war conditions. But for the additional war contribution of £8.695 millions and the increased pay in the form of bonuses to British officers and troops, involving an extra £2.5 millions, and the allotment of a sum of £1 million towards the building up of a reserve of war mobilisation stores, the Budget provision for 1919-20 would have been practically the same as the current year's Budget grant, *viz.*, £29 millions.

TRANSFERS BETWEEN IMPERIAL AND PROVINCIAL.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-20.
				Budget.	Revised.	
Transfers from Imperial to Provincial—						
1. (a) Recurring assignments under the terms of the Provincial Settlements, including permanent additions subsequently made to them, with the exception of special recurring grants for Education and Sanitation	1,40,83,000	1,42,62,000	1,42,22,000	1,42,50,000	1,45,30,000	1,43,96,000
(b) Recurring assignments from Provincial to Imperial in connection with the 1916-17 scheme of taxation	...	- 91,90,000	-1,84,88,000	-1,47,97,000	-1,63,71,000	-1,94,32,000
2. Special recurring grants for—						
(i) Education	1,14,50,000	1,14,80,000	1,43,40,000	1,71,90,000	1,71,90,000	1,72,65,000
(ii) Sanitation	36,70,000	36,73,000	36,73,000	36,73,000	36,73,000	36,73,000
3. Compensation for Provincial share of loss of income-tax revenue owing to the raising of the minimum assessable limit to Rs. 2,000 and the imposition of excess profits duty	...	...	...	...	...	69,35,000
4. Grant for technical and agricultural education	...	...	...	...	30,00,000	...
5. Assignments in connection with the scheme for the incidence of famine relief expenditure (<i>vide</i> paragraph 54 of Financial Statement for 1907-1908)	24,70,000	14,78,000	...	...	...	...
6. Non-recurring grants—						
(i) Under the terms of the Provincial settlements	11,27,000	...	...	...	42,95,000	...
(ii) For Education	2,37,000	2,66,000	3,45,000	2,13,000	3,17,000	38,000
(iii) For Sanitation	2,20,000	2,67,000	4,55,000	...	6,00,000	...
(iv) For medical relief, agriculture and allied objects	...	...	23,20,000	...	2,30,000	...
(v) Other items	32,07,000	22,05,000	14,97,000	23,15,000	68,75,000	42,05,000
Total Transfers	3,64,64,000	2,44,41,000	2,33,64,000	2,28,44,000	3,43,39,000	2,70,30,000

(a) Recurring assignments excluding special grants for Education and Sanitation.

Revised, 1918-19. 222. The increase of ₹2·80 lakhs in the Revised estimate of the current year as compared with the Budget is made up as follows:—

	(Lakhs of rupees)
(1) Increase in assignment to Bihar and Orissa for the upkeep of the European lunatic asylum at Ranchi (₹1·08 lakhs) and for the detention of seditious prisoners in Hazaribagh jail (₹34,000), counterbalanced by a decrease of ₹92,000 in the assignment towards the cost of the Patna High Court. (The amounts of assignments vary in these cases with reference to the actual expenditure in each year).	+·50
(2) Increase in the Punjab Government's share of sale-proceeds of sites for shops and residences in certain towns in that province (these receipts are credited in the Imperial section of the accounts, but the local Government is entitled to a moiety)	+2·37
(3) Reduction in assignment to Madras in connection with the remission of the village service cess in proprietary estates due to slower progress in the resumption of <i>inam</i> lands of village servants	-·65
(4) Minor adjustments of a recurring nature	+·58
Total	+2·80

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223. The Budget estimate for 1919-20 is less than the Revised for the Budget, 1919-20. current year by R1.34 lakhs. The decrease is due to the following causes :—

	Lakhs of rupees.
(1) Decrease in the Punjab Government's share of sale-proceeds of town sites	-2.52
(2) Increase in assignment to Madras in connection with the remission of the village service cess in proprietary estates, due to progress in the resumption of <i>inam</i> lands of village servants	+ .50
(3) Petty adjustments of a recurring nature	+ .68
Total	<u>-1.34</u>

(b) *Recurring assignments from Provincial to Imperial in connection with the 1916-17 scheme of taxation.*

224. The increases of (a) R15.74 lakhs in the Revised estimate over the Budget for the current year and (b) R31.11 lakhs in the Budget for 1919-20 Revised, 1918-19. over the Revised for 1918-19 relate to the revision of income-tax rates introduced in 1916. The head Income-tax is divided equally between Imperial and Provincial revenues, but as the taxation referred to was imposed for Imperial purposes, an assignment is taken from the provinces equivalent to the yield of the new taxation which is credited to the Provincial revenues under the ordinary division. The amounts of the assignments vary therefore with reference to the latest estimates of the proceeds of the taxation which are credited in the first instance as Provincial revenue. The increase in the assignments is distributed among the provinces as follows :— Budget, 1919-20.

	Lakhs of rupees.	
	1918-19.	1919-20.
Madras	+7.00	+1.00
Bombay	-5.93	+13.55
Bengal	+4.28	+4.50
United Provinces	+3.25	+1.75
Punjab . . . . .	...	+6.99
Burma	+6.50	+2.63
Bihar and Orissa . . . . .	...	+.25
Central Provinces	+.64	+.44
Total	<u>+15.74</u>	<u>+31.11</u>

(c) *Special recurring grants for Education.*

225. The increase of R75,000 in the Budget estimate for 1919-20 over the Revised for 1918-19 is nominal; the grants of R25,000 for a training college for male teachers of the domiciled community in Madras and of R50,000 to the Punjab for the Government training class at Sanawar, which were allotted as non-recurring grants in previous years out of the recurring appropriation of R30 lakhs for the improvement of the pay and training of teachers, will, with effect from 1919-20, be replaced by recurring assignments of R50,000 to Madras and R25,000 to the Punjab. Budget, 1919-20.

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(d) Assignments in connection with taxation scheme of 1919-20.

Budget, 1919-20.

226. An assignment of ₹69·35 lakhs in favour of Provincial revenues has been entered in the Budget estimate for 1919-20 to compensate them for their share of the loss of income-tax revenue as the result of the raising of the assessable limit of income and the imposition of an excess profits duty—*vide* paragraph 42. The amounts of assignments to be adjusted in the accounts for 1919-20 will be calculated with reference to the actual loss of income-tax revenue. The total of ₹69·35 lakhs shown in the Budget is distributed among the provinces as follows:—

	(Lakhs of rupees.)
Madras	6·05
Bombay	19·75
Bengal	26·25
United Provinces	5·55
Punjab	4·30
Burma	3·20
Bihar and Orissa	2·30
Central Provinces	1·55
Assam	·40
Total	69·35

(e) Grant for technical and agricultural education.

Revised, 1918-19.

227. As promised in paragraph 5 of Sir William Meyer's Budget speech on the 22nd March 1918, a supplementary allotment of ₹30 lakhs for technical and agricultural education was made during the course of the current year and distributed among the provinces as follows:—

	Lakhs of rupees.	
	Technical education.	Agricultural education.
Madras	·75	3·50
Bombay	1·00	2·18
Bengal . . . . .	...	1·80
United Provinces	3·75	3·20
Punjab	1·50	4·14
Burma	·50	4·00
Bihar and Orissa	·65	·50
Central Provinces	·55	1·68
Assam	·30	...
	9·00	21·00

Provision for the appropriation of ₹30 lakhs has been made under the head Education in the Budget estimates for 1919-20—*vide* paragraph 104.

(f) Non-recurring grants under the terms of the Provincial settlements.

Revised, 1918-19.

228. The Revised estimate represents assignments of ₹19·25 lakhs to Bombay and ₹23·70 lakhs to the United Provinces to make up the shortage in the Provincial share of land revenue below the guaranteed minimum.

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(g) *Non-recurring assignments for Education.*

229. The following contributions will be paid for Provincial expenditure from the undistributed balance of the recurring appropriation of ₹184 lakhs made from Imperial revenues in recent years for expenditure on education (exclusive of the ₹30 lakhs grant for technical and agricultural education) :—

	Lakhs of rupees.	
	1918-19.	1919-20.
(1) Additional grant to the Dacca University	1.00	...
(2) Contribution in aid of research work by Dr. Sir J. C. Bose . . . . .	.38	.38
(3) Grant to the Hindu University, Benares	1.00	...
(4) Contribution for the Government training class at Sanawar (in the Punjab) . . . . .	.50	...
(5) Contribution for a training college for male teachers of the domiciled community in Madras . . . . .	.25	...
(6) Contribution to Bihar and Orissa for construction of quarters for the teachers of the Pusa High School . . . . .	.03	...
(7) Contribution to an institution for married Hindu ladies in Bombay . . . . .	.01	...
Total	3.17	.38

(h) *Non-recurring grants for Sanitation.*

230. The following allotments have been sanctioned during the current year from the undistributed balance of the special recurring appropriation of ₹51 lakhs made from Imperial revenues in recent years for the improvement of sanitation :—

	Lakhs of rupees.
(1) For the improvement of pilgrim centres in Madras (1.50), Bombay (1.00), United Provinces (1.00), and Bihar and Orissa (1.00)	4.50
(2) To the United Provinces, for sanitary improvement of the pilgrim route to Badrinath and Kedarnath	1.00
(3) To Madras for anti-malarial work . . . . .	.50
Total	6.00

(i) *Non-recurring grants for Agriculture and allied objects.*

231. A sum of ₹2.30 lakhs representing the unutilised balance of the profits from the wheat scheme of 1915 has been allotted to the following provinces in the Revised estimate for 1918-19 for expenditure on agriculture and allied objects :—

	Lakhs of rupees.
Bombay . . . . .	.50
United Provinces50
Punjab55
Bihar and Orissa50
Central Provinces25
Total	2.30

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(j) *Miscellaneous non-recurring grants.*

Revised, 1918-19.
Budget, 1919-20.

232. The following are the details of the miscellaneous non-recurring grants which will be given in the two years :—

	Lakhs of rupees.	
	1918-19.	1919-20.
(1) Contribution towards the cost of Kuki operations in Burma and Assam	29·89	12·00
(2) Contribution to meet provincial expenditure in Burma and Assam in connection with the administration of the North-East Frontier	16·51	22·61
(3) Contribution towards expenditure on war boards in various provinces	7·10	·04
(4) Grant to the United Provinces for the acquisition of land for rewarding Indian soldiers who have distinguished themselves in the war	5·22	...
(5) Assignments to Bengal towards repairs to the "Belvedere" (1·07), and loss by exchange on the purchase of Java quinine (1·75)	2·82	...
(6) Assignments to several provinces to meet the cost of provincial Directors of Civil Supplies	3·02	4·09
(7) Assignment to Bihar and Orissa for the European Lunatic Asylum at Ranchi	2·03	·10
(8) Contribution to the Punjab to meet a moiety of a grant for the completion of the Khalsa College, Amritsar	1·50	...
(9) Yearly instalments of the contribution to the Calcutta Improvement Trust for a period of 60 years from 1911-12	1·50	1·50
(10) Increase in the assignment to the United Provinces in connection with the remission of appropriations from cesses . . . . .	...	·86
(11) Grant to the Chittagong Port in aid of dredging and revetment operations	·75	4·00
(12) Grant to the United Provinces for tank restoration works, out of the special provision made in the Imperial Budget under Minor Irrigation Works for the improvement of irrigation	·54	...
(13) Assignment to Madras for a period of five years on account of a sugarcane station	·44	·44
(14) Further assignment to Bihar and Orissa in respect of High Court buildings at Bankipur	·43	·03
(15) Assignments from Provincial revenues in connection with the change in classification of the cost of a portion of the public works accounts establishment	—4·00	—4·00
(16) Miscellaneous adjustments, representing mainly refund of expenditure undertaken on behalf of the Imperial Government or of Provincial revenue erroneously credited as Imperial	1·00	·88
Total	68·75	42·05

CAPITAL EXPENDITURE ON RAILWAYS AND IRRIGATION AND OTHER WORKS NOT CHARGED TO REVENUE.

RAILWAY CONSTRUCTION.

233. In the Budget for 1918-19, a sum of R630·35 lakhs was allotted for expenditure on railway construction for which the Government of India undertake financial responsibility. During the course of the year an additional grant of R37·62 lakhs was sanctioned, thus raising the total grant to R667·97 lakhs. The expenditure of the year is now estimated at R660·47 lakhs. For 1919-20 a grant of R26·55 crores has been provided, of which R18·38 crores is for rolling stock. *Revised, 1918-19.*

234. The distribution of the total expenditure on Railway construction between State and Companies' agency in each of the three years from 1917-18 to 1919-20 is as follows :— *Budget, 1919-20.*

	1917-1918. Accounts.	1918-1919.		1919-1920. Budget.
		Budget.	Revised.	
I. 48.—STATE RAILWAYS—CONSTRUCTION.				
(a) India	R 4,69,80,467	4,41,22,000	5,55,10,000	13,59,00,000
	£ 3,132,031	2,941,400	3,700,700	9,060,000
(b) England	£ 439,432	763,000	603,400	7,310,500
TOTAL	£ 3,571,463	3,704,400	4,304,100	16,370,500
2. CAPITAL ACCOUNT OF INDIAN RAILWAY COMPANIES.				
(a) India	R -2,01,22,568	-45,52,000	-69,02,000	-2,88,07,000
	£ -1,341,504	-303,400	-460,100	-1,920,500
(b) England	£ 299,398	801,300	559,200	3,250,000
TOTAL	£ -1,042,106	497,900	99,100	1,329,500
Total of Programme	£ 2,529,357	4,202,300	4,403,200	17,700,000

The following outlay in England on account of purchased lines worked by Companies is included in the Indian figures under outlay on State lines :—

385,259	929,300	961,400	7,439,500
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235. The details of the Budget grant for 1919-20 are shown below :—

[Lakhs of rupees.]

	OPEN LINE.			CONSTRUCTION OF	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
I. 48.—STATE RAILWAYS—CONSTRUCTION—					
STATE RAILWAYS—					
1. North-Western :—					
(i) Main line	354.39	63.27	417.66	...	...
(ii) Laki-Pezu Tank . . . . .	...	1.25	1.25	...	...
(iii) Nuahki-Dalbandin . . . . .	...	6.00	6.00	...	...
(iv) Dalbandin-Mirjawa . . . . .	...	...	...	32.00	...
(v) Tank Murtaza Extension . . . . .	...	...	...	6.42	...
2. Eastern Bengal System :—					
Open line	112.88	69.13	182.01	...	...
3. Oudh and Rohilkhand :—					
Main line	68.60	6.73	75.33	...	...
4. Jodhpur-Hyderabad (British Section)					
	...	0.32	0.32	...	...
REMITTANCE LINES.					
5. Assam-Bengal :—					
(i) Open line	55.98	7.75	63.73	...	...
(ii) Bhairab Bazar-Tangi (Open Section) . . . . .	...	.53	.53	...	...
(iii) " " (Re-alignment at Bhairab-Bazar). . . . .	...	.50	.50	...	...
6. Bengal-Nagpur :—					
(i) Main line	156.74	61.37	218.11	...	...
(ii) Parvatipur-Singapur Road . . . . .	...	...	...	0.15	...
(iii) Onlajori-Badampahar Branch . . . . .	...	...	...	16.50	...
7. Bezwada Extension					
	...	0.22	0.22	...	...
8. Bombay, Baroda and Central India :—					
Main line	82.65	86.02	168.67	...	...
9. Burma Extensions :—					
(i) Open line	0.34	0.50	0.84	...	...
(ii) Southern Shan States . . . . .	...	0.25	0.25	3.00	...
(iii) Pyinmana Magwe . . . . .	...	...	...	2.00	...
10. Dhone-Kurnool					
	...	0.05	0.05	...	...
11. East Indian :—					
Open line	179.91	143.58	323.44	...	...
12. Great Indian Peninsula System :—					
(i) Main line	250.99	123.16	374.15	...	...
(ii) Itarsi-Nagpur, etc. . . . .	...	...	...	3.65	...
(iii) Agra-Delhi Chord . . . . .	...	.78	.78	...	...
(iv) Bhopal-Itarsi . . . . .	...	.27	.27	...	...
(v) Cawnpur-Banda . . . . .	...	.62	.62	...	...
13. South Indian System—					
(i) Main line	90.04	19.03	109.07	...	...
(ii) Coonoor-Ootacamund	1.75	.05	1.80	...	...
(iii) Tinnevely-Quilon—British Section	4.88	.01	4.89	...	...
(iv) Do. Native State Section	5.67	.02	5.69	...	...
14. Tirhoot and extensions :—					
Open line	22.94	9.10	32.04	...	...
15. Undistributed liabilities					
	302.87	32.50	335.37	...	...
16. Reserve					
	...	55.76	55.76	12.50	...
	1690.63	658.72	3379.35	76.22	...
II — CAPITAL ACCOUNT OUTLAY OF INDIAN RAILWAY COMPANIES :—					
1. Burma					
	33.81	5.18	38.99	...	...
2. Lucknow-Bareilly					
	2.68	3.16	5.84	...	...
3. Madras and Southern Mahratta :—					
Open line	110.52	44.08	154.60
	147.01	52.42	199.43
Total	1837.64	741.14	2578.78	76.22	...

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The bulk of the programme grant for 1919-20 will be devoted to the improvement of open lines of railway.

236. The figures in the table in paragraph 234 do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor that on Branch Line Companies. Including this outlay, and also some small expenditure from Provincial revenues, the total expected outlay on railway construction in the three years ending 1919-20 is as follows:—

	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	₹	₹	₹
Total as in table in paragraph 234	3,79,40,366	6,60,47,000	26,55,00,000
Famine Protective lines	—299	—5,000	...
Branch lines	52,19,428	24,29,000	25,48,000
Provincial State lines	—11,493	92,000	76,000
	<hr/>	<hr/>	<hr/>
Grand total in rupees	4,31,48,002	6,85,68,000	26,81,24,000
	<hr/>	<hr/>	<hr/>
Grand total in sterling at ₹15 to the £	2,876,533	4,570,900	17,874,900
	<hr/>	<hr/>	<hr/>

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

237. The figures are—

	Accounts, 1917-18.	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
Total in Rupees	55,94,877	70,00,000	38,61,000	65,00,000
Equivalent in Sterling	372,991	466,700	257,400	433,800

Revised, 1918-19.

238. The expenditure in 1918-19 is expected to fall short of the Budget by R31.39 lakhs. There will be a lapse of about R13 lakhs in the allotments for works in operation owing to the postponement of remodelling, training and drainage works on the Lower Jhelum and Lower Chenab canals in the Punjab and the Upper Swat and Kabul River canals in the North-West Frontier Province, delay in the completion of works on the other canals in the Punjab owing to labour and transport difficulties, and credits received for the sale of tools and plant to the Military Department in the same province; partly set off by an increase of outlay on the permanent head works of the Ganges canal in the United Provinces as the credits assumed in the Budget for the sale of tools and plant have not been realised in the current year in consequence of delay in the completion of the works. There will also be a saving of about R17 lakhs in the grant for works under construction, due to the curtailment of works on the Mahanadi and other canals in the Central Provinces, and slower progress on the Toludur project in Madras and the Ye-u canal in Burma. The reserve provision of R88,000 included in the Budget will lapse.

Budget, 1919-20.

239. The Budget grant for 1919-20 has been fixed at R65 lakhs or about R26½ lakhs more than the probable expenditure in 1918-19, after due consideration of the requirements of the various canals under construction most of which are nearing completion. The following table shows the distribution of expenditure in 1918-19 and the grant for 1919-20 :—

Name of Project,	Expenditure in	
	1918-19.	1919-20.
	R	R
<i>Works in operation—</i>		
Upper Swat River Canal	—13,000	4,94,000
Kabul River Canal	34,000	52,000
Godavari Delta System	1,87,000	1,34,000
Kistna Delta System	68,000	28,000
Begari Canal	1,16,000	25,000
Eastern Nara Works	1,03,000	2,47,000
Dun Canals	30,000	76,000
Ganges Canal, including Mat and Hathras branches and permanent headworks	4,56,000	—3,90,000
Upper Bari Doab Canal	37,000	1,00,000
Sirhind Canal	1,37,000	2,00,000
Lower Chenab Canal	17,000	5,00,000
Lower Jhelum Canal	2,72,000	6,50,000
Upper Jhelum Canal	1,70,000	98,000
Upper Chenab Canal	1,10,000	3,60,000
Lower Bari Doab Canal	2,50,000	4,70,000
Shwebo Canal	1,00,000	49,000
<i>Works under construction—</i>		
Toludur Project	1,30,000	2,00,000
Ye-u Canal	3,19,000	5,05,000
Mahanadi Canal	8,60,000	13,92,000
Wain Ganga Canal	2,59,000	2,36,000
Other Projects	1,69,000	4,45,000
Reserve Provision	6,31,000
TOTAL R	38,61,000	65,00,000
Equivalent in Sterling £	257,400	433,800

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Of the total grant of ₹65 lakhs, about ₹28 lakhs will be allotted to canals under construction; ₹31 lakhs are required for the completion and development of canals in operation, and the balance of ₹6 lakhs will be held in reserve to meet unforeseen requirements.

240. The figures mentioned above do not include expenditure on Protective Irrigation Works, whether financed from the Famine Insurance grant or from ordinary revenues outside that grant. Including this outlay, and also some small expenditure on works which were originally classed as productive but have since ceased to belong to that class, the total expected outlay on the construction of irrigation works in the three years ending 1919-20 is as follows:—

	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	₹	₹	₹
Outlay on Productive Irrigation Works . . .	55,94,877	38,61,000	65,00,000
Outlay on Protective Irrigation Works met from Famine Insurance grant.	49,21,376	46,56,000	52,12,000
Outlay on Protective Irrigation Works outside the Famine Insurance grant.	...	...	...
Other outlay from ordinary revenues . . .	63,071	9,000	78,000
Total ₹ . . .	1,05,79,324	85,26,000	1,17,90,000
Equivalent in Sterling £	705,288	568,400	786,000

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INITIAL OUTLAY ON THE NEW CAPITAL AT DELHI.

241. The figures are :—

	Accounts, 1917-18.	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
Total in Rupees	37,58,141	40,00,000	43,00,000	45,00,000
Equivalent in Sterling £	250,543	266,700	286,700	300,000

Revised, 1918-19. 242. The expenditure in the current year will amount to ₹43 lakhs or ₹3 lakhs more than the Budget. The distribution of the expenditure now anticipated is as follows :—

	(In lakhs of ₹)
(1) Works Expenditure	40.18
(2) Establishment and miscellaneous charges	2.82
Total	43.00

Of the works expenditure about ₹3½ lakhs are being spent on preliminary work; ₹1½ lakhs on the purchase of tools and plant and other stores; about ₹7 lakhs on sanitation; about ₹23½ lakhs on work on the Government House and the Secretariat and the construction of certain residential and other buildings; and about ₹3 lakhs on the maintenance of works during construction.

Budget, 1919-20. 243. The provisional distribution of the Budget estimate of ₹45 lakhs in 1919-20 is given below—

	(In lakhs of ₹)
(1) Works expenditure	39.05
(2) Establishment and miscellaneous charges	5.95
Total	45.00

Of the grant of ₹39 lakhs for works outlay, ₹3 lakhs will be devoted to preliminary work and the further purchase of tools and plant and other stores. A sum of ₹8 lakhs will be spent on sanitation, ₹4 lakhs on the maintenance of works during construction, and ₹20 lakhs will be applied mainly to the construction of buildings on which work has already been commenced.

WAYS AND MEANS.**HOME TREASURY.**

244. The bulk of the payments made in England on account of the Government of India consists normally of expenditure chargeable to the Indian revenues; and if such payments represented the only transactions, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of railways and irrigation works, however, necessitates heavy borrowing, and a large portion of the money required has, when practicable, been raised in England, either direct or through the agency of Companies. A further complication is introduced by the practice under which all payments made in England to Railway Companies working purchased lines, for purchase of stores and other capital purposes, as well as all moneys raised by them, and paid into the Home treasury, are brought to account under the appropriate heads in this country, and are treated in the Home accounts and estimates as remittances to or from India, respectively. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, also largely swell the receipts and charges of the Home treasury without affecting ordinarily the general Ways and Means programme.

245. The items mentioned in the preceding paragraph constitute the bulk of the transactions of the Home treasury in normal years. The conditions created by the war have led to certain abnormal transactions which have affected the Ways and Means position to a continually increasing extent from 1915-16 onwards. Large sums are being received in England from the Imperial Government in repayment of expenditure incurred on their behalf in India. These indirect remittances from India have very largely increased the resources of the Home treasury and reduced the need for direct remittances by Councils to finance its requirements.

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246. The following are the details of the transactions appearing in the Budget and Revised estimates of the Home treasury for 1918-19 and in the Budget estimate of 1919-20.

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
RECEIPTS.			
Capital raised and deposited by Railway Companies—	£	£	£
For Capital outlay	2,000	47,100	22,000
*For discharge of debentures . . . . .	...	...	3,576,400
Deposits and Advances—			
Gold Standard Reserve	28,008,300	31,778,500	39,303,800
*Paper Currency Reserve	91,479,300	115,584,100	108,295,100
*Paper Currency Reserve Depreciation Fund	1,481,000	763,500	274,900
*War transactions: Recoveries from War Office	1,774,400	2,075,900	400,000
Special Reserve	13,998,100	22,797,900	6,940,000
Other items	751,400	1,253,800	860,700
Remittance Account between England and India—			
Railway transactions (capital) . . . . .	...	...	510,000
Ditto (capital advance)	6,500	22,700	7,000
War transactions: Recoveries from War Office	73,834,000	92,546,000	40,650,000
recoveries from other authorities	6,020,000	7,285,600	1,667,000
Other transactions	5,847,500	9,851,700	5,021,000
Total Receipts, excluding Council Bills and Loans	222,702,500	284,006,300	207,527,900
DISBURSEMENTS.			
Excess of Expenditure over Revenue	20,482,300	20,796,700	21,570,400
Capital Expenditure not charged to Revenue—			
Outlay on State Railways, Irrigation Works and Delhi	791,700	607,200	7,392,300
Outlay of Railway Companies	803,300	606,300	3,272,000
*Payments to Railway Companies for discharge of debentures	2,374,900	1,531,900	3,576,400
Permanent Debt discharged	20,500,000	33,915,000	8,900,000
Deposits and Advances—			
Gold Standard Reserve	28,008,300	31,778,900	39,303,800
*Paper Currency Reserve	91,479,300	115,584,100	108,295,100
*Paper Currency Reserve Depreciation Fund	1,481,000	763,500	274,900
Special Reserve	13,998,100	9,787,600	...
*War transactions—outlay recoverable from War Office	1,767,400	2,058,300	400,000
Other transactions	828,200	887,600	1,197,200
Remittance Account between England and India—			
Railway transactions (capital)	250,000	...	510,000
Ditto (capital advance and revenue)	984,600	1,032,500	7,495,100
War transactions—outlay recoverable from War Office	5,834,000	10,116,000	1,650,000
Purchase of silver	12,000,000	44,000,000	12,000,000
Reverse Transfers . . . . .	...	5,425,000	...
Transfer from the Home Treasury Balances for investment in the Paper Currency Reserve in England	16,847,000	6,333,300	...
Other transactions	8,524,100	8,855,900	6,222,300
Total Disbursements	221,454,200	294,080,300	222,059,400
NET DISBURSEMENTS	-1,248,300	10,024,000	14,531,500
<i>Financed as follows—</i>			
Council Bills . . . . .	...	6,599,200	12,250,000
Reduction of cash balance	-1,248,300	3,424,800	2,281,500
Total	-1,248,300	10,024,000	14,531,500
Opening Balance	(a)15,781,100	(b)16,625,400	(c)13,200,600
Closing Balance	(a)17,029,400	(c)13,200,600	(c)10,919,100

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

(a) Of these amounts £6,000,000 represents funds of the Gold Standard Reserve.

(b) Of this amount £6,000,500 represents funds of the Gold Standard Reserve.

(c) Of these amounts £6,000,100 represents funds of the Gold Standard Reserve.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20. 369

247. The table in paragraph 246 shows that there will be a net disbursement of £10,024,000 from the Home treasury in 1918-19, and that the receipts from Council Bills drawn against treasury balances in India will amount to £6,599,200. There will thus be a deficiency of £3,424,800 which will be met by a reduction of the cash balance of the Home treasury from £16,625,400 at the beginning of the year to £13,200,600 at its end. Revised, 1918-19.

248. The transactions of the Home treasury in the current year are inflated by the following large special items:—

- (i) There will be a net recovery of £86,355,300 from His Majesty's Government on account of disbursements connected with war requirements made on their behalf in India, and a sum of £3,360,300 will be recovered on the same account from the East African Protectorate.
- (ii) A sum of £33,415,000 will be paid to His Majesty's Government from the proceeds of the war loan raised in India in the current year, and payments amounting to £25 and 19 millions respectively will have to be made for silver obtained from America under the Pittman Act and purchases by the Secretary of State in the market.
- (iii) Sterling drafts issued in India involve a disbursement of £5,425,000, while the Secretary of State has had to invest a sum of £6,333,300 in British treasury bills on behalf of the Paper Currency Reserve in order to afford assistance to treasury balances in India.
- (iv) It will be necessary for the Secretary of State to withdraw £13,060,300 from the Special Reserve (*vide* paragraphs 34—35 of the Finance Member's speech introducing the Financial Statement for 1918-19) before the close of the current year in order to meet the disbursements mentioned above.

The foregoing items result in a net receipt of £13,602,600, and eliminating both from the Budget and Revised estimates for the current year the figures relating to the above special items, the net disbursements from the Home treasury in respect of transactions of a more normal character will stand at £23,626,600 in the Revised against £24,424,700 in the Budget. The improvement of £798,100 is the net result of the following variations from Budget anticipations:—

(i) Increased recovery in respect of money orders issued on India by other countries. (The issues of money orders on India continued on an abnormal scale during the greater part of the current year)	£ 1,810,000
(ii) Increase in proceeds of British treasury bills deposited in London on account of subscriptions to the Indian war loan	634,300
(iii) Smaller discharge of railway debentures	1,093,000
(iv) Excess in net receipts from enemy ships employed under the control of the India Office	350,900
(v) Savings in total grants for capital expenditure on railways, irrigation works and Delhi (inclusive of the net outlay of the various railway companies)	394,500
Total increase in receipts or decrease in outgoings	4,282,700
(vi) Excess in net expenditure chargeable to revenue	314,400
(vii) Payments for Australian wheat purchased for India	1,215,000
(viii) Payment to Imperial Bank of Persia for funds supplied for military requirements in Persia and Mesopotamia	1,950,000
(ix) Deterioration under miscellaneous deposit and remittance transactions	5,200
Total decrease in receipts or increase in outgoings	3,484,600
Net improvement	798,100

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249. The total drawings of Council bills on India in 1918-19 are expected to amount to £20,946,300. Of this sum, £6,599,200 will be utilised as stated in paragraph 247 above, to meet the disbursements of the Home treasury, while £14,347,100 will be appropriated to the Paper Currency Reserve for investment in British treasury bills.

The figures for the cash balance of the Home treasury mentioned in paragraph 247 above include in each case a sum of about £6 millions held on account of the Gold Standard Reserve ; if this sum be excluded the balance at the end of 1918-19 is now estimated at about £7.2 millions against a Budget forecast of £11 millions.

250. The details of the transactions in respect of capital raised and deposited by Railway Companies are as follows :—

1918-19 Capital raised and deposited by Railway Companies.

	Budget, 1918-19.	Revised, 1918-19.
	£	£
RECEIPTS.		
<i>Miscellaneous—</i>		
Transfer fees, etc.	2,000	47,100
ISSUES.		
For discharge of debentures	2,374,900	1,531,900
For capital outlay, i.e., stores, establishment charges, etc.	803,300	608,300
TOTAL	3,178,200	2,188,200

251. The Budget estimate provided for the discharge of £2,374,900 debentures of the Assam-Bengal, Bengal-Nagpur, Madras and Southern Mahratta and Rohilkund and Kumaon Railway Companies. Of these, debentures to the value of £1,531,900 have been discharged, and the remainder of the value of £843,000 will either be renewed or replaced by fresh capital.

1918-19. Railway remittances.

252. The following are the details of the Railway remittance transactions. As already explained, they occur almost wholly in connection with the capital account of the purchased lines worked by companies :—

	Budget, 1918-19.	Revised, 1918-19.
	£	£
RECEIPTS.		
<i>Miscellaneous—</i>		
Transfer fees, etc.	6,500	22,700
ISSUES.		
<i>Advances for purchase of stores—</i>		
East Indian Railway	855,300	263,400
South Indian Railway	168,700	68,000
Bengal and North-Western Railway	21,000	62,500
Great Indian Peninsula Railway	209,800	349,400
Bombay, Baroda and Central India Railway (including Rajputana-Malwa Railway)	181,000	240,800
TOTAL	935,800	984,100
<i>Discharge of Debentures—</i>		
South Indian Railway	250,000	...
<i>Miscellaneous payments—</i>		
East Indian Railway : rental paid to South Behar Railway Company	30,000	30,000
Rohilkund and Kumaon Railway : Interest on debenture stock allocated to state works	18,800	18,400
TOTAL ISSUES	1,234,600	1,082,500

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253. The Budget estimate contemplated the discharge of £250,000 debentures of the South Indian Railway Company maturing during the year; they have however now been renewed.

254. In accordance with the Budget programme £500,000 India bonds have been discharged in the current year. A sum of £42,315,000 is payable to His Majesty's Government on account of the proceeds of the second Indian war loan converted at the rate of 1s. 6d. per rupee; it is expected that £33,415,000 will be paid in the current year and provision for the payment of the balance has been included in the Budget estimates for 1919-20.

255. The Budget estimate for 1919-20 provides for a net disbursement of Budget, 1919-20. £14,531,500. It includes however the following special items:—

- (i) A recovery of £40,292,000 from His Majesty's Government on account of disbursements in India on their behalf and a similar recovery of £375,000 from the East African Protectorate.
- (ii) Payments of £12 millions for silver and £8,900,000 to His Majesty's Government being the balance due in respect of the proceeds of the second war loan floated in India.
- (iii) A provision of £18 millions for railway capital outlay.
- (iv) A receipt of £6,940,000 by withdrawal from the Special Reserve for financing the railway capital programme.

256. If we eliminate the figures relating to these special transactions from the current years' Revised and from next year's Budget, and in the case of the Revised also those relating to transfers through Currency and sterling transfers, we are left with a net disbursement for 1919-20 of £23,238,500 as compared with £21,502,600 now expected in 1918-19. The net increase of £1,735,900 in the disbursements for 1919-20 is the result of the following variations:—

	£
(i) Repayment of assets of hostile firms held in deposit in India	2,350,000
(ii) Reduction in receipts in respect of money orders issued on India by other countries	1,810,000
(iii) Increase in net expenditure chargeable to revenue	773,700
(iv) Absence in 1919-20 of the special receipts in the current year in connection with the deposit of British treasury bills for subscriptions to the Indian war loan	718,300
(v) Deterioration in other items, mainly miscellaneous deposit and remittance transactions	65,800
	<hr/>
Total increase in outgoings or decrease in receipts	5,717,800
	<hr/>
(vi) Decrease in outgoings due to the omission of the provision for discharge of railway debentures and India bonds and for payment to the Imperial Bank of Persia included in the estimates for the current year	3,981,900
	<hr/>
Net deterioration	1,735,900
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257. Of the net disbursement of £14,531,500 referred to in paragraph 255 it is proposed to meet £12,250,000 by Council Bills and the balance of £2,281,500 by a reduction of the cash balances of the Home treasury, which are estimated to stand on the 31st March 1920 at £10,919,100 inclusive of £6,000,100 held on behalf of the Gold Standard Reserve.

258. The details working up to the increase of £7,637,200 in the net payments to Railway Companies shown in the table in paragraph 246 are given below:—

	Revised, 1918-19.	Budget, 1919-20.
	£	£
RECEIPTS—		
Capital deposits by Railway Companies—		
For capital outlay	47,100	22,000
For discharge of debentures . . . . .	...	3,576,400
Remittance account between England and India—		
Railway transactions	22,700	517,000
Total receipts	69,800	4,115,400
DISBURSEMENTS—		
Capital expenditure not charged to Revenue—		
Outlay of Railway Companies	606,300	3,272,000
Payments for discharge of debentures	1,531,900	3,576,400
Remittance account between England and India—		
Railway transactions	1,032,500	8,005,100
Total disbursements	3,170,700	14,853,500
NET DISBURSEMENTS	3,100,900	10,738,100
Increase	7,637,200	

Loans, 1919-20.

259. Provision has been made in the Budget for the discharge of our liability in respect of the British War Loan (1929-47) to the extent of £8.9 millions by payment to His Majesty's Government of the balance of the proceeds of the war loan floated in India in the current year.

1918-19 and
1919-20.

260. The following are the details of the transactions of the Gold Standard Reserve in England:—

Gold Standard
Reserve.

	1918-19.		1919-20.
	Budget.	Revised.	Budget.
	£	£	£
RECEIPTS.			
(a) Dividends on investments, discount on treasury bills, interest on loans at short notice, etc.	1,472,400	1,399,600	1,597,100
(b) Exchequer Bonds, British treasury bills and Colonial Government securities, etc., paid off	26,535,900	30,378,900	37,706,700
Total	28,008,300	31,778,500	39,303,800
CHARGES.			
Investments made	28,008,300	31,508,900	39,303,800
Transfer to Home treasury balances	270,000	...
Total	28,008,300	31,778,900	39,303,800

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261. The following statement shows the transactions and balances of the fund in the two years in England and India taken together:—

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
	£	£	£
OPENING BALANCE—			
(a) Invested (cost price)	28,776,200	28,776,700	29,906,700
(b) Uninvested—			
(1) Cash in the Home treasury placed at short notice	6,000,000	6,000,500	6,000,100
(2) Amount due to treasury balances in India . . . . .	...	—270,000	...
	<u>34,776,200</u>	<u>34,507,200</u>	<u>35,906,800</u>
CLOSING BALANCE—			
(a) Invested (cost price)	30,248,600	29,906,700	31,503,800
(b) Uninvested—			
Cash in the Home treasury placed at short notice	6,000,000	6,000,100	6,000,100
	<u>36,248,600</u>	<u>35,906,800</u>	<u>37,503,900</u>
Difference between opening and closing balances representing Interest, etc., on investments in England (<i>vide</i> paragraph 260)	<u>1,472,400</u>	<u>1,399,600</u>	<u>1,597,100</u>

262. The following is a summary of the figures relating to Council Bills 1918-19 and 1919-20. Summary of Debt transactions and Capital account of Railway Companies. and the Sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.), included in the estimates for 1918-19 and 1919-20:—

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
	£	£	£
RECEIPTS.			
Council Bills . . . . .	...	6,599,200	12,250,000
Receipts on account of the Subscribed Capital of Railway Companies . . . . .	...	...	3,576,400
Receipts on account of the Debenture Capital of Railway Companies working purchased Railways . . . . .	...	...	510,000
OUTGOINGS.			
Sterling drafts paid . . . . .	...	5,425,000	...
Permanent Debt discharged	20,500,000	33,915,000	8,900,000
Discharge of Railway Companies' Debentures (inclusive of Debentures of Companies working purchased lines)	<u>2,624,900</u>	<u>1,531,900</u>	<u>4,086,400</u>

The amount entered in the estimates for drawings of Council Bills is subject to the usual reservation that the Secretary of State retains full liberty to vary the programme to any extent that may be considered necessary during the course of the coming year.)

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INDIA.

263. The following is a summary of the Estimates of Ways and Means in India during 1918-19 and 1919-20 :—

	BUDGET ESTIMATE, 1918-1919.		REVISED ESTIMATE, 1918-1919.		BUDGET ESTIMATE, 1919-1920.	
	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.
RECEIPTS.						
1. Excess of Revenue over Expenditure charged to Revenue	34,59,57,000	23,063,800	24,34,28,000	16,228,500	33,35,56,000	22,239,000
2. Capital raised through Companies towards outlay on State Railways	-37,50,000	-250,000	...	...	...	...
3. Capital contributed by Indian States towards outlay on State Railways	5,00,000	33,300	...	...	...	...
4. Unfunded Debt incurred— (a) Post Office Cash Certificates. (b) Savings Bank deposits (net)	1,82,30,000	1,215,300	-62,00,000	-413,300	4,69,56,000	3,130,400
5. Appropriation for Reduction or Avoidance of Debt	83,02,000	553,400	31,000	2,100	...	...
6. Other Deposits and Remittances (net)— (a) War Stores—Suspense (b) Deposit account with the United States of America. § (c) Other transactions	1,48,000 4,00,00,000 1,26,99,000	9,900 2,666,700 846,700	-19,11,87,000 -4,26,93,000 5,67,000	-12,742,500 -2,846,200 37,800	16,61,87,000 8,06,89,000 -5,52,000	11,079,200 5,379,300 -36,800
7. Remittance account between England and India— (a) Transfers through Currency (b) Purchase of Silver (c) Transactions of Railway Companies (net) excluding debenture capital (d) Sterling Transfers	24,52,05,000 19,42,36,000 1,46,72,000 ...	16,347,000 12,949,100 978,100 ...	9,50,00,000 61,75,00,000 1,51,47,000 8,13,75,000	6,333,300 41,166,700 1,009,800 5,425,000	25,20,00,000 ...	16,800,000 7,488,100 ...
TOTAL RECEIPTS EXCLUDING LOANS	87,61,99,000	58,413,300	88,86,53,000	59,243,600	99,11,88,000	66,079,200
DISBURSEMENTS.						
8. Capital Expenditure not charged to Revenue— (a) State Railways and Irrigation Works (b) Initial expenditure on new Capital at Delhi (c) Outlay by Companies (net)	5,08,97,000 37,95,000 -45,52,000	3,393,100 253,000 -303,400	5,93,53,000 42,61,000 -69,02,000	3,956,900 284,100 -460,100	14,22,73,000 34,00,000 -2,88,07,000	19,484,800 226,700 -1,920,500
9. Permanent Debt discharged (net)	56,60,000	377,300	76,04,000	506,900	56,40,000	376,000
10. Temporary Debt discharged (net)	4,00,00,000	2,666,700	13,97,77,000	9,318,400	23,49,20,000	14,994,700
11. Provincial surpluses (—) or deficits (+)	-19,70,000	-131,400	-1,46,93,000	-979,500	2,87,74,000	1,918,200
12. Imperial and Provincial Loans (net)	-10,25,000	-68,300	1,97,67,000	1,317,800	1,21,60,000	810,600
13. Remittance account between England and India— (a) Capital raised by Railway Companies (net) (b) War Office transactions (net) (c) Transactions on behalf of authorities † other than the War Office (net) (d) Other transactions (net)	-37,50,000 102,00,00,000 7,76,50,000 2,42,37,000	-250,000 68,000,000 5,176,700 1,615,800	... 1,14,75,00,000 9,03,31,000 3,26,91,000	... 76,500,000 6,022,100 2,179,400	... 58,50,00,000 2,93,30,000 -4,29,58,000	... 39,000,000 1,955,400 -2,863,800
14. Council Bills	2,90,00,000	1,938,300	12,15,80,000	8,105,400	18,37,50,000	12,250,000
TOTAL DISBURSEMENTS	123,99,42,000	82,662,800	1,60,12,69,000	106,751,400	1,14,34,82,000	76,232,100
NET DISBURSEMENTS	36,37,43,000	24,249,500	71,26,16,000	47,507,800	15,22,94,000	10,152,900
FINANCED AS FOLLOWS:						
Permanent Debt incurred	30,00,00,000	20,000,000	29,40,30,000	19,602,000	15,00,00,000	10,000,000
Temporary Debt incurred . . . . .	...	...	37,53,41,000	25,056,100	...	...
Reduction of (+) or addition to (—) Treasury Balances	6,37,43,000	4,249,500	4,27,45,000	2,849,700	22,94,000	152,900
TOTAL	36,37,43,000	24,249,500	71,26,16,000	47,507,800	15,22,94,000	10,152,900
Opening Balance	24,78,39,000	16,522,600	22,93,78,000	15,325,200	18,71,33,000	12,475,500
Closing Balance	18,40,96,000	12,273,100	18,71,33,000	12,475,500	18,48,39,000	12,322,600

* Head (10) represents expenditure defrayed by reduction of Provincial balances.
 † These include other Departments of His Majesty's Government than the War Office, the Commonwealth of Australia and the East African Protectorate.
 ‡ The figures shown under head (14) differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.
 § This head records on one side the credits for silver received from America under the Pittman Act, and on the other payments therefor, whether from the cash balances of the Home treasury, by gold remittances or by rupee payments in India on behalf of the Federal Reserve Bank of New York.

264. In the Budget estimate for 1918-19, the cash balance in the Indian treasuries on the 1st April 1918 was taken at ₹24,78 lakhs. It was estimated that (1) the net Imperial revenue in India would amount to ₹34,60 lakhs, (2) there would be a net receipt of ₹1,82 lakhs under unfunded debt, (3) a sum of ₹83 lakhs would be available from the Famine Insurance grant for the avoidance of debt, (4) a net receipt of ₹10 lakhs would accrue in connection with Imperial and Provincial loans, (5) the remittance and capital transactions of railway companies would result in a net credit of ₹1,47 lakhs, (6) there would be a surplus of Provincial revenue over expenditure amounting to ₹20 lakhs, and (7) a sum of ₹4 crores would be recovered on account of rupee payments made in India in 1917-18 on behalf of the Federal Reserve Bank of New York.

1918-19. Main features of Budget estimates.

On the other hand, provision was made for: (1) a recoverable outlay of ₹1,02,00 lakhs in connection with the war on behalf of the War Office and a further outlay of ₹7,77 lakhs on behalf of other departments of His Majesty's Government and the East African Protectorate, (2) capital expenditure in India on railways (inclusive of outlay by companies) and canals to the extent of ₹4,63 lakhs, (3) an outlay of ₹38 lakhs on the construction of the new capital at Delhi, (4) the discharge of ₹56 lakhs of permanent, and ₹4,00 lakhs of temporary, debt, (5) a payment of ₹2,90 lakhs on account of Council bills drawn in 1917-18, and (6) a net disbursement of ₹1,09 lakhs on account of miscellaneous deposit and remittance transactions inclusive of capital contributed by Indian States for the construction of State Railways.

The total payments mentioned above aggregate ₹1,23,33 lakhs against a total receipt of ₹43,02 lakhs; the net disbursement of ₹80,31 lakhs was to be met to the extent of ₹30 crores from the proceeds of the war loan to be floated in India in 1918-19, ₹24,52 lakhs from remittances from the Secretary of State through the Paper Currency Reserve and ₹19,42 lakhs from silver shipped by him to India for coinage. The balance of ₹6,37 lakhs was to be found by a reduction of the Indian cash balance which would stand at the end of 1918-19 at ₹18,41 lakhs. The Budget estimates assumed that treasury bills of the value of ₹43½ crores which were issued in 1917-18 and were outstanding at the end of that year would be replaced by fresh bills in the current year.

265. The results, according to the Revised estimate, show considerable variations from this forecast. The year opened with a cash balance which was ₹1,79 lakhs less than Budget anticipations owing to heavier military disbursements in March 1918 than were assumed in the Revised estimate for 1917-18. These disbursements have risen considerably during the current year also, and there was a strong demand during the earlier part of the year for private remittances of funds to India by Council Bills. The drain by the payments of money orders issued by foreign countries on India has also been unusually large especially in the earlier months of the year, while during the later months the failure of the rains over wide parts of the country has necessitated the grant of *takavi* advances on a large scale. On the other hand, the receipts from the second war loan floated in the current year have far surpassed expectations, and remittances from the Secretary of State in the form of silver have been much larger than anticipated in the Budget as the result of the arrangements made with the United States of America for the sale to us of silver from their dollar reserve and of heavy purchases by the Secretary of State in the market. The sales of sterling drafts on London in the latter part of the year have brought in an addition to the cash balances in India, and in spite of the unfavourable agricultural prospects, there has, outside military expenditure, been a substantial improvement in the revenue account, Imperial as well as Provincial. The cash resources in India proved however insufficient to meet the demands on them from about the time of closure of subscriptions to the loan and till we could obtain assistance to the extent required from shipments of silver. It became necessary in the interval to obtain Ways and Means advances aggregating ₹17 crores from the Presidency Banks; these advances have now been fully repaid. But it was necessary in December again to supplement our resources in India by taking power to increase the investments against our note circulation

1918-19. Main features of Revised Estimate.

by R14 crores to a total of R100 crores. These further powers have been utilised to the extent of R12½ crores, about R6 crores being invested in Indian Treasury Bills and the balance in British Treasury Bills. With these additions to our resources we expect to be able, taking the year as a whole, after providing funds for military expenditure in full, and meeting direct remittances to the Home treasury to the extent of R12 crores, to discharge R6 crores out of the treasury bills issued to the public in 1917-18 and maturing in the current year, and to close the year with a balance of R18¾ crores.

266. The net disbursements on account of outlay recoverable from the Home Government (inclusive of sums disbursed on behalf of the East African Protectorate and the Commonwealth of Australia) are now estimated at R1,23,78 lakhs against the Budget forecast of R1,09,77 lakhs and Council bill payments from Treasury balances will total R12,16 lakhs against R2,90 lakhs only assumed in the Budget. There will also be a net issue of R19.11 crores for cost of military stores, equipment, etc., purchased in advance of requirements and charged to the war stores suspense account; and remittances from the Secretary of State through the Paper Currency Reserve will amount to R9,50 lakhs only against R24,52 lakhs assumed in the Budget. On the other hand, the proceeds from the war loan inclusive of cash certificates which were taken in the Budget at R30 crores will amount to R56,44 lakhs, and credits from silver remittances (inclusive of American silver) will total R57,48 lakhs against the Budget anticipation of R23,42 lakhs, after allowing for payments amounting to R16,45 lakhs made in India in the current year on behalf of the Federal Reserve Bank of New York and a remittance of gold to the value of R3,08 lakhs in part discharge of the price of the silver obtained from the American Government. There will also be a receipt of R8,14 lakhs from the sale of sterling drafts on London. Apart from these items, it is expected that the net transactions in India in the current year will be worse than Budget anticipations by R9,12 lakhs. This deterioration is the net result of the following variations:—

[In lakhs of rupees.]

(1) Deterioration in the combined revenue account of the Imperial and Provincial Governments, due mainly to increase in Military expenditure and loss in Land Revenue partly set off by improvements under Railways, Customs and Exchange	8,98
(2) Reduction in amount available from the Famine Insurance grant for the avoidance of debt owing to outlay on relief measures in several provinces	83
(3) Increase in capital expenditure on railways and irrigation works	56
(4) Larger net issues of Imperial and Provincial loans	2,08
Total decrease in receipts or increase in outgoings	12,45
(5) Improvement under Savings Bank Deposits (exclusive of a <i>pro forma</i> adjustment in connection with the transfer to Government of railway provident fund balances)	2,34
(6) Improvement under other transactions, mainly miscellaneous deposits and remittances	99
Total increase in receipts or decrease in outgoings	3,33
Net deterioration	9,12

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267. The improvement under miscellaneous deposit and remittance transactions is the result of a number of variations among which may be mentioned (a) increased payments of foreign money orders, (b) a larger payment on account of cheques which remained outstanding at the end of 1917-18 owing to the closing days of March 1918 being holidays, and (c) a credit adjustment in respect of funds supplied by the Imperial Bank of Persia to military disbursing officers, the repayment to the Bank having been made by the Secretary of State in London.

268. The total receipts from the second Indian War Loan, subscriptions for which were received from the 3rd June 1918, amounted to R57,06 lakhs inclusive of R5,59 lakhs from the post office section of the loan and R85 lakhs tendered in London in the form of British Treasury bills. The total subscriptions were distributed among the different issues of the loan as follows:—

1918-19,
Rupee loans.

		(In lakhs of rupees.)
5½ per cent. war bonds 1921		25,61
5½ „ „ 1923		2,04
5½ „ „ 1925		3,97
5½ „ „ 1928		25,44
		—
		57,06
		—

The gross receipts from cash certificates amounted to R3,20 lakhs. Certificates of the value of R3,82 lakhs are expected to be encashed during the current year, the net payment thus amounting to R62 lakhs.

269. In 1919-20 the net Imperial revenue is estimated at R33,36 lakhs; the remittance and capital transactions of railway companies are likely to result in a net credit of R11,23 lakhs; a net receipt of R4,70 lakhs is anticipated under unfunded debt; receipts of silver for coinage inclusive of American silver are expected to amount to R33,27 lakhs; a credit of R16,62 lakhs will be realised from the issue of stores charged to the suspense account for Indian requirements or those of the War Office; and miscellaneous deposit and remittance transactions will bring in a net receipt of R4,22 lakhs, owing mainly to (a) an anticipated reduction with the progress of demobilisation in the cash balances of military disbursing officers in the field and (b) recoveries in India of the value of Australian wheat paid for by the Secretary of State, partly set off by (c) payments of foreign money orders. On the other hand, provision has been made (1) for a recoverable outlay of R58,50 lakhs to be incurred on behalf of the War Office and of R2,93 lakhs on behalf of other authorities; (2) for payment of the annual instalment of R12 lakhs for the Gwalior loan of 1887 and the cancellation of R41 lakhs of paper of the 5 per cent war loan 1929-47 by purchases for the sinking fund; (3) for capital expenditure of R11,35 lakhs on railways and canals and of R34 lakhs on Imperial Delhi; (4) for discharge of treasury bills of the value of R22,50 lakhs, the value of the bills outstanding at the end of the next year being thus reduced to R21 crores; (5) for a draft of R2,88 lakhs from Provincial balances and a net issue of R1,22 lakhs under Imperial and Provincial loans; and (6) for a payment of R18,38 lakhs on account of the Secretary of State's drawings of Council Bills.

1919-20,
Main features of
Budget estimates.

The net disbursements of the Government of India next year as shown in the statement in paragraph 263 above aggregate R15,23 lakhs. It is proposed to meet this deficiency by issuing a rupee loan the proceeds of which are estimated at R15 crores, and the cash balance in India on the 31st March 1920 will stand at the standard figure of R18½ crores.

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1918-19 and
1919-20.

270. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1918-19 and 1919-20:—

Post Office Savings
Banks, etc.

Year.	Securities of Railway Companies' Provident Funds transferred to Government.	Net additions to deposits, cash.	Interest.	Total addition.
1908-09	—26,22,000	54,63,000	28,41,000
1909-10	51,82,000	57,20,000	1,09,02,000
1910-11	1,05,06,000	60,82,000	1,65,88,000
1911-12	1,95,69,000	67,79,000	2,63,48,000
1912-13	1,68,26,000	73,79,000	2,42,05,000
1913-14	2,37,05,000	84,07,000	3,21,12,000
1914-15	—8,35,53,000	78,82,000	—7,56,71,000
1915-16	57,38,000	70,96,000	1,28,34,000
1916-17	1,35,61,000	77,07,000	2,12,68,000
1917-18	4,05,15,000	40,65,000	94,65,000	5,40,45,000
1918-19 (Revised)	3,40,00,000	2,89,78,000	1,18,74,000	7,48,52,000
1919-20 (Budget)	3,34,09,000	1,27,83,000	4,61,92,000

271. The Budget estimate assumed that there will be neither a net deposit into, nor a net withdrawal from, Postal Savings Banks in the current year; but owing to a substantial improvement in recent months, it is now expected that the net deposits during the year will amount to R2,10 lakhs. The Budget estimate for 1919-20 provides for a net deposit of R2,50 lakhs into Postal Savings Banks and for a growth of R84 lakhs in the deposits in the various Provident Funds for Government servants and in the similar funds of railway companies recently taken over by Government.

H. F. HOWARD.

The 21st March 1919.

Appendix I.

**PRO FORM^A ACCOUNT OF EXPENDITURE ON DELHI AND THE
DELHI PROVINCE.**

Prefatory Note.

I.—Scope of *pro formâ* account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Comptroller and Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks; it will be added to, or amplified later, if experience should show this to be necessary.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay*. The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II.—*Annual Expenditure*.

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the reconstruction of the accommodation of the troops already there had long been recognised as pressing. Similarly, the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in this city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance. The same principle will be applied to the Railway expenditure, *i.e.*, the cost of any remodelling of the railway system which is connected with the constitution of the new Capital will be exhibited in full in the *pro formâ* account. A wholly independent railway requirement, such as the permanent marshalling yard which will eventually replace the temporary yard now in use, will not be shown.

II.—Relation between the *pro formâ* account and the regular accounts.

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "51—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "48—State Railways." Item 1 of Part 1
of *pro formâ*
account.
Item 3 (b), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Comptroller and Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "45—Civil Works." Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXXI—Civil Works." Item 2, *ibid.*
Item II, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or, secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Imperial area are brought to account in the same way as in the case of other minor administrations, and are eventually published separately, like the figures for Coorg and Baluchistan, in an appendix to the Civil Estimates. But as the Civil Estimates are not published till late in the year, a special arrangement has been made by which the figures for the Delhi province under each major head are separately shewn in the various sections of the Financial Secretary's memorandum. It will be noted that any grants which may be specially given from Imperial revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and, consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (a) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the Army and Military Works heads respectively, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Postal and Telegraph expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department, neither the initial outlay nor the recurring receipts and expenditure have been included.

Items 4 to 7 and I and IV of Part I, and Items 2 and 3 and II to V of Part II of *pro formâ* account.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure in Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXV—Miscellaneous" and "XXXI—Civil Works", and the *pro formâ* account will take credit only for actual Imperial receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtains by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Item I of Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

EXPENDITURE.				RECEIPTS.			
	Actuals to end of 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.		Actuals to end of 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
1. DELHI PROJECT: Capital outlay on permanent Delhi chargeable to Head "51" (for details see Statement I-A)	2,83,02	43,00	45,00	I.—Receipts which may be obtained on account of Imperial buildings vacated by the Government of India or attached offices in consequence of the move ||	...	...	...
2. Temporary Delhi *	54,33	...	...	II.—Non-recurring receipts on account of Temporary Works	2	...	...
3. Initial expenditure of non-Civil Departments:—				III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi ||	...	...	...
(a) Military services †	61,99	4,67	6,24	IV.—Miscellaneous items	1,73	74	74
(b) Railways ‡	5,56	12	3				
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,26	...	...	TOTAL	1,75	74	74
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere	2,03	...	...		
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	2,15	50	49				
7. Miscellaneous items §	3,78	50	53				
TOTAL	3,94,12	48,79	52,29				
Total Expenditure to end of 1919-20	...	4,95,20		Total receipts to end of 1919-20	...	3,23	
Net expenditure to end of 1919-20	...	4,91,97					

*NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

†NOTE 2.—The expenditure included under item 3 (a) is that relating to the formation of the new Cantonment. Its details are as follows:—

	To end of 1917-18.	Revised 1918-19.	Budget 1919-20.
Acquisition of land	13,10	—	—
Cost of buildings	43,47	3,90	5,48
Establishment charges	3,89	58	66
Tools and Plant	1,53	19	10
TOTAL	61,99	4,67	6,24

‡NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Raya.

§NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Delhi Audit Office and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

||NOTE 5.—These heads will record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the prefatory note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus in 1913-14 to 1917-18 the Government of Bengal, by moving their offices into the vacated Imperial buildings in Calcutta, saved Rs.38,000, partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees.]

Expenditure.	Actuals, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.	Receipts.	Actuals, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
1. Expenditure of Delhi Province *	39,42	39,76	36,98	I.—Revenues of Delhi Province*	20,20	21,91	22,66
2. Compensatory assignment to Punjab Provincial revenues in respect of extra expenditure incurred in administering territories which have been transferred from the old Delhi district to the districts of Rohtak and Gurgaon . . .	13	13	13	II.—Assignment from Punjab Provincial revenues to Imperial on account of the creation of the new Province of Delhi, with effect from the 1st October 1912† .	1,91	1,91	1,91
3. Miscellaneous items . . .	11	11	11	III.—Saving under Calcutta house allowances‡ . . .	39	41	43
				IV.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices.§ . . .	2,50	2,50	2,50
Total expenditure . . .	39,66	40,00	37,22	V.—Miscellaneous items . . .	3	3	3
Net expenditure . . .	14,63	13,24	9,69	Total receipts . . .	25,03	26,76	27,53

* Note 1.—The details of this item are given in Statement II-A.

† Note 2.—This assignment represents the amount by which the Provincial outlay on the Delhi area exceeded the Provincial revenue obtained therefrom prior to the constitution of the Imperial enclave, i.e., the net expenditure incurred on the area of which the Local Government has now been relieved.

‡ Note 3.—The figures shown against item III will be subject to increase as additional offices are successively transferred from Calcutta to Delhi.

§ Note 4.—The figure shown against item IV is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been larger owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I.-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of pro formâ account.

[Figures in thousands of Rupees.]

Items.	Actuals up to end of 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
A.—Salaries and allowances—			
(a) Preliminary Investigation—			
(i) Gazetted officers*	2,04	...	...
(ii) Non-gazetted officers	14	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted officers*	18,36	2,57	3,83
(ii) Non-gazetted officers	8,15	2,49	2,49
(c) Other officers employed on the Project—			
(i) Gazetted officers*	2,53	16	26
(ii) Non-gazetted officers	1,29	26	26
B.—Travelling allowances of Officers and Establishment—			
(a) Preliminary Investigation—			
(i) Gazetted officers*	23	...	...
(ii) Non-gazetted officers	2	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted officers*	1,53	29	33
(ii) Non-gazetted officers	75	22	22
(c) Other officers employed on the Project—			
(i) Gazetted officers *	14	2	3
(ii) Non-gazetted officers	5	...	...
C.—Supplies, Services and Contingencies—			
(a) Preliminary Investigation	51	...	...
(b) Public Works and Electrical officers employed on the Project	1,27	27	27
(c) Other officers employed on the Project	31	5	5
D.—Works Expenditure—			
(i) Buildings—			
(1) Government House	10,10	3,29	5,24
(2) Secretariat	20,79	4,10	8,00
(3) Other buildings	38,64	16,34	7,01
(ii) Communications	6,07	1,30	...
(iii) Miscellaneous Public Improvements	2,55	1,27	17
(iv) Electric Light and Power	...	...	...
(v) Irrigation	...	1,19	...
(vi) Sanitation including water-supply, drainage and sewage	5,24	7,12	8,18
(vii) Purchase of tools and plant	33,20	1,32	80
(viii) Stock and Suspense	20,97	28	...
(ix) Miscellaneous items	48,53	3,31	2,18
(x) Maintenance during construction	9,22	3,18	4,00
General Reserve	...	30	6,47
Railway Diversion	...	1	...
Deduct—Probable savings	...	—88	—2,00
E.—Acquisition of land	35,49	—67	5
F.—Other Miscellaneous expenditure	6	...	...
Deduct.—Expenditure chargeable to other departments and receipts on Capital Account treated as reduction of expenditure.	—5,16	—4,79	—2,84
Total	2,63,02	43,00	45,00

* NOTE.—The town planners and other experts are included under this head.

STATEMENT II-A.

Revenue and Expenditure of Delhi Province.

[Figures in thousands of Rupees.]

RECEIPTS.				EXPENDITURE.			
Major heads of Account.	Actuals, 1917- 18.	Revised Esti- mate, 1918- 19.	Budget Esti- mate, 1919- 20.	Major heads of Account.	Actuals, 1917- 18.	Revised Esti- mate, 1918- 19.	Budget Esti- mate, 1919- 20.
I.—Land Revenue . . .	3,36	2,79	2,99	1. Refunds and Drawbacks . . .	16	35	35
II.—Opium	19	19	20	2. Assignments and Compensations	4	5	5
IV.—Stamps	4,06	4,59	4,59	3. Land Revenue	88	86	88
V.—Excise	3,27	3,91	3,89	6. Stamps	8	8	7
VII.—Customs	17	28	23	7. Excise	12	12	12
VIII.—Income Tax	5,90	6,96	6,94	10. Income Tax	4	4	4
X.—Registration	28	30	29	12. Registration	8	9	8
XII.—Interest	31	31	29	18. General Administration*	1,00	1,01	1,04
XVI-A.—Courts of Law	20	19	19	19-A. Courts of Law	1,51	1,93	1,53
XVI-B.—Jails	21	11	12	19-B. Jails	62	62	67
XVII.—Police	7	6	6	20. Police	4,22	4,37	4,29
XIX.—Education	16	15	15	23. Education	2,05	3,12	2,80
XXA.—Medical	5	4	4	23. Ecclesiastical	16	17	19
XXIB.—Scientific and Miscellaneous Departments	6	5	5	24-A. Medical	2,07	2,54	2,64
XXII.—Receipts in aid of Superannuation, etc.	3	5	5	24-B. Sanitation	2,06	94	1,31
XXIII.—Stationery and Printing	11	8	10	25. Political	2	1	1
XXV.—Miscellaneous	48	48	1,07	26-A. Agriculture	15	14	13
XXX.—Minor Irrigation Works and Navigation	1	1	1	26-B. Scientific and Miscellaneous Departments	4	4	1
XXXI.—Civil Works { Civil . . . . .	...	1	...	27. Territorial and Political Pensions	45	45	49
{ Departmental	1,28	1,35	1,35	29. Superannuation and Retired allowances	2,26	2,22	2,23
				30. Stationery and Printing	14	14	16
				32. Miscellaneous	62	61	1,04
				43. Minor Irrigation Works and Navigation	1	1	1
				45. Civil Works { Civil	4,66	4,56	2,87
				{ Departmental	13,80	12,67	12,58
				Do. Viceregal Estates in Delhi	2,18	2,62	1,39
Total Receipts	20,20	21,91	22,66	Total Expenditure	39,42	39,76	36,98

* This excludes the proportionate cost of the Delhi Audit Office relating to the Delhi Project which is included in Part I of the *Pro forma* account under '7—Miscellaneous items'.

Appendix II.

**ESTIMATE OF REVENUE AND EXPENDITURE OF THE
GOVERNMENT OF INDIA FOR THE YEAR 1919-1920.**

No. 1.—ACCOUNT showing the ESTIMATED REVENUE (Imperial and Provincial)
compared with the

HEADS OF REVENUE.	INDIA, GENERAL.			N-W. FRONTIER PROVINCE.			MADEAS		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
Principal Heads of Revenue:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land Revenue	21,70,100	19,20,000	19,52,000	22,06,007	22,51,000	21,20,000	5,94,90,209	5,79,07,000	1
Opium	28,511	31,000	31,000	65,689	90,000	79,000	5,23,025	6,10,000	2
Salt	3,51,00,571	1,29,02,000	57,01,000	...	...	...	1,61,98,441	1,78,41,000	3
Stamps	9,09,269	10,90,000	11,39,000	7,29,270	7,30,000	7,74,000	1,54,23,197	1,60,00,000	4
Excise	31,84,807	40,91,000	43,90,000	4,32,051	5,40,000	7,93,000	4,03,52,100	4,59,32,000	5
Provincial Rates	557	1,000	1,000	1,424	1,000	1,000	...	...	6
Customs	37,911	1,00,000	1,00,000	...	...	...	1,15,02,941	1,05,54,000	7
Income Tax	56,59,291	63,77,000	59,49,000	2,92,688	3,24,000	3,39,000	81,40,709	99,01,000	8
Forest	13,58,020	19,49,000	2,46,000	3,37,711	4,00,000	4,39,000	54,18,489	39,63,000	9
Registration	55,092	60,000	58,000	55,259	55,000	55,000	24,72,159	26,60,000	10
Tributes from Indian States	17,29,547	20,21,000	20,02,000	...	...	...	44,96,519	44,97,000	11
Total	5,02,33,676	3,05,42,000	2,36,69,000	41,27,299	43,91,000	46,00,000	16,40,58,089	16,98,65,000	12
Interest	47,36,396	83,59,000	1,01,92,000	29,740	38,000	36,000	11,86,237	12,92,000	13
Posts and Telegraphs	6,85,25,668	7,96,49,000	8,43,54,000	...	...	...	...	...	14
Mint	24,82,183	66,61,000	55,04,000	...	...	...	...	...	15
Receipts by Civil Depts.:									
Law and Justice:									
Courts of Law	1,94,420	1,01,000	95,000	2,31,838	2,29,000	2,21,000	11,33,641	10,10,000	16
Jails	7,21,897	12,31,000	12,34,000	39,910	46,000	34,000	7,69,942	9,92,000	17
Police	50,670	49,000	49,000	42,934	44,000	44,000	5,40,124	5,33,000	18
Ports and Pilotage . . . . .	...	...	...	...	...	...	410	1,000	19
Education	78,042	79,000	79,000	24,357	23,000	35,000	3,54,694	3,79,000	20
Medical	17,233	16,000	15,000	895	1,000	1,000	1,57,224	2,90,000	21
Sanitation	2,31,978	1,50,000	1,67,000	...	...	...	15,525	47,000	22
Agriculture	2,77,181	2,77,000	2,81,000	8,042	11,000	11,000	1,88,771	2,31,000	23
Scientific and Miscellaneous Depts.	1,15,293	2,07,000	1,08,000	155	...	...	18,71,495	17,88,000	24
Total	16,86,704	21,10,000	20,28,000	3,48,131	3,54,000	3,46,000	50,32,026	52,71,000	25
Miscellaneous:									
Receipts in aid of Superannuation, etc.	3,58,377	4,48,000	3,85,000	26,182	20,000	26,000	2,48,614	3,18,000	26
Stationery and Printing	3,77,991	5,94,000	5,00,000	13,683	13,000	13,000	1,83,303	1,77,000	27
Exchange	4,71,77,799	6,60,00,000	1,60,00,000	...	...	...	...	...	28
Miscellaneous	1,34,77,850	1,18,17,000	1,15,63,000	1,60,456	1,35,000	1,51,000	2,89,817	2,68,000	29
Total	6,13,92,017	7,88,59,000	2,84,48,000	2,00,520	1,74,000	1,90,000	7,21,734	7,53,000	30
Railways:									
State Railways (Gross Receipts)	68,74,66,684	76,53,70,000	79,98,50,000	...	...	...	...	...	31
Deduct—Working Expenses	31,34,57,514	36,80,43,000	46,38,70,000	...	...	...	...	...	32
Surplus profits paid to Companies, etc.	1,49,16,063	1,90,00,000	1,84,00,000	...	...	...	...	...	33
Net Receipts	35,90,93,108	37,63,27,000	31,75,80,000	...	...	...	...	...	34
Subsidised Companies (Government share of surplus Profits and Repayment of Advances of Interest)	3,52,757	1,51,000	1,50,000	...	...	...	...	...	35
Total	35,94,45,865	37,64,78,000	31,77,30,000	...	...	...	...	...	36
Irrigation:									
Major Works: Direct Receipts . . . . .	...	...	...	11,73,263	13,31,000	13,39,000	3,19,074	3,26,000	37
Portion of Land Revenue due to Irrigation . . . . .	...	...	...	94,096	86,000	90,000	1,08,32,923	1,06,47,000	38
Minor Works and Navigation	55,731	59,000	93,000	...	...	...	3,16,870	2,97,000	39
Total	55,731	59,000	93,000	12,67,359	14,17,000	14,29,000	1,14,68,867	1,12,70,000	40
Other Public Works:									
Civil Works	2,22,102	2,05,000	2,01,000	1,74,907	1,73,000	1,73,000	5,06,999	5,36,000	41
Military Receipts:									
Army: Effective	1,40,84,725	1,45,08,000	1,28,39,000	...	...	...	...	...	42
Non-effective	12,67,425	11,07,000	11,08,000	...	...	...	...	...	43
Marine	48,32,333	47,01,000	44,83,000	...	...	...	...	...	44
Military Works	14,16,355	13,50,000	12,60,000	...	...	...	...	...	45
Total	2,16,00,838	2,16,66,000	1,96,92,000	...	...	...	...	...	46
TOTAL REVENUE	57,03,81,180	60,65,83,000	49,19,11,000	61,47,956	65,47,000	67,74,000	18,29,73,952	19,90,17,000	47

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

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in each of the PROVINCES of *British India*, and in *England*, for 1919-1920
Results of 1917-1918 and 1918-1919.

	BOMBAY.			BENGAL.			CARRIED FORWARD.			
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	6,10,34,000	4,91,54,206	4,08,45,000	5,29,47,000	2,99,81,587	2,99,31,000	2,95,59,000	14,30,02,109	13,28,54,000	14,76,12,000
2	6,15,000	10,74,057	12,00,000	12,50,000	4,07,81,351	4,21,72,000	3,94,98,000	4,24,72,833	4,41,03,000	4,14,73,000
3	1,70,64,000	1,73,25,271	1,88,00,000	1,83,47,000	1,09,13,107	1,04,00,000	1,41,00,000	7,95,37,390	5,99,43,000	5,52,12,000
4	1,65,00,000	1,01,52,670	1,17,00,000	1,22,00,000	2,32,11,830	2,49,00,000	2,55,00,000	5,04,26,236	5,43,20,000	5,61,13,000
5	4,68,17,000	3,19,81,880	3,83,50,000	3,95,00,000	1,56,36,222	1,78,00,000	1,87,00,000	9,15,87,060	10,67,13,000	11,02,00,000
6					1,39,091	1,22,000	1,24,000	1,41,072	1,24,000	1,26,000
7	1,33,84,000	6,48,80,029	7,50,00,000	7,99,15,000	6,93,42,397	7,67,07,000	8,64,32,000	14,57,63,278	16,23,61,000	17,98,31,000
8	1,21,41,000	2,78,45,990	3,62,95,000	7,24,97,000	3,39,60,280	3,38,00,000	8,52,50,000	7,59,05,958	8,66,97,000	17,61,76,000
9	49,36,000	63,12,022	80,00,000	80,50,000	13,76,970	18,00,000	16,30,000	1,48,43,212	1,61,12,000	1,74,01,000
10	27,10,000	9,25,151	11,00,000	11,50,000	19,04,027	19,00,000	19,00,000	54,11,988	57,75,000	58,73,000
11	44,97,000	13,65,137	11,35,000	13,40,000	67,701	68,000	68,000	76,58,904	77,21,000	79,07,000
12	17,96,98,000	21,10,16,413	23,24,25,000	28,71,96,000	22,73,14,563	23,95,00,000	30,27,61,000	65,67,50,040	67,67,23,000	79,79,24,000
13	13,39,000	25,43,988	21,66,000	23,41,000	17,89,724	17,01,000	16,44,000	1,02,86,085	1,85,56,000	1,55,52,000
14	...	...	...	...	...	...	...	6,85,25,668	7,96,49,000	8,43,54,000
15	...	52,78,828	1,84,90,000	1,48,44,000	...	...	...	77,61,011	2,51,51,000	2,03,48,000
16	10,91,000	8,93,721	9,15,000	9,50,000	11,22,200	10,67,000	11,88,000	35,80,820	33,22,000	35,45,000
17	7,08,000	3,62,207	3,90,000	3,50,000	12,01,713	13,00,000	10,01,000	30,95,669	39,59,000	33,27,000
18	5,46,000	96,801	1,07,000	1,00,000	1,87,154	2,54,000	2,37,000	9,17,683	9,87,000	9,76,000
19	1,000	1,65,328	1,71,000	2,11,000	10,06,412	13,10,000	12,64,000	11,72,150	14,82,000	14,76,000
20	5,20,000	9,50,494	6,00,000	5,98,000	9,51,950	9,89,000	10,29,000	23,59,737	20,70,000	23,61,000
21	2,71,000	4,59,843	4,70,000	4,61,000	4,00,834	4,05,000	3,96,000	10,36,019	11,82,000	11,44,000
22	15,000	8,057	16,000	19,000	12,322	8,000	10,000	2,67,882	2,21,000	2,11,000
23	3,74,000	2,27,901	2,40,000	2,08,000	1,21,456	1,47,000	1,85,000	8,23,351	9,06,000	10,59,000
24	19,56,000	1,47,847	1,18,000	1,22,000	26,35,397	18,80,000	10,82,000	47,70,187	39,93,600	32,68,000
25	54,82,000	33,17,199	30,27,000	50,19,000	76,39,438	73,60,000	63,92,000	1,80,23,498	1,81,22,000	1,72,67,000
26	2,67,000	6,25,099	6,52,000	6,67,000	2,49,238	2,34,000	2,40,000	15,07,510	16,78,000	15,85,000
27	1,61,000	1,99,217	2,02,000	2,02,000	1,40,097	1,42,000	1,49,000	9,14,490	11,28,000	10,25,000
28	...	...	...	...	...	...	...	4,71,77,799	6,60,00,000	1,60,00,000
29	2,92,000	9,61,115	6,71,000	4,98,000	9,33,365	14,74,000	12,23,000	1,58,22,603	1,43,85,000	1,37,27,000
30	7,20,000	17,85,431	15,25,000	13,67,000	13,22,700	18,50,000	16,12,000	6,54,22,402	8,81,91,000	8,23,87,000
31	...	...	...	...	...	...	...	68,74,66,684	76,53,70,000	79,98,50,000
32	...	...	...	...	...	...	...	31,34,57,514	36,80,43,000	46,38,70,000
33	...	...	...	...	...	...	...	1,49,16,062	1,90,00,000	1,84,00,000
34	...	...	...	...	...	...	...	35,90,93,108	37,88,27,000	31,75,80,000
35	...	...	...	...	...	...	...	8,52,757	1,51,000	1,50,000
36	...	...	...	...	...	...	...	35,94,45,865	37,84,78,000	31,77,80,000
37	3,22,000	15,86,638	17,80,000	17,00,000	2,78,301	3,00,000	2,80,000	33,57,276	87,87,000	86,41,000
38	1,07,22,000	26,73,775	27,00,000	26,00,000	...	...	...	1,86,00,794	1,34,33,000	1,34,12,000
39	3,15,000	3,83,240	3,50,000	3,60,000	8,91,648	10,50,000	10,58,000	16,47,489	17,56,000	18,26,000
40	1,13,59,000	46,43,653	48,30,000	46,60,000	11,69,949	13,50,000	13,38,000	1,56,05,559	1,89,26,000	1,88,79,000
41	4,50,000	5,67,209	4,94,000	4,35,000	7,31,596	8,07,000	8,28,000	22,02,813	22,15,000	20,85,000
42	...	...	...	...	...	...	...	1,40,84,725	1,45,08,000	1,28,39,000
43	...	...	...	...	...	...	...	12,67,425	11,07,000	11,03,000
44	...	...	...	...	...	...	...	48,32,333	47,01,000	44,85,000
45	...	...	...	...	...	...	...	14,16,355	13,50,000	12,60,000
46	...	...	...	...	...	...	...	2,16,00,838	2,16,66,000	1,96,92,000
47	19,90,48,000	22,91,52,721	26,29,57,000	31,33,62,000	23,99,67,970	25,25,68,000	31,45,73,000	1,22,86,23,779	1,31,76,77,000	1,32,61,68,000

No. 1—Account showing the Estimated Revenue (Imperial and Provincial)
compared with the

HEADS OF REVENUE.	BROUGHT FORWARD.			UNITED PROVINCES OF AGRA AND OUDE.			PUNJAB.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue:									
Land Revenue	14,30,09,109	13,28,54,000	14,76,12,000	6,50,75,723	5,67,34,000	6,56,92,000	3,11,83,537	2,84,63,000	1
Opium	4,24,72,833	4,41,03,000	4,14,73,000	7,31,819	7,80,000	8,1,000	7,41,625	9,73,000	2
Salt	7,95,37,390	5,99,43,000	5,53,12,000	---	---	---	---	---	3
Stamps	5,04,26,236	5,43,20,000	5,61,13,000	1,31,52,795	1,24,00,000	1,27,00,000	60,00,300	53,30,000	4
Excise	9,15,87,060	10,67,13,000	11,02,00,000	1,43,47,587	1,60,00,000	1,95,82,000	85,62,967	1,04,40,000	5
Provincial Rates	1,41,072	1,24,000	1,26,000	1,73,102	1,56,000	1,44,000	20,953	34,000	6
Customs	14,57,63,278	16,23,61,000	17,93,31,000	2,70,145	4,31,000	4,50,000	21,624	28,000	7
Income Tax	7,59,05,958	8,66,97,000	17,61,76,000	52,70,526	69,25,000	82,61,000	36,03,564	37,50,000	8
Forest	1,43,43,212	1,61,12,000	1,74,01,000	61,16,697	69,00,000	1,00,00,000	21,17,776	23,00,000	9
Registration	54,11,988	57,75,000	58,73,000	7,37,436	7,35,000	7,35,000	3,50,796	3,60,000	10
Tributes from Indian States	76,58,904	77,21,000	79,07,000	3,21,000	3,21,000	3,21,000	1,43,965	1,44,000	11
Total	63,67,50,040	67,67,23,000	79,79,24,000	10,61,95,850	10,13,82,000	11,65,96,000	5,27,76,107	5,23,22,000	12
Interest	1,02,86,085	1,55,56,000	1,55,52,000	14,97,372	12,25,000	19,45,000	4,98,887	5,57,000	13
Posts and Telegraphs	6,85,25,603	7,96,49,000	8,43,54,000	---	---	---	---	---	14
Mint	77,61,011	2,51,51,000	2,03,48,000	---	---	---	---	---	15
Receipts by Civil Depts:									
Law and Justice:									
Courts of Law	35,80,820	33,22,000	35,45,000	8,74,837	8,64,000	8,98,000	6,31,485	6,20,000	16
Jails	30,95,669	39,59,000	33,27,000	3,95,515	7,71,000	3,52,000	6,77,050	6,86,000	17
Police	9,17,683	9,87,000	9,76,000	1,15,082	1,30,000	1,42,000	2,27,132	2,13,000	18
Ports and Pilotage	11,72,150	14,82,000	14,76,000	---	---	---	---	---	19
Education	23,59,737	20,70,000	22,61,000	6,73,579	6,76,000	7,59,000	5,25,067	5,24,000	20
Medical	10,34,019	11,82,000	11,44,000	1,12,291	97,000	1,04,000	44,675	75,000	21
Sanitation	2,67,882	2,21,000	2,11,000	41,719	48,000	33,000	1,26,643	1,36,000	22
Agriculture	8,23,351	9,06,000	10,59,000	2,73,357	2,45,000	2,89,000	3,31,638	6,30,000	23
Scientific and Miscellaneous Depts.	47,70,187	39,93,000	33,65,000	23,059	26,000	22,000	28,985	30,000	24
Total	1,80,23,498	1,81,22,000	1,72,67,000	25,08,439	28,57,000	25,99,000	26,42,875	29,14,000	25
Miscellaneous:									
Receipts in aid of Superannuation, etc.	15,07,510	16,78,000	15,85,000	3,99,005	2,77,000	3,05,000	2,09,227	1,96,000	26
Stationery and Printing	9,14,490	11,28,000	10,25,000	1,83,594	1,97,000	2,16,000	1,66,945	1,70,000	27
Exchange	4,71,77,799	6,60,00,000	1,60,00,000	---	---	---	---	---	28
Miscellaneous	1,58,22,603	1,43,85,000	1,37,27,000	4,97,367	5,45,000	5,07,000	10,76,157	15,16,000	29
Total	6,54,22,403	8,31,91,000	3,23,37,000	9,79,966	10,19,000	10,28,000	14,52,329	18,62,000	30
Railways:									
State Railways (Gross Receipts)	68,74,66,684	76,53,70,000	79,93,50,000	---	---	---	---	---	31
Deduct: Working Expenses	31,34,57,514	36,80,43,000	4,33,70,000	---	---	---	---	---	32
Surplus profits paid to Companies, etc.	1,49,16,063	1,90,00,000	1,84,00,000	---	---	---	---	---	33
Net Receipts	35,90,93,108	37,83,27,000	31,75,80,000	---	---	---	---	---	34
Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	8,52,757	1,51,000	1,50,000	---	---	---	---	---	35
Total	35,94,45,865	37,84,78,000	31,77,30,000	---	---	---	---	---	36
Irrigation:									
Major Works: Direct Receipts	33,57,276	37,37,000	36,41,000	1,02,14,228	1,10,56,000	1,04,93,000	2,71,44,178	2,74,08,000	37
Portion of Land Revenue due to Irrigation	1,36,00,794	1,34,33,000	1,34,12,000	20,79,719	20,80,000	20,80,000	1,06,78,519	1,33,00,000	38
Minor Works and Navigation	16,47,469	17,56,000	18,26,000	3,08,694	3,13,000	2,83,000	11,28,105	10,22,000	39
Total	1,66,05,539	1,89,26,000	1,68,79,000	1,26,03,641	1,34,49,000	1,28,55,000	3,89,50,802	4,17,30,000	40
Other Public Works:									
Civil Works	22,03,813	23,15,000	20,85,000	6,00,816	5,36,000	5,50,000	4,64,733	5,06,000	41
Military Receipts:									
Army: Effective	1,40,84,725	1,45,08,000	1,28,39,000	---	---	---	---	---	42
Non-effective	12,67,425	11,07,000	11,08,000	---	---	---	---	---	43
Marine	48,32,333	47,01,000	44,85,000	---	---	---	---	---	44
Military Works	14,16,355	13,50,000	13,60,000	---	---	---	---	---	45
Total	2,16,00,838	2,16,66,000	1,96,92,000	---	---	---	---	---	46
TOTAL REVENUE	1,22,86,23,779	1,31,76,77,000	1,33,61,63,000	12,43,85,064	12,04,68,000	13,76,73,000	9,67,85,723	9,99,11,000	47

in each of the Provinces of *British India*, and in *England*, for 1919-1920,
Results of 1917-1918 AND 1918-1919—continued.

	BURMA.			BIHAR AND ORISSA.			CARRIED FORWARD.			
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	3,03,37,000	4,13,73,810	5,24,20,000	5,00,30,000	1,56,96,031	1,59,65,000	1,65,00,000	29,63,30,210	28,64,36,000	31,01,71,000
2	9,87,000	5,19,056	5,94,000	5,50,000	4,71,431	5,31,000	5,22,000	4,49,36,764	4,69,81,000	4,43,73,000
3	...	29,53,959	33,00,000	35,00,000	120	1,000	1,000	8,24,91,469	6,32,44,000	5,87,13,000
4	60,50,000	31,82,389	34,00,000	35,90,000	74,79,901	72,50,000	73,50,000	8,02,41,621	8,32,00,000	8,57,13,000
5	1,10,57,000	92,39,195	97,31,000	1,01,00,000	1,18,22,679	1,25,00,000	1,27,00,000	13,55,59,488	15,53,54,000	16,36,39,000
6	32,000	...	...	...	77,789	1,02,000	1,81,000	4,11,916	4,16,000	4,83,000
7	28,000	1,89,56,027	2,23,85,000	1,90,75,000	1,464	2,000	2,000	16,50,12,538	18,52,07,000	19,93,86,000
8	46,75,000	49,07,872	69,78,000	84,60,000	23,93,074	26,36,000	27,17,000	9,20,80,994	10,69,86,000	20,02,89,000
9	36,35,000	1,23,61,492	1,23,91,000	1,35,00,000	7,53,625	9,00,000	8,00,000	3,61,92,809	3,86,03,000	4,53,36,000
10	3,75,000	1,89,204	2,16,000	2,30,000	6,68,083	6,50,000	7,50,000	73,87,507	77,36,000	79,63,000
11	1,44,000	4,59,405	4,52,000	4,52,000	85,500	86,000	86,000	86,63,774	87,24,000	89,10,000
12	5,73,20,000	9,41,42,416	11,18,67,000	10,94,27,000	3,94,49,697	4,06,23,000	4,16,09,000	94,93,14,090	98,29,17,000	1,12,49,76,000
13	5,25,000	1,65,978	2,26,000	2,45,000	1,58,944	1,50,000	2,00,000	1,26,07,266	1,57,14,000	1,84,67,000
14	...	...	...	...	...	...	...	6,85,25,668	7,96,49,000	8,43,54,000
15	...	...	...	...	...	...	...	77,61,011	2,51,51,000	2,03,48,000
16	6,60,000	6,20,967	6,14,000	6,21,000	3,66,510	3,75,000	3,85,000	61,24,619	57,95,000	61,09,000
17	6,22,000	4,29,674	3,95,000	4,52,000	7,09,843	10,33,000	10,00,000	53,07,751	63,44,000	57,53,000
18	2,11,000	1,23,893	5,45,000	3,42,000	91,410	8,31,000	1,44,000	17,77,200	27,06,000	18,15,000
19	...	3,72,593	5,65,000	4,07,000	...	...	...	15,44,743	20,47,000	18,83,000
20	5,46,000	3,73,535	3,83,000	3,85,000	3,70,917	3,76,000	3,85,000	43,01,835	40,29,000	43,36,000
21	75,000	1,26,575	1,35,000	1,41,000	47,486	72,000	84,000	13,67,446	15,64,000	15,48,000
22	1,09,000	11,562	11,000	13,000	16,864	14,000	16,000	4,64,370	4,30,000	3,82,000
23	7,93,000	17,798	19,000	20,000	34,326	70,000	60,000	14,80,470	18,70,000	22,21,000
24	32,000	4,507	8,000	7,000	1,067	1,000	1,000	48,27,805	40,58,000	33,30,000
25	30,48,000	23,83,509	26,78,000	23,83,000	16,38,423	27,72,000	20,75,000	2,71,96,744	2,93,43,000	2,73,77,000
26	2,04,000	1,15,043	1,05,000	1,16,000	1,25,049	1,26,000	1,28,000	22,55,834	23,22,000	23,38,000
27	1,72,000	52,332	55,000	55,000	39,292	38,000	38,000	13,56,653	15,88,000	15,06,000
28	...	...	...	...	...	...	...	4,71,77,799	6,60,00,000	1,60,00,000
29	10,03,000	2,93,549	3,82,000	4,03,000	3,42,042	3,30,000	3,05,000	1,80,31,718	1,71,58,000	1,59,45,000
30	13,79,000	4,60,924	5,42,000	5,74,000	5,06,383	4,94,000	4,71,000	6,88,22,004	8,71,28,000	3,57,89,000
31	...	...	...	...	...	...	...	68,74,66,684	76,53,70,000	79,98,50,000
32	...	...	...	...	...	...	...	31,34,57,514	36,80,43,000	46,33,70,000
33	...	...	...	...	...	...	...	1,49,16,062	1,90,00,000	1,84,00,000
34	...	...	...	...	...	...	...	35,90,93,108	37,83,27,000	31,75,80,000
35	...	...	...	...	...	...	...	3,52,757	1,51,000	1,50,000
36	...	...	...	...	...	...	...	85,94,45,865	87,84,78,000	81,77,30,000
37	2,92,08,000	13,47,411	17,40,000	17,80,000	26,23,425	26,50,000	28,00,000	4,46,88,518	4,65,91,000	4,79,22,000
38	1,36,16,000	1,63,433	2,40,000	2,70,000	...	...	...	2,65,27,465	2,90,53,000	2,93,73,000
39	10,44,000	13,68,211	17,50,000	16,00,000	74,362	74,000	74,000	45,26,861	49,15,000	48,26,000
40	4,38,68,000	23,84,055	37,30,000	36,50,000	26,99,787	27,24,000	28,74,000	7,57,42,844	8,05,59,000	8,21,26,000
41	5,17,000	8,73,816	4,04,000	3,80,000	5,43,612	5,45,000	5,70,000	41,85,780	42,06,000	41,02,000
42	...	...	...	...	...	...	...	1,40,84,725	1,45,08,000	1,28,39,000
43	...	...	...	...	...	...	...	12,87,425	11,07,000	11,08,000
44	...	...	...	...	...	...	...	48,32,333	47,01,000	44,85,000
45	...	...	...	...	...	...	...	14,16,355	13,50,000	12,60,000
46	...	...	...	...	...	...	...	2,16,00,838	2,16,66,000	1,96,92,000
47	10,66,57,000	10,04,10,698	11,94,47,000	11,66,64,000	4,49,96,846	4,73,08,000	4,77,99,000	1,59,52,02,110	1,70,48,11,000	1,73,49,61,000

No 1.—ACCOUNT showing the ESTIMATED REVENUE (Imperial and Provincial) compared with the

HEADS OF REVENUE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BERRAR.			ASSAM.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue:										
Land Revenue	29,68,80,310	28,64,36,000	31,01,71,000	1,96,55,805	1,72,44,000	2,14,45,000	81,22,871	84,08,000	86,81,000	1
Opium	4,49,38,764	4,69,81,000	4,43,78,000	5,70,912	6,55,000	6,70,000	6,75,862	7,98,000	8,00,000	2
Salt	8,24,91,469	6,34,44,000	5,87,13,000	...	...	...	837	1,000	1,000	3
Stamps	8,02,41,621	8,32,00,000	8,57,13,000	42,54,212	41,60,000	43,20,000	14,16,997	13,88,000	14,23,000	4
Excise	13,55,59,488	15,63,84,000	16,36,39,000	1,14,92,202	1,23,00,000	1,28,00,000	53,73,805	58,35,000	58,61,000	5
Provincial Rates	4,11,916	4,16,000	4,83,000	...	...	...	17,577	28,000	36,000	6
Customs	16,50,12,538	18,52,07,000	19,93,88,000	3,49,490	6,70,000	7,00,000	1,88,791	1,71,000	2,00,000	7
Income Tax	9,20,80,994	10,69,86,000	20,02,59,000	16,23,154	20,07,000	21,52,000	9,17,407	8,20,000	8,82,000	8
Forest	3,61,92,809	3,86,03,000	4,53,86,000	34,66,493	35,00,000	35,00,000	13,09,956	14,60,000	14,56,000	9
Registration	73,87,507	77,36,000	79,63,000	4,30,608	4,75,000	4,70,000	95,737	88,000	90,000	10
Tributes from Indian States	86,68,774	87,24,000	89,10,000	2,46,187	2,39,000	2,39,000	50,100	50,000	50,000	11
Total	94,93,14,090	98,29,17,000	1,24,49,76,000	4,20,89,063	4,12,50,000	4,62,96,000	1,81,67,740	1,90,47,000	1,94,80,000	12
Interest	1,26,07,266	1,57,14,000	1,8,67,000	2,17,762	1,93,000	2,18,000	1,24,488	1,63,000	2,29,000	13
Posts and Telegraphs	6,85,25,668	7,96,49,000	8,43,54,000	...	...	...	...	...	...	14
Mint	77,61,011	2,51,51,000	2,03,48,000	...	...	...	...	...	...	15
Receipts by Civil Departments:										
Law and Justice:										
Courts of Law	61,24,619	57,95,000	61,09,000	2,75,831	2,75,000	2,95,000	1,26,793	1,35,000	1,41,000	16
Jails	53,07,751	68,44,000	57,53,000	2,95,064	4,21,000	3,57,000	92,431	1,04,000	94,000	17
Police	17,77,200	27,06,000	18,15,000	39,100	20,000	18,000	1,82,385	1,04,000	96,000	18
Ports and Pilotage	15,44,748	20,47,000	18,83,000	...	...	...	204	...	...	19
Education	43,01,835	40,29,000	43,36,000	2,86,989	3,00,000	3,14,000	2,18,246	2,27,000	2,17,000	20
Medical	13,67,446	15,64,000	15,48,000	8,733	10,000	10,000	13,338	10,000	10,000	21
Sanitation	4,64,870	4,30,000	3,82,000	31,419	39,000	40,000	33,968	75,000	74,000	22
Agriculture	14,80,470	18,70,000	22,21,000	1,37,539	1,52,000	1,64,000	38,778	16,000	91,000	23
Scientific and Miscellaneous Departments	48,27,805	40,58,000	33,30,000	34,699	40,000	40,000	9,245	8,000	7,000	24
Total	3,71,96,744	2,93,43,000	2,78,77,000	11,09,374	12,57,000	12,38,000	7,10,388	6,79,000	7,50,000	25
Miscellaneous:										
Receipts in aid of Superannuation, etc.	23,55,834	23,82,000	23,38,000	3,26,225	3,42,000	3,61,000	36,670	37,000	38,000	26
Stationery and Printing	13,56,653	15,83,000	15,06,000	49,243	57,000	57,000	4,845	5,000	5,000	27
Exchange	4,71,77,799	6,60,00,000	1,60,00,000	...	...	...	...	...	...	28
Miscellaneous	1,80,31,718	1,71,58,000	1,59,45,000	2,34,668	2,29,000	1,94,000	30,084	46,000	40,000	29
Total	6,58,22,004	8,71,28,000	8,57,89,000	6,10,186	6,28,000	6,12,000	71,599	88,000	83,000	30
Railways:										
State Railways (Gross Receipts)	68,74,66,684	78,53,70,000	79,98,50,000	...	...	...	1,36,723	1,30,000	1,50,000	31
Deduct—										
Working Expenses	31,24,57,514	38,30,43,000	46,38,70,000	...	...	...	1,23,412	1,21,000	1,30,000	32
Surplus profits paid to Companies, etc.	1,49,16,062	1,90,00,000	1,84,00,000	...	...	...	...	...	...	33
Net Receipts	35,90,93,108	37,83,27,000	31,76,80,000	...	...	...	13,311	9,000	20,000	34
Subsidised Companies (Government share of surplus profits and Re-payment of Advances of interest)	3,52,757	1,51,000	1,50,000	...	...	...	...	...	...	35
Total	35,94,45,865	37,84,78,000	31,77,30,000	...	...	...	13,311	9,000	20,000	36
Irrigation:										
Major Works: Direct Receipts.	4,46,58,518	4,65,91,000	4,79,22,000	1,70,194	3,97,000	4,82,000	...	...	...	37
Portion of Land Revenue due to Irrigation	2,65,27,465	2,90,53,000	2,93,78,000	5,961	6,000	6,000	...	...	...	38
Minor Works and Navigation	45,26,861	49,15,000	48,26,000	89,185	71,000	64,000	...	...	...	39
Total	7,57,42,844	8,05,59,000	8,21,26,000	2,15,340	4,74,000	5,52,000	...	...	...	40
Other Public Works:										
Civil Works	41,85,780	42,06,000	41,02,000	4,50,071	4,23,000	5,54,000	2,18,132	1,94,000	1,88,000	41
Military Receipts:										
Army Effective	1,40,84,725	1,45,08,000	1,28,39,000	...	...	...	...	...	...	42
Non-effective	12,67,425	11,07,000	11,08,000	...	...	...	...	...	...	43
Marine	48,32,333	47,01,000	44,85,000	...	...	...	...	...	...	44
Military Works	14,16,355	13,50,000	12,60,000	...	...	...	...	...	...	45
Total	2,16,00,838	2,16,66,000	1,96,92,000	...	...	...	...	...	...	46
TOTAL REVENUE	1,59,52,02,110	1,70,49,11,000	1,78,49,61,000	4,46,91,746	4,42,31,000	4,94,70,000	1,93,05,658	2,01,80,000	2,07,30,000	47

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

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in each of the PROVINCES of *British India*, and in *England*, for 1919-20.
Results of 1917-1918 and 1918-1919—continued.

	TOTAL INDIA.						ENGLAND.			GRAND TOTAL.		
	Rupees.			Rupees converted into £ at Rs15=£1.			1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.						
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	
1	32,41,08,686	31,20,88,000	34,02,97,000	21,607,246	20,805,900	22,686,400	...	...	...	21,607,246	20,805,900	22,686,400
2	4,61,83,538	4,84,34,000	4,58,43,000	3,078,903	3,229,000	3,056,200	...	...	...	3,078,903	3,229,000	3,056,200
3	8,24,92,306	6,32,45,000	5,87,14,000	5,499,487	4,216,300	3,914,300	...	...	...	5,499,487	4,216,300	3,914,300
4	8,59,12,830	8,87,48,000	2,14,56,000	5,727,522	5,916,500	6,097,100	...	...	...	5,727,522	5,916,500	6,097,100
5	15,24,25,495	17,35,19,000	18,23,00,000	10,161,699	11,567,900	12,153,300	7	...	...	10,161,699	11,567,900	12,153,300
6	4,29,493	4,44,000	5,19,000	28,633	29,600	34,600	...	...	...	28,633	29,600	34,600
7	16,55,48,819	18,60,48,000	20,02,86,000	11,036,588	12,403,200	13,352,400	...	...	...	11,036,588	12,403,200	13,352,400
8	9,46,21,555	10,98,13,000	20,33,23,000	6,308,104	7,320,800	13,554,900	...	...	...	6,308,104	7,320,800	13,554,900
9	4,09,69,258	4,35,63,000	5,02,92,000	2,731,284	2,904,200	3,352,800	...	...	...	2,731,284	2,904,200	3,352,800
10	79,13,852	82,99,000	85,23,000	527,590	553,300	568,200	...	...	...	527,590	553,300	568,200
11	89,65,061	90,13,000	91,99,000	597,670	600,900	613,800	...	...	...	597,670	600,900	613,800
12	1,00,95,70,893	1,04,32,14,000	1,19,07,52,000	67,304,726	69,547,600	79,883,500	7	...	...	67,304,733	69,547,600	79,883,500
13	1,29,49,516	1,60,70,000	1,89,14,000	863,301	1,071,400	1,260,900	1,306,807	2,771,500	2,376,500	2,170,108	3,842,900	3,637,400
14	6,85,25,668	7,96,49,000	8,43,54,000	4,568,378	5,309,900	5,623,600	48,312	13,000	93,200	4,616,690	5,322,900	5,716,800
15	77,61,011	2,51,51,000	2,03,48,000	517,401	1,676,700	1,356,500	...	100	...	517,401	1,676,800	1,356,500
16	55,27,243	62,05,000	65,45,000	435,150	413,700	436,300	...	...	...	435,150	413,700	436,300
17	56,95,246	73,69,000	62,04,000	379,683	491,300	413,600	...	...	...	379,683	491,300	413,600
18	19,98,685	28,30,000	19,29,000	133,246	188,700	128,600	...	...	...	133,246	188,700	128,600
19	15,44,952	20,47,000	18,83,000	102,997	136,500	125,500	...	...	...	102,997	136,500	125,500
20	48,02,070	45,56,000	48,67,000	320,138	303,700	324,500	...	...	...	320,138	303,700	324,500
21	13,89,517	15,84,000	15,68,000	92,634	105,600	104,500	292	300	300	92,926	105,900	104,800
22	5,30,257	5,44,000	4,96,000	35,351	36,200	33,100	...	...	...	35,351	36,200	33,100
23	16,56,787	20,38,000	24,76,000	110,452	135,900	165,100	...	...	...	110,452	135,900	165,100
24	48,71,749	41,06,000	33,77,000	324,788	273,700	225,100	638	1,000	900	325,421	274,700	226,000
25	2,90,16,506	3,12,79,000	2,93,45,000	1,934,434	2,085,300	1,956,300	930	1,300	1,200	1,935,364	2,086,600	1,957,500
26	26,18,729	27,61,000	27,37,000	174,582	184,000	182,500	38,074	39,600	41,400	212,656	223,600	223,900
27	14,10,741	16,50,000	15,68,000	94,049	110,000	104,500	...	...	...	94,049	110,000	104,500
28	4,71,77,799	6,60,00,000	1,60,00,000	3,145,186	4,400,000	1,066,700	...	...	...	3,145,186	4,400,000	1,066,700
29	1,82,96,470	1,74,33,000	1,61,79,000	1,219,765	1,162,200	1,078,600	196,700	28,500	83,700	1,416,465	1,190,700	1,162,300
30	6,95,03,739	8,78,44,000	3,64,84,000	4,633,582	5,856,200	2,432,300	234,774	68,100	125,100	4,868,356	5,924,300	2,557,400
31	68,76,03,407	76,55,00,000	80,00,00,000	45,840,227	51,033,300	53,333,300	107,294	20,600	48,600	45,947,521	51,053,900	53,381,900
32	31,35,80,926	36,81,64,000	46,40,00,000	20,905,395	24,544,300	30,933,400	...	...	...	20,905,395	24,544,300	30,933,400
33	1,49,16,062	1,90,00,000	1,84,00,000	994,404	1,266,600	1,226,600	...	...	...	994,404	1,266,600	1,226,600
34	35,91,06,419	37,83,36,000	31,76,00,000	23,940,428	25,222,400	21,173,300	107,294	20,600	48,600	24,047,723	25,243,000	21,221,900
35	3,52,757	1,51,000	1,50,000	23,517	10,100	10,000	70,469	94,300	141,000	93,986	104,400	151,000
36	35,94,59,176	37,84,87,000	31,77,50,000	23,963,945	25,232,500	21,183,300	177,763	114,900	189,600	24,141,708	25,347,400	21,372,900
37	4,48,58,712	4,69,88,000	4,84,04,000	2,990,581	3,132,500	3,226,900	...	...	...	2,990,581	3,132,500	3,226,900
38	2,65,33,426	2,90,59,000	2,93,84,000	1,768,895	1,937,300	1,959,000	...	...	...	1,768,895	1,937,300	1,959,000
39	45,66,046	49,86,000	48,90,000	304,403	332,400	326,000	...	...	...	304,403	332,400	326,000
40	7,59,58,184	8,10,38,000	8,26,78,000	5,063,879	5,402,200	5,511,900	...	...	...	5,063,879	5,402,200	5,511,900
41	48,53,983	48,20,000	48,44,000	323,599	321,900	323,000	...	...	...	323,599	321,900	323,000
42	1,40,84,725	1,45,08,000	1,28,89,000	938,982	967,200	855,900	244,600	233,200	238,500	1,183,582	1,200,400	1,094,400
43	12,67,425	11,07,000	11,08,000	84,495	78,800	78,900	35,853	36,000	36,000	120,348	109,800	109,900
44	48,32,333	47,01,000	44,83,000	322,155	313,400	299,000	...	...	...	322,155	313,400	299,000
45	14,16,355	13,60,000	12,60,000	94,424	90,000	84,000	...	...	...	94,424	90,000	84,000
46	2,16,00,838	2,16,66,000	1,96,92,000	1,440,056	1,444,400	1,312,300	280,453	269,200	274,500	1,720,509	1,713,600	1,587,300
47	1,65,91,99,514	1,76,92,22,000	1,80,51,61,000	110,613,301	117,948,100	120,344,100	2,049,046	3,238,100	3,060,100	112,662,347	121,186,200	123,404,200

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

No. 2.—ACCOUNT showing the ESTIMATED EXPENDITURE (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	INDIA, GENERAL.			N.-W. FRONTIER PROVINCE.			MADRAS.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues:									
Refunds and Drawbacks	2,11,647	64,11,000	1,39,000	23,253	24,000	24,000	7,69,008	11,45,000	1
Assignments and Compensations	38,44,795	32,57,000	26,40,000	17,668	20,000	20,000	12,83,939	12,78,000	2
Charges in respect of Collection, etc.:									
Land Revenue	7,50,322	7,58,000	7,91,000	6,66,878	6,84,000	7,33,000	1,24,81,018	1,29,50,000	3
Opium (including cost of Production)	5,142	5,000	5,000	—	—	—	—	—	4
Salt (including cost of Production)	16,81,055	21,86,000	19,28,000	—	—	—	18,42,910	26,31,000	5
Stamps	—14,54,830	—14,20,000	—14,62,000	26,422	27,000	20,000	4,87,691	4,67,000	6
Excise	1,26,590	1,47,000	1,34,000	16,296	17,000	18,000	18,05,425	20,80,000	7
Customs	—	—	—	—	—	—	4,34,351	4,62,000	8
Income Tax	4,819	7,000	5,000	987	1,000	4,000	68,293	92,000	9
Forest	10,90,778	16,83,000	24,27,000	1,53,875	2,24,000	2,65,000	20,20,249	31,80,000	10
Registration	17,323	18,000	17,000	15,077	14,000	14,000	12,29,646	15,07,000	11
Total	62,73,441	1,20,50,000	78,34,000	9,18,556	16,21,000	11,46,000	2,35,31,740	2,57,57,000	12
Interest:									
Interest on Debt	9,02,87,586	12,02,66,000	12,90,53,000	—	—	—	3,49,908	3,84,000	13
Deduct—Amounts chargeable to Railways (a)	6,75,37,923	6,97,81,000	7,28,85,000	—	—	—	—	—	14
Deduct—Amounts chargeable to Irrigation	2,08,67,708	2,12,36,000	2,15,87,000	—	—	—	—	—	15
Remainder chargeable on Ordinary Debt	18,81,826	2,92,69,000	2,45,81,000	—	—	—	3,49,908	3,84,000	16
Interest on other Obligations	1,00,14,063	1,29,05,000	1,26,74,000	206	—	—	2,51,217	2,81,000	17
Total	1,12,14,609	4,20,74,000	4,72,55,000	206	—	—	6,01,119	6,43,000	18
Posts and Telegraphs	4,92,95,455	5,64,19,000	5,88,21,000	—	—	—	—	—	19
Mint	11,21,033	18,72,000	16,86,000	—	—	—	—	—	20
Salaries and Expenses of Civil Departments:									
General Administration	78,19,198	74,27,000	74,79,000	3,65,422	3,72,000	3,82,000	21,69,039	22,47,000	21
Law and Justice:									
Courts of Law	4,28,548	4,87,000	4,41,000	6,92,720	7,01,000	7,29,000	83,12,927	89,70,000	22
Jails	22,47,267	21,70,000	21,59,000	3,41,569	3,64,000	3,70,000	16,70,385	20,56,000	23
Police	24,40,281	25,51,000	25,42,000	23,71,697	25,53,000	27,51,000	1,17,23,261	1,20,46,000	24
Ports and Pilotage	—	—	—	—	—	—	81,571	49,000	25
Education	10,82,242	13,21,000	45,79,000	5,93,652	6,90,000	7,42,000	94,04,674	1,08,00,000	26
Ecclesiastical	2,13,463	2,05,000	2,12,000	61,216	68,000	75,000	3,54,978	2,57,000	27
Medical	10,86,405	11,62,000	12,46,000	1,51,872	1,51,000	2,31,000	21,72,444	25,95,000	28
Sanitation	7,66,510	10,51,000	24,20,000	2,25,120	1,22,000	2,17,000	16,42,576	14,70,000	29
Political	2,19,20,582	4,17,41,000	1,71,28,000	46,50,452	48,40,000	49,11,000	1,92,374	1,88,000	30
Agriculture	11,23,819	11,26,000	12,35,000	70,017	80,000	1,28,000	12,67,441	15,65,000	31
Scientific and Miscellaneous Departments	41,11,969	41,62,000	41,66,000	11,478	12,000	12,000	12,77,863	17,09,000	32
Total	4,22,00,317	6,34,63,000	4,56,27,000	97,26,591	99,53,000	1,03,69,000	4,06,69,434	4,40,54,000	33
Miscellaneous Civil Charges:									
Territorial and Political Pensions	1,91,853	2,06,000	1,95,000	41,218	83,000	60,000	2,90,101	2,81,000	34
Civil Furlough and Absences Allowances	9,876	4,000	4,000	—	—	—	6,220	23,000	35
Superannuation Allowances and Pensions	15,49,709	16,00,000	15,93,000	1,60,022	1,16,000	2,06,000	23,44,823	26,35,000	36
Stationery and Printing	27,31,574	26,62,000	16,62,000	1,07,434	1,07,000	1,28,000	23,42,640	22,16,000	37
Miscellaneous	33,45,190	27,80,000	18,50,000	42,420	76,000	58,000	6,76,668	7,10,000	38
Total	72,27,731	82,02,000	53,08,000	2,71,191	4,66,000	4,57,000	66,79,174	68,75,000	39
Famine Relief and Insurance:									
Famine Relief	474	2,89,000	—	—	—	—	802	75,000	40
Construction of Protective Railways	—299	—5,000	—	—	—	—	—	—	41
Construction of Protective Irrigation Works	—	—	—93,000	—	—	—	2,62,897	2,20,000	42
Reduction or Avoidance of Debt	97,77,096	81,000	—	—	—	—	—	—	43
Total	97,77,271	2,15,000	—93,000	—	—	—	2,63,699	2,95,000	44
Carried forward	12,89,91,267	18,53,25,000	16,52,23,000	1,10,26,546	1,14,70,000	1,21,23,000	7,16,46,156	7,76,26,000	45

ACCOUNTS, 1917-1918.

	India	India converted into £ at Rs=£1.	England.	TOTAL.
	Rs.	£	£	£
(a) Included under the following heads:—				
State Railways; Interest on Debt	6,72,82,596	4,485,506	2,571,708	8,057,209
Interest chargeable against Companies on Advances	2,55,826	17,022	81,250	98,272
TOTAL	6,75,37,922	4,502,528	2,652,958	8,155,481

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

395

in each of the PROVINCES of *British India*, and in *England*, for 1919-1920.
RESULTS OF 1917-1918 and 1918-1919.

	BOMBAY.			BENGAL.			CARRIED FORWARD.			
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	8,76,000	40,61,950	62,13,000	55,05,000	18,96,238	27,00,000	20,89,000	69,62,256	1,64,93,000	86,33,000
2	12,69,000	1,07,13,597	1,11,55,000	1,11,04,000	2,07,186	2,39,000	2,67,000	1,60,67,185	1,59,44,000	1,63,00,000
3	1,34,24,000	84,34,940	1,00,95,000	1,03,56,000	52,86,519	55,18,000	58,85,000	2,76,19,677	3,00,05,000	3,11,89,000
4	...	...	...	...	29,746	30,000	33,000	34,888	33,000	38,000
5	28,45,000	24,92,776	31,86,000	38,84,000	2,66,827	2,72,000	2,74,000	62,83,568	82,75,000	69,31,000
6	4,62,000	3,13,188	3,35,000	3,22,000	6,30,197	6,31,000	6,83,000	—1,332	43,000	35,000
7	22,46,000	11,13,522	12,95,000	14,52,000	9,99,661	10,47,000	11,37,000	40,61,296	45,86,000	49,87,000
8	4,99,000	16,77,854	18,50,000	19,29,000	13,85,172	14,42,000	15,09,000	34,97,377	37,54,000	39,37,000
9	1,10,000	2,12,554	3,06,000	4,31,000	1,81,693	1,96,000	2,23,000	4,68,346	6,02,000	7,73,000
10	37,25,000	33,53,715	49,50,000	41,43,000	7,88,713	8,30,000	7,66,000	83,57,430	1,08,27,000	1,13,26,000
11	16,20,000	3,87,364	4,84,000	4,82,000	11,41,039	11,25,000	12,21,000	28,98,499	31,48,000	33,54,000
12	2,70,76,000	3,27,61,460	3,98,69,000	3,96,08,000	1,27,62,991	1,40,30,000	1,40,87,000	7,62,49,190	9,37,07,000	8,95,03,000
13	4,20,000	5,60,319	6,72,000	9,47,000	4,72,123	4,42,000	4,47,000	9,16,69,930	12,17,64,000	13,03,67,000
14	...	...	...	...	...	...	...	6,75,37,922	6,97,61,000	7,28,85,000
15	...	...	...	...	...	...	...	2,08,67,708	2,12,36,000	2,15,87,000
16	4,20,000	5,60,319	6,72,000	9,47,000	4,72,123	4,42,000	4,47,000	32,64,300	3,07,67,000	3,63,95,000
17	3,13,000	5,09,822	5,22,000	5,53,000	2,25,163	2,58,000	3,00,000	1,10,00,471	1,38,66,000	1,48,40,000
18	7,33,000	10,70,141	11,94,000	15,00,000	6,97,286	7,00,000	7,47,000	1,42,64,771	4,46,33,000	5,12,35,000
19	...	...	...	...	...	...	...	4,92,95,455	5,64,19,000	5,88,21,000
20	...	10,76,284	15,03,000	12,49,000	...	...	...	21,97,317	33,75,000	29,35,000
21	22,13,000	29,83,738	31,93,000	32,28,000	31,02,736	31,31,000	30,75,000	1,59,40,134	1,63,70,000	1,63,77,000
22	98,76,000	57,24,837	61,80,000	63,03,000	1,00,08,704	1,04,20,000	1,04,35,000	2,54,27,731	2,67,58,000	2,77,94,000
23	13,23,000	13,97,457	19,42,000	18,04,000	30,35,129	33,36,000	30,04,000	86,91,857	98,58,000	91,90,000
24	1,36,51,000	1,07,83,587	1,16,00,000	1,45,32,000	1,26,13,287	1,30,45,000	1,36,21,000	4,01,42,413	4,17,95,000	4,70,97,000
25	49,000	1,09,834	1,27,000	1,65,000	11,60,185	12,47,000	13,31,000	13,21,390	14,23,000	15,45,000
26	1,28,98,000	79,95,711	1,11,91,000	1,32,06,000	80,92,061	85,00,000	97,86,000	2,71,68,370	3,25,02,000	4,12,11,000
27	3,77,000	3,75,670	3,83,000	3,92,000	1,81,113	1,93,000	1,98,000	11,86,560	12,08,000	12,55,000
28	36,67,000	20,34,113	24,16,000	36,17,000	28,04,071	26,87,000	27,69,000	82,49,903	89,91,000	1,15,29,000
29	24,35,000	7,83,445	15,89,000	23,10,000	4,69,180	9,04,000	18,66,000	38,86,831	51,66,000	92,48,000
30	1,67,000	11,27,358	11,24,000	11,03,000	2,85,215	2,94,000	2,86,000	2,81,76,437	4,81,87,000	2,35,95,000
31	20,97,000	14,63,350	17,00,000	22,35,000	11,71,522	15,34,000	17,48,000	51,16,149	60,15,000	75,03,000
32	22,93,000	2,83,654	4,48,000	9,30,000	5,57,346	22,11,000	10,70,000	63,42,310	85,42,000	84,71,000
33	5,15,46,000	8,50,63,254	4,18,93,000	4,98,75,000	4,34,80,549	4,74,82,000	4,91,89,000	17,16,50,135	20,68,15,000	20,48,15,000
34	2,82,000	4,35,393	4,60,000	4,59,000	7,12,113	7,15,000	7,12,000	16,70,902	17,47,000	17,08,000
35	19,000	6,942	14,000	5,000	600	1,000	1,000	23,638	52,000	29,000
36	37,31,000	41,42,195	44,13,000	45,69,000	34,11,269	35,48,000	35,94,000	1,26,47,820	1,33,94,000	1,36,92,000
37	23,84,000	21,80,872	29,26,000	29,51,000	15,12,313	16,33,000	16,33,000	68,74,855	1,05,44,000	87,68,000
38	17,45,000	10,94,450	16,02,000	16,18,000	5,03,974	9,96,000	11,07,000	56,61,602	61,14,000	63,73,000
39	81,61,000	78,60,452	94,15,000	96,02,000	61,40,269	68,93,000	70,47,000	2,88,78,817	3,18,51,000	3,05,70,000
40	2,00,000	19,775	70,00,000	60,00,000	...	...	2,00,000	21,051	73,64,000	64,00,000
41	...	...	...	...	...	...	...	—299	—5,000	...
42	1,62,000	26,39,337	27,76,000	29,88,000	403	5,000	2,000	29,02,637	30,01,000	30,59,000
43	...	...	...	...	...	...	...	97,77,096	31,000	...
44	3,62,000	26,59,113	97,76,000	89,88,000	403	5,000	2,02,000	1,27,00,485	1,03,91,000	94,59,000
45	8,78,78,000	8,04,90,703	10,36,50,000	11,08,22,000	6,30,81,498	6,91,10,000	7,12,72,000	35,52,36,170	44,71,91,000	44,73,38,060

REVISED ESTIMATE, 1918-1919.				BUDGET ESTIMATE, 1919-1920.			
India.	India converted into £ at R15=£1.	England.	TOTAL.	India.	India converted into £ at R15=£1.	England.	TOTAL.
Rs.	£	£	£	Rs.	£	£	£
6,94,45,000	4,629,700	3,555,400	8,185,100	7,25,52,000	4,836,800	3,618,400	8,455,200
3,16,000	21,000	81,200	102,200	8,33,000	22,200	61,200	103,400
6,97,61,000	4,650,700	3,636,600	8,287,300	7,23,85,000	4,859,000	3,679,600	8,538,600

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			UNITED PROVINCES OF AGRA AND OUDH.			PUNJAB.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues:									
Refunds and Drawbacks	69,62,256	1,64,93,000	66,33,000	3,18,216	3,70,000	3,38,000	2,43,855	2,28,000	1
Assignments and Compensations	1,60,67,185	1,59,44,000	1,63,00,000	3,17,991	3,13,000	3,27,000	92,802	97,000	2
Charges in respect of Collection, vis.: Land Revenue	2,76,19,677	3,00,05,000	3,11,69,000	96,19,515	1,02,39,000	96,88,000	46,58,607	50,65,000	3
Opium (including cost of Production)	34,888	33,000	38,000	1,65,75,926	2,00,16,000	1,56,44,000	...	...	4
Salt (including cost of Production)	62,83,568	32,75,000	89,31,000	...	...	...	...	...	5
Stamps	—1,332	40,000	35,000	2,78,032	2,64,000	2,74,000	1,86,036	1,86,000	6
Excise	40,61,296	45,86,000	49,87,000	4,77,087	4,91,000	5,38,000	2,35,130	2,39,000	7
Customs	34,97,377	37,54,000	39,37,000	...	...	...	...	...	8
Income Tax	4,68,346	6,02,000	7,73,000	...	40,000	3,50,000	32,731	62,000	9
Forest	83,57,430	1,08,27,000	1,13,26,000	32,04,928	47,41,000	67,02,000	11,58,048	18,92,000	10
Registration	28,98,499	31,48,000	33,54,000	3,03,278	3,07,000	3,06,000	1,26,694	1,34,000	11
Total	7,62,49,190	9,37,07,000	8,95,03,000	3,10,94,973	3,67,81,000	3,41,67,000	67,33,903	79,01,000	12
Interest:									
Interest on Debt	9,16,69,930	12,17,64,000	13,08,67,000	10,33,792	14,01,000	19,11,000	1,93,473	2,07,000	13
Deduct—Amounts chargeable to Railways	6,75,37,922	6,97,61,000	7,28,85,000	...	...	...	...	...	14
" " Irrigation	2,08,67,708	2,12,36,000	2,15,87,000	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	32,64,300	3,07,67,000	3,63,95,000	10,33,792	14,01,000	19,11,000	1,93,473	2,07,000	16
Interest on other Obligations	1,10,00,471	1,38,66,000	1,48,40,000	8,31,157	8,39,000	15,76,000	1,86,180	2,08,000	17
Total	1,42,64,771	4,46,33,000	5,12,35,000	18,64,949	22,40,000	34,87,000	3,79,653	4,15,000	18
Posts and Telegraphs	4,92,95,455	5,64,19,000	5,88,21,000	...	...	...	...	...	19
Mint	21,97,317	33,75,000	29,35,000	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:									
General Administration	1,59,40,134	1,63,70,000	1,63,77,000	22,71,050	23,52,000	23,29,000	16,81,912	16,51,000	21
Law and Justice: Courts of Law	2,54,27,731	2,67,58,000	2,77,94,000	66,85,224	69,45,000	69,85,000	44,48,490	45,81,000	22
Jails	86,91,857	98,58,000	91,90,000	23,29,290	30,05,000	27,21,000	19,43,939	21,72,000	23
Police	4,01,42,413	4,17,95,000	4,70,97,000	1,25,49,942	1,33,33,000	1,34,91,000	66,22,218	70,08,000	24
Ports and Pilotage	18,21,890	14,23,000	15,45,000	...	...	...	...	...	25
Education	2,71,68,370	3,25,02,000	4,12,11,000	66,18,623	74,51,000	1,06,63,000	44,46,821	53,42,000	26
Ecclesiastical	11,86,560	12,08,000	12,55,000	2,40,029	2,73,000	2,93,000	2,61,785	2,84,000	27
Medical	82,49,903	89,91,000	1,15,29,000	13,92,604	15,51,000	17,92,000	9,25,806	11,11,000	28
Sanitation	38,86,831	51,66,000	92,48,000	22,45,546	19,33,000	20,71,000	9,81,300	7,79,000	29
Political	2,81,76,437	4,81,87,000	2,35,95,000	1,84,561	1,57,000	2,29,000	5,91,237	6,95,000	30
Agriculture	51,16,149	60,15,000	75,03,000	14,48,423	17,66,000	19,28,000	13,62,967	17,60,000	31
Scientific and Miscellaneous Departments	63,42,310	85,42,000	84,71,000	1,52,149	2,05,000	2,03,000	1,39,951	1,71,000	32
Total	17,16,50,135	20,68,15,000	20,43,15,000	3,60,67,440	3,89,71,000	4,26,55,000	2,34,06,476	2,55,54,000	33
Miscellaneous Civil Charges:									
Territorial and Political Pensions	16,70,902	17,47,000	17,08,000	7,35,697	7,28,000	7,84,000	69,061	70,000	34
Civil Furlough and Absentee Allowances	23,638	52,000	29,000	103	...	1,000	2,442	...	35
Superannuation Allowances and Pensions	1,26,47,820	1,33,94,000	1,36,92,000	38,81,161	39,53,000	41,60,000	25,85,752	26,19,000	36
Stationery and Printing	88,74,855	1,05,44,000	87,63,000	8,60,949	9,89,000	9,16,000	7,30,654	8,12,000	37
Miscellaneous	56,61,602	61,14,000	63,73,000	2,99,099	8,10,000	30,39,000	15,78,708	21,02,000	38
Total	2,88,78,817	3,18,51,000	3,05,70,000	57,77,009	64,80,000	89,00,000	49,66,617	56,03,000	39
Famine Relief and Insurance:									
Famine Relief	21,051	73,64,000	64,00,000	4,117	20,50,000	92,06,000	—4,531	3,00,000	40
Construction of Protective Railways	—299	—5,000	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	29,02,637	30,01,000	30,59,000	6,71,875	3,30,000	7,32,000	...	...	42
Reduction or Avoidance of Debt	97,77,096	81,000	...	...	...	...	...	...	43
Total	1,27,00,435	1,03,91,000	94,59,000	6,75,992	23,80,000	99,38,000	—4,531	3,00,000	44
Carried forward	35,52,36,170	44,71,91,000	44,73,38,000	7,54,80,363	8,68,52,000	9,91,47,000	3,54,82,118	3,97,73,000	45

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

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in each of the Provinces of *British India*, and in *England*, for 1919-1920.
Results of 1917-1918 and 1918-1919—*continued.*

	BURMA.				BIHAR AND ORISSA.			CARRIED FORWARD.		
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2,53,000	10,59,929	12,97,000	9,00,000	88,980	1,15,000	1,09,000	86,73,236	1,85,01,000	1,02,33,000
2	98,000	200	1,000	1,000	1,06,181	1,07,000	1,07,000	1,65,84,859	1,64,63,000	1,68,33,000
3	54,75,000	60,19,036	72,59,000	70,26,000	32,29,834	32,23,000	31,17,000	5,11,46,669	5,57,91,000	5,64,95,000
4	...	...	...	...	...	...	...	1,66,10,814	2,00,49,000	1,56,82,000
5	...	44,880	46,000	46,000	76,787	77,000	77,000	64,05,235	83,98,000	90,54,000
6	1,98,000	87,327	1,00,000	99,000	2,10,148	2,20,000	2,32,000	7,60,211	8,10,000	8,38,000
7	2,96,000	12,56,312	12,81,000	12,95,000	5,86,520	6,42,000	7,46,000	66,16,345	72,49,000	78,62,000
8	...	7,63,067	8,38,000	7,58,000	14,884	16,000	18,000	42,75,328	46,08,000	47,11,000
9	1,08,000	57,664	65,000	80,000	45,473	49,000	49,000	6,04,214	8,18,000	13,60,000
10	26,15,000	54,87,178	54,83,000	64,37,000	3,90,717	4,21,000	5,51,000	1,85,98,301	2,33,64,000	2,76,31,000
11	1,37,000	1,04,912	1,06,000	1,08,000	3,77,273	4,04,000	4,04,000	38,10,656	40,99,000	43,09,000
12	91,80,000	1,48,80,505	1,64,86,000	1,67,48,000	51,26,797	52,74,000	54,10,000	13,40,85,368	16,01,49,000	15,50,08,000
13	2,26,000	1,37,539	1,80,000	2,14,000	1,13,345	1,09,000	1,69,000	9,31,48,079	12,36,61,000	13,33,87,000
14	...	...	...	...	...	...	...	6,75,37,922	6,97,61,000	7,28,85,000
15	...	...	...	...	...	...	...	2,08,67,708	2,12,36,000	2,15,87,000
16	2,26,000	1,37,539	1,80,000	2,14,000	1,13,345	1,09,000	1,69,000	47,42,449	3,26,64,000	3,89,15,000
17	2,33,000	1,33,133	1,68,000	1,85,000	1,40,109	1,36,000	1,47,000	1,22,91,050	1,52,17,000	1,69,81,050
18	4,59,000	2,70,672	3,48,000	3,99,000	2,53,454	2,45,000	3,16,000	1,70,33,99	4,78,81,000	5,58,96,000
19	...	...	...	...	...	...	...	4,92,95,455	5,64,19,000	5,88,21,000
20	...	...	...	...	...	...	...	21,97,317	33,75,000	29,35,000
21	16,72,000	23,67,747	23,23,000	23,45,000	16,68,365	17,28,000	17,22,000	2,39,29,208	2,44,24,000	2,44,45,000
22	48,18,000	49,19,585	48,00,000	49,83,000	42,62,111	42,61,000	43,30,000	4,57,43,141	4,73,45,000	4,88,59,000
23	20,45,000	16,94,131	15,34,000	15,91,000	16,07,764	20,43,000	19,70,000	1,61,76,981	1,86,13,000	1,75,17,000
24	72,33,000	1,40,07,545	1,51,11,000	1,40,75,000	49,24,252	53,17,000	55,15,000	7,82,46,370	8,25,64,000	8,74,11,000
25	...	15,65,900	15,98,000	16,80,000	4,545	6,000	6,000	23,91,835	30,27,000	32,31,000
26	60,44,000	35,22,321	42,35,000	41,92,000	40,31,570	44,81,000	49,95,000	4,57,87,705	5,40,11,000	6,71,05,000
27	2,85,000	1,35,100	1,28,000	1,48,000	39,215	42,000	43,000	18,62,689	19,35,000	20,24,000
28	17,84,000	16,94,198	18,41,000	19,25,000	7,60,221	8,99,000	10,04,000	1,30,22,732	1,43,93,000	1,80,34,000
29	10,64,000	8,10,417	8,96,000	9,31,000	2,41,857	3,79,000	5,89,000	81,65,951	91,53,000	1,39,03,000
30	5,91,000	12,24,963	12,75,000	16,13,000	59,228	55,000	78,000	3,01,86,526	5,03,69,000	2,61,06,000
31	26,87,000	7,52,034	7,33,000	8,08,000	6,01,247	7,05,000	7,58,000	92,80,819	1,09,79,000	1,36,84,000
32	2,07,000	1,24,683	1,46,000	1,53,000	41,067	82,000	1,06,000	68,00,160	91,46,000	91,40,000
33	2,84,30,000	3,27,28,624	3,46,20,000	3,44,43,000	1,82,41,442	1,99,98,000	2,11,16,000	28,20,94,117	32,59,58,000	33,14,59,000
34	70,000	1,22,079	1,30,000	1,63,000	73,749	57,000	53,000	26,71,488	27,32,000	27,78,000
35	...	...	...	...	3,244	5,000	5,000	29,427	57,000	35,000
36	27,26,000	12,02,419	14,50,000	14,63,000	9,94,531	10,36,000	10,58,000	2,13,11,683	2,24,52,000	2,30,99,000
37	9,18,000	6,32,658	8,26,000	9,12,000	7,07,170	7,03,000	6,78,000	1,18,06,286	1,38,74,000	1,21,92,000
38	25,45,000	5,73,993	5,73,000	5,84,000	2,28,385	2,44,000	5,96,000	83,41,787	98,43,000	1,31,17,000
39	62,59,000	25,31,149	29,79,000	31,02,000	20,07,079	20,45,000	23,90,000	4,41,60,671	4,89,58,000	5,12,21,000
40	4,00,000	...	...	...	18,290	1,00,000	16,00,000	38,927	98,14,000	1,76,06,000
41	...	...	...	...	...	...	...	-299	-5,000	...
42	...	...	...	...	1,07,576	1,64,000	1,97,000	36,82,088	84,95,000	39,68,000
43	...	...	...	...	...	...	...	97,77,096	31,000	...
44	4,00,000	...	...	...	1,25,866	2,64,000	17,97,000	1,34,97,812	1,33,35,000	2,15,94,000
45	4,47,28,000	5,04,10,950	5,44,33,000	5,46,92,000	2,57,54,638	2,78,26,000	3,10,29,000	54,23,64,239	65,60,75,000	67,69,34,000

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial)
compared with the

HEADS OF EXPEN- DITURE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BEEHAR.			ASSAM.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues:										
Refunds and Drawbacks	86,73,236	1,85,01,000	1,02,33,000	1,01,748	1,05,000	1,10,000	43,859	1,21,000	55,000	1
Assignments and Compensations	1,65,84,359	1,64,62,000	1,68,33,000	25,54,961	25,54,000	25,54,000	48,796	55,000	55,000	2
Charges in respect of Collection, viz.:										
Land Revenue	5,11,46,669	5,57,91,000	5,64,95,000	39,61,980	42,20,000	41,52,000	15,93,203	15,78,000	16,13,000	3
Opium (including cost of Production)	1,66,10,814	2,00,49,000	1,56,82,000	...	...	...	...	...	...	4
Salt (including cost of Production)	64,05,235	83,98,000	90,54,000	...	...	...	844	1,000	1,000	5
Stamps	7,60,211	8,10,000	8,38,000	1,20,154	1,25,000	1,28,000	43,775	44,000	46,000	6
Excise	66,16,945	72,49,000	78,62,000	5,28,428	5,56,000	5,73,000	1,19,964	2,35,000	1,24,000	7
Customs	43,75,828	46,08,000	47,11,000	...	...	...	...	...	...	8
Income Tax	6,04,214	8,18,000	13,60,000	29,127	42,000	63,000	4,428	5,000	5,000	9
Forest	1,85,98,301	2,83,64,000	2,78,31,000	18,72,124	20,40,000	21,65,000	6,86,627	7,13,000	9,02,000	10
Registration	38,10,656	40,99,000	43,09,000	1,62,399	1,73,000	1,64,000	67,108	66,000	75,000	11
Total	13,40,85,368	16,01,49,000	15,60,08,000	93,30,921	98,15,000	99,09,000	26,08,668	28,18,000	28,76,000	12
Interest:										
Interest on Debt	9,31,48,079	12,36,61,000	13,38,87,000	1,55,931	1,93,000	3,08,000	1,62,312	1,46,000	1,10,000	13
Deduct—Amounts chargeable to Railways	6,75,37,923	6,97,61,000	7,98,85,000	...	...	...	...	...	...	14
Deduct—Amounts chargeable to Irrigation	3,08,67,708	2,12,36,000	2,15,87,000	...	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	47,43,449	3,26,64,000	3,89,15,000	1,55,931	1,93,000	3,08,000	1,62,312	1,46,000	1,10,000	16
Interest on other Obligations	1,22,91,050	1,52,17,000	1,69,81,000	1,05,529	1,36,000	1,55,000	42,206	50,000	53,000	17
Total	1,70,33,499	4,78,81,000	5,58,96,000	2,61,460	3,29,000	4,58,000	2,04,518	1,96,000	1,63,000	18
Posts and Telegraphs	4,92,95,455	5,64,19,000	5,88,21,000	...	...	...	...	...	...	19
Mint	21,97,317	33,75,000	29,35,000	...	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:										
General Administration	2,39,29,208	2,44,24,000	2,44,45,000	11,54,664	11,87,000	11,53,000	7,62,184	7,95,000	7,85,000	21
Law and Justice:										
Courts of Law	4,57,43,141	4,73,45,000	4,88,59,000	30,12,340	31,67,000	31,31,000	10,44,450	10,76,000	10,75,000	22
Jails	1,61,76,981	1,86,12,000	1,75,17,000	7,28,647	9,15,000	8,21,000	3,33,765	3,49,000	3,69,000	23
Police	7,82,46,370	8,25,64,000	8,74,11,000	86,33,167	89,19,000	87,97,000	23,71,725	40,90,000	38,38,000	24
Ports and Pilotage	28,91,835	30,27,000	32,31,000	...	...	...	61,340	71,000	63,000	25
Education	4,57,87,705	5,40,11,000	6,71,05,000	34,54,339	37,69,000	39,97,000	15,04,416	15,96,000	20,31,000	26
Ecclesiastical	18,62,689	19,35,000	20,24,000	1,03,058	1,25,000	1,31,000	20,051	26,000	28,000	27
Medical	1,30,22,732	1,43,98,000	1,80,34,000	8,66,858	8,44,000	10,34,000	5,44,054	5,35,000	5,91,000	28
Sanitation	81,65,951	91,53,000	1,39,03,000	7,77,524	8,49,000	6,21,000	1,74,713	3,09,000	3,67,000	29
Political	3,01,86,526	5,03,69,000	2,61,06,000	33,100	39,000	40,000	5,32,735	5,45,000	3,98,000	30
Agriculture	92,80,819	1,09,79,000	1,86,84,000	8,81,386	9,65,000	10,68,000	3,32,134	3,34,000	4,32,000	31
Scientific and Miscellaneous Departments	68,00,160	91,46,000	91,40,000	1,55,593	2,41,000	3,52,000	84,287	82,000	95,000	32
Total	28,20,94,117	32,59,58,000	33,14,59,000	1,48,00,706	1,60,20,000	1,61,45,000	77,65,804	98,08,000	1,00,72,000	33
Miscellaneous Civil Charges:										
Territorial and Political Pensions	26,71,488	27,32,000	27,78,000	1,69,039	1,73,000	1,76,000	7,124	8,000	8,000	34
Civil Furlough and Absentee Allowances	29,427	57,000	35,000	...	...	...	...	...	...	35
Superannuation Allowances and Pensions	2,13,11,683	2,24,52,000	2,30,99,000	11,14,168	11,10,000	11,45,000	3,23,098	3,40,000	3,57,000	36
Stationery and Printing	1,19,06,286	1,38,74,000	1,21,92,000	4,04,469	4,23,000	3,91,000	1,50,041	1,64,000	1,86,000	37
Miscellaneous	83,41,787	98,43,000	1,31,17,000	2,25,602	2,87,000	13,67,000	4,60,486	4,94,000	5,45,000	38
Total	4,41,60,671	4,89,58,000	5,12,21,000	19,13,278	19,93,000	30,79,000	9,40,749	10,06,000	10,96,000	39
Famine Relief and Insurance:										
Famine Relief	38,927	93,14,000	1,76,06,000	...	3,50,000	39,30,000	17,549	...	...	40
Construction of Protective Railways	—290	—5,000	...	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	33,82,088	34,95,000	39,88,000	14,62,313	13,00,000	13,00,000	...	...	...	42
Reduction or Avoidance of Debt	97,77,096	31,000	...	...	...	...	...	...	...	43
Total	1,84,97,812	1,33,85,000	2,16,94,000	14,62,313	16,50,000	52,30,000	17,549	...	...	44
Carried forward	54,23,64,239	65,60,75,000	67,00,34,000	2,77,68,678	2,93,07,000	3,48,21,000	1,15,37,223	1,38,28,000	1,42,07,000	45

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

in each of the Provinces of British India, and in England, for 1919-1920, Results of 1917-1918 and 1919-1920—continued.

	TOTAL INDIA.						ENGLAND.			GRAND TOTAL.		
	Rupees.			Rupees converted into £ at Rs15=£1.			1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.						
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	88,18,843	1,87,37,000	1,08,98,000	587,922	1,248,500	693,200	...	...	...	587,922	1,248,500	693,200
2	1,91,88,116	1,90,71,000	1,94,42,000	1,279,208	1,271,400	1,296,100	...	...	...	1,279,208	1,271,400	1,296,100
3	5,67,01,851	6,15,89,000	6,22,60,000	3,789,124	4,105,900	4,150,700	2,152	1,300	1,600	3,782,276	4,107,200	4,152,300
4	1,66,10,814	2,00,40,000	1,56,82,000	1,107,387	1,386,600	1,045,500	1,395	600	600	1,108,782	1,387,200	1,046,100
5	64,06,079	83,99,000	90,35,000	427,072	559,900	603,700	385	2,100	1,000	427,457	562,000	604,700
6	9,24,140	9,79,000	10,12,000	61,609	65,300	67,500	114,718	145,000	98,700	176,322	210,300	166,200
7	72,64,737	80,40,000	85,59,000	484,316	536,000	570,600	232	400	100	484,548	536,400	570,700
8	42,75,328	46,08,000	47,11,000	285,022	307,200	314,000	254	100	100	285,276	307,300	314,100
9	6,37,769	8,85,000	14,38,000	42,518	57,700	95,200	...	...	...	42,518	57,700	95,200
10	2,11,57,052	2,61,17,000	3,06,98,000	1,410,470	1,741,100	2,046,500	572	1,600	5,000	1,411,042	1,742,700	2,051,500
11	40,40,163	43,38,000	45,48,000	269,344	289,200	303,200	...	...	...	269,344	289,200	303,200
12	14,60,34,893	17,27,82,000	16,77,83,000	9,734,993	11,518,800	11,186,200	119,708	151,100	107,100	9,854,695	11,669,900	11,293,300
13	9,34,66,323	12,40,00,000	13,38,00,000	6,231,088	8,266,700	8,920,000	9,938,905	8,400,600	7,819,900	16,169,998	16,667,300	16,739,900
14	6,75,37,923	6,07,81,000	7,38,85,000	4,502,528	4,650,800	4,859,000	3,652,953	3,836,600	3,699,600	8,155,481	8,287,400	8,558,600
15	2,05,67,708	2,12,31,000	2,15,87,000	1,391,180	1,415,700	1,439,100	124,415	124,500	124,600	1,515,595	1,540,200	1,563,700
16	50,60,693	3,30,08,000	3,98,23,000	337,880	2,300,200	2,621,900	6,161,537	4,639,500	3,995,700	6,498,917	6,839,700	6,617,600
17	1,24,38,788	1,54,03,000	1,71,69,000	829,252	1,036,900	1,145,900	...	...	...	829,252	1,026,900	1,145,900
18	1,74,99,477	4,84,06,000	5,65,17,000	1,166,623	3,237,100	3,767,600	6,161,537	4,639,500	3,995,700	7,328,169	7,866,600	7,763,500
19	4,92,95,458	5,64,19,000	5,68,21,000	3,288,364	3,761,300	3,921,400	281,366	355,200	658,800	3,567,730	4,116,500	4,580,200
20	21,97,317	33,75,000	29,35,000	146,468	225,000	195,700	20,894	42,000	88,000	167,382	267,000	284,500
21	2,58,46,056	2,64,06,000	2,63,83,000	1,723,071	1,760,400	1,758,900	441,845	674,800	592,400	2,164,916	2,435,200	2,351,800
22	4,97,99,931	5,15,88,000	5,30,65,000	3,319,995	3,489,900	3,537,700	787	1,300	5,800	3,320,782	3,440,500	3,543,500
23	1,72,39,303	1,88,76,000	1,67,07,000	1,149,293	1,325,100	1,247,100	28	...	...	1,149,321	1,325,100	1,247,100
24	8,42,51,262	9,05,73,000	9,50,46,000	5,616,751	6,038,200	6,336,400	336	1,400	3,500	5,617,087	6,039,600	6,339,900
25	29,53,173	30,98,000	32,94,000	196,878	206,500	219,600	...	...	...	196,878	206,500	219,600
26	5,07,46,440	5,93,76,000	7,31,33,000	3,383,097	3,958,400	4,875,600	11,577	14,800	18,000	3,394,674	3,973,200	4,888,600
27	19,85,628	20,46,000	21,83,000	132,389	139,100	145,500	281	800	900	132,670	139,900	146,400
28	1,44,33,644	1,57,72,000	1,96,59,000	982,243	1,051,500	1,310,600	553	14,100	37,500	982,796	1,065,600	1,348,100
29	91,18,168	1,03,11,000	1,46,91,000	607,879	687,400	992,700	1,263	1,500	1,500	609,142	688,900	994,200
30	3,07,52,361	3,09,53,000	2,65,44,000	2,050,157	2,396,800	1,769,600	43,112	31,700	14,200	2,092,269	3,418,500	1,783,800
31	1,04,94,329	1,22,78,000	1,51,84,000	699,623	818,500	1,013,200	2,510	6,400	5,400	702,133	824,900	1,017,600
32	70,30,990	94,69,000	95,87,000	469,333	631,300	689,100	43,367	44,300	29,900	512,700	675,600	669,000
33	30,46,60,627	35,17,86,000	35,76,76,000	20,310,709	23,452,400	23,845,000	544,659	781,100	704,100	20,855,368	24,233,500	24,549,100
34	28,47,661	29,13,000	29,63,000	189,843	194,300	197,500	10,430	-7,600	3,400	200,273	186,600	200,900
35	29,427	57,000	35,000	1,963	3,800	2,300	180,502	142,000	300,000	182,464	145,600	302,300
36	2,27,48,949	2,39,02,000	2,46,01,000	1,516,597	1,593,500	1,640,100	1,968,596	1,967,000	1,978,000	3,485,193	3,560,500	3,618,100
37	1,23,80,706	1,44,81,000	1,37,69,000	824,053	964,100	851,300	128,152	125,200	138,300	952,205	1,069,300	989,600
38	90,37,875	1,06,34,000	1,50,39,000	601,858	708,300	1,001,900	496,714	567,000	26,300	1,098,572	1,275,200	1,028,300
39	4,70,14,608	5,19,57,000	5,53,06,000	3,134,318	3,463,800	3,693,100	2,784,394	2,783,600	2,446,000	5,918,707	6,257,400	6,139,100
40	50,476	1,01,64,000	2,15,36,000	3,765	677,600	1,435,800	...	...	...	3,765	677,600	1,435,800
41	-209	-5,000	...	-20	-300	...	...	...	...	-20	-300	...
42	51,44,401	47,95,000	52,88,000	342,960	319,600	352,500	1,489	1,000	800	344,449	320,600	353,300
43	97,77,096	81,000	...	651,806	2,100	...	...	...	...	651,806	2,100	...
44	1,49,77,674	1,49,85,000	2,68,24,000	968,511	999,000	1,788,300	1,489	1,000	800	1,000,000	1,000,000	1,789,100
45	58,16,70,140	60,97,10,000	79,59,62,000	38,778,009	48,647,400	48,897,500	9,914,042	8,763,500	8,001,300	48,692,051	55,410,900	56,398,800

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	INDIA, GENERAL.			N.-W. FRONTIER PROVINCE.			MADRAS.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	12,89,91,267	18,53,35,000	16,52,33,000	1,10,26,546	1,14,70,000	1,21,33,000	7,16,46,156	7,76,26,000	1
Railway Revenue Account.									
State Railways :									
Interest on Debt	6,72,82,596	6,94,45,000	7,25,52,000	...	...	...	...	...	2
Annuities in purchase of Railways . . . . .	...	...	...	...	...	...	...	...	3
Sinking Funds . . . . .	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on advances	2,55,325	3,16,000	3,33,000	...	...	...	...	...	5
Interest on Capital deposited by Companies	8,67,459	7,83,000	7,96,000	...	...	...	...	...	6
Subsidised Companies : Land, etc.	9,50,814	3,50,000	6,50,000	...	...	...	...	...	7
Miscellaneous Railway Expenditure	7,95,692	9,50,000	13,00,000	...	...	...	...	...	8
Total	7,01,51,887	7,18,44,000	7,56,31,000	...	...	...	...	...	9
Irrigation :									
Major Works :									
Working Expenses . . . . .	...	...	2,33,000	7,05,133	7,85,000	6,32,000	22,13,265	19,90,000	10
Interest on Debt	-18,66,230	-18,67,000	-18,69,000	9,11,669	9,50,000	9,57,000	30,81,300	31,11,000	11
Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance . . . . .	...	...	...	...	...	...	...	...	12
Minor Works and Navigation	1,45,236	1,93,000	2,70,000	74,152	4,06,000	1,61,000	40,69,684	44,83,000	13
Total	-17,20,994	-16,74,000	-13,66,000	16,90,954	21,41,000	17,50,000	93,64,249	95,84,000	14
Other Public Works :									
Construction of Railways charged to Provincial Revenues . . . . .	...	...	...	...	...	...	...	...	15
Civil Works	36,67,882	37,29,000	43,21,000	25,29,807	19,82,000	33,87,000	80,36,303	1,02,88,000	16
Total	36,67,882	37,29,000	43,21,000	25,29,807	19,82,000	33,87,000	80,36,303	1,02,88,000	17
Military Services :									
Army :									
Effective	31,62,39,725	53,54,56,000	48,57,32,000	...	...	...	...	...	18
Non-effective	1,46,21,875	1,59,90,000	1,78,71,000	...	...	...	...	...	19
Marine	67,45,164	61,62,000	62,40,000	...	...	...	...	...	20
Military Works	2,71,46,039	4,09,20,000	2,66,70,000	...	...	...	...	...	21
Special Defences (1902)	1,32,213	...	...	...	...	...	...	...	22
Total	36,49,35,010	59,85,28,000	53,65,13,000	...	...	...	...	...	23
Total Expenditure	56,60,25,052	85,77,62,000	78,03,82,000	1,52,47,307	1,55,93,000	1,72,70,000	8,90,46,708	9,74,98,000	24
Add—Portion of Allotments to Provincial Governments not spent by them in the year . . . . .	...	...	...	...	...	...	48,70,517	...	25
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances . . . . .	...	...	...	...	...	...	...	4,99,000	26
Total Expenditure charged to Revenue	56,60,25,052	85,77,62,000	78,03,82,000	1,52,47,307	1,55,93,000	1,72,70,000	9,39,17,225	9,69,99,000	27
Railway, Irrigation and other Capital not charged to Revenue :									
Capital Outlay on Railways and Irrigation Works :									
State Railways	4,69,80,467	5,55,10,000	13,59,00,000	...	...	...	...	...	28
Irrigation Works . . . . .	...	...	6,81,000	6,53,773	24,000	5,46,000	5,62,967	5,30,000	29
Initial Expenditure on New Capital at Delhi	36,63,856	42,61,000	34,00,000	...	...	...	...	...	30
Total	5,06,44,323	5,97,71,000	13,99,81,000	6,53,773	24,000	5,46,000	5,62,967	5,30,000	31

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

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in each of the Provinces of *British India*, and in *England*, for 1919-1920.
Results of 1917-1918 and 1918-1919—*continued*.

	BOMBAY.			BENGAL.			CARRIED FORWARD.			
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	8,78,78,000	8,04,90,703	10,36,50,000	11,08,22,000	6,30,81,498	6,91,10,000	7,12,72,000	35,52,36,170	44,71,91,000	44,73,38,000
2	...	...	...	...	...	...	...	6,72,82,596	6,94,45,000	7,25,52,000
3	...	...	...	...	...	...	...	...	...	...
4	...	...	...	...	...	...	...	...	...	...
5	...	...	...	...	...	...	...	2,55,326	3,16,000	3,33,000
6	...	...	...	...	...	...	...	8,67,459	7,83,000	7,86,000
7	...	...	...	...	...	...	...	9,50,814	3,50,000	6,50,000
8	...	...	...	...	...	...	...	7,95,692	9,50,000	13,00,000
9	...	...	...	...	...	...	...	7,01,51,887	7,18,44,000	7,56,31,000
10	17,34,000	17,89,374	19,13,000	17,51,000	1,71,300	2,37,000	2,03,000	48,79,072	49,25,000	45,43,000
11	31,38,000	27,42,635	23,40,000	29,47,000	3,77,223	3,78,000	3,78,000	52,46,597	54,12,000	55,51,000
12	...	...	...	...	...	...	...	...	...	...
13	45,03,000	28,33,016	23,86,000	34,58,000	23,44,716	28,36,000	35,08,000	94,66,804	1,13,04,000	1,19,00,000
14	93,65,000	73,65,025	81,39,000	81,56,000	28,93,239	34,51,000	40,89,000	1,95,92,473	2,16,41,000	2,19,94,000
15	...	...	...	...	...	...	...	...	...	...
16	1,09,20,000	1,01,55,617	1,11,39,000	1,57,52,000	98,57,993	1,19,08,000	1,41,75,000	3,42,47,602	3,90,46,000	4,85,55,000
17	1,09,30,000	1,01,55,617	1,11,39,000	1,57,52,000	98,57,993	1,19,08,000	1,41,75,000	3,42,47,602	3,90,46,000	4,85,55,000
18	...	...	...	...	...	...	...	31,62,89,725	53,54,56,000	48,57,32,000
19	...	...	...	...	...	...	...	1,46,21,875	1,59,90,000	1,78,71,000
20	...	...	...	...	...	...	...	67,45,164	61,63,000	62,40,000
21	...	...	...	...	...	...	...	2,71,46,083	4,09,20,000	2,66,70,000
22	...	...	...	...	...	...	...	1,33,213	...	...
23	...	...	...	...	...	...	...	36,49,35,010	59,85,28,000	53,65,13,000
24	10,81,63,000	9,60,11,345	12,29,28,000	13,73,000	7,58,32,730	8,44,69,000	8,95,36,000	51,41,63,142	1,17,22,50,000	1,18,00,31,000
25	...	1,90,67,708	63,30,000	...	38,00,634	2,88,000	...	1,97,38,859	66,18,000	...
26	76,26,000	...	...	13,73,000	...	...	47,39,000	...	4,99,000	1,36,37,000
27	10,06,28,000	11,00,79,053	12,92,58,000	13,33,57,000	7,86,33,364	8,47,57,000	8,48,07,000	86,39,03,001	1,18,43,63,000	1,11,64,04,000
28	...	...	...	...	...	...	...	4,69,80,467	5,55,10,000	13,59,00,000
29	4,10,000	73,637	2,10,000	3,96,000	...	...	...	13,90,377	7,64,000	19,83,000
30	...	...	...	...	...	...	...	36,63,656	43,61,000	34,00,000
31	4,10,000	73,637	2,10,000	3,96,000	...	...	...	5,19,34,700	6,05,35,000	14,12,83,000

No. 2.—Amount showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			UNITED PROVINCES OF AGRA AND OUDE.			PUNJAB.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	35,52,36,170	44,71,91,000	44,73,38,000	7,54,80,363	8,68,52,000	9,91,47,000	3,54,82,118	3,97,73,000	4,47,28,000	1
Railway Revenue Account.										
State Railways :										
Interest on Debt	6,73,82,596	6,94,45,000	7,25,52,000	...	...	...	...	...	...	2
Annuities in purchase of Railways . . . . .	...	...	...	...	...	...	...	...	...	3
Sinking Funds . . . . .	...	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on Advances	2,55,326	3,16,000	3,33,000	...	...	...	...	...	...	5
Interest on Capital deposited by Companies	8,67,459	7,83,000	7,96,000	...	...	...	...	...	...	6
Subsidised Companies :										
Land, etc.	9,50,814	3,50,000	6,50,000	4,995	5,000	5,000	...	...	...	7
Miscellaneous Railway Ex- penditure	7,95,692	9,50,000	13,00,000	...	1,000	...	...	...	...	8
Total	7,01,51,887	7,18,44,000	7,56,31,000	4,995	6,000	5,000	...	...	...	9
Irrigation :										
Major Works :										
Working Expenses	43,79,072	49,25,000	45,43,000	35,03,088	34,65,000	35,65,000	1,04,21,396	1,04,02,000	1,05,29,000	10
Interest on Debt	52,46,597	54,12,000	55,51,000	41,11,358	41,47,000	41,71,000	74,84,392	75,52,000	76,17,000	11
Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance . . . . .	...	...	...	...	...	...	...	...	...	12
Minor Works and Navigation	94,66,804	1,13,04,000	1,19,00,000	3,80,730	6,50,000	7,05,000	11,57,296	14,00,000	13,81,000	13
Total	1,95,92,473	2,16,41,000	2,19,94,000	79,95,176	82,62,000	84,41,000	1,90,63,084	1,93,54,000	1,95,27,000	14
Other Public Works :										
Construction of Railways charged to Provincial Revenues . . . . .	...	...	...	...	1,00,000	66,000	...	...	...	15
Civil Works	3,42,47,602	3,90,46,000	4,85,55,000	68,97,413	74,24,000	82,55,000	57,24,592	79,01,000	98,18,000	16
Total	3,42,47,602	3,90,46,000	4,85,55,000	68,97,413	75,24,000	83,21,000	57,24,592	79,01,000	98,18,000	17
Military Services :										
Army :										
Effective	81,62,89,725	53,54,56,000	48,57,32,000	...	...	...	...	...	...	18
Non-effective	1,46,21,875	1,59,90,000	1,73,71,000	...	...	...	...	...	...	19
Marine	67,45,164	61,63,000	63,40,000	...	...	...	...	...	...	20
Military Works	2,71,48,033	4,09,20,000	2,68,70,000	...	...	...	...	...	...	21
Special Defences (1902)	1,32,213	...	...	...	...	...	...	...	...	22
Total	36,49,35,010	59,85,28,000	53,65,13,000	...	...	...	...	...	...	23
Total Expenditure	84,41,63,142	1,17,83,50,000	1,13,00,31,000	9,03,77,947	10,26,44,000	11,59,14,000	6,02,69,794	6,70,28,000	7,40,73,000	24
Add—Portion of Allotments to Provincial Governments not spent by them in the year	1,97,38,859	66,18,000	...	53,80,082	8,92,000	...	71,76,786	32,33,000	...	25
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances . . . . .	...	4,99,000	1,36,27,000	...	...	48,07,000	...	...	10,78,000	26
Total Expenditure charged to Revenue	86,39,02,001	1,18,43,69,000	1,11,64,04,000	9,56,58,029	10,35,38,000	11,11,07,000	6,74,46,580	7,02,61,000	7,29,95,000	27
Railway, Irrigation and other Capital not charged to Revenue :										
Capital Outlay on Railways, Irrigation and other Works :										
State Railways	4,69,80,467	5,55,10,000	13,59,00,000	...	...	...	...	...	...	28
Irrigation Works	12,90,377	7,64,000	19,83,000	5,90,884	5,15,000	-1,79,000	26,02,787	9,96,000	23,27,000	29
Initial Expenditure on New Capital at Delhi	86,63,856	42,61,000	34,00,000	...	...	...	...	...	...	30
Total	5,19,34,700	6,05,35,000	14,12,83,000	5,90,884	5,15,000	-1,79,000	26,02,787	9,96,000	23,27,000	31

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

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in each of the Provinces of *British India*, and in *England*, for 1919-1920.
Results of 1917-1918 and 1913-1919—continued.

	BURMA.			BIHAR AND ORISSA.			CARRIED OVER.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	5,04,10,950	3,44,33,000	5,48,92,000	2,57,54,638	2,78,26,000	3,10,29,000	54,23,64,239	65,60,75,000	67,69,34,000
2	...	...	...	...	...	...	6,72,82,596	6,94,45,000	7,25,52,000
3	...	...	...	...	...	...	...	...	...
4	...	...	...	...	...	...	...	...	...
5	...	...	...	...	...	...	2,55,326	3,16,000	3,33,000
6	...	...	...	...	...	...	8,67,459	7,83,000	7,96,000
7	...	...	...	...	...	...	9,55,809	3,55,000	6,55,000
8	...	...	...	...	...	...	7,95,692	9,51,000	13,00,000
9	...	...	...	...	...	...	7,01,56,882	7,18,50,000	7,56,36,000
10	5,39,665	6,20,000	7,27,000	15,21,518	13,77,000	13,87,000	2,08,64,739	2,07,89,000	2,07,51,000
11	9,28,569	9,30,000	9,49,000	20,97,976	21,03,000	21,10,000	1,98,68,892	2,01,44,000	2,03,98,000
12	...	...	...	...	...	...	...	...	...
13	13,68,905	14,00,000	15,97,000	1,88,770	1,60,000	2,17,000	1,25,62,505	1,49,14,000	1,58,00,000
14	28,37,139	29,50,000	32,73,000	38,08,264	36,40,000	37,14,000	5,82,96,136	5,58,47,000	5,69,49,000
15	...	...	...	...	...	...	...	1,00,000	66,000
16	98,16,304	96,86,000	1,50,06,000	77,75,173	80,61,000	82,62,000	6,44,61,084	7,21,18,000	8,98,96,000
17	98,16,304	96,86,000	1,50,06,000	77,75,173	80,61,000	82,62,000	6,44,61,084	7,22,18,000	8,99,62,000
18	...	...	...	...	...	...	31,62,89,725	53,54,56,000	48,57,32,000
19	...	...	...	...	...	...	1,46,21,875	1,59,80,000	1,78,71,000
20	...	...	...	...	...	...	67,45,164	61,62,000	62,40,000
21	...	...	...	...	...	...	2,71,46,033	4,09,20,000	2,66,70,000
22	...	...	...	...	...	...	1,32,213	...	...
23	...	...	...	...	...	...	36,49,35,010	59,85,23,000	53,65,13,000
24	6,30,64,393	6,70,69,000	7,29,71,000	8,73,38,075	3,95,27,000	4,90,05,000	1,09,52,13,351	1,45,45,18,000	1,43,59,94,000
25	...	40,86,000	...	...	4,48,000	...	3,21,95,727	1,52,27,000	...
26	22,68,311	...	36,88,000	6,95,216	...	29,64,000	29,63,527	4,99,000	2,61,64,000
27	6,07,96,082	7,11,05,000	6,92,83,000	3,66,42,859	3,99,75,000	4,00,41,000	1,12,44,45,551	1,46,92,46,000	1,40,98,30,000
28	...	...	...	...	...	...	4,69,30,467	5,55,10,000	13,59,00,000
29	-4,49,442	4,35,000	5,42,000	-1,330	...	...	40,33,276	27,10,000	46,73,000
30	...	...	...	...	...	...	36,63,856	42,61,000	34,00,000
31	-4,49,442	4,35,000	5,42,000	-1,330	...	...	5,46,77,599	6,24,81,000	14,39,73,000

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

No. 3.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BEAR.			ASSAM.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	54,23,64,239	65,60,75,000	67,69,34,000	2,77,68,678	2,98,07,000	3,48,21,000	1,15,37,223	1,38,28,000	1,42,07,000	1
Railway Revenue Account:										
State Railways: Interest on Debt	6,72,82,596	6,94,45,000	7,25,52,000	...	...	...	...	...	...	2
Annuities in purchase of Railways	...	...	...	...	...	...	...	...	...	3
Sinking Funds	...	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on advances	2,55,326	3,16,000	3,33,000	...	...	...	...	...	...	5
Interest on Capital deposited by Companies	8,67,459	7,83,000	7,96,000	...	...	...	...	...	...	6
Subsidised Companies: Land, etc.	9,55,809	3,55,000	6,55,000	...	...	...	5,112	5,000	5,000	7
Miscellaneous Railway Expenditure	7,95,692	9,51,000	13,00,000	...	...	...	297	1,000	1,000	8
Total	7,01,56,882	7,18,50,000	7,56,36,000	...	...	...	5,409	6,000	6,000	9
Irrigation:										
Major Works:										
Working Expenses	2,08,64,739	2,07,89,000	2,07,51,000	2,02,563	3,59,000	5,20,000	...	...	...	10
Interest on Debt	1,98,68,892	2,01,44,000	2,03,98,000	9,98,816	10,92,000	11,89,000	...	...	...	11
Expenditure on Protective Irrigation works in addition to that charged under Famine Relief and Insurance	...	...	...	...	...	...	...	...	...	12
Minor Works and Navigation.	1,25,62,505	1,49,14,000	1,58,00,000	3,78,730	6,26,000	5,00,000	30,333	32,000	39,000	13
Total	5,32,96,136	5,58,47,000	5,69,49,000	15,80,109	20,77,000	22,09,000	30,333	32,000	39,000	14
Other Public Works:										
Construction of Railways charged to Provincial Revenues	...	1,00,000	66,000	...	...	...	—11,493	—8,000	10,000	15
Civil Works	6,44,61,084	7,21,18,000	8,98,96,000	75,06,821	75,74,000	92,34,000	31,36,986	32,67,000	38,29,000	16
Total	6,44,61,084	7,22,18,000	8,99,62,000	75,06,821	75,74,000	92,34,000	31,25,493	32,59,000	38,39,000	17
Military Services:										
Army:										
Effective	31,62,89,725	53,54,56,000	48,57,32,000	...	...	...	...	...	...	18
Non-effective	1,46,21,875	1,59,90,000	1,78,71,000	...	...	...	...	...	...	19
Marine	67,45,164	61,62,000	62,40,000	...	...	...	...	...	...	20
Military Works	2,71,46,033	4,09,20,000	2,66,70,000	...	...	...	...	...	...	21
Special Defences (1902)	1,83,213	...	...	...	...	...	...	...	...	22
Total	36,46,35,010	59,85,28,000	53,65,13,000	...	...	...	...	...	...	23
Total Expenditure	1,09,52,13,351	1,45,45,18,000	1,43,59,94,000	3,68,55,608	3,94,58,000	4,62,64,000	1,46,98,458	1,71,25,000	1,80,91,000	24
Add—Portion of Allotments to Provincial Governments not spent by them in the year	3,21,95,727	1,52,27,000	...	10,42,303	...	...	6,11,321	11,33,000	...	25
Deduct—Portion of Provincial Expenditure defrayed from Provincial balances	29,63,527	4,99,000	2,61,64,000	...	11,73,000	24,53,000	...	...	1,58,000	26
Total Expenditure charged to Revenue	1,12,44,45,551	1,46,92,46,000	1,40,98,30,000	3,78,97,911	3,82,85,000	4,38,12,000	1,53,09,779	1,82,63,000	1,79,33,000	27
Railway, Irrigation and Other Capital not charged to Revenue:										
Capital Outlay on Railways, Irrigation and other Works:										
State Railways	4,69,80,467	5,55,10,000	13,59,00,000	...	...	...	...	...	...	28
Irrigation Works	40,33,276	27,10,000	46,73,000	15,54,650	11,33,000	17,00,000	...	...	...	29
Initial Expenditure on New Capital at Delhi	36,63,856	42,61,000	34,00,000	...	...	...	...	...	...	30
India's Financial Contribution to the War	...	...	...	...	...	...	...	...	...	31
Total	5,46,77,599	6,24,81,000	14,39,73,000	15,54,650	11,33,000	17,00,000	...	...	...	32

BUDGET OF THE GOVERNMENT OF INDIA FOR 1919-20.

405

in each of the Provinces of British India, and in England, for 1919-1920,
Results of 1917-1918 and 1918-1919—concluded.

	TOTAL INDIA.						ENGLAND.			GRAND TOTAL.		
	Rupees.			Rupees converted into £ at Rs15=£1			1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.						
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	58,16,70,140	69,97,10,000	72,59,62,000	38,778,009	46,647,400	48,397,500	9,914,042	8,763,500	8,001,300	48,692,051	55,410,900	56,398,800
2	6,72,82,596	6,94,45,000	7,25,52,000	4,485,506	4,629,700	4,836,800	3,571,703	3,555,400	3,618,400	8,057,209	8,185,100	8,455,204
3	...	...	...	...	...	...	3,357,623	3,357,600	3,357,600	3,357,623	3,357,600	3,357,600
4	...	...	...	...	...	...	333,477	242,800	255,500	333,477	242,800	255,500
5	2,55,326	3,16,000	3,33,000	17,022	21,100	22,200	81,250	81,200	81,200	98,272	102,300	103,400
6	8,67,459	7,83,000	7,86,000	57,830	52,200	53,100	2,205,846	2,126,600	2,113,400	2,263,676	2,178,800	2,166,500
7	9,60,921	3,60,000	6,60,000	64,062	24,000	44,000	...	...	...	64,062	24,000	44,000
8	7,95,989	9,52,000	13,01,000	53,066	63,400	86,700	...	...	...	53,066	63,400	86,700
9	7,01,62,291	7,18,56,000	7,56,42,000	4,677,486	4,790,400	5,042,800	9,549,899	9,363,600	9,426,100	14,227,385	14,154,000	14,468,900
10	2,10,67,302	2,11,48,000	2,12,71,000	1,404,487	1,409,900	1,418,100	...	...	...	1,404,487	1,409,900	1,418,100
11	2,08,67,708	2,12,36,000	2,15,87,000	1,391,180	1,415,700	1,439,100	124,415	124,500	124,600	1,515,595	1,540,200	1,563,700
12	...	...	...	...	...	...	...	...	...	...	...	...
13	1,29,71,568	1,55,72,000	1,63,39,000	864,771	1,088,100	1,089,300	—15	100	...	864,756	1,033,200	1,089,300
14	5,49,06,578	5,79,56,000	5,91,97,000	3,660,438	3,863,700	3,946,500	124,400	124,600	124,600	3,784,838	3,983,300	4,071,100
15	—11,493	92,000	76,000	—768	6,100	5,100	...	...	...	—766	6,100	5,100
16	7,51,04,891	8,29,59,000	10,29,59,000	5,006,993	5,530,600	6,863,900	42,067	45,400	63,700	5,049,060	5,576,000	6,927,600
17	7,50,93,398	8,30,51,000	10,30,35,000	5,006,227	5,536,700	6,869,000	42,067	45,400	63,700	5,048,294	5,582,100	6,932,700
18	31,62,89,725	53,54,56,000	48,57,32,000	21,085,982	35,697,100	32,382,100	3,908,325	2,545,500	2,798,100	24,994,307	38,242,600	35,175,200
19	1,46,21,875	1,59,90,000	1,78,71,000	974,792	1,066,000	1,191,400	2,124,805	2,511,400	3,363,100	3,099,597	3,577,400	4,554,500
20	67,45,164	61,62,000	62,40,000	449,678	410,800	416,000	358,146	598,800	815,600	807,824	1,009,600	1,231,600
21	2,71,46,033	4,09,20,000	2,66,70,000	1,809,735	2,723,000	1,778,000	51,374	82,000	43,000	1,861,109	2,810,000	1,821,000
22	1,32,213	...	...	8,814	...	...	—8,001	...	...	813	...	...
23	36,49,35,010	59,85,28,000	53,65,13,000	24,329,001	39,901,900	35,767,500	6,434,649	5,737,700	7,014,800	30,763,650	45,639,600	42,782,300
24	1,14,67,67,417	1,51,11,01,000	1,50,03,49,000	76,451,161	100,740,100	100,023,300	26,065,057	24,034,800	24,630,500	102,516,218	124,774,900	124,653,800
25	3,38,49,351	1,63,65,000	...	2,256,623	1,091,000	...	...	...	...	2,256,623	1,091,000	...
26	29,63,527	16,72,000	2,87,74,000	197,568	111,500	1,918,200	...	...	...	197,568	111,500	1,918,200
27	1,17,76,53,241	1,52,57,34,000	1,47,15,75,000	78,510,216	101,719,600	98,105,100	26,065,057	24,034,800	24,630,500	104,575,273	125,754,400	124,735,600
28	4,69,80,467	5,55,10,000	18,59,00,000	3,132,031	3,700,700	9,060,000	439,433	603,400	7,310,500	3,571,464	4,304,100	16,370,500
29	55,87,926	38,43,000	68,73,000	372,528	256,200	424,800	463	1,200	8,500	372,991	257,400	433,300
30	36,63,856	42,61,000	34,00,000	244,257	234,100	226,700	6,288	2,600	73,300	250,543	286,700	300,000
31	...	...	...	...	...	...	100,000,000	...	...	100,000,000	...	...
32	5,62,32,249	6,36,14,000	14,56,73,000	8,748,816	4,241,000	9,711,500	100,446,182	607,200	7,392,300	104,194,998	4,848,200	17,103,800

Appendix III.

COMMERCIAL AND FINANCIAL STATISTICS.

Appen
COMMERCIAL AND
TABLE I.—MIS

	1910-1911.	1911-1912.	1912-1913.
Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works and the Delhi Capital not charged against Revenue—			
Surplus	£ 3,936,287	£ 3,940,334	£ 3,107,634
Deficit	...	...	...
Capital Expenditure on Railways and Irrigation Works not charged against Revenue*	£ 10,119,093	£ 8,517,915	£ 10,221,224
Ditto charge involved in Redemption of Liabilities	£ 5,904,100	£ ...	£ ...
Initial Expenditure on new Capital at Delhi	...	£ 4,992	£ 114,894
India's Financial Contribution to the War	...	...	...
Net Public Debt incurred	£ 8,896,956	£ 1,823,173	£ 2,937,639
Net Public Debt incurred, including Capital transactions with Railway Companies	£ 12,654,438	£ 854,140	£ 2,373,391
Value of commodities exported, excluding Gold and Silver	₹ 2,09,96,20,000	2,27,99,00,000	2,46,21,80,000
Ditto imported, ditto ditto	₹ 1,33,70,60,000	1,44,05,50,000	1,66,63,00,000
Excess of Exports over Imports, excluding Gold and Silver	₹ 76,25,60,000	83,93,50,000	79,58,80,000
Net Imports of Gold	₹ 23,97,90,000	37,76,00,000	34,00,10,000
Ditto of Silver	₹ 8,63,00,000	5,33,70,000	17,19,90,000
TOTAL NET IMPORTS OF GOLD AND SILVER	₹ 32,60,90,000	43,09,70,000	51,20,00,000
Excess of Exports over Imports including Gold and Silver	₹ 43,64,70,000	40,83,80,000	23,38,30,000
Grand Total value of Imports and Exports of all kinds	₹ 3,90,53,00,000	4,35,89,00,000	4,85,31,20,000
Secretary of State's Bills sold (Rupees)	₹ 40,02,50,114(a)	40,37,70,748(a)	38,49,88,178
Sterling Equivalent received	₹ 26,783,303(a)	27,058,549(a)	25,759,706
Silver coined at the Indian Mints	₹ 2,19,25,112	2,80,74,320	19,53,69,944
Maximum price in pence of an oz. troy, standard Silver in London	26½ (October)	27½ (February)	29½ (3rd December).
Minimum ditto ditto	23½ (February)	23½ (July)	26½ (25th March)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 4.061d.	1s. 4.084d.	1s. 4.058d.
Fixed rate of Exchange for the adjustment of transactions between the Indian and Imperial Treasuries	1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.	8 (from 23rd Feb. 1911 to 29th Mar. 1911).	8 (from 26th Jan. to 6th Mar.).	8 (from 9th Jan. to 12th Feb.).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (from 1st July to 21st Sept.).	3 (from 3rd Aug. to 31st Aug.).	3 (from 11th July to 11th Sept.).
Maximum rate of discount at the Bank of England	5 (Oct. 20th. to Nov. 30th).	4 (from 21st Sept. 1911 to 7th Feb. 1912).	5 (17th October 1912 to 31st March 1913).
Minimum ditto ditto	3 (June 9th to Sept. 28th and Mar. 9th to Mar. 31st).	3 (from 1st Apl. to 20th Sept. 1911).	3 (9th May to 28th August).
Maximum Government balances at the three Presidency Banks	₹ 4,10,08,000 (Sept.)	4,48,68,000 (Nov.)	5,65,10,000 (Mar.)
Minimum ditto ditto	₹ 3,53,92,000 (June)	3,68,74,000 (Feb.)	4,00,35,000 (Apl.)
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	96—10 (2nd Aug.)	96—14 (9th Dec.)	97—2 (3rd to 6th May).
Minimum ditto ditto	93—6 (7th Nov.)	94—12 (3rd & 4th Oct.).	94—12 (3rd & 6th Jan.).
Maximum price in Calcutta of 3 per cent Rupee Securities	82—0 (12th July to 19th Aug. and 15th Feb. to 31st Mar.).	82—0 (1st to 23rd Apl., 5th May to 24th Sept., 27th Sept. to 9th Oct. and 20th Nov. to 31st Mar.).	83—0 (7th May to 14th Oct.).
Minimum ditto ditto	80—4 (5th Dec.)	81—0 (25th & 26th Sept.)	82—0 (1st to 24th Apl. & 24th Oct. 1912 to 31st March 1913).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	₹ 15,07,31,000 (Apl.)	12,68,10,000 (Apl.)	11,65,48,000 (Apl.)
Minimum ditto ditto	₹ 12,78,50,000 (Mar.)	11,73,04,000 (Mar.)	11,13,78,000 (Jan.)
Maximum price in London of 3½ per cent (Rupee Securities in Gold)	64½ (Feb.)	64½ (Dec.)	64½ (May)
Minimum ditto ditto	62½ (Oct.)	63½ (Oct.)	63½ (Mar.)
Maximum price in London of India 3½ per cent Stock	97½ (Feb.)	96½ (Apl.)	94½ (Apl.)
Minimum ditto ditto	92½ (Sept.)	91 (Sept.)	89 (Mar.)
Maximum price in London of India 3 per cent Stock	84½ (Feb.)	84½ (Apl.)	80½ (Apl.)
Minimum ditto ditto	79½ (Sept.)	78½ (Sept.)	75 (Mar.)
Maximum price in London of India 2½ per cent Stock	70½ (Feb.)	70½ (Apl.)	67½ (Apl.)
Minimum ditto ditto	66 (Sept.)	65½ (Sept.)	62½ (Mar.)
Maximum Government Paper Currency outstanding	₹ 59,16,45,000 (July)	61,36,25,000 (Mar.)	68,97,78,000 (Mar.)
Minimum ditto ditto	₹ 49,67,01,000 (Dec.)	54,68,58,000 (Apl.)	58,33,57,000 (Apl.)
Number of Post Office Savings Banks	8,929	9,502	9,460
Number of accounts in Post Office Savings Banks	1,430,451	1,500,834	1,566,860
Amount deposited in Savings Banks	₹ 16,91,88,234	18,89,85,439	20,61,14,503
Average of each deposit	118.28	125.92	131.55
Net addition to deposits	₹ 1,05,16,438	1,97,97,215	1,71,29,064

*Excludes capital charge involved in redemption of liabilities.

§ Include remittances of the Gold Standard Reserve.

Part III.

**FINANCIAL STATISTICS
CELLANEOUS.**

1913-1914	1914-1915.	1915-1916.	1916-1917.	1917-1918.	1918-1919, Revised.	1919-1920, Budget.
£ 2,312,423	£ ...	£ ...	£ 7,478,170	£ 8,087,074	£ ...	£ 668,600
...	£ 1,785,270	£ 1,188,661	...	...	£ 4,568,200	...
£ 11,765,462	£ 11,633,038	£ 5,589,065	£ 2,384,431	£ 3,944,455	£ 4,561,500	£ 16,803,800
£ 447,134	£ 360,361	£ 331,274	£ 244,297	£ 250,543	£ 286,700	£ 300,000
£ 118,200	£ 2,727,294	£ 2,379,834	£ 7,711,508	£ 100,000,000	£ 3,534,300	£ - 14,270,700
£ 2,868,044	£ 5,721,108	£ 5,805,528	£ 7,496,346	£ 115,228,340	£ 1,934,400	£ -15,604,400
2,49,00,70,000	1,82,17,60,000	1,99,48,00,000	2,47,31,10,000	2,44,89,50,000	2,32,48,20,000(b)	
1,91,30,80,000	1,41,93,10,000	1,33,16,90,000	1,60,24,90,000	1,64,35,50,000	1,70,60,40,000(b)	
57,69,90,000	37,21,50,000	61,31,10,000	87,06,20,000	80,54,00,000	61,87,80,000(b)	
23,32,40,000	7,64,70,000	†-1,10,90,000	13,23,50,000	25,17,80,000		
13,03,30,000	8,87,20,000	4,83,00,000	18,80,00,000	19,04,20,000		
36,35,70,000	16,51,90,000	3,72,10,000	32,03,50,000	44,22,00,000		
21,34,20,000	20,72,00,000	57,59,00,000	55,02,70,000	36,32,00,000		
4,90,83,80,000	3,54,20,40,000	3,57,82,20,000	4,52,43,00,000	4,68,55,80,000		
\$ 46,59,68,715	\$ 11,61,88,392	\$ 50,36,57,471(a)	\$ 49,04,34,384 (a)	\$ 50,63,87,176(a)	23,65,41,000(a)	17,52,50,000
\$ 31,200,827	\$ 7,748,112	\$ 20,354,517(a)	\$ 32,998,095 (a)	\$ 34,880,682(a)	20,946,300(a)	12,250,000
13,15,68,537	2,17,95,335	1,62,02,199	30,77,07,326	23,87,07,287	54,03,57,726	(Provisional.)
28½ (22nd Sep-tember).	27½ (30th Apl.).	28½ (31st March 1916.)	38½ (13th Feby. 1917.)	55 (21st to 25th Sept. 1917.)	49½ (21st Aug. to 11th Nov. 1918.)	
25½ (1st Decem-ber). ls. 4'070d.	22½ (13th and 14th Novr.). ls. 4'004d.	22½ (5th Aug. 1915.) ls. 4'087d.	28½ (10th July 1916.) ls. 4'148d.	36½ (13th to 17th April 1917.) ls. 4'536d.	45½ (8th to 10th Apl. 1918.) ls. 5'544d.	
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d. and 1s. 5d.	1s. 5d. and 1s. 6d.	
7 (1st to 16th Apl. and 13th Nov. 1913 to 18th Mar. 1914).	6 (1st to 30th Apl. and 5th Nov. to 31st Dec. 1914 and 1st Jan. to 31st March 1915).	8 (20th Jan. 1916 to 31st March 1916.)	8 (1st to 13th April 1916 and 9th Nov. 1916 to 21st Feb. 1917.)	6 (1st April to 6th Sept. 1917 and 3rd Jany. to 31st March 1918.)	7 (16th Jan. to 28th Feb. 1919).	
3 (3rd July to 6th Aug.).	3 (9th July to 5th Aug.).	5 (2nd June to 22nd Sept.).	5 (22nd June to 13th Sept.).	5 (7th Sept. 1917 to 2nd Jany. 1918.)	5 (23rd May to 6th Novr. 1918).	
5 (1st to 16th April and from 2nd October 1913 to 7th January 1914).	10 (from 1st to 5th Aug. 1914).	5 (1st Apl. 1915 to 31st Mar. 1916.)	6 (13th July 1916 to 17th Jany. 1917.)	5½ (2nd to 4th April 1917.)	5 (1st Apl. 1918 to 28th Feb. 1919).	
3 (29th January to 31st March 1914).	3 (from 1st Apl. to 29th July).		5 (1st April to 12th July 1916.)	5 (5th April 1917 to 31st March 1918.)		
6,18,88,000 (Oct.)	10,12,86,000 (Aug.)	8,87,07,000 (Aug.)	10,11,86,000 (Mar)	22,65,24,000 (June)	18,60,47,000 (Sept.)	
4,85,95,000 (May)	4,84,03,000 (Nov.)	4,42,76,000 (Nov.)	4,84,33,000 (May)	7,37,68,000 (Nov.)	6,54,89,000 (Apl.)	
96-12 (19th and 21st July).	96-1 (from 14th to 15th and 17th to 25th July 1914).	93-2 (5th to 11th June 1915.) (d)	82 (7th and 11th to 14th April 1916.)	70 (6th to 14th Sep. and 31st Oct. 1917 to 7th Feb. 1918.)	81 (7th to 21st Nov. 1918.)	
94-14 (13th & 17th Oct.).	(d) 91-8 (13th to 31st March).	79½ (23rd Dec. 1915 to 6th Jan. 1916.)	69 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	67 (20th June to 24th Aug. 1917.)	65 (3rd May to 24th June 1918).	
83-0 (2nd to 4th Sept. 1913 and from 26th Feb. to 31st March 1914).	83 (1st April to 4th Aug. 1914).	80 (1st Apl. to 28th June 1915.)	70 (5th to 20th April 1916.)	60 (6th to 14th Sep. and 31st Oct. to 16th March 1918.)	69 (5th to 22nd Nov. 1918).	
82-0 (1st Apl. to 26th Aug.).	77 (31st Aug. to 3rd Sept. 1914).	67½ (23rd Dec. 1915 to 6th Jan. 1916.)	59 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	57 (20th June to 24th Aug. 1917.)	58 (11th Apl. to 24th June 1918.)	
11,11,55,000 (Apl.)	9,95,58,000 (Apl.)	9,66,98,000 (Apl.)	8,76,76,000 (Apl.)	8,30,42,000 (Apl.)	7,47,58,000 (Apl.)	
10,08,74,000 (Mar.)	9,73,00,000 (Mar.)	8,81,17,000 (Dec.)	8,30,42,000 (Mar.)	7,47,56,000 (March)	7,34,70,000 (July)	
64½ (Feby.)	(e) 63½ (May)	No quotation.	No quotation.	52	54	
63½ (Apl.)	(e) 63 (July)			44½	44	
93½ (Jan.)	90½ (Apl.)	82½ (May).	80½	69½	74	
84½ (Jan.)	80½ (Mar.)	(f) 80½ (Apl.)	(g) 80½	61½	62	
80½ (Jan.)	77½ (Apl.)	70½ (Apl.)	69½	60½	64	
71½ (Dec.)	69½ (Apl.)	(f) 69½ (Apl.)	(g) 55½	53	53½	
66½ (Feby.)	64 (Apl.)	59½ (Apl.)	57½	50	53½	
59½ (Jan.)	(e) 58 (Jan.)	(f) 57 (May.)	(g) 47	45½	44½	
69,89,84,000 (July)	75,44,53,000 (July)	83,06,10,000 (July)	86,37,52,000 (Nov.)	1,14,76,87,000 (Oct.)	1,51,43,35,000 (Feb.)	
61,79,95,000 (Sept.)	59,54,67,000 (Feb.)	60,24,42,000 (Apl.)	65,46,90,000 (Apl.)	82,72,35,000 (Apl.)	1,05,96,05,000 (Apl.)	
9,824	10,161	10,386	10,421	10,975		
1,638,725	1,644,074	1,660,424	1,647,419	1,637,600		
23,16,75,467	14,89,28,323	15,32,12,517	16,59,53,401	16,58,46,470		
141-38	90-58	92-27	100-73	101-27		
2,55,60,964	- 8,27,49,144	42,86,194	1,27,40,884	-1,06,931		

(a) Include remittance of the Currency Department.
 (b) Figures for 11 months (April to February).
 (c) Official minimum price, 3rd January to 19th March 1915.
 (d) Ruver's rate.

(e) No quotations since August 1914.
 (f) Official minimum prices were fixed from 19th March 1915.
 (g) Official minimum prices were removed in July 1916.

Appendix III—continued.

Commercial and Financial Statistics.

Table II.—Capital Expenditure on State Railways in 1917-1918, and Estimated Expenditure on such works in 1918-1919 and 1919-1920, and to end of 1919-1920.

RAILWAYS.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Open Lines.								
Agra-Delhi Chord	1,47,96,695	71,337	68,000	78,000	1,50,14,032	...	...
Aden Railway	6,21,816	45,552	2,60,000	...	9,27,368	...	...
Ahmedabad-Dholka (earthwork, etc.)	59,900	...	...	...	59,900	...	...
Assam-Bengal (Construction)	11,11,32,210	67,19,688	25,07,000	64,61,000	12,68,19,898	...	...
Ditto (Land)	56,06,936	11,744	15,000	15,000	56,48,680	...	...
Baran-Kotah	47,42,696	1,74,031	33,000	...	49,49,727	...	...
Bengal-Nagpur Railway	24,84,64,593	1,57,33,818	68,21,000	2,18,11,000	29,28,30,411	...	...
Bezwada Extension	12,49,072	70	2,000	22,000	12,73,142	...	...
Bhopal	40,94,553	643	36,000	27,000	41,53,196	...	...
Bombay, Baroda and Central India	50,16,12,467	24,90,509	46,16,000	1,68,67,000	52,55,85,976	...	...
Burma	9,74,12,324	...	...	...	9,74,12,324	...	...
Burma Railway Extensions	2,20,39,577	-1,13,202	-73,000	84,000	2,19,37,375	...	...
Cawnpur-Banda	79,21,177	67,849	70,000	62,000	81,21,026	...	...
Coonoor-Ootacamund	43,02,627	5,658	1,000	1,80,000	44,89,285	...	...
Dharmapuri Hosur Extension	21,31,094	-299	-5,000	...	21,25,795	...	...
Dhone-Kurnool	10,16,599	1,743	5,000	5,000	10,28,342	...	...
East Indian	56,48,53,628	4,88,976	56,90,000	3,23,44,000	60,33,76,604	...	...
Eastern Bengal	35,32,83,912	24,56,386	24,11,000	1,82,01,000	37,63,52,298	...	...
Frontier Railway Reserve Material	7,29,750	-1,67,557	...	...	5,62,193	...	...
Carried over	1,94,60,71,626	2,79,86,946	2,24,57,000	9,61,57,000	2,09,26,72,572	...	...

RAILWAYS.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	1,94,60,71,626	2,79,86,946	2,24,57,000	9,61,57,000	2,09,26,72,572	...	...
Open Lines.								
Great Indian Peninsula Railway System	43,71,19,108	82,49,820	80,88,000	3,74,15,000	49,08,71,928	...	...
Jodhpur-Hyderabad (British Section)	44,66,440	51,269	40,000	32,000	45,89,709	...	...
Jorhat	11,23,756	-11,493	-8,000	10,000	11,14,263	...	...
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	...	...
Madras and Southern Mahratta Railway (Madras Section)	15,14,85,845	...	...	...	15,14,85,845	...	...
North-Western	82,27,17,460	50,51,828	2,31,21,000	4,18,91,000	89,27,81,288	...	...
Nuski Dalbandin Extension	74,47,743	15,31,104	12,50,000	6,00,000	1,08,28,847	...	...
Oudh and Rohilkhand	27,76,26,338	55,841	13,65,000	75,33,000	28,65,80,179	...	...
Petroleum Operations, Baluchistan	1,19,187	...	...	...	1,19,187	...	...
Rohilkund and Kumaon Railway (Ganges bridge)	76,416	...	...	...	76,416	...	...
South Indian	16,68,12,145	-71,192	11,24,000	1,09,07,000	17,87,71,953	...	...
Southern Shan States (Thazi Aungban)	1,53,51,017	11,764	28,000	25,000	1,54,15,781	...	...
Tinnevely Quilon (British Section)	43,72,052	-3,601	-1,000	4,89,000	48,56,451	...	...
Ditto (Native State Section)	1,18,47,367	8,646	4,000	5,69,000	1,24,29,013	...	...
Tinnevely Tiruchendur	6,30,000	-6,30,000	...	...	...	...	...
Tirhoot Railway and Extensions	3,05,06,343	-3,87,210	6,85,000	32,04,000	8,40,08,133	...	...
Warora Colliery	10,41,415	...	...	...	10,41,415	...	...
TOTAL OPEN LINES	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119	...	...

Appendix III, Table II—continued.

RAILWAYS.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimates, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
TOTAL OPEN LINES brought forward .	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119	...	...
LINES UNDER CONSTRUCTION.									
Aungban Heho . . . . .	...	70,944	2,35,000	3,00,000	6,05,944	6,21,283*	15,339	* Includes Rs. 4,55,000 sanctioned provisionally for employment of Turkish Prisoners of War and Rs. 1,66,283 on account of cost of rolling stock for the Southern Shan States Railway.
Bombay Harbour Branch Extension .	37,40,554	-29,176	-1,00,000	...	36,11,378	71,59,783	35,48,405		
Itarsi-Nagpur and branch to Pench Valley Coalfields	2,73,01,900	84,420	-1,84,000	3,65,000	2,75,67,320	3,37,05,415	61,38,095		
Onlajuri Sulapat Extension and Badampahar Branch . . . . .	...	...	2,00,000	16,50,000	18,50,000	18,64,640	14,640	
Parvatipore Singapore Road	2,32,441	17,142	15,000	15,000	2,79,583	40,31,059	37,51,476		
Dalbandin Mirjawa	1,16,13,862	45,00,000	32,00,000	1,93,13,862	1,76,00,000†	...		† Provisionally sanctioned by the Secretary of State.
Pinmana Magwe . . . . .	...	...	75,000	2,00,000	2,75,000	...	...
Tank Murtaza . . . . .	...	4,59,732	8,01,000	6,42,000	19,02,732	11,40,000	...	
United Provinces of Agra and Oudh—Resin distillery . . . . .	...	...	1,00,000	66,000	1,66,000	...	...
Reserve	12,50,000	12,50,000		
Total Lines under construction .	3,12,74,895	1,22,16,924	56,42,000	76,88,000	5,68,21,819	...	...
TOTAL OPEN LINES, carried over .	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119	...	...

Appendix III, Table II—continued.

RAILWAYS.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
TOTAL OPEN LINES, brought forward	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119			
Total Lines under Construction, brought forward	3,12,74,895	1,22,16,924	56,42,000	76,88,000	5,68,21,819			
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.								
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416			
Bilaspur-Etawah	75,132	...	...	...	75,132			
Nagpur-Chhattisgarh (Depreciation Account).	6,57,038	...	...	...	6,57,038			
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450			
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071			
Umaria Colliery	1,82,672	...	...	...	1,82,672			
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035			
TOTAL LINES IN ABEYANCE, ETC.	1,85,67,814	...	...	...	1,85,67,814			
Stores	9,62,291	-5,00,484	...	...	4,61,807			
Undistributed liabilities . . . . .	...	...	...	3,35,37,000	3,35,37,000			
Reserve	8,53,000	55,76,000	64,29,000			
GRAND TOTAL	3,98,47,40,397	5,35,60,162	6,46,48,000	24,56,33,000	4,34,85,81,559			

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Appendix III, Table II—continued.

RAILWAYS.	To end of 1910-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Grand Total, brought forward	3,98,47,40,397	5,35,60,102	6,46,48,000	24,56,33,000	4,34,85,81,559			
Distributed as under—								
CAPITAL EXPENDITURE ON RAILWAYS (not charged to Revenue)—								
State Railways—Construction*	2,92,07,40,034	5,85,71,054	6,45,61,000	24,55,57,000	3,28,44,38,988			
Redemption of Liabilities†	90,75,31,543	...	...	...	90,75,31,543			
Famine Relief and Insurance—								
Protective Railways	7,87,21,622	—299	—5,000	...	7,87,16,323			
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance).	5,45,35,712	...	...	...	5,45,35,712			
CONSTRUCTION OF RAILWAYS (charged to Provincial Revenues).	75,23,001	—11,403	92,000	76,000	76,70,508			
OTHER EXPENDITURE charged against Revenue.	1,56,79,485	...	...	...	1,56,79,485			
Total as above	3,98,47,40,397	5,35,60,102	6,46,48,000	24,56,33,000	4,34,85,81,559			

* INCLUDES DEBENTURES RAISED BY COMPANIES—

Bombay, Baroda and Central India Railway	1,43,90,464	...	...	...	1,43,90,464
East Indian Railway	27,07,02,709	...	...	...	27,07,02,709
Great Indian Peninsula Railway	4,87,97,364	...	...	...	4,87,97,364
South Indian Railway	5,71,35,901	—75,00,000	...	...	4,96,35,901
Capital contributed by the Jaipur Durbar towards outlay on the Nagda Muttra Railway.	70,00,000	15,00,000	...	...	85,00,000
Bombay, Baroda and Central India Railway Contribution from Provident Fund and advances by the Home Board.	20,10,000	...	...	...	20,10,000
TOTAL	40,00,36,438	—6,00,000	...	...	39,40,36,438

† Bombay, Baroda and Central India Railway	18,72,66,006
East Indian Railway	18,05,98,220
Eastern Bengal Railway	8,10,54,458
Great Indian Peninsula Railway	8,68,26,250
Madras and Southern Mahratta Railway	8,21,72,000
North Western Railway	7,36,74,320
Outh and Rohilkhand Railway	15,50,40,745
South Indian Railway	7,33,58,333
Inland Midland Railway	8,85,61,500
TOTAL	90,75,31,543

Appendix III—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on Irrigation Major Works in 1917-18, and Estimated Expenditure on such works in 1918-19, and 1919-20, and to the end of 1919-20.

	Actual outlay to end of 1916-17.	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.	Total actual and estimated outlay to end of 1919-20.	Sanctioned Estimate.	Balance of sanctioned Estimate remaining to be spent.
	₹	₹	₹	₹	₹	₹	₹
PRODUCTIVE WORKS.							
<i>North-West Frontier Province.</i>							
Upper Swat River Canal	1,97,11,922	6,25,613	—13,000	4,94,000	2,08,18,535		
Lower ditto	41,71,958	—22,492	3,000	—	41,52,466		
Kabul River Canal*	11,33,971	50,652	34,000	52,000	12,70,623		
<i>Madras.</i>							
Godavari Delta System	1,29,88,274	1,63,541	1,87,000	1,34,000	1,34,72,315	1,36,09,680	1,36,865
Kistna Delta System	1,52,55,969	1,23,980	68,000	28,000	1,54,75,949	1,55,01,610	25,661
Penner River Canals System	56,92,746	9,427	12,000	—	57,14,173	57,14,197	24
Periyar Project	1,02,94,139	3,239	7,000	5,000	1,03,09,378	1,03,13,422	4,044
Cauvery Delta System	41,36,250	61,762	34,000	15,000	42,47,012	45,30,854	2,83,842
Karnool Cuddayah Canal	2,28,68,418	65,419	—	74,000	2,30,07,837	2,32,09,692	2,01,855
Nagavalli River Project	18,36,551	13,447	4,000	7,000	16,59,998	17,77,039	1,17,041
Divi Island Project	19,00,232	20,204	20,000	6,000	19,46,436	20,06,377	59,941
Lower Coleroon Anicut*	18,69,597	—	—	—	18,69,597	—	—
Taladar Project	8,27,010	1,32,218	1,50,000	2,00,000	13,39,228	29,60,000	16,20,772
<i>Bombay.</i>							
Desert Canal	26,40,891	586	—	—	26,41,477	27,06,149	64,672
Begari Canal	23,72,384	—10,940	1,16,000	25,000	25,02,444	—	—
Eastern Nara Works	67,79,815	25,356	1,03,000	2,47,000	71,55,171	74,89,986	3,34,815
Jamrao Canal	85,84,356	64,456	—2,000	—2,000	86,44,811	89,60,148	2,15,337
Dad Canal	25,76,626	—2,016	—4,000	27,000	26,97,610	28,95,932	2,98,322
Mutha Canal	76,18,735	—4,791	—	—	76,13,944	—	—
<i>Bengal.</i>							
Midnapur Canal	83,09,132	3,293	4,000	—	83,16,425	—	—
Hijli Tidal Canal	25,50,805	—	—	—	25,50,805	—	—
<i>United Provinces.</i>							
Ganges Canal, including Mat and Hathras Branches	3,64,77,061	4,90,558	4,56,000	—3,90,000	3,70,33,617	—	—
Lower Ganges Canal	3,38,25,955	3,023	24,000	7,000	3,38,59,978	—	—
Agra Canal	1,14,30,775	5,200	3,000	27,000	1,14,65,975	1,15,15,848	49,873
Eastern Jumna Canal	48,78,275	27,940	15,000	9,000	49,30,215	—	—
Dun Canal*	13,49,553	10,555	30,000	76,000	14,66,107	—	—
Bijnor Canal*	3,13,190	—	28,000	63,000	4,02,190	—	—
Gorai Canal	7,24,838	53,610	—39,000	29,000	7,68,448	7,78,448	10,000
<i>Punjab.</i>							
Western Jumna Canal	1,68,83,536	—1,224	17,000	20,000	1,69,19,312	—	—
Upper Bari Doab Canal	2,11,00,338	—6,310	37,000	1,00,000	2,12,31,028	—	—
Lower ditto	2,14,30,273	5,74,712	2,50,000	4,70,000	2,27,14,985	—	—
Sirhind Canal	2,43,81,660	37,559	1,37,000	2,00,000	2,47,56,219	—	—
Upper Chenab Canal	3,43,81,637	4,18,209	1,10,000	3,60,000	3,52,49,846	3,53,06,583	56,737
Lower ditto	3,15,78,921	1,50,519	17,000	5,000	3,22,56,440	—	—
Upper Jhelum Canal	4,30,11,584	11,44,296	1,70,000	96,000	4,44,21,880	—	—
Lower ditto	1,55,43,446	2,89,223	2,72,000	6,50,000	1,67,54,669	1,83,95,783	16,41,113
Indus Irrigation Canals	29,01,975	—1,621	—4,000	—4,000	28,92,354	—	—
<i>Burma.</i>							
Mandalay Canal	55,84,665	—3,693	7,000	—	55,87,972	56,52,370	94,398
Shwabo Canal	57,69,710	50,112	1,00,000	49,000	59,68,822	—	—
Mon Canal	54,89,438	191	5,000	36,000	55,30,629	—	—
Ye-u Canal	35,67,012	4,95,657	3,19,000	5,05,000	48,76,669	—	—
Twante Canal	65,60,825	—9,91,543	4,000	6,000	55,79,077	—	—
<i>Bihar.</i>							
Orissa Canals	2,64,61,515	289	3,000	4,000	2,64,68,804	—	—
Sone Canal	2,59,51,383	7,623	2,000	—	2,59,61,011	—	—
<i>Central Provinces.</i>							
Wainganga Canal	34,80,483	4,36,749	2,59,000	2,36,000	44,12,232	46,69,721	2,57,489
Mahanadi Canal	61,94,960	10,98,821	8,60,000	13,92,000	95,45,781	1,12,99,208	17,53,427
Asola Mendha Tank	18,83,090	19,080	4,000	19,000	17,05,170	17,30,346	25,176
Other Projects	1,69,84,324	15,461	33,000	1,75,000	1,72,07,785	—	—
Reserve	—	—	—	6,31,000	6,31,000	—	—
Total Productive Works	55,67,09,001	56,57,948	38,70,000	65,78,000	57,29,04,949		
Carried over	55,67,09,001	56,57,948	38,70,000	65,78,000	57,29,04,949		

* Transferred to "49" from 1st April 1907.

Appendix III, Table III—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on Irrigation Major Works in 1917-18, and Estimated Expenditure on such works in 1918-19, and 1919-20, and to the end of 1919-20—continued.

	Actual outlay to end of 1918-17.	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.	Total actual and estimated outlay to end of 1919-20.	Sanctioned Estimate.	Balance of sanctioned Estimate remaining to be spent.
	₹	₹	₹	₹	₹	₹	₹
Brought forward	55,67,99,001	56,57,948	38,70,000	65,78,000	57,29,04,949		
PROTECTIVE WORKS.							
<i>Madras.</i>							
Rashikulya Project	46,74,047	8,410	16,000	2,000	47,00,457	47,01,809	852
Mopad Project	16,47,737	1,86,773	1,75,000	1,55,000	21,64,510		
Venkatapuram Tank Project	3,46,023	20,819	...	...	3,66,842		
<i>Bombay.</i>							
Godavari Canal	95,21,042	39,542	39,000	19,000	96,18,584		
Chankapur Tank	18,41,062	14,542	21,000	13,000	18,89,604	19,41,593	51,988
Nira Canal (including Shetphal Tank)	61,10,931	48,357	...	...	61,59,288	64,91,818	3,32,536
Badhihal Tank	4,91,036	254	...	...	4,91,290	13,98,529	9,07,239
Pravara River Project	65,43,657	8,00,308	8,21,000	7,90,000	89,54,965	1,21,02,145	31,47,180
Nira Right Bank Canal	1,07,39,412	17,17,564	17,92,000	19,99,000	1,62,47,076	2,49,71,863	87,23,887
<i>United Provinces.</i>							
Setwa Canal (including Dukwa weir)	79,90,111	6,135	15,000	11,000	80,22,346	80,77,109	54,863
Ken Canal (including Gangao dam)	58,45,783	12,957	—48,000	6,000	58,16,745	59,29,704	1,11,959
Daman Canal	47,39,112	15,864	9,000	1,000	47,64,976	49,04,034	1,39,058
Ghaggar Canal	33,15,316	5,48,204	1,31,000	28,000	40,22,520		
Majhgawan Tank	3,68,197	14,465	12,000	4,000	3,99,662		
Barwar Lake and Canal	2,15,044	52,899	64,000	81,000	4,12,943		
Bhatkhara Tank	56,471	478	51,000	2,25,000	3,32,947	6,52,114	3,20,167
Raipura Tank . . . . .	...	...	...	1,42,000	1,42,000		
<i>Bihar.</i>							
Tribeni Canal	73,71,817	98,626	1,55,000	1,87,000	78,12,443		
<i>Central Provinces.</i>							
Indula Canal	65,63,026	8,89,731	6,85,000	7,76,000	89,33,757	95,73,587	6,39,830
Tank Projects	94,14,606	4,02,202	6,04,000	5,19,000	1,09,39,808		
<i>Other Projects.</i>							
Probable Savings . . . . .	...	...	...	—93,000	—93,000		
Total, Protective Works	9,25,02,130	49,21,376	46,56,000	52,12,000	10,72,91,503		
Grand Total, Major Works	64,93,01,181	1,05,79,324	85,26,000	1,17,90,000	68,01,90,455		
Distributed as under—							
(1) Capital expenditure on Irrigation (not charged to Revenue)	53,84,71,710	55,94,377	38,81,000	65,00,000	55,44,27,587		
(2) Protective Irrigation Works	9,27,63,928	49,21,376	46,56,000	52,12,000	10,75,53,303		
(3) Other outlay from ordinary revenues	1,80,65,495	63,071	9,000	78,000	1,82,15,566		
GRAND TOTAL AS ABOVE	64,93,01,181	1,05,79,324	85,26,000	1,17,90,000	68,01,90,455		

Appendix III—continued.

Commercial and Financial Statistics.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of State Railways for five years ending 1917-1918, with Revised Estimates for 1918-1919 and Budget Estimates for 1919-1920.

(Omitting 000, except in Accounts.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1918-1914.	1914-1915.	1915-1916.	1916-1917.	1917-1918.		
Open mileage at beginning of year	M. 25,437	M. 26,106	M. 26,369	M. 26,433	M. 26,572	M. 26,471	M. 26,491
Gross Traffic Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Imperial.</i>							
Assam-Bengal	70,40,639	68,72,053	67,98,442	68,86,463	72,64,284	77,00	78,00
Aden Tramway	...	...	14,472	1,53,579	1,43,485	1,90	2,00
Bengal-Nagpur	4,10,31,142	4,07,73,773	4,47,61,637	5,09,20,784	5,58,76,074	6,10,00	6,30,00
Bezawada Extension	2,94,355	4,39,590	4,58,138	4,89,673	5,13,179	5,10	5,50
Bombay, Baroda and Central India System	6,58,93,295	6,37,23,843	6,75,24,858	7,52,69,779	8,02,80,536	9,55,00	9,50,00
Burma	2,23,60,428	2,18,00,784	2,00,98,744	2,21,87,251	2,20,65,877	2,65,50	2,65,50
Burma Railway Extensions	21,84,418	16,42,874	17,57,133	20,69,109	20,58,705	25,50	25,50
Southern Shan States	33,020	87,016	3,39,165	3,38,109	4,39,884	5,00	5,00
Eastern Bengal	3,73,92,387	3,31,07,555	3,53,38,268	3,70,21,485	3,48,74,771	3,85,00	3,90,00
East Indian	10,17,07,428	10,52,21,592	10,60,08,844	11,02,01,205	11,61,42,477	13,67,00	13,60,00
Great Indian Peninsula including Indian Midland Agra-Delhi Chord	8,55,08,945	7,77,52,916	9,01,17,305	9,67,50,475	10,55,60,401	11,92,00	11,89,00
Bhopal	23,09,274	32,06,644	23,84,018	30,47,574	33,67,179	43,00	43,00
Bharan-Kotah	7,05,991	5,38,468	6,58,689	7,87,907	9,94,950	11,50	11,50
Cawnpore-Banda	1,77,507	1,49,969	2,21,240	2,43,097	1,61,978	2,25	2,50
Jodhpur-Hyderabad (British Section)	...	...	4,05,258	3,68,286	3,08,939	3,25	4,00
Lucknow-Bareilly	13,36,295	10,52,695	11,39,522	13,81,452	19,53,656	21,00	20,00
North Western	23,56,789	20,52,756	18,76,076	25,27,980	26,74,674	32,70	33,00
Oudh and Rohilkhand	8,69,96,146	8,19,57,786	8,39,36,357	9,66,56,409	12,24,77,224	12,60,00	12,70,00
Hardwar-Dehra	2,40,89,233	2,07,97,699	2,26,21,042	2,61,76,455	2,82,00,370	3,15,00	3,15,00
Madras and Southern Mahratta Railway	4,85,346	4,66,506	...	...	...	...	...
Mysoore State lines	3,81,21,165	3,82,75,086	4,20,29,319	4,68,93,840	5,20,76,904	5,48,50	5,48,50
Dhone-Kurnool	38,25,763	36,55,498	37,66,070	39,86,015	41,47,617	45,00	45,00
South Indian	1,23,739	1,12,693	1,31,028	1,40,000	1,20,216	1,50	1,50
Tinnevely-Quilon	2,80,67,080	2,71,60,221	2,93,14,815	3,22,67,342	3,53,61,272	3,57,00	3,78,50
Tirhoot Reserve	9,03,391	8,92,082	9,85,938	10,27,354	11,46,203	15,00	15,50
Total Imperial	1,01,20,998	97,03,502	92,58,479	97,89,074	92,55,829	1,09,00	1,10,00
	...	...	...	...	...	...	3,00,00
	56,30,64,774	54,14,43,601	57,24,44,857	62,75,20,697	68,74,66,684	76,53,70	79,98,50
<i>Provincial.</i>							
Jorhat	1,23,805	1,27,545	1,53,781	1,65,389	1,86,724	1,30	1,50
Total India	56,31,68,579	54,15,71,146	57,25,98,638	62,77,46,086	68,76,03,408	76,55,00	80,00,00
ENGLAND.							
Bengal-Nagpur	...	2,910	3,540	4,590	4,950	6	6
East Indian	3,450	3,450	25,080	9,93,085	9,32,685	3	3
Eastern Bengal	...	...	1,605	74,175	69,300	...	...
Madras and Southern Mahratta	...	...	...	...	...	3,00	7,20
Oudh and Rohilkhand	...	...	750	34,155	31,905	...	...
Coimbatore Punjab and Delhi	...	...	13,275	6,11,911	5,70,585	...	...
Total England	3,450	6,360	44,250	17,22,916	16,09,425	3,09	7,29
Grand Total	56,31,92,029	54,15,77,506	57,26,42,888	62,94,69,002	68,92,12,833	76,58,09	80,07,29

Appendix III Table IV—continued.

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-1914.	1914-1915.	1915-1916.	1916-1917.	1917-1918.		
Working Expenses.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Imperial.</i>							
Assam-Bengal	47,66,650	51,49,556	52,53,747	52,42,112	55,03,773	61,52	71,0
Aden Tramway . . . . .	...	...	20,093	1,09,400	1,75,253	1,70	2,5
Bengal-Nagpur	1,95,72,889	2,01,71,296	2,21,93,629	2,43,54,230	2,63,97,566	2,87,61	3,28,31
Bezwada Extension	1,75,732	2,45,505	2,58,329	2,81,452	2,44,255	2,00	2,11
Bombay, Baroda and Central India System	3,28,58,674	3,28,96,800	3,29,79,155	3,19,13,142	3,50,50,408	4,17,10	4,58,51
Burma Railways	1,17,88,982	1,23,78,879	1,15,45,605	1,15,02,897	1,17,98,856	1,41,30	1,47,31
Burma Railway Extensions	11,67,591	11,31,626	10,95,206	10,95,202	11,19,275	15,00	14,61
Southern Shan States	39,066	81,017	3,17,751	2,82,832	4,16,935	4,77	4,55
Eastern Bengal	2,05,40,085	2,20,08,629	2,12,05,545	2,00,85,079	2,01,05,630	2,24,70	2,60,01
East Indian	4,14,09,197	4,07,21,501	4,13,84,866	4,07,26,689	4,08,74,776	4,52,00	4,91,91
Great Indian Peninsula including Indian Midland	5,16,28,941	4,89,41,949	5,10,75,174	5,29,32,189	5,71,01,787	6,93,88	8,23,45
Agra-Delhi Chord	13,88,240	20,04,897	16,44,874	16,37,296	17,92,510	23,87	24,91
Bhopal	4,27,021	3,36,705	3,78,387	4,22,626	5,29,657	6,37	7,24
Baran-Kotah	88,754	74,301	1,10,620	1,21,549	80,939	1,13	1,21
Cawnpore-Banda . . . . .	...	...	2,45,122	2,17,595	1,79,755	2,23	3,01
Jodhpur-Hyderabad (British Section)	6,69,177	6,19,736	6,73,618	7,61,906	8,87,890	9,73	10,64
Lucknow-Bareilly	10,23,699	10,23,291	9,75,409	9,94,176	11,01,609	13,00	10,21
North Western	4,95,69,567	5,14,15,494	4,93,13,607	4,83,45,891	5,24,46,336	6,89,71	7,95,51
Oudh and Rohilkhand	1,17,53,245	1,17,36,780	1,11,94,413	1,14,27,227	1,07,12,455	1,35,43	1,67,36
Hardwar-Dehra	2,42,673	2,33,253	...	...	...	...	...
Madras and Southern Mahratta Railway	2,15,21,802	2,15,04,612	2,23,26,647	2,42,85,663	2,46,21,576	2,69,10	3,47,36
Mysore State lines	21,70,848	21,06,654	20,28,447	20,86,945	19,91,442	22,17	26,27
Dhone Kurnool	78,868	71,918	77,593	84,783	73,322	86	94
South Indian	1,62,63,531	1,57,56,344	1,46,02,933	1,61,70,522	1,52,01,322	1,59,40	1,92,96
Tinnevely-Quilon	5,47,590	6,26,330	5,84,868	6,08,598	6,68,841	6,96	10,17
Tirhoot	38,08,861	39,22,982	37,07,574	38,94,803	43,76,248	39,39	41,04
Reserve . . . . .	...	...	...	...	...	...	8,90,21
Total Imperial	29,35,01,683	29,51,60,055	29,51,98,312	29,95,84,804	31,34,57,514	36,80,43	46,36,70
<i>Provincial.</i>							
Jorhat	89,499	1,27,109	1,01,834	1,01,641	1,23,412	1,21	1,30
Grand Total	29,35,91,182	29,52,87,164	29,53,00,146	29,96,86,445	31,35,80,926	36,81,64	46,40,00

Appendix III, Table IV—concluded.

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-1914.	1914-1915.	1915-1916.	1916-1917.	1917-1918.		
Net Traffic Receipts.	R	R	R	R	R	R	R
<i>Imperial.</i>							
Assam-Bengal	22,78,989	17,22,497	15,39,695	16,44,351	17,55,511	15,48	6,93
Aden Tramway . . . . .	...	...	-5,627	44,179	-31,768	20	-50
Bengal-Nagpur	2,14,58,253	2,06,02,477	2,25,68,008	2,60,66,554	2,94,78,508	3,22,39	3,01,68
Barwada Extension	1,18,623	1,94,085	1,99,709	2,08,221	2,68,924	3,10	3,40
Bombay, Baroda and Central India System	3,30,34,621	3,08,27,043	3,45,45,703	4,33,56,637	4,52,30,130	5,37,90	4,91,48
Burma Railways	1,05,71,446	94,21,905	85,53,140	1,06,84,354	1,02,67,021	1,24,20	1,18,17
Burma Railway Extensions	10,16,827	5,11,248	6,61,926	9,73,907	9,39,430	10,50	10,81
Southern Shan States	-8,046	5,999	21,414	55,277	22,949	23	42
Eastern Bengal	1,68,52,302	1,10,98,926	1,41,32,723	1,69,36,406	1,47,69,091	1,60,30	1,29,99
East Indian	6,02,98,231	6,45,00,091	6,46,23,978	6,94,74,516	7,52,67,701	9,15,00	8,68,04
Great Indian Peninsula including Indian Midland	3,38,80,004	2,88,10,967	3,90,42,131	4,38,18,286	4,84,58,614	4,98,62	3,60,55
Agra-Delhi Chord	9,21,034	12,01,747	12,39,144	14,10,278	15,74,669	19,13	18,07
Bhopal	2,78,970	2,01,763	2,80,302	3,65,281	4,65,293	5,13	4,26
Baran-Kotah	88,753	75,668	1,10,620	1,21,548	80,989	1,12	1,25
Cawnpore-Banda . . . . .	...	...	1,60,136	1,50,691	1,29,184	1,02	95
Jodhpur-Hyderabad (British Section)	6,67,118	4,32,959	4,65,904	6,19,546	10,65,766	11,27	9,36
Lucknow-Bareilly	19,33,090	10,29,465	9,00,667	15,33,304	15,73,065	19,70	22,77
North-Western	3,74,26,579	3,05,42,292	3,46,22,750	4,83,10,518	7,00,30,888	5,70,29	4,74,48
Oudh and Rohilkhand	1,23,35,988	90,60,919	1,14,26,629	1,47,49,228	1,74,87,915	1,79,57	1,47,64
Hardwar-Dehra	2,42,673	2,33,253	...	...	...	...	...
Madras and Southern Mahratta Railway	1,65,99,363	1,67,70,474	1,97,02,672	2,26,08,177	2,74,55,328	2,79,40	2,01,14
Mysore State lines	16,54,915	15,48,844	17,37,623	18,99,070	21,56,175	22,83	18,73
Dhone-Kurnool	44,871	40,775	53,435	55,217	46,894	64	56
South Indian	1,18,03,549	1,14,03,877	1,47,11,882	1,60,96,820	2,01,59,950	1,97,60	1,85,54
Tinnevelly-Quilon	3,55,801	2,65,752	4,01,070	4,18,756	4,77,362	8,04	5,33
Tirhoot	63,12,137	57,80,520	55,50,905	63,94,271	48,79,581	69,61	68,96
Reserve . . . . .	...	...	...	...	...	...	-90,21
Total Imperial	26,95,63,091	24,62,83,546	27,72,46,545	32,79,95,893	37,40,09,170	39,73,27	33,59,80
<i>Provincial.</i>							
Jorhat	34,306	436	51,947	63,748	13,312	9	20
Total India	26,95,97,397	24,62,83,982	27,72,98,492	32,80,59,641	37,40,22,482	39,73,36	33,60,00
ENGLAND.							
Bengal-Nagpur . . . . .	...	2,910	3,540	4,590	4,950	6	6
East Indian	3,450	3,450	25,080	9,93,085	9,32,685	3	3
Eastern Bengal . . . . .	...	...	1,605	74,175	69,300	...	...
Madras and Southern Mahratta . . . . .	...	...	...	...	...	3,00	7,20
Oudh and Rohilkhand . . . . .	...	...	750	34,155	31,905	...	...
Scinde Punjab and Delhi . . . . .	...	...	13,275	6,11,911	5,70,585	...	...
Total England	3,450	6,360	44,250	17,22,916	16,09,425	3,09	7,29
Grand Total	26,96,00,847	24,62,90,342	27,73,42,742	32,97,82,557	37,56,31,907	39,76,45	33,67,29

Appendix III—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates for 1919-20.

	ACTUALS.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	R	R	R	R	R		
DIRECT RECEIPTS—							
Lower Swat River canal	6,20,190	6,15,443	6,07,823	5,82,908	5,89,259	6,42,000	6,00,000
Kabul River canal	1,86,660	1,82,373	1,64,918	1,83,783	1,75,836	2,07,000	1,80,000
Godavari Delta system	1,24,184	1,70,251	1,39,319	1,47,533	1,37,076	1,42,000	1,50,000
Kistna " "	97,152	86,329	1,03,293	1,12,416	1,22,646	1,19,000	1,17,000
Cauvery " "	4,589	4,471	4,913	5,026	12,169	10,000	11,000
Penner River canals	4,734	3,367	4,337	9,705	2,489	3,000	3,000
Periyar project	5,804	7,597	14,541	15,654	10,352	16,000	11,000
Rushikulya project	1,586	3,870	2,993	2,591	2,879	3,000	3,000
Lower Coleroon anicut system	2,435	2,819	2,382	1,673	4,818	6,000	4,000
Shariatpore anicut	901	630	855	926	816	1,000	1,000
Desert canal	86,359	77,146	93,735	1,13,838	76,673	85,000	93,000
Begari " "	36,258	39,646	36,134	42,823	34,192	31,000	35,000
Eastern Nara works	18,719	18,708	14,904	18,325	35,573	23,000	20,000
Jamrao canal	57,856	22,614	37,416	45,095	72,799	45,000	43,000
Mutha canals	9,91,756	8,89,704	8,67,075	4,27,393	4,26,484	3,68,000	3,78,000
Nira canal	5,42,333	5,88,392	5,54,722	4,95,014	4,26,580	4,94,000	4,08,000
Midnapore canal	2,10,152	2,23,591	2,29,092	2,31,928	2,19,110	2,33,000	2,23,000
Hijili Tidal canal	36,427	30,371	48,937	57,804	59,161	67,000	52,000
Ganges canal (including Hathras Branch)	38,86,390	40,16,206	40,06,030	42,05,711	43,65,230	46,33,000	45,26,000
Lower Ganges canal	29,48,277	34,79,197	31,04,648	26,99,712	29,13,964	33,02,000	31,55,000
Agra canal	8,48,167	8,38,004	8,39,209	11,34,629	8,92,153	6,72,000	7,04,000
Eastern Jumna canal	14,87,717	15,25,253	14,14,917	14,97,457	14,27,780	14,82,000	14,37,000
† Dun canal	1,17,472	1,25,770	1,05,491	1,21,512	1,24,719	1,13,000	1,11,000
† Bijner canal	37,073	43,294	42,006	47,454	55,811	51,000	18,000
Betwa canal	2,44,791	1,20,145	3,08,820	2,94,236	2,07,803	3,10,000	1,76,000
Western Jumna canal	23,15,029	30,18,745	27,77,663	29,44,574	30,84,359	26,50,000	29,00,000
Upper Bari Doab canal	43,06,606	39,47,124	41,03,892	45,43,416	42,33,349	42,00,000	43,00,000
Sirhind canal	40,52,176	38,95,706	31,38,533	42,21,539	33,37,868	28,30,000	37,60,000
Upper Chenab canal	5,53,602	6,25,236	9,56,871	23,08,947	19,95,104	18,00,000	21,20,000
Lower Chenab canal	84,24,935	84,96,669	84,43,507	87,70,559	85,64,733	86,50,000	86,80,000
Lower Jhelum canal	27,59,425	28,03,331	26,50,220	29,74,283	27,90,791	26,50,000	28,00,000
Indus Inundation canals	2,37,866	1,77,191	1,87,116	2,54,809	1,94,891	1,60,000	1,70,000
Mandalay canal	3,14,862	3,08,443	2,99,621	3,41,377	1,98,429	2,35,000	2,13,000
Shwebo canal	6,73,000	6,26,524	6,72,705	6,46,427	5,66,919	6,84,000	7,46,000
Mon canal	2,56,060	1,79,185	4,17,719	2,78,297	1,94,198	3,30,000	2,64,000
Twante Canal	---	---	---	87,154	3,87,865	3,64,000	3,64,000
Orissa canals	5,20,053	5,49,374	5,70,240	5,79,993	5,80,779	5,92,000	5,94,000
Sone canal	19,61,859	17,32,222	20,10,113	18,77,145	19,13,565	19,29,000	20,91,000
Other projects	31,16,310	24,42,312	25,86,102	23,71,767	44,00,002	66,28,000	63,32,000
TOTAL	4,14,89,485	4,13,77,353	4,10,89,852	4,51,68,395	4,48,58,712	4,68,76,000*	4,63,83,000*
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Lower Swat River canal	50,652	50,688	50,787	50,823	50,906	51,000	51,000
† Kabul River canal	11,875	10,837	10,565	10,912	11,013	11,000	11,000
Godavari Delta System	37,64,380	36,61,044	39,03,086	37,36,767	39,30,717	38,80,000	38,80,000
Kistna " "	34,90,756	33,63,382	33,55,896	32,55,216	34,10,544	33,51,000	33,86,000
Cauvery " "	9,74,332	9,28,835	9,52,155	8,85,390	9,38,960	9,39,000	9,39,000
Penner River canals	5,38,303	5,46,350	5,66,512	5,58,189	5,94,984	5,84,000	5,84,000
Periyar project	5,68,296	5,62,302	5,79,521	5,22,792	5,74,421	5,62,000	5,62,000
Carried over	93,93,544	91,23,433	94,18,523	90,20,088	95,11,337	93,28,000	93,63,000

* Excluding Civil Officers' figures as under:—

	Revised.		Budget.	
	R	R	R	R
United Provinces	1,04,000	1,08,000		
Punjab	8,000	8,000		
Total	1,12,000	1,16,000		

† Transferred to '49' from 1st April 1907.

Appendix III, Table V—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates for 1919-20—continued.

	ACTUALS.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	₹	₹	₹	₹	₹		
PORTION OF LAND REVENUE DUE TO IRRIGATION—contd.							
Brought forward	93,98,544	91,23,433	94,18,522	90,20,088	95,11,237	93,28,000	93,63,000
Rushikulya Project	1,89,488	1,89,155	1,86,348	1,58,771	1,81,545	1,84,000	1,84,000
† Lower Coleroon anicut system	2,71,658	2,31,723	2,85,977	2,79,655	2,87,652	2,82,000	2,88,000
† Shatlatope anicut	87,694	1,00,816	1,05,174	1,06,505	1,10,138	1,06,000	1,10,000
Desert canal	2,26,063	2,82,096	2,83,277	3,44,534	3,52,946	3,30,000	2,90,000
Begari	4,78,371	5,21,982	5,23,830	6,18,472	5,45,315	5,40,000	5,20,000
Eastern Nara Works	6,82,075	6,13,984	6,35,477	6,21,058	5,41,305	5,40,000	5,30,000
Jamrao canal	7,39,999	6,14,236	9,51,780	7,31,782	7,34,575	7,20,000	7,30,000
Mutha canal	-11,646	-10,293	-9,503	-11,328	-9,693	...	...
Nira canal	-26,702	-38,662	-27,245	-24,363	-20,778	...	...
Ganges canal	9,62,748	9,86,219	10,07,894	10,30,532	10,30,532	10,31,000	10,31,000
Lower Ganges canal	4,96,868	5,43,619	6,50,478	7,39,647	7,55,271	7,55,000	7,55,000
Eastern Jumna canal	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
† Dun canal	24,980	24,980	24,980	24,980	24,980	25,000	25,000
† Bijnor canal	14,984	14,984	14,984	14,984	14,984	15,000	15,000
Western Jumna canal	2,21,397	2,00,125	2,30,990	2,08,310	2,30,276	2,20,000	2,20,000
Upper Bari Doab canal	5,91,597	4,52,048	6,16,293	6,68,875	7,13,348	7,00,000	6,60,000
Sirhind Canal	36,437	18,354	89,551	1,42,791	98,174	1,30,000	1,36,000
Upper Chenab canal	5,903	2,01,762	61,077	2,54,872	3,53,650	5,50,000	5,50,000
Lower Chenab canal	70,56,188	70,90,846	74,74,480	80,83,027	67,06,092	77,00,000	74,00,000
Lower Jhelum canal	15,47,514	16,62,192	14,72,343	17,64,683	16,38,652	17,00,000	17,00,000
Indus Inundation canals	2,87,940	2,49,231	2,50,227	2,73,500	2,46,840	2,25,000	2,30,000
Mandalay canal	52,604	52,444	50,120	58,096	31,427	50,000	55,000
Shwabo canal	1,26,718	1,19,961	1,29,590	1,21,216	1,06,388	1,34,000	1,46,000
Mon canal	39,302	27,343	66,065	44,541	30,618	50,000	49,000
Other projects	16,32,948	15,28,542	18,59,144	18,92,448	20,64,000	34,90,000	41,53,000
TOTAL	2,52,65,614	2,50,17,962	2,66,05,805	2,74,06,628	2,65,33,426	2,90,59,000	2,93,34,000
TOTAL REVENUE—							
Lower Swat River canal	6,70,842	6,66,126	6,58,610	6,13,730	6,40,167	6,93,000	6,51,000
† Kabul river canal	1,98,535	1,93,210	1,75,483	1,94,696	1,86,849	2,18,000	1,91,000
Godavari Delta System	88,89,514	38,31,295	40,42,405	38,84,300	40,67,792	39,72,000	39,80,000
Kistna	36,87,908	34,49,711	34,59,189	33,67,632	35,33,190	34,70,000	35,03,000
Cauvery Delta System	9,78,921	9,33,306	9,57,088	8,90,416	9,50,819	9,49,000	9,50,000
Pennar River canals	5,43,037	5,49,717	5,70,849	5,60,894	5,97,473	5,87,000	5,87,000
Periyar Project	5,73,900	5,69,899	5,94,062	5,38,446	5,84,773	5,78,000	5,73,000
Rushikulya Project	1,91,074	1,87,025	1,89,341	1,61,292	1,83,924	1,87,000	1,87,000
† Lower Coleroon anicut system	2,74,093	2,84,542	2,88,359	2,81,328	2,92,470	2,88,000	2,92,000
† Shatlatope anicut system	88,695	1,01,476	1,06,029	1,07,431	1,10,954	1,07,000	1,11,000
Desert canal	3,12,412	3,59,242	3,77,012	4,58,372	4,29,619	4,15,000	3,83,000
Begari	5,14,659	5,61,628	5,59,964	6,61,297	5,79,507	5,71,000	5,55,000
Eastern Nara works	6,00,794	6,32,692	6,50,381	6,39,383	5,76,878	5,68,000	5,50,000
Jamrao canal	7,97,856	6,36,850	9,89,196	7,76,877	8,07,374	7,65,000	7,63,000
Mutha canal	3,80,110	3,79,411	3,57,572	4,16,065	4,16,791	3,68,000	3,78,000
Nira canal	5,15,631	5,59,730	5,27,477	4,70,651	4,05,802	4,94,000	4,08,000
Midnapur canal	2,10,152	2,23,591	2,29,092	2,31,928	2,19,140	2,33,000	2,28,000
Hijili Tidal canal	36,427	30,371	43,987	57,804	59,161	67,000	52,000
Ganges canal (including Hathras Branch)	48,49,138	50,01,425	50,15,924	52,36,243	54,15,762	56,69,000	55,57,000
Lower Ganges canal	34,44,145	39,82,816	37,55,126	34,39,359	36,69,235	40,57,000	39,10,000
Agra canal	8,48,167	8,38,004	8,39,299	11,34,629	8,92,152	6,72,000	7,04,000
Eastern Jumna canal	17,41,669	17,79,205	16,68,869	17,51,409	16,81,732	17,36,000	16,81,000
† Dun canal	1,42,452	1,50,750	1,30,471	1,46,492	1,49,699	1,38,000	1,36,000
Carried over	2,53,89,020	2,59,02,022	2,61,90,765	2,60,20,673	2,64,51,263	2,68,02,000	2,63,30,000

† Transferred to 49, from 1st April 1907.

Appendix III, Table V—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates for 1919-20—continued.

	ACTUALS.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	R	R	R	R	R		
TOTAL REVENUE—concd.							
Brought forward	2,53,89,020	2,59,02,023	2,61,90,765	2,60,20,673	2,64,51,263	2,68,02,000	2,63,30,000
† Bijnor canal	52,057	58,278	56,000	62,468	70,795	66,000	83,000
Betwa canal	2,44,791	1,20,145	3,08,620	2,94,236	3,07,803	3,10,000	1,76,000
Western Jumna canal	35,36,426	32,27,870	30,08,553	31,53,834	33,14,635	23,70,000	31,20,000
Upper Bari Doab canal	48,98,203	44,00,072	47,20,185	52,12,291	49,46,597	49,00,000	48,60,000
Sirhind canal	40,87,613	39,14,060	32,23,084	43,64,330	34,36,043	29,60,000	33,06,000
Upper Chenab canal	5,59,505	8,24,998	10,17,943	25,63,819	23,48,754	23,50,000	26,70,000
Lower Chenab canal	1,54,81,133	1,55,87,535	1,59,22,987	1,68,38,586	1,52,70,825	1,63,50,000	1,60,50,000
Lower Jhelum canal	43,06,939	43,65,573	41,22,563	47,38,966	44,20,443	43,50,000	46,00,000
Indus Irrigation canals	5,05,806	4,26,412	4,37,348	5,28,309	4,41,731	3,35,000	4,00,000
Mandakya canal	3,67,466	3,60,837	3,49,741	3,99,473	2,29,356	3,85,000	3,68,000
Shwabo canal	7,99,718	7,46,485	8,02,295	7,67,643	6,78,307	8,18,000	8,92,000
Moan canal	2,95,362	2,06,528	4,63,784	3,22,538	2,24,816	3,56,000	3,13,000
Ywanto canal . . . . .	...	...	...	87,154	3,87,845	3,64,000	3,64,000
Orissa canals	5,20,053	5,49,374	6,70,240	5,79,903	5,90,779	5,92,000	5,91,000
Sone canals	19,61,859	17,32,222	20,10,113	18,77,145	19,13,865	49,29,000	20,91,000
Other Projects	37,49,168	39,70,854	44,45,246	47,64,215	64,64,062	1,01,18,000	1,09,55,000
TOTAL	6,67,55,099	6,63,95,315	6,73,75,657	7,25,75,023	7,13,92,138	7,59,35,000	7,76,72,000
WORKING EXPENSES—							
Lower Swat River canal	1,57,093	1,42,420	3,00,376	1,31,832	1,64,566	2,17,000	1,35,000
†Kabul River canal	1,04,830	85,982	1,50,367	1,28,653	92,649	67,000	76,000
Godavari Delta system	8,11,801	7,99,842	7,13,803	6,42,601	7,41,976	5,95,000	5,30,000
Kistna	7,08,696	8,06,121	6,92,492	5,43,181	6,03,430	4,73,000	4,49,000
Canvey	1,36,941	1,76,385	1,35,005	1,05,174	1,26,463	1,43,000	1,25,000
Penner River canals	76,261	64,794	68,411	74,050	69,123	50,000	61,000
Perivar Project	1,60,813	1,14,564	1,27,104	1,15,949	1,14,725	1,12,000	1,12,000
Rashikulaya Project	65,471	58,361	67,877	62,335	48,489	52,000	57,000
†Lower Coleroon ancient system	59,062	1,41,209	58,257	57,463	70,073	90,000	51,000
†Shariatpore ancient system	32,915	52,811	26,318	28,002	22,904	25,000	28,000
Desert canal	1,34,374	1,15,901	90,685	98,239	92,745	1,35,000	1,28,000
Begari canal	2,62,118	1,32,967	1,38,061	1,22,794	1,15,226	2,15,000	1,37,000
Eastern Nara Works	1,82,979	1,61,403	2,02,840	1,85,516	2,11,666	1,76,000	1,75,000
Jamrao canal	3,11,843	3,05,604	3,22,584	3,24,218	4,74,551	3,16,000	3,32,000
Mutha canals	1,09,799	1,13,309	1,39,694	1,56,807	1,69,373	1,94,000	1,48,000
Nira canal	87,668	1,29,992	1,22,590	1,22,874	1,11,880	1,14,000	1,37,000
Midnapore canal	1,78,785	1,32,836	1,37,172	1,58,513	1,19,669	1,57,000	1,79,000
Hijli Tidal canal	1,19,004	1,24,304	58,850	27,191	51,041	80,000	24,000
Ganges canal	11,91,519	12,14,984	11,92,670	11,94,071	12,49,475	9,93,000	11,18,000
Lower Ganges canal	10,17,056	10,82,134	10,23,669	9,93,404	9,54,153	9,90,000	9,83,000
Agra canal	3,16,625	3,14,546	3,05,337	3,06,046	2,98,032	3,01,000	3,05,000
Eastern Jumna canal	2,59,446	3,71,395	3,64,262	3,43,107	3,42,992	3,43,000	3,19,000
†Dun canal	49,628	56,321	59,501	61,460	61,503	60,000	77,000
†Bijnor canal	25,788	27,185	24,751	27,322	28,608	19,000	21,000
Betwa canal	2,33,008	2,17,639	2,31,528	2,07,676	3,01,463	1,58,000	1,37,000
Western Jumna canal	12,94,029	13,07,508	13,26,245	12,80,062	12,89,856	12,50,000	13,10,000
Upper Bari Doab canal	14,46,549	13,72,569	12,84,560	13,31,213	12,46,760	12,90,000	12,60,000
Sirhind canal	11,39,195	11,21,809	11,59,009	13,05,202	11,79,282	10,90,000	11,10,000
Upper Chenab canal	8,85,400	7,47,390	7,99,403	7,96,944	10,26,588	11,02,000	11,51,000
Lower Chenab canal	21,96,088	21,94,802	31,20,602	25,55,018	23,03,271	22,00,000	21,98,000
Lower Jhelum canal	9,19,689	8,23,556	7,53,848	9,14,193	8,46,172	7,50,000	7,60,000
Carried over	1,42,73,476	1,44,62,168	1,50,97,549	1,44,22,431	1,44,20,316	1,39,21,000	1,36,13,000

† Transferred to 49, from 1st April 1907.

Appendix III, Table V—concluded.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates for 1919-20—concluded.

	ACTUALS.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	₹	₹	₹	₹	₹	₹	₹
Brought forward	1,42,73,476	1,44,62,168	1,50,97,548	1,44,22,491	1,44,29,316	1,36,13,000	1,36,13,000
WORKING EXPENSES—concl'd.							
Indus Inundation canals	3,64,270	3,98,155	4,26,491	3,78,919	3,81,384	3,13,000	3,23,000
Mandalay canal	61,411	4,49,555	1,38,004	1,54,504	70,464	83,000	1,00,000
Shwebo canal	2,70,051	2,77,472	2,57,047	2,44,204	2,49,653	2,87,000	3,27,000
Mon canal	1,14,649	2,09,798	1,95,640	1,58,933	1,35,650	1,16,000	1,10,000
Twante canal	...	...	...	6,928	83,898	78,000	83,000
Orissa canal	5,05,785	5,85,147	4,75,648	4,72,120	4,56,389	3,37,000	3,68,000
Sone canal	7,28,937	6,80,929	7,48,349	7,09,790	7,74,507	7,62,000	8,04,000
Other projects.	18,98,066	22,97,673	32,86,074	37,20,088	44,86,061	53,37,000	52,96,000
Reserve	...	...	...	...	...	...	2,33,000
TOTAL	1,32,16,645	1,93,40,897	2,06,23,801	2,02,67,917	2,10,67,302	2,11,34,000*	2,12,57,000*
NET REVENUES—							
Lower Swat River canal	5,13,749	5,23,706	4,58,234	4,81,838	4,75,601	4,76,000	5,16,000
Kabul River canal	93,705	1,07,228	25,116	66,043	94,200	1,51,000	1,15,000
Godavari Delta system	30,76,713	30,31,453	33,28,602	32,41,699	33,25,816	33,77,000	34,50,000
Kistna "	28,79,212	26,43,590	27,66,697	28,24,451	29,29,760	29,97,000	30,54,000
Cauvery "	8,41,980	7,56,921	8,22,063	7,85,242	8,24,366	8,06,000	8,25,000
Penner River canals system	4,66,776	4,84,923	5,02,438	4,85,844	5,23,341	5,37,000	5,26,000
Periyar Project	4,13,087	4,55,315	4,68,368	4,22,497	4,70,048	4,66,000	4,61,000
Rushikulya Project	1,25,603	1,28,764	1,21,464	97,957	1,35,455	1,35,000	1,30,000
Lower Colorado ancient system	2,15,031	1,43,333	2,30,102	2,23,875	2,23,397	1,98,000	2,41,000
Shatlatope anicut	55,680	48,665	79,711	79,429	88,050	82,000	83,000
Desert canal	1,78,038	2,43,341	2,86,327	3,60,133	3,36,374	2,80,000	2,55,000
Begari "	2,52,543	4,28,641	4,21,913	5,38,503	4,64,281	3,56,000	4,28,000
Eastern Nara Works	4,17,815	4,71,284	4,47,541	4,53,767	3,65,212	3,92,000	3,75,000
Jamrao canal	4,86,007	3,31,248	6,68,612	4,52,659	3,32,823	4,50,000	4,41,000
Mutha canals	2,71,311	2,65,602	2,17,878	2,59,258	2,47,419	1,74,000	2,30,000
Nira canal	4,27,963	4,29,738	4,04,887	3,47,777	2,93,922	3,80,000	2,71,000
Midnapur canal	31,367	90,755	91,920	73,315	99,481	76,000	49,000
Hijili Tidal canal	—82,577	—94,493	—9,663	30,613	7,520	—13,000	28,000
Ganges canal (including Hathras Branch).	36,57,619	37,86,441	38,23,254	40,42,172	41,66,287	46,76,000	44,39,000
Lower Ganges canal	24,27,089	29,50,682	27,31,457	24,45,955	27,15,082	30,61,000	29,27,000
Agra canal	5,31,532	5,23,458	5,33,982	8,28,533	5,94,120	3,71,000	3,99,000
Eastern Jumna canal	13,82,223	14,07,810	13,04,607	14,08,302	13,38,740	13,94,000	13,62,000
Dun canal	92,824	93,929	70,970	65,032	98,196	78,000	59,000
Bijnor canal	26,289	31,093	32,239	35,146	42,187	47,000	12,000
Botwa canal	11,783	—97,494	77,292	86,560	6,341	1,52,000	39,000
Western Jumna canal	22,42,397	19,20,362	16,82,308	18,72,822	20,24,749	16,20,000	18,10,000
Upper Bari Doab canal	34,51,654	30,27,483	34,35,625	38,91,073	36,99,837	36,10,000	36,00,000
Sirhind canal	29,48,418	27,92,251	20,69,475	30,59,061	22,56,760	18,70,000	27,86,000
Upper Chenab canal	1,74,105	79,608	2,18,548	17,66,875	13,22,171	11,88,000	15,19,000
Lower Chenab canal	1,32,85,035	1,33,92,733	1,28,02,385	1,42,73,568	1,29,67,554	1,41,50,000	1,33,82,000
Lower Jhelum canal	33,87,250	35,42,017	33,63,715	38,24,773	35,83,271	36,00,000	37,40,000
Indus Inundation canals	1,41,536	28,257	11,852	1,49,390	60,347	72,000	77,000
Mandalay canal	3,06,055	—38,668	2,11,737	2,44,969	1,59,392	3,02,000	2,68,000
Shwebo canal	5,29,687	4,89,013	5,45,248	5,23,439	4,23,654	5,31,000	5,65,000
Mon canal	1,80,713	—3,270	2,83,144	1,63,905	89,166	2,70,000	2,03,000
Twante canal	...	...	...	80,228	3,03,967	2,86,000	2,81,000
Orissa canals	14,268	—15,773	94,592	1,07,873	1,24,410	2,55,000	2,26,000
Sone canals	12,32,922	10,51,293	12,61,764	11,67,355	11,39,058	11,67,000	12,87,000
Other projects	18,51,092	16,73,181	11,59,172	10,44,127	19,78,001	47,81,000	56,89,000
Reserve	...	...	...	...	...	...	—2,33,000
TOTAL	4,85,38,454	4,70,54,418	4,70,51,856	5,23,07,106	5,03,24,836	5,48,01,000	5,64,15,000

*Excluding Civil Officers' figures as under:—

	Revised. ₹.	Budget. ₹.
United Provinces	12,000	13,000
Punjab	2,000	1,000
	14,000	14,000

Appendix III—continued.

Table VI—Capital Account of Subsidized Railways.

Actuals, 1917-1918.

RAILWAYS.	Amount in sterling.	Equivalent at Rs. 15=£1.
	£	Rs.
Subsidized Railways.		
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur . . . . .	...	...
Baripada-Talbond	10,600	1,59,000
Bombay, Baroda and Central India Railway Branch Lines	2,334	35,000
Branch lines under the audit of the Government Examiner, East Indian Railway	14,965	2,24,469
Central Provinces Railways	—667	—10,000
Chaparmukh-Silghat	32,322	4,84,832
Dhond-Baramati . . . . .	...	...
Hardwar-Dehra	733	11,000
Kalighat-Falta	17,057	2,55,868
Katakhal Lalabazar	—1,858	—27,867
Khulna-Bagerhat	16,813	2,52,200
Mandra-Bhaun	134	2,000
Mymensingh-Bhairab Bazar	105,559	15,83,381
Mymensingh-Jamalpur-Jagannathganj	...	...
Nawabahr-Jajjon Extension . . . . .	...	...
Pachora-Jamner	31,124	4,66,861
Panposh Raipura	33,574	5,03,609
Pulgaon-Arvi	9,533	1,43,000
Sara-Serajganj . . . . .	...	...
Sialkot-Narowal	4,467	67,000
Total Receipts	276,840	41,50,353
Withdrawals in India.		
Assam-Bengal	—305,755	—45,56,330
Bengal-Nagpur	—963,101	—1,44,46,513
Burma	—53,192	—7,97,887
Lucknow-Bareilly	—6,068	—91,021
Madras and Southern Mahratta	—13,388	—2,00,817
	—1,341,504	—2,01,22,568
Amritsar-Patti-Kasur	620	9,305
Baripada-Talbond	11,391	1,70,862
Bombay, Baroda and Central India Railway Branch Lines	1,768	26,513
Branch lines under the audit of the Government Examiner, East Indian Railway	21,676	3,25,133
Central Provinces Railways	3,709	55,636
Chaparmukh-Silghat	32,115	4,81,727
Dhond-Baramati	137	2,064
Hardwar-Dehra	408	6,132
Kalighat-Falta	36,641	5,49,607
Katakhal Lalabazar	4,971	74,570
Khulna-Bagerhat	14,977	2,24,658
Mandra-Bhaun	829	12,428
Mymensingh-Bhairab Bazar	140,367	21,05,508
Mymensingh-Jagannathganj	241	3,618
Nawabahr-Jajjon Extension . . . . .	...	...
Pachora-Jamner	35,895	5,38,420
Panposh Raipura Extension	38,400	5,01,000
Pulgaon-Arvi	9,067	1,35,800
Sara-Serajganj	—2,491	—87,562
Sialkot-Narowal	2,251	33,759
Total Withdrawals	347,962	52,19,428
Net Withdrawals	—983,542	—1,49,03,140
Net Withdrawals	—1,270,232	—1,90,53,493

Appendix III, Table VI—continued.

Table VI.—Capital Account of Subsidized Railways—continued.

Revised, 1918-1919.

RAILWAYS.	Amount in sterling. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000)
	£	Rs.
Subsidized Railways.		
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur . . . . .	...	...
Baripada-Talbond	6	10
Bombay, Baroda and Central India Railway Branch Lines . . . . .	...	...
Central Provinces Railways	1,7	25
Chaparmukh Silghat	2,5	37
Dhond-Baramati	7	10
East Indian Railway Branch Lines	9,5	1,42
Hardwar-Dehra	4	6
Kalighat-Falta	3,1	46
Katakhal Lalabazar	3	5
Khulna-Bagerhat	8,3	1,25
Mandra-Bhaun . . . . .	...	...
Mymensingh-Bhairab Bazar	55,0	8,25
Mymensingh-Jamalpur-Jagannathganj . . . . .	...	...
Nawshahr-Jaijon Extension	2,6	40
Pachora-Jamner	16,3	2,44
Panposh-Raipura	39,5	5,92
Pulgaon-Arvi	2,3	34
Sara-Serajganj . . . . .	...	...
Sialkot-Narowal . . . . .	...	...
Variations anticipated	2	4
Total Receipts	143,0	21,45
Withdrawals in India.		
Assam-Bengal	—85,8	—12,87
Bengal-Nagpur	—363,7	—54,55
Burma	—53,7	—8,06
Lucknow-Bareilly	—11,7	—1,76
Madras and Southern Mahratta	54,8	8,22
	—460,1	—69,02
Amritsar-Patti-Kasur . . . . .	...	...
Baripada-Talbond	1,9	29
Bombay, Baroda and Central India Railway Branch Lines	3	4
Central Provinces Railways	2,0	30
Chaparmukh Silghat	4,7	70
Dhond-Baramati	9	13
East Indian Railway Branch Lines	9,5	1,43
Hardwar-Dehra	8	12
Kalighat-Falta	3,2	48
Katakhal Lalabazar	1,0	15
Khulna-Bagerhat	12,3	1,85
Mandra-Bhaun	1	2
Mymensingh-Bhairab Bazar	60,0	9,00
Mymensingh-Jagannathganj	3	4
Nawshahr-Jaijon Extension	2,6	40
Pachora-Jamner	15,5	2,33
Panposh-Raipura	39,6	5,95
Pulgaon-Arvi	3,1	46
Sara-Serajganj	3,1	46
Sialkot-Narowal	—1	—2
Variations anticipated	11	16
	161,9	24,29
Total Withdrawals	—298,2	—44,73
Net Withdrawals	—441,2	—66,18

Appendix III, Table VI—concluded.

Table VI.—Capital Account of Subsidized Railways—concluded.

Budget Estimate, 1919-1920.

RAILWAYS.	Amount in sterling. (Omitting 00.)	Equivalent at Rs. 15=21. (Omitting 000.)
	£	Rs.
Subsidized Railways.		
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur	1,7	25
Baripada-Talbond	25,9	3,88
Bombay, Baroda and Central India Railway Branch Lines	1,5	22
Central Provinces Railways	2,7	40
Chaparmukh Silghat	43,3	6,50
Dhond-Baramati	1,0	15
East Indian Railway Branch Lines	4,3	65
Hardwar-Dehra	1,7	26
Kalighat-Falta	2,4	36
Katakhal Lalabazar	40,0	6,00
Khulna-Bagerhat	7	10
Mymensingh-Bhairab Bazar	13,3	2,00
Mymensingh-Jamalpur-Jagannathganj	7	10
Nawshahr-Jajjon	1	2
Pachora-Jamner	4,9	73
Panposh-Raipura	18,4	2,76
Pulgaon-Arvi	6	10
Sara-Seraiganj	...	...
Variations anticipated	2,5	38
Total Receipts	165,7	24,80
Withdrawals in India.		
Assam-Bengal	—481,5	—72,23
Bengal-Nagpur	—1,270,1	—1,90,52
Burma	28,6	4,29
Lucknow-Bareilly	—42,6	—6,37
Madras and Southern Mahratta	—155,0	—23,24
	—1,920,5	—2,88,07
Amritsar-Patti-Kasur	2,3	34
Baripada-Talbond	25,9	3,88
Bombay, Baroda and Central India Railway Branch Lines	2,2	33
Central Provinces Railways	2,7	40
Chaparmukh Silghat	43,4	6,50
Dhond-Baramati	1,0	15
East Indian Railway Branch Lines	4,3	65
Hardwar-Dehra	1,7	26
Kalighat-Falta	2,4	36
Katakhal Lalabazar	40,0	6,00
Khulna-Bagerhat	7	10
Mymensingh-Bhairab Bazar	13,3	2,00
Mymensingh-Jagannathganj	7	10
Nawshahr-Jajjon	1	2
Pachora-Jamner	4,9	73
Panposh-Raipura	18,4	2,76
Pulgaon-Arvi	6	10
Sara-Seraiganj	3,3	50
Variations anticipated	2,0	30
	169,9	25,48
Total Withdrawals	—1,750,6	—2,62,59
Net Withdrawals	—1,916,3	—2,87,45