

**GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.**

BUDGET FOR 1926-27.

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PART I.
RAILWAY BUDGET.

Speech of the Railway Member

introducing the

Railway Budget for 1926-27.

INTRODUCTORY.

In placing the Railway Budget for 1926-27 before the House, I have very few preliminary remarks to make, but I think, I can claim that in one point at any rate the Budget I am presenting is an improvement on its predecessor: The preparation of the Budget last year followed close upon the convention agreed upon between the Assembly and the Government. We had first to work out at high pressure the changes in the procedure and the form of the Budget necessitated by the new arrangement, and the discussion of the actual estimates with the Standing Finance Committee for Railways perforce had to be rather hurried. This year we have been able to do better. The proceedings of the Standing Finance Committee for Railways have already been circulated to Honourable Members, and I have no doubt that they have been studied with that sedulous industry which is so characteristic a feature of public men in India. Fourteen meetings of the Committee have already been held in 1925-26, and I note that Mr. Sim summoned these meetings in places so far apart as Calcutta, Bombay, Simla and Delhi. I note also that the Agents of three important railways were invited to attend meetings of the Committee held at their headquarters and by supplying further information and local details regarding particular projects materially assisted the Committee in arriving at their decisions. The proceedings of these meetings fill 7 volumes and cover 470 pages of print, and I know that I shall have the whole House with me when I say how grateful we are to Mr. Sim and to the members of the Standing Finance Committee for their labours and for their public spirited devotion to duty. Actual budget work began in earnest in November last. In November and December the Committee examined the Capital programme of each Railway. In January the Budget and a preliminary draft of the Budget Memorandum were placed before them and were subjected to close scrutiny for 3 days. We have made it our aim to take the Standing Finance Committee into our fullest confidence, and it gives me great pleasure to acknowledge that in return we have received great assistance in the framing of our Budget. And the result is that the Budget I am presenting to-day has passed through the scrutiny of a Committee composed almost entirely of non-official Members of the House. Each demand, indeed, has received the approval of that Committee, and I am optimistic enough to believe that this fact will facilitate the passage of the Budget through the House. Criticism, of course, we shall get. But in meeting that criticism I confidently expect to receive doughty assistance in debate from the members of the Standing Finance Committee for Railways. Hitherto, the defence of the Railway Budget has fallen almost entirely on the shoulders of the few officials in this House who happen to be specially connected with Indian Railways. But from now onwards I hope that Honourable Members who attack the Budget, at any rate on

the financial side, will find themselves up against other Honourable Members, on the same benches as themselves, who in the Standing Finance Committee for Railways have assisted to frame the Budget. I go further still. I think I may legitimately look forward to the time when the actual estimates, as in England, will ordinarily be accepted as a matter of course by the House, and when the voting of the demands will be regarded mainly as an opportunity of raising discussions on questions of policy and matters of general interest. The House has its guarantee of economy in the fact that we have to pay not only our interest charges but a contribution in addition, and that anything we can make, in excess of our charges goes to our own reserves.

2. Before I proceed further, I wish to repeat the appeal I made last year. Last year Honourable Members when they gave notice of reductions added a few words to indicate what subject they wished to discuss. The procedure was of great assistance to us, and I hope that it will again be adopted this year.

3. I propose without further ado to come to figures, and I shall arrange my speech much on the same lines as last year. That is to say, I propose rapidly to review the revenue estimates both of the current year and of the year 1926-27. I shall not go into detail. Full explanations of the figures are given both in the Budget Memorandum and in the footnotes to the Demands for Grants and next week the House will have ample opportunities for asking for further information on particular points. My purpose in this speech is to give the House a general idea of the financial results of our Railway property. I will also deal briefly with our Capital programme, and finally I shall have some remarks to make of a more general nature.

Financial Results of 1924-25.

4. I wish to begin my review by saying just a few words about the revenue results of 1924-25. The House is already aware that it was a very prosperous year for Indian Railways. When I made my Budget speech last year, we expected to gain from commercial lines 11.25 crores. We did, however, even better than we expected, mainly owing to phenomenally good earnings in February and March, and, in the event, the actual gain from commercial lines turned out to be 14½ crores, representing a return on the capital at charge of State lines of 5.85 per cent. This improvement in receipts affected our payments to General Revenues under the convention, and also, of course, the amount available for transfer to Railway Reserves. Honourable Members are familiar with the convention, and I will not go into details. We anticipated last year that our contribution to General Revenues for 1924-25 would be 685 lakhs gross or 564 lakhs net (that is, after deducting the loss on strategic lines). But actually our contribution was 799 lakhs gross and 678 lakhs net. Similarly, instead of placing to Railway Reserves 410 lakhs as we expected we transferred to Reserves a sum of 633 lakhs.

Revised Estimate for 1925-26.

5. Those I think are very pleasing figures, and I am sorry that our revised estimate of the current year does not make quite as satisfactory a showing. The House will remember that on commercial lines we budgetted for gross receipts amounting to 101.34 crores and for expenses amounting to 90.54 crores. That is to say, we budgetted for a net gain from commercial lines of 10.80 crores. The Revised estimate of our

net gain is 10.45 crores, or only 35 lakhs less than the budget figure, but the other figures have undergone considerable change. We now expect our gross receipts from commercial lines to be 99.81 crores, a decrease of 153 lakhs compared with the budget figure, and our working expenses and interest charges to be 89.36 crores or 118 lakhs less than we provided in the budget.

Comments on the Revised Estimate.

6. The House will no doubt want to know briefly why our gross receipts are 153 lakhs less than we anticipated. I must first explain, however, that the figure of 153 lakhs is a net figure. We expect a gain of 26 lakhs under the heads of interest on our balances and the Government share of profits from subsidised Companies, and our estimate of gross traffic receipts is really down by as much as 179 lakhs compared with the Budget. But this figure of 179 lakhs is again a net figure. In coaching traffic we have done better than we expected, and the drop in earnings has been entirely on goods traffic. Indeed, the Budget Memorandum shows that we expect our earnings from goods traffic to be down by nearly 2½ crores. I do not know whether the House expects from me any explanation why this is so. The only general explanation I can give is the truism that, in the words of the Acworth Committee, "Railway earnings vary abruptly from time to time in accordance with harvest results and trade fluctuations".

That is such a commonplace that it is hardly worth saying, but I think that it would interest the House if I take two concrete instances and show, in terms of actual loadings, exactly what a bad harvest or depression in any particular trade means to a Railway. When I made my budget speech last year, we had high hopes of a really good wheat crop. In 1923-24 the wheat crop had yielded 9½ million tons. At the end of January 1925, it was reported that the area planted with wheat exceeded the area planted at the same time in 1924 by 1,400,000 acres, and we hoped for a very big crop. But unfavourable weather conditions set in and in the event the final forecast showed a crop nearly a million tons less than in the preceding year. In other words, these unfavourable weather conditions wiped out almost the whole of our exportable surplus. In the 9 months ending December last, exports of wheat from Karachi were only 154,000 tons. In the 9 months ending December 1924, they were 737,000 tons; exports of barley similarly fell away. The North Western Railway is the great wheat railway of India, and the disappointing character of the wheat harvest is reflected in our Railway returns. Between the 1st April 1925 and the 23rd January last, we loaded on the North Western Railway 87,789 wagons with grain and pulse, or approximately 66,000 wagons less than we loaded in the corresponding period of last year. It is not surprising therefore that we expect goods earnings on the North Western Railway to be down by 134 lakhs compared with the budget estimate. Let me give another instance taken from another Railway, the East Indian. This Railway, of course, is the coal railway of India. This year has been a year of depression in the coal industry, and we see the effects in our statistics of loadings. Taking the same period for the purpose of comparison, namely, 1st April to 23rd January, I find that this year we loaded 476,000 wagons with coal on the East Indian Railway against 526,000 wagons last year. In view of these figures relating to two of our greatest trades, I think that we may count ourselves fortunate in that our revised estimate of goods earnings has not had to be placed at a much lower figure.

BUDGET FOR 1926-27.

7. I have said that we expect our gross expenditure to be less by 118 lakhs than the budget figure. It is made up partly of working expenses, partly of miscellaneous expenditure and partly of interest charges. The decrease in interest charges is counterbalanced by an equivalent increase in miscellaneous expenditure, leaving the net reduction of 118 lakhs entirely under working expenses. The reduction is mainly due to the facts that for reasons fully explained in the proceedings of the Standing Finance Committee we have been unable to utilise the provision made for automatic couplers and that we expect to spend only 25 lakhs of the special provision of 50 lakhs made for repairs to rolling stock. On the other side of the account there is the special provision of Rs. 37 lakhs for the extension of the Lee Commission benefits to officers of the East Indian Railway, the Great Indian Peninsula and the Company Railways. The supplementary demand for this sum was rejected by the House a few days ago by 1 vote. It is now my duty to announce that the Governor General in Council has restored the demand under the provisions of Section 67A of the Government of India Act.

Contribution for 1925-26.

8. The net result is that we expect to have a surplus of 10.45 crores. Under the convention, our contribution this year, like our contribution last year, is based on the actuals of the year 1923-24. One per cent. on the capital at charge in the year 1923-24 plus 1/5th of the surplus profits of that year represents like last year a sum of 630 lakhs. From this sum, however, has to be deducted the loss on the working of strategic lines in 1923-24, namely, 121 lakhs, and the net contribution is 509 lakhs. Now as I have just said, our revised estimate of our gain from commercial lines is 10.45 crores. The loss this year on strategic lines is 168 lakhs. The amount for disposal therefore is 877 lakhs. From this amount we deduct the contribution of 509 lakhs, and there is a balance of 368 lakhs. The excess over 3 crores is 68 lakhs, and under the convention 1/3 of this goes to General Revenues. The final result therefore is that we expect to transfer to our Reserves 345 lakhs and to make a contribution to General Revenues of 532 lakhs. But I would beg the House to observe that this figure is a net figure. The general taxpayer is really taking from commercial lines 653 lakhs. Our net contribution of 532 lakhs is only 16 lakhs less than the amount Sir Basil Blackett budgetted for, and I would here pause to point out one advantage which we derive from the stabilisation of our contribution to General Revenues. When last November, Sir Basil Blackett was considering what effect the loss of the Cotton Excise revenue would have on our finances not only this year but also next year, he knew within a few lakhs exactly what he would receive in either year from the Railways, and I think that he will bear me out when I say that our announcement on December 1st last was very greatly facilitated by the stabilisation of the contribution to General Revenues resulting from the convention in regard to the separation of Railway Finance from General Finance.

Budget Estimate for 1926-27.

9. I pass on to the Budget estimate for 1926-27. The figures in brief are that we are budgetting on commercial lines for gross receipts amounting to 102.58 crores and gross expenditure, including interest charges, of 92.13 crores. If these figures are realised, the gain from commercial lines will be 10.45 crores, and the net gain, that is the gain after deducting the

anticipated loss on strategic lines will be 871 lakhs. In 1926-27 our contribution will be based on the financial results of the year 1924-25, and I have just told the House what a prosperous year that was for Railways. General Revenues indeed will take out of us a gross contribution of 760 lakhs. The net contribution payable will be 601 lakhs, and the balance of the 871 lakhs which we expect to have for disposal, namely, 270 lakhs, will be transferred to Railway Reserves.

10. In making these estimates, we have allowed for certain reductions in freights and fares which we have made or wish to make and to which I will refer later. I hope that the bread we are casting upon the waters will return unto us after many days in the shape of increased traffic, but the immediate effect must be detrimental to our earnings and we are allowing for a falling off of about 2 crores as a direct result of the reductions. For the rest, we have assumed that the season will be a normal one and that there will be a normal development of traffic on our existing lines. Also we have taken into account the fact that we have opened 264 miles of new lines in the current year, that we expect to add another 240 miles in the coming year and that we shall acquire the Delhi-Umballa-Kalka Railway. We have taken all these factors into consideration and have felt justified in estimating that our gross traffic receipts from commercial lines will be 101·35 crores or $2\frac{1}{2}$ crores more than the revised estimate of the current year. Our estimate of gross expenditure from revenue, namely, 92·13 crores is 277 lakhs more than the revised estimate of the current year. Part of the increase is due to an increase of 130 lakhs in our interest charges. As regards working expenses proper, we place them at 65·19 crores or 132 lakhs more than the revised estimate of this year. 40 lakhs of the increase is due to larger appropriations to our Depreciation Fund. For the rest the increase is due mainly to the fact that we have increased our provision for repairs to rolling stock by 35 lakhs and to larger provision for operating expenses other than fuel, this larger provision being necessitated by the fact that we expect to handle a larger volume of traffic. On the other hand, in the circumstances set out in the Budget Memorandum, we hope again to effect a considerable saving in our fuel bill.

Capital Budget of 1925-26.

11. I propose now to say a few words about our Capital Budget. The approved programme for the current year provided for a capital expenditure of 32·07 crores. Past experience had told us that Railway Administrations would not be able to spend the full grant, but our policy is not in any way to restrict the execution of sanctioned works. Clearly once a work is sanctioned it is desirable that it should be carried to completion as expeditiously as possible. Accordingly we allowed Railway Administrations the full grants asked for for approved works and made a lump sum deduction in their demands for the probable savings we anticipated in their expenditure. The reduction we provided for was 9·17 crores, so that the net grant was fixed at 22·90 crores. We estimate that the actual capital expenditure will be 19½ crores and that there will be a lapse of 3·40 crores. This lapse compares favourably with the lapse of nearly 18 crores in 1923-24 and nearly 17 crores in 1924-25. We have made changes in the system of preparing estimates, in the arrangements for the execution of works and in the procedure relating to the preparation and certification of indents. These changes have already borne fruit, but I frankly admit that there is still room for improvement, and we have reason to

hope that in the future actual capital expenditure will approximate more closely to our budget estimates. In this connection, I take the opportunity of announcing that quite recently the Secretary of State largely increased our powers of sanction. He has done so for the reasons I have mentioned earlier in my speech, namely, that the obligation laid upon us by the Assembly to pay not only our interest charges but also a contribution to General Revenues is in itself a guarantee for economy which justifies a relaxation of his control. Many projects which formerly required a reference to him are now within our own powers of sanction, and a considerable saving of time should be the result.

Capital Budget of 1926-27.

12 For next year Railway Administrations have proposed an expenditure on approved works of 34.58 crores on capital account. We intend to authorise Agents to spend up to this amount, but we do not think that actual expenditure will exceed 22 crores. This figure is made up of 15.44 crores for open line works and 6.56 crores for new construction. The actual figure we have included in the estimates, however, is 26 crores. 4 crores having been provided for the purchase of the Delhi-Umballa-Kalka Railway.

Open Line Works.

13. Full details of open line works are given in the Budget Memorandum and in the budget books of individual railways and I have time now only to direct the attention of the House to a few of the more important items. The general object of this expenditure is to make Indian Railways better equipped to handle, remuneratively and efficiently, not only existing traffic but also that natural expansion of traffic which we confidently expect. Possibly the most striking item in the programme is the electrification of the railways in and near Bombay. We have already opened the electrified Harbour Branch of the Great Indian Peninsula Railway and the remainder of the scheme for the electrification of the Great Indian Peninsula and Bombay, Baroda and Central India suburban lines is steadily being pushed forward to completion. Preliminary work has also been begun for the more ambitious scheme, which we also hope will be very remunerative for electrifying the Great Indian Peninsula main lines from Kalyan to Poona and Kalyan to Igatpuri. Again we are laying heavier rails and strengthening bridges on sections where the existing standard is below that required for modern developments. Other sections are being doubled or quadrupled. I may mention, for instance, that we are providing 30 lakhs for the doubling of the Grand Chord from Gaya to Moghalsarai, and 44 lakhs for quadrupling the Bandra-Borivli and Bandra-Grant Road sections of the Bombay, Baroda and Central India Railway. We have important schemes in hand for the remodelling of station yards, one of the most important being that for the remodelling of the Victoria Terminus at Bombay at a cost of 88 lakhs. There is an almost equally heavy programme of workshop remodelling calculated, we hope, considerably to accelerate repairs to locomotives and rolling stock. And finally, among the additions to rolling stock which we contemplate are included, in terms of 4-wheelers, 2,707 goods wagons and 671 coaching vehicles. Of these latter, 547 are lower class carriages. Indeed, our general position is so much stronger that we have felt justified in providing for a gross expenditure of nearly 1½ crores in additions and betterments to lower class carriages. Apart from and in addition to this, we are spending some 31 lakhs on amenities which may be described as special for lower class passengers.

New Construction.

14. For new construction, Railway Administrations have asked for 9·82 crores. About 6½ crores are required for lines the construction of which is already in progress and the balance will go to new lines. A complete list of all the lines will be found in Demand No. 7, and I will merely say now that the programme comprises more than 60 different projects covering more than 2,500 miles of new construction. The policy we are working to is that we are willing and anxious to construct any new lines provided we are satisfied that they will be remunerative, and our practice now is to draw up the annual programme of new construction on the basis of the co-ordinated recommendations of Local Governments and Local Railway Administrations. We have also impressed on Railway Administrations their responsibilities for developing the areas within their respective spheres of influence by bringing to our notice promising schemes of railway development within those areas. The principal difficulty with which we are now confronted is that of spending the money—that is, of executing rapidly sanctioned projects. This is a matter of organisation, and I hope that it will not be long before we show considerable improvement in this respect. On some Railways where much new construction is in hand, we have adopted, with good results, the expedient of placing a special Chief Engineer directly in charge of all new construction, and we are also experimenting in the direction of more extended use of private contractors, particularly for bridge work.

Railway Reserves.

15. I mentioned earlier in my speech that in 1924-25 we transferred 6·38 crores to the Railway Reserves. This year, if our estimates prove correct, we hope to transfer 3·45 crores, and our reserves should stand approximately at 10 crores of rupees. As the House knows, the convention lays down the objects for which these reserves are to be used. They are intended, *firstly*, to secure the payment of our annual contribution to General Revenues, *secondly*, to provide, if necessary, for arrears of depreciation, and, *thirdly*, to strengthen the financial position of railways in order that the services rendered to the public may be improved and rates reduced. Last year we decided not to take any action which would reduce the amount to be added to our reserves. This year we have felt justified in adopting a bolder policy. I do not mean to imply that we regard reserves amounting to 10 crores as anything to boast about. They represent indeed less than two per cent. of the total capital at charge on commercial lines.

16. In a commercial concern like the railways where the receipts fluctuate widely with seasonal and trade conditions, while the major portion of expenditure does not vary with the receipts, reserves of this amount can only be regarded as insignificant and quite inadequate for any of the purposes for which the reserves are required—much less for all those purposes. It might be argued with considerable force that in the long run the wisest course would be to continue to build up the reserves at the present pace, or even faster, in order that our reserves might, as speedily as possible, be of sufficient magnitude to place the railways in an impregnable financial position. Moreover there is another purpose for which I think the House would also desire that substantial reserves should be built up. The House must remember that as long as we are required not merely to balance our budget, but also to pay a heavy contribution

to General Revenues, we must perforce, for some time to come, confine our new construction mainly to remunerative lines, that is, to new lines which can reasonably be expected to be remunerative within 5 or 6 years. The result is that what I may call "development lines" must wait unless we can construct them by special arrangements with the Local Governments concerned. But adequate reserves would enable us to adopt a more forward policy in new construction and to undertake the construction of lines which, though they cannot be shown to be remunerative within a period of 5 or 6 years, may be expected to develop the country they pass through and ultimately to pay their way. While, therefore, I adhere to the opinion that we must continue building up our reserves, we have had recently to consider, from purely practical and business considerations, whether we have not now reached a position where we can safely afford to reduce the pace at which our reserves are being built up. We have been considering in consultation with railway administrations and in accordance with the promise which I made last year to this House, also in consultation with the Railway Finance Committee, whether the general strengthening of the financial position of the railways in the last two years does not justify our making, at any rate, a beginning with reductions of rates and fares and improvement of services. As I explained last year, as a mere matter of business, railway administrations had even then been compelled to reduce first and second class fares. Statistics showed that on most railways we were losing not merely traffic but also revenue—a sure sign that the fares were higher than the traffic can bear. Some railways have been compelled already to come down still further in these fares. The position in regard to third class fares is somewhat different. I gave figures in my budget speech last year to show that taking Indian railways as a whole the last three years showed a steady increase both in the number of passengers carried and in earnings derived from the traffic. The figures of 1924-25 tell the same tale, and it might be argued that there is no very strong case for any reduction in third class fares. But the rate of increase is much slower than it used to be, and railway administrations are inclined to take the view that some reduction in lower class fares would so stimulate traffic as ultimately to pay the railway. In this view some railway administrations have already made a beginning with the reduction of lower class fares. The statistics are given on pages 39 and 40 of the Proceedings of the Standing Finance Committee for Railways, Volume II, No. 6. It will be seen that six railways have made, or are about to make, some reduction in their passenger fares and we estimate that the immediate cost of these reductions will amount to 111 lakhs, the cost of the reduction of lower class fares being put at 84 lakhs. Since the matter was discussed with the Standing Finance Committee, I have heard the Burma Railways also have decided to reduce 3rd class fares from 4 pies to 3½ pies for the first 300 miles and from 3½ pies to 3 pies for distances beyond 300 miles. Further, some reductions are also proposed in first and second class fares, and the total cost of these reductions will amount in the first year to 12 lakhs of rupees. I may say that these reductions, other than those of the Burma Railways, have been approved by the Standing Finance Committee for the Railways. The possibility of further reductions will be considered in consultation with the railway administrations and I may mention that we have, in framing our budget estimates for the coming year, allowed for the possibility of these further reductions. In considering these reductions in fares there is one point that I hope the House will bear in mind. We regard it as quite impossible for us to fix one flat rate of fare for each class of railway passenger and to impose that rate uniformly upon all railways. If we are

to adopt the standard laid down by the Inchcape Committee and make it our aim that Indian railways should pay at least $5\frac{1}{2}$ per cent. upon the capital at charge, we must be in a position to transfer a similar obligation to each railway administration. It is only in that way that we can secure real economy and if we impose upon each railway administration the obligation to pay a definite rate of interest upon the capital sunk in its line, we must take into account the different cost of transportation in the different parts of the country and the financial position of each line. We take the view, that is, that each railway must be considered separately and that its particular circumstances must be taken into account in deciding what fares can properly be charged for the carriage of passengers. The reduction in fares which has already been agreed to will cost, as I have just explained to the House, Rs. 123 lakhs in the coming year. But in framing our budget we have made an allowance for a loss of revenue amounting to Rs. 163 lakhs on account of the reduction in passenger fares. If therefore other Railways follow suit in the reduction of fares, or if the Railways which have already reduced their fares decide to make further reductions, we have made a provision of Rs. 40 lakhs to cover the immediate loss of revenue that will be involved.

17. In addition to the reduction of passenger fares, we propose also to reduce the long distance coal freights, that is, to reduce the freight on all coal carried more than 400 miles. Our actual proposal is that on distances exceeding 400 miles, the rates of freight for public coal should be reduced to the rate now in force for locomotive coal. This means on long distance traffic a reduction of freight amounting roughly to 10 per cent. It will cost us Rs. 37½ lakhs a year. I should like to give the House some concrete instances showing what this reduction will mean in actual freight rates from the Jharia coalfields to certain important industrial centres in India. I take Bombay first. Here we are not merely reducing the rates on public coal to the locomotive rate, but we are also lowering the ghat charge on the Great Indian Peninsula Railway. The effect is that whereas coal from the Jharia coalfields to Bombay now pays Rs. 15-6-0 per ton, it will from 1st April, when the new rates will be brought into force, pay Rs. 13-12-0 per ton—a reduction, that is, of Re. 1-10-0 per ton. Coal to Cawnpore which now costs Rs. 8-1-0 per ton will in future pay Rs. 7-3-0 per ton. The charge from Jharia to Delhi goes down from Rs. 10-10-0 to Rs. 9-7-0. That from Jharia to Ahmedabad will go down from Rs. 14-6-0 to Rs. 13-4-0. These rates, I may mention, include terminals. As I have said, the reduction may be taken as equivalent to a reduction of 10 per cent. on existing rates. I may mention that the Indian Railway Conference Association expressed itself as being opposed to reducing long distance coal freights. It took the view that a reduction of 10 per cent. could not be expected to lead to any material increase in the amount of coal transported on Indian Railways. But we have looked at the matter from rather a different point of view. It may be that a reduction of Re. 1 per ton is not sufficient immediately to stimulate traffic. But we cheapen production to that extent and I have no doubt that ultimately we shall get the benefit. We can now say with good reason that we are carrying long distance coal at the lowest commercially possible rate. At any rate, the rates we are charging to the places I have mentioned are only about 20 per cent. higher than the rates we charged as far back as 1905, and I doubt whether there is any other Railway system in the world that can say this.

18. It may be said that there is an element of risk in the course we are taking. I do not deny it. There is always a danger, I suppose, lest in prosperous years we dissipate revenue which in the bad years may be badly needed. But though the action we are taking may for a year or two diminish the amount of money we can add to our reserves, we believe that it will pay us in the long run and that ultimately we shall strengthen the financial position of our Railways. Before I leave the subject, I should like to say that we have not overlooked the point made by the Standing Finance Committee. If the reduction of fares stimulates traffic, we must be prepared to handle that traffic, and our programme for 1926-27 contemplates large additions to and renewals of lower class stock at an estimated cost of 1½ crores.

CONCLUSION.

19. There are many other subjects mostly of an administrative or technical character on which I am tempted to dwell, but I am afraid of wearying the House and I will bring my speech to a close. But before I sit down, I should like, if the House will allow me, to indulge in a brief retrospect. This is the last Railway Budget that I shall defend in the Indian Legislature, and it is natural that I should look back over the five years during which I have been connected with Indian Railways. My first year 1921-22 was one of the most disastrous years in the history of the Railways. For the first time since 1908 they had failed to pay their interest charges; indeed, the net loss of the year amounted to the enormous sum of 9 crores of rupees. There was much to be said in excuse for the Railways. They had rendered magnificent service during the war. Shortage of tonnage had thrown on them an immense amount of traffic which formerly had gone by sea, and their resources had been strained to the uttermost. At the same time, material and rolling stock had been hard to obtain, and the railways had emerged from the war in a sorely battered dilapidated condition. No money had been laid aside to meet arrears of depreciation, or rather the sums which had been earmarked for the purpose had under stress of necessity been diverted to other objects. And though in the years immediately succeeding the war, the Government of India, in spite of the desperate condition of their own finances, endeavoured to make liberal provision for what was then known as programme revenue expenditure, yet under the system then prevailing the Railways could not make the best use of the moneys placed at their disposal. For the grants were annual grants. Balances unspent at the end of the financial year lapsed, and it was impossible for Railways to work to a well-thought out programme of rehabilitation, spread as such a programme must be spread over a period of years, for the amount of money which could be spared each year by the Government of India for programme revenue expenditure necessarily varied with the general financial position of the Government of India. We were told by the Acworth Committee that rehabilitation was the first task before us and that new construction could not be thought of, and I remember well what a hopeless task rehabilitation seemed in those days. I am happy to think that they have gone, never I hope to return, and I think that we may contrast the condition of our Railways now with their condition 4 years ago with legitimate satisfaction. The money we have spent on them is beginning to bear fruit. The coal trade is an obvious example. Every industrialist in India must remember the scramble for coal wagons at the end of the war and in the years immediately following and the constant

anxiety lest he should have to close his works for lack of coal. Now we have been able entirely to abolish any form of control over wagon supplies, and however necessary that control may have been, I frankly admit that in itself it was an evil. Our Railways now can carry all the coal traffic that offers; indeed, they ask for more. And as with coal, so with our other staple trades. I do not claim that our Railways are perfect. Far from it. Much remains to be done. But I do believe that now they are better equipped to serve the commerce and industry of India than at any previous period of their history. Many factors have combined to bring about the improvement. Much work has been put in in improving the track, in strengthening bridges, in putting in more crossing stations and in remodelling stations. Train control has been extended, our internal organisation has been improved by the introduction of the divisional system, and better statistics enable the Agent to watch the working of almost every department of his Railway. Our rolling stock is more adequate and in better order. But the most important thing of all is that Railway Administrations are in better heart because they are working under a reasonable system of finance. The Depreciation Fund is a safeguard against the return of conditions which prevailed in 1921-22. Agents can now look ahead. They can work to an ordered plan, and they have a real incentive to economy. The improvement in our financial position is, indeed, most striking. It is just 3 years since we received the report of Lord Inchcape's Committee. They set before us the standard that we should aim at yielding a return of $5\frac{1}{2}$ per cent. on our capital, and they calculated that if we did so, there would be a net gain to the State of roughly $8\frac{1}{2}$ crores from its Railway property. But this was the figure at which they thought we should aim. They did not regard it as a result which could immediately be realised. On the contrary, under the proposals they made for the postponement of expenditure and for retrenchment in the year 1923-24, they calculated that the Railways should make a net return of 4 crores of rupees to the State. The actual net gain we made in that year was nearly $6\frac{1}{2}$ crores. In 1924-25 our net gain, after eliminating certain adventitious gains due to refund of customs duty and after taking into account the loss on strategic lines, amounted to 11.7 crores, while in the current year we estimate that it will amount to about 9 crores. It is true that since separation the revenue expenditure of the railways has been relieved of the sinking fund payments made towards the reduction of capital, which amounted to more than 2 crores. But against this has to be set the fact that the institution of the Depreciation Fund has resulted in an additional charge to revenue of over 3 crores. The results of these 3 years therefore are not only in excess of the immediate results which the Inchcape Committee wished to see, but have even exceeded the figure which they suggested should be ultimately aimed at by the Railways. We are now even in a position to consider a reduction in freights and fares which in the position in which they found the Railways the Retrenchment Committee could not have considered to be within the range of practical politics, and while the process of rehabilitation goes steadily on, we have also been able to embark on an extensive programme of new construction. We can contemplate these results, I repeat, with sober satisfaction. I say this the more readily because I am not so foolish as to claim the credit for myself. Human energy and human ability have indeed played their part, and since we all believe in rendering honour where honour is due, I shall have the whole House with me when I pay my tribute to Sir Clement Hindley, Mr. Sim, the Railway Board, Railway

Agents and the Railway Staff generally. (Applause.) But if there is one thing more than another to which our better prospects are due, it is the Convention of September 1924.

At one point in the debate it looked as if the cause was lost, but good will and good sense triumphed in the end, and this the second Assembly of the Indian Legislature may congratulate itself on the fact that it will go down to history as the Assembly which at long last placed Railway Finance on a proper basis. (Applause.) I sometimes think that we of the Railway Department get more than our fair share of hard knocks, and no doubt we shall get more next week. Nevertheless, we shall always remember this Assembly with gratitude, for it is this Assembly that has given us the chance of managing the Railways as they should be managed. Differences of opinion there have been between us on questions of policy as well as on questions of detail. But whatever causes of complaint there may be against us, I hope that we may be given at least this much credit, namely, that we are animated by a single-minded, even jealous, devotion to the interests of Indian Railways. Already they are a property of enormous value to the State. We wish to make that property more valuable still. For my part, I shall always look back with pride and pleasure on my connection with the Indian Railways and my hope is that they will expand and grow and become more and more an efficient instrument of trade. For, believe me, Sir, the prosperity of India is in no small degree bound up with the prosperity of her Railways. (Prolonged and loud Applause.)

BUDGET

OF THE

Railway Revenue and Expenditure of the Government of India.

February 1926.

ACCOUNTS	1924-25
REVISED ESTIMATES	1925-26
BUDGET ESTIMATES	1926-27

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I. Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE,	
	India.	England.	Exchange.*	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class	4,23,90,000	...	...	4,23,90,000	4,30,35,000	...
Lower class	31,03,87,579	...	...	31,03,87,579	32,48,47,000	...
Other coaching traffic earnings.	5,78,07,521	...	...	5,78,07,521	5,86,95,000	...
Goods traffic earnings	62,80,73,288	...	...	62,80,73,288	60,55,22,000	...
Hire charges and other payments from Railways.	91,06,000	...	...	91,06,000	81,86,000	...
Sundry earnings	1,58,12,894	4,81,355	1,70,276	1,63,75,525	1,62,67,000	4,83,000
TOTAL EARNINGS	1,06,47,582	4,82,355	1,70,276	1,09,50,913	1,05,74,50,000	4,83,000
Deduct—Earnings of worked lines	7,33,85,711	...	...	7,33,85,711	6,91,86,000	...
Earnings of State Railways.	99,09,92,571	4,82,355	1,70,276	99,16,54,103	98,61,4,000	4,83,000
Suspense	28,15,119	...	...	28,15,119	3,61,000	...
Gross receipts of State Railways.	99,38,07,690	4,82,355	1,70,276	99,44,09,321	98,86,35,000	4,83,000
Deduct—Working expenses of State Railways.*	60,95,02,236	...	...	60,95,02,236	63,70,83,000	12,50,000
Surplus profits paid to Indian States and railway companies.	1,42,27,560	...	...	1,42,27,560	1,75,90,000	...
Net receipts	37,00,77,894	4,82,355	1,70,276	37,07,59,525	33,59,52,000	-7,67,000
(b) Strategic lines—						
Gross receipts	1,59,89,637	...	...	1,59,89,637	1,63,75,000	...
Deduct—Working expenses	1,95,76,450	...	...	1,95,76,450	2,04,04,000	...
Net receipts	-35,89,813	...	...	-35,89,813	-4,19,000	...
Total net receipts, Commercial and Strategic lines.	36,64,88,081	4,82,355	1,70,276	36,71,49,712	32,89,35,000	-7,67,000
Interest on Depreciation and Reserve Funds.	21,28,998	...	...	21,28,998	54,06,000	...
XII.—Subsidized Companies: Government share of surplus profits.	4,62,609	18,66,166	6,87,212	20,15,987	4,52,000	22,75,000
TOTAL RECEIPTS	36,90,79,688	23,48,521	8,63,488	7,22,94,177	33,56,91,000	15,08,000

* For details see statement (a).

J. M. HARTLEY,
Accountant General, Railway.

DELHI,
RAILWAY DEPARTMENT,
The 18th February 1926.

BUDGET FOR 1926-27.

15

Government from railways in India and England.

1925-26.		Increase (+) Decrease (-) as compared with the Budget Estimate, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with the Revised Estimate, 1925-26.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,39,33,000	+37,80,000	4,41,35,000	...	...	4,41,35,000	-2,02,000
...	32,48,47,000		32,37,95,000	...	...	32,37,95,000	-10,52,000
...	5,83,95,000	+5,95,000	5,93,17,000	...	...	5,93,17,000	+6,22,000
...	60,55,22,000	-2,44,78,000	62,50,14,000	...	...	62,50,14,000	+2,00,92,000
...	81,86,000	-28,50,000	86,60,000	...	...	86,60,000	+4,74,000
...	1,58,000		1,70,79,000	4,83,000	1,61,000	1,77,23,000	+8,15,000
1,58,000	1,06,80,91,000	-2,29,53,000	1,07,86,00,000	4,83,000	1,61,000	1,07,92,44,000	+2,11,53,000
...	6,21,66,000	-47,14,000	6,47,29,000	...	...	6,47,29,000	-44,57,000
1,58,000	98,89,05,000	+1,62,39,000	1,01,38,71,000	4,83,000	1,61,000	1,01,45,15,000	+2,56,10,000
...	8,61,000	+3,61,000	-3,14,000	...	...	-3,14,000	-6,75,000
1,58,000	98,92,66,000	-1,78,78,000	1,01,35,57,000	4,83,000	1,61,000	1,01,42,01,000	+2,49,35,000
4,08,000	63,87,41,000	-1,17,98,000	64,94,76,000	18,15,000	6,05,000	65,18,95,000	+1,31,54,000
...	1,75,90,000	+42,40,000	1,51,00,000	...	...	1,51,00,000	-24,90,000
-2,50,000	33,29,35,000	-1,03,22,000	34,89,82,000	-13,32,000	-4,44,000	34,72,06,000	+1,42,71,000
...	1,63,75,000	-21,25,000	1,07,43,000	...	...	1,67,43,000	+3,68,000
...	2,04,94,000	-12,31,000	2,11,05,000	...	...	2,11,05,000	+6,11,000
...	-41,19,000	-8,94,000	-43,62,000	...	...	-43,62,000	-2,43,000
-2,50,000	32,88,16,000	-1,12,16,000	34,46,20,000	-13,32,000	-4,44,000	34,28,44,000	+1,40,28,000
...	54,06,000	+21,71,000	81,54,000	...	...	81,54,000	+27,43,000
7,42,000	34,69,000	+3,93,000	5,14,000	21,90,000	7,30,000	34,34,000	-35,000
4,92,000	33,78,91,000	-86,53,000	35,32,88,000	8,58,000	2,86,000	35,44,32,000	+1,07,41,000

G. G. SIM,
Financial Commissioner.

1 (a).—Statement of Working Expenses of State

	ACCOUNTS, 1924-25.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	12,32,69,604	...	...	12,32,69,604	12,86,42,000	12,50,000
Repairs and maintenance	17,50,33,815	...	...	17,50,33,815	17,80,09,000	...
Operation	25,55,10,000	...	...	25,55,10,000	26,74,14,000	...
Refunds of Revenue . . . . .	...	...	...	...	...	...
Depreciation	9,94,81,266	...	...	9,94,81,266	10,24,18,000	...
Suspense	-37,64,062	...	...	-37,64,062	-12,50,000	...
TOTAL	64,95,20,693	...	...	64,95,20,693	67,52,33,000	12,80,000
<i>Deduct</i> —Share of Worked Lines	4,00,18,457	...	...	4,00,18,457	3,81,50,000	...
Working Expenses	60,95,02,236	...	...	60,95,02,236	63,70,83,000	12,50,000

J. M. HARTLEY,
Accountant General, Railways.

DELHI,
RAILWAY DEPARTMENT;
The 18th February 1926.

BUDGET FOR 1926-27.

Railways—Commercial Lines:

1925-26.		Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,06,000	13,65,08,000	+63,00,000	12,65,80,000	18,15,000	6,05,000	13,10,00,000	+7,00,000
—	17,80,08,000	-94,91,000	18,24,50,000	—	—	18,24,50,000	+44,41,000
—	28,74,14,000	-30,73,000	28,64,51,000	—	—	28,64,51,000	-8,67,000
—	—	—	30,00,000	—	—	30,00,000	+30,00,000
—	10,64,18,000	-13,82,000	10,64,14,000	—	—	10,64,14,000	+30,96,000
—	—	—	—	—	—	—	—
—	-12,30,800	-38,08,000	-16,70,000	—	—	-16,70,000	-4,20,000
4,06,000	67,65,91,000	-1,04,46,000	68,52,25,000	18,15,000	6,05,000	68,76,45,000	+1,07,54,000
—	3,61,58,000	+13,30,000	3,57,50,000	—	—	3,57,50,000	-24,00,000
4,06,000	63,97,42,000	-1,17,94,000	64,94,73,000	18,15,000	6,05,000	65,18,95,000	+1,31,54,000

G. G. SIM,
Financial Commissioner.
c 2

2.—Statement of the expenditure on railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest: commercial lines						
on Government capital at charge	11,04,11,073	6,51,46,473	3,44,63,046	20,00,21,491	13,06,40,000	7,28,97,000
on capital contributed by Indian States and Companies.	2,50,869	1,92,13,323	72,07,525	2,67,15,617	3,90,000	1,23,77,000
Total interest, commercial lines	11,07,00,941	8,43,64,606	3,16,71,471	22,67,37,108	12,00,30,000	8,50,74,000
Interest, strategic lines	1,22,77,065	...	...	1,22,77,065	1,26,04,000	...
TOTAL INTEREST	12,29,78,026	8,43,64,606	3,16,71,471	23,90,14,193	13,35,34,000	8,50,74,000
11. Subsidized Companies: Land and subsidy.	3,08,266	...	...	3,08,266	7,30,000	...
12. Miscellaneous Railway expenditure						
Commercial lines	10,45,509	17,24,435	6,41,071	13,09,997	43,01,000	22,02,000
Strategic lines	12,343	...	...	12,343	44,000	...
Payments to general revenues—						
Contribution*	5,00,38,083	...	...	5,00,38,083	5,00,38,000	...
One-third of the excess of railway surplus over three crores.	1,60,03,509	...	...	1,60,03,509	22,60,000	...
Total payment to general revenues	6,78,41,683	...	...	6,78,41,662	5,31,98,000	...
Reserve Fund	6,36,07,197	...	...	6,36,07,197	3,45,21,000	...
TOTAL	25,36,93,024	6,60,66,131	3,23,12,542	37,22,94,007	32,19,26,000	8,72,76,000

* For details, see Statement 3 (a).

J. M. HARTLEY,
Accountant General, Railways.

DELHI,
RAILWAY DEPARTMENT;
The 18th February 1926.

BUDGET FOR 1926-27.

the revenue of the Central Government in India and in England.

1925-26.		Increase (+) Decrease (-) as compared with Budget. 1925-26.	BUDGET ESTIMATES, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,37,30,000	21,70,67,000	-44,64,000	13,17,46,000	7,43,18,000	2,47,73,000	23,06,37,000	+1,37,70,000
40,40,000	1,67,07,000	+76,000	3,00,000	1,17,30,000	39,07,000	1,59,27,000	-7,80,000
2,77,70,000	23,37,74,000	-44,08,000	13,30,46,000	8,60,38,000	2,66,80,000	24,67,64,000	+1,29,90,000
...	1,26,04,000	+4,89,000	1,29,84,000	...	...	1,29,84,000	+3,80,000
2,77,70,000	24,63,78,000	-39,19,000	14,50,30,000	8,60,38,000	2,66,80,000	25,97,48,000	+1,33,70,000
...	7,30,000	+1,60,000	8,40,000	...	...	8,40,000	+1,10,000
7,19,000	28,20,000	+18,000	38,49,000	21,60,000	7,30,000	67,29,000	+39,09,000
...	64,000	+44,000	22,000	...	...	22,000	-22,000
...	5,09,38,000	-14,000	6,00,87,000	...	...	6,00,87,000	+91,49,000
...	22,60,000	-16,54,000	...	...	...	...	-23,60,000
...	5,31,98,000	-16,68,000	6,00,87,000	...	...	6,00,87,000	+68,69,000
...	3,45,31,000	-35,08,000	2,70,06,000	...	...	2,70,06,000	-75,15,000
2,84,89,000	33,76,91,000	-86,53,000	23,68,34,000	8,81,98,000	2,94,00,000	36,44,32,000	+1,67,41,000

G. G. SIM,
Financial Commissioner.

2 (a)—Contribution from Railway to general revenues, 1925-26.

(Based on actuals, 1923-24.)

	Rs.	Rs.
1. 1 per cent. on capital of 5,40,38,968 at charge, commercial lines	...	5,40,38,968
2. (i) Receipts—		
Gross traffic receipts commercial lines	92,94,37,194	
Subsidised Companies, share of surplus profits	23,64,135	
		63,18,01,329
(ii) Charges—		
Working expenses, commercial lines	59,15,00,185	
Indian States and Railway Companies' share of surplus profits	1,14,46,008	
Interest—		
On capital at charge, commercial lines	19,66,78,525	
On capital contributed by Indian States and Companies	8,09,94,374	
Land and subsidy	5,40,450	
Miscellaneous Railway expenditure	15,35,670	
Contribution at 1 per cent. on capital at charge, commercial lines	5,40,38,968	
		68,67,85,178
(iii) Surplus	...	4,50,16,151
(iv) Contribution of one-fifth of surplus	...	90,03,230
2. (i) Total contribution from railway revenues [plus 2 (iv)]		
	...	6,30,43,106
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 26,22,57,762	1,02,37,398	...
(ii) Loss in working	18,66,715	..
		1,21,04,113
(ii) Net payment due from railway to general revenues in 1925-26	...	5,09,38,993

J. M. HARTLEY,

G. G. SIM,

Accountant General, Railways.

Financial Commissioner.

DELHI,
RAILWAY DEPARTMENT;
The 18th February 1926.

BUDGET FOR 1926-27.

21

2 (a).—Contribution from railway to General Revenues, 1926-27.

(Based on actuals, 1924-25.)

	Rs.	Rs.
1 per cent. on capital of 5,80,75,63,148 at charge, commercial lines . . . . .	...	5,80,75,631
2. (i) Receipts—		
Gross traffic receipts, commercial lines	99,44,69,321	
Interest on Depreciation and Reserve Fund balances	21,28,998	
Subsidised Companies' share of surplus profits	80,15,987	
		99,06,14,306
(ii) Charges—		
Working expenses, commercial lines	60,95,02,236	
Indian States and Railway Companies' share of surplus profits	1,42,27,560	
Interest—		
On Capital at charge, commercial lines	20,00,21,491	
On Capital contributed by Indian States and Companies	2,67,15,617	
Land and subsidy	3,09,285	
Miscellaneous railway expenditure	13,09,997	
Contribution at 1 per cent. on Capital at charge, commercial lines	5,60,75,631	
		91,01,61,817
(iii) Surplus . . . . .	...	8,04,52,489
(iv) Contribution of one-fifth of surplus . . . . .	...	1,78,90,498
(i) Total contribution from railway revenues [1 plus 2 (iv)]		
	...	7,69,66,129
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 26,86,77,078	1,22,77,085	
(ii) Loss in working	36,02,156	
		1,58,79,241
(ii) Net payment due from railway to general revenues in 1926-27 . . . . .	..	6,00,86,888

J. M. HARTLEY,
Accountant General, Railways.

G. G. SIM,
Financial Commissioner.

DELHI,
 RAILWAY DEPARTMENT,
 The 18th February 1926.

BUDGET FOR 1926-27.

3.—Statement of receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1924-25.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XII.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways		—34,50,000	—14,70,338	—49,20,338	...	73,50,000

J. M. HARTLEY,
Accountant General, Railways.

DELHI,
RAILWAY DEPARTMENT;
The 18th February 1926.

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1925-26.			BUDGET ESTIMATE, 1926-27.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1925-26.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1925-26.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
23,90,000	87,40,000	+ 5,82,12,000	...	2,21,59,000	73,80,000	2,95,19,000	+ 1,37,70,000

G. G. SIM,

Financial Commissioner.

BUDGET FOR 1926-27.

A.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock . . . . .	...	...	...	5,65,11,511	...	...
Other Works . . . . .	...	...	...	9,58,48,269	...	...
New Lines . . . . .	...	...	...	2,06,81,297	...	...
Suspense . . . . .	...	...	...	—5,58,62,037	...	...
(b) Strategic Lines . . . . .	...	...	...	64,19,316	...	...
Deduct—Probable Savings . . . . .	...	...	...	...	...	...
TOTAL	4,70,23,955	6,42,92,247	2,32,82,054	13,45,98,356	9,34,63,000	7,65,50,000
53-A.—Discharge of Debentures . . . . .	...	...	...	...	...	80,35,000
54.—Redemption of liabilities involved in purchase of Railways . . . . .	...	...	...	...	...	2,57,50,000

DELHI,
RAILWAY DEPARTMENT;
The 18th February 1926.

J. M. HARTLEY,
Accountant General, Railways.

BUDGET FOR 1926-27.

Central Government in India and England on Railways.

1925-26.			BUDGET ESTIMATE, 1926-27.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1925-26.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1925-26.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	5,03,60,000	-2,32,59,000	...	...	...	7,90,09,000	+1,98,49,000
...	11,26,77,000	-5,98,98,000	...	...	...	21,54,85,000	+10,38,08,000
...	3,50,63,000	-4,93,46,000	...	...	...	9,75,94,000	+6,25,31,000
...	-1,75,00,000	+40,53,000	...	...	...	-1,20,65,000	+54,35,000
...	54,00,000	+25,50,000	...	...	...	58,00,000	+4,00,000
...	...	-9,17,30,000	...	...	...	12,58,23,000	+12,58,23,000
2,49,87,000	19,50,00,000	-3,40,00,000	10,90,87,000	11,31,85,000	3,77,38,000	26,09,00,000	+6,50,00,000
26,33,000	1,06,58,000	+1,06,58,000	...	3,71,39,000	90,46,000	3,61,85,000	+2,55,37,000
84,05,000	3,41,55,000	-1,78,000	...	...	...	...	...

G. G. SIM,
Financial Commissioner

BUDGET FOR 1926-27.

A.—Railway Depreciation Fund.

	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.		Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
-Opening balance.	---	2,10,00,000	3,06,98,501	6,70,98,501	Appropri- ation from Deprecia- tion Fund.	7,39,01,409	9,50,00,000	7,00,00,000	8,50,00,00
Appropri- ation to Deprecia- tion Fund.	10,35,00,000	10,73,25,000	10,65,00,000	11,06,00,000	Closing balance.	3,06,98,501	3,33,25,000	6,70,98,501	8,25,98,50
TOTAL	10,35,00,000	12,83,25,000	13,70,98,501	17,76,98,501	TOTAL	10,35,00,000	12,83,25,000	13,70,98,501	17,76,98,50

J. M. HARTLEY,

G. G. SIM,

Accountant General, Railways. *Financial Commissioner.*

DELHI,

RAILWAY DEPARTMENT;

The 18th February 1926.

BUDGET FOR 1926-27.

27

B.— Railway Reserve Fund.

	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.		Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	—	4,09,65,000	5,99,78,400	3,44,99,400	Appropriation from Re- serve Fund	36,28,787	—	—	
Appropriation to Reserve Fund.	4,38,07,197	3,78,29,000	3,45,21,000	2,70,06,400	Closing Balance.	5,99,78,400	7,67,94,000	8,44,99,400	12,15,06,400
TOTAL	4,38,07,197	7,87,94,000	9,44,99,400	12,15,06,400	TOTAL	4,38,07,197	7,67,94,000	8,44,99,400	12,15,06,400

J. M. HARTLEY,
Accountant General, Railways.

G. G. SIM,
Financial Commissioner.

DELHI,

RAILWAY DEPARTMENT;
The 18th February 1926.

Speech by the Hon'ble Sir Clement Hindley, Chief Commissioner for Railways, in presenting the Railway Budget for 1926-27 in the Council of State.

INTRODUCTORY.

I have the honour to present to the Council a statement of the estimated expenditure and revenue of the Governor General in Council for the year 1926-27 in respect of railways. This is the second occasion on which the Railway Budget has been dealt with separately from the general Budget, and it will be perhaps unnecessary for me to repeat the description which I gave last year of the benefits which we anticipated from this change in procedure and policy. If any doubt of the efficacy of this change remained in the minds of those responsible for it or of the wider circle of those in the Legislature who were associated with us in carrying it out I believe that that doubt will be removed when the financial position which I am about to explain has been fully appreciated.

2. Amongst other benefits arising out of this change has been the improved opportunities which we are able to give to the Legislature to consider and criticise our work and our proposals. The convention regarding separation of finances enables us to settle the figures of our budget independently of those pertaining to the general budget, and while last year we were able to give much greater opportunities for discussion than had been possible before, this year we have been able to carry out the intention, which we indicated, of thoroughly examining the figures in consultation with the Standing Finance Committee for Railways. They have approved of all our figures and in these circumstances we feel a considerable measure of confidence in placing the figures before the Legislature. Not that we expect to pass through the ordeal without criticism. The figures and explanations which accompany them are in effect a presentation of an account of our stewardship, and I will not pretend that our work has been so perfect or that this Council is so tolerant that we can avoid matters for criticism. But whatever criticism may be levelled against us or against those responsible to us, I would ask this Council, the members of which are many of them here for the first time, to show the same consideration in criticism of the Railway Department which was such a marked feature of our relations with the former Council of State.

3. One of the benefits which we anticipated from the separation of finances, and which I mentioned last year, was the fact that the obligation contained in the convention to pay a heavy contribution to the general revenues would be an impelling factor of a constructive nature running through the whole of our activities and organisation. In the figures and facts which follow I hope to show that this factor has been at work, and that on the one hand we have taken great strides during the past year in bringing the railway system of the country into line with requirements, and, on the other hand that our proposals for next year are actuated by a desire to still further develop this great national property and to perfect the organisation and equipment necessary to enable it to fulfil its proper functions. I would, however, take leave to point out that the stimulus underlying this great co-ordinated effort to provide the country with a transportation system adequate to its needs had its origin in something rather less recent than the separation of finances, and separation

may perhaps be looked upon as an incident, although an important one, on the path of reconstruction and reorganisation.

4. The Council will remember the parlous condition into which the railways of this country had fallen at the time when Sir William Acworth's Committee reported. They will remember the nature of the evidence brought before that Committee on the one hand by the public indicating the artificial restrictions imposed on trade and travel by the inadequacy of transportation facilities, and on the other by responsible railway administrations showing how their efforts towards improvement and development were cramped and stunted by the intolerable system of financing the railways which had obtained so long.

They will remember no doubt the remedies suggested, reorganisation of the controlling department, decentralisation, and a more business-like method of allotting funds for improvement and development. These and many other minor remedies we have been endeavouring to apply. In some directions we have had success, in others we still have much to do, but I claim that we have at least made progress.

The Council will remember that before sufficient time had elapsed for the implications of the Acworth Committee's report to be fully understood or acted upon, the railway business of the country was again brought under close examination by Lord Inchcape and his Committee. Looked at in the proper perspective, which we can apply at this distance of time, we can recognise that the report which this Committee submitted was in many respects the complement of the former Committee's report. Though to many critics at the time there seemed to be divergent views and recommendations, I feel that nothing but the ruthless analysis of our business in all its ramifications which those two Committees applied, could have enabled us to build up our present position. The application of the ideas and principles contained in those reports to the whole of our business has brought about a synthesis of all that was admirable in both of them, and we should be ungrateful indeed if we did not give full recognition to the work which they did and the stimulus to which that work gave birth.

I cannot attempt without taking up an inordinate portion of the time of the Council to give a complete picture of the change which has been brought about as the result of this new spirit, but in dealing with the figures in the estimates and in describing our work, I hope I shall be able to show that the railway property which my department controls is now in a sound financial position, that it is being maintained with efficiency, and that it is meeting the transportation needs of the country in a manner which has never been approached before.

5. Honourable Members of this Council will have shortly placed in their hands copies of the statement of the revised and budget estimates together with a memorandum explaining the budget and separate books which have been prepared for each railway administration under our control. They will also be furnished with copies of the speech now being made by the Honourable Railway Member in the other House. I will ask Honourable Members to exercise patience while I endeavour to give a brief summary of the outstanding figures in the estimates.

Working Results (Revenue Receipts and Charges) Commercial Lines.

6. I will first deal broadly with the estimated working results in the current and next financial years. In the budget presented last year we estimated the gross traffic receipts from commercial lines at 100 crores 65

lakhs, or with the addition of miscellaneous receipts, 101 crores and 34 lakhs of gross receipts. The working expenses were estimated at 65 crores 5 lakhs, and the total charges including interest, etc., 90 crores 54 lakhs, leaving a net gain from the commercial lines of 10 crores 80 lakhs. From the results now available for the current year the budget estimate figures have been revised and the gross traffic receipts are expected to reach 98 crores 86 lakhs only which, with the addition of miscellaneous receipts, will give total receipts of 99 crores 81 lakhs. Working expenses are now estimated at 63 crores 87 lakhs, and the total charges at 89 crores 36 lakhs, leaving a net gain of 10 crores 45 lakhs or about 35 lakhs less than anticipated in the budget estimate.

7. For next year, 1926-27, we estimate traffic earnings at 101 crores 35 lakhs which with miscellaneous receipts will give us total receipts of 102 crores 58 lakhs. Working expenses are estimated at 65 crores and 18 lakhs and total charges at 92 crores 13 lakhs, giving a net gain of 10 crores 45 lakhs, the same as in the revised estimate for the current year.

8. Of the net gain of 10 crores 45 lakhs estimated for the current year, the net contribution to general revenues after meeting the loss on strategic railways will be 5 crores 32 lakhs, while 3 crores 45 lakhs will be transferred to railway reserves. For next year if we realise the estimated net gain of 10 crores 45 lakhs, general revenues will receive a net contribution of 601 lakhs and railway reserves will receive 2 crores 70 lakhs.

9. I should like to emphasise certain figures which are of importance from the commercial point of view. The total capital at charge on all railways at the end of last financial year was 655 crores of which 580 crores was the expenditure on commercial lines exclusive of the capital contributed by Companies. At the end of the current year the total capital at charge is expected to be 674 crores of which 599 crores represents commercial lines. After meeting all interest charges our contributions to general revenues since the separation of finances will amount to 6 crores 78 lakhs in 1924-25, 5 crores 32 lakhs, in 1925-26 and 6 crores 1 lakh in 1926-27 or a total of 18 crores 11 lakhs in the three years. In the same period the amounts placed to railway reserves are:—6 crores 38 lakhs in 1924-25, 3 crores 45 lakhs in 1925-26, and 2 crores 70 lakhs in 1926-27, or a total of 12 crores 53 lakhs.

It is interesting to compare this position with the position in 1921-22 when with a total capital at charge of 606 crores, the net income was insufficient to meet the interest charges by 9½ crores. From the close of that year to the end of the current financial year the net additions to capital at charge will be approximately 68 crores, general revenues will have received no less than 19 crores 73 lakhs as clear contributions after paying all interest, the railways will have built up a reserve fund of 9.83 crores and have further established a depreciation fund which after meeting all necessary appropriations for replacements and renewals is expected to show a balance of 6 crores 71 lakhs. These figures present a striking contrast to the financial position of the railways at the time when Lord Inchcape's Committee reported, and it is well to remember what that Committee considered should be the aim for our future work. They laid down the principle that the railways as a whole should yield not less than 5½ per cent. on the capital invested and they calculated that when we had had time to effect economies in working expenses we should be able to make a net return of 8½ crores per annum to the State. They did not expect that this result could be obtained immediately and in fact they even

made drastic proposals for postponement of necessary expenditure in order to enable the railways to produce a net return of 4 crores in that year.

In effect we made a net return of nearly 6½ crores while in the subsequent two years we have produced an average net profit considerably above the figure anticipated by the Committee. These figures, I claim, show that the railway property of the State during the last few years has been brought into a sound financial position, a position which has been achieved largely by the application of commercial principles and a wise financial policy.

Before passing on I would call attention to the fact that while during each year since the date of separation, the contribution of one per cent. on the capital at charge to general revenues is an increasing figure, moving from 540 lakhs in 1924-25 to an estimated figure of 580 lakhs next year, the amount to be placed to railway reserves is a steadily decreasing figure, and we are budgetting for a smaller figure for next year than the estimated amount for the current year. We have yet to learn by experience what amount should ultimately be required in our reserves, but from the analogy of what is found necessary in other commercial concerns and other commercial railways we are still a long way off from reaching a figure which will place the railways in a perfectly safe position having regard to the obligations of the separation convention and the unknown obligations of the future. In a year, for instance, in which bad monsoon conditions might bring with it a heavy set back in earnings without an opportunity of bringing down working expenses to a corresponding degree it is conceivable that the payment of the contribution might make a very heavy call indeed on our reserves. Our contribution increases every year and our liability is an ever-increasing one. We cannot, therefore, yet estimate what figure we should finally aim at for the accumulated reserve.

On the other hand the existence of a reserve fund, meagre as it is at present, and the existence of financial arrangements which will ensure a fair share of profits going into the reserve in the future makes it possible to take temporary risks with our earning power. And as I shall explain later we have had during the past few months a most careful examination made by all the railway administrations with a view to ascertaining the best form to give to this risk. It has been decided that certain reductions in fares and freights, most of which have already been notified, will be justified by eventual increases in earnings and the existence of reserves entitles us to take the risk of making these reductions.

REVISED ESTIMATE, 1925-26.

Gross Earnings.

10. In the Budget presented last year we estimated the gross earnings for this year at 100 crores 65 lakhs. Although we have had an increase in passenger earnings estimated at about 37½ lakhs, in goods traffic we have had a serious falling off, and we anticipate receiving about 245 lakhs less than we had budgetted for. The net effect is anticipated to bring our total receipts for the year to 99 crores 81 lakhs or 1 crore and 53 lakhs less than the budget estimate figure.

Working Expenses.

The working expenses in the current year are now estimated to be 1 crore and 18 lakhs less than in the budget estimate for the current year. This reduction is due partly to the fact that we have deferred expenditure on the work of fitting our rolling stock with automatic central

buffer couplers pending a re-investigation of the method of conversion. It is now probable that we shall be able to shorten the period of interference with traffic by adopting the method of preliminary alteration and adaptation instead of using a transition device, but it may be some time before we can proceed with the actual conversion.

There is a further cause for the reduction in working expenses, namely, the fact that the special provision of 50 lakhs for speeding up repairs to rolling stock has only been drawn upon to the extent of 25 lakhs, but the solution of the difficult problem of keeping repairs up to date depends largely on the completion of certain schemes of workshop improvement which are now in hand and the results of the investigation into workshops facilities which is now going on. Meanwhile the general position in regard to repairs of locomotives and wagons shows an improvement over the position a year ago although the position as regards coaching stock is not altogether satisfactory.

BUDGET ESTIMATE, 1926-27.

Gross Earnings.

11. Next year we are budgetting for gross earnings of 101 crores 35 lakhs, an increase of about 249 lakhs over the revised estimate for the current year. In making this estimate we have assumed a continuance of the present favourable conditions and a good monsoon. But we have also taken into account the reduced earnings resulting from the reduction in rates and fares to which I have already referred. But for these reductions we should have been justified in placing the estimate at about 2 crores higher than this figure. As regards passenger fares, full particulars of the reductions already notified will be found in the proceedings of the Standing Finance Committee for Railways and those who have leisure to study these proceedings will see that a very careful examination has been made of the position as regards passenger traffic on each of the large railways. The principle which the Railway Board have adopted is to let each railway administration take stock of its position, and arrange the level of its fares so as to encourage the largest volume of traffic at a paying rate. As I have said, the stronger financial position in which we now find ourselves, owing to the separation of finances and the prospect of building up an adequate reserve fund makes it possible to take the risk of a temporary drop in earnings. It is, however, essential to bear in mind that reductions in fares can only be made where commercial justification exists, and where such action will lead ultimately to larger net earnings and consequently a further strengthening of the reserves. Where, for instance, the normal growth of passenger traffic has been arrested or retarded, it is legitimate to conclude that a reduction of fares will stimulate travelling and bring the rate of growth back to what is regarded and what has been more or less established as the normal annual growth.

Rate fixing is always a matter of trial and error, and if a rate is fixed too high traffic will be discouraged, while if it is fixed too low profits will vanish. To hit the happy mean where profitable traffic is stimulated is the object we have in view. The recently notified reductions must be looked upon as a further stage in the experiment rather than necessarily the beginning of a downward movement of unforeseen limits. Our financial obligations compel us to go cautiously, for to drop below the remunerative point would be fatal to the whole of our financial structure. But we are confident that, with the method now adopted of

analysing the flow of traffic and studying the effect of changes in fares we shall be able to go further in adjusting the charges to the needs of an ever-increasing travelling public. Railway administrations will perhaps be criticised for moving too slowly in reductions, but when the actual reductions in earnings on the different railways which we are budgetting for are studied, for instance, 34 lakhs on the Great Indian Peninsula Railway, 17 lakhs on the South Indian Railway, 33 lakhs on the North Western Railway, 18 lakhs on the East Indian Railway and reductions now proposed on the Burma Railways costing 12 lakhs, I do not think that such criticism will be held to be justified. We have at any rate made a beginning, and we have also made a beginning in the reduction of rates.

There are, of course, many claimants for reductions in goods rates. But here again the problem of rate fixing is one largely of trial and error, although it is beset with many indeterminate factors which do not influence passenger traffic to the same extent. Commodities and their movements have to be watched and studied in different localities, and unless the greatest care is exercised changes in rates may have entirely unforeseen results. Where the movement of commodities between different points is handicapped by the level of rates to an extent which actually restricts traffic, it is obviously a business proposition to make some adjustment, subject always to the consideration that the traffic is still earning a profit. The examination which is required for this purpose is one which is continually going on, but, as in the case of passenger fares, we have felt justified in asking railway administrations to give this matter special attention with a view to stimulating the movement of any commodity where this may be possible. It is, however, specially in regard to coal traffic over long distances that we feel that there is an opportunity of affording some stimulus. We believe that in so far as we can increase the area within which the industrial use of coal is economically possible we shall thereby be stimulating industries themselves and ultimately benefitting our railway business through the traffic which arises as a consequence of the growth of these industries. There are therefore good arguments for carrying coal over long distances as cheaply as possible. The rates at which we carry coal at present are low rates. Having regard to the high proportion which coal traffic bears to other traffic on two, at any rate, of our great railways, it is held in some quarters that these rates in themselves amount to a subsidy. There is considerable doubt whether any reduction would not bring this traffic to the point of being non-remunerative. But that is an argument which I need not enter into now because we are emboldened by what has happened in the past to believe that the reduction which we now propose to make will act as a stimulus and that at a time when the business of coal producing and coal using is in need of such a stimulus. It is being arranged, therefore, with effect from 1st April to reduce the rates on coal carried more than 400 miles to a scale which will be equivalent to a reduction of 14 As. a ton at Cawnpore 1 Re. 2 As. a ton at Ahmedabad and 1 Re. 10 As. at Bombay. With this new scale the charges for carrying coal over long distances will be about 10 per cent. less than at present and only 20 per cent. higher than the scale in force in 1905.

As regards the rates for coal carried over shorter distances, there is no evidence to show that any reduction that we could afford to make would result in an appreciably larger volume of coal being moved. We have however, before us the recommendation of the Coal Committee in regard

to a further rebate on export coal, and when the new Grading Board gets to work, we shall be in a better position to come to a decision on this point.

I have explained the reductions in rates and fares already decided upon. As I have said, we shall during the year bring further examination to bear on this matter, and we have in fact formed our estimate of earnings on a basis which, if other assumptions we have made are fulfilled, allows for some further adjustments.

BUDGET ESTIMATE, 1926-27.

Working Expenses.

12. The estimate for gross expenditure during next year, 92 crores 13 lakhs, is 2 crores and 77 lakhs more than the revised figures for the current year. Of this sum an increase in our interest charges owing to our higher capital at charge accounts for 130 lakhs, while an increase of 40 lakhs must be made in the appropriation to the Depreciation Fund which depends on a calculation based on the probable life of our wasting assets. There is also an increased provision for repairs to rolling stock by 35 lakhs and a slightly higher provision for operation, counter-balanced largely by the saving in our fuel bill consequent on the lower prices for market purchases of coal during the coming year, the effects of which have been explained in the Budget Memorandum.

REVISED ESTIMATE, 1925-26.

Capital Expenditure.

13. The approved programme of capital expenditure in the current year was 32 crores 7 lakhs, but while authority was given to push on with all approved works, we estimated that the railway administrations would not spend more than 22 crores 90 lakhs. Actually we expect now that the expenditure will be about 19 crores 50 lakhs, leaving a lapse of 3 crores 40 lakhs. The lapse has mainly occurred in the expenditure on new lines largely owing to delays in land acquisition proceedings, and we have been able to spend to within 40 lakhs the amount estimated for open line works.

We have taken special steps to expedite the process of obtaining approval to works of proved necessity and have simplified the system of preparing and submitting estimates and for the certification of indents, and we have also delegated larger powers of sanction to Agents and Boards of Directors. In this connection it is satisfactory to be able to announce that the Secretary of State recently has increased largely our powers of sanction for new works, and many projects which formerly had to be referred to him for sanction can now be sanctioned by the Government of India. In agreeing to this delegation the Secretary of State has recognised that the obligation which we have undertaken under the separation convention to pay not only the interest on our capital at charge but an additional contribution to the general revenues furnishes a guarantee for economical working such as justifies a wide relaxation of his control.

BUDGET ESTIMATE, 1926-27.

Capital Expenditure.

14. The programme for next year for expenditure on approved works represents an estimated outlay of 34 crores 53 lakhs from capital and of

10 crores 65 lakhs from the Depreciation Fund. We do not propose to restrict expenditure on sanctioned works as it is of obvious advantage, once they are sanctioned, to expedite them as much as possible, but we have formed our own estimate of the probable actual expenditure, which we place at 22 crores from capital and 8½ crores from the Depreciation Fund. The total demand for capital expenditure will be 26 crores as we have included 4 crores for the purchase of the Delhi Umbala Kalka Railway. The terms of this purchase and the reasons which justified it are explained in a statement attached to the Budget Memorandum.

15. The gross figure of capital expenditure involved in the programme for next year is divided into 24 crores 76 lakhs for open line works and 9 crores 82 lakhs for the construction of new lines and lines at present under construction. For open line works we are allotting 17 crores 87 lakhs and for rolling stock 8 crores 10 lakhs. The Budget Memorandum gives full particulars of these open line works, which are shown in greater detail in the separate books for each railway. This expenditure is directed not only towards the better and more efficient handling of present traffic but also towards enabling the railways to meet the natural expansion of traffic and further to stimulate that expansion. Amongst the most important of the various items included in this category is the provision for remodelling marshalling yards 3 crores 40 lakhs and doubling and quadrupling of existing tracks 1 crore 40 lakhs. These works are primarily intended to expedite and facilitate the movement of traffic by increasing the capacity of various routes. For instance, the Bombay-Poona section of the Great Indian Peninsula Railway is to be improved by eliminating the reversing station at Bhoze Ghat, the doubling of the Grand Chord line of the East Indian Railway is approaching completion, the Bombay, Baroda and Central India Railway line into Bombay is being quadrupled, and the Ishurdi-Gopalpur section of the Eastern Bengal Railway is being doubled. Amongst the larger yard remodelling schemes are the Victoria Terminus at Bombay, Ahmedabad station, Lucknow and Trichinopoly, important junction stations whose limited capacity has been a severe handicap to traffic, while progress will also be made on improving a number of other stations which are at present unable to deal with traffic with that expedition and efficiency which we must have if we are to continue the present all-round improvements. In this connection I may mention that the introduction of improved statistics has been of great value in analysing the work done in marshalling yards and has been the means of suggesting many improvements and economies in working. We have also had during the year an officer on special duty making a special study of some of the larger centres of traffic congestion and his work has been of great value in designing improved arrangements. The work done covers, for instance, the important centres of Delhi, Cawnpore, Agra, Naihati and certain stations and sections on the Bengal Nagpur Railway.

Another important group of improvement works is represented by the provision of 2 crores and 25 lakhs for improved rails and sleepers and 1 crore for strengthening of bridges. These works are the yearly instalment of the steady process of raising the standard of our main lines to carry the heavier train loads now necessary. Each railway now has its properly co-ordinated programme for strengthening and improvement of bridges and track, working up towards definite standards which the Railway Board has prescribed. In regard to these standards, in which considerations of the design of locomotives and rolling stock, the design and weight of rails and track and the

design of bridges have to be co-ordinated, the Railway Board continue to investigate and study the question of appropriate standards, and for this purpose we have permanent Standing Committees to advise us on the different aspects of the subject. There is perhaps no branch of our technical work which requires more attention and care if we are to meet the growing demands for improved capacity and at the same time take adequate advantage of the accumulated experience in this and other countries. To carry our increasing traffic with efficiency we have to continue to make progress towards heavier train loads, which means larger rolling stock, heavier locomotives and heavier axle loads with the natural consequence of stronger track and bridges. The normal length of life of bridges and permanent way make it necessary to take very long views of probable increase in loading and it is necessary therefore to continually study and improve the standards by which design of all this equipment is governed.

Another important item is 2 crores for electrification of lines. The opening of the electrified Harbour Branch at Bombay a year ago was mentioned as the first step in introducing electrification in India. Within the last few days the electric train service has been continued to Bandra, and the great improvement in the convenience which this affords to those who live in the suburbs and work in Bombay is expected to result in a large increase in traffic. The electrification of the suburban lines of the Bombay, Baroda and Central India Railway is well in hand, and when this is completed and electric trains take the place of steam trains in the whole of the Bombay suburban area, there is little doubt that Bombay will feel a very great benefit and that a better distribution of its great population may be looked for in the early future.

The re-examination of the problem of suburban traffic in Calcutta as the result of the decision to proceed with the construction of the new bridge at Bally, is now approaching completion, and we expect shortly to receive the report of the Electrical Engineers on the revised electrification scheme. If on this report it appears that a sound financial scheme can be worked out, there is little doubt that we shall go forward with it without delay and we hope that it will be possible to bring suburban passengers much nearer to the centre of the city than is now possible.

The Madras suburban traffic problem will also be dealt with in the coming year, and we expect to make considerable progress with the additional tracks on the South Indian Railway which are the primary necessity in this area. The question of electrification depends to some extent on the prospects of hydro-electric power supply and in regard to this we are in close touch with the Government of Madras.

On the Bombay side the main lines of the Great Indian Peninsula Railway are to be electrified as far as Poona and Igatpuri at a total cost of 5½ crores, and we are making a provision of 19 lakhs for the initial work next year.

We are continuing a fairly heavy programme of workshop improvement and remodelling including the provision of new plant and machinery, the necessity for which was fully explained and accepted at the time of last year's budget. So far as the State railways are concerned, the problem of co-ordinating the facilities and equipment in the larger workshops has become an urgent one. In making extensions and revisions of the lay-out of these workshops, which must be done if we are to work economically and take advantage of modern improvements, it is necessary to avoid overlapping and

duplicating where this is possible, and we, therefore, decided to get expert advice on the whole subject. We were fortunate in obtaining the services of Sir Vincent Raven, an eminent mechanical engineer and President of the Institution of Mechanical Engineers, and he and his committee are at present engaged on investigating this problem. We hope that as the result of the advice of this committee we shall get the best possible value from the expenditure which in any case will be necessary on these workshops in the near future.

16. The programme for rolling stock authorises the construction of 692 broad gauge units and 285 metre gauge units for lower class traffic, and 146 broad gauge and 71 metre gauge units for upper class, part of these being renewals and part additions. Altogether we are allotting 148 lakhs for additions and betterments to lower class stock. The work which can be put through in the year is still limited to a large extent by the capacity of our workshops, and in view of the fact that reductions in fares must, if they are to be justified, stimulate traffic, it will be understood that workshop improvement admits of no delay.

17. As regards locomotives, we are providing for the addition of 90 new broad gauge engines and 63 new metre gauge engines besides normal renewals. The policy of the Railway Board in regard to standardisation of locomotives has been fully explained in successive Administration Reports, and we have recently reached the point of having new standard designs for a number of types of locomotives finally drawn up. These standard designs embody modern locomotive practice which is considerably in advance of the present standard engines designed many years ago and are specially suited to Indian conditions. Before these types are finally accepted as our future standards, they must be tried out and any defects which become apparent in actual work must be eliminated by changes in design or detail as may be required. The provision in next year's budget will be largely utilised for obtaining the necessary number of trial engines to the new type to enable them to be tried on the principal railway systems under varying local conditions. This marks an important stage in our development and brings us measurably nearer to complete standardisation—a condition which will enormously simplify many of our present problems of repairs and renewals.

18. In concluding my remarks about rolling stock I may mention that the programme includes allotment for 2,702 additional goods wagons besides the renewal of 4,650 wagons during the year. It is, of course, necessary to place orders for wagons required in any one year several months before the beginning of the year owing to the time taken for manufacture and delivery. The various railway administrations requiring wagons of similar types agreed to combine in making a simultaneous call for tenders. These tenders from Indian, British and Foreign firms were examined by the Railway Board and orders have been placed with Indian wagon building firms to the full extent of their capacity as certified by the Indian Stores Department. The balance has been ordered from an English firm which submitted the lowest satisfactory tender. Prices quoted by the Indian firms were the lowest hitherto quoted by them. The difference between these prices and the equivalent of the lowest satisfactory quotation from abroad will be met from bounties payable under the Steel Protection Act.

New lines.

19. As will be seen from the Budget Memorandum we are expecting to have under construction during next year a new construction programme

of over 2,500 miles covering no less than 63 different projects. But this represents only a part of the development which we are actively considering. We have dealt with the problem of new construction on the basis of examining the whole country in separate areas roughly corresponding to the areas served by the different railway administrations, and we have asked each railway administration to prepare a continuous programme of survey and construction over a period of years taking, as in the case of the improvement programme, the quinquennium as the most suitable period for this purpose. The investigation of projects by means of surveys and the collection of data for traffic estimates takes a considerable time and the number of months in the year when this work can be undertaken is somewhat limited. Also most railways have been so pre-occupied during the past few years with the problem of improvement to their open lines that they have not been able to spare the necessary staff for the full investigation of the construction problem. We have got over this to some extent by special recruitment on a temporary basis, and we have arranged that most railways shall have an officer at headquarters specially engaged on this important work. We have also been in close consultation with Local Governments and are endeavouring to meet their wishes as regards the routes to be taken and the order in which projects shall be taken up. In this connection I may remind the Council of the arrangement we have established under which it is open to a Local Government, in cases where our estimates do not show a remunerative prospect, to obtain the construction of a railway by guaranteeing us against loss. This arrangement is already proving advantageous in enabling us to consider and bring up to date projects which would otherwise have been indefinitely deferred.

20. The programmes of work on survey and construction which the railway administrations are now engaged on, revising them and adding to them from year to year, indicate that we have only made a bare beginning on favourable construction projects and our improved financial position resulting from the separation of finances enables us to take a bold line in this direction. The total mileage of the projects which we have either sanctioned or are having investigated amounts to between 6,000 and 7,000 miles, and when all our arrangements are in full swing, I see no reason why we should not bring up our total yearly mileage addition to something in the neighbourhood of 1,000 miles. With this in view we are providing a larger allotment for survey work in the coming year with the object of completing and revising projects which promise to be satisfactory investments.

21. I will deal briefly with the various large areas which we have examined in the present investigation. In Burma construction is proceeding on a number of important new branches. In addition we have under consideration further branches which it is hoped will open up the country, while a survey is now being made for an extension to Tavoy and Mergui with the possibility of a connection in the future with the Siamese Government Railways. A survey is also in progress, in collaboration with the Government of Burma, for a better route through the Arakan mountains, a region which has hitherto opposed great physical difficulties to successful railway construction. The total mileage of the lines on the future programme of the Burma Railways amounts to about 1,800 miles in all, most of which, we hope, will prove to be of a remunerative nature.

In South India our papers will show that active construction is proceeding on the South Indian Railway on a programme contemplating the addition of 250 miles a year during the next 6 years.

BUDGET FOR 1926-27.

1(a).—Statement of Working Expenses of State

	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	12,32,69,604	..	..	12,32,69,604	12,86,42,000	13,50,000
Repairs and maintenance	17,50,23,815	..	..	17,50,23,815	17,80,00,000	..
Operation	25,55,10,000	..	..	25,55,10,000	26,74,14,000	..
Refunds of Revenue . . . . .	..	..	..	..	..	..
Depreciation	9,94,81,266	..	..	9,94,81,266	10,24,18,000	..
Suspense	-37,64,083	..	..	-37,64,083	-12,50,000	..
TOTAL	64,95,20,693	..	..	64,95,20,693	67,52,33,000	13,50,000
<i>Deduct—Share of Worked Lines.</i>	4,00,18,457	..	..	4,00,18,457	3,81,50,000	..
Working Expenses	60,95,02,236	..	..	60,95,02,236	63,70,83,000	12,50,000

J. M. HARTLEY,
Accountant General, Railways;

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

scale, although it must be admitted that except for cheaply constructed branch lines there is not the same inducement to build as there is in some of the more populated and highly cultivated areas.

In the Punjab, we have already come to decisions in regard to some of the projects which have been under consideration, and apart from the Kangra Valley Railway on which construction is now commencing, we hope shortly to begin work on the Narowal-Amritsar connection and the Narowal-Shahdera line, while we have recently appointed a special engineer to investigate a large number of smaller projects, some of which were formerly considered to be suitable for agricultural tramways. We have been working in agreement with the Punjab Government in this matter, and we have decided that many of these lines can only prove to be remunerative if built on a lower standard than that usually adopted. We have in fact in preparation a scheme of building light broad gauge branches suitable for agricultural areas which, with the facility they give for interchange of rolling-stock, we believe, will prove of great use to the local population. I would draw attention to the assistance which it is hoped that railways will thus be enabled to give towards the improvement and betterment of agriculture generally, and I have no doubt that this subject will be one which will be of interest to the Royal Commission which has recently been announced, when it comes to make the investigation.

In Sind also we have taken up the question of feeder lines in agricultural districts where extensions of irrigation promise a definite improvement in output, and North Western Railway administration are in close communication with the local authorities in that province.

In concluding this review of the construction programme I would repeat that the mileage added to the railways last year and this year are only a partial index to the work which we have in hand and that we expect before long to reach a much higher output.

General Matters.

22. I now wish to mention a few of the directions which our activities have taken during the past year and in which we hope to make further progress during the coming year, but which are not perhaps very apparent from the papers connected with the Budget.

Management and Organisation.

23. The direct management of the Great Indian Peninsula Railway was taken over on 1st July 1925 and a few months later the Allahabad-Jubbulpur line was transferred from the management of the East Indian Railway to that of the Great Indian Peninsula Railway, thus completing the rearrangement which had been earlier decided on. The amalgamation of the East Indian Railway and the Oudh and Rohilkhand Railway and the transfer of certain portions of the combined system to the North Western Railway administration has resulted in consolidating our State-managed railways into self-contained units, each working in a well defined geographical area. These administrations are now organised on a Divisional basis and the new organisation is already showing satisfactory results. It is interesting to note that several of the Company-managed railways are considering the adoption of a somewhat similar organisation.

Rates Advisory Committee.

24. His Excellency the Viceroy recently announced in this Council the appointment of Sir Narasimha Sarma, the former distinguished Leader of

this House, to be the first President of the Rates Advisory Committee. It is expected that the Committee will be fully constituted very shortly, and that it will be able to take up its duties by the beginning of April. It is a matter for great satisfaction that we have come to an agreement with the Company-managed railways which enables us to constitute this Committee because the Railway Board have consistently held the view that the work which it will undertake in investigating questions of railway rates will serve to present to the public a reasoned analysis of the system upon which railway charges in general are based, and thus help to meet in a large measure the criticism, at present mostly of an uninformed nature, which is so frequently levelled against the present system. We court the fullest publicity in these matters, and it is the inherent difficulty in explaining the details of the problem to those who naturally only see one side of it, which has so often given rise to difficulties in the past in justifying what is being done by the railways. We also believe that the study and examination of the various rates problems which the Committee will no doubt be called upon to investigate will be of practical and constructive assistance to the railway administrations themselves in building up rates structures on a scientific and generally understood basis. We, therefore, look forward with confidence to the establishment of this body and the results of its labours.

Health of Railway Staff.

25. One of our greatest preoccupations is concerned with the many difficult questions which centre round the problem of the health and comfort of railway staff. I am aware that there is a school of thought which professes to regard this problem as of subsidiary importance or even of no importance at all compared with the comfort of our clients—the travelling public—and are prone to read into any provision which we may make for the betterment of the conditions of the staff a necessary neglect of the passenger and his comfort. There are others who accuse us of wilful ill-treatment, and a callous neglect of the interests of those who serve the railways. Actually the subject is always before us and the railway administrations, and there are at present sitting committees of the Indian Railway Conference Association to consider, for instance, how the conditions of railway labour can best be brought into line with the obligations assumed by India under the various International Labour Conventions. That subject is a very complex one, and there is always a danger in generalising, but at any rate we have made a great deal of progress in the direction of complete conformity with the standards laid down, and I hope that the result of this committee work now being done will help to resolve some of the practical difficulties. But in the direction of improvement in health and surroundings there is much to be done, and during the last year we have had a senior administrative medical officer on special duty to study the problem on the North Western Railway. The object of his investigations has been to devise a better organisation for medical treatment of the staff on that railway and for dealing with public health problems in railway settlements. We have his report now under consideration, and I hope that in the course of next year we shall be able to bring about the desired improvement, for we are satisfied that improvement is necessary. The officer referred to has visited practically every railway in India and has made a careful study of the medical arrangements on each of them. His work has assisted in making it clear that a great deal has yet to be done in studying the incidence of sickness and disease amongst railway employes, and apart

from the obvious obligation to give these men adequate opportunities of treatment the subject has its commercial aspect in the loss of working time which at present preventible disease entails.

Timber Supplies.

26. Another important subject on which we have been working is the improvement of supplies of indigenous timber for various classes of railway work. Last year we had an examination of the sources of timber supply for sleepers throughout India and subsequently we had an enquiry into the possibility of extended use of cheaper Indian timber in coach building. In both of these investigations the Forest Research Institute at Dehra Dun afforded us very valuable assistance as well as helping us with advice and supervision in connection with the sleeper treating plant which we have established in the Punjab. In furtherance of the object in view, namely, the use of indigenous timber to the fullest extent possible coupled with economical purchasing we have attached to our staff as a temporary measure an officer of the Imperial Forest Service who helps our purchasing officers, keeps our engineers and other users of timber in touch with local conditions of supply, and who will, I hope, afford useful help in exploring the uses of cheaper substitutes for the few timbers which have so long been regarded as the only ones suitable for railway work.

Training of the Staff.

27. The School of Transportation which we have started at Chandausi has done good work during the year, and over 1,000 railway men, officers, upper subordinates, and lower subordinates, Indian, Anglo-Indian and Europeans, selected mainly from the East Indian Railway and North Western Railway have attended for varying periods for courses of instruction in railway duties. Junior officers and probationers from most of the railways have also been sent for training. The accommodation at the school is rapidly becoming inadequate to the requirements of the upper and lower subordinates from the area which it is designed to serve, and it will be necessary in the early future to separate the senior classes and move them to another centre in order to cope with the subordinate staff training. The object we are aiming at is to make provision for courses of training and refresher courses for all the staff who have duties in connection with train movement, and it is obvious that the full benefit of this scheme will not be attained until the school is equipped to deal with a sufficient yearly quota to enable all the staff in the area to attend within a period of a few years. For this purpose Chandausi as an area school will deal with the Northern Divisions of the East Indian Railway and the Eastern Divisions of the North Western Railway. The remainder of the East Indian Railway staff are at present dealt with at Asansol where a similar school exists, but this will eventually be removed to Sahebganj and suitably expanded. A similar area school is now being constituted at Lyallpur on the North Western Railway while the Great Indian Peninsula Railway are arranging to establish one at Bina.

As I have said, the time is approaching for the officers classes now at Chandausi including the probationers training to be moved to another centre where it will be possible to develop them on broader lines with the eventual aim of establishing a Railway Staff College for the training of the superior staff of various departments. We have been looking for a suitable site and there is now the possibility of obtaining one at Dehra Dun. We hope,

therefore, that in the near future we may be able to see the beginnings of this new institution which, in my opinion, will be of incalculable benefit to our railways.

Railway Accounts.

28. In one of the matters on which we received healthy advice from Sir William Acworth's Committee, namely, the re-organising of our accounts on a commercial basis it must be confessed that we have not made much progress, although we have made a beginning by introducing a new system of compiling statistics with very great benefit to the work of all our departments. We have further with the assistance and the approval of the Auditor General and the Finance Department undertaken an experiment on the East Indian Railway in the direction of separation of accounts from audit. Our accounts however still bear the impress of many years of association with those of Government Departments of a purely administrative character, and I am very glad to say that it has at last been decided to have them overhauled from top to bottom by a firm of commercial accountants of world-wide repute, who have great experience of railway accounting in Great Britain and America. In this wise decision I venture to hope that we have at length seen appreciation of the fundamental difference between audit and accounting, and I trust that it will be the means of putting into the hands of both our administrative and executive officers accounts which will show them easily, and from day to day, the true commercial aspect of the various branches of work they control, while affording us the very great benefit of completely independent auditing of our accounts. I do not think I shall find any one to quarrel with the statement that accounts should be the servant and not the master of a commercial undertaking or with our determination to give effect to this principle in the commercial business of railway management.

CONCLUSION.

29. I have earlier in my speech compared the position of the railways now with their position when they were reported on by Sir William Acworth's Committee and Lord Inchcape's Committee, and in concluding my remarks I would like to draw attention again to this startling change. The railways are now paying their way. They are not only paying a satisfactory return on the capital invested, which in itself gives confidence in embarking on an extensive programme of new construction, but they are already building up reserves, although the process of rehabilitation, improvement and development goes on at a rate not thought attainable 3 years ago. And lastly while we believe they are meeting the transportation needs of the country more fully than ever before, they have been able to make a beginning in the reduction of their charges to the public for the commodity which they sell. With this short summary I feel that I can confidently leave the Budget to the friendly criticism of this Council, but I should like finally to pay a tribute to the energy and ability with which the Agents and officers of the various railway administrations have approached the great problem of reconstruction as well as the loyalty and efficiency of the staff of all grades in carrying out their daily work in the service of the public and in the interests of the railway systems on which they serve.

Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1926-27 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
A.—EXPENDITURE FROM REVENUE.		Rs.
<i>Commercial Lines—</i>		
1	Railway Board	9,68,000
2	Inspection	1,10,000
3	Audit	8,63,000
4	Working Expenses: Administration	12,68,90,000
5	Working Expenses: Repairs and Maintenance and Operation	41,44,40,000
6	Companies' and Indian States' share of surplus profits and net earnings.	1,51,00,000
9	Appropriation to Depreciation Fund	11,05,00,000
10	Appropriation from Depreciation Fund	8,60,00,000
11	Miscellaneous	43,60,000
12	Appropriation to the Reserve Fund	2,70,07,000
13	Appropriation from the Reserve Fund	...
14	<i>Strategic Lines</i>	1,70,13,000
B.—EXPENDITURE CHARGED TO CAPITAL.		
<i>Commercial Lines—</i>		
7	New Construction	6,45,07,000
8	Open Line Works	18,91,00,000
15	<i>Strategic Lines</i>	58,00,000

Note.—As regards the demands refused by the Assembly, see paragraph 2 of Government of India, Finance Department, Resolution No. 3503-F., dated the 25th March 1926 (page 186 of this volume).

BUDGET FOR 1926-27.

BUDGET

OF THE

Railway Revenue and Expenditure of the
Government of India,

March 1926

ACCOUNTS	1924-25
REVISED ESTIMATES	1925-26
BUDGET ESTIMATES	1926-27

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* Published with Government of India, Finance Department Resolution No. 3503-F, dated the 25th March 1926 (pages 186 and 187 of this volume).

BUDGET FOR 1926-27.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
XI.—State Railways—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class	4,33,90,000	...	...	4,33,90,000	4,39,73,000	...
Lower class	31,03,87,579	...	...	31,03,87,579	32,48,47,000	...
Other coaching traffic earnings.	5,78,07,531	...	...	5,78,07,531	5,86,96,000	...
Goods traffic earnings	62,80,73,288	...	...	62,80,73,288	60,55,22,000	...
Hire charges and other payments from Railways.	91,06,000	...	...	91,06,000	81,86,000	...
Sundry earnings	1,56,13,594	4,82,355	1,79,276	1,63,75,525	1,63,67,000	4,83,000
TOTAL EARNINGS	1,08,43,78,283	4,82,355	1,79,276	1,08,60,39,913	1,05,74,30,000	4,83,000
Deduct—Earnings of worked lines.	7,33,85,711	...	...	7,33,85,711	6,91,86,000	...
Earnings of State Railways.	99,09,92,571	4,82,355	1,79,276	99,16,54,303	96,82,84,000	4,83,000
Suspense	28,15,119	...	...	28,15,119	3,61,000	...
Gross receipts of State Railways.	99,38,07,660	4,82,355	1,79,276	99,44,69,321	98,56,25,000	4,83,000
Deduct—Working expenses of State Railways.*	60,95,09,236	...	...	60,95,09,236	63,70,83,000	12,80,000
Surplus profits paid to Indian States and railway companies.	1,42,37,560	...	...	1,42,37,560	1,75,90,000	...
Net receipts	37,00,77,894	4,82,355	1,79,276	37,07,39,525	32,39,52,000	-7,67,000
(b) Strategic lines—						
Gross receipts	1,59,96,637	...	...	1,59,96,637	1,60,75,000	...
Deduct—Working expenses	1,96,76,450	...	...	1,96,76,450	2,04,94,000	...
Net receipts	-36,89,813	...	...	-36,89,813	-41,19,000	...
Total net receipts, Commercial and Strategic lines.	36,64,88,081	4,82,355	1,79,276	36,71,49,713	32,98,33,000	-7,67,000
Interest on Depreciation and Reserve Funds.	21,25,998	...	...	21,29,998	54,06,000	...
XII.—Subsidised Companies: Government share of surplus profits.	4,62,009	18,66,166	6,57,213	30,15,987	4,52,000	22,75,000
TOTAL RECEIPTS	38,90,79,658	22,48,521	8,66,483	37,22,94,697	33,56,91,000	15,08,000

*For details see statement I (a).

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

J. M. HARTLEY,
Accountant General, Railways.

BUDGET FOR 1926-27.

Government from railways in India and England.

1925-26.		Increase (+) Decrease (-) as compared with the Budget Estimate, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with the Revised Estimate, 1925-26.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,39,53,000	} + 37,50,000	4,41,35,000	...	...	4,41,35,000	+ 2,02,000
...	32,49,47,000		{ 32,37,95,000	...	...	32,37,95,000	- 10,52,000
...	5,98,95,000	+ 5,95,000	5,93,17,000	...	...	5,93,17,000	+ 6,22,000
...	60,55,22,000	- 2,44,78,000	62,56,14,000	...	...	62,56,14,000	+ 2,00,92,000
...	81,86,000	} - 28,50,000	86,80,000	...	...	86,80,000	+ 4,74,000
1,58,000	1,99,08,000		{ 1,70,79,000	4,83,000	1,61,000	1,77,33,000	+ 8,15,000
4,58,000	1,05,80,91,000	- 2,29,53,000	1,07,86,00,000	4,83,000	1,61,000	1,07,92,44,000	+ 2,11,53,000
...	6,91,86,000	- 47,16,000	6,47,29,000	...	...	6,47,29,000	- 44,57,000
1,58,000	98,89,05,000	- 1,62,39,000	1,01,36,71,000	4,83,000	1,61,000	1,01,45,15,000	+ 2,56,10,000
...	3,61,000	+ 3,61,000	- 3,14,000	...	...	- 3,14,000	- 6,75,000
1,58,000	98,92,66,000	- 1,78,78,000	1,01,35,57,000	4,83,000	1,61,000	1,01,42,91,000	+ 2,49,35,000
4,08,000	63,87,41,000	- 1,91,98,000	64,94,74,000	18,15,000	6,05,000	65,18,94,000	+ 1,31,53,000
...	1,75,90,000	+ 42,40,000	1,51,00,000	...	...	1,51,00,000	- 24,90,000
- 3,50,000	33,29,35,000	- 39,22,000	34,69,83,000	- 13,32,000	- 4,44,000	34,72,07,000	+ 1,42,72,000
...	1,63,75,000	- 21,25,000	1,67,43,000	...	...	1,67,43,000	+ 3,68,000
...	2,04,94,000	- 12,31,000	2,11,05,000	...	...	2,11,05,000	+ 6,11,000
...	- 41,19,000	- 8,94,000	- 43,62,000	...	...	- 43,62,000	- 2,43,000
- 2,50,000	32,58,16,000	- 35,16,000	34,46,21,000	- 13,32,000	- 4,44,000	34,28,45,000	+ 1,40,29,000
...	54,06,000	+ 21,71,000	61,54,000	...	...	61,54,000	+ 27,48,000
7,42,000	34,69,000	+ 3,92,000	5,14,000	21,90,000	7,30,000	34,34,000	- 35,000
4,92,000	32,76,91,000	- 12,53,000	35,32,90,000	5,58,000	2,86,000	35,44,33,000	+ 1,07,42,000

A. M. HAYMAN,
Offg. Financial Commissioner.

BUDGET FOR 1926-27.

1(a).—Statement of Working Expenses of State

	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	12,32,69,604	..	..	12,32,69,604	12,66,42,000	12,60,000
Repairs and maintenance	17,50,23,815	..	..	17,50,23,815	17,60,08,000	..
Operation	25,55,10,000	..	..	25,55,10,000	26,74,14,000	..
Refunds of Revenue . . . . .	..	..	..	..	..	..
Depreciation	9,94,81,266	..	..	9,94,81,266	10,24,18,000	..
Suspense	-37,64,082	..	..	-37,64,082	-12,50,000	..
TOTAL	64,95,20,693	..	..	64,95,20,693	67,52,33,000	12,50,000
<i>Deduct—Share of Worked Lines.</i>	4,00,18,457	..	..	4,00,18,457	3,81,50,000	..
Working Expenses	60,95,02,236	..	..	60,95,02,236	63,70,83,000	12,50,000

J. M. HARTLEY,
Accountant General, Railways.

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

BUDGET FOR 1926-27.

Railways—Commercial Lines.

1925-26.		Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,08,000	13,03,00,000	+24,00,000	12,85,78,000	18,15,000	6,05,000	13,09,99,000	+8,99,000
...	17,80,09,000	-94,91,000	18,24,50,000	...	...	18,24,50,000	+44,41,000
...	26,74,14,000	-65,73,000	26,64,51,000	...	...	26,64,51,000	-9,63,000
...	...	...	30,00,000	...	...	30,00,000	+30,00,000
...	10,24,18,000	-13,82,000	10,64,14,000	...	...	10,64,14,000	+39,96,000
...	-12,50,000	-39,00,000	-16,70,000	...	...	-16,70,000	-4,30,000
4,08,000	67,66,91,000	-1,78,46,000	68,52,34,000	18,15,000	6,05,000	68,76,44,000	+1,07,53,000
...	3,81,50,000	+13,50,000	3,57,50,000	...	...	3,57,50,000	-24,00,000
4,08,000	63,67,41,000	-1,91,96,000	64,94,74,000	18,15,000	6,05,000	65,18,94,000	+1,31,53,000

A. M. HAYMAN,
Offg. Financial Commissioner.

2.—Statement of the expenditure on railways charged to

HEAD OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest: commercial lines:						
on Government capital at charge	11,04,11,073	8,51,46,473	2,44,63,946	20,00,21,491	12,06,40,000	7,26,97,000
on capital contributed by Indian States and Companies	2,59,669	1,92,18,223	72,07,525	2,67,15,617	2,90,000	1,23,77,000
Total interest, commercial lines	11,07,00,941	8,43,64,696	3,16,71,471	22,67,37,108	12,09,30,000	8,50,74,000
Interest, strategic lines	1,22,77,085	—	—	1,22,77,085	1,26,04,000	—
TOTAL INTEREST	12,29,78,026	8,43,64,696	3,16,71,471	23,90,14,193	13,35,34,000	8,50,74,000
11. Subsidized Companies; Land and subsidy.	3,09,285	—	—	3,09,285	7,30,000	—
12. Miscellaneous Railway expenditure—						
Commercial lines	—10,56,509	17,24,435	6,41,071	13,09,997	—1,01,000	22,02,000
Strategic lines	12,343	—	—	12,343	44,000	—
Payments to general revenues—						
Contribution*	5,09,35,063	—	—	5,09,35,063	5,09,38,000	—
One-third of the excess of railway surplus over three crores	1,69,03,599	—	—	1,69,03,599	22,60,000	—
Total payment to general revenues	6,78,41,662	—	—	6,78,41,662	5,31,98,000	—
Reserve Fund	6,36,07,197	—	—	6,36,07,197	3,46,21,900	—
TOTAL	25,38,88,024	8,60,89,131	3,23,12,543	37,22,94,697	22,19,26,000	8,72,76,000

* For details see Statement 2 (c).

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

J. M. HARTLEY,
Accountant General, Railways.

BUDGET FOR 1926-27.

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the revenue of the Central Government in India and in England.

1925-26.		Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.					Increase (+) Decrease (-) as compared with Revised, 1925-26.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
2,37,30,000	21,70,67,000	-44,64,000	13,17,46,000	7,43,18,000	2,47,73,000	23,06,37,000	+1,37,70,000	
40,40,000	1,67,07,000	+76,000	3,00,000	1,17,20,000	59,07,000	1,59,27,000	-7,80,000	
2,77,70,000	23,37,74,000	-44,08,000	13,20,46,000	8,60,38,000	2,86,80,000	24,67,64,000	+1,29,90,000	
...	1,26,04,000	+4,69,000	1,29,64,000	...	...	1,29,64,000	+3,50,000
2,77,70,000	24,63,78,000	-39,19,000	14,50,30,000	8,60,38,000	2,86,80,000	25,97,46,000	+1,33,70,000	
...	7,30,000	+1,80,000	6,40,000	...	...	6,40,000	+1,10,000
7,19,000	28,20,000	-22,000	38,49,000	21,60,000	7,20,000	67,29,000	+39,09,000	
...	44,000	+44,000	22,000	...	...	22,000	-22,000
...	5,09,36,000	-14,000	6,00,67,000	...	...	6,00,67,000	+91,40,000
...	22,60,000	+6,26,000	...	...	...	...	-22,60,000
...	5,31,98,000	+6,12,000	6,00,67,000	...	...	6,00,67,000	+68,89,000
...	3,45,21,000	+16,52,000	2,70,07,000	...	...	2,70,07,000	-75,14,000
2,64,86,000	33,76,91,000	-12,53,000	23,68,35,000	8,81,98,000	2,94,00,000	35,44,33,000	+1,67,42,000	

A. M. HAYMAN,
Offy. Financial Commissioner.

2 (a).—Contribution from Railway to general revenues, 1925-26.

(Based on actuals, 1923-24.)

	Rs.	Rs.
1. 1 per cent. on capital of 5,40,38,963 at charge, commercial lines . . . . .	...	5,40,38,966
2. (i) Receipts—		
Gross traffic receipts, commercial lines	92,94,37,194	
Subsidised Companies, share of surplus profits	23,64,135	
		98,18,01,329
(ii) Charges—		
Working expenses, commercial lines	59,15,60,185	
Indian States and Railway Companies' share of surplus profits	1,14,46,008	
Interest—		
On capital at charge, commercial lines	19,66,79,525	
On capital contributed by Indian States and Companies	3,09,94,374	
Land and subsidy	5,40,450	
Miscellaneous Railway expenditure	15,25,670	
Contribution at 1 per cent. on capital at charge, commercial lines	5,40,38,966	
		88,67,85,178
(iii) Surplus		
	...	4,50,16,151
(iv) Contribution of one-fifth of surplus		
	...	90,03,230
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	...	6,30,42,196
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 26,23,57,763	1,02,37,398	
(ii) Loss in working	18,66,715	
		1,21,04,113
(ii) Net payment due from railway to general revenues in 1925-26		
	...	5,09,38,083

J. M. HARTLEY,
Accountant General, Railways.

A. M. HAYMAN,
Offg. Financial Commissioner.

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

2 (a).—Contribution from railway to General Revenues, 1926-27.

(Based on actuals, 1924-25.)

	Rs.	Rs.
1. 1 per cent. on capital of 5,80,75,63,143 at charge, commercial lines . . . . .	...	5,80,75,631
2. (i) Receipts—		
Gross traffic receipts, commercial lines	99,44,69,321	
Interest on Depreciation and Reserve Fund balances	21,28,998	
Subsidised Companies share of surplus profits	30,15,987	
		99,96,14,306
(ii) Charges—		
Working expenses, commercial lines	60,95,02,238	
Indian States and Railway Companies' share of surplus profits	1,42,27,560	
Interest—		
On capital at charge, commercial lines	20,00,21,491	
On capital contributed by Indian States and Companies	2,67,15,617	
Land and subsidy	3,09,285	
Miscellaneous railway expenditure	13,09,997	
Contribution at 1 per cent. on capital at charge, commercial lines	5,80,75,631	
		91,01,61,817
(iii) Surplus . . . . .	...	8,94,52,439
(iv) Contribution of one-fifth of surplus . . . . .	...	1,78,90,498
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	...	7,59,68,129
<i>Deduct—Loss on strategic lines borne by railway revenues—</i>		
(i) Interest on capital of 28,86,77,078	1,22,77,065	
(ii) Loss in working	36,02,156	
		1,58,79,241
(ii) Net payment due from railway to general revenues in 1926-27 . . . . .	...	6,00,88,888

J. M. HARTLEY,

Accountant General, Railways.

DELHI,

RAILWAY DEPARTMENT,
The 20th March 1926;

A. M. HAYMAN,

Offg. Financial Commissioner.

3.—Statement of receipts of the Central Government in India and England for State

HEADS OF ACCOUNTS	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XII.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways	—	—34,50,000	—14,70,338	—49,20,338	—	73,50,000

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

J. M. HARTLEY,
Accountant General, Railways.

BUDGET FOR 1926-27.

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1925-26.			BUDGET ESTIMATE, 1926-27.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1925-26.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1925-26.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
23,99,000	97,49,000	+8,82,12,000	—	2,21,39,900	73,80,000	2,95,19,000	+1,97,70,000

A. M. HAYMAN,
Offg. Financial Commissioner.

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
63.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock . . . . .	...	...	...	5,65,11,511	...	...
Other Works . . . . .	...	...	...	9,58,48,269	...	...
New Lines . . . . .	...	...	...	2,96,81,297	...	...
Suspense . . . . .	...	...	...	-5,58,62,037	...	...
(b) Strategic Lines . . . . .	...	...	...	64,19,316	...	...
Deduct—Probable Savings . . . . .	...	...	...	...	...	...
TOTAL	4,70,23,955	6,42,92,347	2,32,82,054	13,45,98,356	9,34,63,000	7,65,50,000
63-A.—Discharge of Debentures . . . . .	...	...	...	...	...	80,35,000
64.—Redemption of Liabilities involved in purchase of Railways . . . . .	...	...	...	...	...	2,57,50,000

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

J. M. HARTLEY,
Accountant General, Railways.

BUDGET FOR 1926-27.

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Central Government in India and England on Railways.

1925-26.			BUDGET ESTIMATE, 1926-27.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1925-26.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1925-26.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
---	5,83,60,000	-2,42,88,000	---	---	---	7,90,09,000	+1,98,49,000
---	11,38,77,000	-5,96,98,000	---	---	---	21,54,85,000	+10,28,08,000
---	3,50,63,000	-4,83,46,000	---	---	---	9,75,94,000	+6,25,31,000
---	-1,75,00,000	+40,53,000	---	---	---	-1,20,65,000	+54,35,000
---	54,00,000	+25,50,000	---	---	---	58,00,000	+4,00,000
---	---	-9,17,30,000	---	---	---	12,58,23,000	+12,58,23,000
2,49,57,000	19,50,00,000	-3,50,00,000	10,90,87,000	11,31,85,000	3,77,28,000	26,00,00,000	+6,50,00,000
26,23,000	1,06,68,000	+1,06,58,000	---	2,71,89,000	90,46,000	3,61,65,000	+2,55,27,000
84,05,000	3,41,55,000	-1,78,000	---	---	---	---	---

A. M. HAYMAN,
Offg. Financial Commissioner.

BUDGET FOR 1926-27.

A.—Railway Depreciation Fund.

	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.		Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance	—	2,10,00,000	2,06,98,501	6,70,98,501	Appropriation from Depreciation Fund.	7,28,01,490	8,50,00,000	7,00,00,000	6,50,00,000
Appropriation to Depreciation Fund.	10,23,00,000	10,73,25,000	10,68,00,000	11,05,00,000	Closing balance.	3,05,93,901	3,33,25,000	6,70,98,501	9,25,98,500
TOTAL	10,23,00,000	12,83,25,000	13,70,98,501	17,75,98,501	TOTAL	10,35,00,000	12,83,25,000	13,70,98,501	17,75,98,500

J. M. HARTLEY,
Accountant General, Railways.

A. M. HAYMAN,
Offg. Financial Commissioner.

DELHI,
RAILWAY DEPARTMENT;
The 20th March 1926.

BUDGET FOR 1926-27.

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B.—Railway Reserve Fund.

	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.		Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	—	4,08,65,000	5,99,78,400	9,44,99,400	Appropriation from Re- serve Fund.	38,28,797	—	—	
Appropriation to Reserve Fund.	8,38,07,197	7,38,34,000	9,45,21,000	2,70,07,000	Closing Balance.	5,99,78,400	7,38,34,000	9,44,99,400	12,15,08,400
TOTAL	8,38,07,197	7,38,34,000	9,44,99,400	12,15,08,400	TOTAL	8,38,07,197	7,38,34,000	9,44,99,400	12,15,08,400

J. M. HARTLEY,
Accountant General, Railways.

A. M. HAYMAN,
Offg. Financial Commissioner.

DELHI,

RAILWAY DEPARTMENT;
The 20th March 1926.

Explanatory Memorandum of the Railway Budget for 1926-27.

This Memorandum is intended to explain the principal features of the estimates for 1925-26 and the budget estimates for 1926-27. The demands for grants for the next financial year contain explanations of any increased expenditure provided for.

2. The main budget, the subsidiary statements and the statement of demands have been prepared in the form accepted by the Standing Finance Committee for Railways except that certain minor alterations in the arrangement of the figures have been made in order to print the budget, etc., in royal octavo size. Details of the estimates for each railway are given in the form of a self-contained book which contains an explanatory memorandum briefly dealing with the more important features of the estimates.

3. The Standing Finance Committee for Railways held meetings on 14 days during the current financial year at which they gave their opinions on all important financial changes, reviewed and approved of the programme of expenditure on new construction and rehabilitation for each railway system and discussed the estimates for the more important works individually. The estimates both for receipts and expenditure and the demands for grants for the ensuing year were also fully discussed with the Committee which also considered and approved of this memorandum. The proceedings of the Committee have been circulated to the Members of the Legislative Assembly.

4. *Capital (Head of Account—“ 53—Construction of State Railways ”)*. The programme for 1925-26 as approved by the Legislative Assembly provided for capital expenditure amounting to 32.07 crores. This represented the amount which Agents of Railways considered that they would be able to spend. The estimates of Agents were, however, considered to be too optimistic and the Railway Board provided for a probable saving of 9.17 crores. The grant for the year was accordingly fixed at 22.90 crores. This latter figure, however, represented the estimated net addition to the capital at charge of railways, and, as provision was made for a reduction of 1½ crores in the amount of capital locked up in stores balances, the total capital expenditure provided for works was 24.40 crores.

5. The revised estimate of the net addition to railway capital is now put at 19½ crores and, as this allows for a reduction of capital locked up in stores by 1½ crores, the estimated expenditure on works is now 21½ crores, involving a lapse of 3.15 crores. The estimated expenditure for the year therefore shows a substantial advance over the expenditure of last year which amounted to approximately 19 crores, due to improvements in the arrangements for the carrying out of capital works on various railways. Further steps are being taken to accelerate the rate of expenditure on the approved programme and, while the method of budgetting for the capital grant has had the effect of considerably reducing the lapse (which amounted to 17.84 crores in 1923-24 and to 16½ crores in 1924-25), it is hoped to attain ever

greater accuracy in time as Agents get more familiar with the change in system and as improvements are effected in the arrangements of estimating for the programme for works.

Of the lapse this year about 40 lakhs occurs in the open line part of the programme and 3 crores on the estimated expenditure on new lines. The lapse on the open lines is almost entirely due to the necessity for overhauling some of the more important projected schemes and to the late receipt of imported material. One reason for the lapse in the expenditure on construction of new lines is the delay that occurs in land acquisition proceedings. The principal lapse occurred in the case of the Raipur Parvatipur Railway where against a provision of 134 lakhs an expenditure of only 14 lakhs is anticipated; this is mainly due to the fact that the estimates for the project had to be overhauled before the work could be actively put in hand. Considerable lapses have also occurred in the budget provision for the Central Indian Coalfields and the Villupuram Trichinopoly Railways chiefly because the alignment of these lines has required further investigation. It has been possible, however, to make greater progress with the Talchir Coalfields Railway than was anticipated, where the expenditure has exceeded the budget provision to the extent of 16 lakhs.

6. The programme of operations for the current financial year provided for an estimated expenditure of 9½ crores by appropriation from the Depreciation Fund. The anticipated expenditure is 7 crores. The lapse of 2½ crores is due to the same causes as the lapse in open line capital expenditure.

7. The programme for capital expenditure and expenditure from the Depreciation Fund on replacement and renewals of wasting assets for the year 1926-27 provides for the amounts which it is anticipated will be spent on works approved of by the Railway Board and the Standing Finance Committee for Railways. The Agents anticipate that, on these approved works they will be able to spend 34.58 crores on capital account and 10.65 crores on replacement account. While it is proposed to authorise them to spend up to this amount, the Railway Board consider that the estimates made by Agents are still too optimistic and are of opinion that as far as can be foreseen at present no more than 22 crores of capital expenditure and 8.50 crores of replacement expenditure will be spent. The figure of 22 crores of capital expenditure is distributed as follows between open lines and new lines :—

	Crores.
	Rs.
1. Open lines	15.44
2. New lines	6.56
TOTAL	<u>22.00</u>

8. The demand for capital expenditure for the next year is placed at 26 crores which includes a provision of 4 crores for the purchase of the Delhi Umballa Kalka Railway. The terms of the purchase of this railway are stated in a memorandum that was placed before the Standing Finance Committee for Railways and which is printed as Annexure A to this memorandum.

9. Of the gross sum of 34.58 crores, 24.76 crores are allotted for open line facilities and rolling stock with a consequent provision of

10.65 crores for expenditure from the Depreciation Fund. For the construction of new lines and lines already in progress the allotment proposed is 9.82 crores.

10. The distribution of the total capital allotment on State Railways worked by the State and by Companies, under England and India, in each of the three years from 1924-25 to 1926-27, is as follows :—

Items.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
England—				
Sterling payments £	6,429,235	10,829,100	7,655,000	14,518,900
Converted into rupees at 2s. to the rupee Rs.	6,42,92,347	10,82,91,000	7,65,50,000	14,51,89,000
Exchange Rs.	2,32,82,054	3,60,97,000	2,49,87,000	4,83,96,000
Total England Rs.	8,75,74,401	14,43,88,000	10,15,37,000	19,35,85,000
Probable savings Rs.	...	4,41,54,670	...	4,26,72,000
Net India Rs.	8,75,74,401	10,02,33,330	10,15,37,000	15,09,13,000
Probable savings Rs.	4,70,23,954	17,63,42,000	9,34,63,000	19,22,38,000
Net Rs.	4,70,23,954	4,75,75,330	...	8,31,51,000
Net Rs.	4,70,23,954	12,87,66,670	9,34,63,000	10,90,87,000
Total England and India Rs.	13,45,98,355	22,90,00,000*	19,50,00,000	26,00,00,000

* Excludes 10 lakhs on account of provision made in the Budget estimate for probable supplementary grant.

11. The following table compares the allotments made for open lines and lines under construction in 1926-27 with the actual expenditure of 1924-25 and the estimated expenditure of the current year.

(Figures in thousands of rupees.)

Items.	Actuals, 1924-25.	Revised, 1925-26.	Budget, 1926-27.
(1) Purchase of Delhi Umballa Kalka Railway	...	...	4,00,00
(2) Open lines (including rolling stock)	9,84,98	15,45,37	24,24,29
(3) Lines under construction—			
(a) Started in previous years	21,98	38,00	52,00
(b) Started in current year	2,30,92	3,03,08	6,60,90
Commercial Lines	42,21	18,00	...
Strategic Lines	65,89	47,55	3,2,04
Total	13,45,98	19,50,00	38,58,23
Deduct—Probable savings	...	...	12,58,23
Net total	13,45,98	19,50,00	26,00,00

BUDGET FOR 1926-27.

12. The details of the Budget grant for 1926-27 are shown below:—

(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by the State—					
1. Central Indian Coalfields . . . . .	...	...	...	89,50	...
2. Eastern Bengal	56,99	85,18	1,42,17	...	...
Krishnagar Navadwip . . . . .	...	...	...	37	...
Magrabat Lakshmikantapur . . . . .	...	...	...	...	6,00
Faridpur Charmaguria . . . . .	...	...	...	..	10,00
Natore Rampur Boalia Nachoul . . . . .	...	...	...	...	20,00
Dinajpur Ruhea . . . . .	...	...	...	...	17,00
3. Jodhpur (British Section) .. . . .	...	6,05	6,05	...	...
4. North Western (Commercial)	2,13,77	1,70,25	3,84,02	...	...
Kangra Valley . . . . .	...	...	...	...	38,00
Shahdara Narowal . . . . .	...	...	...	...	10,00
Amritsar Narowal . . . . .	...	...	...	...	20,00
5. Strategic Lines (North Western Railway)	19,50	32,65	52,15	...	...
Hindubagh Fort Sandeman . . . . .	...	...	...	...	6,00
Strategic Lines (Aden) . . . . .	...	—15	—15	...	...
6. East Indian	1,56,60	2,77,90	4,34,50	...	...
Chandrapura Gomoh . . . . .	...	...	...	1,59	...
Calcutta Chord . . . . .	...	...	...	32,85	...
Rishikesh Road Rishikesh . . . . .	...	...	...	2,50	...
Kedla Colliery Branch . . . . .	...	...	...	...	3,00
Rajghat Jehangirabad Bulandshahr Branch . . . . .	...	...	...	...	7,00
7. Great Indian Peninsula	83,73	3,22,78	4,06,51	...	...
Agra Bah . . . . .	...	...	...	12,08	..
Purchase and electrification of Kurla Trombay line . . . . .	...	...	...	...	11,26
TOTAL	5,30,59	8,94,66	14,25,25	1,38,89	1,43,26

(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies—					
8. Assam Bengal	12,20	14,61	26,81	...	...
Karimganj Longai . . . . .	...	...	...	5,00	...
Sibsagar Road Khawang . . . . .	...	...	...	7,26	...
Furkating Badulipara Jorhat . . . . .	...	...	...	10,00	...
Sararchar Kishoreganj Atharbari Branch Extension.	...	...	...	...	35,00
9. Bengal Nagpur	35,05	1,27,88	1,62,93	...	...
Barkakhana Chandil . . . . .	...	...	...	49,56	...
Raipur Parvatipur . . . . .	...	...	...	1,25,00	...
Tumsur Road Tirodi . . . . .	...	...	...	10,09	...
Ghordeva Coalfields . . . . .	...	...	...	...	15,44
Talchir Coalfields . . . . .	...	...	...	15,82	...
Argada Branch . . . . .	...	...	...	1,14	...
10. Bengal and North Western (Tirhut)	8,06	3,65	11,71	...	...
11. Berwada Extension . . . . .	...	40	40	...	...
12. Bombay, Baroda and Central India	1,03,13	2,43,17	3,46,30	...	...
Jambusar Kavi . . . . .	...	...	...	5,00	...
Vasad Katana . . . . .	...	...	...	...	10,00
Nadiad Kaira . . . . .	...	...	...	...	4,00
Sami Dehej . . . . .	...	...	...	...	5,00
Malad Karodi quarry siding . . . . .	...	...	...	...	1,00
13. Burma	41,70	31,44	73,14	...	...
Moulmein-Ye . . . . .	...	...	...	1,53	...
Pynmana Taungdwingyi . . . . .	...	...	...	1,55	...
Alon Segyi Ye-U . . . . .	...	...	...	1,50	...
Pegu Kayan . . . . .	...	...	...	4,00	...
Banktaw Mingaladon . . . . .	...	...	...	97	...
Heho Tayaw . . . . .	...	...	...	8,00	...
Mandalay Madaya . . . . .	...	...	...	4,50	...
Carried over	2,00,14	4,21,15	6,21,29	2,50,47	70,44

(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies— <i>contd.</i>					
Brought forward	2,00,14	4,21,15	6,21,29	2,50,47	70,44
Taungwingyi-Kyaukpadaung	...	...	...	25,00	...
Taungwingyi-Magwe	...	...	...	...	20,00
Myingyan-Natogyi Paleik	...	...	...	...	25,00
Kayan Thongwa	...	...	...	...	5,00
Nyaung'ebin Madauk	...	...	...	...	6,00
14. Madras and Southern Mahratta	35,73	1,66,82	2,02,55	...	...
Nidadavolu Narasapur	...	...	...	25,00	...
Cocanada Kotepelli	...	...	...	...	5,00
Gudivada Bhimavaram	...	...	...	15,00	...
Hotgi Sholapur	...	...	...	6,00	...
Kamivihalli Kamatheravu	...	...	...	9,00	...
15. Rohilkund and Kumaon (Lucknow-Bareilly Section).	...	—29	—29	...	...
16. South Indian	43,13	1,84,36	2,27,49	...	...
Shoranur Nilamber	...	...	...	21,89	...
Virudunagar Tenkasi	...	...	...	19,50	...
Mayavaram Tranquebar	...	...	...	9,60	...
Villupuram Trichinopoly	...	...	...	90,00	...
Dindigul Pollachi	...	...	...	45,09	...
Madura Bodinayakanur	...	...	...	5,46	...
Trichinopoly Karaikudi	...	...	...	...	15,07
Vriddhachalam Cuddalore	...	...	...	...	26,27
Total State Railways worked by Companies.	2,79,00	7,72,04	10,51,04	5,22,01	1,72,78
Total State and Company worked Railways.	8,09,59	16,66,70	24,76,29	6,60,90	3,21,04
				34,53,23	
Add—Purchase of Delhi Umballa Kalka Railway.				4,00,00	
Deduct—Probable savings Net				12,58,23	
				26,00,00	

13. The distribution of the 24.76 crores over the open line Capital Programme is as follows :—

1. Open line facilities	Rs. 17.87 Crores.
2. Rolling Stock	" 8.19 "
3. Reduction in stores balances and fluctuations in suspense	" -1.21 "
	" 24.76 "

14. *Open line facilities.*—The following gives the distribution of the proposed gross allotment of 17.87 crores among the various classes of open line works :—

(a) Doubling and quadrupling	Rs. 1.40 Crores.
(b) Improved rails and sleepers	" 2.25 "
(c) Strengthening of bridges	" 1.00 "
(d) Remodelling of station yards	" 3.40 "
(e) Staff quarters	" 1.00 "
(f) Workshops and stores and station buildings	" 2.37 "
(g) Plant and Machinery	" .40 "
(h) Electrification of lines	" 2.00 "
(i) Sidings, diversions, links, etc.	" .74 "
(j) Other miscellaneous works	" 3.31 "
TOTAL	" 17.87 "

15. (a) *Doubling and Quadrupling.*—Some of the more important works for which provision is included in the budget are on the Bengal Nagpur Railway, where, in order to improve the capacity of the line for carrying coal, limestone and other traffic it is proposed to double certain sections of the line. In view of the financial position of this railway a special enquiry is being made on behalf of the Railway Board and a final decision with regard to these works will not be taken until the report is received. A sum of 30 lakhs is provided for work on the Moghulserai Gaya Section of the Grand Chord doubling of the East Indian Railway which will improve the capacity of the main route for carrying coal to the north of India, 4.4 lakhs for quadrupling the Bandra Borivli and Bandra Grant Road sections of the Bombay, Baroda and Central India Railway required for the improvement of suburban services, and 6 lakhs for doubling the Ishurdi Gopalpur section of the Eastern Bengal Railway where increased traffic makes early improvement necessary.

(b) *Improved rails and sleepers, and*
 (c) *Strengthening of bridges.* } —The various allotments under these

heads are required for improving the existing track and bridges which are on sections where the standard is below that required for modern loads in accordance with the co-ordinated schemes of track improvement on the various railways. The more important schemes on which expenditure is anticipated next year are on the East Indian, North Western and Bombay, Baroda and Central India Railways.

Particular mention may be made of the relaying of the Nagda-Muttra Godhra-Rutlam-Nagda, Virar-Baroda, Delhi-Bandikui-Sabarmati and Rewari-Bhatinda sections of the Bombay, Baroda and Central India Railway on which

it is proposed to spend 10½ lakhs during the next year ; also of the re-girding of Allahabad Jumna and Upper Sone Bridges on the East Indian Railway for which 8 and 5 lakhs, respectively, have been provided.

(d) *Remodelling of station yards.*—The more important projects for which allotments are made are :—

	Lakhs.
	Rs.
Lucknow (East Indian Railway)	10
Cawnpore (East Indian Railway)	9
Moghulserai (East Indian Railway)	5
Belur (East Indian Railway)	5
Moradabad (East Indian Railway)	3½
Sealdah (Eastern Bengal Railway)	5
Parbatipur (Eastern Bengal Railway)	3
Victoria Terminus (Great Indian Peninsula Railway)	23½
Bhore Ghat (Great Indian Peninsula Railway)	10
Rawalpindi (North Western Railway)	4
Lahore (North Western Railway)	3
Tatanagar (Bengal Nagpur Railway)	3
Ahmedabad (Bombay, Baroda and Central India Railway)	16½
Churchgate (Bombay, Baroda and Central India Railway)	4
Jalarpet (Madras and Southern Mahratta Railway)	8
Guntakal (Madras and Southern Mahratta Railway)	5
Miraj (Madras and Southern Mahratta Railway)	4
Tondaiyarpettai (Madras and Southern Mahratta Railway)	4
Trichinopoly (South Indian Railway)	21½
Erode (South Indian Railway)	7

One of the most important of these schemes is that for the remodelling of the Victoria Terminus at a cost of approximately 88 lakhs. The expenditure has been rendered necessary owing to the inadequacy of the existing facilities at the terminus for the rapidly expanding traffic and to provide the terminal facilities required by the electrification of the suburban services.

Another important project is that for the elimination of the Reversing Station at Bhore Ghat, on the Bombay-Poona Section of the Great Indian Peninsula Railway, estimated to cost 66.81 lakhs. The sidings at the present station are too short to accommodate main line loads and every goods train has to be split up and reformed with 500 ton loads for movement over the Ghat Section ; the lay out of the yard also is defective in that up and down trains have only one receiving and departure line with a run round loop for brakes and engines, and up and down lines cross one another resulting in a single line section which acts as a bottle neck in the middle of the double line Ghat Section. The need for the early elimination of the Reversing Station and for an improved realignment has, therefore, made itself felt for some years past, and it has now become imperative owing to the steady increase in traffic which will be further accelerated by the electrification of the section contemplated in the near future.

These schemes have already been approved of by the Standing Finance Committee for Railways, and full particulars are given in the proceedings of their meeting held on the 4th September 1925.

(e) *Staff Quarters.*—The appended table summarises the amounts provided on individual railways for the provision of Staff Quarters. The expenditure proposed under this head was jealously scrutinised by the Standing Finance Committee for Railways, when the Quinquennial Programmes of Railways were discussed with the Committee. The whole question of the policy to be adopted in the provisions of Staff Quarters and the basis on which rents are to be recovered has been under consideration for some time past and definite principles are being framed for adoption in the future. These when finally settled will be discussed in due course with the Standing Finance Committee for Railways. Pending a final decision on the future policy to be adopted the demands under this head have been restricted to the lowest possible limits.

(Figures in thousands of rupees.)

RAILWAY.	OFFICERS' QUARTERS.		OTHER QUARTERS.		REMARKS.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Assam Bengal . . .	...	...	63	...	
Bengal Nagpur . . .	...	...	12,16	...	
Bombay, Baroda and Central India . . .	98	...	1,88	...	20 thousands included in petty works.
Burma . . .	...	...	...	5,50	
Eastern Bengal . . .	1,14	...	1,80	6,00	
East Indian . . .	...	5,00	14,30	4,35	
Great Indian Peninsula . . .	1,79	2,01	8,18	6,01	
Madras and Southern Mahratta . . .	1,80	...	9,00	8,20	
North Western . . .	2,50	...	36	...	
South Indian . . .	3,48	...	...	2,93	45 thousands included in petty works.
TOTAL . . .	11,69	7,01	48,31	32,99	

The provision of 5 lakhs for new bungalows on the East Indian Railway is intended for officers' quarters at places where suitable houses are not available and is necessitated by the introduction of the new Divisional Scheme. The provision of 2.01 lakhs for new bungalows on the Great Indian Peninsula Railway is meant for quarters for 3 junior officers and 3 senior subordinates of the New Division at Jubbulpore which has been constituted on the transfer of the Allahabad Jubbulpore Section from the East Indian Railway to the Great Indian Peninsula Railway. The remaining provision for new quarters is for the subordinate staff.

The entire provision both for officers and subordinate staff has been already fully discussed with and approved of by the Standing Finance Committee for Railways.

(f) *Workshops and Stores buildings, and*

(g) *Plant and Machinery.*

The necessity at any rate for some time to come for increased expenditure under this head was explained at length in paragraph 11 (f) and (g) of last year's explanatory memorandum of the budget. This explanation is for convenience of reference reproduced below :—

“The necessity for this heavy expenditure has arisen owing to the increase in the amount of rolling stock required to handle the increasing traffic having outgrown the capacity of the existing shops. There has, in consequence, been a substantial increase in the percentage of rolling stock under or awaiting repairs. It is necessary that the workshops should be remodelled in order that this percentage should be reduced and more work obtained from the rolling stock, and also that the shops should be capable of dealing with the additional rolling stock, which will be required for the anticipated increase in traffic in future years. The advances which have been made in recent years in workshop practice and the modern development or improved machinery whereby work is speeded up and costs reduced, have made it possible by incurring suitable expenditure on workshop improvement to reduce the time during which rolling stock is under repair, to reduce the cost of repairs and to enable arrears of repairs to be overtaken. This again implies that more duty can be obtained from existing rolling stock.”

At the present moment the whole question of the present capacity of workshops of the State Railways and the possibility of their re-organization and improvement on co-ordinated lines is being investigated by a special expert committee, presided over by Sir Vincent Raven, formerly Chief Mechanical Engineer, North Eastern Railway, England. The appointment of this Committee was agreed to by the Standing Finance Committee for Railways and a fuller explanation will be found in the proceedings of the Committee for the 7th and 8th December 1925.

The programme for the ensuing year includes provision for the following important schemes of workshop new construction and extensions and remodelling :—

(Figures in thousands of rupees.)

Name of Workshop.	Estimated Capital expenditure.	Amount likely to be spent to end of 1926-26.	Provision for 1926-27.	REMARKS.
1. Trichinopoly New Workshops (South Indian Railway).	2,95,20	2,13,98	54,35	Including Machinery and Plant.
2. Perambur shops—extensions and remodelling (Madras and Southern Mahratta Railway).	2,21,43	32,92	50,13	
3. Extension to Charbagh Locomotive Shops (East Indian Railway)	41,85	14,80	18,70	
4. Dohad New Workshops (Bombay, Baroda and Central India Railway).	1,42,43	44,60	38,00	Including equipment.
5. Extension to Shops—Jhansi (Great Indian Peninsula Railway).	1,40,00	4,00	21,76	
6. Locomotive Shops—Kanchrapara—extensions and remodelling (Eastern Bengal Railway).	36,00	13,45	6,00	

The explanatory memorandum of the last year's budget contains a brief description of the first four projects. The other two schemes are described below :—

Kanchrapara Locomotive Shops (Eastern Bengal Railway).—For many years past the Eastern Bengal Railway have been experiencing considerable difficulty in maintaining their broad gauge locomotives owing to the inadequacy of the workshop facilities at Kanchrapara. The necessity for improvement of the Kanchrapara shops was recognised as far back as 1917 when the immediate execution of certain works in connection therewith was sanctioned. Since then the general scheme of remodelling these workshops has been further examined and a revised scheme has lately been drawn up, involving an outlay of Rs. 39,86,374 (chargeable Rs. 36,00,410 to Capital, Rs. 3,74,654 to Depreciation and Rs. 11,310 to Revenue).

Apart from the general advantages to be derived from this scheme in the matter of facilitating traffic working and improving the efficiency of the line, the capital expenditure of 36 lakhs which it entails is also financially justified. Under existing conditions 14.5 per cent. of the locomotives on the Eastern Bengal Railway are on an average under repairs and about 15 per cent. are overdue for repairs. With the remodelling of the shops it will be possible to reduce the number under repairs at any time to 10 per cent. and this will effect a reduction of 13 locomotives, representing a saving in capital expenditure of about 13 lakhs. Further, in the course of a few years it should be possible to overtake all arrears in repairs work and effect a reduction of another

13 locomotives. Thus the total reduction in the capital expenditure on locomotives will amount to about 26 lakhs ; and as it is expected that the scheme will effect a direct saving per annum of Rs. 79,562 in labour charges, this saving alone will represent a return of about 8 per cent. on the additional capital outlay of 10 lakhs involved. Further details will be found in the proceedings of the Standing Finance Committee for Railways which approved of the scheme at their meeting on the 15th January 1926.

Jhansi workshops (Great Indian Peninsula Railway).—The Great Indian Peninsula Railway have for some years past been seriously handicapped for lack of adequate facilities for the repair of their rolling stock and locomotives. Although the necessity for additional shop facilities on this railway has long been apparent, a great deal of detailed investigation was found necessary before a decision could be reached as to the extent of the shops to be provided and their most convenient location. As a result of this investigation it has been held that the best means of meeting the requirements of the system would be to provide additional shop facilities at Jhansi rather than extend the main workshops in the vicinity of Bombay ; the main considerations for this conclusion being the convenient situation of Jhansi for serving the northern portions of the system, the better climatic and labour conditions prevailing at Jhansi, the unsuitability of the location and lay out of the shops near Bombay for economic expansion, and the desirability of developing Jhansi as a steam locomotive repair centre leaving the Parel shops to concentrate more on electric locomotives as necessity arises in years to come.

A scheme of remodelling and extension of the Jhansi shops, estimated to cost approximately 140 lakhs, has accordingly been prepared and it is intended to provide the proposed additional facilities as early as possible in order to ensure the locomotive and carriage and wagon stock of the Great Indian Peninsula Railway being maintained in an efficient state. It is anticipated that with the provision of these additional facilities the annual outlay on the provision of additional stock will be considerably reduced with a corresponding reduction in depreciation, repairs and renewals. While it is difficult to express in money value the equivalent of these reductions, together with the anticipated increase in earning power of the stock, it is estimated that the results of the remodelling of the shops will represent a return considerably over 8 per cent. of the total estimated expenditure. Under existing conditions 13 per cent. of the total number of broad gauge locomotives on the Great Indian Peninsula Railway are on the average under repairs ; with the remodelling of these shops it will be possible to reduce the number under repairs to 9 per cent. and this alone will result in a reduction in capital expenditure on locomotives in the course of a few years of about 56 lakhs.

(A) *Electrification of Lines.*—The advantages of the electrification of railway services for the suburban traffic of busy towns and important trade centres are obvious. While providing quick transport at cheap rates which alone can solve the transportation problem of the suburban areas, electrification affords relief to overcrowding in the towns themselves and contributes towards their improvement and development.

For some time past schemes have been under consideration for the electrification of the suburban lines in and around all the three presidency towns of

Bombay, Calcutta and Madras. While the Calcutta and Madras schemes are still under investigation much progress has already been made with the electrification of the Bombay Suburban lines, and the opening of the first electric railway service in India on the Harbour Branch Extension of the Great Indian Peninsula Railway from Victoria Terminus to Kurla, which took place on the 3rd February 1925, marked the inauguration of a new era in the history of rail transport in India.

The electrification of the Harbour Branch Extension forms only part of the various schemes at present in hand for the electrification of the suburban and main line services in Bombay which on the Great Indian Peninsula Railway include the electrification of the main and suburban lines to Kalyan and of the main line to Igatpuri and Poona, and on the Bombay, Baroda and Central India Railway electrification of the lines between Church Gate and Borivli. The estimated capital cost of all these schemes together with the amounts provided therefor in the next year's budget is indicated below:—

(Figures in lakhs of rupees.)

	Estimated capital cost.	Approximate outlay to end of 1925-26.	Provision for 1926-27.
Great Indian Peninsula Railway—			
(i) Suburban lines from Victoria Terminus to Thana including Harbour Branch and Mahim Chord.	1,80	1,55	25
(ii) Thana-Kalyan Suburban line . . .	58	...	48
(iii) Main line to Igatpuri and Poona . . .	5,53	...	19
Bombay, Baroda and Central India Railway— Church Gate-Borivli Section . . .	1,27	77	54

The work on the uncompleted portion of the schemes is being steadily pushed forward and it is hoped to inaugurate an electrified service on the whole of these sections in the near future. The opening of these electrified services will secure the acceleration of passenger traffic essential to the success of the various development schemes designed for the relief of overcrowding in Bombay. Each rake of the electric trains is designed to provide accommodation for 1,000 passengers or 33¼ per cent. more than the steam hauled rakes at present in use for the suburban services; and the working cost for the electric services (including power, train staff, maintenance of stock and equipment and train running expenses) is estimated at 29.00 annas per train mile as against 37.79 annas per train mile for steam services. Thus not only will the capacity of the lines be considerably increased as a result of electrification but at the same time a substantial reduction will be effected in the operating expenses.

(i) and (f) *Sidings, diversions and other miscellaneous works.*—The provisions under these heads consist of expenditure on watering arrangements

acquisition and improvement of collieries, electric installations at important stations and overbridges.

The following are among the more important works provided for:—

	Lakhs.
Water supply scheme at Bhusawal (Great Indian Peninsula Railway)	5
Electrification of Kargali Colliery (Great Indian Peninsula Railway)	7½
Mahalakshmi Overbridge (Bombay, Baroda and Central India Railway)	11
Salt depot at Tondaiyarpettai or Ennur (Madras and Southern Mahratta Railway).	6

16. *Amenities for 3rd Class Passengers.*—When the detailed capital programmes of railways were discussed with the Standing Finance Committee for Railways considerable interest was evinced by the members on the subject of the expenditure to be incurred to provide facilities for 3rd class passengers. Various suggestions were made and these have either been acted upon or are under consideration by the Railway Board. The Committee themselves examined the Agents of the Eastern Bengal, the Great Indian Peninsula and North Western Railways on this matter who explained the measures already adopted and the policy in force for securing attention to this important question.

In the budget estimate for 1926-27 a provision of 179·40 lakhs is made which may be described as special for lower class passengers. The following is the detail of the allotment:—

	Lakhs.
1. Arrangements for water supply to passengers	6·25
2. Waiting sheds, waiting rooms and waiting halls	11·19
3. Indian refreshment rooms	4·32
4. Booking facilities	2·74
5. Latrines and sanitary arrangements	1·49
6. Raised platforms	5·01
7. Additions and betterments to lower class carriages	148·40
Total	179·40

It is necessary to explain that the provision of 31 lakhs, exclusive of additions and betterments to lower class carriages, does not represent the full expenditure that will be incurred in securing further facilities for 3rd class passengers as an appreciable share of the outlay on general improvements undertaken when stations are remodelled and train services in general are improved provides increased facilities to the lower class passengers.

17. *Rolling Stock.*—Provision is made in the budget for an expenditure of 2·77 crores for additional stock, 2·35 crores for improvement of existing stock, and 2·37 crores for renewals and replacements of worn-

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out passenger stock chargeable to the depreciation fund. The specific allotments as set apart for various items are shown below :—

(Figures in thousands of rupees.)

	BROAD GAUGE.			METER GAUGE.		
	Additions.	Betterments.	Total.	Additions.	Betterments.	Total.
1. Locomotive engines and boilers.	8,46	48,37	56,83	23,99	15,07	39,06
2. Coaching vehicles	90,80	38,59	1,29,39	23,77	7,59	31,36
3. Goods wagons	90,16	1,06,57	1,96,73	40,26	18,52	58,78
TOTAL	1,89,42	1,93,53	3,82,95	88,02	41,18	1,29,20

The programme authorised by the Railway Board at the time of the preparation of the Budget for 1926-27 provides for the construction of new units of stock shown in the table below all of which, however, will not necessarily be completed and available for use before the 31st March 1927 :—

	BROAD GAUGE.			METER GAUGE.		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive engines	7	83	90	25	38	63
2. Coaching vehicles (in terms of four wheelers).						
(a) Upper Class	84	62	146	40	31	71
(b) Lower Class	397	295	692	150	135	285
3. Goods wagons (in terms of four-wheelers).	1,753	2,563	4,316	954	1,089	2,043

This programme provides for the provision of 2 special trains for the Bombay-Howrah Overland Mail. In this connection attention is invited to the Memorandum by the Railway Board at page 16 of Volume II, No. 5, of the Proceedings of the Standing Finance Committee for Railways of December 1925.

NOTE 1.—The figures in this paragraph exclude provision for, and numbers of, III Class composite coaches to be built with luggage, brakes, postal compartments, etc. The figures for goods stock are those intended to be utilised for the carriage of goods for the general public and exclude all special types of goods stock. In all 1047 units of additional stock and 915 units of stock to be renewed belonging to these special classes at a cost of Rs. 1.52 crores are authorised by the approved programme.

NOTE 2.—The remainder of the provision for capital expenditure, viz. 1.46 crores, is partly for rolling stock for the narrow gauge lines and partly to meet miscellaneous charges for improvements in existing stock, etc., e.g. conversion of gas lighting to electric lighting, conversion of saturated engines to superheaters, etc.

The number of additional locomotives included in the programme for 1926-27, viz. 32, is the net addition to the total authorised stock of all railways. It may here be mentioned that where it has been found by experience that the improved methods of working have resulted in an excess in the number of locomotives on a particular system over the number actually required, the Railway Board arrange for the transfer of such locomotives to other State-worked railways which require them. The Railway Board, for example, arranged for the transfer from the North Western Railway of 35 heavy goods type locomotives to the East Indian Railway in order to meet a demand by the latter railway during 1926-27. This transaction raises the total number of engines to be transferred from the North Western Railway during the current and ensuing financial years to 102.

The following statement shows for the broad and metre gauge lines the details of the new units of coaching and goods stock in terms of four-wheeler units included in the programme for 1926-27 :—

RAILWAY.	UPPER CLASS COACHING VEHICLES.		LOWER CLASS COACHING VEHICLES.		GOODS WAGONS.	
	Broad Gauge.	Metre Gauge.	Broad Gauge.	Metre Gauge.	Broad Gauge.	Metre Gauge.
North Western	36	...	282	...	923	...
East Indian	10	...	...	...	600	...
Eastern Bengal	14	...	40	...	...	...
Great Indian Peninsula	14	...	59	...	...	...
Bengal Nagpur . . . . .	...	...	...	...	...	...
Burma . . . . .	...	22	...	106	...	180
Bombay, Baroda and Central India	4	16	...	20	200	424
Madras and Southern Mahratta	6	...	...	...	...	...
South Indian . . . . .	...	...	17	...	30	350
Tirhoot . . . . .	...	2	...	24	...	...
Lucknow Bareilly . . . . .	...	...	...	...	...	...
TOTAL	84	40	397	150	1,753	954

The railways referred to in the above statement were asked to join the Railway Board's combined simultaneous call for tenders for wagons and in addition to the State-worked railways such of the Company-worked railways which required the same types of wagons joined in the call. The tenders received from the Indian and foreign firms were examined by the Board on the 10th November last and orders placed in India to the full capacity of the Indian wagon building firms. Orders for the balance have been placed with an English firm which gave the lowest satisfactory tender. The prices offered

to the Indian firms for the various types were the lowest quoted by them. But the Indian railways will be required to pay only the equivalent of foreign lowest satisfactory quotations and the difference between the lowest Indian and lowest foreign satisfactory price will be paid as bounties.

New Lines.

18. A complete statement of all the projects for new lines, whether under construction or to be commenced during the budget year, is given in the demands for grants for new construction and a brief description of the more important projects has also been given in the individual books for each railway. Full details of the projects sanctioned during the course of the current year will be found in the proceedings of the Standing Finance Committee for Railways and particulars of the more important new projects are given in paragraph 20.

19. The total mileage of the new lines detailed in the demand statement amounts to 2,553 miles. The additions to the several main lines are shown below:—

(1) Bengal Nagpur	511
(2) Burma	484
(3) South Indian	467
(4) Assam Bengal	218
(5) North Western	190
(6) Eastern Bengal	173
(7) Madras and Southern Mahratta	139
(8) Bombay, Baroda and Central India	88
(9) East Indian	71
(10) Great Indian Peninsula	61
(11) Central Indian Coalfields	151
	2,553

It is anticipated that 264.13 miles of line will be opened in the current financial year and 239.54 miles in 1926-27.

20. The following are particulars of the more important projects which have recently been sanctioned or which are under investigation:—

Kangra Valley Railway.—Proposals have been under consideration for some years for introducing a system of narrow gauge railways into the Kangra District with the object of opening out the rich Kulu and Kangra Valleys and preliminary surveys were carried out in 1912 and 1914 for this purpose. The prospects, however, did not appear to be sufficiently remunerative and the proposals were, therefore, dropped. The project has recently been revived in connection with the Uhl Hydro Electric Scheme of the Punjab Government as that Government consider a railway or a tramway of some kind to be necessary both for the construction of their scheme and for the upkeep and patrolling of the transmission lines after construction is completed. The line now proposed is a 2' 6" gauge railway running from Pathankot to Shanan, a distance of 100.6 miles. While assisting in the materialisation of the Uhl Hydro Electric Scheme the line will at the same time contribute to the general development of the rich and fertile country traversed, and in particular will promote the cultivation and export of fruits and vegetables in Kulu; will improve the accessibility of the hill stations of Dalhousie and Dharamsala; will at the same time encourage.

the formation of summer resorts for the residents of Lahore and Amritsar in the Kangra Valley itself; and will provide railway communications to several ancient Hindu shrines in the Kangra District which form important places of pilgrimage for the people in the Punjab.

Detailed investigation of the alignment to be adopted is still in progress, but on the information now available the financial prospects of the scheme in the third year after opening of the branch line are expected to yield a return of 2·8 per cent. An agreement has been arrived at with the local Government guaranteeing the Government of India against loss in working of the line. Further particulars will be found in the Proceedings of the Standing Finance Committee for Railways who approved of the project at their meeting held on the 18th January 1926.

Amritsar Narowal Railway.—This line, connecting Amritsar with the Sialkot Narowal Branch, will open out an extremely fertile country the development of which has been greatly hampered for lack of transport facilities. It will also provide railway communication to the important shrines of Dera Nanak and Kartarpur and thus facilitate pilgrimages to these places.

A detailed survey has recently been carried out of an alignment passing through Ajnala, the results of which have indicated the desirability of adopting a more direct route *via* Verka, Fatehgarh and Dera Nanak. The line on this alignment, detailed estimates for which are under preparation, is approximately estimated to cost Rs. 60 lakhs and to yield a return of 5·5 per cent. directly on opening. Further particulars will be found in the Proceedings of the Standing Finance Committee for Railways for the 17th February 1926.

Shahdara Narowal Railway.—The construction of this line has long been pressed for by the Government of the Punjab on the ground that it will serve an area which in relation to its productivity and density of population is possibly less adequately provided with communications than any other in the province.

The project was originally mooted, as an alternative to the Amritsar Narowal connection, in 1915, when a survey was carried out and detailed estimates were prepared for a broad gauge line. At the instance of the local Government, however, it has since been examined both as a 5' 6" and a 2' 6" gauge line, but the latter has been found to be the less promising of the two alternatives and as such has been rejected. The existing detailed estimate of the cost of constructing the line on the broad gauge, which is now obsolete, is being brought up to date. In the meantime an abstract estimate has been prepared by the North Western Railway Administration which shows that the line will cost Rs. 27·89 lakhs, excluding rolling stock and interest during construction, and yield a return of 4·84 per cent., involving a loss to the State of about Rs. 20,000 per annum. The local Government have agreed to guarantee the Government of India against this loss and arrangements are being made to proceed with the work as early as possible.

Fuller details of the project will be found in the Proceedings of the Standing Finance Committee for Railways for the 17th February 1926.

Calcutta Chord Railway.—This project was mentioned in the last year's explanatory memorandum of the Railway Budget.

An examination of the proposals submitted by the Agent, East Indian Railway, has indicated two alternative methods of securing adequate facilities for railway communication between the Coalfields and the Docks, namely :—

- (i) to construct the bridge over the River Hooghly at Bally and to connect the Howrah Burdwan Chord with the Eastern Bengal Railway at an estimated cost of 179·9 lakhs; or
- (ii) to improve the Saktigar-Bandel-Naihati route by quadrupling the Saktigar-Bandel section and effecting the necessary improvements at Bandel and Naihati at an estimated cost of 91 lakhs.

The second alternative makes no provision for the strengthening of the Jubilee Bridge which could not be undertaken while this route has to carry all the dock traffic and the question of opening another route will have to be faced sooner or later; and while *prima facie* the first alternative does not appear so attractive from a strictly financial standpoint, by spending 88 lakhs over the estimated cost (91 lakhs) of improving the Saktigar-Bandel Naihati route, an additional capacity of 14 trains is obtained, which, if run for eight months each year, would give 10 lakhs net earnings—a good return on 88 lakhs. But in any case there are sufficient arguments on broad grounds alone to justify the first alternative. The first argument is that by now adopting the cheaper alternative the East Indian Railway may find themselves in the position of having constructed works which will be to a large extent thrown out of use when, at some future date, the trade of the port of Calcutta *via* the East Indian Railway attains a volume far in excess of that capable of being passed over the Jubilee Bridge and in consequence it is found necessary to construct a bridge at Bally. The second argument is the danger of having the whole of the East Indian Railway communications with the Docks and Calcutta dependent on a single line of communication over a weak bridge, now that an opportunity occurs of establishing a second route. The third argument, and one that has a considerable bearing on the future development of Calcutta, is that by constructing the Bally Bridge the East Indian Railway can increase at once the convenience of the suburban passengers and bring the suggested electrification of the East Indian and Eastern Bengal Railway suburban traffic into one scheme. Finally there is the important consideration of speeding up the coal traffic to the docks; and in this connection the Coal Committee, which was recently appointed to report on the question of improving the export coal trade, have strongly recommended the construction of the proposed Bally Bridge with the least possible delay, as it would enable the coal traffic on its way to the docks to avoid the difficult section between Bandel and Naihati including the Jubilee Bridge which with its interlaced tracks is a fruitful source of delay.

These arguments have been held definitely to turn the scales in favour of the Bally Bridge scheme; and as the Calcutta Port Commissioners are already making arrangements to improve the capacity of the Docks against their anticipations of future traffic, and as the bridge must inevitably take several years to construct and, therefore, there is a very real risk that if its commencement is deferred until a more decided expansion actually takes place in the traffic of Calcutta, such traffic may become too large for the existing facilities of the East Indian Railway before the bridge is completed, it

has been decided to proceed at once with this scheme covering the following works estimated as a whole to cost 179.90 lakhs :—

- (i) a double track chord railway 8.30 miles in length connecting Dankuni station on the Burdwan Howrah Chord with the Eastern Bengal Railway in the vicinity of Dum Dum, and including a double track bridge over the River Hooghly at Bally (without any facilities for foot passengers or road transport) consisting of 7 spans of 350 feet, 2 spans of 120 feet, and 2 spans of 20 feet. The immediate approaches to the bridge will be carried on arched viaducts.
- (ii) a single track connection 1.84 miles in length from the new chord to the up line of the East Indian Railway main line, and
- (iii) a single track connection 1.63 miles in length from the new chord to the down lines of the East Indian Railway main line.

The construction of the project has recently been sanctioned by the Secretary of State and the work is now being put in hand. The project has been approved by the Standing Finance Committee for Railways, and fuller particulars will be found in the Proceedings of that Committee for the 4th December 1925.

Rajghat Jahangirabad Bulandshahr Branch.—This line will pass through a rich and fertile country irrigated throughout by the Ganges Canal but at present much hampered for want of communications. It will serve two important towns, *viz.*, Anupshahr, a centre for pilgrim traffic on the banks of the Ganges, and Jahangirabad, a centre for the collection of the produce of the richly irrigated countryside. The traffic prospects of the line with certain alternative alignments are at present under investigation.

Dhamuah (Magrahat) Lakshmikantapur Railway.—This is a branch line taking off from the Calcutta Diamond Harbour Section of the Eastern Bengal Railway to serve the portion of the Gangetic delta on the left bank of the mouth of the Hooghly river. It will tap a thickly populated and very fertile rice-growing area, and by providing cheap and rapid transport to Calcutta and Diamond Harbour will help considerably towards a full development of the tract. The existing means of transport by boats, carts and pack bullock are tedious and costly, and it is anticipated that the proposed railway will capture most of the traffic in this area; and as the country is thickly populated and its main trade relations are with Calcutta a heavy passenger traffic is expected immediately on opening.

The financial prospects of the line are estimated as follows :—

	Rs.
Capital cost (including interest on capital during construction)	29.80 lakhs.
Gross earnings	4.50 "
Working expenses	2.46 "
Net earnings	2.04 "
Return	7 per cent.

The project has been approved of by the Standing Finance Committee for Railways, and fuller particulars will be found in the Proceedings of that Committee for the 18th January 1926.

Faridpur Charmaguria (Madaripur) Railway.—This line will serve an area at present without communications. If a permanent ghat can be found at Charmaguria this line could in time be made the main route to Eastern

Bengal, avoiding the very heavy recurring expense of Goalundo ghat which is constantly being shifted. The line was originally surveyed in 1914 when engineering and traffic estimates were prepared. The project is now being investigated afresh having regard to altered conditions.

Natore Rampur Boalia Nachoul Railway.—This is a chord line on the metre gauge connecting Nachoul on the Katihar Godagiri metre gauge branch with Natore on the broad gauge main line of the Eastern Bengal Railway to Siliguri. The construction of this line will facilitate the movement of traffic in the northern portion of the Eastern Bengal Railway system and will relieve the Katihar Parbatipur section which is at present congested and likely to be further taxed on the opening of the Dinajpur Ruhea Branch, thus postponing the need for doubling this section. It will also considerably reduce the mileage of *vis* Katihar Calcutta traffic and thus cheapen rates and fares for this traffic.

The line will serve the important town of Rampur Boalia (now called Rajshahi), and will open out a thickly populated country with an average population of 400 to the square mile, most of whom are engaged in agriculture. The main crop is paddy which occupies 70 per cent. of the cultivated area, jute representing 10 per cent. Jute, rice, paddy, pulses, hides and raw sugar are among the expected exports, the more important imports being sugar, cloth, salt, potatoes and tobacco.

The financial results of the project are estimated as follows :—

	Rs.
Capital cost (including interest on capital during construction)	44,00,000
Gross earnings	4,39,000
Working expenses	2,55,340
Net earnings	1,83,660
Net income (including net gain to main line)	2,83,660
Return on capital cost	6.4 per cent.

The project has been approved of by the Standing Finance Committee for Railways, and fuller particulars will be found in the Proceedings of the Committee for the 18th January 1926.

Dinajpur Ruhea Railway.—This is a light metre gauge line from Dinajpur, a station on the Katihar Parbatipur section of the Eastern Bengal Railway, running north for a distance of 52 miles through Pirganj, and Nischintipur to Ruhea. The roads in this tract are mostly unmetalled and, owing to the absence of bridges, subject to frequent traffic interruptions during the rains, and the rivers which were once an important means of communication in this neighbourhood, are owing to silting up not much used at present except by small fishing boats. The country traversed has a population of about 450 to the square mile, 90 per cent. of whom are engaged in agriculture. The soil is well suited to the cultivation of jute which is cultivated extensively in the north and west; the southern areas being under rice and to a lesser extent sugar-cane, rape, mustard, tobacco and market vegetables. There is considerable room for the expansion of cultivation, and it is anticipated that a very much larger area will be put under jute on the provision of better transport facilities; in fact, experience in North Bengal shows that under similar circumstances rice is replaced to a great extent by jute, the more paying crop. It is expected that the exports will consist mainly of jute, rice, paddy, molasses, hides, skins and potatoes, in exchange for which will be imported kerosine oil, piece-goods, metal utensils, and sugar.

The financial prospects of the line are estimated as follows :—

	Rs.
Capital cost (including interest during construction)	36,50,000
Gross earnings	5,90,000
Working Expenses	3,80,000
Net earnings	2,10,000
Return on capital	5.75 per cent.

The traffic estimate has been based on existing conditions and it is considered that with the development of the country a return of at least 6½ per cent. may be reasonably anticipated five years after the line is opened to traffic. A fuller account of this project, which has been approved of by the Standing Finance Committee for Railways, will be found in the Proceedings of that Committee for the 18th January 1926.

Agra Bah Railway.—This is a light broad gauge line required to open out an irrigated tract of the Agra district situated at the head of the Jamna-Chambal Doab which is at present devoid of railway communications. The average density of population in this area is about 360 per square mile, and the trade relations of the people are almost entirely with Agra. There is considerable surplus produce and the provision of rail communication will undoubtedly help to develop the trade of the area. The financial prospects of the line are estimated as follows :—

	Rs.
Capital cost (including interest during construction)	31,92,967
Gross earnings	3,65,219
Working expenses	1,63,873
Net earnings	2,01,346
Return	6.3 per cent.

The Secretary of State has recently sanctioned the construction of the line as an integral part of the Great Indian Peninsula Railway and the Standing Finance Committee for Railways has approved of the proposal to construct the line, a complete account of which is given in the Proceedings of the Committee of the 7th December 1925.

Ghordewa Coalfields Railway.—Prospecting operations carried out in the Lafa Coalfields near Ghordewa village in the Chattisgarh Division indicate the existence of a valuable coalfield. The coal is reported to be of first class quality for locomotive purposes and the mining conditions are favourable. A survey for a broad gauge railway connection with this area from the vicinity of Bilaspur on the Bengal Nagpur Railway to Ghordewa, a length of about 35 miles, has been recently carried out and the estimates are under preparation.

Vasad Borsad Katana Railway.—This is a line which has lately formed the subject of many petitions from the public and of many questions in the Legislative Assembly. Its construction has long been advocated by the Government of Bombay on economic, administrative and political grounds; the trade and development of the Borsad taluka, already a rich agricultural tract, will be greatly stimulated by direct access to the Bombay, Baroda and Central India Railway at Vasad; the collection of land revenue and the administration of relief in times of stress, more especially the distribution of fodder for cattle, will be immensely facilitated; and finally, the control and detection of crime in the southern part of the Borsad taluka, will be considerably improved by railway communication from Vasad to Borsad and

Katana. The line was surveyed in 1916 but its construction has been delayed owing to negotiations with the Baroda Durbar in whose territory a portion of the line would lie. An up to date project estimate has now been prepared by the Bombay, Baroda and Central India Railway Administration which indicates the financial results as follows :—

Capital cost (including interest during construction)	Rs. 21.34 lakhs.
Gross earnings (including additional earnings of main line from interchanged traffic)	7.478 "
Working expenses	" 3.11 "
Net earnings	" 1.67 "
Return on capital cost	8 per cent.

It is hoped that sanction will be given to the construction of this line as soon as arrangements are made with the Baroda Durbar for the acquisition of the land required in their territory.

A more detailed account of the scheme will be found in the Proceedings of the Standing Finance Committee for Railways of the 19th January 1926.

Nidadarolu Narasapur Railway and Gudivada Bhimavaram Railway.—The object of these branches is to provide railway communication in the rich Kistna and Godavari deltas and to facilitate the export of the large surplus grain produce of the district. The country traversed is generally flat, is irrigated throughout and is noted for its extensive cultivation of paddy. Other products available for export are grains of all kinds, gingelly, castor, tobacco, chillies and onions. The area is thickly populated but owing to the number of canals existing communications are inconvenient. The proposed railways will, it is expected, also attract considerable passenger traffic as soon as they are opened. The two lines being more or less interdependent it has been thought advisable, in the interests of the district to be served, to undertake their construction simultaneously, and for the same reasons it is considered to be convenient, in estimating the financial results, to treat them as comprising one project. The combined project on the information available is expected to yield a return of about 6.61 per cent. on the capital outlay.

The Standing Finance Committee for Railways have approved of these two schemes, *vide* their Proceedings of the 12th November 1925 which contain more complete details.

Cocanada Kotepelli Railway.—This broad gauge line will run through the Godavari Delta lands and will open up a populous tract rich in its produce of rice and coconut. The line was originally surveyed in 1916 when estimates of its cost and traffic earnings were prepared. The project is now being re-investigated in the light of present-day conditions.

Mayavaram Tranquebar Railway.—This line will serve the old seaport of Tranquebar and will open out a well-populated and cultivated tract. The line was originally sanctioned in 1915 for construction from money supplied by the District Board of Tanjore on terms to be arranged with the South Indian Railway Company. The District Board spent some four lakhs of rupees but the scheme was dropped owing to the war. In view of the altered circumstances, and the new policy of Government as regards construction and working of branch lines, it is now considered desirable to undertake the project from programme funds as an integral part of the South Indian

Railway undertaking. On the information at present available the line is expected to cost 19½ lakhs and to yield a return thereon of about 9 per cent.

Madura Bodinayakanur Railway.—This line is of considerable importance from the administrative standpoint; it will open up the tract of country between the South Indian Railway main line and the Travancore Hills.

The country to be served has made remarkable progress during the last few years and is undergoing rapid development. The whole area, moreover, is under cultivation and is especially noted for its produce of cotton and groundnuts. Among other products available for export are pulses, grains of all kinds, paddy, chillies, tobacco, tea, cardamums and coffee. The chief imports are cotton, seeds, rice, flour, tea shooks, garden stores, and other sundry goods. It is expected that, while facilitating the trade in these commodities and generally assisting in the development of the country, the proposed railway serving, as it will do, the important trade centres of Usilampatti, Theni and Bodinayakanur, will also attract considerable passenger traffic as soon as it is opened.

The financial prospects of the project are estimated as follows:—

	Rs.
Capital cost	44,17,460
Gross earnings of the Branch	4,96,500
Working expenses	2,54,250
Net earnings—	
	Rs.
of the Branch	2,42,250
of the main line	1,43,530
	3,85,780
Return	8·73 per cent.

Further details regarding this project will be found in the Proceedings of the Standing Finance Committee for Railways which approved of the project at their meeting on the 12th November 1925.

Trichinopoly Pudukottai Karaikudi Railway.—The importance of the Trichinopoly Pudukottai Karaikudi Railway lies in the fact that it will form a link in the proposed north and south through connection between Villupuram and Tuticorin and will help in relieving the congestion on the main line of the South Indian Railway. It will be a metre gauge line about 60 miles in length. The Railway Board is at present in correspondence with the Agent, South Indian Railway, with regard to details of the estimates of cost and earnings but on the approximate information available it is estimated that the line will cost 74 lakhs, will yield a return of nearly 6 per cent. from its own traffic and will bring to the existing main line additional earnings of about 2½ lakhs.

Friddhachalam Cuddalore Railway.—This metre gauge line will serve as a feeder to the Villupuram Trichinopoly Chord Railway, now under construction.

Up-to-date detailed estimates have not yet been prepared, but on the basis of the approximate information now available the project is estimated to cost about 40 lakhs and to yield a return thereon of a little over 4½ per cent. The District Board of South Arcot have already expressed their willingness to guarantee the line against loss, if any, arising out of its construction and working. As both the District Board and the local Government are anxious that the construction of the line should be put in hand without delay in order that it may be opened simultaneously with the Villupuram Trichinopoly chord, and as construction of the latter will be facilitated if the project is undertaken forthwith, the Agent has recently been authorised to proceed with the land acquisition on the understanding that the expenditure should be restricted to a sum of 2 lakhs during the current financial year.

Taungdwingyi Magwe Railway.—This is a project required for administrative reasons by the local Government for connecting Magwe on the east bank of the river Irrawaddy with Natmauk—a station on the proposed Taungdwingyi Kyaukpadaung extension. It will also be on the direct line for a connection between Burma and India should it eventually be decided to adopt an alignment for the through route *via* Akyab and Southern Arakan. *Prima facie* considerations seem to indicate that it will divert some of the traffic from the Pyinmana Kyaukpadaung line to the river, that it will traverse a less productive area than the Kyaukpadaung extension and consequently that a guarantee against loss in working will be required from the local Government. A project estimate was prepared in 1918 and this is now being recast, and in this connection a re-alignment of the line in the vicinity of Magwe to meet the requirements of Maloon south of Magwe is also being investigated.

Myingyan Natogyi Paleik Railway.—The object of this line is to open up the land locked area between the main line of the Burma Railways and the Irrawaddy river which is considered to be eminently suitable for growing cotton and dry crops. Both the engineering and traffic estimates have been completed by the Burma Railways Administration, and these indicate that the line is likely to yield a return of about 6 per cent. The estimates, however, have not yet been submitted to the Railway Board, the Agent having undertaken an investigation of the possibility of reducing the capital cost by means of a slight re-alignment of the line.

Kayan Thongwa Railway.—This extension of the Pegu Kayan Railway, 10.54 miles in length is required to serve Thongwa, a big paddy producing town at present badly in need of railway communications. The country between Kayan and Thongwa is as promising from the view-point of traffic prospects as that traversed by the Pegu Kayan Railway and it is anticipated that the proposed extension will yield a return of 10½ per cent. on its estimated capital cost of a little over 11 lakhs.

A fuller account of the project will be found in the Proceedings of the Standing Finance Committee for Railways for the 17th February 1926.

Nauunglelin Madauk Railway.—This is a small branch, 11 miles in length, which will take off from the main line at mile 90. The local Government have been pressing for its construction for the last 20 years in order to open up the rich Schwegyin district. From the estimates which have been prepared the project does not appear to be a very paying proposition. The tract, however, is undergoing rapid development and is noted for its rubber

cultivation, and there is a pagoda in the district which is likely to attract many pilgrims if proper communications are provided. For these reasons the Agent has undertaken a re-investigation of the traffic prospects of the line, and the results of this investigation are awaited.

Revenue Receipts and Charges—Commercial Lines.

21. The following table states the estimated results of the working of commercial lines in the current and the next financial years.

(Figures in thousands of rupees.)

	1925-26 (Budget).	1925-26 (Revised).	1926-27 (Budget).
Gross traffic receipts	1,00,65,00	98,86,25	1,01,35,57
Interest on balances of Depreciation and Reserve funds	32,35	54,06	81,54
Government share of profits, etc., from Subsidised Companies	30,77	34,69	34,34
Miscellaneous receipts	6,44	6,41	6,44
TOTAL RECEIPTS	1,01,34,56	99,81,41	1,02,57,89
Working expenses	65,05,37*	63,87,41	65,18,94
Surplus profits paid to Indian States and Railway Companies	1,33,50	1,75,90	1,51,00
Interest charges	23,81,82	23,37,74	24,67,64
Miscellaneous charges	33,52†	33,50	75,69
TOTAL CHARGES	90,54,21	89,36,55	92,13,27
Gain from commercial lines	10,90,35	10,44,86	10,44,62

* Excludes 14 lakhs on account of provision made in the Budget estimate for probable supplementary grant under administration (39 lakhs) and operation (35 lakhs).

† Excludes 40 thousands on account of provision made in the Budget estimate for probable supplementary grant.

These figures show that while the revised estimate for receipts for the current year is 153 lakhs less than the budget figure, the total charges are at the same time 118 lakhs less and that the net result is expected to be 35 lakhs worse than the budget estimate. In the budget year an increase of 276 lakhs is anticipated in the receipts, while expenditure is expected to go up by 276 lakhs and the gain is expected to be the same as in the current year. Explanations are given under each head below for the variations in the figures.

REVISED ESTIMATE, 1925-26.

Commercial lines.

22. *Gross earnings.*—The budget estimate for 1925-26 was placed at Rs. 100 crores 65 lakhs. This estimate provided for a normal increase of about 3 crores on the anticipated revised estimate of 1924-25. But the actuals of 1924-25 exceeded all expectations and were in excess of the revised estimate by over 179 lakhs; this was due to unprecedentedly high earnings in February and March 1925 consequent on the brisk movement of cotton and coal.

23. The revised estimate for the current year is placed at 98,86 lakhs and compares as follows with the budget estimate:—

(Figures in thousands of rupees.)

	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.
Passenger earnings	36,50,00	36,87,80
Other coaching traffic	5,81,00	5,86,95
TOTAL	42,31,00	42,74,75
Goods earnings	63,00,00	60,55,22
Other earnings	2,73,00	2,44,53
TOTAL	1,08,04,00	1,05,74,50
<i>Deduct</i> —Worked lines' share	7,39,00	6,91,86
Suspense transactions		3,61
NET TOTAL	1,00,65,00	98,86,25

24. The earnings anticipated from passenger traffic are expected to be about 37½ lakhs more than budget. Increases occur on the North Western, Eastern Bengal, Madras and Southern Mahratta and Great Indian Peninsula Railways.

25. Goods earnings show a falling off of about 245 lakhs. On the North Western Railway system a falling off of about 170 lakhs has already occurred owing to the smaller movement of wheat and grain traffic. The goods earnings on this Railway in 1924-25 showed an unprecedented increase of 2 crores over the figures of the previous year. But the decrease in wheat traffic has been partly counterbalanced by increased traffic in timber, pressed cotton and in railway stores.

The goods traffic on the Bombay, Baroda and Central India Railway was in the earlier months of the year considerably affected by the partial failure of crops in certain areas resulting in famine conditions in Rajputana and Gujarat.

There has also been a depression in coal traffic on the East Indian Railway but there are at present signs of a revival.

Jute traffic also has not contributed the amount of earnings anticipated when the budget estimate was framed. This was due to a falling off in the output.

The dislocation of the cotton industry affected the earnings of the Great Indian Peninsula Railway considerably, and although increases are anticipated in other classes of traffic the earnings of this line are expected to be less than the budget estimate by about 89 lakhs.

BUDGET ESTIMATE, 1926-27.

26. The budget estimate for 1926-27 is placed at 101 crores 35 lakhs, or an increase of about 249½ lakhs over the revised estimate for the current year.

BUDGET FOR 1926-27.

The estimate is framed on the assumption of good trade conditions and favourable monsoons. It also includes the earnings of the Delhi Umbala Kalka Railway. The table below compares the figures under the detailed heads :—

(Figures in thousands of rupees.)

	Actuals, 1924-25.	Revised, 1925-26.	Budget, 1926-27.
Passenger earnings	35,37,78	36,87,80	36,79,30
Other coaching traffic	5,78,07	5,86,95	5,93,17
TOTAL	41,15,85	42,74,75	42,72,47
Goods earnings	62,80,73	60,55,22	62,56,14
Other earnings	2,53,82	2,44,53	2,57,39
TOTAL	1,06,50,40	1,05,74,50	1,07,86,00
<i>Deduct</i> —Worked lines	7,33,86	6,91,86	6,47,29
Suspense	28,15	3,61	—3,14
NET TOTAL	99,44,69	98,86,25	1,01,35,57

The increase in earnings budgeted for is less than would ordinarily be taken. This is due to the fact that the improvement in the financial position of Railways generally is considered to be sufficiently great to allow of a commencement being made in the reduction of freights and fares on the more prosperous lines. While this reduction will, it is anticipated, lead to an increase in traffic it will be sometime before the stimulus given by this reduction will reflect itself in improved gross earnings.

27. Under passenger earnings the falling off of 8½ lakhs is the net result of the reduction in fares and the anticipated additional earnings from the larger passenger mileage expected.

28. Goods traffic is expected to yield about 201 lakhs more than in the current year. This is the net figure after allowing for the immediate loss that will be incurred owing to reductions contemplated in freight charges.

29. *Working Expenses, 1925-26.*—The following table compares figures of the Revised estimate for 1925-26 with the Budget estimate of that year :—

(Figures in thousands of rupees.)

	Admini- stration.	Repairs and mainten- ance.	Operation.	Depre- ciation.	Suspense.	Total.	Deduct worked lines.	Net working expenses.
Commercial Lines—								
Budget, 1925-26	12,40,00	16,75,00	27,04,87	16,38,00	+15,50	66,73,37	2,68,00	65,05,37
Revised, 1925-26	13,06,00	17,50,00	26,74,14	10,24,18	—12,50	67,68,91	2,81,50	63,87,41
Revised more (+) less (—) than the Budget.	+63,00	—64,91	—30,73	—13,62	—28,00	—1,04,66	+13,50	—1,17,26

30. *Working Expenses, 1926-27.*—The following table compares the figures of the Budget estimate, 1926-27, with the Revised estimate for the current year :—

(Figures in thousands of rupees.)

—	Admini- stration.	Repairs and mainten- ance.	Operation.	Depre- ciation.	Refunds of Revenue.	Suspense.	Total.	Deduct worked lines.	Net working expenses.
Commercial Lines—									
Revised, 1925- 26.	13,03,00	17,80,09	26,74,14	10,34,18	..	-12,50	67,68,91	3,81,50	63,87,41
Budget, 1926- 27.	13,09,99	18,24,50	26,64,51	10,64,14	30,00	-16,70	68,76,44	3,57,50	65,18,94
Budget more (+) less (-) than the Revised.	+6,99	+44,41	-9,63	+39,96	+30,00	-4,20	+1,07,53	-24,00	+1,31,53

WORKING EXPENSES—ADMINISTRATION.

31. The revised estimate is placed at 63 lakhs more than the budget estimate of the current financial year. A supplementary demand to meet the extra expenditure was placed before the Assembly and the notes on the demand explain the causes for the excess over the budget estimate. The creation of the more important new appointments was referred to the Standing Finance Committee for Railways for approval and the reasons for the creation of these posts are stated in the memoranda that were placed before the Committee. The budget for the next year has been placed at nearly 7 lakhs more than the revised estimate for the current financial year. It is the net figure after allowing for the reduction of 3 lakhs made by the Standing Finance Committee for Railways. The increased expenditure provided for is really about 24 lakhs as the provision for the current financial year includes an arrear payment of 17 lakhs for the extension of the Lee Commission concessions to officers of the East Indian, Great Indian Peninsula and Company-worked Railways with effect from 1st April 1924. The explanatory note attached to Demand No. 4—Working Expenses—Administration explains the reasons for the increased expenditure anticipated during 1926-27.

REPAIRS AND MAINTENANCE.

32. A detailed classification under the main head 'Repairs, Maintenance and Operation' was introduced for the first time last year at very short notice at the time of the preparation of the budget and an arbitrary division of the figures under the sub-heads had to be made. It has since been found possible to obtain a more precise classification of the expenditure under the sub-head 'Machinery, Tools, Plant and Miscellaneous' under the main head 'Repairs and Maintenance'. The result has been that a portion of the anticipated expenditure which was shown under 'Repairs and Maintenance of way and works' in the budget estimate has been classed under the head 'Miscellaneous' in the revised estimate. For this reason it is proposed to

compare the figures of the revised estimate with the provision made in the budget estimate under 'Repairs and Maintenance' as a whole and not with reference to the distribution by sub-heads. The comparison shows that the revised estimate for 1925-26 is 94.91 lakhs less than the budget estimate for the year. This lapse is due to no expenditure being incurred in connection with the scheme for the provision of automatic centre buffer couplers for which a provision of 70 lakhs was made in the budget. The reasons for the postponement of this expenditure are explained in the memorandum placed before the Standing Finance Committee for Railways—*vide* page 11, Volume II, No. 4, of the Proceedings of the Standing Finance Committee for Railways. The remaining lapse of about 25 lakhs is due to an anticipated lapse of the amount in the special provision of 50 lakhs for repairs of rolling stock not expected to be spent in full.

Compared with the actuals of 1924-25 the revised estimate shows an excess of 30 lakhs which is mainly due to the special expenditure incurred in speeding up repairs to workshop machinery and coaching and goods vehicles as also to expenditure incurred on repairs of certain bridges on the Eastern Bengal Railway damaged by floods.

33. *Repairs and maintenance—Budget, 1926-27.*—The Budget estimate provides for additional expenditure of 44 lakhs. The justification for this increased charge is given in the explanatory note on Demand No. 5.

34. *Operation, including suspense and worked lines.—Revised Estimate, 1925-26.*—The expenditure of the year is expected to be lower than the budget by 72 lakhs. The following are the details:—

	(Thousands.)
(i) Lower expenditure on fuel	40,61
(ii) Larger share of expenditure chargeable to worked lines and reduction in suspense transactions	41,50
Total reduction	<u>82,11</u>
(iii) Increase in expenditure on operation expenses other than fuel	9,83
Net	<u>72,23</u>

The fuel bill is lower partly on account of lower prices paid on certain purchases than provided for in the budget and partly to lower consumption consequent on the falling off in the budget estimate of earnings which has resulted in less train and engine miles run.

The charge to worked lines represents the best estimate that can now be made on the figures of earnings and working expenses of the systems with reference to the contracts under which each line is worked.

Operation expenses other than fuel are more by nearly 10 lakhs partly due to the opening of new lines and to an increase in the miscellaneous charges consequent on the arrangements introduced during the year under which the gross receipts and expenditure of the catering department are shown separately in the earnings and expenditure side of the accounts. The past practice was to enter only the net gain or loss in the accounts. The payments for compensation claims for goods lost or damaged show a saving of 6 lakhs.

35. *Operation including suspense and worked lines—Budget Estimate, 1926-27.*—The figures adopted in the budget estimate vary from the revised estimate as follows :—

	(Thousands.)
Operating expenditure other than fuel	+43.06
Fuel	—52.69
Refunds of Revenue	+30.00
Credit for worked lines	+24.00
Suspense	—4.20
Net	<u>40.17</u>

36. *Operation other than fuel.*—The increase of about 43 lakhs is due to provision made for annual increments to staff and to more expenditure expected to be incurred generally on account of opening of new lines and increased traffic expected to be worked.

37. *Fuel.*—The broad figures affecting the fuel bill for the current and the ensuing financial years are as follows :—

Revised Estimate—

	(Thousands.)
(i) Cost of fuel to be issued to Revenue	5,33.29
(ii) Freight charges on normal amount of coal that is required for consumption and normal balances	4.20.00
	<u>9,53.29</u>

The revised estimate provides for an increase in freight charges of 28.40 lakhs on account of arrears in the supply of coal under existing contracts which it is expected will be taken delivery of before the 31st March 1926.

For the next year the rates at which contracts have been entered into, or expected to be entered into, are very favourable and their cumulative effect is expected to show an ultimate reduction in the average price of coal obtained for consumption in locomotives (excluding freight charges) of about 20 per cent. This percentage reduction takes into account the rates for coal obtained from the railway collieries. The full benefit in the reduction of the cost of coal will not however be realized until the following year as during the budget year the average price of issues will be considerably higher next year than if this full reduction took place as the quantities obtained of arrear supplies under the contracts at the 1924-25 and 1925-26 rates will have to be worked off. On a review of the position of each line, it is expected that a reduction of about 10 per cent. on the whole may be expected in 1926-27. This would bring the estimates of that year to 450 lakhs (*i.e.*, 533—53 lakhs). To this figure an addition of 16.15 lakhs is made to meet the additional engine mileage provided for in 1926-27 thus raising the estimate to 496.15 lakhs. In this estimate provision is made for the fuel expenditure on new lines and on lengths of lines doubled which in the earlier years of opening cannot be worked at the same economical rate as old established lines.

The estimate of freight charges for 1926-27 is placed at 15.55 lakhs lower than the revised estimate. This is mainly due to smaller quantity of coal to be purchased during the year in view of the larger stock that will be

held at the end of the current year counterbalanced by an increase on account of higher freight rate for locomotive coal.

The budget provides for a new item of expenditure, *viz.*, refunds of revenue. This is in accordance with a decision that such refunds which have hitherto been shown as a reduction of receipts should hereafter be shown as an item of expenditure, and covered by a vote of the Assembly. The question as to what detailed items exactly are to be brought under this head is still under discussion. For this reason as well as the fact that the decision to show this expenditure separately was taken late in the year it is impossible for a reliable estimate to be framed of the charges under this head. The figure of 30 lakhs is therefore only a rough estimate which is liable to correction. It may be pointed out, however, that the entry is merely an adjusting one and that whatever the actual expenditure against this head may be, there will be a corresponding addition to the gross receipts estimate and the figure of net receipts will not be affected. In the Budget Estimate of gross receipts for 1926-27 the corresponding addition is included in the gross figure of 103 crores. The Standing Finance Committee for Railways agreed to the estimate for working expenses being increased by the probable charges on account of refunds of revenue—*vide* paragraph 36 of the Proceedings in Volume II, No. 6.

The credit for worked lines is reduced by 24 lakhs representing the average of the expenditure that has hitherto been recovered from the Delhi Umbala Kalka Railway which will become the property of the State on the 1st April 1926.

38. *Appropriation to the Depreciation Fund.*—The appropriation to the Fund is charged to working expenses. The actuals for 1924-25 amounted to 10.35 crores. The budget estimate for 1925-26 was placed at 10.73 crores, but the revised estimate is expected to be somewhat lower owing to the lapse on the budget grant in the capital and replacement expenditure during 1924-25. The revised estimate is accordingly placed at 10.65 crores. For 1926-27 the estimated appropriation is fixed at 11.05 crores, and is based on the capital and renewal programme for the current year and the amount of depreciation that ceases in the year.

39. *Surplus profits paid to the Companies and the net earnings of the Indian States' Railways.*—The increase of 42.40 lakhs in the revised estimate is mainly based on the actual payments already made as the amounts payable are dependent, except in few cases, on the actual net earnings of the previous year. The increase is due to these net earnings proving higher than anticipated and was fully explained in the notes on the supplementary demands for 38 lakhs and 4.40 lakhs already voted by the Legislative Assembly on the 15th September 1925 and 8th February 1926. The Budget estimate provides for a reduction on the figures of the current year as no payment will be made during 1926-27 to the Great Indian Peninsula Railway, that railway having been taken over under State management with effect from 1st July 1925, and because the net earnings in the current year of the railways concerned are expected to be lower than in 1924-25.

40. *Railway Board's Establishment.*—The budget estimate for the current year was prepared for 14.92 lakhs. A motion was carried in the Assembly reducing the votable portion of this estimate by 78 lakhs. This reduced the estimate of expenditure to 14.14 lakhs. Considerable retrenchments

in the establishment were effected during the course of the year and the revised estimate is now placed at 14.04 lakhs which is Rs. 10,000 less than the budget estimate as reduced by the Assembly. The details of the retrenchments made are stated in the memorandum printed at pages 45 to 52 of the Proceedings of the Standing Finance Committee for Railways, Volume II, No. 3, September 1925. The Standing Finance Committee approved of the action taken.

The budget estimate for next year is prepared for 14.68 lakhs or 64 lakhs in excess of the revised estimate for the current year. The excess is due partly to provision being made for the full year for the appointment of Director of Finance which was created in August of the current year and partly to a larger provision for leave salaries of the superior establishment. The latter provision is based on the approved leave programme with a reasonable allowance for unforeseen leave vacancies.

At the beginning of the current financial year the total number of posts on the superior establishment of the Railway Board was 20; the effective strength has now been reduced to 17.

41. *Subsidized Companies' Land and Subsidy and Miscellaneous Railway Expenditure.*—These consist of the cost of land required by certain railway companies and Indian States entitled under the terms of existing contracts and agreements to free supply of land and miscellaneous items such as the cost of establishments, including the Railway Board. The detailed estimate for the Railway Board is explained in paragraph 40. The share of the cost of the controlling establishments is charged to the working expenses of each of the railway companies and the recoveries thus made are adjusted by deduction from miscellaneous expenditure. The figures relating to this head compare as under:—

(Figures in thousands of rupees.)

Items.	Actuals, 1924-25.	Budget, 1926-27.	Revised, 1925-26.	Budget, 1926-27.
Subsidized Companies'—Land and Subsidy	3,09	5,50	7,30	8,40
Miscellaneous Railway Expenditure including Surveys	13,10	28,02	28,20	67,29
TOTAL	16,19	33,52	35,50	75,69

42. *Land and Subsidy.*—The Revised Estimate shows an increase of Rs. 1,80,000 over the budget grant. This excess is mainly due to the estimated cost of land required to be provided for Pandharpur Miraj Extension of the Barsi Light Railway which at the time of the preparation of the budget it was anticipated would not be taken up this year. The budget estimate for 1926-27 provides for an expenditure of Rs. 1,10,000 more than the revised estimate. The details working up to the additional grant required are given in the explanatory note to Demand No. 11.

43. *Surveys.*—The revised estimate is Rs. 4,71,000 less than the budget estimate and is due to certain surveys provided for in the budget not being

undertaken during the budget year. For this reason and in order to provide for a fuller programme of surveys for the next year, the budget for 1926-27 has been placed at Rs. 9,50,000.

This latter figure is the net amount after allowing for anticipated credits on account of the transfer from the Revenue Head "12—Surveys" to the Capital Head "53—State Railways Construction" of the expenditure incurred on surveys undertaken in previous years in respect of projects the construction of which is commenced during the budget year and which form an integral part of state railways worked by Companies. In similar circumstances in respect to new lines which will form part of state railways worked by the State the transfer entry in the accounts is not made in the finance accounts of the year but an addition is made to the booked capital at charge to the end of the previous year without an addition to the capital and a reduction in the revenue expenditure of the year. In regard to expenditure on a survey incurred in the same year in which the construction of the project surveyed is started, the expenditure is transferred by a financial adjustment to the charge of the construction in that year and a credit to the revenue head of account both on state railways worked by Companies and state railways worked by the State.

44. *Miscellaneous Establishment, etc.*—The revised estimate is placed at Rs. 2,69,000 more than the budget estimate. The excess is due almost entirely to important special investigations which it was found necessary to carry out during the year. The budget for next year provides for Rs. 11,29,000 for miscellaneous establishment and includes a provision of Rs. 2,00,000 for the employment of special accountants to overhaul the system of accounting on Indian Railways with a view to placing them on a commercial basis. This proposal was made by the Acworth Committee—*vide* paragraph 131 of their report—and has been urged upon the Government by the Standing Finance Committee for Railways. A provision of Rs. 1,80,000 has also been made to meet the cost of the Rates Advisory Committee.

The estimate also provides for a special item of 27 lakhs representing the purchase price of the Arakan Light Railway. The terms of purchase of this Line, which it is proposed to dismantle after purchase, are given in the memorandum printed in Vol. II, No. 7, of the Proceedings of the Standing Finance Committee for Railways.

Credit received from the Company-worked Railways as share of the cost of control is placed at Rs. 12,61,000 in the revised estimate and Rs. 12,04,000 in the budget estimate and represents payments anticipated in accordance with the terms of the contracts with the Railway Companies.

45. *Interest charges.*—Compared with the budget estimate a saving of about 44 lakhs is expected in interest charges of this year. This is mainly due to lower capital expenditure and a slight rise in the rate of exchange together with a slightly lower rate of interest now adopted in calculating the charges. The provision for next year is higher than the probable expenditure of the current year by about 130 lakhs due to the increase in the capital at charge.

46. *Financial results.*—Under the convention passed by the Legislative Assembly regarding the separation of the finances, the general revenues receive from the Railways in the current year a contribution equal to one per cent. on the capital at charge in 1923-24 and one fifth of the surplus profits of that year of commercial lines in addition to one third of the amount

available after meeting this contribution for transfer to railway reserves in excess of 3 crores in the current year. The amount to be paid on account of one per cent. contribution of capital at charge in 1923-24 is Rs. 5,40,38,966 and the one-fifth of surplus profits in that year amounted to Rs. 90,03,230, so that the total contribution works to Rs. 6,30,42,196. Deducting Rs. 1,21,04,113, representing the loss in working on strategic lines during 1923-24, from Rs. 6,30,42,196, and adding Rs. 22,60,000 on account of one-third of the amount above Rs. 3 crores available for transfer to railway reserve, the net figure of contribution to the general revenues in 1925-26 is Rs. 5,31,98,000. The gain from railways (*i.e.*, the net result after meeting all revenue expenditure including interest charges) in the current year, is estimated at Rs. 8,77,19,000 and, after paying from this amount the contribution to general revenues, the estimated amount to be transferred to railway reserves is Rs. 3,45,21,000.

47. The results of working of railways are expected to yield a gain of Rs. 8,70,94,000 in the next year or of Rs. 10,44,62,000 if commercial lines alone are taken into account. The contribution to general revenues on account of contribution at one per cent. of capital at charge and one-fifth of surplus profits of 1924-25 is Rs. 7,59,66,000, or after allowing for loss in working of strategic lines of Rs. 1,58,79,000, Rs. 6,00,87,000 leaving Rs. 2,70,07,000 out of the figure of Rs. 8,70,94,000 as available for transfer to railway reserves. As the amount available for transfer to railway reserves does not exceed 3 crores no further contribution would be due to general revenues in the next year.

The gain from commercial lines is estimated to give a percentage of 1.63 to capital at charge of these lines in 1925-26 and of 1.55 in 1926-27. The amounts expected to be credited to the reserve fund work out to a percentage of 3.49 on the gross earnings in 1925-26 and to a percentage of 2.66 on the gross earnings in 1926-27.

48. *Strategic Lines.*—The table below compares the results of working of the strategic lines in the current and the next years :—

(Figures in thousands of rupees.)

	1925-26. (Budget).	1925-26. (Revised).	1926-27. (Budget).
Gross receipts	1,85,00	1,63,75	1,67,43
<i>Charges—</i>			
Working Expenses	2,17,25	2,04,94	2,11,05
Interest charges	1,21,15	1,26,04	1,29,84
Miscellaneous . . . . .	..	44	22
Net loss in working	1,53,40	1,67,67	1,73,68

The Budget Estimate of gross receipts for 1926-27 is higher by 3½ lakhs. Of this increase 2½ lakhs is on the strategic lines of the North Western Railway

system and is partly due to the opening of the Khyber Railway. The remainder of the increase, *viz.*, 1½ lakhs, represents the earnings of the Aden Railway which is to be classified as a strategic line with effect from the 1st April 1926. The estimates for 1926-27 provide for an increase of about 6 lakhs in working expenses over the probable expenditure in the current year. This increase in the main is due to the opening of the Khyber Railway, to provision for the working expenses of the Aden Railway and additional expenditure on account of the increased traffic to be worked.

49. *Depreciation Fund.*—The balance in this fund at the close of last year was 3.06 crores. During this year the credits are estimated to amount to 10.65 crores and the withdrawals to 7 crores, leaving a balance of 6.71 crores in the fund at the end of the year. Next year credits are estimated to amount to 11.05 crores and charges to 8.50 crores so that the balance at the end of next year is estimated to be 9.26 crores.

50. *Reserve Fund.*—The balance at the beginning of this year was approximately 6 crores and was arrived at after meeting a debit of 38.29 lakhs on account of writing down the value of stores—*vide* the proceedings of the Standing Finance Committee for Railways, page 77, Volume II, No. 1. If the estimates for capital expenditure, gross traffic receipts and working expenses prove accurate, a sum of 3.45 crores will be carried to the credit of the fund in this year and a sum of 2.70 crores in the next year.

51. *Stores balances.*—When the budget for the current financial year was presented to the Assembly last February it was anticipated that the balance of stores held by railways would be 17,50 lakhs and 16,00 lakhs on the 31st March 1925 and 31st March 1926 respectively. The actuals for 31st March 1925 were 17,08 lakhs and the revised estimate for 31st March 1926 is now placed at 15,35 lakhs. During the year 1926-27 a further reduction of about 129 lakhs is expected thus reducing the balance to 14,06 lakhs. This figure represents a reduction of more than 7¼ crores on the balance held on 31st March 1924 and effects an annual saving in interest charges of approximately 41 lakhs. While further reductions of this magnitude are not anticipated the necessity of keeping down the balance of stores to the very minimum continues to receive the unremitting attention of the Railway Board. A reference in this connection is invited to paras. 44 to 46 of the Report by the Railway Board on Indian Railways for 1924-25.

C. D. M. HINDLEY,

Chief Commissioner for Railways.

DELHI;

A. M. HAYMAN,

The 20th March 1926.

Offg. Financial Commissioner, Railways.

ANNEXURE A.

Purchase terms of the Delhi Umballa Kalka Railway. (Paragrap^h 8).

The Delhi Umballa Kalka Railway was constructed with money provided by the Delhi Umballa Kalka Railway Company, Limited, and was worked on behalf of the Secretary of State by the East Indian Railway up to the 31st March last and has been worked since that date by the North Western Railway. Under the terms of the contract the Government retains 48 per cent. of the gross receipts as cost of working, the remaining 52 per cent, being paid over to the Company, subject to deduction of Indian income-tax. The Government has power to purchase the line on the 31st December 1926 or on the 31st December of any subsequent year, on giving twelve months' notice and paying in cash a sum equivalent to twenty-five times 50 per cent. of the average yearly gross earnings of the railway during the last preceding five years, without deduction for India income-tax or otherwise.

2. Under these terms it would never be to the financial interest of the State to exercise the option of purchase under the contract so long as money had to be borrowed at a rate higher than 4 per cent.; while with increasing traffic the loss to the State from working the line for a remuneration much below present operating costs increases with every increase of traffic.

3. It was calculated that with average annual gross earnings of about 55 lakhs the amount to be paid to the Company annually would be about 28½ lakhs while the purchase price would be 687½ lakhs. As it was clearly not to the advantage of the State to pay 687½ lakhs in order to escape an annual payment of 28½ lakhs, the Company were informed that the Secretary of State would not exercise his option of purchase on the 31st December 1926. Negotiations were then entered into with the Board of Directors of the Company for purchase outside the terms of the contract for a price more nearly approximating the market value of the Company's interests. These negotiations have now been concluded, and, subject to the assent of the stockholders, the line will be purchased by the Secretary of State on the 31st March 1926 for a cash payment of three million pounds or approximately four crores of rupees. This figure may be contrasted with the figure of two crores of capital sunk in the line and with the figure of 687 lakhs payable under the option provided in the contract. The saving to the State from the transaction will be represented by the difference between the interest to be paid on a loan of four crores, which at 5½ per cent. is 22 lakhs, and the annual present payment of 27 or 28 lakhs. The saving will, it is anticipated, increase in time with the development of the line as an integral portion of the North Western Railway without any restrictions with regard to routing or the opening of fresh lines—restrictions which are an inevitable concomitant of divergent financial interests in separate portions of a railway system.

APPENDIX I.

Capital at charge on State Railways at end of 1923-24, capital expenditure during 1924-25 and estimated capital expenditure in 1925-26 and 1926-27.

Railways.	To end of 1923-24.	Accounts, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.	To end of 1926-27.	REMARKS.
Open Lines.						
State Railways worked by State—						
Eastern Bengal	43,45,52,901	19,15,649	68,00,000	1,42,17,000	45,94,55,550	
East Indian (including South Bihar)	96,98,99,044	2,12,30,624	3,25,00,000	4,34,50,000	1,39,09,06,890	
Oodh and Rohilkhand	31,65,53,928	52,73,264				
Great Indian Peninsula	83,08,65,765	42,47,796	2,15,00,000	4,06,51,000	1,03,04,12,739	
Agra Delhi Chord	1,50,83,989	49,711				
Baran Kotah	50,01,616	60,783				
Ehopal State	45,76,578	51,221				
Cawnpore Banda	83,06,161	18,159	4,10,000	6,05,000	64,31,927	
Jochpur Hyderabad	51,54,967	2,61,920				
North Western	82,30,49,695	50,44,647	1,90,00,000	7,84,02,000	92,54,96,543	
Strategic Lines (North-Western)	27,11,06,057	21,98,574	54,00,000	52,15,000	28,29,19,631	
" " (Aden)	15,03,715	-5,805	31,000	-15,000	15,18,910	
Stores transactions	2,16,39,276	19,21,724	...	...	2,35,61,000	
Abandoned projects	32,86,316	..	...	...	32,86,316	
Total State Railways worked by State	3,81,25,50,218	4,22,68,257	6,76,41,000	16,25,25,000	4,12,50,14,476	
State Railways worked by Companies—						
Assam Bengal	18,64,97,031	12,90,220	16,36,000	25,61,000	19,23,04,251	
Bengal Nagpur	58,32,73,684	2,71,25,656	1,98,00,000	1,62,98,000	64,21,53,340	
Bengal and North Western (Tirhut)	6,74,73,740	11,43,995	8,70,000	11,71,000	9,06,58,735	
Berwada Extension	14,73,001	2,26,775	24,000	40,000	17,63,778	
Bombay, Baroda and Central India	67,14,90,546	1,66,54,443	1,91,12,000	3,48,30,000	70,38,87,289	
Barma (Mala Line)	22,03,98,604	52,96,893	57,00,300	72,14,000	26,19,22,945	
Barma Extensions		1,38,662				
Southern Shan States	1,70,56,736	31,850	1,32,76,000	2,02,55,000	53,24,46,284	
Madras and Southern Mahratta	69,25,11,867	62,50,935				
Dhone Kurnool	10,16,343	...				
Guntur Tenali	140	...				
Rohilkhand and Kumaon (Lucknow Bareilly)	1,60,94,899	-2,47,266	...	-29,000	1,58,66,635	
South Indian	22,96,76,430	40,11,518	1,06,39,000	2,24,52,000	26,69,76,938	
Tinnevely Quilon (British Section)	44,53,693	1,62,762	6,60,000	2,17,000	54,99,474	
Carried over	2,47,70,66,303	6,02,21,475	7,21,27,000	10,50,24,000	2,71,44,24,067	

APPENDIX I—contd.

Railways.	To end of 1923-24.	Accounts, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.	To end of 1926-27.	REMARKS.
Brought forward	3,61,25,80,218	4,22,68,257	6,76,41,000	18,25,25,000	4,12,50,14,475	
Open Lines—contd.						
State Railways worked by Companies—contd.	2,47,70,66,202	6,02,21,465	7,21,23,000	10,50,34,000	2,71,44,34,667	
Tinnevely Quillon (Indian State Section)	1,35,64,168	1,16,030	1,06,000	70,000	1,38,56,218	
Coonoor Ootacamund	50,39,564	11,615	67,000	10,000	51,28,179	
Total State Railways worked by Companies	2,40,56,69,954	6,03,49,110	7,22,96,000	10,51,04,000	2,73,34,19,064	
Total Open Lines	6,30,82,50,172	10,26,17,967	15,99,37,000	28,76,29,000	6,66,64,23,539	
Lines under construction.						
State Railways worked by State—Central Indian Coal Fields	..	33,58,212	75,00,000	69,50,000	1,96,05,513	
Eastern Bengal—						
Krishnagar Navadwip	..	..	1,00,000	37,000	1,37,000	
Magrahat Lakshmikantapur	..	..	..	6,00,000	6,00,000	
Faridpur Charmaguria	..	..	..	10,00,000	10,00,000	
Natore Rampur Boalia Nachoul	..	..	..	20,00,000	20,00,000	
Dinajpur Ruhea	..	..	..	17,00,000	17,00,000	
East Indian—Kedia Colliery	..	..	..	3,00,000	3,00,000	
Bokaro Ramgarh (Bermo-Duneya) Extension	17,53,490	8,17,644	1,00,000	..	21,71,134	
South Karanpura Extension	9,52,048	6,55,026	2,50,000	..	16,57,074	
Chandrapura Gomoh	1,01,344	6,65,723	5,00,000	1,59,000	16,26,068	
Calcutta Chord	..	..	1,00,000	32,85,000	32,65,000	
Rishikesh Road Rishikesh	..	2,64,233	3,50,000	2,50,000	6,64,233	
Raighat Jahangirabad Bulandshahr Branch	..	..	..	7,00,000	7,00,000	
Great Indian Peninsula—Itarsi Nagpur	3,15,35,910	54,43,096	..	..	2,49,79,006	
Bombay Harbour Branch	77,35,402	4,75,374	1,17,000	..	83,17,776	
Majri Rajur	22,23,845	4,13,265	1,41,000	..	27,78,110	
Agra Bah	..	..	92,000	12,05,000	12,00,000	
Kurla Trombay Line—Purchase and electrification of	..	..	..	11,26,000	11,26,000	
North Western—Amritsar Narowal	..	..	..	20,00,000	20,00,000	
Kangra Valley	..	..	5,00,000	36,00,000	42,00,000	
Shabdara Narowal	..	..	..	10,00,000	10,00,000	
Strategic Lines—Khyber Railway	2,11,51,705	42,30,742	..	..	2,57,72,447	
Hindubagh Fort Sandeman	..	..	..	6,00,000	6,00,000	
Total State Railways worked by State	6,54,42,744	1,40,33,314	97,50,000	2,67,15,000	11,79,42,058	
Carried over	6,54,42,744	1,40,33,314	97,50,000	2,67,15,000	11,79,42,058	

APPENDIX I- *contd.*

Railways.	To end of 1923-24.	Accounts, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.	To end of 1926-27.	REMARKS.
Brought forward	6,54,43,744	1,40,33,514	97,50,000	2,97,15,000	11,79,42,055	
Lines under construction— <i>contd.</i>						
State Railways worked by Com- panies—						
Assam Bengal—						
Sibsagar Road Khawang . . . . .	...	12,05,414	10,00,000	7,26,000	29,31,414	
Furkating Badulipara Jorhat . . . . .	...	...	6,08,000	10,00,000	15,05,000	
Sararchar Kishoreganj Athar- bari Branch Extension . . . . .	...	...	...	35,00,000	35,00,000	
Karimganj Longai Valley . . . . .	...	...	5,000	5,00,000	5,05,000	
Bengal Nagpur—						
Vizagapatam Harbour	31,68,768	7,55,762	-39,54,000	...	530	
Baipur Parvatipur	12,155	13,760	14,00,000	1,25,00,000	1,30,25,915	
Tumsur Road Tirodi . . . . .	...	...	8,00,000	10,00,000	18,09,000	
Amda Jamda	1,21,55,303	13,74,530	...	...	1,35,30,133	
Talchir Coal Fields	21,59,597	29,73,554	34,55,000	15,37,000	1,01,05,151	
Barkakhana Chandil	12,56,474	35,96,607	54,00,000	49,56,000	1,51,99,081	
Argada Branch . . . . .	...	2,01,105	1,46,000	-1,14,000	4,61,105	
Juttitangar Branch . . . . .	...	21,382	1,02,000	...	1,23,382	
Ghordeva Coal Fields . . . . .	...	...	...	15,44,000	15,44,000	
Barabil Branch . . . . .	...	29,016	3,00,000	...	3,29,016	
Bokaro Ramgarh (Bermo- Duneya) Extension)	21,89,703	3,19,399	2,82,000	...	27,91,101	
South Karanpura Coal Fields	13,22,172	7,24,993	5,39,000	...	25,86,165	
Bombay, Baroda and Central India—						
Dholka Dhanduka	27,67,196	...	...	...	27,67,196	
Jambusar Kavi . . . . .	...	...	50,000	5,00,000	5,50,000	
Vasad Katana . . . . .	...	...	...	10,00,000	10,00,000	
Nadind Kaira . . . . .	...	...	...	4,00,000	4,00,000	
Sami Dehej . . . . .	...	...	...	5,00,000	5,00,000	
Malad-Karodi quarry siding . . . . .	...	...	...	1,00,000	1,00,000	
Burma—						
Bauktaw Mingaladon	4,149	3,33,373	3,00,000	97,000	7,39,522	
Pyinmana Taungdwingyi	59,02,872	11,79,737	3,00,000	1,55,000	75,37,609	
Moulmein Ye	79,56,590	19,18,584	4,00,000	1,53,000	1,04,26,464	
Alon Segyi Ye U	25,46,550	3,53,026	3,00,000	1,50,000	33,49,576	
Pegu Kayan	5,06,350	13,16,699	10,00,000	4,00,000	32,33,049	
Heho Tayaw . . . . .	...	...	2,00,000	8,00,000	10,00,000	
Carried over	4,19,43,168	1,63,40,541	1,28,13,000	3,16,41,000	10,37,42,709	
	6,54,43,744	1,40,33,314	97,50,000	2,97,15,000	11,79,42,055	

BUDGET FOR 1926-27.

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APPENDIX I—concl'd.

Railways.	To end of 1923-24.	Accounts, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.	To end of 1926-27.	REMARKS.
Brought forward	6,54,43,744	1,40,53,314	97,50,000	2,67,15,000	11,79,42,058	
	4,19,43,168	1,65,40,541	1,28,30,000	3,16,41,000	10,27,42,799	
Lines under construction— concl'd.						
State Railway- worked by Com- panies—concl'd.						
Burma—concl'd.						
Mandalay Madaya . . . . .	...	3,273	6,00,000	4,50,000	10,53,273	
Taungdwingyi Kyaukpadaung . . . . .	...	...	6,00,000	25,00,000	35,00,000	
Taungdwingyi Magwe . . . . .	...	...	...	20,00,000	20,00,000	
Myingyan Natogyi Paleik . . . . .	...	...	...	25,00,000	25,00,000	
Kayan Thongwa . . . . .	...	...	1,00,000	5,00,000	6,00,000	
Naunglebin Madauk . . . . .	...	...	...	6,00,000	6,00,000	
Madras and Southern Mahratta—						
Nidadavolu Narasapur . . . . .	...	...	1,00,000	25,00,000	26,00,000	
Cocanada Kotapelli . . . . .	...	...	...	5,00,000	5,00,000	
Godivada Bhimsavaram . . . . .	...	...	...	15,00,000	15,00,000	
Hotgi Sholapur . . . . .	...	...	1,00,000	6,00,000	7,00,000	
Kannivihalli Kamatheruvu . . . . .	...	...	...	9,00,000	9,00,000	
South Indian—						
Villupuram Trichinopoly	3,925	95,224	38,00,000	90,00,000	1,28,99,149	
Virudunagar Tenkasi . . . . .	...	2,23,314	25,00,000	19,50,000	46,73,314	
Shoranur Nilambur	15,300	12,65,323	15,00,000	21,89,000	69,69,632	
Dindigul Pollachi . . . . .	...	...	4,00,000	45,00,000	49,00,000	
Trichinopoly Karaikudi . . . . .	...	...	...	15,07,000	15,07,000	
Mayavaram Tranquebar . . . . .	...	...	4,00,000	9,60,000	13,60,000	
Madura Bodinayakanur . . . . .	...	...	1,00,000	5,46,000	6,46,000	
Vridhachalam Caddalore . . . . .	...	...	1,00,000	26,27,000	27,27,000	
Total State Railways worked by Companies	4,19,67,403	1,79,47,675	2,53,13,000	6,94,79,000	15,47,07,077	
Total Lines under Construction	10,74,11,148	3,19,86,969	3,50,63,000	9,81,94,000	27,26,40,135	
Total Open Lines and construc- tions	6,41,56,61,318	13,45,98,356	19,50,00,000	58,58,23,000	7,13,10,82,674	
Deduct—Probable savings	...	...	...	12,58,33,000	12,58,23,000	
Net	6,41,56,61,318	13,45,98,356	19,50,00,000	26,00,00,000	7,00,52,59,674	

APPENDIX II.

Gross receipts, working expenses, and net receipts of State Railways for five years ending 1924-25, with Revised Estimates for 1925-26 and Budget Estimates for 1926-27.

(Omitting 000, except in Accounts.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.		
	M.	M.	M.	M.	M.	M.	M.
Open mileage at beginning of year	26,530	26,700	26,961	27,163	27,225	27,472	27,575
Gross Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INDIA.							
STATE RAILWAYS WORKED BY THE STATE.							
Eastern Bengal	4,61,06,642	4,42,96,639	5,24,50,563	5,34,77,428	5,90,15,910	6,21,61	6,75,26
North Western Commercial Lines	12,97,73,559	11,34,90,668	12,95,24,443	13,46,96,265	15,39,5,526	14,27,12	14,03,63
Strategic Lines . . . . .								1,64,24,789	1,55,26,296	1,71,15,149	1,50,96,677	1,63,75	1,66,02
East Indian	13,64,16,068	13,38,87,673	15,55,59,040	16,23,67,060	17,22,76,920	20,15,40	20,53,26
Ondh and Bobilkhand	3,26,48,785	3,31,34,469	3,94,92,843	3,63,06,369	3,66,29,556		
Great Indian Peninsula including Indian Midland	12,79,35,857	12,61,70,645	14,11,38,123	13,64,75,334	15,39,67,804	15,7,00	15,16,53
Agra Delhi Chord	50,30,667	47,07,855	50,84,396	45,92,319	...		
Ehopal	12,76,267	12,06,963	12,97,300	13,43,631	...		
Baran Kotah	1,62,889	1,77,243	2,11,961	2,20,463	...		
Cawnpore Banda	3,89,254	4,50,307	4,78,269	4,73,115	...		
...		
STATE RAILWAYS WORKED BY COMPANIES.							
Assam Bengal	1,02,65,216	85,15,384	1,20,56,460	1,28,90,228	1,44,14,066	1,57,62	1,62,30
Bengal Nagpur	6,39,37,399	6,67,81,163	7,70,71,210	7,70,93,523	8,39,15,778	8,41,06	8,71,64
Bombay, Baroda and Central India	9,94,16,377	10,25,31,934	11,75,19,333	11,96,42,139	12,39,57,925	12,32,00	12,58,00
Burma Railways including Extensions and Southern Shan States	3,26,29,019	3,51,73,263	4,06,98,058	4,11,37,616	4,29,88,754	4,77,80	4,93,50
Madras and Southern Mahratta Railway including Mysore State Lines	6,22,45,540	6,55,06,989	7,28,13,554	7,37,33,866	7,50,48,388	8,04,18	8,19,10
Dhone-Kurnool	1,82,083	1,84,177	1,89,230	2,21,215	2,40,939		
South Indian including Tinnevely Quilon	4,27,06,378	4,59,62,934	5,10,28,798	5,27,08,168	5,14,78,062	5,47,62	5,59,40
Other Railways	1,68,51,233	1,83,11,394	2,10,74,318	2,01,60,376	2,25,53,553	2,36,65	2,30,34
Total Central	80,97,75,233	81,69,27,377	93,22,14,218	94,65,52,343	1,01,04,55,958	1,00,86,41	1,03,06,44
India	80,92,89,163	81,64,42,250	93,17,30,868	94,60,69,516	1,00,99,73,503	1,00,80,00	1,03,03,00
England	4,88,070	4,85,127	4,88,363	4,92,827	4,92,355	4,83	4,63
Exchange	---	---	---	---	---	1,85	1,61

BUDGET FOR 1926-27.

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APPENDIX II—contd.

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.		
Working Expenses.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INDIA.							
STATE RAILWAYS WORKED BY THE STATE.							
Eastern Bengal	2,98,24,284	3,76,49,767	4,40,77,264	3,95,73,311	4,26,70,672	4,63,59	4,59,02
North Western—							
Commercial Lines	10,09,84,480	10,33,44,038	10,06,98,361	9,11,31,786	9,52,44,196	9,58,03	9,93,86
Strategic Lines		2,46,08,721	2,22,33,936	1,89,67,892	1,95,76,450	2,04,94	2,09,18
East Indian	7,40,71,007	8,57,40,108	10,01,22,354	9,98,39,844	10,30,54,032	12,23,41	12,38,22
Oudh and Rohilkhand	1,94,62,004	2,58,18,184	2,61,64,731	2,37,50,107	2,72,29,728		
Great Indian Peninsula including Indian Midland	9,67,79,411	11,80,71,791	10,58,31,167	9,15,57,559	9,11,80,494	10,63,16	10,91,57
Agra Delhi Chord	38,72,250	43,05,257	38,08,140	30,83,340	...		
Bhopal	9,52,380	11,03,748	9,71,658	9,02,130	...		
Baran Kotah	1,02,889	1,16,928	1,14,479	1,18,733	...		
Cawnpore Banda	3,19,083	4,34,314	3,82,129	3,41,312	...		
STATE RAILWAYS WORKED BY COMPANIES.							
Assam Bengal	83,01,024	84,38,775	92,27,437	91,00,637	90,96,326	1,06,98	1,13,30
Bengal Nagpur	4,38,80,570	5,33,17,921	4,43,17,323	5,11,27,579	5,15,72,432	6,00,69	6,20,33
Bombay, Baroda and Central India	6,75,12,138	7,94,28,942	8,24,16,577	7,14,56,582	6,70,95,289	7,75,30	7,78,89
Burma Railways including Extensions and Southern Shau States	2,21,87,533	2,47,26,298	2,43,96,464	2,52,25,907	2,53,52,669	2,78,25	2,82,88
Madras and Southern Mahratta Railway including Mysore State lines	4,17,61,943	4,59,12,876	4,73,98,926	4,32,89,646	4,33,80,230	4,52,37	4,77,43
Dhone Kurnool	1,29,317	1,39,434	1,26,580	1,31,570	1,37,992		
South Indian including Tinnevely Quilon	2,56,95,051	3,34,02,156	3,59,06,883	3,04,74,778	2,82,56,826	3,24,90	3,20,40
Other Railways	92,32,104	96,19,025	1,14,19,698	1,04,55,157	1,10,43,699	1,11,33	1,19,90
Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund . . . . .	...	...	...	...	1,80,46,614	...	...
Deduct—Difference between book and market value of stores . . . . .	...	...	...	...	—38,26,797	...	...
Total Central	54,54,37,464	65,66,78,003	65,96,16,125	61,05,28,077	62,90,76,666	66,92,25	67,29,99
India	54,51,37,464	65,66,78,003	65,96,16,125	61,05,28,077	62,90,76,666	65,75,77	67,05,79
England	—	—	—	—	—	12,50	18,15
Exchange	—	—	—	—	—	4,06	6,05

BUDGET FOR 1926-27.

APPENDIX II—concl'd.

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	1920-21.	1931-22.	1922-23.	1923-24.	1924-25.		
Not Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INDIA.							
STATE RAILWAYS WORKED BY THE STATE.							
Eastern Bengal	1,63,84,358	66,46,852	83,73,298	1,39,04,117	1,72,45,238	1,68,02	1,76,23
North-Western—							
Commercial lines	} 2,87,80,079	} 1,01,46,628	} 2,88,26,083	} 4,35,64,409	} 5,66,91,330	} 4,69,09	} 4,69,34
Strategic lines . . . . .								}-81,83,932	}-67,07,841	}-18,52,743	}-35,89,813	}-41,19	}-43,16
East Indian	6,43,45,061	4,81,47,565	5,54,36,688	6,25,27,236	6,91,72,598	} 7,91,99	} 8,20,03
Ondh and Rohilkhand	1,31,86,781	73,16,285	1,23,28,111	1,25,56,262	95,99,858		
Great Indian Peninsula including Indian Midland	3,11,56,446	80,99,154	3,53,06,966	4,69,17,775	} 6,17,87,400	} 4,66,54	} 4,75,25
Agra Delhi Chord	11,59,417	4,02,598	12,76,256	15,08,979			
Bhopal	2,93,887	1,03,214	3,25,642	4,41,501			
Baran Kotah . . . . .	...	60,314	97,483	1,01,744			
Cawnpore Banda	70,171	15,993	96,140	1,31,803			
STATE RAILWAYS WORKED BY COMPANIES.							
Assam Bengal	19,64,195	76,609	28,29,023	37,89,391	53,17,740	51,24	49,00
Bengal Nagpur	2,00,76,839	1,34,73,242	3,27,53,888	2,59,65,944	3,23,43,356	2,40,36	2,51,31
Bombay, Baroda and Central India	3,19,04,239	2,26,02,992	3,51,02,758	4,80,85,557	5,63,68,642	4,58,70	4,79,11
Burma Railways including Burma Railway Extensions and Southern Shan States	1,04,41,486	1,04,46,965	1,63,01,594	1,56,11,709	1,76,36,085	1,99,25	2,10,62
Madras and Southern Mahratta Railway including Mysore State lines	2,04,83,598	1,95,95,993	2,54,14,628	3,04,44,238	3,56,88,168	} 3,31,72	} 3,41,68
Dhone Kurnool	63,766	45,743	63,650	89,645	1,02,947		
South Indian including Tinnevely Quilon	1,70,11,337	1,25,60,780	1,51,19,914	2,22,31,390	2,32,21,256	2,22,72	2,29,00
Other Railways	74,19,139	86,92,359	96,54,618	97,05,219	1,15,09,924	1,17,32	90,44
<i>Deduct</i> —Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund . . . . .	...	...	...	...	-1,80,46,614	...	...
<i>Add</i> —Difference between the book value and the market value of stores . . . . .	...	...	...	...	+38,28,797	...	...
Total Central	26,46,37,769	16,02,49,374	27,25,98,093	33,60,24,268	38,13,77,272	34,64,06	35,79,45
India	26,46,37,769	16,02,49,374	27,25,98,093	33,60,24,268	38,08,94,917	34,74,23	35,97,21
England	...	...	...	...	4,83,355	-7,67	-13,32
Exchange	...	...	...	...	...	-2,50	-4,44

PART II.
GENERAL BUDGET.

Speech of the Finance Member

introducing the

Budget for 1926-27.

INTRODUCTORY.

Sir, In the Budget for 1925-26 the Government of India and the Legislature had the satisfaction of making a substantial beginning in the reduction of Provincial contributions, when, apart from other temporary relief, a permanent diminution of Rs. 2½ crores was effected in their total. We were enabled to take this welcome step in view of substantial realised surpluses in each of the years 1923-24 and 1924-25, and in expectation of a balance on the right side in the year 1925-26. I am glad to be able to inform the House that, in spite of the considerable revenue which we then gave up in relief of the Provinces, a realised surplus for 1925-26 is now assured. The exact figure is of course still a matter of estimating, but there is no doubt that the balance will be on the right side; and this notwithstanding the very unusual step taken during the year in regard to the Cotton Excise Duty. This duty ceased to be levied as from the 1st of December 1925 and in the announcement regarding the cessation of its levy it was made clear that, barring unforeseen accidents, suspension was intended in all but form to be equivalent to abolition.

2. This announcement inevitably takes away some of the beautiful uncertainty of anticipation, some of the pleasant thrill of expectancy, which is supposed to attach to the opening of a Budget. Instead of hoping—shall I say, against hope?—that this Budget may perhaps contain proposals for bringing to an end this tax, so long the subject of controversy, Honourable Members have, I suspect, already in their minds written it off, and, as they listen to me, are waiting in anxious suspense, not to learn the fate of the Cotton Excise Duty, but only to know what other reliefs, if any, may be in store for them. In regard to the Cotton Excise Duty, I will keep them in doubt no longer. I will admit them at once to the secret that the Finance Bill about to be presented to the House includes a clause abolishing the Cotton Excise Duty finally and entirely. The patient died on December the 1st, 1925, and it only remains for us to assist at his obsequies and give the corpse decent interment. We have no need to fear even its unlamented ghost. No miracle can restore it to life at this time other than some unthinkable accident in the passing of the Finance Bill.

3. Before satisfying the curiosity of Honourable Members in regard to Actual outturn of other proposals in the Budget, I must first review shortly the actual figures for 1924-25 and, in somewhat greater detail, the revised estimates for the year 1925-26. Our revised estimates for 1924-25 anticipated a surplus of almost 4 crores. The audited accounts which have just been published show a surplus of 5.68 crores—an improvement of nearly 1.69 crores on our expectations of a year ago. Under all the heads of the Civil Budget, apart from Railways the net variation between the revised estimates and the actual

figures amounts to 15 lakhs only, though there are appreciable variations in both directions under individual heads. The increase in the realised surplus is accounted for almost entirely by a reduction in net military expenditure amounting to 70 lakhs and an increase in the contribution from Railways amounting to 1,14 lakhs. The savings in military expenditure arose from underspending in England due partly to decreased expenditure on purchase of stores and partly to an adjustment in India's favour of some payments to the War Office arising out of claims in connection with war expenditure. These claims, I may say, have no connection with the important sums in dispute between the War Office and the Government of India in regard to war expenditure. Negotiations for the settlement of these latter have been vigorously pursued during the year. The issues are complicated, and I am not yet in a position to announce the final outcome, but I have every hope that the result will in the end be regarded as not unfavourable to India. The large variation amounting to 1,14 lakhs under Railways is the result of an increase in the net railway earnings which, after the deduction of the fixed contribution of 5.09 crores, proved to be 8.07 crores instead of 4.65 crores as anticipated. There were savings in working expenses owing partly to adjustments in connection with the Privy Council decision regarding Customs duties on stores for Companies' lines. On the other hand, the gross traffic receipts exceeded expectations by 1.48 crores, chiefly because heavy traffic in grain and cotton developed in February and March, the movement of these crops beginning earlier than usual. One result of this is that the railway receipts in the early part of the current year fell below our anticipations. The final outturn of the year 1924-25 shows a revenue of 138.04 crores and an expenditure of 132.36 crores, leaving a realised surplus of 5.68 crores. The usual comparative table showing the actual outturn in each of the last ten years is attached to the printed Budget speech.

REVIEW OF THE YEAR 1925-26.

4. Weather conditions in India in the year 1925-26 have not been altogether favourable. The winter rainfall a year ago was not unsatisfactory—I regret to say that it is less satisfactory in Northern India this year—but the wheat crop suffered from excessive cold and high winds. Almost throughout India the monsoon came to an end too early. In old days this might have caused really bad famine conditions in some areas, but the great improvement in our communications in recent years has contributed materially to a reduction of famine risks especially when, as in 1925, the monsoon rainfall was not entirely deficient. Indian trade and commerce during the year have, however, been less under the influence of internal conditions than under that of external conditions affecting world trade. I drew attention a year ago to the gradual recovery of trade from world-wide depression under the stimulus of greater general security and reduced prices. Similar forces have operated in India during 1925-26, but the fall in prices has been more marked than in the previous year. For all commodities the general index figure came down from 176 at the end of December 1924 to 163 at the end of December 1925. Prices of cotton piecegoods and, in a lesser degree, of raw cotton were a year ago entirely out of tune with the general price level. Raw cotton appears now to have returned very nearly to its pre-war relation to other prices, and this fact holds out the prospect of an increased volume of trade in cotton piecegoods as soon as prices become steadier. Cotton piecegoods are, however, still priced

at a level considerably above the general average in spite of a very marked fall especially during the last six months of the calendar year. It is perhaps not unnatural that during this painful period of restoration of price equilibrium the cotton mill industry, particularly in Bombay, has been subjected to serious difficulties and that there has been a considerable decrease in our imports of cotton piecegoods. During the first 9 months of 1925-26 there was a fall of 22 per cent. in value and 15 per cent. in the quantity of piecegoods imported. In our export figures a large reduction in the quantity and value of our exports of wheat is the most notable feature during this period.

5. Apart from these two commodities, the trade figures of the year have been satisfactory. The tea industry has had another prosperous year, while the prices both of raw jute and jute manufactures show a considerable advance. A significant feature of the year which is of great importance in relation to the question of transport facilities in India has been the growth of the use of motor vehicles. There has been a large increase in the number of private cars in use and an even more striking increase in the number of vehicles plying for public hire. The number of motor vehicles imported has gone up by 24 per cent. Our receipts from the excise duty on petrol reflect the increase in the use of motor vehicles in a striking manner. Though the rate of duty was reduced by 33½ per cent. a year ago, yet our revenue from the duty is as high as before. Among other features of interest I may mention that imports of artificial silk have gone up seven-fold in two years.

6. During the course of 1925 the League of Nations issued a table designed to compare on a gold basis the total foreign trade of all the countries of the world in 1913 and 1924. According to the figures in that table India stood in 1913 eighth on the list of countries in the matter of the total value of foreign trade. In 1924 she had risen to the fifth place, and there is little doubt that she has maintained that position throughout 1925. In spite of a fall in values and the depression in the piecegoods trade, India's total foreign trade in the first ten months of 1925-26 amounted to 496.43 crores or only 16.81 crores less than the figure for the corresponding period of the previous financial year. The net imports of bullion during the calendar year 1925 amounted to 80.92 crores of which 60.69 crores represented gold. This latter figure is the highest ever recorded. But the boom in the demand for gold had nearly spent itself in the first three months of the calendar year, and the imports of gold in the ten months of the financial year beginning on the 1st of April 1925, at 28.10 crores are 18.09 crores below the corresponding ten months of 1924-25. The visible balance of trade including private imports of treasure was in favour of India at the end of January to the extent of 85.82 crores of rupees—a figure which should be compared with 42.29 crores a year ago and 63.30 crores in the corresponding period of the year 1923-24.

7. The rupee-sterling exchange has shown persistent strength almost throughout the year, and for the time being at any rate we seem to have come to an end of the wide fluctuations which have been a feature of the post-war period. Thanks in large measure to the steadiness of exchange and also to other causes such as the abstention of the Government of India from the loan market for purposes other than conversion—a subject to which I shall have occasion to refer later—the busy season of 1925-26 promises to be remarkable for an almost complete absence of stringency in the money market. After the severe stringency of the winter of 1923-24, conditions in the following season of 1924-25 showed a noticeable improvement and the Bank rate did not rise above 7 per

cent. and that only for a period of 4 months from January to May, 1925. It was reduced by the third week in May to 6 per cent. and by the first week in July to 4 per cent. The rate was raised again to 5 per cent. in the fourth week of September and remained there till the first week of December, when it went up to 6 per cent. If, as seems possible, we are able to get through the busy season of this year with a rate not higher than 6 per cent., this will be the first occasion since the establishment of the Imperial Bank of India when the rate has not risen as high as 7 per cent., and if we leave two exceptional war years out of the account when conditions were artificial, it will represent what I think must be a record in the history of Indian banking, and will be an achievement for which the authorities of the Imperial Bank of India will deserve our special thanks and congratulations.

REVENUE, 1925-26.

8. Our Customs revenue for the current year reflects accurately the trade conditions at which I have glanced. The suspension of the Cotton Excise Duty from December onwards, coupled with the notable fall in values, has had the result of reducing our income from the duty by 71 lakhs as compared with the Budget estimate. The yield from the import duty on cotton goods was estimated cautiously at 7.30 crores, or 40 lakhs less than the revised estimate for 1924-25, but it is not now estimated that we shall collect much more than 6 crores. On the other hand, the increase in the world production of sugar has resulted in a very heavy fall in sugar prices leading to a large increase in the imports into India, and thanks to the action of the Legislature a year ago in passing an Act converting the previous *ad valorem* duty on sugar into a specific duty, our revenues have benefited very materially. Our present anticipations point to an increase of 1.30 lakhs under sugar, fully counterbalancing the decrease under cotton piecegoods. Protective duties show increased yields, and as I have already mentioned, the reduction in the excise duty on motor spirit has proved a great success in that it has led to no such decrease in the yield as cautious estimating made it necessary for us to anticipate a year ago. Thanks to these counterbalancing factors, we now anticipate, in spite of the loss of 71 lakhs on Cotton Excise Duty, gross receipts from Customs for the year of 47.83 crores, which is 30 lakhs higher than the Budget figure. A probable saving of 20 lakhs under refunds enables us to anticipate a total improvement of 50 lakhs in the net receipts which we now put at 46.85 crores.

9. Under Taxes on Income, which are based on the profits of the previous year, we made what we considered a conservative estimate for 1925-26 in taking a net yield of 17.35 crores which was 87 lakhs below the Budget estimate of 18.22 crores for the previous year, though the figure actually realised in 1924-25 proved to be 16.01 crores only. Unfortunately our estimate under this head has again proved oversanguine. The gross receipts are now estimated at 17.88 crores, which is 69 lakhs less than the Budget estimate, while refunds, etc., exceed the estimate by 41 lakhs, making the net yield 16.25 crores, or 1.10 lakhs less than anticipated.

10. With the salt duty at Rs. 1-4-0 we budgeted for a normal year's receipts. It has proved, however, that we made insufficient allowance for the large accumulation of stocks which followed on the reduction of the duty in March 1924. The

off-take of salt in the early months of the summer, particularly from the Northern India Salt sources, was much below normal and for the year as a whole we expect a decrease of 55 lakhs, making a net yield of 6.40 crores in comparison with the Budget figure of 6.95 crores.

11. A supplementary grant of 51 lakhs was passed by this House during the Simla session in order to meet extra payments to cultivators in the United Provinces on account of the high outturn of the opium crop. The extra payments required, owing partly to savings elsewhere, are now expected to be 35 lakhs only, and they will be more than counterbalanced by the increase in receipts. The stocks of excise opium in treasuries which, as I explained in my Budget speech last year, were taken over and paid for by the Local Governments as on the 1st April, 1925, have proved to be higher by 24 lakhs than we had allowed for, thus adding by this amount to our non-recurrent receipts under this head. After taking these and other factors into account, we now anticipate that our net revenue from opium in the year will be 2.24 crores, which is 48 lakhs higher than we estimated last March.

12. In framing our estimate of the receipts of the General Budget from Railways we allowed for the fixed contribution of 5.09 crores together with an estimated receipt of 15 lakhs representing one-third of the excess over 3 crores expected to be transferred to the Railway reserve. The net earnings from railways have proved, as the House is aware, slightly higher than anticipated in the original Budget, so that our share in the surplus over 3 crores is increased by 8 lakhs, and the total contribution from Railways is estimated at 5.32 crores.

13. We expect an increase of 43 lakhs under Interest owing mainly to higher rates for short money in London and higher cash balances there, and for similar reasons we anticipate an additional 46 lakhs of interest on investments of the Currency Reserves. The receipts from the Enemy Ships account and the first instalment of Reparation payments from Germany under the Dawes scheme give us an extra 21 lakhs under the head of Extraordinary revenue. This completes my survey of the Revenue side of the account for 1925-26, and explains my reasons for putting the revised estimate of revenue for the year at 131.35 crores instead of 130.68 crores.

EXPENDITURE, 1925-26.

14. For a great part of the year we have been effecting our remittances at the fixed figure of 1s. 6 $\frac{1}{4}$ d. and we are now able to anticipate that the average rate of exchange for the year as a whole for accounts purposes will be 1s. 6 $\frac{3}{4}$ d. as against the Budget figure of 1s. 6d. Apart from an improvement of 6 lakhs in our railway revenues which affect us only indirectly, and again of 7 lakhs in regard to our capital expenditure, the revised figure for exchange accounts to the extent of 10 lakhs for an improvement in our revised budget of revenue and expenditure.

15. The variations in the largest item of our expenditure, Military Services, are not of the same magnitude as in previous years. The net expenditure on Military Services, according to the Budget estimate for the current year, was 56 $\frac{1}{2}$ crores. Accuracy in reaching a revised figure for military expenditure at this

period of the financial year is always specially difficult to attain, but the course of expenditure up to date points to a total net figure of 56.28 crores, or practically the same figure as our first forecast. Scrutiny of the account for non-effective services between India and the War Office has led to a special credit, for which no provision was made in the estimates of about 70 lakhs, representing a revision of the account with retrospective effect from 1919. As against this, expenditure in India has markedly exceeded the estimate in certain directions. A special provision amounting to 40 lakhs has had to be made for the purchase of certain kinds of ordnance equipment in which serious shortage has been disclosed. His Excellency the Commander-in-Chief has instituted an expert inquiry into the whole question of ordnance equipment with a view to ensuring that the real facts may be brought into clearer light and that the reasons for these shortages, which ought not to have occurred, if the system of control had been working properly, may be fully disclosed. A special grant of 15 lakhs has also been allotted for the purchase of supplies of ghee in March in advance of next year's requirements, it having been ascertained that by purchasing at an earlier date each year considerable economies can be effected. Savings of 16 lakhs on pension charges in India and an excess expenditure of about 20 lakhs owing to higher prices for articles of food and forage, are among the most important of the other variations. Since the net result of these variations is to bring the revised figure for net military expenditure out at practically the same total as the original Budget, the Finance Department are entitled to congratulate themselves on the satisfactory operation of the system introduced in connection with the 1925-26 Budget, of making a lump sum cut, which amounted this year to 20 lakhs, over the total military estimate

16. I have already mentioned the excess of 35 lakhs in opium expenditure. Interest charges on permanent debt also exceed the estimate by 35 lakhs owing to the capital expenditure on railways having been less by $3\frac{1}{4}$ crores than the budgeted figure, to a reduction in the interest chargeable to the Posts and Telegraphs Department, of which I shall speak later, and to the fact that the rate of interest chargeable on railway and other capital expenditure since 1917, which is arrived at by taking an average of the rates at which the Government of India have borrowed since that date has proved to be less than the figure assumed at the time of the preparation of the Budget. Plans are being worked out with a view to a modification of this rather complicated system of calculating interest and the substitution of a new procedure which will be less likely to disturb our Budget estimates. On the other hand, the revised figures of 1925-26 profit by an unexpected credit of 30 lakhs under the head of Interest owing to the payment by the Bombay Government of interest to the Provincial Loans Fund for 15 months instead of 12 months—a change of procedure introduced in order to bring their interest dates to the 31st March in each year. Slight variations in regard to other Civil expenditure apart from Posts and Telegraphs mostly cancel each other. The increased bounties on steel are almost exactly set off by the transfer of the charges on account of the Security Printing Press at Nasik to capital.

17. I have already referred to the successful operation, so far as military Precautions against expenditure is concerned, of the system introduced over-estimating. a year ago, with a view to preventing over-budgeting. of making a lump sum cut. The total cut made in the estimates of Civil expenditure was 15 lakhs. It was made under twelve different heads, and

in all except two cases the cut has justified itself, the total expenditure having been kept by the Departments concerned within the reduced grants. The two exceptions are the Survey of India and the Indian Stores Department, in regard to both of which the House has already voted supplementary grants. As I explained in my Budget speech a year ago, this new procedure was regarded as experimental and we are proposing to repeat it for a second year in connection with the Budget for 1926-27.

18. The working of the Indian Posts and Telegraphs Department in the current year requires rather fuller treatment. The Posts and Telegraphs. total gross receipts are now expected to be 10.23 crores, or 18 lakhs lower than the estimate. On the other hand, there is a saving of 19 lakhs in working expenses which, owing to certain abnormal circumstances which I shall explain shortly, are now estimated to amount to 9.57 crores. This makes the net receipts 67 lakhs as against our anticipation of 65½ lakhs. This figure is of course exclusive of interest charges. At the time of the Budget it was anticipated that the final result of the working of the department for the year, after adjustment of interest, would be a small loss of Rs. 60,000. The figure included in the Budget for interest was 66 lakhs and was based, as I explained a year ago, on a rough figure, not at that time completely examined, for the total capital outlay, on the Indian Posts and Telegraphs Department. The figure taken was lower than the capital outlay as shown in our books, and the intention was that the interest actually charged should be based on the depreciated block value of the assets of the department on the 1st of April 1925 when finally ascertained. The departmental investigations into the value of this block have now been completed, but the report is still under consideration. According to the figures in this report, the value of the assets is very much less than the book value, but the exact figures have still to be settled. For the present, I have felt justified in taking a round figure of 49 lakhs for interest as against the figure of 66 lakhs taken in the Budget. On this assumption, the net result of the working of the department as a whole is a profit of nearly 18 lakhs. This surplus is, however, non-recurring. The expenditure on postal stationery and stamps included in working expenses was 10 lakhs below the normal owing to the fact that the department was eating down stocks during the year. In addition, a previous wrong adjustment to the extent of about 8 lakhs under the head of Stationery and Printing charges has had to be corrected in this year's accounts, thus reducing the working expenses by a non-recurrent sum of 8 lakhs. The true estimated profit is thus reduced to vanishing point unless further savings accrue in working expenses, and unfortunately there is still some doubt as to the correctness of the figure for interest. ●

19. The House will remember that in my Budget speech a year ago I explained that it was proposed to transfer to capital the stocks of postal and telegraphic stores carried on revenue account on the 31st March 1925. The total value of such stores in the Indian Posts and Telegraphs Department was then estimated to be 1.24 lakhs. The actual balance has proved to be 1.61 lakhs. The stocks held in the Indo-European Telegraph Department have also to be taken into account, and as the credit on this account has proved to be 15 lakhs more than we allowed for, the total amount of this non-recurring credit to Revenue during the year 1925-26 will be 1.81 lakhs.

20. It will be seen that the revised estimates of revenue and expenditure for the current year have had to be arrived at after taking into

account considerable variations not contemplated in our Budget estimates. The most important of these, apart from the results of suspending the Cotton Excise Duty, are the increased credit to revenue of 52 lakhs from Posts and Telegraphs stores which I have mentioned, the increase of 24 lakhs in the value of the stocks of opium at treasuries taken over and paid for by Local Governments this year, the transfer of 17 lakhs of revenue expenditure to capital account in the case of the Security Printing Press at Nasik, and the decrease in net expenditure under the head of Interest amounting to 30 lakhs resulting from the payment by the Bombay Government of interest for fifteen months instead of twelve. All of these four items are in the nature of book-keeping transactions, but they have none the less the effect of swelling our surplus. The figures given in the Budget estimate for revenue and expenditure for the year were 130.68 crores and 130.44 crores respectively, leaving an estimated surplus of 24 lakhs. The improvement shown in the revised estimates is 1.06 lakhs, the figure for revenue being 131.35 crores and for expenditure 130.05 crores. The four special items which I have mentioned aggregate 1.23 crores and more than account for the increased surplus.

21. The following statement shows the main variations in revenue and expenditure working up to this total:—

	Lakhs.	
	Better.	Worse.
Customs	59	...
Taxes on Income . . . . .	...	1,10
Salt . . . . .	...	55
Opium (net)	48	...
Interest receipts	43	...
Currency receipts	46	...
Extraordinary receipts	21	...
Interest on debt (net) . . . . .	...	35
Posts and Telegraphs	77	...
Railway contribution	8	...
Other heads	13	...
	3,96	2,00
Total, better	1,06	
Budget surplus	24	
Revised surplus	1,30	

22. This anticipated surplus would in the ordinary course be applied automatically to the reduction or avoidance of debt. The Government of India, however, desire to place before the Legislature a proposal for the utilisation of 50 lakhs of this surplus for the formation of an Indian Archaeological Fund. The details of the proposal which will be embodied in a Bill will be explained more fully to the House in due course. Its financial effect will be to apply 50 lakhs of the surplus, which would otherwise go to debt redemption, for the purpose of capitalising our liabilities in connection with archaeological research. It is not therefore except in form a departure from the sound rule that a realised surplus should go to reduction of debt.

Future budgets will be saved from a revenue charge on this account, but as it may be assumed that our outstanding debt will be 50 lakhs higher than it would otherwise be and our interest charges consequently increased, the net ultimate effect on future budgets is nil. Its immediate effect upon our revenue estimates for the current year will be to reduce the revised figure for the surplus to 80 lakhs.

23. We who are living in Delhi do not need to be reminded of our debt to the Archæological Department. When in the intervals between our deliberations we visit any one of the historical monuments that surround us, we realise the care and skill which have been devoted to preserving these ancient structures and to beautifying their surroundings. We realise and are grateful. But this is not the only side of the Department's activities. There is another which is perhaps less well-known, the work of excavation. Some of us have had the privilege of visiting Taxila and studying the fascinating antiquities, taking us back two thousand years in Indian history, which have been unearthed there in the last two decades. We are glad that they are now to be housed in a suitable museum. But if Taxila takes us back two thousand years, the recent discoveries at Harappa and Mahenja-Daro will, if the evidence is confirmed, transport us in one flight to a period of Indian history three thousand years earlier. Nay more: they hold out expectations of enabling us to get back thousands of years earlier still to a period in human history which was as remote from the inhabitants of Mahenja-Daro in the year 3000 B. C. as those ancient Indians of the Indus valley are from us to-day. The Indo-Sumerian discoveries open up a vista which may once again revolutionise the world's knowledge of the early history of mankind. Their possibilities are such that they must excite even the most unimaginative.

24. Sir John Marshall, to whom since the day when the late Lord Curzon brought him here Indian archæology owes a very great debt, has stated that a hundred crores of rupees could be spent on archæological research in India without doing more than scratch the surface. Almost the only source from which funds are at present available for excavation in India and Burma is the Central Budget. However desirable archæological expenditure may be in the cultural interests of India and of mankind, it is obvious that the taxpayer cannot be asked to give more than comparatively small sums. In 1923-24 the grant for Archæology was cut down severely under the influence of retrenchment. In 1925-26 the sum available for research was about 1.3 lakhs including the provision made in connection with Sir Aurel Stein's special work in Central Asia. The Finance Department have been pressed to provide a considerably larger sum in 1926-27, but we intimated that about 2½ lakhs was the maximum which we could see our way to grant.

25. Meanwhile, in spite of the obvious importance of following up the recent discoveries, the Archæological Department have found that they cannot frame a considered programme for a period of years and cannot train young Indians as archæologists in the absence of the possibility of giving them security of tenure or employment. The idea has accordingly been mooted that an Indian Archæological Fund should be started, and a Board of Trustees established somewhat on the lines of the Trustees of the British Museum. Once the Fund came into effective existence, it might, it is hoped, attract donations from Indian Princes and from others interested in archæology and from winter visitors to India whose imagination is I find always stirred by Indian monuments. The essence of the proposal which will be placed before the Legislature therefore is that, instead of voting a

grant of 2½ lakhs in the estimates for 1926-27 it should make a supplementary grant of 50 lakhs out of the surplus of 1925-26 as an initial endowment for the Fund. As I have already explained, this amounts to little more than a book-keeping change so far as our budgets for 1926-27 and for future years are concerned. Meanwhile, however, the Fund will be well started; the interest on the endowment of 50 lakhs will bring in approximately 2½ lakhs a year to be spent on archæological research. The Trustees will be able to make an attractive appeal in other quarters for additional endowments and can go ahead to frame a programme and to train budding archæologists. Archæological excavation is the most practical form of historical research, and it is a form in which I am convinced India can make an immense addition to the world's historical knowledge. But it is ineffective unless it can be pursued on an adequate scale and according to a programme based on the regular receipt of at least a minimum income. The income of the proposed Archæological Fund will be devoted to systematic and continuous archæological excavation. The people of India are justly proud of their past and I feel sure they will welcome the establishment of this endowment for historical research.

WAYS AND MEANS AND PUBLIC DEBT.

26. The real improvement which has come about in the finances of the Government of India during the last few years and the strength of our position during the financial year 1925-26 are strikingly reflected in the figures of our Public Debt and of our debt position generally and in the story of our ways and means operations. The House will remember that in my Budget speech last year I stated that not only did we not anticipate any necessity for borrowing outside India during the year, but also that the maximum amount that we should require to raise by a rupee loan in the open market in India would be 12 crores. I stated that it was not improbable that at the same time as we approached the market for a rupee loan we should also place before the public a conversion offer with a view to beginning operations for the conversion of early maturing bonds. In the event, we found ourselves able in June 1925 to announce that our operations in the market in India would be confined to a conversion loan in view of the improvement shown by the figures of our actual balances on the 31st March 1925 in comparison with our anticipations indicated in the revised budget figures. This increase in balances was mainly due to the increase in the net railway earnings which affected both our revenue surplus and our ways and means position, and to the drawings upon us by the Provincial Governments proving very much less than they had anticipated at the time they framed their budgets.

27. Our ability to dispense with a cash loan was most welcome to the money markets of India, but it was a subject of some comment in various quarters that the estimates framed at the time of the introduction of the Budget were proved only three months later to be so far out. I am inclined to think that the phraseology consecrated by long usage in Indian budget speeches which refers to the ways and means portion of the statements as a "Ways and Means Budget" is somewhat misleading, in that it may tend to give the public the impression that the figures and estimates in the ways and means portion of the Budget make a claim to comparative exactness not inferior to that made by the figures of our revenue and expenditure estimates. Our Ways and Means Budget is intended to be and necessarily must be illustrative rather than exact. The ways and means figures bring together the net results of operations of very varying

character all over India and Burma and in London. To a large extent these operations are either not under the control of the Government of India at all or only very indirectly under their control. The aggregate result of the variations in the estimates of incomings and outgoings of the Provincial Governments on Revenue and Capital account brought to light between the date at which the Central Budget figures were prepared and the date when the balances of the Provincial Governments on the 31st March 1925 began to be approximately ascertained—a period of from 3 to 4 months—accounted for a reduction of not far short of 6 crores in our estimate of the finance required during the year 1925-26 for meeting aggregate outgoings. Apart from the operations of the Provincial Governments, our balances are affected by the incomings and outgoings on account of various deposit and advance heads, sums received and paid out in respect of provident funds of various descriptions, deposits and withdrawals of the Post Office Savings Bank, and purchases and encashments of Post Office Cash Certificates. In these circumstances it is neither possible nor desirable to attempt to lay down a rigid ways and means programme far in advance. The only result of doing so would necessarily be to swell our balances needlessly. At the same time it is certainly desirable that we should do anything that may reasonably be possible to secure greater accuracy in the estimates of Provincial Governments' incomings and outgoings, and I am not entirely satisfied that improvement in the machinery for dealing with our deposits and advances accounts is unattainable. These and cognate subjects are at the present moment engaging the careful attention of the Finance Department of the Government of India.

28. The decision to confine our market operations to the conversion loan in the summer of 1925 has been amply justified by results. In spite of heavy remittances in advance of requirements in London, we have been able to finance our outgoings in India without serious inconvenience, and without resort to the money market for temporary accommodation or assistance from the Imperial Bank in the form of ways and means advances. The conversion loan resulted in conversions of bonds maturing during the years 1925 to 1928 to a total of 30.61 crores, of which over 25½ crores were conversions into the 5 per cent. income-tax free loan of 1945-55, and about 4½ crores into the new issue of 10-year bonds liable to income-tax. The conversion loan involved immediate cash payments which amounted to 87.6 lakhs. This sum, however, included the premiums on 1925 and 1928 bonds to the extent of 23.4 lakhs which would have had to be paid at maturity in any case. The additional amount of cash payments involved may therefore be put at 64.2 lakhs. As the result of the conversion loan we have effected an annual saving in interest on the bonds converted of approximately 18.7 lakhs, and in addition 4½ crores of the public debt have become subject to income-tax instead of being income-tax free. Moreover, apart from this considerable reduction in our annual charge for interest we have reduced our liabilities for the repayment of maturing loans during the next three years by nearly 29 crores, and in particular our liability in respect of the 6 per cent. bonds maturing in September, 1926, has been brought down from 37.9 crores to 20.05 crores. This operation has thus materially eased the problem of dealing with our maturing debt, the magnitude of which I had occasion to explain to the House in a speech on February 18th, 1925, as well as in my Budget speech a year ago, and we hope to reap further reward from this successful conversion operation when the time comes for the issue of a rupee loan next summer.

BUDGET FOR 1926-27.

29. Before dealing with this latter question it would be convenient for me to summarise our ways and means position for the years 1925-26 and 1926-27. The figures are as follows:—

	(Figures in crores of rupees.)	
	Revised, 1925-26.	Budget, 1926-27.
<i>Outlay.</i>		
	Rs.	Rs.
1. Railway capital outlay	19.5	26.0
2. Other capital outlay (including Delhi, Post and Telegraphs, Vizagapatam Harbour, etc.)	4.5	2.5
3. Provincial Governments, transactions	6.0	7.0
4. Discharge of Debt	38.3	23.8
	68.3	59.3
<i>Resources.</i>		
1. Surplus . . . . .	.8	...
2. Rupee Loan	30.6	22.0
3. Postal Cash Certificates	6.4	4.0
4. Other unfunded debt (including Postal Savings Banks)	5.8	5.6
5. Debt Redemption	5.0	5.0
6. Depreciation and reserve funds	7.0	5.6
7. Miscellaneous (net) . . . . .	.7	2.1
8. Reduction of Cash balance	12.0	15.0
	68.3	59.3

30. The House will share the satisfaction of the Finance Department and of the Government of India in the strength of the position which these figures disclose. During the year 1925-26, instead of borrowing over 7 crores net in the market in India as anticipated in the Budget statement, we have discharged 2 crores net of market debt in India and have paid off 5.7 crores of market and other debt in England. Nevertheless, we have financed during the year new capital expenditure chargeable to loan funds to a total of 30 crores of which 6 crores is on behalf of Provincial Governments through the Provincial Loans Fund. How has this striking result been achieved? A fuller explanation would involve a closer analysis of the figures than is perhaps desirable in a Budget speech, and I must be content to refer only to the main items. Our capital expenditure has been financed in the first place to the extent of about 12 crores by a reduction of balances, though these are still about 14 crores higher than we anticipated a year ago. Our Debt Redemption scheme gave us 5 crores and our revenue surplus will give us 80 lakhs. The Post Office Cash Certificates and other unfunded debt, including the surplus of Post Office Savings Bank deposits over withdrawals, and the railway reserve and depreciation funds provided us with the balance. The incomings from railway reserve and depreciation funds and from cash certificates were in each case about 2 crores more than we had estimated.

31. In 1926-27 maturing debt falling due for repayment including railway debentures to be redeemed in England amounts to nearly 24 crores.

The capital expenditure of the Central Government amounts to 28½ crores of which 26 crores is railway capital outlay. The Provincial Loans Fund estimate shows an outgoing of 7 crores for advances to Provincial Governments. We thus require nearly 24 crores for maturing debt and 35½ crores for new capital expenditure or nearly 60 crores in all. In order to meet this liability we expect to be able to draw further on our cash balances to the extent of 15 crores. We look for 11½ crores from miscellaneous sources including Post Office Cash Certificates and other unfunded debt, and about 5 crores each from the Debt Redemption provision and from railway reserve and railway and other depreciation funds. So far therefore as we are able to judge from our present estimates, we shall require to raise a loan in the money market of an amount not exceeding 22 crores. There is no likelihood of our having to resort to external borrowing during 1926-27, this being the third year in succession in which the issue of an external loan will have been avoided. We expect to confine ourselves accordingly to the issue of a rupee loan in the Indian money market for a sum not exceeding 22 crores, of which 20 crores will be for the renewal of the bonds maturing next September. The net amount of new money required from the Indian market will not exceed 2 crores, which is less than the amount needed to pay off external debt in London. More than the whole of our new capital programme amounting to over 35 crores will be financed without recourse to market borrowings. It will be a matter for consideration whether at the same time as we issue our rupee loan we should offer a further opportunity to holders of bonds maturing after 1926 for anticipatory conversion, as we did last year.

32. In any case I feel confident that the strength of the position thus disclosed following on what was achieved during 1925 will have a markedly favourable effect on the terms on which we shall be able to borrow. The progressively falling rate of interest at which our loans in India have been taken up by the public will continue to operate to our advantage. Our conversion issues last summer were offered on a basis of 5 per cent. tax-free or about 5½ per cent. subject to tax. It is interesting to observe that the new 5 per cent. bonds subject to tax are now quoted in the market at a price showing a considerable premium over the issue price and our 5 per cent. tax-free loan 1945-55 now stands definitely above par. The following figures showing the market prices of Indian Government securities in India for the last four years tell their own tale.

MARKET PRICE ON

	1st February, 1923.		1st February, 1924.		1st February, 1925.		1st February, 1926.	
	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.
5 per cent. Tax-free loan 1945-55	88	4	96	10	97	15	100	12
3½ per cent. Indian Government Rupee loan	57	0	66	0	66	9	70	8

33. While I am dealing with this subject, I shall like to draw attention also to the movement of prices for Indian Government stocks in London, which brings out clearly the advance in the Indian Government's credit in that market which has resulted from the absence of any new borrowing since May 1923 and from the general improvement in India's financial position. As I pointed out last year, we were fortunate in the rate we secured in May 1923 for our last loan in London. Generally speaking,

prices of gilt-edged securities on the London market stood at a higher level at that period, than they have done at any time since that date, when we offered £20 million of India 4½ per cent. stock to the public at 90. The market prices of gilt-edged securities in London including Indian Government loans are at all times governed by the general conditions of the market, and have during the last year been considerably affected by the comparative stringency which followed on the steps taken to restore and maintain parity of sterling with gold. The following figures compare the price of India 3 per cent. and 3½ per cent. stock in London in April 1914, April 1923 and February 1926, with the prices of certain other gilt-edged securities at the same dates:

	30th April, 1914.	30th April, 1923.	1st February, 1926.
India 3 per cent. loan	75½	60½	58
India 3½ per cent. loan	88½	70½	68
Local loans 3 per cent. stock	87	69½	64½
London County Council :			
3½ per cent. stock	97	79½	73
3 per cent.	81	68½	63

I give a further table comparing the price of India 4½ per cent. stock on 30th April 1923 and 1st February 1926 with the price of British Government 3½ per cent. conversion loan on the same dates.

	30th April, 1923.	1st February, 1926
India 4½ per cent. stock	90½	88½
3½ per cent. conversion loan	81	76½

It will be seen that, though owing to general market conditions the prices of Indian Government securities are lower now in London than they were either in April 1923 or in April 1914, the credit of the Government of India stands considerably higher in the market in relation to that of the British Government and other gilt-edged borrowers than it did either in 1914 or in 1923. Another rather remarkable conclusion which emerges from these figures is that the Government would at the moment at least have to pay rather a higher rate of interest for money borrowed in London than for a loan issued in India.

34. It is not open to doubt that the improvement in India's credit to which I have drawn attention is due to the strenuous efforts made by the Government of India and the Legislature to restore and maintain complete budgetary equilibrium and to the policy which we have adopted in regard to provision for reduction and avoidance of debt and to strict adherence to our rule of borrowing only for purposes which are clearly reproductive. The effect of this policy of encouraging whenever possible all sound schemes that come forward for capital expenditure of a reproductive character and using our credit in the market only for the purpose of financing such reproductive expenditure, apart of course from the financing of maturing liabilities, is further illustrated in the figures which I now proceed to give regarding the Debt of India. As this is the last Budget with which the present Assembly will be called upon to deal, I have had figures prepared showing the position of our debt as on the 31st March 1923 in order to bring out the changes which have taken place during the three financial years corresponding to the three years of life of the present House.

Statement showing the Debt of India, outstanding on the 31st March 1923, 31st March 1924, 31st March 1925 and 31st March 1926.

	31st March, 1923.	31st March, 1924.	31st March, 1925.	31st March, 1926.
<i>In India:—</i>		(In crores of rupees.)		
Loans	339.63	358.81	370.38	368.35
Treasury Bills in the hands of the public	21.59	2.12	...	...
Treasury Bills in the Paper Currency Reserve	49.65	49.65	49.65	49.65
Other Obligations—				
Post Office Savings Banks	23.20	24.79	25.64	27.48
Cash Certificates	3.13	8.42	13.12	19.52
Provident Funds, etc.	36.17	39.00	42.39	46.27
Total Loans, etc.	411.07	410.58	420.03	418.00
Total Other Obligations	62.50	72.21	81.15	93.27
Total in India	473.57	482.79	501.18	511.27
<i>In England:—</i>		(In millions of £)		
Loans	222.92	244.53	263.39	266.43
War Contribution	19.71	19.27	18.81	18.32
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61.31	60.10	58.84	57.53
Provident Funds, etc.	.04	.13	.16	.20
Total in England	303.98	324.03	341.20	342.48
Equivalent at 1s. 6d. to the Rupee	405.31	432.04	454.93	456.64
Total Debt	678.88	914.83	956.11	967.91
Productive				
for Central Government	536.65	557.09	600.05	627.71
for Provinces	87.49	97.56	106.43	114.39
Total Productive	624.14	654.65	706.48	742.10
Unproductive	254.74	260.19	249.63	225.81
Total	678.88	914.83	956.11	967.91

35. In order to show the figures of our external debt in a significant way, I have converted sterling at the current rate of 1s. 6d. per rupee not only for 1925 and 1926 but also for 1923 and 1924. The improvement in our exchange has undoubtedly given us some temporary relief in the burden of interest and other payments on sterling debt, and its effect of course is to bring about a marked reduction in the rupee figure as compared with what it would have been at 1s. 4d. It must be assumed, however, that the higher rate of exchange has no permanent effect on the actual burden imposed on the country in meeting our external obligations since, if the number of rupees required is reduced, the commodity value or purchasing power of each rupee is correspondingly enhanced. The effect of taking 1s. 6d. is also particularly noticeable in regard to the unproductive debt figures. It will be seen that our total debt of all kinds had increased from

878.88 crores on the 31st March 1923 to 956.11 crores on the 31st March 1925 and by a further 11.80 crores to 967.91 crores on the 31st March 1926. The unproductive debt was 254.74 crores on the 31st March 1923, 249.63 crores on the 31st March 1925, and will be 225.81 crores on the 31st March 1926 out of a total debt of 967.91 crores. At the present moment it may be said, in order to put the position in a graphic way, that the whole of our rupee debt and more than half of our sterling debt is productive, and that our unproductive debt is now less than one quarter of the whole debt. Excluding the Provincial Governments' debt, the increase in the productive debt during the current financial year amounts to 27.66 crores, while the increase in the three years since 31st March 1923 amounts to 91.06 crores. Unproductive debt has decreased during the year 1925-26 by 23.82 crores.

36. Our internal debt, excluding Provincial Governments' debts to the Government of India, on the 31st March 1923 was 386.08 crores, on the 31st March 1925, 394.75 crores, and on the 31st March 1926, 396.88 crores. Our external debt on the 31st March 1923 was 405.31 crores, on the 31st March 1925, 454.93 crores, and on the 31st March 1926, 456.64 crores. The increase in our external debt during the current year is, as last year, purely nominal. The latter figure includes 4.67 crores or £3½ million of Great Indian Peninsula Railway Company's debentures which, exactly as was the case in 1924-25 with the 24.67 crores or £18½ million of East Indian Railway Company's debentures, are not really an increase in the debt of India as a whole but are merely a transfer from the railway company to the Government of the liability to meet the same interest charge out of the earnings from the same Railway. These two operations more than account for the whole of the increase in the net amount of our sterling debt since 1924. In real truth the operations of the last two years have effected a considerable reduction in India's external liabilities, since, besides taking over the debentures of the railway companies concerned, the Government of India have bought out the shareholders of these railway companies without borrowing in London for the purpose, thus converting an external debt into an internal debt. A further operation of the same sort will take place on the 1st April 1926 when a sum of £3 million provided out of the Government of India's rupee resources and remitted in sterling to London will be applied to buying out the shareholders of the Delhi-Umballa-Kalka Railway.

37. I have more than once publicly stated my conviction that if India would only learn to use her potential capital in greater measure for productive purposes than she does at present—I do not mean merely for investment in Government securities—and by the development of the banking and investment habit would make available for remunerative expenditure in India a larger portion than she now does of the surplus which she earns annually by the export of her products, not only would an immense impetus be given to the commercial and industrial development of India's resources and new and attractive fields opened for the employment of her educated young men, but the process of converting external debt into internal debt could be very greatly accelerated. In two years the taxpayer of India has managed, without increasing his external obligations, to purchase for his own use and profit the equity of the East Indian Railway, the Great Indian Peninsula Railway and the Delhi-Umballa-Kalka Railway. Is not this an object lesson of what the future may have in store if we set our minds wholeheartedly to the development of our own internal resources by the

wise application and investment of our own internal capital? The Government are doing what they can to forward the movement, but much must depend on private enterprise and initiative, on the spread of education of the right kind and on the combating of what has been well designated by my friend Mr. Rushbrook Williams as India's "uneconomic tradition which does not recognise the production and accumulation of wealth as being among man's legitimate aims". There are those, I know, who fear that acceptance of the legitimacy of such an aim would involve a prostitution of India's highest self to ignoble ends. What shall it profit a man if he gain the whole world and lose his own soul? If I believed that India's adoption of this western economic doctrine would jeopardise the high achievements of India's speculative thought and sacrifice her spirituality to a materialistic and selfish creed, I would unhesitatingly range myself with the opponents of change. I do not think it is open to challenge that the depths of understanding of man's relation to the Infinite which have been attained by the best of India's speculative thinkers hold out to Western civilization as it exists to-day a hope of spiritual progress—I stress the word "progress"—which is an essential complement and corrective to the materialism which springs from over-emphasis on the practical business of conquest of Nature's secrets and their compulsion to man's service. India long ago revolutionised mathematics and provided the West with the key to the most far-reaching of all among the mechanical instruments on which its control of nature has been built, when it presented to Europe through the medium of Arabic the device of the cypher upon which all modern systems of numeration depend. Even so, India, to-day or to-morrow, will, I feel confident, revolutionize Western doctrines of progress by demonstrating the insufficiency and lack of finality of much of the West's present system of human values. But I do not think that the denial of all value to western endeavours to increase the production and accumulation of wealth is essential as a support to the Indian philosophy of life. I hold that increased production and accumulation of wealth are a means—in themselves indifferent, neither good nor evil—but an indisputable means towards the attainment of a higher ideal, the broadening and deepening of life's meaning for the individual and still more for the mass of mankind. What matters essentially is the purpose with which they are striven after, and East and West alike can and ought to strive after them as a means to a higher end. It is an Indian commentator on Mr. Rushbrook Williams' challenge who has said that the trouble is that this uneconomic tradition has not made the Indian less materialistic than the European, but it has made him a worse materialist.

38. Among the instruments of our policy of encouraging the investment habit, the Post Office Cash Certificate takes a prominent place. This security combines in itself features belonging to savings bank deposits, in particular the facility for encashment at any time and protection against any risk of depreciation in value, together with some of the characteristics of an investment. It may be regarded as the ideal security for the very small investor enabling him to cross the bridge dividing a depositor in a savings bank from a holder of marketable investment securities. It has been observed in England, and is no doubt true in India also, that a considerable portion of the money withdrawn when Savings Certificates are cashed is not really thereby withdrawn from investment altogether, but is used for the purpose of reinvestment by the holder, for example, in house property, in the purchase of a business or in a marketable security of some kind.

The money would very likely not be saved at all if it had not first of all been attracted to the profitable purpose of the purchase of one and then another cash certificate. It is then accumulated for a period at compound interest and when it comes to be withdrawn the sum now grown to larger dimensions is added to the invested capital of the country, and all the time a new class of small investor is being created by this process. During the year the popularity of the Post Office Cash Certificate has been even more pronounced than before and any action tending to check the growth of the habit of investment in cash certificates would be contrary to the true interests of India.

39. At the same time it must be realised that the rate of 6 per cent. compound interest, which is obtainable on a cash certificate held until maturity, is now unduly high when regard is had to the general fall in the rate of interest obtainable on other Government securities. We are moving on, as I have already said, towards a period when even 5 per cent. will seem a high rate of return on an investment issued on the security of the Government of India. The recent action of the Imperial Bank of India in reducing its rate of interest for savings bank deposits to $3\frac{1}{2}$ per cent. may be cited as a further proof of the passing of the period of high interest rates generally. We are therefore considering the question of making some alteration in the terms on which the Post Office Cash Certificates are at present offered for subscription, while at the same time introducing certain new measures which will add to the popularity of these certificates and prevent any reduction in the yield from checking seriously the growth of the habit of investing in them. I have observed recently some criticism of the Government's policy in offering these certificates for sale on the ground that the growth of bank deposits is thereby checked. In so far as these complaints have reference to the high yield at present obtainable, the reduction which we contemplate should remove any ground for objection. But I take issue with these critics when they imply that the general policy of issuing cash certificates militates against other forms of saving and depositing of savings with banks. No truth has been more firmly established by the experience of all the countries which have adopted and extended the system of cash certificates or corresponding securities than that the general stimulus to saving and investing which they give reacts beneficially on all other forms of saving.

40. The Government of India are not infrequently accused of want of elasticity in their approach to financial questions and lack of imagination and of sympathy with the burden of the taxpayer of the day. I take the accusation of want of elasticity as a compliment. It can, I think, mean little more than that we have a definite policy and stand by it. Imaginative finance is apt to mean a capacity to budget for imaginary receipts which fail to accrue. The easiest road to popularity for a Finance Member is the adoption of a policy of making posterity pay. I have already drawn attention to the really striking improvement in our credit and in the figures of our Public Debt which has resulted from strict adherence to the principles of avoiding all borrowing for other than truly productive purposes and making adequate provision for reduction or avoidance of debt. The common complaint against this policy is that it adds to the burden of the taxpayer of to-day by postponing the date when Provincial contributions can be further relieved and taxation reduced. I challenge even this conclusion. The direct result of our policy on the Budget figures for 1926-27 is that our total charge for interest is over 1 crore less than in the revised estimate for 1925-26 and 3.44 crores less than in 1923-24. A continuance

of this policy is certain to lead, in the absence of untoward incidents, to a considerable further reduction in the charge for interest in 1927-28 and future years. Departure from it would have disastrous effects on the rate of interest which we should have to pay for renewals of our maturing debt and for the new capital required for reproductive purposes. If we are able this year to bring to an end the unhappy history of the Cotton Excise Duty, it is largely because of the reduction in our interest charges. Nor is it only the taxpayer of the Central Government who benefits by the results of this policy. The figures I have given relate to the net charge for interest in the Central Budget alone. If railway rates and fares are in process of reduction, it is in part due to the reduction in the charge for interest on capital, present and future, invested in our railway enterprises. If some of the Provincial Governments have received relief in regard to their Provincial contributions and if they and the other Provincial Governments are hoping for further relief, it is to an appreciable extent the reduction in our interest charges which has enabled us to do what we have done and which justifies our hope and theirs of further relief. Not only so, but the reduction in the charge for interest directly affects their own budgets, in that it serves to reduce the rate which they have to pay for their borrowings from the Central Government. A year ago the House showed its recognition of the wisdom of our policy regarding provision for reduction and avoidance of debt by endorsing that policy and voting in full the demand in which that provision was included. To-day I am able to show to the House the direct benefits of its wise action in this matter, and I trust that the House and the country will now realise that it is not from any desire to maintain taxation at a higher level than is absolutely unavoidable that we insist on the debt policy which we have adopted, but that such a policy is directly calculated to bring real advantages and real relief to the taxpayer of to-day as well as to the taxpayer of to-morrow.

41. Before I pass on to the Budget estimates for 1926-27, I desire to refer briefly to some not unimportant changes which have been made this year in the form of the documents which will shortly be placed before the House.

Improvements in financial machinery.

A year ago, as the House will remember, we introduced various changes in the form of the Demands for Grants in the light of observations made by the Public Accounts Committee. This year we are in possession of the results of an inquiry conducted at the request of the Public Accounts Committee into the possibility of improving the appropriation reports on lines suggested by that Committee. The Auditor General's recommendations were considered by the Public Accounts Committee in August last and received their general approval, and their wishes are being carried out in the Appropriation Reports for the year 1924-25 now under preparation. In order to bring the Demands for Grants into general conformity with the Appropriation Reports and thereby to facilitate comparisons between estimates and actuals, corresponding changes have been made in the form of the Demands for Grants for 1926-27. Each grant is now shown sub-divided into a number of sub-heads and the actual expenditure will be accounted for under each so that the Public Accounts Committee, when they scrutinise the final accounts, will be able to compare without difficulty the actual expenditure with the budget provision under each sub-head and to fulfil more easily their constitutional task of examining the extent to which savings under one sub-head have been utilised by the Executive Government towards extra expenditure under another. The existing division by circles of account has, however, been retained and details of expenditure

are given in the same fullness as before. Another change which will jump to the eye of anyone using these volumes is that we have reduced most of them to octavo size—a change which effects a considerable reduction in the cost of printing. It is not possible to alter the size in all cases this year, but our intention is to complete the process of conversion to octavo size in full a year hence.

42. A separate demand will be included in the 1926-27 Demands for Grants for expenditure in connection with the separation of Audit from Accounts in the United Provinces. This measure has been advocated by the Retrenchment Committee and by the Reforms Enquiry Committee from different points of view. The latter Committee held that separation of Provincial from Central finance was an essential preliminary to any appreciable advance towards provincial autonomy in financial matters, but before such separation can be accomplished, Provincial Governments must be in control of their own Accounts. Audit, however, appears to be a subject which should remain as at present in the hands of a single authority, the Auditor General, all over India. The separation of Audit from Accounts is therefore involved as a preliminary to further advance and it appears to offer other incidental advantages. I need only mention two at present. The new system of accounting which we propose to introduce greatly facilitates a closer and more efficient control of expenditure by the Department responsible for that expenditure as a continuous process during the period of the expenditure. The Audit department, on the other hand, is relieved from the mechanical routine duties involved in the present system and its audit becomes more searching. With the approval of the Secretary of State, therefore, we have decided as an experimental measure to introduce this new scheme of separation, as from 1st April 1926, in the accounts of the United Provinces whose Government have expressed their desire for its introduction.

BUDGET ESTIMATES FOR 1926-27.

Expenditure.

43. The form in which the detailed Military estimates will be placed before the House has not been materially altered as **Military expenditure.** has been done in the case of the Civil estimates, and the changes are confined to a more logical rearrangement of minor heads. As Honourable Members are aware, a Committee has been appointed to investigate the system of Cost Accounts at present in force in the Army, with a representative of the Public Accounts Committee of this House among the members. Our experience of the present system of cost accounts during the last four years and the fact that the British Government have recently decided to introduce radical modifications into the system of cost accounting in the British Army led us to the conclusion that such an inquiry had become necessary in India. Material changes in the form of the military estimates have therefore to be postponed pending the examination of the recommendations of that Committee. Fuller explanations have, however, been given of the various details of the military estimates in view of the desire expressed in the course of the Budget debates last year by members of this House.

44. The net military expenditure for the year 1926-27 is estimated to amount to 54.88 crores, i.e., a reduction of 1.37 crores as compared with the Budget estimates for 1925-26, thus marking a further stage in advance towards the goal set by the Retrenchment Committee. The provision for established charges amounts to 54.24 crores, the balance representing remnants of special post-war charges. The figure of 54.88 crores includes a

sum of 66 lakhs for the payment of gratuities to demobilised officers, this being the last year which will be burdened with a charge of this character. 23 lakhs have been provided for the completion of the building programme in progress in Waziristan and for the Royal Air Force. On the other hand, we appear for the moment to have come almost to the end of the surplus war stores which have been a feature on the credit side of the account for some years past. We are allowing for a credit of only 25 lakhs under this head as compared with 70 lakhs in the Budget estimates of 1925-26 and 1,10 lakhs in 1924-25. The figure of 54.24 crores net for established charges includes a sum of approximately 60 lakhs for new urgent measures mainly of a non-recurring nature for the purchase of new equipment.

45. Among the more salient features in the new estimates I may mention first the disappearance of provision for one British Cavalry regiment, costing a sum of 22 lakhs a year, which has now been dispensed with, this being the last of the specific reductions of the strength following on the recommendations of the Retrenchment Committee which remained to be carried out. Charges for pensions in India and in England show a recurring reduction of 37 lakhs, while payments to the War Office for British transport charges have been brought down by 17 lakhs. It has been necessary to provide an additional 20 lakhs owing to higher prices for articles of food and forage, and an additional 20 lakhs is also included for the purpose of accelerating the programme of electrification of barracks and of building of new lines for Indian troops. As a set-off to this last liability, an additional credit of 20 lakhs is anticipated from the disposal of surplus military lands and buildings.

46. Our total expenditure on military services, including the Army, Marine, Military Works, and the Royal Air Force, amounted in the year 1920-21 to 87.4 crores net, of which about 20 crores represented special expenditure on operations in Waziristan. With the cessation of these operations, the Budget estimates for 1922-23, which formed the basis of the Retrenchment Committee's investigations, showed a net total expenditure of 67.75 crores. The recommendation of that Committee was that the Budget for 1923-24 should be fixed at 57½ crores, subject to such additions as might be necessary in view of the delay which would ensue in carrying out the changes recommended and in order to meet special expenditure in Waziristan, etc. The Committee went on to say that for subsequent years the adoption of their recommendations should enable the estimates to be reduced to 57 crores, irrespective of savings due to further economies or fall in prices, and they expressed the opinion that continuous efforts to ensure further reductions should, in combination with the expected further fall in prices, enable the military budget to be reduced to 50 crores net after the lapse of a few years. The actual expenditure of the year 1923-24 amounted to 56.23 crores and the first stage of 57 crores mentioned by the Retrenchment Committee was thus passed in the first year. The figure of 56.23 crores included heavy expenditure on gratuities to demobilised officers and in Waziristan, but these abnormal items were counter-balanced by credits from the proceeds of sale and utilisation of surplus stores. The Budget for the year 1923-24 allotted a net sum of 62 crores for military services. This was reduced in the Budget for 1924-25 to 60½ crores, but by the time when the Budget for 1925-26 was under consideration the actual effect of the retrenchment operations, which it had been difficult to gauge in advance, had become apparent, and it was possible to reduce the budget provision for 1925-26 to 56.25 crores net.

47. The following table brings out the results achieved at a glance:—

Net expenditure of Military services.

	(In crores of rupees.)					
	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.
Budget estimate	66.82	67.75	62.00	60.25	53.23	51.88
Revised estimate	69.35	67.09	59.74	56.33	56.28	
Actual expenditure	69.81	65.27	56.23	55.63		

These figures include certain disturbing items both on the credit and debit side, and it is therefore of special interest to compare the true figures of the established charges, that is, the normal cost after elimination of special charges such as those for demobilisation of surplus officers and special credits for the eating down of surplus stores. In comparing these figures with the figures given by the Retrenchment Committee, Honourable Members should bear in mind the fact that certain charges amounting in 1926-27 to 39 lakhs, of which the most important are the charges for Customs duty on imported stores and the cost of Stationery and Printing, have been added to the military estimates since 1923-24, as the result of new decisions regarding classification.

Adjusted figures of Established charges.

	(In crores of rupees.)			
	1923-24.	1924-25.	1925-26.	1926-27.
Estimate	61.9	59.4	55.0	54.2
Actuals	56.7	55.8	55.2	

(revised estimate.)

48. I cannot allow this opportunity to pass without referring once again to the deep debt of gratitude which I owe to the late Lord Rawlinson for his wholehearted co-operation and earnest determination to secure economy in expenditure on military services. His untimely death meant a grievous loss to me—I lost a personal friend and a colleague to whom I owed more than I can say—and India lost a true friend. The ideal at which he constantly aimed was an Army in India not larger than he regarded as absolutely essential in India's interests, adequately equipped and fully trained, so that India might obtain the maximum service from a fully efficient force at the minimum cost. Our military expenditure was kept during his regime under constant scrutiny by the Finance and Army Departments with the object of securing further economies. I gladly add that this policy has been continued under his successor and has the full support of His Excellency Sir William Birdwood. I am confident that adherence to this policy will result in still further reductions in our military expenditure without the sacrifice of that essential security which must always be our first aim.

49. We are fortunately able to foresee considerable savings of an automatic character in our established charges in future years, as the result of the reduction of the rates of pay of the British soldier which came into effect in October, 1925. The immediate saving for 1926-27 under this head is not appreciable as the reduced rates of pay affect only new recruits, but it is estimated that, taken in conjunction with the reductions below present cost which will in due course result from the recent revision of the pay of officers in July, 1924, the savings from this source should amount to 12 lakhs in 1927-28, increasing annually to about 80 lakhs in 1930-31, and about 1½ crores in 1933-34. Before leaving the military estimates, I must refer briefly to the question of stocks held by the Army on which I commented last year. During the course of the year the whole question has

been completely examined and considerable modifications are necessary in the figures then given which were based only on information available at headquarters. A full statement of the balances now disclosed will be found in the volume of detailed estimates. The amount of stocks held proves to be appreciably in excess of the amount indicated in the figures placed before the Retrenchment Committee, and of those on which we have hitherto been working. One of the terms of reference to the expert committee of inquiry into the arsenals and ordnance depôts which I mentioned earlier in my speech is the examination of surplus and obsolete stocks, and I have little doubt that a further reduction will be effected as the result of this enquiry.

50. I now turn to our estimates of Civil expenditure. The total figure of Civil expenditure in the revised estimates for 1925-26 is 41.46 crores; the corresponding figure for 1926-27 is 41.76 crores. This small increase, which amounts to 30 lakhs, conceals a big decrease. In 1925-26 we had a big non-recurring credit, originally estimated at 1.29 crores but now ascertained in the revised estimates to be 1.81 crores, on account of the transfer of postal and telegraphic stores (including the stores of the Indo-European Telegraph Department) from Revenue to Capital. The chief feature of the expenditure of 1926-27 is the reduction, whose significance I have already endeavoured to explain, of approximately 1 crore in the charge for interest. For market debt the charge for interest in 1926-27 shows a reduction of 1.79 crores on the current year's figures partly because of the effects of our conversion loan and partly because we were able to finance all our own capital expenditure including railways and the capital expenditure of Provincial Governments without adding to our market debt. On the other hand, there is an increase of 75 lakhs under Interest on miscellaneous obligations which includes interest on provident and similar funds, savings bank deposits, cash certificates and unfunded debt generally. The net reduction in interest charges is therefore, as already stated, about one crore.

51. A drastic reduction of the area under cultivation in the United Provinces by one-third results in a considerable reduction in our expenditure on opium. A further reduction is anticipated in the near future as the result of the substantial reduction in the prices paid to cultivators. These steps had already been taken, in consideration of the large surplus of stocks that we at present hold and of future requirements, before we arrived at the decision announced recently to recommend to the Legislature a policy of progressive reduction and eventual extinction of our exports of opium. On this important question of policy I need say no more at the present moment beyond drawing attention to the fact that it foreshadows the progressive reduction and eventual disappearance of a head of revenue which at present brings us in approximately 2 crores a year.

52. Our estimates of Civil expenditure include increased provision for what I may call beneficial services. I drew attention a year ago to the increase in the current year's estimates under these heads and a recent debate showed that the House shares the view of the Government of India that some addition to expenditure in these directions is both desirable and proper, and that the Finance Department's motto of wise expenditure within our available resources and avoidance of waste rather than retrenchment at all costs is endorsed by public opinion. Among new items and increases in existing items of expenditure on beneficial services included in the Demands for Grants I may mention an enhanced grant of 6½ lakhs to

Additional expenditure on beneficial services.

the Indian Research Fund Association, an increase of about a lakh for education in the North-West Frontier Province, as well as a non-recurrent grant of about 1½ lakhs for a new building for the Government High School at Peshawar, a further grant of Rs. 50,000 for the construction of the Victoria Hospital at Ajmer and a similar grant towards Dr. Shroff's new Eye Hospital in Delhi. We have increased the grants to the Benares and Aligarh Universities by Rs. 25,000 each and that to Delhi University by Rs. 10,000 and have provided 2 lakhs each as the first instalments of non-recurring grants to the two first named Universities. Additional funds have been provided for research at Coimbatore, Pusa, and Muktesar, and for the development of the Dairy Farms at Bangalore and elsewhere and of the Anand Creamery recently taken over from the Military Department, and further provision has been made towards the completion of the new Forest Research Institute at Dehra Dun, where over 60 lakhs out of a total sanctioned programme of over a crore has already been spent.

53. The provision for reduction or avoidance of debt in accordance with the plan set out in the Government of India Resolution dated the 9th December, 1924, requires 4.83 crores in 1926-27 or practically the same figure as in 1925-26. The Government of India propose, however, to make two changes which affect the total amount of expenditure under this head in 1926-27. Two years ago on the passing of the amendment to the Sea Customs Act the practice was introduced of adding to the provision for reduction or avoidance of debt a sum equal to the Customs duty on stores imported on capital account including stores for the use of State-managed railways. I promised a year ago to reconsider this practice in the light of criticisms raised in regard to it in this House. There are objections in principle to inflating revenue at the expense of capital. Our object in amending the Sea Customs Act and making Government stores liable to duty was clearly not to increase the Customs revenue at the expense of our capital charges. I recognise, however, that there are arguments which can be brought forward on the other side in view particularly of the fact that the railways pay a contribution to general revenues on the basis of their capital expenditure including whatever may have been paid in Customs duty and that railway rates and fares are calculated with reference to the capacity of the railways to earn profits on the whole of their capital expenditure. We have therefore decided to meet the views expressed by critics in this House a year ago and omit this portion of the provision for redemption of debt. An opportunity for reconsidering the whole question can be taken at the expiry of the five-year period for which the Debt Redemption scheme is in force.

54. The second proposal which the Government of India are making in this connection will be found enshrined in a clause in the Finance Bill dealing with the disposal of the sums received by India from Germany on Reparation account. These sums represent India's share of the amount allocated to the British Empire out of the Dawes annuities. The actual allocation is full of complications. The payments by Germany for all treaty charges under the plan adopted vary from 1,000 million gold marks at the start to 2,500 million gold marks in the fifth year; thereafter they are to be fixed at the latter sum together with a supplement computed according to an index of prosperity. The annuities are payable in German currency and the amount to be transferred to Germany's creditors outside Germany has to be decided by a Transfer committee with reference to the capacity of Germany to make deliveries in kind or in cash without endangering the stability of the mark. Before the total amount so transferred outside is distributed, a number of charges

have to be deducted including, for example, the cost of service of Germany's £40 million external loan, the cost of the Reparation Commission, the amounts allocated towards the payment of the Army of Occupation and of the Belgian War debt, and other items. The exact amount available for distribution is thus at all times problematical and extraordinarily difficult to forecast. The British Empire as a whole receive 22 per cent. of the total sum available, and India receives 1.2 per cent. of the British Empire's share. The best calculations that I have been able to make, which necessarily are based on somewhat arbitrary assumptions, point to an annual receipt by India over the next few years of sums varying between a minimum of £66,000 and a maximum of £250,000. In 1924-25 we received £37,400 and we expect to receive about £66,700 in 1925-26. The present estimate of receipts in 1926-27 is about £120,000.

55. The reparation receipts may be said broadly to cover in the case of India one or other of the following classes of expenditure: (a) pensions and allowances payable by the Government to war sufferers; (b) expenditure in replacing losses by enemy action or in repatriation of enemy nationals; (c) compensation payable to private persons and local bodies. So far as expenditure on replacing stores lost by enemy action and the cost of repatriation of enemy nationals are concerned, the receipts represent recovery of expenditure previously incurred by the Government. Such expenditure added to the deficits of past years and was in effect met from borrowed funds. Recurring expenditure is still being met by the Government in respect of pensions and allowances. Some part has already been covered but the major part will come in future years. The receipts which the Government now obtain from the Reparation account represent a contribution towards the capitalised value of such payments. The compensation payable to private persons and non-Government bodies stands on a different footing. The receipts on this account are not really receipts of the Government of India except in a technical sense.

56. It seems reasonable to utilise receipts from Germany under all but the last head for reduction or avoidance of debt rather than to treat them as an ordinary item of revenue. Only by this procedure will there be annual savings in interest in future to correspond to annual payments on account of pension. The Government propose therefore that payments for compensation shall be deducted from the total reparation receipts and applied for the purpose for which they are intended, and that the balance of our reparation receipts shall be devoted to the reduction or avoidance of debt. By thus applying these special receipts, the Government will I think be following the procedure which is most in accordance with financial propriety, and we shall at the same time avoid disturbance in our own Budget estimates arising out of the fluctuating and uncertain character of these receipts. This proposal and the proposal to bring to an end the practice of setting aside for debt purposes a sum equal to the Customs duty on stores imported on capital account are intended to be taken together. The result of the two proposals combined will be to relieve our revenues of a charge of about 7 lakhs if our estimate of receipts on reparation account is approximately correct.

57. This may perhaps be a convenient point at which to mention that we are continuing for 1926-27 the assignments on account of Customs duty on Government stores introduced as a temporary measure two years ago to those Provinces which have not yet obtained a reduction in their contributions to the Central Government. The only important item in this connection is a sum of 5.39 lakhs payable to Bombay. It is obviously

desirable that these assignments, which are objectionable in principle, should be extinguished at an early date and we propose very shortly to take up this question in connection with the examination of the Report of the Taxation Enquiry Committee recently published, with special reference to their proposal for modifying the existing Devolution Rule 15 in regard to the payment to the Provinces of a share in Income-tax receipts.

Revenue, 1926-27.

58. I now turn to the estimates of our revenue. It is necessary to anticipate some diminution in the imports of sugar, but we may reasonably look for compensation for the sums thus lost in increased receipts from duty on cotton piecegoods and in what I may call the normal growth under other heads. On this basis the net revenue under the head of Customs is estimated at 48.15 crores, or an increase of 1.30 crores over the revised estimate for the current year. This figure includes 1.75 lakhs of revenue from the Cotton Excise Duty. This may be regarded as a fairly conservative estimate of what the yield from the duty would be if it were continued. The yield in 1924-25, the last year in which the duty was fully collected, was 2.18 lakhs, while the highest figure during the last six years was 2.31 lakhs.

59. The main change in the trade conditions of 1925-26 as compared with the previous year is that the cotton mill industry in Bombay has passed through what I hope will prove to be the period of its severest depression. We have to allow therefore for an appreciable reduction in our revenue from Bombay under the head of Taxes on Income. Conditions elsewhere have been on the whole better than in the previous year and our administration is increasing all the time in efficiency. We have adopted for 1926-27 a figure of 16.15 crores of receipts under this head or 10 lakhs less than our revised estimate for 1925-26. This represents 1.20 crores less than the Budget estimate for the current year.

60. I estimate our receipts under the head Salt at the figure of 6.90 crores, which assumes that accumulated stocks will have been worked down by the end of this month.

61. The gross receipts from opium are estimated at 59 lakhs below the revised figure for 1925-26 which included a large adventitious receipt under Excise opium owing to the taking over by the Provincial Governments of stocks held at treasuries. The net receipts are estimated to be practically the same as this year, namely, 2.26 crores owing to reductions in expenditure already referred to.

62. As the House is aware, the total contribution from Railways to general revenues during 1926-27 is estimated at 6.01 crores. This represents simply the amount of the fixed contribution based on the actual receipts for 1924-25 which was a particularly profitable year. It assumes that the net gain from Railways, after deducting the contribution, will not exceed 3 crores and will accordingly be transferred in full to the railway reserve.

63. The working expenses of the Indian Posts and Telegraphs Department for 1926-27 are estimated at 10.17 crores, or 61 lakhs more than in 1925-26. The growth of working expenses is due in part to the absence of the non-recurrent features

which, as already explained, made the figure of 1925-26 less than the normal, and in part to an increase in expenditure amounting to 10 lakhs due to the decision of the Railway Department to withdraw the concession of free railway passes to postal employes, and to the inclusion of a provision of about 19 lakhs for new measures designed to improve the emoluments and terms of service of the postal and telegraph staff. The concessions in the case of the postal staff involve an addition of 15 lakhs to our expenditure. The gross receipts have not kept pace with the increase in expenditure, and we can expect an improvement of only 41 lakhs, making the total of our gross receipts for 1926-27 10.65 crores as compared with 10.24 crores in 1925-26. The Post Office account alone shows an estimated profit of 20 lakhs, but there is a loss of 20 lakhs on the Telegraphs and of 10 lakhs on the Telephones, owing largely to the fact that the charge for interest is proportionately heavier in the case of the latter services. The upshot is that the estimates of the year point to a loss of approximately 10 lakhs on the working of the department as a whole. I have, however, every confidence that a revival in trade will lead in due course to a considerable addition to our revenue from telegrams which has recently been disappointingly low, and that by next year the department will be completely self-supporting. To complete the picture I must add that owing to a reduction in traffic we expect, in addition, a loss of 6.7 lakhs in 1926-27 on the working of the Indo-European Telegraph Department.

64. The House will observe that in face of these figures it is impossible for us to contemplate any reduction this year in the rates for letters and postcards—a subject on which after an interesting debate in this House a few weeks ago further discussion was adjourned in order that the whole matter might be considered in its proper setting in connection with the Budget figures. The wisdom of the course then taken is now apparent. Such a reduction of charges as was then under consideration is clearly impossible unless the taxpayer is to be saddled with the burden of a heavy subsidy in relief of the customers of our postal and telegraph system. I know that a return to pre-war rates is keenly desired in many quarters in the House and in the country; nor would the Government desire to oppose such a reduction for a moment if they believed that it was within the range of practical politics. I desire, however, to put the question frankly before the House. There is in my view no probability whatever of a return to pre-war rates for letters and postcards except at the cost of a heavy and steadily increasing subsidy from the pocket of the taxpayer. It is desirable that we should face the facts boldly and not deceive ourselves or others by holding out false expectations.

65. The truth is that we are confronted by what I may call a secular change in conditions in India. The very cheap rates of postage to which India had become accustomed before the war were possible only because of the very low level of prices in India as compared with other countries. The last three-quarters of a century have witnessed a steady rise in the average level of prices throughout India—a rise which was the natural and inevitable outcome of the far-reaching changes which were gradually making their effect felt on the conditions of life in India. I may illustrate these changes with reference to figures on index numbers of prices going back to 1860. If we take the figure for the average of the year 1861 for wholesale prices in the United Kingdom and India as 100, the increase in the year 1924 in the case of India is represented by a figure of 251 and in the case of the United Kingdom by a figure of 142. If we go back only as far as 1914 and compare pre-war with present prices, the increase in

India is from 100 in 1914 to 163 at the end of December 1925. The corresponding increase in the United States is from 100 to 158, and in the United Kingdom from 100 to 153. In the face of these figures which, whatever doubts we may have as to the absolute accuracy of the calculations on which the index numbers are framed, are at least a reasonable guide to the general trend of events, it is impossible to expect that the Indian Postal Department should be able to carry letters or postcards at the rates prevailing in 1860 or even in 1914. We cannot expect wages and expenses to stay at a level below the average rise in prices generally. Unless therefore the future holds out the prospect of a considerable further fall of prices to at least the 1914 level—a development which would probably be undesirable in the general interests of India's prosperity—we must admit the logical conclusion that the day of the 3 pie postcard and the 6 pie letter is past beyond recall. Much as we may regret this inevitable conclusion, it is better that we should cease to delude ourselves with unrealisable hopes and should set ourselves to secure the maximum efficiency and the greatest possible facilities to the public from the department as things are to-day.

66. Our estimates of revenue assume the continuance of the practice of appropriating to revenue the interest on the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40 million. We may, I think, assume that, whatever changes may be introduced as the result of the recommendations of the Royal Commission on Currency, the profit now obtained by the Government from these Reserves, whatever form they may assume, will not be substantially affected. In regard to other heads of receipt, extraordinary income from enemy ships will no longer accrue to us, and it is necessary to estimate interest receipts on a lower scale than this year.

67. We are now in a position to frame our balance sheet. The total estimated revenue for 1926-27 amounts to 133·43 crores, and the total estimated expenditure amounts to 130·38 crores. We are left with a surplus of 3·05 crores. I hasten to remind the House that the latter figure includes the sum of 1½ crores for receipts from the Cotton Excise Duty.

CONCLUSION.

68. To what extent can we regard this surplus as being free for us to dispose of? How far is it a recurring surplus? The House will observe that I have made no reference except in a very incidental way to the Report of the Taxation Enquiry Committee, or to the proceedings of the Royal Commission on Currency. The former's report has only recently come into the hands of members, and though incomplete copies have been available to the Government for a somewhat longer period, we came to the conclusion that the extremely interesting and instructive material which it provides demands more prolonged and more complete examination than was possible in the time at our disposal. I have therefore included in this Budget no suggestions for modification of our taxation system in the light of the Committee's recommendations. Their recommendations will give all the Governments in India and their legislatures ample material for reflection in the course of the coming year. The report is, I think, a most valuable addition to our knowledge of the Indian taxation system, and in the compass of one volume we have here a complete survey of all the taxation at present imposed. Important additions to our understanding of the problem of the relation between Central and Provincial taxation

are made in many passages in the Report. I take this opportunity to-day of thanking Sir Charles Todhunter and his colleagues for the hard labour which they have devoted to mastering their subject and for the instructive report which they have placed before us. So far as the present Budget is concerned, however, we are justified in assuming that, whatever decisions may be arrived at in the light of the recommendations of the Taxation Enquiry Committee, they will not affect the question of the disposal of the year's surplus.

69. The same assumption must be made in regard to the work of the Royal Commission on Currency. Our estimates assume the continuance of the present credits to revenue of the interest on Currency investments. They also assume an average rate of exchange of 18*d.* for 1926-27. It is impossible to anticipate the conclusions of the Commission and equally impossible, besides being very undesirable, to set aside any portion of the year's revenue as an insurance fund against possible repercussions on our Budget position in future years. Nor have we any present reason for regarding such an insurance as requisite.

70. In regard to other items in the Budget we have to remember that the receipts from Railways in 1926-27 are high; the earnings of the year 1925-26 were not as good as those of the previous year, so that our fixed contribution from Railways in 1927-28 may be less by as much as 79 lakhs than in 1926-27 if the actual figures for Railway receipts for 1925-26 confirm our revised estimates. Our opium revenue is also an uncertain factor. The net revenue fluctuates within rather wide limits and at times may even increase owing to sudden decreases in expenditure following on reductions in the area cultivated and in the price paid, but the progressive elimination and eventual extinction of our opium revenue has to be assumed. There is, however, no reason to think that this loss of income which must necessarily be spread over a period of years cannot be counter-balanced by growth of revenue in other directions. Our Income-tax revenue is exceptionally low at the moment and may certainly be counted upon to give a considerably increased yield in later years. Finally, we look for further economies in our military expenditure which still contains special items of a non-recurrent character.

71. After giving full weight to these various considerations, we have come to the conclusion that there is no undue risk in treating the whole of our surplus as a recurrent one. I have already confided to the House the secret that the Finance Bill includes provision for the final abolition of the Cotton Excise Duty, and the privilege of sharing with the Government in the credit for this historic achievement will belong to the Legislature when the Finance Bill is passed. This leaves us with a divisible surplus available for other purposes amounting to 1,30 lakhs. The House will I feel sure have no hesitation in agreeing that past expressions of policy and the truest interests of the people of India alike demand that, after using 1½ crores of the sum at our disposal for the reduction of Central taxation, we should devote as much as we can of the rest to the relief of the Provinces. We accordingly propose to apply 1,25 lakhs to the further reduction of the Provincial contributions in accordance with the Devolution Rules. The relief thus afforded will go to the extent of 57 lakhs to Madras, 33 lakhs to the United Provinces, 28 lakhs to the Punjab and 7 lakhs to Burma.

72. The total of the Provincial contributions fixed under the Meston Settlement was 9.83 crores. A year ago we made a permanent reduction of 2½ crores and provided 63 lakhs for the continuance of the temporary

remission of Bengal's contribution. With the additional 1½ crores set aside now, we shall have reduced our reliance on the Provinces by 4·33 crores in all, which is not very far short of half the total. The Provinces whom fortune and the Devolution Rules favour this year are (apart from Bengal) the same as those which obtained the biggest benefit a year ago. But the turn of the other Provinces will come. They are all brought much nearer fruition by the events of the last two years and will no longer feel that the prospect of remission does not interest them. Meanwhile the taxpayers if not the Government of the Province of Bombay in particular and of other Provinces in a lesser degree secure the benefit of the repeal of the Cotton Excise Duty, the relief given in this budget being divided between the Central taxpayer and the Provincial Governments.

73. At an earlier stage in my speech, the approaching end of the life of this Assembly tempted me to compare the figures of India's debt now with those of three years ago. Before closing let me indulge in a further glance backwards and a glimpse into the future. The first Assembly was burdened with the ungrateful task of imposing extra taxation in order to bridge the yawning gap between revenue and expenditure, a task that at one time seemed well-nigh hopeless. The Budget of 1924-25 which coincided with the first session of this House signalled our definite escape from the era of deficits and brought the Salt tax back from Rs. 2-8 a maund to the present rate of Rs. 1-4. For this reduction, though no doubt it had the assent of the majority, only the minority in this House who voted for the second reading of the Finance Bill can claim to share the credit with the Government and the Council of State; and the Government did not conceal their view that a higher rate, which might have enabled us by now to have achieved the complete extinction of the Provincial contributions, had much to commend it. But, if this House dealt in a step-motherly way with the Budget of 1924-25, it placed to its credit six months later the convention in regard to the separation of railway finance from general finance, a reform which I regard as the greatest financial achievement of the years under review. We have made other advances in our financial machinery during this period, such as the establishment of the Provincial Loans Fund and the formulation of a clear policy of reduction and avoidance of debt, and we have paved the way for other advances, as for instance, the separation of Accounts and Audit, and the reform of the Indian currency system. We have moreover greatly improved the mechanism of the Assembly's financial control. But the new arrangement for dealing with our Railway Budget remains the outstanding feature. It has cleared the path for a continuous programme of railway construction and rehabilitation, and is the direct parent of the proposals for progressive reduction of rates and fares which has now been put in hand, while it has relieved our general finances of an intolerable burden of uncertainty. The Delhi session of 1925 found the Government and the Assembly working together, as you, Sir, will remember, to put the finishing touches to our Debt Redemption plans and to make a substantial beginning of the remission of Provincial contributions. To-day we are continuing last year's work while at the same time celebrating the happy extinction of the notorious (even if sometimes maligned) Cotton Excise Duty.

74. I ask those who profess unending dissatisfaction with the Reforms and denounce them as a sham and the Government as insincere and unresponsive, does the financial story of these three short years justify depression or despondency? In that brief space we have immensely improved our financial machinery and have progressed nearly half-way on the road to extinction of the Provincial contributions, and we have reduced the Salt

tax and abolished the Cotton Excise Duty. For five years the Reformed Legislatures have been at work in India. It is true that weather conditions have on the whole favoured us and that the level of taxation is still high in comparison with 1914, though not in comparison with other countries. But to me it seems undeniable that the association of chosen representatives of the people of India with the Executive Government and their constant interaction the one upon the other in the Assembly and the Council of State have enabled India to win through the inevitable discomforts of the period following the war with a measure of success that makes her financial position the envy of other nations and could scarcely have been possible without the Reformed Constitution. The members of this House appear to me sometimes to fix their attention so earnestly on what are called political questions as to overlook the steady advance towards the goal of constitutional self-government which is being registered day by day in administration and in finance. Mr. Coates, the present Prime Minister of New Zealand, made a confession of faith in a speech delivered last May soon after he succeeded to the Premiership, which deserves, I think, the careful consideration of those who are working for India's future. "It may seem", he said, "that I have unduly stressed the financial and administrative aspect of Government. My six years of Ministerial service, however, have convinced me that intensive application of the principles of sound finance to every function of Government is ever essential in the public interest. It is from that solid foundation created that we can build the structure of our public services and enable the development of our country to proceed. . . . Only by judicious care and foresight in setting our financial foundations is it possible to devote the necessary attention to all our citizens".

75. The Government of India and this Assembly have not always seen eye to eye on financial questions, but the record shows that we have worked together, not without reward, to establish a foundation of financial stability far more firmly based than when we began. We leave to the next Assembly the task of building on those foundations with the firm assurance that, though all the difficulties are not surmounted and though new anxieties may arise, they will not have to complain of our work of preparation and will find their financial heritage a source of strength in advancing to the solution of the political and constitutional tasks which await them.

BASIL P. BLACKETT.

The 1st March 1926.

BUDGET FOR 1926-27.

Statement comparing the actual Revenue and Expenditure of the Central Government (Imperial Revenue and Expenditure before the Reforms) with the Revised Estimates for each year from 1915-16 to 1924-25.

(See paragraph 3 of speech.)

(In thousands of Rupees.)

	REVISED ESTIMATS.			ACTUALS.		
	Revenue.	Expenditure.	Surplus (+) Deficit (-).	Revenue.	Expenditure.	Surplus (+) Deficit (-).
1915-16	78,89,08	81,58,21	-2,69,13	80,00,96	81,79,26	-1,78,30
1916-17	97,25,67	83,27,37	+8,98,30	98,53,10	87,31,37	+11,21,73
1917-18	1,14,84,48	1,06,27,74	+8,56,74	1,18,70,58	1,06,57,52	+12,13,06
1918-19	1,27,94,65	1,34,79,88	-6,85,23	1,30,40,66	1,36,13,72	-5,73,06
1919-20	1,44,07,56	1,59,18,67	-15,11,11	1,37,13,98	1,60,79,27	-23,65,29
1920-21	1,35,10,35	1,48,03,61	-12,93,26	1,35,63,32	1,61,64,17	-26,00,85
1921-22	1,13,15,32	1,41,94,52	-28,79,20	1,15,21,50	1,42,86,52	-27,65,02
1922-23	1,20,70,17	1,37,95,52	-17,25,35	1,21,41,29	1,36,43,05	-15,01,76
1923-24	1,31,96,04	1,29,89,97	+2,06,07	1,33,16,63	1,30,77,63	+2,39,00
1924-25	1,34,82,28	1,30,62,68	+3,99,58	1,38,03,92	1,32,35,66	+5,68,26

Budget
of the
Government of India,
March 1926.

ACCOUNTS	1924-25
REVISED ESTIMATES	1925-26
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BUDGET FOR 1926-27.

● I. - General Statement of the Revenue and Expenditure charged to

	For details, vide Statement.	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	45,74,81,516	16,35,00,000	46,64,67,000	46,40,00,000
Taxes on Income	"	16,01,46,253	17,34,67,000	16,24,69,000	16,14,67,000
Salt	"	7,39,04,660	6,95,00,000	6,40,00,000	6,90,00,000
Opium	"	3,79,76,177	3,55,65,000	4,39,00,000	3,80,00,000
Other Heads	"	3,06,93,150	2,33,14,000	2,19,05,000	2,25,43,000
TOTAL PRINCIPAL HEADS		75,03,63,956	76,43,66,000	76,07,31,000	75,50,10,000
Railways: Net Receipt (as per Railway Budget)		37,22,94,697	33,69,44,000	33,76,91,000	35,44,32,000
Irrigation: Net Receipts	A	10,91,935	10,42,000	11,00,000	8,21,000
Posts and Telegraphs: Net Receipts	"	1,11,25,087	68,11,000	68,32,000	48,62,000
Interest Receipts	"	6,41,00,365	3,60,44,000	4,03,12,000	3,47,11,000
Civil Administration	"	73,97,533	72,60,000	63,10,000	77,86,000
Currency and Mint	"	3,99,32,694	4,08,07,000	4,61,55,000	4,39,68,000
Civil Works	"	13,31,263	10,18,000	11,62,000	9,96,000
Miscellaneous	"	45,69,671	43,21,000	43,67,000	39,27,000
Military Receipts	"	4,03,11,629	4,01,17,000	3,68,69,000	4,39,79,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	"	9,25,20,906	6,22,14,000	6,24,26,000	8,45,12,000
Extraordinary Items	"	2,54,52,356	38,23,000	59,47,000	16,00,000
TOTAL REVENUE		1,36,03,92,344	1,30,67,97,000	1,31,24,28,000	1,30,42,96,000
DEBIT		---	---	---	---
TOTAL		1,36,03,92,344	1,30,67,97,000	1,31,24,28,000	1,30,42,96,000

M. F. GAUNTLETT,
Auditor General

DELHI,
FINANCE DEPARTMENT;
The 1st March 1926.

BUDGET FOR 1926-27.

Revenue of the Central Government, in India and in England)

	For details, vide Statement.	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	5,37,02,291	5,28,91,000	5,53,55,000	5,00,14,000
Salt and other Capital outlay charged to Revenue	"	17,31,744	32,93,000	10,44,000	10,20,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget)	"	10,44,53,015	28,65,58,000	28,44,93,000	29,43,45,000
Irrigation	"	22,36,290	17,79,000	20,38,000	17,34,000
Posts and Telegraphs	"	30,67,854	—28,17,000	—1,04,53,000	96,01,000
Debt Services	"	18,68,22,857	18,18,08,000	21,18,54,30,000	17,51,76,000
Civil Administration	"	10,12,59,043	10,97,98,000	11,25,27,000	11,45,30,000
Currency and Mint	"	71,41,079	73,47,000	71,94,000	73,34,000
Civil Works	"	1,77,72,875	1,68,47,000	1,72,43,000	1,80,11,000
Miscellaneous	"	4,35,31,861	4,01,91,000	4,51,68,000	3,96,31,000
Military Services	"	59,56,51,877	60,36,17,000	60,13,69,000	59,17,79,000
Miscellaneous adjustments between the Central and Provincial Governments *	"	50,74,125	15,74,000	14,32,000	6,00,000
Extraordinary Items	"	1,01,635	25,00,000	25,77,000	5,00,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,32,35,66,546	1,30,43,84,000	1,30,54,87,000	1,30,37,65,000
SURPLUS		5,66,25,698	24,13,000	80,38,000	5,31,000
TOTAL		1,26,69,40,848	1,30,67,97,000	1,31,35,25,000	1,30,42,96,000

H. DENNING,
Controller of the Currency.

A. C. McWATTERS,
Secretary to the Government of India.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Es.	Rs.
Surplus	C	8,68,33,698	24,13,000	80,38,000	8,31,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		14,04,878	—4,44,63,000	97,49,000	2,93,19,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	11,74,76,934	8,95,14,000	...	...
Unfunded Debt (net incurred)	"	8,93,12,089	9,80,31,000	12,15,77,000	9,59,16,000
Deposits and Advances (net)	"	2,32,83,871	8,81,41,000	7,19,93,000	8,25,02,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	4,51,94,000	6,63,41,000	5,25,06,000
Remittances (net)	"	1,13,35,974	...	17,000	...
Balances of Provincial Governments (net)	"	2,64,95,115	31,82,000	1,98,98,000	29,000
TOTAL DEBT, DEPOSITS AND ADVANCES . . . . .	...	26,82,03,933	32,40,52,000	27,96,26,000	23,04,53,000
TOTAL RECEIPTS . . . . .	...	32,64,24,509	27,80,02,000	29,73,13,000	26,09,08,000
Opening Balance—India . . . . .	...	31,13,63,292	24,26,92,292	31,73,60,743	15,17,32,743
England . . . . .	...	10,39,43,476	11,86,63,476	13,61,68,357	13,09,33,267
TOTAL . . . . .	...	74,16,39,277	63,93,57,768	74,98,42,000	69,35,69,000

M. F. GAUNTLETT,

Auditor General.

DELHI,
FINANCE DEPARTMENT,
The 1st March 1926.;

BUDGET FOR 1926-27.

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Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1924-25.	Budget Estimate, 1926-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Construction of State Railways (as per Railway Budget)		13,45,98,356	23,00,00,000	19,50,00,000	26,00,00,000
Discharge of Debentures (as per Railway Budget)		63,31,216	...	1,08,58,000	3,61,85,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget) . . . . .		...	8,43,33,000	3,41,55,000	...
Construction of Irrigation Works		95,598	27,000	—1,15,000	—55,000
Capital outlay on Posts and Telegraphs		1,17,55,881	2,13,53,000	2,28,92,000	59,32,000
Capital outlay on Vizagapatam Harbour . . . . .		...	...	66,20,000	48,70,000
Payment of commuted value of pensions . . . . .		...	...	...	35,00,000
Initial expenditure on new Capital at Delhi		1,42,18,968	1,55,00,000	1,35,00,000	1,00,50,000
Capital outlay on Security Printing . . . . .		...	...	16,64,000	1,72,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		16,70,00,219	30,12,13,000	28,43,94,000	32,06,54,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	...	3,97,60,000	89,17,000
Floating Debt (net discharged)		2,11,80,000	...	40,000	...
Loans and Advances by Central Government (net Advances)	"	1,22,69,059	14,79,30,000	9,29,82,000	8,06,33,000
Loans between Central and Provincial Governments (net Advances)	"	8,86,60,999	...	...	...
Remittances (net)	"	...	9,65,000	...	5,48,000
TOTAL DEBT, DEPOSITS AND ADVANCES . . . . .	...	12,21,10,058	14,88,95,000	13,27,82,000	9,00,86,000
TOTAL DISBURSEMENTS . . . . .	...	28,91,10,277	45,01,08,000	41,71,76,000	41,07,42,000
Closing Balance—India . . . . .	...	31,73,60,743	13,13,48,293	15,17,32,743	12,83,14,743
England . . . . .	...	13,51,68,357	5,79,01,476	18,09,33,257	5,46,12,257
TOTAL . . . . .	...	74,16,39,277	63,83,57,768	74,98,43,000	59,35,69,000

H. DENNING,
Controller of the Currency.

A. C. McWATTERS,
Secretary to the Government of India.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	45,75,31,516	...	...	45,75,31,516	46,54,57,000	...	1
II.—Taxes on Income	16,08,09,947	-1,20,567	-41,107	16,01,48,353	16,30,00,000	-4,00,000	2
III.—Salt	7,39,04,560	...	...	7,39,04,560	6,40,00,000	...	3
IV.—Opium	3,79,76,177	...	...	3,79,76,177	4,39,00,000	...	4
V.—Land Revenue	37,80,748	...	...	37,80,748	39,17,000	...	5
VI.—Excise	41,93,239	...	...	41,93,239	47,48,000	...	6
VII.—Stamps—							
A.—Non-judicial	8,79,908	...	...	8,79,908	6,42,000	...	7
B.—Judicial	15,09,706	...	...	15,09,706	19,05,000	...	8
VIII.—Forest	16,14,699	...	...	16,14,699	19,52,000	...	9
IX.—Registration	1,64,392	...	...	1,64,392	1,85,000	...	10
X.—Tributes from Indian States	62,44,364	...	...	62,44,364	63,76,000	...	11
TOTAL	75,04,15,650	-1,20,567	-41,107	75,02,53,956	76,12,62,000	-4,00,000	12
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	16,03,232	...	...	16,03,232	19,35,000	...	13
Deduct—Working Expenses	7,15,961	...	...	7,15,961	8,42,000	...	14
Net Receipts	10,87,271	...	...	10,87,271	10,93,000	...	15
XIV.—Works for which no Capital accounts are kept	4,654	...	...	4,654	7,000	...	16
TOTAL	10,91,925	...	...	10,91,925	11,00,000	...	17
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Postal and Telegraph Department—Gross Receipts	9,97,28,466	...	...	9,97,28,466	10,23,47,000	...	18
Deduct—Working Expenses	8,82,00,884	10,92,949	4,09,045	8,97,02,878	9,47,53,000	6,82,000	19
Net Receipts	1,15,27,604	-10,92,949	-4,09,045	1,00,25,610	75,94,000	-6,56,000	20
Indo-European Telegraph Department—Gross Receipts	29,37,516	8,37,366	3,06,350	43,71,256	22,75,000	10,40,000	21
Deduct—Working Expenses	38,77,186	68,962	25,642	29,71,779	34,28,000	1,28,000	22
Net Receipts	60,353	7,58,436	1,50,706	10,90,477	-10,53,000	9,12,000	23
TOTAL	1,15,67,937	-3,34,513	-1,29,337	1,11,25,067	65,41,000	2,34,000	24
Debt Services—							
XVI.—Interest	9,24,188	1,82,97,844	85,78,173	2,41,00,365	67,03,000	2,38,13,000	25
Carried over	77,23,19,000	1,78,42,644	64,06,729	79,66,71,233	77,76,36,000	2,36,37,000	26

*Sterling converted into Rupees at £1=Rs. 10.

BUDGET FOR 1926-27.

Government, in India and in England.

1925-26.			Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
Item No.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	...	46,64,57,000	+46,57,000	46,40,00,000	...	...	46,40,00,000	-44,57,000
2	-1,31,000	16,24,69,000	-1,10,18,000	16,20,00,000	-4,00,000	-1,33,000	16,14,67,000	-10,02,000
3	...	6,40,00,000	-55,00,000	6,90,00,000	...	...	6,90,00,000	+50,00,000
4	...	4,39,00,000	+83,15,000	3,60,00,000	...	...	3,60,00,000	-69,00,000
5	...	39,17,000	+73,000	39,03,000	...	...	39,03,000	-14,000
6	...	47,48,000	+3,25,000	46,60,000	...	...	46,60,000	-88,000
7	...	8,42,000	-19,000	8,44,000	...	...	8,44,000	+2,000
8	...	19,05,000	+49,000	19,03,000	...	...	19,03,000	-2,000
9	...	19,52,000	-6,96,000	26,75,000	...	...	26,75,000	+7,23,000
10	...	1,65,000	+2,000	1,64,000	...	...	1,64,000	-1,000
11	...	63,76,000	-1,43,000	83,94,000	...	...	83,94,000	+18,000
12	-1,31,000	76,07,31,000	-36,55,000	75,55,43,000	-4,00,000	-1,33,000	75,50,10,000	-57,21,000
13	...	19,35,000	-1,22,000	20,18,000	...	...	20,18,000	+83,000
14	...	8,49,000	+1,80,000	12,02,000	...	...	12,02,000	-3,60,000
15	...	10,93,000	+58,000	8,16,000	...	...	8,16,000	-2,77,000
16	...	7,000	...	5,000	...	...	5,000	-2,000
17	...	11,00,000	+58,000	8,21,000	...	...	8,21,000	-2,79,000
18	...	10,23,47,000	-17,85,000	10,64,65,000	...	...	10,64,65,000	+41,18,000
19	2,25,000	9,56,65,000	+19,26,000	10,09,95,000	5,66,000	1,89,000	10,17,50,000	-60,84,000
20	-2,25,000	66,81,000	+1,41,000	54,70,000	-5,66,000	-1,89,000	47,15,000	-19,66,000
21	3,40,000	37,55,000	-2,75,000	23,84,000	7,80,000	2,60,000	24,04,000	-3,51,000
22	49,000	35,98,000	+1,61,000	34,09,000	1,18,000	40,000	35,67,000	+31,000
23	2,93,000	1,57,000	-1,14,000	-10,45,000	6,62,000	2,20,000	-1,63,000	-3,20,000
24	73,000	68,33,000	+27,000	44,25,000	96,000	31,000	45,52,000	-22,96,000
25	77,73,000	4,03,19,000	+42,75,000	74,41,000	2,04,53,000	63,17,000	3,47,11,000	-56,08,000
26	77,18,000	80,59,58,000	+7,05,000	76,62,30,000	2,01,49,000	67,15,000	79,50,94,000	-1,39,24,000

A.—Statement of the Revenue of the Cent

HEADS OF REVENUE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE	
	India.	England.	Exchange.	TOTAL.	India.	England.
Brought forward	Rs. 77,23,19,660	Rs. 1,78,42,844	Rs. 64,08,729	Rs. 79,65,71,233	Rs. 77,76,36,000	Rs. 2,36,37,000
Civil Administration—						
XVII.—Administration of Justice	4,16,658	...	...	4,16,658	3,33,000	...
XVIII.—Jails and Convict Settlements.	6,93,123	...	...	6,93,123	6,53,000	...
XIX.—Police	75,826	...	...	75,826	71,000	...
XX.—Ports and Pilotage	24,46,437	...	...	24,46,437	24,65,000	...
XXI.—Education	1,60,826	...	...	1,60,826	1,36,000	...
XXII.—Medical	2,11,351	...	...	2,11,351	1,63,000	...
XXIII.—Public Health	1,52,936	...	...	1,52,936	1,45,000	...
XXIV.—Agriculture	10,98,121	...	...	10,98,121	19,32,000	...
XXV.—Industries	2,604	...	...	2,604	...	...
XXVI.—Miscellaneous Departments	21,39,651	...	...	21,39,651	24,22,000	...
XXVIIA.—Receipts of the Indian Stores Department	...	...	...	...	...	...
TOTAL	73,97,533	...	...	73,97,533	83,10,000	...
Currency and Mint—						
XXVII.—Currency	2,66,55,827	61,95,660	19,03,865	3,57,55,372	3,05,88,000	93,00,000
XXVIII.—Mint	41,77,483	...	10	41,77,523	32,30,000	1,000
TOTAL	3,28,33,310	61,95,660	19,03,865	3,99,32,694	3,38,18,000	93,01,000
Civil Works—						
XXX.—Civil Works	13,21,263	...	...	13,21,263	11,02,000	...
Miscellaneous—						
XXXIII.—Receipts in aid of Superannuation	17,19,642	3,72,624	1,39,431	22,31,697	19,79,000	3,54,000
XXXIV.—Stationery and Printing	11,88,508	8,573	3,364	12,00,445	9,37,000	6,000
XXXV.—Miscellaneous	7,04,375	3,35,679	1,17,378	11,57,529	3,63,000	3,77,000
TOTAL	36,12,425	7,16,873	2,60,373	46,59,671	27,99,000	7,37,000
Military Receipts—						
XXXVI.—Army—						
Effective	2,78,55,502	36,41,413	13,50,179	3,28,27,093	2,33,97,000	26,27,000
Non-effective	15,95,025	10,91,400	4,04,080	30,90,575	11,46,000	6,40,000
	2,94,50,527	47,32,903	17,54,259	3,59,17,668	2,45,13,000	32,67,000
XXXVII.—Marine	11,12,931	...	...	11,12,931	12,62,000	...
XXXVIII.—Military Engineer Services	32,61,000	...	...	32,61,000	84,61,000	...
TOTAL	3,38,24,515	47,32,903	17,54,259	4,03,11,659	3,42,56,000	32,67,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—						
XXXIX.—Contributions to the Central Government by Provincial Governments	8,20,12,000	...	...	8,20,12,000	6,20,12,000	...
XXXIXA.—Miscellaneous adjustments between the Central and Provincial Governments	8,09,928	...	...	8,09,928	4,14,000	...
TOTAL	9,25,20,928	...	...	9,25,20,928	6,24,26,000	...
Extraordinary Items—						
XL.—Extraordinary Receipts	69,914	1,69,58,784	64,06,658	2,54,52,356	28,000	44,62,000
Railway Revenues as per Railway Budget	24,90,78,667	23,48,522	8,66,458	37,22,94,697	33,56,91,600	15,09,000
TOTAL REVENUE	1,81,29,96,346	4,97,92,614	1,74,00,363	1,36,06,92,244	1,25,66,06,000	4,29,12,000

* Sterling converted into Rupees at £1=Rs. 10.

Government, in India and in England—contd.

Item No.	1925-26.		Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs. 77,15,000	Rs. 60,49,86,000		Rs. 76,62,30,000	Rs. 2,01,49,000	Rs. 67,15,000	Rs. 79,80,94,000		Rs. 1,38,94,000
1	...	3,33,000	-1,08,000	3,33,000	...	...	3,33,000	...
2	...	6,53,000	+64,000	4,01,000	...	...	4,01,000	-2,52,000
3	...	71,000	-17,000	71,000	...	...	71,000	...
4	...	24,65,000	+41,000	24,90,000	...	...	24,90,000	+25,000
5	...	1,36,000	+5,000	1,92,000	...	...	1,92,000	+56,000
6	...	1,63,000	+42,000	1,25,000	...	...	1,25,000	-38,000
7	...	1,45,000	-35,000	1,46,000	...	...	1,46,000	+1,000
8	...	19,22,000	+9,70,000	15,95,000	...	...	15,95,000	-3,24,000
9	...	...	...	...	...	...	...	...
10	...	24,22,000	+65,000	12,27,000	...	...	12,27,000	-11,95,000
11	...	...	...	12,00,000	...	...	12,00,000	+17,00,000
12	...	83,10,000	+10,50,000	77,86,000	...	...	77,86,000	-5,24,000
13	30,36,000	4,29,24,000	+46,49,000	2,91,12,000	65,00,000	28,34,000	4,04,46,000	-4,75,000
14	...	32,31,000	+6,99,000	25,21,000	1,000	...	25,22,000	-7,09,000
15	30,36,000	4,61,55,000	+58,48,000	3,16,33,000	66,01,000	28,34,000	4,29,68,000	-31,67,000
16	...	11,02,000	+1,44,000	9,98,000	...	...	9,98,000	-1,04,000
17	1,16,000	24,49,000	+4,67,000	17,04,000	2,17,000	1,05,000	21,26,000	-3,23,000
18	2,000	9,45,000	-1,90,000	9,96,000	6,000	2,000	10,04,000	+59,000
19	1,23,000	1,03,000	-3,61,000	6,70,000	95,000	32,000	7,97,000	-66,000
20	2,41,000	42,57,000	-84,000	33,70,000	4,18,000	1,39,000	39,27,000	-3,30,000
21	6,57,000	2,68,51,000	-9,33,000	2,36,74,000	27,99,000	9,33,000	2,74,06,000	+5,55,000
22	2,09,000	19,95,000	-3,69,000	10,39,000	11,03,000	3,68,000	25,10,000	+5,15,000
23	10,66,000	2,68,46,000	-18,22,000	2,47,13,000	39,02,000	13,01,000	2,99,16,000	+10,70,000
24	...	12,62,000	+3,40,000	17,67,000	...	...	17,67,000	+5,05,000
25	...	84,61,000	-5,55,000	1,12,76,000	...	...	1,12,76,000	+28,15,000
26	10,96,000	8,45,9,000	-15,26,000	3,77,76,000	39,02,000	18,01,000	4,29,79,000	+43,90,000
27	...	6,80,12,000	...	5,45,12,000	...	...	5,45,12,000	-76,00,000
28	...	4,14,000	+1,12,000	...	...	...	...	-4,14,000
29	...	6,24,26,000	+2,12,000	5,45,12,000	...	...	5,45,12,000	-79,14,000
30	14,57,000	59,47,000	+21,14,000	...	12,00,000	4,00,000	16,00,000	-43,47,000
31	4,92,000	33,76,91,000	-12,53,000	35,32,66,000	8,86,000	2,86,000	35,44,32,000	+1,67,41,000
32	1,43,07,000	1,31,34,25,000	+67,36,000	1,25,75,93,000	3,30,26,000	1,16,75,000	1,30,42,96,000	-91,29,000

B.—Statement of the Expenditure charged to the Revenues

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues						
1.—Customs	75,13,177	1,45,135	53,978	77,12,290	81,06,000	1
2.—Taxes on income	59,28,710	78,793	80,038	60,37,531	69,81,000	2
3.—Salt	1,19,38,072	63,132	24,516	1,20,20,720	1,31,10,000	3
4.—Opium	2,34,99,919	41,816	15,392	2,35,57,127	2,13,68,000	4
5.—Land Revenue	11,16,168	3,864	1,363	11,20,395	12,67,000	5
6.—Excise	2,26,072	1,665	559	2,28,296	11,19,000	6
7.—Stamps—						
A.—Non-judicial	—5,63,046	3,27,015	1,16,244	—1,19,757	—5,000	7
B.—Judicial	28,16,965	2,18,635	80,368	31,16,166	29,14,000	8
8.—Forest	29,053	...	...	29,053	31,000	9
9.—Registration	...	...	...	...	...	...
TOTAL	5,25,00,090	5,07,55	3,22,446	5,37,02,291	5,37,91,000	10
Salt and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	7,19,558	...	...	7,19,558	10,44,000	11
7A.—Capital outlay on Security Printing Press	9,48,134	47,657	16,176	10,12,156	...	12
TOTAL	16,67,712	47,657	16,176	17,31,744	10,44,000	13
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	11,98,270	...	...	11,98,270	12,05,000	14
15.—Other Revenue Expenditure	8,75,777	49,827	19,877	9,45,481	6,19,000	15
TOTAL	20,74,047	49,827	19,877	21,43,761	18,24,000	16
Irrigation, etc., Capital Account (charged to Revenue)—						
16.—Construction of Irrigation, etc., Works—Financed from Ordinary Revenues.	92,539	...	...	92,539	1,44,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Postal and Telegraph Department	68,60,034	...	...	68,60,034	49,00,000	18
Indo-European Telegraph Department	...	...	...	...	4,26,000	19
TOTAL	68,60,034	...	...	68,60,034	53,26,000	20
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Postal and Telegraph Department	—56,99,374	10,44,712	3,83,245	—42,71,317	—1,48,66,000	21
Indo-European Telegraph Department	—4,93,243	7,35,294	2,67,686	4,99,137	—11,50,000	22
TOTAL	—61,93,217	17,80,006	6,41,031	—37,72,150	—1,60,16,000	23
Debt Services—						
19.—Interest on Ordinary Debt	20,30,19,869	12,55,60,308	4,70,22,579	37,56,02,751	20,66,80,000	24
Deduct—Amount chargeable to—						
Railways	12,26,88,157	6,51,46,473	2,44,63,946	21,22,98,576	13,32,44,000	25
Irrigation	11,98,270	...	...	11,98,270	12,05,000	26
Posts and Telegraphs	68,60,034	...	...	68,60,034	53,26,000	27
Other Commercial Departments	3,01,437	...	...	3,01,437	6,50,000	28
Provincial Governments	4,21,54,712	...	...	4,21,54,712	...	29
Provincial Loans Fund	...	...	...	...	5,11,76,000	30
Remainder chargeable to Ordinary Debt	2,98,17,269	6,04,13,830	2,25,58,633	11,27,59,722	1,50,79,000	31
Interest on other Obligations	3,60,37,420	79,575	26,700	3,61,93,695	4,35,44,000	32
21.—Reduction or Avoidance of Debt	96,06,150	2,06,68,699	75,65,391	3,78,39,440	4,97,36,000	33
TOTAL	7,55,09,829	8,11,62,304	3,01,50,724	16,68,22,857	10,83,59,000	34
Carried over	13,25,11,034	8,39,19,749	3,11,50,253	24,75,51,036	15,44,72,000	35

* Sterling converted into Rupees at £1=Rs. 10.

BUDGET FOR 1926-27.

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of the Central Government, in India and in England.

Item No.	ESTIMATE, 1925-26.			Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
1	1,31,000	43,000	82,50,000	-1,49,000	83,55,000	1,45,000	48,000	85,48,000	+2,65,000
2	91,000	30,000	61,02,000	-5,54,000	66,59,000	85,000	29,000	67,73,000	+6,71,000
3	30,000	10,000	1,31,50,000	-4,87,000	1,32,78,000	54,000	18,000	1,33,48,000	+1,92,000
4	92,000	30,000	2,14,99,000	+34,61,000	1,53,89,000	54,000	18,000	1,54,41,000	-60,49,000
5	4,000	1,000	12,72,000	-1,08,000	13,43,000	13,000	4,000	13,60,000	+88,000
6	4,000	1,000	11,24,000	+6,86,000	10,42,000	4,000	1,000	10,47,000	-77,000
7	6,26,000	2,04,000	8,25,000	+17,000	-10,02,000	7,23,000	2,41,000	-32,000	-6,63,000
8	2,24,000	73,000	31,11,000	-3,07,000	32,19,000	2,12,000	71,000	35,02,000	+3,91,000
9	...	...	31,000	-6,000	33,000	...	...	33,000	+2,000
10	12,02,000	3,92,000	6,53,85,000	+24,94,000	4,82,94,000	12,90,000	4,30,000	5,00,14,000	-63,71,000
11	...	...	10,44,000	-4,49,000	10,20,000	...	...	10,20,000	-24,000
12	...	...	...	-18,00,000	...	...	...	...	...
13	...	...	10,44,000	-22,49,000	10,20,000	...	...	10,20,000	-24,000
14	...	...	12,05,000	-45,000	12,05,000	...	...	12,05,000	...
15	53,000	17,000	6,89,000	+3,50,000	3,86,000	64,000	21,000	4,71,000	-2,18,000
16	53,000	17,000	18,94,000	+3,05,000	15,91,000	64,000	21,000	16,76,000	-2,18,000
17	...	...	1,44,000	-46,000	58,000	...	...	58,000	-88,000
18	...	...	49,00,000	-17,00,000	57,00,000	...	...	57,00,000	+8,00,000
19	...	...	4,28,000	+60,000	5,10,000	...	...	5,10,000	+84,000
20	...	...	53,26,000	-16,30,000	62,10,000	...	...	62,10,000	+8,84,000
21	...	...	-1,48,66,000	-53,25,000	30,02,000	...	...	20,02,000	+1,68,68,000
22	1,79,000	68,000	-9,13,000	-6,71,000	3,85,000	3,000	1,000	3,69,000	+13,02,000
23	1,79,000	68,000	-1,57,79,000	-59,96,000	23,87,000	3,000	1,000	23,91,000	+1,81,70,000
24	13,07,04,000	4,36,65,000	38,00,49,000	-1,90,000	30,55,45,000	13,04,04,000	4,34,68,000	37,94,17,000	-6,32,000
25	7,99,97,000	2,97,30,000	29,96,71,000	+39,95,000	14,47,30,000	7,43,18,000	2,47,73,000	24,38,21,000	-1,41,50,000
26	...	...	12,05,000	+46,000	12,05,000	...	...	12,05,000	...
27	...	...	53,96,000	+16,40,000	62,10,000	...	...	62,10,000	-8,84,000
28	...	...	6,50,000	-3,12,000	11,11,000	...	...	11,11,000	-4,61,000
29	...	...	...	...	...	...	...	...	...
30	...	...	5,11,76,000	-16,42,000	5,29,22,000	...	...	5,29,22,000	-18,06,000
31	5,80,07,000	1,89,35,000	9,20,21,000	+35,27,000	-6,93,000	5,60,86,000	1,66,95,000	7,30,88,000	-1,79,33,000
32	97,000	32,000	4,36,73,000	+5,11,000	5,10,78,000	1,10,000	37,000	5,12,25,000	+75,62,000
33	...	...	4,97,36,000	-4,14,000	4,98,63,000	...	...	4,98,63,000	+1,27,000
34	5,81,64,000	1,89,67,000	18,54,80,000	+36,24,000	10,02,48,000	5,61,96,000	1,87,32,000	17,51,76,000	-1,02,54,000
35	5,95,38,000	1,94,84,000	23,34,44,000	-35,08,000	15,92,08,000	5,75,53,000	1,91,84,000	23,65,45,000	+31,01,000

B.—Statement of the Expenditure charged to the Revenue.

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	13,25,11,034	8,38,19,740	3,11,50,253	24,75,51,036	15,11,72,000	
Civil Administration—						
12.—General Administration—						
A.—Heads of Provinces (including Governor General and Executive Councils.					21,79,000	1
B.—Legislative Bodies					6,70,000	2
C.—Secretariat and Headquarters establishment	1,15,10,685			1,15,10,685	71,45,000	3
D.—Commissioners					17,59,000	4
E.—District Administration						5
F.—Home Administration, etc.		28,17,946	10,37,447	38,55,393		6
23.—Audit	75,11,088	2,09,159	75,327	77,95,574	60,15,000	7
24.—Administration of Justice	11,06,450	36,596	12,876	11,55,924	11,75,000	8
25.—Jails and Convict Settlements	35,97,517	34,896	12,940	36,45,323	35,14,000	9
26.—Police	91,76,215	1,26,546	47,142	93,49,903	92,51,000	10
27.—Ports and Pilotage	23,28,428	1,11,414	41,647	24,81,489	38,59,000	11
28.—Ecclesiastical	25,12,977	4,52,494	1,64,059	31,29,530	22,68,000	12
29.—Political	3,14,30,749	1,25,070	68,018	3,16,23,843	3,16,64,000	13
30.—Scientific Departments	6,01,067	5,95,433	2,13,177	7,69,676	1,33,46,000	14
31.—Education	30,88,829	58,563	22,155	31,69,546	31,10,000	15
32.—Medical	24,59,730	1,05,699	41,542	26,07,371	26,51,000	16
33.—Public Health	16,64,521	51,511	17,953	17,34,285	12,15,000	17
34.—Agriculture	28,77,923	1,30,386	44,713	30,43,022	25,93,000	18
35.—Industries	60,91,467	37,472	10,220	61,29,159	86,08,000	19
36.—Aviation	18,493	2,731	933	22,151	29,000	20
37.—Miscellaneous Departments	19,25,799	3,40,954	1,39,486	22,96,269	23,68,000	21
37-A.—Indian Stores Department						22
TOTAL	9,41,01,934	52,17,177	19,39,924	10,13,59,043	10,34,55,000	23
Currency and Mint—						
38.—Currency	27,35,311	51,59,150	8,34,315	57,48,706	49,42,000	24
39.—Mint	13,58,339	24,525	9,540	13,92,373	16,88,000	25
TOTAL	40,93,650	22,13,705	8,43,854	71,41,729	45,30,000	26
Civil Works—						
41.—Civil Works	1,76,57,819	54,322	30,834	1,77,72,575	1,70,31,000	27
Miscellaneous—						
42.—Famine Relief and Insurance—						
A.—Famine Relief					44,000	28
44.—Territorial and Political Pensions	29,71,302	1,32,868	45,335	31,39,525	29,00,000	29
45.—Superannuation Allowances and Pensions.	21,89,993	1,92,47,083	71,66,671	2,66,03,746	38,15,000	30
46.—Stationery and Printing	25,34,885	7,33,517	2,65,698	35,34,100	28,83,000	31
47.—Miscellaneous	50,64,379	23,44,417	5,45,694	62,54,490	58,12,000	32
TOTAL	1,27,60,556	2,24,47,905	63,23,395	4,35,31,861	1,54,62,000	33
Military Services—						
48.—Army—						
Effective	37,48,43,794	6,13,61,504	2,24,93,532	45,87,17,830	38,53,33,000	34
Non-effective	3,73,62,578	3,08,58,454	1,37,47,191	6,79,38,260	3,74,05,000	35
49.—Marine	41,21,95,369	9,82,39,985	3,62,20,723	54,66,56,077	42,27,38,000	36
50.—Military Engineer Services	44,09,672	21,92,396	6,06,449	74,10,717	46,05,000	37
	4,16,50,821	5,30,287	1,94,872	4,26,55,000	4,16,10,000	38
TOTAL	45,44,65,167	10,99,62,671	3,72,24,044	59,66,61,877	46,90,63,000	39
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	50,74,125			50,74,125	14,32,000	40
Extraordinary Items—						
52.—Extraordinary Payments	1,01,633			1,01,633	25,77,000	41
Railway Expenditure as per Railway Budget	18,60,51,342	6,60,59,131	3,23,12,542	20,44,53,015	16,57,25,000	42
TOTAL EXPENDITURE CHARGED TO REVENUE	91,08,67,187	20,66,34,560	11,18,24,519	1,32,35,66,546	63,66,40,000	43

* Sterling converted into Rupees at £1=Rs. 16.

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1925-26.			Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
	5,96,36,000	1,94,54,000	23,34,44,000	-35,08,000	15,98,08,000	5,75,53,000	1,91,84,000	23,65,45,000	+31,01,000
1	...	...	21,79,000	-25,000	21,29,000	...	...	21,29,000	-50,000
2	...	...	6,70,000	-51,000	6,73,000	...	...	6,73,000	+3,000
3	...	...	71,45,000	-3,73,000	67,43,000	...	...	67,43,000	+15,98,000
4	...	...	...	...	...	...	...	...	...
5	...	...	17,59,000	-19,000	18,46,000	...	...	18,46,000	+37,000
6	28,06,000	9,16,000	37,22,000	-6,59,000	...	30,66,000	10,22,000	40,88,000	+3,66,000
7	2,67,000	94,000	83,96,000	-4,65,000	81,07,000	3,14,000	1,05,000	85,26,000	+1,30,000
8	97,000	32,000	13,04,000	+14,000	14,40,000	88,000	30,000	15,58,000	+2,54,000
9	49,000	16,000	35,79,000	-3,52,000	36,61,000	63,000	17,000	37,30,000	+1,51,000
10	3,38,000	78,000	95,87,000	-1,10,000	94,44,000	2,00,000	87,000	97,11,000	+1,44,000
11	3,39,000	1,11,000	33,09,000	+1,31,000	32,83,000	3,41,000	1,14,000	37,38,000	+4,39,000
12	7,85,000	3,37,000	32,30,000	-5,17,000	27,03,000	7,05,000	2,35,000	36,43,000	+4,13,000
13	9,67,000	3,15,000	3,29,48,000	-9,64,000	3,20,67,000	5,10,000	3,03,000	3,32,80,000	+5,32,000
14	9,76,000	2,20,000	1,32,42,000	+50,93,000	77,19,000	7,63,000	2,54,000	87,36,000	-45,08,000
15	68,000	23,000	32,09,000	-79,000	37,75,000	77,000	26,000	38,78,000	+6,69,000
16	1,91,000	62,000	29,04,000	-3,98,000	27,09,000	2,76,000	92,000	30,77,000	+1,73,000
17	57,000	19,000	13,21,000	+9,000	18,50,000	68,000	19,000	19,27,000	+6,06,000
18	1,16,000	38,000	27,47,000	-64,000	27,81,000	1,14,000	1,89,000	29,33,000	+1,86,000
19	28,000	9,000	66,40,000	+16,16,000	89,74,000	72,000	24,000	90,70,000	+4,30,000
20	3,000	1,000	33,000	-1,000	3,50,000	3,000	1,000	3,54,000	+3,21,000
21	1,92,000	63,000	26,23,000	-37,000	9,15,000	...	...	26,90,000	+2,67,000
22	...	...	...	...	16,94,000	2,11,000	70,000	...	...
23	66,89,000	23,33,000	11,25,27,000	+27,29,000	10,48,63,000	72,60,000	24,17,000	11,45,30,000	+20,03,000
24	19,47,000	6,56,000	55,25,000	-1,08,000	30,65,000	22,78,000	7,69,000	61,02,000	+6,77,000
25	64,000	20,000	16,69,000	-45,000	16,59,000	47,000	16,000	17,22,000	+63,000
26	20,08,000	6,58,000	71,94,000	-1,53,000	47,24,000	23,25,000	7,75,000	78,24,000	+6,30,000
27	1,00,000	52,000	1,72,43,000	+3,96,000	1,78,83,000	96,000	32,000	1,60,11,000	+7,68,000
28	...	...	44,000	+44,000	60,000	...	...	60,000	+16,000
29	1,06,000	35,000	30,49,000	-51,000	29,64,000	1,11,000	37,000	30,32,000	-17,000
30	1,94,72,000	68,56,000	2,96,43,000	+25,00,000	12,13,000	1,85,81,000	61,93,000	2,59,87,000	-36,56,000
31	11,59,000	3,78,000	44,20,000	+13,97,000	24,45,000	7,88,000	2,63,000	24,96,000	-9,24,000
32	16,74,000	5,46,000	60,32,000	+11,07,000	53,44,000	12,84,000	4,26,000	70,56,000	-9,78,000
33	2,24,11,000	73,16,000	4,51,68,000	+49,97,000	1,19,46,000	2,07,64,000	69,21,000	3,96,31,000	-55,57,000
34	6,60,24,000	2,15,51,000	47,29,05,000	+62,70,000	37,59,45,000	5,82,45,000	1,94,15,000	45,66,05,000	-1,63,03,000
35	3,15,69,000	1,03,05,000	7,92,79,000	-88,04,000	3,67,71,000	3,57,81,000	1,19,27,000	8,44,79,000	+62,00,000
36	9,75,93,000	3,18,56,000	55,21,87,000	-35,34,000	41,57,16,000	9,40,26,000	3,13,42,000	54,10,84,000	-1,11,03,000
37	19,13,000	6,24,000	71,41,000	+11,59,000	49,23,000	22,18,000	7,39,000	76,60,000	+7,39,000
38	3,40,000	1,11,000	4,20,61,000	+24,65,000	4,26,26,000	2,17,000	72,000	4,28,15,000	+7,54,000
39	9,98,45,000	3,25,91,000	60,13,69,000	-12,28,000	46,31,65,000	9,64,61,000	3,31,53,000	59,17,79,000	-96,10,000
40	...	...	14,33,000	-1,42,000	6,00,000	...	...	6,00,000	-9,32,000
41	...	...	25,77,000	+77,000	5,00,000	...	...	5,00,000	-20,77,000
42	6,72,76,000	2,54,89,000	28,44,93,000	-20,65,000	17,67,47,000	8,81,98,000	2,94,00,000	29,43,45,000	+98,62,000
43	2,54,77,000	8,07,70,000	1,20,54,67,000	+11,63,000	94,02,36,000	27,26,47,000	9,08,62,000	1,30,37,65,000	-17,22,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1924-25.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,30,79,25,123	4,57,92,614	1,35,77,17,737
Exchange added to Revenue.	1,76,00,382	...	1,76,00,382
TOTAL	1,32,55,25,505	4,57,92,614	1,37,53,18,119
Railway Capital not charged to Revenue—			
As per Railway Budget.	3,54,878	10,50,000	14,04,878
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 per cent. Stock	...	...	...
5½ per cent. Stock	...	9,87,226	...
4½ per cent. Stock	...	8,67,632	...
<i>Rupee Debt—</i>			
New Rupee Loan	...	...	...
5 per cent. Bonds, 1933	7,27,86,000	...	...
5 per cent. Bonds, 1935	...	...	...
5 per cent. Loan, 1945-55	5,93,36,500	...	...
3½ per cent. Loans	...	...	...
3 per cent. Loan	...	...	...
TOTAL	13,21,22,500	18,54,858	13,39,77,358
Floating Debt—			
Treasury Bills—			
Issued to Public	...	...	...
Issued to Paper Currency Reserve	49,65,00,000	...	...
TOTAL	49,65,00,000	...	49,65,00,000
Carried over	1,95,45,02,883	5,26,97,472	

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1926-27.

Central Government, in India and in England.

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,25,66,06,000 1,40,07,000	4,29,12,000 ...	1,29,95,18,000 1,40,07,000	1,25,75,93,000 1,16,75,000	3,50,28,000 ...	1,29,26,21,000 1,16,75,000
1,27,06,13,000	4,29,12,000	1,31,35,25,000	1,26,92,68,000	3,50,28,000	1,30,42,96,000
23,99,000	73,50,000	97,49,000	73,80,000	2,21,89,000	2,95,19,000
...	94,000	...	...	1,02,000	...
...	10,50,000	...	...	11,16,000	...
...	9,15,000	...	...	9,66,000	...
...	...	...	22,00,00,000	...	...
4,72,66,000	...	...	...	...	...
25,88,51,000	...	...	...	...	...
3,60,000	...	...	3,00,000	...	...
...
30,64,77,000	20,59,000	30,85,36,000	22,03,00,000	21,84,000	22,24,84,000
49,65,00,000	...	...	49,65,00,000	...	...
49,65,00,000	...	49,65,00,000	49,65,00,000	...	49,65,00,000
2,07,59,89,000	5,23,21,000	...	1,99,34,48,000	5,93,51,000	...

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,95,45,02,883	5,26,97,472	
Unfunded Debt—			
Deposits of Service Funds	11,31,691	2,14,992	
Post Office Cash Certificates	6,09,94,454	...	
Savings Bank Deposits	26,10,86,868	2,23,321	
TOTAL	32,32,13,013	4,44,313	32,36,57,326
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	13,74,56,075	...	
Other Funds	8,06,89,250	...	
Sinking Funds for Central Loans	90,29,233	...	
Other appropriations for Reduction or Avoidance of Debt	7,74,150	...	
Sinking Fund Investment Account	35,82,697	...	
Sinking Funds for loans granted to local bodies	3,38,128	...	
Gold Standard Reserve	...	79,99,85,014	
Paper Currency Reserve	...	70,66,30,534	
Deposits of Branch Line Companies	13,36,666	...	
Posts and Telegraphs Depreciation Fund	...	...
Provincial Loans Fund	...	...
Departmental and Judicial Deposits	79,72,99,705	...	
Advances	17,89,42,516	55,43,430	
Suspense	2,69,49,773	2,22,97,725	
Exchange on Remittance Accounts	...	...
Miscellaneous	1,35,05,285	39,39,472	
TOTAL	1,24,72,30,146	1,53,83,46,175	2,78,55,76,321
Railway Depreciation and Reserve Funds as per Railway Budget	16,73,07,197	...	16,73,07,197
Carried over	3,69,22,53,239	1,59,14,87,960	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,07,59,89,000	5,23,21,000		1,99,34,48,000	5,93,51,000	
11,28,000	2,56,000		11,20,000	2,45,000	
8,00,60,000	3,00,000		5,80,00,000	3,00,000	
28,30,09,000			28,63,66,000		
36,41,97,000	5,56,000	36,47,53,000	84,54,86,000	5,45,000	34,60,31,000
14,45,34,000	...		14,03,82,000		
8,77,66,000	...		8,66,32,000		
97,21,000	...		1,40,90,000		
4,00,15,000	...		3,62,59,000		
3,52,000	...		3,66,000		
...	49,58,71,000		...	30,07,11,000	
...	1,05,64,23,000		...	1,19,98,96,000	
9,94,000	...		7,63,000		
32,84,000	...		36,84,000		
14,94,40,000	...		13,65,12,000		
93,96,66,000	...		92,12,16,000		
17,00,91,000	25,81,000		16,22,37,000	6,48,000	
9,75,06,000	1,63,37,000		1,66,53,000	1,57,30,000	
...	...		3,27,97,000	...	
19,14,000	33,39,000		50,000	14,01,000	
1,64,52,83,000	1,57,45,51,000	3,21,98,34,000	1,55,16,41,000	1,51,83,86,000	3,07,00,27,000
14,10,21,000	...	14,10,21,000	13,75,06,000	...	13,75,06,000
4,22,64,90,000	1,62,74,28,000		4,02,80,81,000	1,57,82,82,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

ACCOUNTS, 1924-25.			
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,69,22,53,239	1,59,14,87,960	
Loans and Advances by the Central Government—			
—Advances to the Provincial Loans Fund			
—Other Loans and Advances	39,68,759	...	
TOTAL	39,68,759	...	39,68,759
Loans between Central and Provincial Governments	1,28,38,501	...	1,28,38,501
Remittances—			
—Remittances within India—			
Inland Money Order	87,62,46,429	...	
Other Local Remittances	...	...
Other Departmental Accounts	34,53,796	...	
—Net Receipts by Civil Treasuries from—			
Railways	21,57,43,756	...	
Posts and Telegraphs	3,38,00,949	...	
—Net Receipts from Civil Treasuries by—			
Marine	37,94,582	...	
Army and Military Engineer Services	38,65,73,814	...	
—Remittance between England and India—			
Remittance Account—			
Iraq drawings	...	1,69,94,385	
Other transactions	1,81,90,136	2,88,43,092	
Remittances from India for financing Home Treasury	...	41,47,01,621	
Transfers through the Paper Currency Reserve	8,99,66,357	...	
TOTAL	1,59,77,69,719	46,05,39,098	2,05,83,08,817
Balances of Provincial Governments	4,94,44,384	...	4,94,44,384
TOTAL RECEIPTS	5,35,62,74,602	2,05,20,27,058	
Opening Balance	31,13,62,292	(a) 10,38,42,476	
GRAND TOTAL	5,66,76,36,894	2,15,58,69,534	

* Sterling converted into Rupees at £1=Rs. 10.

(a) Of this amount, Rs. 8,414 represents the funds of the Gold Standard Reserve.

DELHI,
FINANCE DEPARTMENT,
The 1st March 1926 ;

BUDGET FOR 1926-27.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,22,64,90,000	1,62,74,28,000		4,02,80,81,000	1,57,82,82,000	
82,65,000	...		99,49,000	...	
82,65,000	...	82,65,000	99,49,000	...	99,49,000
...
88,50,00,000	...		88,00,00,000	...	
6,82,000	...		5,60,000	...	
3,60,85,000	...		3,58,73,000	...	
26,03,43,000	...		25,01,58,000	...	
5,91,44,000	...		2,82,80,000	...	
40,10,000	...		38,31,000	...	
39,30,82,000	...		38,60,43,000	...	
...	1,90,00,000		...	1,65,00,000	
81,98,000	2,36,80,000		78,49,000	2,27,28,000	
...	50,00,00,000		...	27,00,00,000	
9,00,00,000	...		...	...
1,73,65,44,000	54,26,80,000	2,27,92,24,000	1,59,25,94,000	30,92,28,000	1,90,18,22,000
4,74,88,000	...	4,74,88,000	3,72,81,000	...	3,72,81,000
6,01,87,87,000	2,17,01,08,000		5,66,79,05,000	1,88,75,10,000	
31,73,60,743	(b) 13,51,68,257		15,17,32,743	(b) 18,09,33,257	
6,33,61,47,743	2,30,52,76,257		5,81,96,37,743	2,06,84,43,257	

* Sterling converted into Rupees at £1=Rs. 10.

(b) Of this amount, Rs. 31,860 represents the funds of the Gold Standard Reserve.

M. F. GAUNTLETT,
Auditor General.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	90,57,33,042	30,09,34,560	1,20,66,67,602
Exchange charged as Expenditure	11,18,24,819	...	11,18,24,819
TOTAL	1,01,75,57,861	30,09,34,560	1,31,84,92,421
Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—			
CONSTRUCTION OF IRRIGATION WORKS	95,898	...	95,898
CAPITAL OUTLAY ON POSTS AND TELEGRAPHS	1,17,55,881	...	1,17,55,881
CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR	...	...	...
PAYMENT OF COMMUTED VALUE ON PENSIONS	...	...	...
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	1,37,89,407	4,29,461	1,42,18,868
CAPITAL OUTLAY ON SECURITY PRINTING RAILWAY CAPITAL NOT CHARGED TO REVENUE—	...	...	...
As per Railway Budget	7,21,37,225	6,87,92,347	14,09,29,572
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 p. c. Stock	...	...	...
State Railway annuities	...	...	...
Do. Do. Sinking Funds	...	...	...
Redemption of liabilities assumed in respect of British War Loan (1920-47)	...	...	...
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1926	...	...	...
Do. Do. 1927	...	...	...
5½ p. c. War Bonds, 1920	3,65,500	...	...
Do. Do. 1921	3,56,475	...	...
Do. Do. 1922	3,78,325	...	...
Do. Do. 1923	3,61,375	...	...
Do. Do. 1925	15,02,000	...	...
5½ p. c. War Bonds, 1928	8,14,800	...	...
5 p. c. War Loan, 1929-47	38,24,100	...	...
Do. Loan, 1945-55	73,95,000	...	...
4 p. c. Terminable Loan	11,62,300	...	...
4 p. c. Gwalior Loan of 1887	2,00,000	...	...
3½ p. c. Loans	6,749	...	...
3 p. c. Loans	1,33,800	...	...
TOTAL	1,65,00,424	...	1,65,00,424
— Carried over	1,13,18,36,696	37,01,56,368	

BUDGET FOR 1926-27.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,68,40,000 9,07,70,000	27,60,77,000 ...	1,21,47,16,000 9,07,70,000	94,02,36,000 9,08,82,000	27,26,47,000 ...	1,21,28,83,000 9,08,82,000
<u>1,02,74,10,000</u>	<u>27,60,77,000</u>	<u>1,30,54,86,000</u>	<u>1,03,11,18,000</u>	<u>27,26,47,000</u>	<u>1,30,37,65,000</u>
—1,15,000	...	—1,15,000	—55,000	...	—55,000
2,17,76,000	11,16,000	2,28,92,000	45,11,000	14,21,000	59,32,000
58,20,000	8,00,000	66,20,000	38,60,000	10,10,000	48,70,000
...	...	...	35,00,000	...	35,00,000
1,32,02,000	2,98,000	1,35,00,000	93,44,000	7,06,000	1,00,50,000
13,21,000	3,63,000	16,84,000	50,000	1,22,000	1,72,000
<u>12,94,78,000</u>	<u>11,03,35,000</u>	<u>23,98,13,000</u>	<u>15,58,61,000</u>	<u>14,03,24,000</u>	<u>29,61,85,000</u>
...	...	...	...	99,91,000	...
...	1,30,23,000	...	...	1,34,72,000	...
...	36,41,000	...	...	20,00,000	...
...	48,77,000	...	...	51,18,000	...
2,00,000	...	...	2,00,000	...	...
1,50,000	...	...	1,50,000	...	...
1,70,000	...	...	1,50,000	...	...
90,000	...	...	90,000	...	...
3,44,81,000	...	...	8,00,000	...	...
17,84,40,000	...	...	19,90,00,000	...	...
7,40,89,000	...	...	...	...	...
3,67,74,000	...	...	...	...	...
9,54,000	...	...	...	...	...
9,00,000	...	...	...	...	...
80,000	...	...	80,000	...	...
...
7,000	...	...	...	...	...
4,20,000	...	...	3,50,000	...	...
<u>32,67,55,000</u>	<u>2,15,41,000</u>	<u>34,82,96,000</u>	<u>20,08,20,000</u>	<u>3,05,81,000</u>	<u>23,14,01,000</u>
<u>1,52,56,47,000</u>	<u>41,25,30,000</u>	<u>1,93,81,77,000</u>	<u>1,40,90,09,000</u>	<u>44,68,11,000</u>	<u>1,85,58,20,000</u>

C.—Statement of Receipts and Disbursements of the

	Accounts, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,13,18,36,696	37,01,56,368	...
Floating Debt—			
Treasury Bills—			
Issued to Public	2,11,80,000	...	
Do. Paper Currency Reserve	49,65,00,000	...	
TOTAL	51,76,80,000	...	51,76,80,000
Unfunded Debt—			
Special Loans	25,681	...	
Deposits of Service Funds	14,41,860	46,898	
Post Office Cash Certificates	1,40,31,736	...	
Savings Bank Deposits	21,83,94,656	1,04,456	
TOTAL	23,38,93,933	1,51,354	23,40,45,287
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	13,74,67,048	...	
Other Funds	8,00,55,185	...	
Sinking Funds for Central Loans	1,25,71,832	...	
Sinking Fund Investment Account	...	...
Gold Standard Reserve	...	79,99,12,568	
Paper Currency Reserve	...	70,66,30,534	
Deposits of Branch Line Companies	3,22,169	...	
Posts and Telegraphs Depreciation Fund	...	...
Provincial Loans Fund	...	...
Departmental and Judicial Deposits	80,76,99,081	...	
Advances	17,62,58,643	5,83,995	
Suspense	5,00,92,929	2,39,60,055	
Exchange on Remittance Accounts	3,14,51,376	...	
Miscellaneous	41,52,245	2,17,11,691	
TOTAL	1,30,00,70,508	1,55,27,98,843	2,85,28,69,351
Railway Depreciation and Reserve Funds as per Railway Budget	7,67,30,296	...	7,67,30,296
Carried over	3,26,02,11,433	1,92,31,06,565	

BUDGET FOR 1926-27.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,52,56,47,000	41,25,30,000		1,40,90,09,000	44,68,11,000	
40,000	...		...	...
49,65,00,000	...		49,65,00,000	...	
49,65,40,000	...	49,65,40,000	49,65,00,000	...	49,65,00,000
2,30,000	...		30,000	...	
14,89,000	27,000		14,79,000	27,000	
1,60,60,000	...		1,80,00,000	...	
22,52,70,000	1,00,000		23,05,79,000	1,00,000	
24,30,49,000	1,27,000	24,31,76,000	25,00,88,000	1,27,000	25,02,15,000
14,35,02,000	...		14,05,16,000	...	
8,48,17,000	...		8,65,80,000	...	
47,000	...		...	...
97,23,000	...		1,40,90,000	...	
...	49,58,71,000		...	30,07,11,000	
...	1,05,64,23,000		...	1,19,98,96,000	
10,24,000	...		7,51,000	...	
...	...		49,000	...	
14,94,40,000	...		13,65,12,000	...	
93,42,26,000	...		91,79,61,000	...	
16,19,64,000	50,08,000		15,73,10,000	3,22,000	
1,86,83,000	1,63,37,000		1,55,46,000	1,57,30,000	
5,10,14,000	...		...	...
1,12,87,000	84,70,000		...	15,51,000	
1,56,57,27,000	1,58,21,09,000	3,14,78,36,000	1,46,93,15,000	1,51,82,10,000	2,98,75,25,000
7,46,80,000	...	7,46,80,000	8,50,00,000	...	8,50,00,000
3,90,56,43,000	1,99,47,66,000		3,70,99,12,000	1,96,51,48,000	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,26,02,11,433	1,92,31,06,565	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	1,62,37,818	...	
Other Loans and Advances			
TOTAL	1,62,37,818	...	1,62,37,818
Loans between Central and Provincial Governments	10,14,99,500	...	10,14,99,500
Remittances—			
Remittances within India—			
Inland Money Orders	87,58,21,484	...	
Other Local Remittances	4,81,141	...	
Other Departmental Accounts	2,37,287	...	
Net Payments into Civil Treasuries by—			
Railways	21,31,06,711	...	
Posts and Telegraphs	3,38,77,351	...	
Net Issues from Civil Treasuries to—			
Marine	39,56,870	...	
Army and Military Engineer Services	98,68,02,369	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	1,69,19,385	...	
Other transactions	2,64,23,181	1,46,79,086	
Remittances from India for financing Home Treasury	41,47,01,621	...	
Transfers through the Paper Currency Reserve	...	5,99,66,357	
TOTAL	1,97,23,27,400	7,46,45,443	2,04,69,72,843
Balances of Provincial Governments	...	2,29,49,269	2,29,49,269
TOTAL DISBURSEMENTS	5,35,02,76,151	2,02,07,01,277 (b)	
Closing Balance	31,73,60,743	13,51,68,257	
GRAND TOTAL	5,66,76,36,894	2,15,58,69,534	

H. DENNING,
Controller of the Currency.

BUDGET FOR 1926-27.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,90,56,43,000	1,99,47,66,000		3,70,99,12,000	1,96,51,48,000	
7,95,93,000	...		7,00,29,000	...	
2,16,54,000	....		2,05,43,000	....
10,12,47,000	...	10,12,47,000	9,05,72,000	...	9,05,72,000
...
88,48,00,000	...		88,03,00,000	...	
7,96,000	...		6,70,000	...	
3,57,32,000	...		3,59,23,000	...	
26,03,43,000	...		25,01,58,000	...	
5,91,44,000	...		2,82,80,000	...	
40,10,000	...		38,31,000	...	
39,30,82,000	...		38,60,43,000	...	
1,90,00,000	...		1,65,00,000	...	
2,06,18,000	1,16,82,000		1,91,34,000	1,15,31,000	
50,00,00,000	...		27,00,00,000	...	
...	9,00,00,000		...	...
2,17,75,25,000	10,16,82,000	2,27,92,07,000	1,89,08,39,000	1,15,31,000	1,90,23,70,000
...	2,78,95,000	2,78,95,000	...	3,72,52,000	3,72,52,000
6,18,44,15,000	2,12,43,43,600		5,69,13,23,000	2,01,39,31,000	
15,17,32,743	(b) 18,09,33,257		12,83,14,743	(b) 5,45,12,257	
6,33,61,47,743	2,30,52,76,257		5,81,96,37,743	2,06,84,43,257	

A. C. McWATTERS,
Secretary to the Government of India.

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

Revenue and Expenditure.	ACCOUNTS, 1924-25.		REVISED ESTIMATE, 1925-26.		BUDGET ESTIMATE, 1925-26.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	44,98,19,228	...	46,01,77,000	...	45,54,53,000	...
Taxes on Income	15,41,10,723	...	15,63,67,000	...	15,46,94,000	...
Salt	6,16,64,140	...	5,08,50,000	...	5,56,52,000	...
Opium	1,44,19,060	...	2,34,10,000	...	2,35,59,000	...
Other Heads	1,63,18,527	...	1,55,42,000	...	1,66,39,000	...
TOTAL	68,65,51,665	...	70,53,46,000	...	70,49,96,000	...
Salt and other Capital Outlay charged to Revenue		17,31,744	...	10,44,000	...	10,20,000
Irrigation		11,44,365	...	9,38,000	...	9,13,000
Railways	6,76,41,663	...	5,31,98,000	...	6,00,87,000	...
Post and Telegraphs	80,37,283	...	1,72,91,000	...	...	30,49,000
Debt Services . . . . .	...	15,37,22,693	...	14,51,11,000	...	14,04,65,000
Civil Administration . . . . .	...	9,32,61,510	...	10,42,17,000	...	10,67,44,000
Currency and Mint	3,27,91,518	...	3,69,61,000	...	3,51,44,000	...
Civil Works . . . . .	...	1,64,51,613	...	1,60,61,000	...	1,70,13,000
Miscellaneous . . . . .	...	3,59,43,190	...	4,09,31,000	...	3,57,04,000
Military Services . . . . .	...	55,63,40,218	...	56,36,00,000	...	54,68,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Governments.	6,74,46,513	...	6,09,94,000	...	5,39,12,000	...
Extraordinary Items	2,63,50,721	...	33,70,000	...	11,00,000	...
TOTAL	91,60,19,929	56,11,94,231	67,91,60,000	67,11,22,000	85,52,39,000	56,47,08,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Receipts and charges.	ACCOUNTS, 1924-25.		REVISED ESTIMATE, 1925-26.		BUDGET ESTIMATE, 1926-27.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus	5,68,25,698	...	50,38,000	...	5,81,000	...
Capital Account—						
Construction of Irrigation Works . . . . .	...	95,598	...	—1,15,000	...	—55,000
Capital outlay on Posts and Telegraphs . . . . .	...	1,17,55,881	...	2,28,92,000	...	59,32,000
Capital outlay on Vizagapatam Harbour . . . . .	...	...	...	66,30,000	...	48,70,000
Payment of commuted value of pensions . . . . .	...	...	...	...	...	35,00,000
Initial expenditure on new Capital at Delhi . . . . .	...	1,42,18,868	...	1,35,00,000	...	1,00,50,000
Railway Capital not charged to Revenue . . . . .	...	13,95,24,694	...	23,00,64,000	...	26,66,66,000
Capital outlay on Security Printing . . . . .	...	...	...	16,84,000	...	1,72,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	11,74,76,934	...	...	3,97,60,000	...	59,17,000
Floating Debt . . . . .	...	2,11,80,000	...	40,000	...	...
Unfunded Debt	8,96,12,039	...	12,15,77,000	...	8,58,16,000	...
Deposits and Advances	2,32,68,871	...	13,63,39,000	...	13,50,06,000	...
Loans and Advances by Central Government . . . . .	...	1,22,69,059	...	9,29,62,000	...	6,06,23,000
Loans between Central and Provincial Governments . . . . .	...	6,66,60,999	...	...	...	...
Remittances	1,13,35,974	...	17,000	...	...	5,48,000
Balances of Provincial Governments	3,64,95,115	...	1,95,93,000	...	29,000	...
Opening Balance	41,52,04,768	...	45,35,29,000	...	33,26,66,000	...
Closing Balance . . . . .	...	45,35,29,000	...	33,26,66,000	...	18,28,27,000
TOTAL	74,02,34,399	74,02,34,399	74,00,93,000	74,00,93,000	56,40,50,000	56,40,50,000

M. F. GAUNTLETT,

Auditor General,

DELHI,

FINANCE DEPARTMENT,

The 1st March 1926.

H. DENNING,

Controller of the Currency. Secretary to the Government of India.

A. C. McWATTERS,

THE INDIAN FINANCE BILL.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 1ST MARCH—
1926.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to repeal the Cotton Duties Act, 1896, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, to fix rates of income-tax, and to provide for the appropriation of certain monies for the purpose of the reduction or avoidance of public debt.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to repeal the Cotton Duties Act, 1896, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, to fix rates of income-tax, and to provide for the appropriation of certain monies for the purpose of the reduction or avoidance of public debt; It is hereby enacted as follows:—

II of 1896.
VI of 1898.
X of 1923.

Short title, extent and duration. **1.** (1) This Act may be called the Indian Finance Act, 1926.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) Sections 2 and 4 shall remain in force only up to the 31st day of March, 1927.

XII of 1882.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1926, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

II of 1896.

Repeal of Act II of 1896. **3.** The Cotton Duties Act, 1896, is hereby repealed:

Provided that any person who hereafter exports by sea any goods on which duty has been paid under the said Act may apply, in the manner provided therein, for the repayment as drawback of the duty so paid, and the Customs-collector shall allow such drawback if he is satisfied that such person would have been entitled to receive payment thereof if the said Act had not been repealed.

VI of 1898.

4. With effect from the 1st day of April, 1926, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

Postal rates.

5. In sub-section (7) of section 19 of the Indian Paper Currency Amendment of Act X of 1923, for the figures "1926" the figures X of 1923. "1927" shall be substituted.

6. (1) Income-tax for the year beginning on the 1st day of April, 1926, shall be charged at the rates specified in Part I of the Second Schedule.
Income-tax and super-tax.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1926, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule. XI of 1922.

(3) For the purposes of the Second Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

7. The balance of all monies accruing to the Governor General in Council after the 31st day of March, 1926, as the share of British India in the annuities payable by Germany under the agreement between the Allied Governments and the German Government signed at London on the 30th day of August, 1924, which remains after payment out of such monies of such amounts as may be payable to local authorities or other persons by way of reparation for loss or damage due to enemy action in the late war, shall be appropriated and applied for the purpose of the reduction or avoidance of public debt.
Appropriation of share of Dawes annuities to reduction or avoidance of debt.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

(See section 4.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(See section 7.)

<i>Letters.</i>	
For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas.	One anna.
<i>Postcards.</i>	
Single	Half an anna.
Reply	One anna.
<i>Book, Pattern and Sample Packets.</i>	
For every five tolas or fraction thereof	Half an anna.
<i>Registered Newspapers.</i>	
For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.
<i>Parcels.</i>	
For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

(See section 7.)

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company, and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income :—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(b) in the case of every individual unregistered firm and other association of individuals not being a registered firm or a company for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two and a half annas in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five and a half annas in the rupee.
(x) for every rupee of the remainder of the excess	Six annas in the rupee.

STATEMENT OF OBJECTS AND REASONS.

1. The object of this Bill is to continue certain provisions of the Indian Finance Act, 1925, which would otherwise cease to have effect from the 1st April, 1926, to repeal the Cotton Duties Act, 1896, and to provide for the appropriation of the share of British India in the Dawes Annuities to the reduction or avoidance of debt.

2. Clauses 2, 4 and 6 provide for the continuance of the rates of salt duty, postage, income-tax and super-tax prescribed by the Indian Finance Act, 1925, while clause 5 provides for the credit to revenue for a further period of one year, *i.e.*, till the 31st March 1927, of interest on securities forming part of the Paper Currency Reserve.

3. Clause 3 repeals the Cotton Duties Act, 1896, and provides, in the case of export by sea, for repayment of drawback of the duty paid as if the Act had remained in force.

4. Clause 7 provides for the balance of the share of British India in the annuities payable by Germany under the London Agreement of 1924 remaining after payment to private persons and local bodies as reparation for damage due to enemy action, being applied for reduction or avoidance of debt. The amounts are uncertain and fluctuating in character and represent recovery of expenditure that may be presumed to have been originally met out of borrowed funds and the capitalised value of certain pension payments.

BASIL P. BLACKETT.

The 1st March, 1926.

Speech of the Financial Secretary in the Council of State on the 1st March 1926.

THE HONOURABLE MR. A. C. McWATTERS (Finance Secretary): Sir, I rise to present a statement of the estimated expenditure and revenue of the Governor General in Council for the year 1926-27 in respect of subjects other than Railways. I should perhaps first explain to the House the reason why we have reverted this year to the old procedure of introducing the Budget on the 1st March instead of, as in the last two years, on the last day of February. There has been no change of policy. It is because not only was the last day of February a Sunday, but the day before was an important Hindu holiday and we were unable to go further back and introduce the Budget on the 26th of February, because the holiday on Saturday was not one which was observed at all the customs ports. We have therefore reverted to the old procedure, I hope only temporarily: provided that is that the calendar does not play us any further tricks.

First of all I will as usual give the House some account of the final figures of the year which ended last March, the year 1924-25. The detailed accounts of that year have only just reached us—I myself got my copy last week. A year ago in our revised estimates we anticipated that there would be a surplus of approximately 4 crores in that year. The final surplus as shown by the audited accounts is 5.68 crores. This difference of one crore and 68 lakhs is fully accounted for under two heads of the Budget. In the first place there has been a saving in military expenditure of 70 lakhs which took place entirely in England and was due to reduced purchases of stores and also to certain adjustments of war expenditure with the War Office. I might mention at this point that these adjustments have nothing whatever to do with the major war claims about which this House on various occasions has heard a good deal. Negotiations have been proceeding throughout the year in connection with those claims, and I hope that before very long we shall arrive at a solution not unfavourable to this country. The other source which added to our surplus was Railways. The contribution from Railways to central revenues was larger by no less than 114 lakhs. This was due largely to the increased earnings of the Railways during the months of February and March, mainly on account of the early movement of the cotton and grain and other crops which set in in those months. This early movement incidentally largely accounts for the reduced earnings of the Railways in the following months of the summer. The working expenses of Railways were also lower, partly on account of certain economies which were introduced, and partly on account of adjustments which were necessitated in connection with the decision of the Privy Council by which the customs duty on imported stores on company lines had to be credited to railway revenues. So far as the rest of the civil Budget is concerned, the difference between the revised and actuals is 15 lakhs only, of which 11 lakhs is under Posts and Telegraphs. There were, it is true, considerable divergences in both directions under different heads, but I think on the whole we can take considerable credit for being as accurate as we were. I will return, when I come to the subject of ways and means, to this increased revenue surplus of 168 lakhs, because last summer when we took the decision to do without a cash loan there was a good deal of misunderstanding in certain quarters as to how we were able to effect this. Certain people imagined that the Finance Member had many crores of revenue surplus up his sleeve, but

when we come to the ways and means portion of the Budget, I shall explain to the House exactly what our increased ways and means resources were.

I now pass to the current year. The Honourable Sir Arthur Froom speaking in this House a few days ago on the Railway Budget said that it had been a year of trade depression. The Honourable Member's views are not unnaturally coloured by the position in Bombay and by the very serious depression in the cotton mill industry. That industry has been passing through a crisis, perhaps the severest in its history, and it is not unnatural that it has cast a shadow over the year as a whole. Also it has been a year of falling prices, and falling prices are not usually coincident with expanding trade. In December 1924 the wholesale index number of prices in India was 176. It had fallen 12 months later to 163, and this fall is almost exactly parallel to the corresponding fall of sterling prices in England. A year ago the price of raw cotton and the price of cotton piece-goods were far above the general level. In the last year the price of raw cotton has largely readjusted itself, but cotton piece-goods still maintain their unenviable position in spite of some fall in price in the last six months. There are however some brighter spots in the picture. In spite of the fall in prices which I have mentioned, the total volume of the foreign trade of India in the 10 months ending January last has reached very nearly 500 crores, which is very little less than the figure for the corresponding 10 months of the year before; and, still more important, the balance of trade in those 10 months has been in favour of India (after taking into account imports of gold and silver) to the extent of nearly 86 crores. This can be compared with 42 crores in the year before and 63 crores in the year before that. This favourable balance of trade is an important matter for a country situated as India is and it has helped us not a little to maintain a steady level of exchange during the last year. Also there is another point which I should like to emphasise and that is that Government were able to keep out of the loan market altogether during this year, and this, I think, has contributed considerably to the much greater easiness in the money market which has been characteristic of the present busy season. We have to go back many years before we can find a bank rate of 6 per cent. at this time of the year; nor has the Imperial Bank so far been compelled to take any portion of their seasonal loans from currency. All the same the feature of the situation which has been uppermost in our minds is no doubt the position of the cotton mill industry, and although it is anticipating a little what I shall have to say later, I will tell Honourable Members now that the Finance Bill, which will shortly be in their hands, contains a clause for the repeal of the cotton excise duty. I hope for ever.

The figures for our revised estimates for the current year under Customs naturally are affected by the suspension of the cotton excise duty from December. We shall lose thereby 71 lakhs. Also the depression in the piece-goods trade will mean that we shall be short by a crore and a quarter under that head. On the other hand, the imports of sugar have been exceptionally large, and as the duty is now at a specific rate instead of as previously *ad valorem*, we get the full advantage of the increased imports. We expect to get 130 lakhs more from sugar alone, which more than counterbalances the loss under piece-goods. Other heads of the tariff which have done well during the war have been the protective and export duties, and more particularly the petrol excise which in spite of the reduction by one-third in the rate will yield more money in the current year than in the year before. There have also been very good imports of

motor cars, I am glad to say mostly of British makes. The net result is that under Customs we expect to have an improvement of 50 lakhs in spite of the suspension of the cotton excise duty. Under Taxes on Income, I am afraid the picture is not quite so rosy. We adopted a figure which was 87 lakhs below the Budget of the previous year. I am sorry to say that we expect to be short by no less than 110 lakhs under this head. Also under Salt, in the early months of the year there were considerable accumulations of stocks which affected issues, especially in Northern India, and although the issues in the later months have been well up to normal, we expect to be short by 55 lakhs. Under Opium we had to ask for a supplementary grant of 51 lakhs in the autumn, but we shall only use 35 lakhs of that, and on the other hand the stocks of opium which were taken over and paid for by Provincial Governments on the 31st March have proved to be higher by 24 lakhs than we had calculated, and also the receipts from our sales have been somewhat higher; so that under the Opium head as a whole we shall have an improvement of 48 lakhs, and the net revenue from Opium will be slightly over 2 crores. Under Railways, as the House knows, we shall get a small increase of 8 lakhs in the contribution. The only other items I need mention on the revenue side are a considerable improvement in the interest on our cash balances in England and on the interest on the securities in the Paper Currency Reserve. This also is the first year in which we obtain an instalment of the reparation receipts from Germany under the Dawes scheme—a small item of about £60,000.

Turning to the expenditure side, exchange has been slightly higher than the figure which we took, *viz.*, 1s. 6d., and we expect to gain 10 lakhs from this source, besides small amounts under Railways and under capital heads. In respect of military expenditure we took a figure of 56½ crores, and this figure will be almost exactly worked to. The figure which we are adopting in the revised estimate is 56 crores 28 lakhs. In fixing the figure of 56½ crores for the Budget we made an overhead cut of 20 lakhs in military expenditure, and it will be seen that this cut has been practically given effect to. The same is true of the civil expenditure. We made an overhead cut of 15 lakhs under 12 different heads, and this will be given effect to in all cases except two—the Survey of India and the Indian Stores Department, for both of which we have had to ask for supplementary grants. But on the civil side there are four big items of a book-keeping character which have the effect of adding to our surplus. The first of these is connected with the new procedure relating to capital stores for the Telegraph Department. The House may remember that in the current year we are taking these stores direct to the capital head instead of, as under the old procedure, taking them first to a suspense head. The result of this is that in the current year we obtain a non-recurring credit of the value of the stores in suspense on the 31st March last. This was expected to be 129 lakhs. The value of these stores on the 31st March is now however found to be 181 lakhs; so we obtain 52 lakhs non-recurring credit under this head. Secondly, there is the item to which I have already referred, the increased value of the stocks of opium in our treasuries which were taken over and paid for by Provincial Governments amounting to 24 lakhs; and thirdly, there is an item of 30 lakhs which results from the Government of Bombay paying interest on some of their loans from the Provincial Loans Fund for 15 months instead of 12, their object being to bring their interest payments down to 31st March, which is a more convenient date for them; and finally, there is an item of 17 lakhs which is due to the cost of certain buildings for the

Security Printing Press at Nasik being transferred from revenue to capital at the wish of the Assembly. These four items taken together amount to 123 lakhs, and if it had not been for these items, our revised estimates would have been almost the same as the Budget. As it is, taking account of the 24 lakhs surplus for which we budgetted, our expected surplus in the current year will be 130 lakhs.

This 130 lakhs. would in the ordinary course go automatically to debt redemption, but the Government of India have a proposal of a somewhat novel kind to put before the Legislature, to apply 50 lakhs of this surplus to form the nucleus of an Archæological Trust Fund for the prosecution of archæological research and excavation. All of us must, I think, have been impressed by the interest and importance of the recent discoveries of ancient civilizations in the Indus Valley which take us back long before the Christian era and link up India with the ancient civilizations of the valleys of the Tigris and Euphrates, and perhaps take us still further back to the very dawn of history. To prosecute these researches is a national privilege and a national duty. They have a value which is incalculable not merely in illuminating the origins of Indian civilisation, but in throwing light on the origins of the civilisation of the world. There are obvious advantages in making this endowment a permanent one and not depending upon the supply of funds year by year. First of all, it ensures continuity—continuity in working out a definite programme over a period of years, and continuity in training the necessary expert staff with certainty of permanent employment; and secondly, we hope that the initiation of this Fund will strike the imagination of individuals and of bodies outside Government. We hope to enlist their interest and their co-operation and to obtain from them perhaps also financial support. Who knows, we may even find our Rockefeller. The details of this proposal will be explained to the House on a later occasion. At the present moment I am principally concerned with emphasising the financial effect of it. So far as the current year is concerned, it simply means that 50 lakhs of the surplus which would otherwise go to debt redemption is used to capitalize an annual charge of about 2½ lakhs. So far as future Budgets are concerned, it means that the Budgets will be relieved of this charge of 2½ lakhs, but as we must assume that our borrowings will ultimately be increased to the extent of 50 lakhs on which we shall have to pay interest, the financial effect, so far as future Budget is concerned, is *nil*.

Before I turn to the Budget for next year, I should like to mention some changes which have been made in the form of the documents which will shortly be presented to the House. The first and most obvious change which will strike the eye is that a number of the documents have been printed this year in octavo form. By so doing, we save a considerable amount of expenditure in printing because much of this information has in any case to be printed in octavo form for presentation to Parliament. Also we hope that the octavo form will be found more convenient to handle; and remembering a complaint which I heard the other day from an Honourable gentleman opposite I hope that the printing will not be found so small as to try the eyes of elder statesmen. The most important change which we have made is in the Demands for Grants. During the course of the year the Auditor-General has been conducting an inquiry into our Appropriation Reports with the object of improving their form and adopting, so far as possible, the form which is in force in England. His inquiry was undertaken at the request of the Public Accounts Committee and his recommendations have been approved by them. It is as a corollary of these that we are making changes in the form of the Demands

for Grants, the most important of which is that the details will be shown in all cases under the sub-heads of account by which the expenditure will be finally accounted for, so that the Public Accounts Committee can follow the actual expenditure under each sub-head more easily and can watch the reappropriation from one head to another. I may add that the Demands for Grants contain the usual information by circles of account and all the detailed information in the same fulness as before.

I now turn to the Budget. As usual we have to fix a rate of exchange, but this year I think we had no option but to accept the rate of exchange which has practically been prevalent for the last 18 months. We have adopted, as in the current year, 1s. 6d. As regards military expenditure we have taken a figure of 54.88 crores, which is 137 lakhs below the Budget for last year. This year the military Budget is disturbed by fewer non-recurring items, but it still includes a sum of 66 lakhs for gratuities to demobilised officers and 23 lakhs for buildings in Waziristan and for the Royal Air Force, and it also contains a non-recurring credit of 25 lakhs from surplus war stores. The House will see that we have now long passed the first stage of the Inchcape Committee's recommendations, namely, 57 crores, and have proceeded some way towards their second goal. It may be said that the military Budget has been helped a good deal by exchange standing at 1s. 6d. instead of 1s. 4d. which was the rate taken by the Inchcape Committee. That is true, but on the other hand the Army has now to bear a large number of charges which were not contemplated by the Inchcape Committee. For instance, they now bear the customs duty on imported stores and also the charges for stationery and printing and a large number of similar items. I shall not trouble the House with further details about the Military Budget, because I think Honourable Members will wish to go into it fully for themselves. But I may say that in the military estimates this year are given explanations in much greater fulness than has ever been attempted before.

So far as civil expenditure goes, there is an apparent increase of 30 lakhs over the revised estimate for this year. But this increase really disguises a very large decrease because in the current year, the House will remember, we have a large non-recurring credit of 181 lakhs from telegraph capital stores. In the budget year, on the other hand, we are able to point to a definite saving of more than 1 crore in interest charges. This of course is due to our having been able to meet our capital expenditure including that for the Railways and Provincial Governments without fresh borrowing. The actual reduction in the interest on our market debt is 179 lakhs. We have to set off against this, however, an increase of 75 lakhs in the interest on our unfunded debt which includes provident funds, post office cash certificates and savings banks and so on. The other item of civil expenditure to which I should like to draw attention is Opium. The expenditure under Opium has been reduced very drastically in the coming Budget, both because we have restricted the area of cultivation and also because we are reducing the prices paid to cultivators. On the other hand, we do not next year obtain a non-recurring credit from stocks of opium in treasuries and the net result is that our income from opium next year will be practically the same as in the current year, slightly over 2 crores.

Last year I was able to tell the House that we had made a beginning in extending our expenditure for items of a specially beneficial character. This year I am glad to be able to tell the House that we have found it possible to go a good deal further. I will give the House a few instances of such items. First of all we have raised the grant to the Indian Medical

Research Fund to 6½ lakhs; secondly, we have given a recurring increase of one lakh for education in the North West Frontier Province and also a non-recurring grant of 1½ lakhs to the Government High School at Peshawar; we have provided Rs. 50,000 for the Victoria Hospital at Ajmer and a similar sum for Dr. Shroff's new Eye Hospital at Delhi. We have increased the recurring grants to the Aligarh and Benares Universities by Rs. 25,000 each and that to the Delhi University by Rs. 10,000 and to the two first named Universities we have given non-recurring grants of 2 lakhs each as the first instalment of non-recurring grants. We have also allotted a considerable sum towards the completion of the Forest Research Institute at Dehra Dun and have added to our grants to the Research Institutes at Coimbatore, Pusa, Muktesar and elsewhere. I think the House will realise that now that we are able to do something for the provinces by enabling them to extend their expenditure on beneficial services, we are not unmindful of our own obligations of a similar character.

So far as the revenue side of the Budget is concerned, I need only mention that under Customs we cannot expect to get the same return from sugar, but we do expect a better return under piece-goods. We expect trade to be slightly better on the whole and have adopted a figure which is 130 lakhs better than the revised estimate for this year, but for the moment this figure includes 1½ crores for the cotton excise duty. Excluding this our figure would be 45 lakhs below the revised estimate of this year. Under Taxes on Income we have had to take into account the serious depression in the Bombay mill industry and we have adopted a figure which is 10 lakhs below the revised estimate for the current year, that is no less than 120 lakhs below the Budget for last year. Under Salt we have budgetted for a normal year. From Railways we get a contribution of 601 lakhs, because the basic year happens to be a favourable one. I will deal slightly more fully with Posts and Telegraphs. In the current year the net result of the profit and loss account of that Department—which I may remind the House is not by any means yet a final account, some figures, such as those for interest, being still doubtful quantities—is neither a profit nor a loss. In the coming year we expect the working expenses of the department to be higher by 61 lakhs, which includes a substantial amount improving the conditions of service of the subordinate staff. On the other hand we do not expect the gross revenue to be more than 41 lakhs better than in the current year. The final result according to the profit and loss account is that the Department will be working at a loss next year of 10 lakhs. The Postal Department will show a profit of 20 lakhs, the Telegraph Department a loss of 20 lakhs and the Telephone Department a loss of 10 lakhs. I do not wish to draw any inferences from this, though I think Honourable Members will find that the Honourable the Finance Member in another place is drawing such inferences. I will merely say that the Department seems to be in a state of unstable equilibrium. The only other head of the Budget to which I wish to refer is that we are still taking to revenue the interest on the Paper Currency Reserve and the excess of the Gold Standard Reserve over 40 millions. There is no doubt that the Royal Commission on Currency when they report may make recommendations regarding these reserves of an important character, but we are entitled to assume that whatever their recommendations may be the net profit which Government obtain from these sources should be the same as before. We are now able to strike a balance and remembering that in the revenue side I have included 1½ crores for the cotton excise duty, the surplus for the budget year works out at 305 lakhs.

Before discussing what is to be done with this surplus I will turn to ways and means. The ways and means portion of our Budget is certainly not the least important and I think that this year it presents several striking features. I will take the House back to the extra revenue surplus of 168 lakhs which we had in the year 1924-25. When we came to our decision in the summer to do without a cash loan we found that our resources were larger by very much more than that amount. That 168 lakhs includes 114 lakhs extra contribution from Railways, but that is by no means the whole of the extra amount which the Railways contributed to our balance because we have to take into account their capital expenditure and also the amount which they set aside to reserve. The actual amount by which our balances were increased on the 31st March by the Railways was 346 lakhs. The second source from which our balances were increased was the Provincial Governments. The Provincial Governments, one and all, prepared their revised estimates with an embarrassing conservatism and the increase to our resources from the Provincial Governments was no less than 630 lakhs. I am not making any complaint but I think it is clear that the preparation of the ways and means Budget of the Central Government is in these circumstances rendered extraordinarily difficult. We had from these two sources alone 9½ crores addition to our balances and the decision which we took to do without a cash loan, as the House will realise, has been abundantly justified. In spite of the very large amounts which we have been remitting to England throughout the year in excess of the Secretary of State's requirements, we have been able to avoid entering the market for a loan and we have not borrowed either by means of Treasury Bills or by means of ways and means advances from the bank, and the result I think has been that our operations have contributed to the much greater ease which has been noticeable in the money market during the current year. I turn now to the conversion loan itself. That loan was issued at 5 per cent. income-tax free, which is roughly equivalent to 5½ per cent. subject to tax. The result of the loan was that besides redeeming a certain portion of the 1925 bonds last year, we have converted 29 crores of debt which will mature in the next three years, and most important of all we have converted 18 crores of the bonds which would have matured in 1926. We have reduced our liabilities for 1926 bonds from 38 crores to 20 crores, which is a much more manageable proposition. The effect of the conversion loan on our interest charges will be apparent when I say that we had to make cash payments of 64 lakhs but the recurrent saving by the conversion of the debt is 18½ lakhs a year, and in addition to that 4½ crores of our debt has been transferred from debt which was free of income-tax to debt which is subject to income-tax.

I turn now to the next year. We have as usual a very considerable programme before us. In the first place, we have to meet 24 crores of maturing debt, including the 20 crores of 1926 bonds and certain railway debentures in England. We have also a new capital programme of 28½ crores, which includes 26 crores for the Railways, and a further 7 crores for Provincial Governments. The total of these items is approximately 59 crores. We expect to meet these liabilities first of all by reducing our balances by 15 crores; secondly, from miscellaneous sources, such as unfunded debt, post office cash certificates, savings banks and so on, we expect 11½ crores. Thirdly, the provision for reduction of debt which is included in the Budget gives us 5 crores, and finally, from the railway reserves and the railway and other depreciation funds we shall get 5½ crores. The net result is that we shall have to find by borrowing a sum not greater than 22 crores, which I would point out to the House is scarcely larger than the amount of the Bonds which are actually maturing

in India this year. I think the position is one which we can regard with considerable satisfaction and I hope that it will be reflected in our borrowing rates. At this point I should like to refer to post office cash certificates. In view of the reduction in our borrowing rates and the further reduction which we expect in the future, we consider that the rates which we are now offering are too high, and an announcement will shortly be made reducing those rates. But at the same time we are adding some new features which we hope will preserve and add to the popularity of these certificates.

I now come back to the surplus of 305 lakhs. The problem that always confronts us with regard to a surplus, when we have a surplus, is whether it is a real surplus and what we are to do with it? Now in considering whether this surplus is a real surplus we have to remember first of all that we have taken in the Budget a rate of exchange of 1s. 6d. and that we shall have in our hands very soon the Report of the Royal Commission on Currency, and what that report may be is on the knees of the gods. In the second place, we have to consider the question of the contribution from Railways. It was stated in the House the other day that the contribution from Railways is a constantly increasing figure. Now it is perfectly true that the one per cent. on the capital at charge of the commercial lines is an increasing figure, but that does not necessarily mean that the contribution from Railways will increase from year to year because the total amount of the contribution also depends upon the earnings of the Railways in the penultimate year. Now our budget figures are based upon a very favourable year for Railways, and the actual fact is that the railway contribution in the year 1927-28 is expected to be less than in the budget year by about 79 lakhs. Thirdly, we have to consider our opium revenue. The House is aware that I have given notice of a Resolution with regard to opium policy which contemplates the progressive reduction and eventual extinction of our exports of opium. I shall not say anything more about that policy at the moment, but if it is given effect to we have to regard our 2 crores or so of opium revenue as a disappearing figure. The Government of India have considered all these points very carefully. They do not think that it would be proper to set aside any of our surplus as an insurance against what the Royal Commission on Currency may or may not recommend. With regard to the loss of revenue from opium, this cannot take effect in one year or two, and we should be able before that revenue is entirely extinguished to make it up from other sources of revenue or by reductions of expenditure. I have in mind particularly the income-tax. We have spent large sums on improving our income-tax staff and arrangements but we have never yet tested them in a year of good trade, and secondly, I have in mind military expenditure. The Military Budget, as I have explained to the House, still contains some items of a non-recurring character, and also there are other items, such as the reduction of pay of the British soldier, which took effect this last year but will not show its full effect for several years to come. Considering all these factors the Government of India have decided not to hold up as an insurance any appreciable part of this surplus but to make available 3 crores of it for distribution. 175 lakhs of the surplus will, as I have already told the House, be devoted to the abolition of the cotton excise duty, and 125 lakhs will be devoted to the reduction of provincial contributions in accordance with the Devolution Rules. This means that Madras will get 57 lakhs, the United Provinces 33 lakhs, the Punjab 28 lakhs and Burma 7 lakhs.

As regards the Finance Bill, apart from the clause repealing the cotton excise duty, it contains no proposals for alteration in taxation. It does

however contain one clause of a novel character which contemplates the allocation to redemption of debt of the reparation receipts from Germany after deducting such compensation claims as have to be paid to private individuals or public bodies who have suffered from enemy action. I will not trouble the House with a long explanation of that at the present time, but will explain it fully when the Bill comes before the House. I will merely mention that as a set off to that proposal we are discontinuing in the next year the allocation to debt redemption of an amount equivalent to the customs duty on imported capital stores. These two items practically balance each other; in fact the second item is slightly larger, so that the net amount which goes to debt redemption is slightly smaller than it would otherwise be.

I think the House will agree that in the course of these last three Budgets we have effected something substantial. We shall have got rid of 4½ crores of provincial contributions, including the 63 lakhs to Bengal. This it is true is not quite half of the total contributions, but it is a sufficiently substantial achievement to lead us to hope that within a measurable period we shall be able to get rid of the remainder; secondly, we shall have got rid of the cotton excise duty; and, thirdly, we shall have made a beginning in the reduction of fares and freights on Railways. And in the meantime the Railways, as the House has heard, have built up a very strong position and have accumulated considerable reserves; while the credit of the Government of India if it is measured by their borrowing rates and by the price at which our securities now stand has certainly improved materially in the course of these three years. There is one problem however which we have not touched, I mean the relation of central and provincial finance. Only the other day Honourable Members received copies of the Taxation Inquiry Committee's Report. It is a report in which this House ought to take a special interest as we number among us not merely the distinguished Chairman, the Honourable Sir Charles Todhunter, but another eminent member of the Committee the Honourable Maharajadhiraja Bahadur of Burdwan, and until a few days ago we had a third representative in the Honourable Sardar Jogendra Singh who has now been translated to other important activities elsewhere. The House has probably not had time to study that Report fully, but I think even after a cursory glance they will agree that the Chairman and members of that Committee are to be most heartily congratulated on the speed and the thoroughness with which they have covered such a vast field of inquiry. The Report is full of information of the most valuable kind, and I specially mentioned it in connection with this problem of central and provincial finance because I believe that the Report will enable us to look at that problem from a wider outlook than has been possible hitherto. It is a problem which I am convinced is not insoluble, but it certainly does demand a great deal of sympathetic consideration by all parties concerned of the special difficulties of the others. After all, our interests are in the long run the same and I think our motto should be that of Dumas's heroes, "One for all and all for one". I should like to emphasise also that the most necessary and essential preliminary for the improvement of relations between the Central and Provincial Governments in matters of finance is the continued strengthening of the finances of the Central Government itself.

That is all, Sir, that I have to say this morning. This is the third Budget which I have had the honour of presenting to this House, and I regret to say that it will also be the last. I beg to thank the House very cordially for the attention with which they have listened to what I have had to say.

Schedule of Demands for grants for expenditure of the Central Government (excluding Railways) for the year 1926-27 submitted for the vote of the Legislative Assembly.

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.	Reference to page of detailed statements.	
	A.—Expenditure from Revenue.		R.		
16	Customs	Customs	71,84,000	1—23	
17	Taxes on Income	Taxes on Income	63,64,000	24—43	
18	Salt	Salt	29,00,000	44—75	
19	Opium	Opium	1,52,96,000	76—83	
20	Stamps	Stamps	1,000	84—92	
21	Forest	Forest	8,69,000	93—97	
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	14,74,000	98—111	
23	Indian Postal and Telegraph Department (including Working Expenses).	} Posts and Telegraphs	10,29,48,000	112.	
24	Indo-European Telegraph Department (including Working Expenses).		33,29,000	113.	
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on ordinary Debt	94,40,000	114—115	
26	Interest on Miscellaneous Obligations	} Interest on other Obligations	23,76,000	116—120	
27	Staff, Household and allowances of the Governor General.		9,90,000	121—125	
28	Executive Council		62,000	126	
29	Legislative Bodies		5,69,000	127—128	
30	Foreign and Political Department		8,32,000	129—130	
31	Home Department		6,07,000	131—135	
32	Public Services Commission		1,07,000	136—137	
33	Legislative Department		5,61,000	138—139	
34	Department of Education, Health and Lands.	} General Administration	5,29,000	140—142	
35	Finance Department		9,99,000	143—148	
36	Separation of Accounts from Audit		12,30,000	149—154	
37	Commerce Department		2,87,000	155—156	
38	Army Department		5,55,000	157—158	
39	Department of Industries and Labour		4,85,000	159—160	
40	Central Board of Revenue		1,88,000	161—162	
41	Payments to Provincial Governments on account of Administration of Agency subjects.		1,44,000	163—164.	
42	Audit		Audit	71,92,000	165—183
43	Administration of Justice		Administration of Justice	1,88,000	184
44	Police		Police	2,10,000	185—188
45	Ports and Pilotage		Ports and Pilotage	24,27,000	189—204
46	Survey of India		Scientific Departments	29,01,000	205—220
47	Meteorology		" "	9,17,000	221—227
48	Geological Survey		" "	1,99,000	228—230
49	Botanical Survey	" "	6,88,000	231—233	
50	Zoological Survey	" "	1,46,000	234—235	
51	Archæology	" "	14,09,000	236—239	
52	Mines	" "	1,73,000	240—241	
53	Other Scientific Departments	" "	3,19,000	242—244	
54	Education	Education	7,00,000	245—246	
55	Medical Services	Medical	7,81,000	247—254	
56	Public Health	Public Health	10,34,000	255—263	
57	Agriculture	Agriculture	15,02,000	264—266	
58	Civil Veterinary Services		6,77,000	267—291	
59	Industries	Industries	43,86,000	292—295	
60	Aviation	Aviation	3,50,000	296—297	
		Carried over	19,35,13,000		

† Demands Nos. 1—15 relate to expenditure on Railways.

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1926-27 submitted for the vote of the Legislative Assembly—*contd.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.	Reference to page of detailed statements.
	Brought forward		R 19,35,13,000	
	A.—Expenditure from Revenue <i>—contd.</i>			
61	Commercial Intelligence and Statistics	Miscellaneous Departments.	2,47,000	298—300
62	Emigration—Internal	" "	45,000	301—304
63	" External	" "	85,000	305—308
64	Joint-Stock Companies	" "	1,35,000	309—313
65	Miscellaneous Departments	" "	2,47,000	314—319
66	Indian Stores Department	" "	16,27,000	320—332
67	Currency	Currency	59,12,000	333—348
68	Mint	Mint	15,71,000	349—354
69	Civil Works	Civil Works	1,55,27,000	355—397
70	Superannuation Allowances and Pension	Superannuation Allowances and Pensions.	35,19,000	398—400
71	Stationery and Printing	Stationery and Printing	34,27,000	401—436
72	Miscellaneous	Miscellaneous	16,04,000	437—450
73	Adjustments with Provincial Governments	Miscellaneous Adjustments between Central and Provincial Governments.	6,00,000	451—452
74	Refunds			
75	North-West Frontier Province		54,59,000	453—454
76	Baluchistan		1,13,41,000	455—508
77	Delhi		27,22,000	509—534
78	Ajmer and Merwara		35,56,000	535—556
79	Andamans and Nicobar Islands		13,77,000	557—576
80	Rajputana		37,41,000	577—589
81	Central India		5,95,000	590—600
82	Hyderabad		5,90,000	601—614
83	Expenditure in England—Secretary of State for India		77,000	615—621
84	Expenditure in England—High Commissioner for India		17,47,000	622—623
Non-voted.	Ecclesiastical, Political, etc.		16,43,000	624—626
	TOTAL		...	627—647
	B.—Expenditure charged to Capital.		26,08,48,000	
85	Capital outlay on Security Printing		1,72,000	648
86	Irrigation	Construction of Irrigation Works.	1,000	649—651
87	Indian Posts and Telegraphs	} Capital outlay on Posts and Telegraphs.	60,89,000	652
88	Indo-European Telegraphs		1,000	653
89	Capital outlay on Vizagapatam Harbour		43,70,000	654
90	Commuted value of Pensions	Superannuation Allowances and Pensions.	20,00,000	655
91	New Capital at Delhi	Initial Expenditure on New Capital at Delhi.	97,48,000	656—663
	TOTAL		2,28,81,000	
	C.—Disbursements of Loans and Advances.			
92	Interest-free advances		1,02,85,000	664—665
93	Loans and advances bearing interest		9,05,72,000	666—668
	TOTAL		10,08,57,000	
	GRAND TOTAL		38,45,46,000	

Declaration by the Governor General in Council under Section 67-A(7) of the Government of India Act regarding certain demands refused by the Assembly.

In pursuance of Section 67-A(7) of the Government of India Act, the Governor-General in Council is pleased to declare that the following demands which have been refused by the Legislative Assembly are essential to the discharge of his responsibilities:—

Demand.	Amount.
	Rs.
1.—Railway Board.	9,68,000
4.—Working Expenses—Administration	20,00,000

A. C. McWATTERS,

Secretary to the Government of India.

The 25th March 1926.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

Delhi, the 3rd April 1926.

The following Act of the Indian Legislature received the assent of the Governor General on the 25th March, 1926, and is hereby promulgated for general information:—

ACT No. XIX OF 1926.

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to repeal the Cotton Duties Act, 1896, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, to fix rates of income-tax, and to provide for the appropriation of certain monies for the purpose of the reduction or avoidance of public debt.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to repeal the Cotton Duties Act, 1896, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, to fix rates of income-tax, and to provide for the appropriation of certain monies for the purpose of the reduction or avoidance of public debt; It is hereby enacted as follows:—

— Short title, extent and duration. 1. (1) This Act may be called the Indian Finance Act, 1926.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

III of 1896.
VI of 1898.
X of 1923.

(3) Sections 2 and 4 shall remain in force only up to the 31st day of March, 1927.

2. The provisions of section 7 of the Indian Salt Act, 1852, shall, XII of 1882: Fixation of salt duty. in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1926, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

3. The Cotton Duties Act, 1896, is hereby II of 1896. 1896. repealed:

Provided that any person who hereafter exports by sea any goods on which duty has been paid under the said Act may apply, in the manner provided therein, for the repayment as drawback of the duty so paid, and the Customs-collector shall allow such drawback if he is satisfied that such person would have been entitled to receive payment thereof if the said Act had not been repealed.

4. With effect from the 1st day of April, 1926, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, VI of 1898. as the First Schedule to that Act.

5. In sub-section (7) of section 19 of the Indian Paper Currency Act, Amendment of Act 1923, for the figures "1926" the figures "1927" X of 1923. X of 1923. shall be substituted.

6. (1) Income-tax for the year beginning on the 1st day of April, 1926, shall be charged at the rates specified in Part I of the Second Schedule.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1926, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second XI of 1922. Schedule.

(3) For the purposes of the Second Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

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7. The balance of all monies accruing to the Governor General in Appropriation of Council after the 31st day of March, 1926, as the share of Dawes annuities to reduction or avoidance of debt. share of British India in the annuities payable by Germany under the agreement between the Allied Governments and the German Government signed at London on the 30th day of August, 1924, which remains after payment out of such monies of such amounts as may be payable to local authorities or other persons by way of reparation for loss or damage due to enemy action in the late war, shall be appropriated and applied for the purpose of the reduction or avoidance of public debt.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 4.]

"THE FIRST SCHEDULE.**INLAND POSTAGE RATES.**

[See section 7.]

Letters.

For a weight not exceeding two and a half tolas One anna.

For every two and a half tolas, or fraction thereof, exceeding two and a half tolas. One anna.

Postcards.

Single Half an anna.

Reply One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas Quarter of an anna.

For a weight exceeding eight tolas and not exceeding twenty tolas Half an anna.

For every twenty tolas, or fraction thereof, exceeding twenty tolas Half an anna.

Parcels.

For a weight not exceeding twenty tolas Two annas.

For a weight exceeding twenty tolas and not exceeding forty tolas Four annas.

For every forty tolas, or fraction thereof, exceeding forty tolas Four annas.

SCHEDULE II.

[See section 6.]

PART I.*Rates of Income-tax.*

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine annas in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—

	Rate
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two and a half annas in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five and a half annas in the rupee.
(x) for every rupee of the remainder of the excess	Six annas in the rupee.

L. GRAHAM,

Secy. to the Govt. of India.

BUDGET FOR 1926-27.

No. 3503-F.

GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.*Delhi, the 25th March 1926.*

RESOLUTION.

THE statements relating to the Revised estimates for 1925-26 and the Budget estimates for 1926-27, which were presented to the Legislative Assembly and the Council of State on the 18th February and the 1st March 1926, have now been reconsidered with reference to the reductions made by the Legislative Assembly in the demands for grants, and the action taken by the Governor-General in Council in respect to certain demands refused by the Assembly. Certain alterations in the Ways and Means portion of the estimates have also been made in the light of more recent information. The revised statements are now published for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them:—

Demand.	Amount. Rs.
1925-26.	
49.—Archæology	50,00,000
1926-27.	
1.—Railway Board	9,68,000
4.—Working Expenses—Administration	20,01,200

Of the demands for the year 1926-27, the Governor-General in Council has, under Section 67-A(7) of the Government of India Act, decided that the whole amount reduced under Demand No. 1 and Rs. 20 lakhs out of the amount reduced under Demand No. 4 are essential to the discharge of his responsibilities.

3. The estimates of revenue and expenditure now stand as follows:—

	Revised, 1925-26. Rs.	Budget, 1926-27. Rs.
Revenue	1,31,35,25,000	1,30,42,97,200
Expenditure charged to Revenue	1,30,04,97,000	1,30,37,66,200
Surplus	1,32,38,000	5,31,000

4. As regards the Ways and Means position, apart from the increased surplus in 1925-26 due to the abandonment of the proposed endowment for the Archæological Fund, the balance at the close of the year in India will be increased owing to the demand for trade remittances to England having been less than anticipated. The amount of remittances from India in the current year to the Home Treasury was estimated at £50 million including £9 million on account of the Paper Currency Reserve. The present estimate is about £3½ millions lower. One of the results of this is that, in order to enable the Secretary of State to have an adequate

closing balance for 1926-27, it will be necessary to remit home next year a larger amount than previously anticipated. The total remittances required in 1926-27 are now estimated at £29,500,000. The net receipts from Cash Certificates in February 1926 have been unusually high and the total for the year is now expected to be about Rs. 7 crores. The latest information available also indicates the possibility of further reductions in the requirements of Provincial Governments. As a result of these and other changes, the closing balance of the year is now estimated at Rs. 22·88 crores in India and £14·49 million in England.

5. Taking the two years 1925-26 and 1926-27 together, the present estimates show an improvement of about Rs. 2½ crores over the earlier estimates presented to the Legislature. The closing balance on the 31st March 1927 is taken as Rs. 15·62 crores in India and £5·54 million in England.

A. C. McWATTERS,
Secretary to the Government of India.

Budget

of the

Government of India,

March 1926.

ACCOUNTS	1924-25
REVISED ESTIMATES	1925-26
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BUDGET FOR 1926-27.

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

	For details, vide Statement.	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	45,75,51,518	46,35,00,000	46,24,57,000	46,40,00,000
Taxes on Income	"	16,01,44,233	17,34,87,000	16,34,69,000	16,14,67,000
Salt	"	7,39,04,860	6,95,00,000	6,40,00,000	6,90,00,000
Opium	"	3,79,76,177	3,55,85,000	4,39,00,000	3,80,00,000
Other Heads	"	2,06,93,150	2,23,14,000	2,19,05,000	2,25,43,000
TOTAL PRINCIPAL HEADS		75,03,53,956	76,43,86,000	76,07,31,000	75,50,10,000
Railways: Net Receipt (as per Railway Budget)		37,32,94,697	33,59,44,000	33,76,91,000	35,44,33,000
Irrigation: Net Receipts	A	10,91,935	10,43,000	11,00,000	8,21,000
Posts and Telegraphs: Net Receipts	"	1,11,35,067	68,11,000	68,38,000	45,53,000
Interest Receipts	"	3,41,00,265	3,60,44,000	4,03,19,000	3,47,11,000
Civil Administration	"	73,97,533	71,60,000	68,10,000	77,86,000
Currency and Mint	"	3,92,32,894	4,08,07,000	4,61,55,000	4,29,68,000
Civil Works	"	13,21,263	10,18,000	11,63,000	9,93,000
Miscellaneous	"	45,69,671	43,31,000	43,57,000	43,27,000
Military Receipts	"	4,03,11,659	4,01,17,000	3,95,80,000	4,29,79,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	"	9,25,20,938	6,22,14,000	6,24,36,000	5,45,11,000
Extraordinary Items	"	2,54,51,356	38,33,000	59,47,000	16,00,000
TOTAL REVENUE		1,38,03,93,344	1,30,67,97,000	1,31,35,36,000	1,30,42,97,000
DEBIT					
TOTAL		1,38,03,93,344	1,30,67,97,000	1,31,35,36,000	1,30,42,97,000

M. F. GAUNTLETT,
Auditor General.

DELHI,
FINANCE DEPARTMENT;
The 25th March 1926.

BUDGET FOR 1926-27.

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

	For details, vide Statement.	Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenues	B	5,37,02,291	5,28,91,000	5,58,85,000	5,00,14,000
Salt and other Capital outlay charged to Revenue	"	17,31,744	32,93,000	10,44,000	10,20,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	"	20,44,53,015	28,65,58,000	28,44,93,000	20,43,46,000
Irrigation	"	22,36,290	17,79,000	20,38,000	17,34,000
Posts and Telegraphs	"	30,67,854	—28,17,000	—1,04,53,000	86,01,000
Debt Services	"	18,68,32,857	18,18,06,000	18,54,30,000	17,51,76,000
Civil Administration	"	10,12,59,043	10,97,98,000	10,75,37,000	11,45,30,000
Currency and Mint	"	71,41,079	73,47,000	71,94,000	78,24,000
Civil Works	"	1,77,72,875	1,68,47,000	1,72,43,000	1,80,11,000
Miscellaneous	"	4,35,31,861	4,01,91,000	4,51,58,000	3,98,31,000
Military Services	"	59,66,51,877	60,26,17,000	60,13,89,000	59,17,79,000
Miscellaneous adjustments between the Central and Provincial Governments	"	50,74,125	15,74,000	14,32,000	6,00,000
Extraordinary Items	"	1,01,635	25,00,000	25,77,000	5,00,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,32,35,66,546	1,30,43,64,000	1,30,04,87,000	1,20,37,60,000
SURPLUS		5,68,35,698	24,13,000	1,30,38,000	5,31,000
TOTAL		1,38,04,02,244	1,30,67,77,000	1,31,35,25,000	1,25,68,60,000

H. DENNING,
Controller of the Currency.

A. C. McWATERS,
Secretary to the Government of India.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	5,65,25,698	24,13,000	1,30,38,000	8,31,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		14,04,875	—4,54,63,000	97,48,000	2,55,19,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	11,74,76,984	6,95,14,000	—	—
Unfunded Debt (net incurred)	"	8,96,12,039	9,80,21,000	13,78,77,000	9,68,16,000
Deposits and Advances (net)	"	—6,72,93,030	6,81,41,000	9,71,95,000	7,01,96,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	9,05,76,901	4,51,94,000	6,63,41,000	6,28,07,000
Remittances (net)	"	1,13,35,974	—	17,000	—
Balances of Provincial Governments (net)	"	2,64,95,115	31,82,000	2,45,98,000	29,000
TOTAL DEBT, DEPOSITS AND ADVANCES	—	28,82,03,933	32,40,52,000	31,56,33,000	21,56,49,000
TOTAL RECEIPTS	—	32,64,34,509	27,80,02,000	33,84,20,000	24,55,06,000
Opening Balance—India	—	31,13,62,292	24,26,92,292	31,73,60,743	22,66,39,743
England	—	10,38,42,476	11,66,63,476	13,51,68,257	14,40,33,257
TOTAL	—	74,16,79,277	63,93,67,768	79,08,49,000	62,23,71,000

M. F. GAUNTLETT,
Auditor General.

DELHI,
FINANCE DEPARTMENT,
The 25th March 1926.

BUDGET FOR 1926-27.

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Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1924-25.	Budget Estimate, 1925-26.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	1 ...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Construction of State Railways (as per Railway Budget)		13,45,98,366	23,00,00,000	19,50,00,000	26,00,00,000
Discharge of Debentures (as per Railway Budget)		63,31,216	—	1,06,58,000	3,61,65,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget)		—	3,43,33,000	3,41,55,000	—
Construction of Irrigation Works		95,698	27,000	—1,15,000	—55,000
Capital outlay on Posts and Telegraphs		1,17,56,881	2,13,53,000	2,28,92,000	59,32,000
Capital outlay on Vizagapatam Harbour		—	—	66,20,000	48,70,000
Payment of commuted value of pensions		—	—	—	35,00,000
Initial expenditure on new Capital at Delhi		1,42,18,868	1,55,00,000	1,35,00,000	1,00,50,000
Capital outlay on Security Printing		—	—	16,84,000	1,72,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		16,70,00,219	30,12,13,000	28,43,94,000	32,06,54,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	—	—	3,97,60,000	69,17,000
Floating Debt (net discharged)	"	2,11,80,000	—	40,000	—
Loans and Advances by Central Government (net Advances)	"	1,22,69,059	14,79,30,000	9,29,82,000	8,06,22,000
Loans between Central and Provincial Governments (net Advances)	"	8,86,80,999	—	—	—
Remittances (net)	"	—	9,65,000	—	5,48,000
TOTAL DEBT, DEPOSITS AND ADVANCES		12,31,10,058	14,88,95,000	13,27,32,000	9,00,88,000
TOTAL DISBURSEMENTS		28,91,10,277	45,01,08,000	41,71,76,000	41,07,42,000
Closing Balance—India		31,73,60,743	13,13,48,293	22,88,39,743	15,61,98,743
England		13,51,68,257	5,79,01,476	14,49,33,257	5,54,30,257
TOTAL		74,16,39,277	63,93,57,668	79,69,49,000	62,23,71,000

H. DENNING,
Controller of the Currency.

A. C. McWATTERS,
Secretary to the Government of India.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE.		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	45,75,31,516	...	...	45,75,31,516	46,84,57,000	...	1
II.—Taxes on Income	16,03,09,947	-1,20,587	-41,107	16,01,48,263	16,30,00,000	-4,00,000	2
III.—Salt	7,39,04,860	...	...	7,39,04,860	6,40,00,000	...	3
IV.—Opium	3,79,76,177	...	...	3,79,76,177	4,39,00,000	...	4
V.—Land Revenue	37,80,748	...	...	37,80,748	39,17,000	...	5
VI.—Excise	41,99,239	...	...	41,99,239	47,48,000	...	6
VII.—Stamps—							
A.—Non-judicial	8,79,903	...	...	8,79,903	8,42,000	...	7
B.—Judicial	18,09,788	...	...	18,09,788	19,05,000	...	8
VIII.—Forest	16,14,698	...	...	16,14,698	19,52,000	...	9
IX.—Registration	1,64,392	...	...	1,64,392	1,65,000	...	10
X.—Tributes from Indian States	82,44,384	...	...	82,44,384	88,76,000	...	11
TOTAL	75,04,15,650	-1,20,587	-41,107	75,02,53,956	76,12,62,000	-4,00,000	12
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	18,03,232	...	...	18,03,232	19,35,000	...	13
Deduct—Working Expenses	7,15,961	...	...	7,15,961	8,42,000	...	14
Net Receipts	10,87,271	...	...	10,87,271	10,93,000	...	15
XIV.—Works for which no Capital accounts are kept	4,654	...	...	4,654	7,000	...	16
TOTAL	10,91,925	...	...	10,91,925	11,00,000	...	17
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Postal and Telegraph Department—Gross Receipts	9,97,28,488	...	...	9,97,28,488	10,33,47,000	...	18
Deduct—Working Expenses	8,82,00,884	10,92,949	4,09,045	8,97,02,878	9,47,53,000	6,88,000	19
Net Receipts	1,15,27,604	-10,92,949	-4,09,045	1,00,25,610	75,94,000	-6,88,000	20
Indo-European Telegraph Department—Gross Receipts	29,37,518	8,27,388	3,06,350	40,71,356	23,75,000	10,40,000	21
Deduct—Working Expenses	28,77,188	68,958	25,649	29,71,779	34,28,000	1,28,000	22
Net Receipts	30,393	7,58,436	3,80,708	10,99,477	-10,53,000	9,12,000	23
TOTAL	1,115,87,037	-3,34,513	-1,28,337	1,11,25,067	65,41,000	2,24,000	24
Debt Services—							
XVI.—Interest	92,24,149	1,52,97,994	65,78,178	6,41,00,365	87,33,000	2,38,13,000	25
Carried over	77,23,19,060	1,78,48,844	64,08,729	79,65,71,238	77,76,36,000	2,36,37,000	26

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1926-27.

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Government, in India and in England.

1925-26.			BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.	
Item No.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1925-26.	India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
1	...	46,64,67,000	+49,57,000	46,40,00,000	...	...	46,40,00,000	-44,57,000
2	-1,31,000	16,24,69,000	-1,10,18,000	16,70,00,000	-4,00,000	-1,33,000	16,14,67,000	-10,02,000
3	...	6,40,00,000	-56,00,000	6,90,00,000	...	...	6,90,00,000	+50,00,000
4	...	4,39,00,000	+63,18,000	3,10,00,000	...	...	3,10,00,000	-59,00,000
5	...	39,17,000	+73,000	39,03,000	...	...	39,03,000	-14,000
6	...	47,48,000	+3,25,000	46,60,000	...	...	46,60,000	-88,000
7	...	8,42,000	-19,000	8,44,000	...	...	8,44,000	+2,000
8	...	19,05,000	+49,000	19,03,000	...	...	19,03,000	-2,000
9	...	19,62,000	-6,96,000	26,76,000	...	...	26,76,000	+7,23,000
10	...	1,65,000	+2,000	1,64,000	...	...	1,64,000	-1,000
11	...	63,76,000	-1,43,000	63,94,000	...	...	63,94,000	+18,000
12	-1,31,000	76,07,31,000	-86,56,000	75,58,43,000	-4,00,000	-1,33,000	75,50,10,000	-57,21,000
13	...	19,36,000	-1,22,000	20,18,000	...	...	20,18,000	+83,000
14	...	8,42,000	+1,80,000	12,02,000	...	...	12,02,000	-3,60,000
15	...	10,93,000	+58,000	8,16,000	...	...	8,16,000	-2,77,000
16	...	7,000	...	5,000	...	...	5,000	-2,000
17	...	11,00,000	+58,000	8,21,000	...	...	8,21,000	-2,79,000
18	...	10,23,47,000	-17,65,000	10,64,65,000	...	...	10,64,65,000	+41,18,000
19	2,25,000	9,56,66,000	+19,26,000	10,09,95,000	5,66,000	1,89,000	10,17,50,000	-60,84,000
20	-2,26,000	68,61,000	+1,41,000	54,70,000	-5,66,000	-1,69,000	47,15,000	-19,66,000
21	3,40,000	37,55,000	-2,75,000	23,64,000	7,80,000	2,60,000	34,04,000	-3,51,000
22	42,000	35,68,000	+1,61,000	34,09,000	1,18,000	40,000	35,67,000	+31,000
23	2,96,000	1,57,000	-1,14,800	-10,45,000	6,68,000	2,20,000	-1,63,000	-3,20,000
24	73,000	68,38,000	+27,000	44,25,000	98,000	31,000	45,52,000	-22,86,000
25	77,73,000	4,03,19,000	+42,75,000	74,41,000	2,04,53,000	68,17,000	3,47,11,000	-56,08,000
26	77,16,000	80,92,88,000	+7,05,000	76,82,30,000	2,01,42,000	67,15,000	79,50,94,000	-1,36,94,000

A.—Statement of the Revenue of the Central.

HEADS OF REVENUE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE,		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	77,33,19,660	1,78,42,844	64,08,729	79,65,71,233	77,76,36,000	2,36,37,000	
Civil Administration—							
XVII.—Administration of Justice	4,16,658	...	...	4,16,658	3,33,000	...	1
XVIII.—Jails and Convict Settlements.	6,03,123	...	...	6,03,123	6,63,000	...	2
XIX.—Police	75,826	...	...	75,826	71,000	...	3
XX.—Ports and Pilotage	24,46,437	...	...	24,46,437	24,65,000	...	4
XXI.—Education	1,60,826	...	...	1,60,826	1,36,000	...	5
XXII.—Medical	2,11,351	...	...	2,11,351	1,63,000	...	6
XXIII.—Public Health	1,62,936	...	...	1,62,936	1,45,000	...	7
XXIV.—Agriculture	10,98,121	...	...	10,98,121	19,22,000	...	8
XXV.—Industries	2,604	...	...	2,604	...	...	9
XXVI.—Miscellaneous Departments	21,39,651	...	...	21,39,651	24,22,000	...	10
XXVIA.—Receipts of the Indian Stores Department	...	...	...	...	...	...	11
TOTAL	73,97,533	...	...	73,97,533	83,10,000	...	12
Currency and Mint—							
XXVII.—Currency	2,86,55,827	51,95,600	19,03,685	3,57,55,372	3,05,88,000	93,00,000	13
XXVIII.—Mint	41,77,487	39	10	41,77,523	32,30,000	1,000	14
TOTAL	3,28,33,310	51,95,639	19,03,695	3,99,32,594	3,38,18,000	93,01,000	15
Civil Works—							
XXX.—Civil Works	13,21,263	...	...	13,21,263	11,63,000	...	16
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	17,19,042	3,72,624	1,39,431	22,31,097	19,79,000	3,54,000	17
XXXIV.—Stationery and Printing	11,88,508	8,573	3,364	12,00,445	9,37,000	6,000	18
XXXV.—Miscellaneous	2,04,975	3,36,674	1,17,578	11,57,529	3,63,000	3,77,000	19
TOTAL	36,12,425	7,16,677	2,60,373	45,69,671	32,79,000	7,37,000	20
Military Receipts—							
XXXVI.—Army—							
Effective	2,78,35,502	86,41,412	13,50,179	3,38,27,093	2,33,67,000	26,27,000	21
Non-effective	15,95,935	10,01,490	4,04,000	30,90,575	11,46,000	6,40,000	22
	2,94,30,527	47,32,903	17,54,239	3,59,17,668	2,45,13,000	32,67,000	23
XXXVII.—Marine	11,12,931	...	...	11,12,931	12,82,000	...	24
XXXVIII.—Military Engineer Services	32,81,060	...	...	32,81,060	84,81,000	...	25
TOTAL	3,38,24,518	47,32,903	17,54,239	4,03,11,659	3,42,56,000	32,67,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX.—Contributions to the Central Government by Provincial Governments	9,20,12,000	...	...	9,20,12,000	6,20,12,000	...	27
XXXIXA.—Miscellaneous adjustments between the Central and Provincial Governments	5,08,938	...	...	5,08,938	4,14,000	...	28
TOTAL	9,25,20,938	...	...	9,25,20,938	6,24,26,000	...	29
Extraordinary Items—							
XL.—Extraordinary Receipts	89,914	1,59,55,784	64,06,658	2,54,52,356	28,000	44,62,000	30
Railway Revenues as per Railway Budget.	36,00,79,687	23,48,529	8,66,488	57,22,94,697	83,56,91,000	15,08,000	31
TOTAL REVENUE	1,31,29,09,348	4,97,93,014	1,76,00,882	1,38,03,92,244	1,35,66,06,000	4,39,12,000	32

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1926-27.

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Government, in India and in England—contd.

Item No.	1925-26.		Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1926-26.
	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs. 77,15,000	Rs. 80,19,88,000		Rs. 76,82,30,000	Rs. 2,01,49,000	Rs. 67,15,000	Rs. 79,50,94,000		Rs. -1,36,94,000
1	...	3,33,000	-1,06,000	3,33,000	...	...	6,33,000	...
2	...	6,53,000	+64,000	4,01,000	...	...	4,01,000	-2,52,000
3	...	71,000	-17,000	71,000	...	...	71,000	...
4	...	24,65,000	+41,000	24,90,000	...	...	24,60,000	+25,000
5	...	1,36,000	+8,000	1,92,000	...	...	1,92,000	+56,000
6	...	1,63,000	+42,000	1,28,000	...	...	1,28,000	-35,000
7	...	1,45,000	-35,000	1,46,000	...	...	1,46,000	+1,000
8	...	19,22,000	+9,70,000	15,98,000	...	...	18,98,000	-3,24,000
9	...	...	...	...	...	...	...	...
10	...	24,22,000	+85,000	12,27,000	...	...	12,27,000	-11,95,000
11	...	...	...	12,00,000	...	...	12,00,000	+12,00,000
12	...	83,10,000	+10,50,000	77,86,000	...	...	77,86,000	-5,24,000
13	30,36,000	4,29,34,000	+46,49,000	2,91,12,000	65,00,000	28,34,000	4,04,46,000	-34,78,000
14	...	32,31,000	+6,99,000	25,21,000	1,000	...	25,22,000	-7,09,000
15	30,36,000	4,01,55,000	+83,48,000	3,16,33,000	65,01,000	28,34,000	4,29,06,000	-31,87,000
16	...	11,62,000	+1,44,000	9,98,000	...	...	9,98,000	-1,64,000
17	1,16,000	24,48,000	+4,87,000	17,04,000	3,17,000	1,05,000	21,26,000	-3,23,000
18	2,000	9,45,000	-1,90,000	9,96,000	9,000	2,000	10,04,000	+59,000
19	1,23,000	8,63,000	-3,61,000	6,70,000	95,000	32,000	7,97,000	-66,000
20	2,41,000	42,57,000	-64,000	33,70,000	4,18,000	1,39,000	39,37,000	-3,30,000
21	8,57,000	2,68,51,000	-9,33,000	2,36,74,000	27,99,000	9,33,000	2,74,06,000	+5,55,000
22	2,06,000	19,95,000	-3,49,000	10,39,000	11,03,000	3,68,000	25,10,000	+5,15,000
23	10,66,000	2,88,46,000	-13,22,000	2,47,13,000	39,02,000	13,01,000	2,99,16,000	+10,70,000
24	...	12,82,000	+3,49,000	17,87,000	...	...	17,87,000	+5,05,000
25	...	64,61,000	-8,55,000	1,12,78,000	...	...	1,12,78,000	+28,15,000
26	10,66,000	3,85,89,000	-15,28,000	3,77,76,000	39,02,000	13,01,000	4,29,79,000	+43,90,000
27	...	6,30,12,000	...	5,45,12,000	...	...	5,45,12,000	-75,00,000
28	...	4,14,000	+3,12,000	...	...	...	...	-4,14,000
29	...	6,34,26,000	+2,12,000	5,45,12,000	...	...	5,45,12,000	-79,14,000
30	14,57,000	59,47,000	+21,14,000	...	12,00,000	4,00,000	16,00,000	-43,47,000
31	4,92,000	33,76,91,000	-12,52,000	35,32,89,000	6,56,000	2,66,000	35,44,33,000	+1,67,43,000
32	1,40,07,000	1,91,38,25,000	+67,38,000	1,25,75,94,000	3,50,26,000	1,16,76,000	1,30,42,97,000	-92,26,000

B.—Statement of the Expenditure charged to the Revenues

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED.	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
Direct Demands on the Revenues	Rs.	Rs.	Rs.	Rs.	Rs.	
1.—Customs	75,13,177	1,46,135	53,978	77,12,290	81,06,000	1
2.—Taxes on Income	69,28,710	78,793	30,039	69,37,541	59,11,000	2
3.—Salt	1,19,33,073	63,132	24,516	1,20,20,720	1,51,10,000	3
4.—Opium	2,34,99,919	41,616	15,393	2,35,57,137	3,13,62,000	4
5.—Land Revenue	11,16,168	3,364	1,363	11,20,895	12,67,000	5
6.—Excise	2,26,072	1,865	559	2,28,496	11,19,000	6
7.—Stamps—						
A.—Non-judicial						
B.—Judicial	—5,63,046	3,37,015	1,16,344	—1,19,787	—5,000	7
8.—Forest	28,16,965	2,18,635	80,368	31,16,166	28,14,000	8
9.—Registration	29,053	...	...	29,053	31,000	9
TOTAL	5,16,00,990	5,19,755	3,22,346	5,37,02,291	6,37,91,000	10
Salt and other Capital outlay charged to Revenue—						
2A.—Capital outlay on Salt Works	7,19,588	...	...	7,19,588	10,44,000	11
7A.—Capital outlay on Security Printing Press	9,48,134	47,857	16,175	10,12,166	...	12
TOTAL	16,67,722	47,601	16,175	17,31,744	10,44,000	13
Irrigation, etc., Revenue Account—						
1A.—Works for which Capital accounts are kept—						
Interest on Debt	11,98,270	...	...	11,98,270	12,05,000	14
1B.—Other Revenue Expenditure	8,75,777	49,827	19,877	9,45,471	6,19,000	15
TOTAL	20,74,047	49,827	19,877	21,43,751	18,24,000	16
Irrigation, etc., Capital Account (charged to Revenue)—						
1B.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	92,539	...	...	92,539	1,44,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Postal and Telegraph Department	68,60,034	...	...	68,60,034	40,00,000	18
Indo-European Telegraph Department	...	...	...	...	4,26,000	19
TOTAL	68,60,034	...	...	68,60,034	44,26,000	20
Posts and Telegraphs Capital Account (charged to Revenue)—						
1B.—Capital outlay on Posts and Telegraphs—						
Indian Postal and Telegraph Department	—56,99,374	10,44,712	3,83,345	—42,71,317	—1,48,66,000	21
Indo-European Telegraph Department	—4,93,443	7,35,294	2,57,866	4,99,137	—11,50,000	22
TOTAL	—1,13,217	17,80,006	6,41,631	—37,72,140	—1,60,16,000	23
Debt Services—						
19.—Interest on Ordinary Debt	20,30,19,669	13,55,60,303	4,70,22,579	37,56,02,751	30,66,80,000	24
Defect—Amount chargeable to—						
Railways	12,26,88,177	6,51,46,473	2,44,63,946	21,22,98,576	13,22,44,000	25
Irrigation	11,98,270	...	...	11,98,270	12,05,000	26
Posts and Telegraphs	68,60,034	...	...	68,60,034	53,26,000	27
Other Commercial Departments	3,01,437	...	...	3,01,437	6,60,000	28
Provincial Governments	4,21,54,712	...	...	4,21,54,712	...	29
Provincial Loans Fund	...	...	...	...	8,11,76,000	30
Remainder chargeable to Ordinary Debt	2,99,17,259	6,04,13,830	2,26,52,633	11,37,59,722	1,50,79,000	31
20.—Interest on other Obligations	3,60,87,420	79,575	28,700	3,61,65,695	4,55,44,000	32
21.—Reduction or Avoidance of Debt	96,05,150	2,06,68,199	75,65,291	3,78,38,640	4,97,36,000	33
TOTAL	7,55,09,699	8,11,82,114	2,11,50,724	1,68,22,857	10,53,50,000	34
Carried over	13,26,11,034	8,39,19,749	3,11,50,353	21,75,81,036	15,44,72,000	35

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1926-27.

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of the Central Government, in India and in England.

Item No.	ESTIMATE, 1925-26.			Increase (+) Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) Decrease (-) as compared with Revised, 1925-26.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,81,000	48,000	62,80,000	-1,49,000	88,55,000	1,45,000	48,000	85,48,000	+2,88,000
2	91,000	30,000	61,00,000	-5,54,000	86,59,000	55,000	29,000	67,73,000	+6,71,000
3	30,000	10,000	1,31,50,000	-4,87,000	1,32,76,000	64,000	18,000	1,33,40,000	+1,98,000
4	9,000	30,000	2,14,30,000	+34,61,000	1,53,69,000	64,000	18,000	1,54,41,000	-60,49,000
5	4,000	1,000	12,72,000	-1,06,000	13,43,000	12,000	4,000	13,50,000	+88,000
6	4,000	1,000	11,24,000	+6,85,000	10,42,000	4,000	1,000	10,47,000	-77,000
7	6,36,000	2,04,000	8,25,000	+17,000	-10,02,000	7,23,000	2,41,000	-38,000	-8,63,000
8	6,24,000	73,000	31,11,000	-3,07,000	32,19,000	2,12,000	71,000	35,02,000	+3,91,000
9	...	...	31,000	-6,000	33,000	...	...	33,000	+2,000
10	12,02,000	3,92,000	5,63,85,000	+24,94,000	4,82,94,000	12,90,000	4,30,000	5,00,14,000	-63,71,000
11	...	...	10,44,000	-4,49,000	10,20,000	...	...	10,20,000	-24,000
12	...	...	...	-12,00,000	...	...	...	...	...
13	...	...	10,44,000	-22,49,000	10,20,000	...	...	10,20,000	-24,000
14	...	...	12,05,000	-45,000	12,05,000	...	...	12,05,000	...
15	63,000	17,000	6,19,000	+3,50,000	3,86,000	64,000	21,000	4,71,000	-2,18,000
16	63,000	17,000	18,94,000	+3,05,000	15,91,000	64,000	21,000	16,76,000	-2,18,000
17	...	...	1,44,000	-46,000	58,000	...	...	58,000	-86,000
18	...	...	49,00,000	-17,00,000	57,00,000	...	...	57,00,000	+8,00,000
19	...	...	4,20,000	+80,000	5,10,000	...	...	5,10,000	+84,000
20	...	...	53,26,000	-16,40,000	63,10,000	...	...	63,10,000	+8,84,000
21	...	...	-1,48,66,000	-88,25,000	20,02,000	...	...	20,02,000	+1,68,68,000
22	1,78,000	58,000	-9,18,000	-6,71,000	3,86,000	3,000	1,000	3,99,000	+13,02,000
23	1,78,000	58,000	-1,57,79,000	-59,96,000	28,87,000	3,000	1,000	28,91,000	+1,81,70,000
24	13,07,04,000	4,36,65,000	38,00,49,000	-1,09,000	20,55,45,000	13,04,04,000	4,34,68,000	37,94,17,000	-6,32,000
25	7,86,97,000	2,37,30,000	22,96,71,000	+39,95,000	14,47,30,000	7,43,18,000	2,47,73,000	24,38,21,000	-1,41,50,000
26	...	...	12,05,000	+45,000	12,05,000	...	...	12,05,000	...
27	...	...	53,26,000	+16,40,000	69,10,000	...	...	69,10,000	-6,84,000
28	...	...	6,50,000	-3,12,000	11,11,000	...	...	11,11,000	-4,61,000
29	...	...	...	...	...	...	...	...	...
30	...	...	5,11,76,000	-16,42,000	5,29,82,000	...	...	5,29,82,000	-18,06,000
31	5,00,07,000	1,19,25,000	9,00,21,000	+56,77,000	-6,93,000	5,00,86,000	1,66,95,000	6,64,22,000	-1,79,33,000
32	97,000	32,000	4,26,78,000	+5,11,000	5,10,78,000	1,10,000	37,000	5,12,26,000	+75,52,000
33	...	...	4,97,66,000	-4,14,000	4,98,63,000	...	...	4,98,63,000	+1,27,000
34	5,11,40,000	1,19,07,000	1,54,57,000	+36,24,000	10,02,48,000	5,61,96,000	1,67,32,000	17,51,76,000	-1,02,54,000
35	5,95,58,000	1,94,34,000	23,34,44,000	-35,08,000	15,98,08,000	5,75,53,000	1,91,84,000	23,65,45,000	+31,01,000

B.—Statement of the Expenditure charged to the Revenues

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	13,35,11,034	8,39,19,749	3,11,50,358	24,75,81,036	15,44,72,000	
Civil Administration—						
22.—General Administration—						
A.—Heads of Provinces (including Governor General and Executive Councils.					31,79,000	1
B.—Legislative Bodies					6,70,000	2
C.—Secretariat and Headquarters establishment	1,15,10,685	...	...	1,15,10,685	71,45,000	3
D.—Commissioners					17,59,000	4
E.—District Administration					...	5
F.—Home Administration, etc.					...	6
23.—Audit	75,11,088	2,09,159	10,37,447	38,55,393	60,15,000	7
24.—Administration of Justice	11,06,450	36,693	12,876	77,05,574	11,73,000	8
25.—Jails and Convict Settlements	35,97,517	84,866	12,940	36,45,325	35,14,000	9
26.—Police	91,76,315	1,26,646	47,142	93,49,908	94,51,000	10
27.—Ports and Pilotage	23,28,438	1,11,414	41,647	24,81,499	28,59,000	11
28.—Ecclesiastical	25,12,977	4,52,494	1,04,059	31,69,530	32,68,000	12
29.—Political	3,14,30,749	1,25,076	68,018	3,16,33,843	3,16,68,000	13
30.—Scientific Departments	68,01,067	5,95,432	2,13,177	78,09,676	73,43,000	14
31.—Education	30,88,828	68,563	22,155	31,69,546	26,51,000	15
32.—Medical	24,59,730	1,05,699	41,842	26,07,271	31,19,000	16
33.—Public Health	16,64,521	51,811	17,953	17,34,285	13,45,000	17
34.—Agriculture	28,77,933	1,30,346	44,713	30,43,022	35,93,000	18
35.—Industries	60,91,467	27,372	10,320	61,39,159	86,08,000	19
36.—Aviation	18,498	2,731	932	22,151	29,000	20
37.—Miscellaneous Departments	19,25,799	3,40,964	1,29,486	23,96,269	33,64,000	21
37-A.—Indian Stores Department	...	...	...	...	...	22
TOTAL	9,41,01,942	52,17,177	10,39,924	10,12,59,043	9,84,55,000	23
Currency and Mint—						
38.—Currency	37,25,311	21,69,180	8,34,315	57,48,706	29,42,000	24
39.—Mint	13,58,339	24,525	9,569	13,92,373	15,89,000	25
TOTAL	40,83,650	23,13,705	8,43,884	71,41,079	45,30,000	26
Civil Works—						
41.—Civil Works	1,76,57,619	84,222	30,884	1,77,72,676	1,70,31,000	27
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	...	...	...	...	44,000	28
44.—Territorial and Political Pensions	29,71,302	1,32,888	46,335	31,39,525	29,08,000	29
45.—Superannuation Allowances and Pensions.	21,89,993	1,93,37,083	71,86,671	2,86,03,746	38,15,000	30
46.—Stationery and Printing	25,34,885	7,33,517	2,05,698	35,34,100	28,85,000	31
47.—Miscellaneous	50,64,379	23,44,417	8,45,694	82,54,490	58,12,000	32
TOTAL	1,27,60,558	2,24,47,905	83,23,398	4,35,31,861	1,54,62,000	33
Military Services—						
48.—Army—						
Effective	37,48,42,794	6,13,81,504	2,24,03,532	45,87,17,830	38,53,53,000	34
Non-effective	3,79,52,575	3,68,58,484	1,37,27,191	8,79,38,250	8,74,05,000	35
49.—Marine	41,21,95,369	9,82,59,988	3,63,20,723	54,66,56,080	42,27,38,000	36
50.—Military Engineer Services	44,08,873	21,93,396	8,08,449	74,10,717	46,05,000	37
	4,18,69,921	6,30,287	1,94,872	4,25,85,080	4,16,10,000	38
TOTAL	45,14,85,162	10,69,63,671	3,72,24,044	59,66,61,677	46,99,53,000	39
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	50,74,125	...	...	50,74,125	14,32,000	40
Extraordinary Items—						
52.—Extraordinary Payments	1,01,635	...	...	1,01,635	25,77,000	41
Railway Expenditure as per Railway Budget	18,60,51,342	8,60,49,191	8,29,12,549	20,44,53,015	19,87,26,000	42
TOTAL EXPENDITURE CHARGED TO REVENUE	91,08,07,167	30,09,34,560	11,15,24,519	1,32,35,66,546	93,16,40,000	43

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England—contd.

Item No.	ESTIMATE, 1925-26.			Increase (+) or Decrease (-) as compared with Budget, 1925-26.	BUDGET ESTIMATE, 1926-27.				Increase (+) or Decrease (-) as compared with Revised, 1925-26.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	5,95,38,000	1,94,34,000	23,34,44,000	-35,08,000	5,95,08,000	5,75,53,000	1,91,84,000	23,65,45,000	+31,01,000
1	...	...	21,79,000	-25,000	31,29,000	...	...	21,29,000	-50,000
2	...	...	6,70,000	-51,000	6,73,000	...	...	6,73,000	+3,000
3	...	...	71,45,000	-3,72,000	87,43,000	...	...	87,43,000	+15,98,000
4	...	...	...	...	...	...	...	...	...
5	...	...	17,69,000	-19,000	18,46,000	...	...	18,46,000	+87,000
6	28,08,000	9,18,000	37,22,000	-6,69,000	...	30,68,000	10,22,000	40,88,000	+3,66,000
7	3,87,000	94,000	4,81,000	-4,65,000	81,07,000	3,14,000	1,05,000	85,26,000	+1,30,000
8	9,000	32,000	41,000	+14,000	14,40,000	8,000	30,000	15,58,000	+2,54,000
9	49,000	16,000	65,000	-3,62,000	36,61,000	53,000	17,000	37,30,000	+1,51,000
10	2,8,000	75,000	77,000	-1,10,000	84,44,000	2,00,000	67,000	87,11,000	+1,44,000
11	3,8,000	1,11,000	1,14,000	+1,31,000	32,63,000	3,41,000	1,14,000	37,38,000	+4,39,000
12	7,25,000	2,37,000	9,62,000	-5,17,000	27,03,000	7,05,000	2,35,000	36,43,000	+4,13,000
13	9,6,000	3,15,000	3,20,000	-9,4,000	3,30,67,000	9,10,000	3,03,000	3,32,80,000	+3,32,000
14	6,76,000	2,20,000	8,96,000	+93,000	77,19,000	7,63,000	2,54,000	87,36,000	+4,94,000
15	68,000	23,000	91,000	-78,000	37,75,000	77,000	26,000	38,78,000	+6,69,000
16	1,91,000	62,000	2,53,000	-3,98,000	27,09,000	2,76,000	93,000	30,77,000	+1,73,000
17	67,000	19,000	86,000	+9,000	18,50,000	58,000	19,000	19,27,000	+6,05,000
18	1,16,000	38,000	1,54,000	-4,000	27,81,000	1,14,000	38,000	29,33,000	+1,86,000
19	28,000	9,000	37,000	+16,16,000	69,74,000	7,000	24,000	90,78,000	+4,30,000
20	3,000	1,000	4,000	-1,000	3,50,000	3,000	1,000	3,54,000	+2,31,000
21	1,92,000	63,000	2,55,000	-37,000	9,15,000	2,11,000	70,000	28,90,000	+2,67,000
22	...	...	...	...	16,94,000	...	...	...	...
23	68,59,000	32,33,000	1,01,92,000	-22,71,000	10,48,63,000	72,50,000	24,17,000	11,45,30,000	+70,03,000
24	19,47,000	6,36,000	25,83,000	-1,08,000	30,65,000	22,78,000	7,59,000	61,02,000	+5,77,000
25	61,000	20,000	81,000	-45,000	16,69,000	47,000	16,000	17,22,000	+53,000
26	20,08,000	6,76,000	26,84,000	-1,53,000	47,24,000	23,25,000	7,75,000	78,24,000	+6,30,000
27	1,60,000	53,000	2,13,000	+3,96,000	1,78,83,000	96,000	32,000	1,80,11,000	+7,68,000
28	...	...	44,000	+44,000	80,000	...	...	60,000	+16,000
29	1,04,000	35,000	1,39,000	-51,000	28,54,000	1,11,000	37,000	30,32,000	-17,000
30	1,94,72,000	63,56,000	2,58,28,000	+25,00,000	12,18,000	1,85,81,000	61,93,000	2,59,67,000	-36,55,000
31	11,69,000	3,78,000	15,47,000	+13,67,000	24,45,000	7,68,000	2,63,000	34,96,000	-9,24,000
32	16,74,000	5,46,000	22,20,000	+11,07,000	63,44,000	12,84,000	4,28,000	70,56,000	-9,76,000
33	2,24,11,000	73,15,000	2,97,26,000	+49,97,000	1,19,46,000	3,07,64,000	69,31,000	3,96,31,000	-55,57,000
34	6,00,24,000	2,15,51,000	8,15,75,000	+62,70,000	37,59,45,000	5,32,45,000	1,94,15,000	45,66,05,000	-1,69,03,000
35	3,16,09,000	1,03,06,000	4,19,15,000	-88,04,000	3,67,71,000	3,57,81,000	1,19,27,000	5,44,79,000	+62,00,000
36	9,75,93,000	3,18,56,000	12,94,49,000	-25,34,000	41,57,16,000	9,40,26,000	3,13,42,000	54,10,84,000	-1,11,03,000
37	10,12,000	6,34,000	16,46,000	-11,69,000	49,23,000	22,18,000	7,59,000	79,00,000	+7,39,000
38	3,40,000	1,11,000	4,51,000	+24,65,000	4,35,26,000	2,17,000	72,000	4,28,15,000	+7,54,000
39	9,98,46,000	3,25,91,000	13,24,37,000	-12,28,000	4,31,65,000	9,64,61,000	3,21,53,000	69,17,79,000	-96,10,000
40	...	...	14,32,000	-1,42,000	6,00,000	...	...	6,00,000	-8,32,000
41	...	...	25,77,000	+77,000	5,00,000	...	...	5,00,000	-30,77,000
42	2,73,76,000	2,64,89,000	5,38,65,000	-20,65,000	17,67,47,000	8,81,98,000	2,94,00,000	29,43,46,000	+93,53,000
43	2,80,77,000	2,07,70,000	4,88,47,000	-38,97,000	94,02,36,000	27,28,47,000	4,08,82,000	1,30,37,66,000	+32,79,000

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,30,79,25,123	4,97,92,614	1,35,77,17,737
Exchange added to Revenue	1,76,00,382	...	1,76,00,382
TOTAL	1,32,55,25,505	4,97,92,614	1,37,53,18,119
Railway Capital not charged to Revenue—			
As per Railway Budget	3,54,878	10,50,000	14,04,878
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 per cent. Stock . . . . .	...	9,87,226	
5½ per cent. Stock . . . . .	...	8,67,632	
4½ per cent. Stock . . . . .	...	
<i>Rupee Debt—</i>			
New Rupee Loan . . . . .	...	...
5 per cent. Bonds, 1933	7,27,86,000	...	
5 per cent. Bonds, 1935 . . . . .	...	...
5 per cent. Loan, 1945—55	5,93,36,500	...	
3½ per cent. Loans . . . . .	...	...
3 per cent. Loan . . . . .	...	...
TOTAL	13,21,22,500	18,54,858	13,39,77,358
Floating Debt—			
Treasury Bills—			
Issued to Public	49,65,00,000	...	
Issued to Paper Currency Reserve . . . . .	...	...
TOTAL	49,65,00,000	...	49,65,00,000
Carried over	1,95,45,02,893	5,26,97,472	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England.

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,25,66,06,000 1,40,07,000	4,29,12,000 ...	1,29,95,18,000 1,40,07,000	1,25,75,94,000 1,16,75,000	3,50,28,000 ...	1,29,26,22,000 1,16,75,000
1,27,06,13,000	4,29,12,000	1,31,35,25,000	1,26,92,69,000	3,50,28,000	1,30,42,97,000
23,99,000	73,50,000	97,49,000	73,80,000	2,21,39,000	2,95,19,000
...
...	94,000	...	...	1,02,000	...
...	10,50,000	...	...	11,16,000	...
...	9,15,000	...	...	9,66,000	...
...	...	...	22,00,00,000	...	...
4,72,66,000	...	...	...	...	...
25,88,51,000	...	...	...	...	...
3,60,000	...	...	3,00,000	...	...
...
30,64,77,000	20,59,000	30,85,36,000	22,03,00,000	21,84,000	22,24,84,000
49,65,00,000	...	...	49,65,00,000	...	...
49,65,00,000	...	49,65,00,000	49,65,00,000	...	49,65,00,000
2,07,59,89,000	5,23,21,000	...	1,99,34,49,000	5,93,51,000	...

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1926-27.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,95,45,02,883	5,26,97,472	
Unfunded Debt—			
Deposits of Service Funds	11,31,691	2,14,992	
Post Office Cash Certificates	6,09,94,454	...	
Savings Bank Deposits	26,10,86,868	2,29,321	
TOTAL	32,32,13,013	4,44,313	32,36,57,326
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	13,74,56,075	...	
Other Funds	8,06,89,250	...	
Sinking Funds for Central Loans	90,29,233	...	
Other appropriations for Reduction of Avoidance of Debt	7,74,150	...	
Sinking Fund Investment Account	35,82,697	...	
Sinking Funds for loans granted to local bodies	3,38,128	...	
Gold Standard Reserve . . . . .	...	79,99,35,014	
Paper Currency Reserve . . . . .	...	70,66,30,534	
Deposits of Branch Line Companies	—13,36,666	...	
Posts and Telegraphs Depreciation Fund . . . . .	...	...
Provincial Loans Fund . . . . .	...	...
Departmental and Judicial Deposits	79,72,99,705	...	
Advances	17,89,42,516	55,43,430	
Suspense	2,69,49,773	2,22,97,725	
Exchange on Remittance Accounts . . . . .	...	...
Miscellaneous	1,35,05,285	39,39,472	
TOTAL	1,24,72,30,146	1,53,83,46,175	2,78,55,76,321
Railway Depreciation and Reserve Funds as per Railway Budget	16,73,07,197	1	16,73,07,197
Carried over	3,69,22,53,239	1,59,14,87,960	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Ra.	Ra.	Ra.	Ra.	Ra.	Ra.
2,07,59,89,000	5,23,21,000		1,99,34,49,000	5,93,51,000	
11,28,000	2,56,000		11,20,000	2,45,000	
8,60,60,000	3,00,000		5,80,00,000	3,00,000	
28,30,09,000			28,63,66,000		
87,01,97,000	5,56,000	37,07,53,000	34,54,86,000	5,45,000	34,60,31,000
14,45,34,000			14,03,82,000		
8,77,66,000			8,66,32,000		
97,21,000			1,40,90,000		
4,00,15,000			3,62,59,000		
3,52,000			3,66,000		
	49,79,11,000			30,07,11,000	
	1,04,64,23,000			1,19,98,96,000	
9,94,000			7,63,000		
32,84,000			36,84,000		
14,94,40,000			13,65,12,000		
93,96,66,000			92,12,16,000		
17,00,91,000	25,81,000		16,22,37,000	6,48,000	
11,11,06,000	1,63,37,000		1,66,53,000	1,68,77,000	
19,14,000	33,39,000		2,04,91,000	14,01,000	
			50,000		
1,65,88,83,000	1,56,65,91,000	3,22,54,74,000	1,53,93,35,000	1,51,95,33,000	3,05,88,68,000
14,10,21,000		14,10,21,000	13,75,07,000		13,75,07,000
4,24,60,90,000	1,61,94,68,000		4,01,57,77,000	1,57,94,29,000	

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1926-27.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,89,22,53,239	1,59,14,87,960	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	...	...
Other Loans and Advances	39,68,759	...	
TOTAL	39,68,759	...	39,68,759
Loans between Central and Provincial Governments	1,28,33,501	...	* 1,28,38,501
Remittances—			
Remittances within India—			
Inland Money Order	87,62,46,429	...	
Other Local Remittances	...	...
Other Departmental Accounts	34,53,798	...	
Net Receipts by Civil Treasuries from—			
Railways	21,57,43,756	...	
Posts and Telegraphs	3,38,00,849	...	
Net Receipts from Civil Treasuries by—			
Marine	37,94,582	...	
Army and Military Engineer Services	88,65,73,814	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	1,69,91,385	
Other transactions	1,81,90,136	2,88,43,092	
Remittances from India for financing Home Treasury	...	41,47,01,621	
Transfers through the Paper Currency Reserve	5,99,66,357	...	
TOTAL	1,59,77,69,719	46,05,39,098	2,05,83,08,817
Balances of Provincial Governments	4,94,44,384	...	4,94,44,384
TOTAL RECEIPTS	5,35,62,74,602	2,05,29,27,058	
Opening Balance	31,13,62,292	(a) 10,38,42,476	
GRAND TOTAL	5,66,76,36,894	2,15,58,69,534	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, Rs. 9,414 represents the funds of the Gold Standard Reserve.

DELHI,
FINANCE DEPARTMENT;
The 1st March 1926.

BUDGET FOR 1926-27.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,24,60,90,000	1,61,94,68,000		4,01,57,77,000	1,57,94,29,000	
82,65,000	...		99,49,000	...	
82,65,000	...	82,65,000	99,49,000	...	99,49,000
...
88,50,00,000	...		88,00,00,000	...	
6,82,000	...		5,60,000	...	
3,60,85,000	...		3,58,73,000	...	
26,03,43,000	...		25,01,59,000	...	
6,51,43,000	...		2,82,79,000	...	
40,10,000	...		38,31,000	...	
39,30,82,000	...		38,60,43,000	...	
...	1,98,30,000		...	1,95,00,000	
81,98,000	2,36,80,000		78,49,000	2,27,28,000	
...	46,31,70,000		...	29,50,00,000	
9,00,00,000	...		...	...
1,74,25,43,000	50,66,80,000	2,24,92,23,000	1,59,25,94,000	33,72,28,000	1,92,98,22,000
5,24,88,000	...	5,24,88,000	2,83,63,000	...	2,83,63,000
6,04,93,86,000	2,12,61,48,000		5,64,66,83,000	1,91,66,57,000	
31,73,60,743	(b) 13,51,68,257		22,88,39,743	(b) 14,49,33,257	
6,36,67,46,743	2,26,13,16,257		5,87,55,22,743	2,06,15,90,257	

* Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, Rs. 31,960 represents the funds of the Gold Standard Reserve.

M. F. GAUNTLETT,
Auditor General.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	90,57,33,042	30,09,34,560	1,20,66,67,602
Exchange charged as Expenditure	11,18,24,819	...	11,18,24,819
TOTAL	1,01,75,57,861	30,09,34,560	1,31,84,92,421
Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—			
CONSTRUCTION OF IRRIGATION WORKS	95,898	...	95,898
CAPITAL OUTLAY ON POSTS AND TELEGRAPHS	1,17,55,881	...	1,17,55,881
CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR	...	...	...
PAYMENT OF COMMUTED VALUE ON PENSIONS	...	...	...
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	1,37,89,407	4,29,461	1,42,18,868
CAPITAL OUTLAY ON SECURITY PRINTING	...	...	...
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	7,21,37,225	6,87,92,347	14,09,29,572
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 p. c. Stock	...	...	...
State Railway annuities	...	...	...
Do. Do. Sinking Funds	...	...	...
Redemption of liabilities assumed in respect of British War Loan (1923-47)	...	...	...
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1926	...	...	...
Do. Do. 1927	...	...	...
5½ p. c. War Bonds, 1920	3,65,500	...	...
Do. Do. 1921	3,56,475	...	...
Do. Do. 1922	3,78,325	...	...
Do. Do. 1923	3,61,375	...	...
Do. Do. 1925	15,02,000	...	...
5½ p. c. War Bonds, 1923	8,14,800	...	...
5 p. c. War Loan, 1923-47	38,24,100	...	...
Do. Loan, 1945-55	73,95,000	...	...
4 p. c. Terminable Loans	11,62,300	...	...
4 p. c. Gwalior Loan of 1887	2,00,000	...	...
3½ p. c. Loans	6,749	...	...
3 p. c. Loans	1,33,800	...	...
TOTAL	1,65,00,424	...	1,65,00,424
Carried over	1,13,18,36,696	37,01,56,368	

BUDGET FOR 1926-27.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,16,40,000	27,80,77,000	1,20,97,17,000	94,02,37,000	27,26,47,000	1,21,28,84,000
9,07,70,000	...	9,07,70,000	9,08,82,000	...	9,08,82,000
<u>1,02,24,10,000</u>	<u>27,80,77,000</u>	<u>1,30,04,87,000</u>	<u>1,03,11,19,000</u>	<u>27,26,47,000</u>	<u>1,30,37,66,000</u>
-1,15,000	...	-1,15,000	-55,000	...	-55,000
2,17,76,000	11,16,000	2,28,92,000	45,11,000	14,21,000	59,32,000
58,20,000	8,00,000	66,20,000	38,60,000	10,10,000	48,70,000
...	...	...	35,00,000	...	35,00,000
1,32,02,000	2,98,000	1,35,00,000	93,44,000	7,06,000	1,00,50,000
13,21,000	3,63,000	16,84,000	50,000	1,22,000	1,72,000
12,94,78,000	11,03,35,000	23,98,13,000	15,58,61,000	14,03,24,000	29,61,85,000
...	...	...	...	99,91,000	...
...	1,30,23,000	...	...	1,34,72,000	...
...	36,41,000	...	...	20,00,000	...
...	48,77,000	...	...	51,18,000	...
17,84,40,000	...	...	19,90,00,000	...	...
7,40,89,000	...	...	2,00,000	...	...
2,00,000	...	...	1,50,000	...	...
1,50,000	...	...	1,50,000	...	...
1,70,000	...	...	90,000	...	...
90,000	...	...	8,00,000	...	...
3,44,81,000	...	...	...	...	...
3,67,74,000	...	...	...	...	...
9,54,000	...	...	...	...	...
9,00,000	...	...	...	...	...
80,000	...	...	80,000	...	...
...
7,000	...	...	...	...	...
4,20,000	...	...	3,50,000	...	...
<u>32,67,55,000</u>	<u>2,15,41,000</u>	<u>34,82,96,000</u>	<u>20,08,20,000</u>	<u>3,05,81,000</u>	<u>23,14,01,000</u>
1,52,06,47,000	41,25,30,000		1,40,90,10,000	44,68,11,000	..

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,13,18,36,696	37,01,56,368	...
Floating Debt—			
Treasury Bills—			
Issued to Public	2,11,80,000	...	
Paper Currency Reserve	49,65,00,000	...	
TOTAL	51,76,80,000	...	51,76,80,000
Unfunded Debt—			
Special Loans	25,681	...	
Deposits of Service Funds	14,41,860	46,898	
Post Office Cash Certificates	1,40,31,736	...	
Savings Bank Deposits	21,83,94,656	1,04,456	
TOTAL	23,38,93,933	1,51,354	23,40,45,287
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	13,74,67,048	...	
Other Funds	8,00,55,185	...	
Sinking Funds for Central Loans	1,25,71,832	...	
Sinking Fund Investment Account	...	...
Gold Standard Reserve	...	79,99,12,568	
Paper Currency Reserve	...	70,66,30,534	
Deposits of Branch Line Companies	3,22,169	...	
Posts and Telegraphs Depreciation Fund	...	...
Provincial Loans Fund	...	...
Departmental and Judicial Deposits	80,76,99,081	...	
Advances	17,62,58,643	5,83,995	
Suspense	5,00,92,929	2,39,60,055	
Exchange on Remittance Accounts	3,14,51,376	...	
Miscellaneous	41,52,245	2,17,11,691	
TOTAL	1,30,00,70,508	1,55,27,98,843	2,85,28,69,351
Railway Depreciation and Reserve Funds as per Railway Budget	7,67,30,296	...	7,67,30,296
Carried over	3,26,02,11,433	1,92,31,06,565	

BUDGET FOR 1926-27.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,52,06,47,000	41,25,30,000		1,40,90,10,000	44,68,11,000	
40,000	...		...	...
49,65,00,000	...		49,65,00,000	...	
49,65,40,000	...	49,65,40,000	49,65,00,000	...	49,65,00,000
2,30,000	...		30,000	...	
14,89,000	27,000		14,79,000	27,000	
1,60,60,000	...		1,80,00,000	...	
22,52,70,000	1,00,000		23,05,79,000	1,00,000	
24,30,49,000	1,27,000	24,31,76,000	25,00,88,000	1,27,000	25,02,15,000
14,35,02,000	...		14,05,16,000	...	
8,48,17,000	...		8,65,80,000	...	
47,000	...		...	...
97,23,000	...		1,40,90,000	...	
...	49,79,11,000		...	30,07,11,000	
10,24,000	1,04,64,23,000		...	1,19,98,96,000	
...	...		7,51,000	...	
14,94,40,000	...		49,000	...	
93,42,26,000	...		13,65,12,000	...	
16,19,64,000	50,08,000		91,79,61,000	...	
1,86,83,000	1,63,37,000		15,73,10,000	3,22,000	
3,05,07,000	...		1,55,46,000	1,68,77,000	
1,12,87,000	84,70,000		...	15,51,000	
1,55,42,20,000	1,57,41,49,000	3,12,83,69,000	1,46,93,15,000	1,51,93,57,000	2,98,86,72,000
7,46,80,000	...	7,46,80,000	8,50,00,000	...	8,50,00,000
3,88,91,36,000	1,98,68,06,000		3,70,99,13,000	1,96,62,95,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1924-25.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,26,02,11,433	1,92,31,06,565	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	...	...
Other Loans and Advances	1,62,37,818	...	
TOTAL	1,62,37,818	...	1,62,37,818
Loans between Central and Provincial Governments	10,14,99,500		10,14,99,500
Remittances—			
Remittances within India—			
Inland Money Orders	87,58,21,484	...	
Other Local Remittances	4,81,141	...	
Other Departmental Accounts	2,37,287	...	
Net Payments into Civil Treasuries by—			
Railways	21,31,06,711	...	
Posts and Telegraphs	3,38,77,351	...	
Net Issues from Civil Treasuries to—			
Marine	39,56,870	...	
Army and Military Engineer Services	38,68,02,369	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	1,69,19,285	...	
Other transactions	2,64,23,281	1,46,79,086	
Remittances from India for financing Home Treasury	41,47,01,621	...	
Transfers through the Paper Currency Reserve	...	5,99,66,357	
TOTAL	1,97,23,27,400	7,46,45,443	2,04,69,72,843
Balances of Provincial Governments	...	2,29,49,269	2,29,49,269
TOTAL DISBURSEMENTS	5,35,02,76,151	2,02,07,01,277	
Closing Balance	31,73,60,743	(b) 13,51,68,257	
GRAND TOTAL	5,66,76,36,894	2,15,58,69,534	

H. DENNING,
Controller of the Currency.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1925-26.			BUDGET ESTIMATE, 1926-27.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,88,91,36,000	1,98,68,06,000		3,70,99,13,000	1,96,82,95,000	
7,95,93,000	...		7,00,29,000	...	
2,16,54,000	...		2,05,43,000	...	
10,12,47,000	...	10,12,47,000	9,05,72,000	...	9,05,72,000
...
88,48,00,000	...		88,03,00,000	...	
7,98,000	...		6,70,000	...	
3,57,32,000	...		3,59,23,000	...	
26,03,43,000	...		25,01,59,000	...	
6,51,43,000	...		2,82,79,000	...	
40,10,000	...		38,31,000	...	
39,30,82,000	...		38,60,43,000	...	
1,98,30,000	...		1,95,00,000	...	
2,06,18,000	1,16,82,000		1,91,34,000	1,15,31,000	
46,31,70,000	...		29,50,00,000	...	
...	9,00,00,000		...	...
2,14,75,24,000	10,16,82,000	2,24,92,06,000	1,91,88,39,000	1,15,31,000	1,93,03,70,000
...	2,78,95,000	2,78,95,000	...	2,83,34,000	2,83,34,000
6,13,79,07,000	2,11,63,83,000		5,71,93,24,000	2,00,61,60,000	
22,88,39,743	(b) 14,49,33,257		15,61,98,743	(b) 5,54,30,257	
6,36,67,46,743	2,26,13,16,257		5,67,55,22,743	2,06,15,90,257	

A. C. McWATTERS,
Secretary to the Government of India.

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

Revenues and Expenditure.	ACCOUNTS, 1924-25.		REVISED ESTIMATE, 1925-26.		BUDGET ESTIMATE, 1926-26.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	44,93,19,226	...	46,01,77,000	...	45,54,53,000	...
Taxes on Income	15,41,10,723	...	15,63,67,000	...	15,46,94,000	...
Salt	6,18,84,140	...	5,08,50,000	...	5,56,52,000	...
Opium	1,44,19,050	...	2,24,10,000	...	2,35,59,000	...
Other Heads	1,63,18,527	...	1,55,42,000	...	1,66,39,000	...
TOTAL	69,65,51,665	...	70,53,46,000	...	70,49,98,000	...
Salt and other Capital Outlay charged to Revenue		17,31,744	...	10,44,000	...	10,20,000
Irrigation		11,44,365	...	9,38,000	...	9,13,000
Railways	6,78,41,682	...	5,31,93,000	...	6,00,67,000	...
Post and Telegraphs	80,37,238	...	1,72,91,000	...	...	40,48,000
Debt Services . . . . .	...	15,27,22,592	...	14,51,11,000	...	14,04,66,000
Civil Administration . . . . .	...	9,38,61,510	...	9,92,17,000	...	10,67,44,000
Currency and Mint	3,27,91,815	...	3,69,61,000	...	3,51,44,000	...
Civil Works . . . . .	...	1,64,51,613	...	1,60,61,000	...	1,70,13,000
Miscellaneous . . . . .	...	3,69,42,190	...	4,09,31,000	...	3,57,04,000
Military Services . . . . .	...	55,63,40,218	...	56,28,00,000	...	54,68,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	8,74,46,513	...	6,09,94,000	...	5,39,12,000	...
Extraordinary Items	2,53,50,721	...	33,70,000	...	11,00,000	...
TOTAL	91,80,19,929	56,11,94,231	87,91,60,000	66,61,22,000	65,63,39,000	56,47,08,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Receipts and charges.	ACCOUNTS, 1924-25.		REVISED ESTIMATE, 1925-26.		BUDGET ESTIMATE, 1926-27.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus.	5,68,25,698	...	1,30,38,000	...	5,31,000	...
Capital Account—						
Construction of Irrigation Works . . . . .	...	96,698	...	—1,15,000	...	—55,000
Capital outlay on Posts and Telegraphs . . . . .	...	1,17,65,881	...	2,28,92,000	...	59,32,000
Capital outlay on Vizagapatam Harbour . . . . .	...	...	...	66,20,000	...	48,70,000
Payment of commuted value of pensions . . . . .	...	...	...	...	...	35,00,000
Initial expenditure on new Capital at Delhi . . . . .	...	1,42,18,868	...	1,35,00,000	...	1,00,50,000
Railway Capital not charged to Revenue . . . . .	...	13,95,24,694	...	23,00,64,000	...	26,66,66,000
Capital outlay on Security Printing . . . . .	...	...	...	16,84,000	...	1,72,000
Debt, Deposits Advances and Remittances—						
Permanent Debt	11,74,76,984	...	...	3,97,60,000	...	69,17,000
Floating Debt . . . . .	...	2,11,80,000	...	40,000	...	...
Unfunded Debt	8,90,12,089	...	12,75,77,000	...	9,58,16,000	...
Deposits and Advances	2,32,63,871	...	16,34,46,000	...	12,27,03,000	...
Loans and Advances by Central Government . . . . .	...	1,22,69,059	...	9,29,82,000	...	8,06,23,000
Loans between Central and Provincial Governments . . . . .	...	8,66,60,999	...	...	...	...
Remittances	1,13,35,974	...	17,000	...	...	5,48,000
Balances of Provincial Governments	2,64,95,115	...	2,45,93,000	...	29,000	...
Opening Balance	41,52,04,768	...	45,25,29,000	...	37,37,73,000	...
Closing Balance . . . . .	...	45,25,29,000	...	37,37,73,000	...	21,16,22,000
TOTAL	74,02,34,399	74,02,34,399	78,12,00,000	78,12,00,000	59,28,52,000	59,28,52,000

M. F. GAUNTLETT,
Auditor General.

H. DENNING,
Controller of the Currency.

A. C. McWATERS,

Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT ;
The 25th March 1926.

Explanatory Memorandum by the Financial Secretary.

(All figures in this memorandum are in lakhs of rupees unless expressly stated otherwise.)

The following table compares the actual revenue and expenditure of the Government of India in the year 1924-25 with the estimates :—

	Budget.	Revised.	Accounts.
Revenue	1,30,09	1,34,83	1,38,04
Expenditure	1,29,91	1,30,83	1,32,36
Surplus	18	4,00	5,68

2. The realised surplus of the year is over 1,68 lakhs more than the Revised estimate. As explained in the Finance Member's Budget speech, the two most important factors that have contributed to this variation are the increase in the contribution from Railways amounting to 1,14 lakhs and the saving in military expenditure amounting to 70 lakhs. As regards Railways, the gross traffic receipts during the year were 1,48 lakhs more than estimated, mainly owing to heavy traffic in grain and cotton developing earlier than anticipated, the earnings in February and March being thereby increased and, incidentally, the earnings in the earlier part of the financial year 1925-26 being decreased correspondingly beyond expectations. There were also considerable savings in working expenses due to economies, for example, in the consumption of coal, to a decrease in payments of compensation claims and to the decision to debit the loss on revaluation of stores to Railway reserves instead of to working expenses.

3. The total net military expenditure was 55,63 lakhs and was 70 lakhs less than the revised estimate. This decrease was, as explained in the Finance Member's Budget speech, due to a saving in the expenditure on stores and a decrease in payments to the War Office on account of arrear claims in respect of the War.

4. The net transactions on account of the Posts and Telegraphs Department resulted in a total reduction of revenue to the extent of 11 lakhs, on account of credits on account of issues of stores being less than anticipated.

5. The variations from the revised estimate in Civil expenditure (excluding Posts and Telegraphs) amounted only to 4 lakhs in the aggregate though in individual items there were large variations. The gross Customs receipts were 37 lakhs higher. Owing, however, to the fact that the amount actually expended on refunds to Railway Companies for Customs duty on stores imported by them in the past, according to the Privy Council decision, fell far short of the 2,80 lakhs provided for them on a rough estimate, the net Customs receipts were nearly a crore higher than anticipated. On the other hand, the receipts from Taxes on Income and Salt fell below anticipations to the extent of 46 and 35 lakhs respectively. The interest receipts were about 39 lakhs less than expected, the decrease being mainly under the interest on the investments of the Gold Standard Reserve. On the expenditure side, net payments on account of interest on debt were greater than expected on account of the smaller amount of loans to Provincial Governments and to the rate of interest actually charged to

Railways and other Commercial Departments on their capital outlay after 1916-17, which is the average of the rates, at which the Government has borrowed during the period being less than the previous year's rate which was taken for purposes of estimating. The variations under other heads were of relatively minor importance.

6. The details of estimates for 1925-26 and 1926-27 are explained in the following paragraphs :—

CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net Revenue.
1922-23	41,34'65	70'62	40,64'03
1923-24	39,69'64	71'36	38,98'28
1924-25	45,75'31	77'12	44,98'19
1925-26 { Budget	46,35'00	84'29	45,50'71
{ Revised	46,84'57	82'80	46,01'77
1926-27 Budget	46,40'00	85'48	45,54'52

7. The revised estimate of gross Customs revenue in 1925-26 amounts to 47,83 lakhs or 30 lakhs more than the Budget estimate. The outstanding variations are in the import duties on sugar and cotton piece-goods, protective duties and the cotton excise duty. The heavy fall in the prices of sugar has stimulated imports very largely and the duty being now specific and not *ad valorem*, the receipts on this account are expected to be 1,30 lakhs more than estimated. There is also a large increase of 80 lakhs under protective duties on iron and steel, etc. (partly counterbalanced by a decrease under the 10 per cent. duty goods). The new protective duty on paper is expected to yield 12½ lakhs in the current year. On the other hand the yield from the import duty on cotton piece-goods has been very disappointing. The January figures are more encouraging and show the possibility of larger imports in the near future. For the current year, however, the present estimate is about 1,25 lakhs less than the Budget. The cotton excise duty was suspended from 1st December and the total receipts on that account are expected to be 1,44 lakhs against an estimate of 2,15 lakhs. Variations under the other heads are comparatively less important. There are increases under the import duties on motor-cars, rubber tyres and tobacco, the export duty on rice and the excise duty on motor spirit, counterbalanced by decreases under other heads, e.g., the export duty on jute. There are also expected to be savings to the extent of 20 lakhs under refunds. The net receipts from Customs are therefore expected to be in the aggregate 50 lakhs more than estimated.

8. The Budget estimate for 1926-27 takes gross receipts at 47,40 lakhs which is 43 lakhs lower than the revised estimate of the current year. The estimate is based mainly on the revised estimate and has been framed in the expectation of a normal growth of revenue under most heads. In particular, the yield from the import duty on cotton piece-goods has been put at 7 crores in the hope of a revival of trade. Though this is considerably higher than in the current year, it is lower than the realised revenue in 1924-25 which amounted to 7,74 lakhs. Suitable allowance has been made for the probability of a decrease in the yield from the import duty on sugar which has been extraordinarily high in the current year. Excluding the cotton excise duty in both years, the total gross receipts are about a crore higher than in the revised estimate for 1925-26.

BUDGET FOR 1926-27.

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9. The details are as follows:—

	Accounts, 1924-25.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
REVENUE						
SEA CUSTOMS						
Imports.						
<i>Non-protective Special Duties.</i>						
1. Liquors—						
(a) Ale, Beer, Porter, Cider and other fermented Liquors	13 49	14 08	16 23	16 50	17 50	18 00
(b) Spirits and Liqueurs	2,10 19	2,00 88	2,19 99	2,20 00	2,20 00	2,10 00
(c) Wines	10 78	11 23	14 10	14 00	14 00	14 00
2. Sugar, all sorts	4,40 95	3,32 23	5,76 90	5,10 00	6,40 00	5,70 00
3. Tobacco	1,54 74	1,67 63	1,73 72	1,38 00	1,70 00	1,75 00
4. Coal, coke and patent fuel	4 80	3 02	2 83	3 00	2 50	2 50
5. Mineral oils	1,10 89	1,27 79	1,43 39	1,40 00	1,45 00	1,49 00
6. Arms, Ammunition and Military Stores	8 27	8 20	8 64	9 00	9 00	9 00
7. Opium	03	03	03	...	02	...
8. Cotton yarn and thread	48 86	42 74	51 41	53 00	43 00	48 00
9. Cotton piece-goods	6,39 03	6,16 12	7,73 76	7,30 00	6,05 00	7,00 00
10. Silk mixtures . . . . .	...	...	...	...	3 50	4 50
11. Matches . . . . .	...	...	...	...	...	...
12. Match Splints and Veneers	1,53 63	1,38 01	1,25 85	1,20 00	1,15 00	1,12 00
<i>Duty at 2½ per cent.</i>						
13. Machinery	63 33	55 83	42 88	45 00	43 50	44 00
14. Other articles	2 00	1 54	1 16	2 00	1 00	1 00
<i>Duty at 10 per cent.</i>						
15. Metals—Iron and Steel	1,54 08	1,72 11	84 12	60 00	40 00	40 00
16. Railway plant and rolling stock	1,07 03	62 56	47 49	55 00	37 00	37 00
17. Other articles	2 89	6 53	1 65	3 00	1 50	2 00
<i>Duty at 15 per cent.</i>						
18. Articles of Food and Drink (excluding sugar and vinegar)	1,22 54	1,27 43	1,39 15	1,40 00	1,39 00	1,56 00
19. Raw materials and articles mainly unmanufactured	74 71	65 78	63 86	56 00	76 00	74 00
20. Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	1,33 40	1,13 50	1,19 97	1,33 00	1,25 00	1,30 00
(b) Metals other than Iron and Steel	1,07 34	95 58	1,12 97	1,25 00	1,08 00	1,10 00
(c) Yarns and textile fabrics (other than cotton manufactures)	75 88	1,03 87	1,42 91	1,40 00	1,43 00	1,45 00
(d) All other articles wholly or mainly manufactured	3,78 69	3,76 32	3,90 48	4,20 00	3,90 00	4,00 00
31. Miscellaneous	52 74	53 07	56 46	60 00	55 00	55 00
Carried over	31,00 29	26,96 06	33,18 97	31,99 50	31,47 52	32,08 00

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
Imports—contd.						
Brought forward	31,00.29	28,96.08	33,18.97	31,99.50	31,47.52	32,08.00
<i>Duty at 30 per cent.</i>						
23. Motor cars and cycles	58.06	74.13	79.44	80.00	1,05.00	1,05.00
23. Silk piece-goods and other manu- factures of silk	80.82	81.55	90.05	90.00	80.00	90.00
24. Pneumatic rubber tyres and tubes	32.42	29.33	27.69	30.00	48.00	50.00
25. Other articles	98.32	96.72	98.59	1,05.00	1,03.00	1,05.00
<i>Protective Special Duties</i>						
26. Coal tubs	...	...	2,25.77	1,80.00	2,60.00	2,35.00
27. Iron and Steel	...	...	...	...	12.50	20.00
28. Railway track material	...	...	...	...	...	...
29. Paper and Stationery	...	...	...	...	...	...
<i>Government stores.</i>						
30. Railway plant and rolling stock	...	...	60.29	65.00	95.00	1,00.00
TOTAL IMPORTS	33,68.23	31,77.81	39,00.80	37,69.50	38,61.02	39,13.00
32. Export duties—						
(a) Hides and skins, raw	42.60	25.33	26.75	25.00	33.00	35.00
(b) Jute (raw and manu- factured)	3,29.25	3,57.80	3,75.64	3,75.00	3,62.00	3,80.00
(c) Rice	1,08.00	1,18.22	1,23.97	1,15.00	1,36.00	1,36.00
(d) Tea	44.41	50.06	49.13	50.00	50.00	52.00
(e) Government Stores	...	...	05	...	05	...
33. Sea Customs—Miscellaneous	11.80	11.10	13.50	14.00	11.50	12.00
34. Land Customs	20.76	18.67	20.54	24.00	21.00	22.00
35. Excise Duty on Cotton Manu- factures	1,87.34	1,56.52	2,17.67	2,15.00	1,44.00	...
36. Excise Duty on Motor Spirit	64.69	65.15	73.86	60.00	80.00	85.00
37. Excise Duty on Kerosene	92.32	95.16	98.39	1,00.00	99.00	1,00.00
38. Warehouse and wharf rents and Miscellaneous	4.79	5.39	5.29	5.50	5.00	5.00
TOTAL RECEIPTS	42,72.05	40,81.11	49,10.88	47,53.00	47,82.57	47,40.00
<i>Deduct—Refunds</i>	<i>1,37.40</i>	<i>1,11.47</i>	<i>3,35.56</i>	<i>1,18.00</i>	<i>98.00</i>	<i>1,00.00</i>
TOTAL REVENUE	41,34.65	39,69.64	45,75.32	46,35.00	46,84.57	46,40.00
EXPENDITURE						
India	69.30	69.47	75.13	81.61	81.06	83.55
England	57	1.29	1.45	2.01	1.31	1.45
Exchange	45	60	54	67	43	43
TOTAL	70.62	71.36	77.12	84.29	82.80	86.43

TAXES ON INCOME.

	Revenue (Receipts less refunds and Provincial Government's share of Income-tax revenue).	Expenditure.	Net revenue.
1922-23	17,99.41	44.56	17,54.85
1923-24	18,23.56	62.67	17,60.89
1924-25	16,01.48	60.38	15,41.10
1925-26	Budget	66.56	16,63.31
	Revised	61.02	15,63.67
1926-27	Budget	67.73	15,46.94

10. The gross receipts under this head during 1925-26 are expected to amount to 17.83 lakhs against a Budget estimate of 18.57 lakhs. The decrease of 69 lakhs is divided fairly evenly between Income-tax and Super-tax. The decrease in the former is 39 lakhs and practically all is in Bombay (36 lakhs). The increases in Bengal (8 lakhs) and in Burma (15 lakhs) practically counterbalance decreases in other Provinces. In the matter of Super-tax collections, too, Bombay has fared worst; of the total decrease of 30 lakhs that Province accounts for 24 lakhs. The difficult times through which the cotton mill industry passed in 1924-25 and 1925-26 constitute the main reason of the decrease. The total amount of refunds is now expected to exceed the original estimate by 42½ lakhs. There is on the other hand a slight decrease in the share of Provincial Governments of Income-tax revenue under the Devolution Rules. The net decrease is therefore 1.10 lakhs.

11. The estimate for 1926-27 is based generally on the revised estimate making due allowance for a possible further decrease in the receipts in Bombay. Slight increases are expected mainly in Burma and Madras, partly set off by decreases elsewhere. On the whole, the total gross revenue is expected to be 16 lakhs less. Refunds on the other hand are expected to be about 7 lakhs less. The net revenue, after deducting refunds and the share of Provincial Governments, is thus 10 lakhs less. The following tables give details of the revenue, including the shares of the Provincial Governments.

REVENUE.	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
EXCESS PROFITS DUTY.						
1. Madras	03	—	06	...	...	...
2. Bombay	100	...	...	...	...	...
3. Bengal	47	05	15	...	01	01
4. Punjab	...	14	...	...	...	...
TOTAL	150	19	23	...	01	01

BUDGET FOR 1926-27.

	Accounts, 1923-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
SUPER-TAX.						
1. India	15	163	122	126	133	200
2. Baluchistan	---	---	---	---	16	15
3. N.-W. Frontier	24	40	34	36	46	28
4. Madras	3444	3279	2135	2700	2300	2600
5. Bombay	3,5432	2,0890	1,3724	1,3501	1,1100	9700
6. Bengal	1,9083	2,6496	2,2531	2,4800	2,4791	2,4100
7. United Provinces	2779	2249	1653	2000	2140	2000
8. Punjab	1024	977	690	856	786	800
9. Burma	5909	5141	6656	6500	6074	6600
10. Bihar and Orissa	1649	986	654	1700	600	600
11. Central Provinces	2571	1784	1294	1370	650	860
12. Assam	06	112	409	150	300	300
TOTAL	7,3315	6,1714	4,7902	5,2329	4,9803	4,6600
INCOME-TAX.						
1. India General—						
Civil	3122	3164	3242	3064	2883	2937
Non-Civil Departments	6201	6500	6021	6719	6573	6622
2. Delhi	627	827	833	900	998	974
3. Baluchistan	76	96	107	103	136	123
4. North-West Frontier	967	1147	765	914	839	839
5. Madras	1,3212	1,3717	1,1916	1,3500	1,3100	1,3600
6. Bombay	6,6173	4,0479	3,1310	3,1353	2,7748	2,6600
7. Bengal	3,1969	3,6235	3,5015	3,7821	3,6618	3,9100
8. United Provinces	6447	7073	6494	7778	7063	6900
9. Punjab	7837	7719	6333	7795	6970	7400
10. Burma	1,2375	1,3696	1,3131	1,4671	1,6097	1,7000
11. Bihar and Orissa	4525	3999	3942	3898	3800	4000
12. Central Provinces	4563	4635	3999	4010	3771	3450
13. Assam	962	1366	2006	1865	1849	1850
14. Coorg	19	19	22	23	22	22
TOTAL	15,2113	14,1080	12,4036	13,3324	12,9451	13,0323
Total Receipts from Taxes on Income	22,5578	20,2813	17,1961	18,5653	17,8755	17,7123
Deduct—Refunds—						
India	4,4184	1,7901	9678	9089	1,3333	1,2623
England	---	---	737	400	400	400
Exchange	---	---	41	134	131	133
	18,1394	18,4912	16,2124	17,6037	16,4691	16,3967
Deduct—Share of Provincial Governments in Income-tax revenue under the Devolution Rules	1453	2567	2978	2660	2422	2600
Total Revenue of the Central Government	17,9941	18,2345	16,0146	17,3467	16,2469	16,1467
EXPENDITURE.						
India	4398	6226	6039	6540	6981	6659
England	40	28	79	57	91	66
Exchange	21	13	30	20	30	29
TOTAL	4459	6267	6038	6617	7002	6714
Distributed as follows—						
Payments to Provincial Governments	637	1966	1216	661	371	118
Direct expenditure of Central Government	3619	4313	4822	6056	6731	6656

Amount of Income Tax Revenue payable to Provincial Governments.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
Madras . . . . .	...	10.82	1.57	2.00	2.87	3.00
Bombay	3.00	...	...	...	...	...
United Provinces . . . . .	.33	...	...	...	...	...
Punjab	5.69	4.24	1.90	4.94	5.63	5.12
Burma . . . . .	...	.38	5.90	8.28	7.84	9.32
Bihar and Orissa	2.87	2.55	2.55	4.88	3.38	3.06
Central Provinces	1.49	3.42	2.30	...	...	...
Assam	1.15	4.16	5.54	5.40	4.50	4.50
TOTAL	14.53	25.57	19.76	25.50	24.22	25.00

12. The following table shows the distribution by Provinces of the net revenue of the Central Government from Super-tax and Income-tax after deducting refunds and the share payable to Provincial Governments under the Devolution Rules :—

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
Madras	1.30	1.52	1.43	1.51
Bombay	4.04	4.27	3.63	3.26
Bengal	5.55	6.11	5.96	5.96
United Provinces . . . . .	.79	.92	.90	.87
Punjab . . . . .	.59	.77	.66	.72
Burma	1.72	1.65	1.74	1.91
Bihar and Orissa . . . . .	.39	.43	.36	.38
Central Provinces . . . . .	.48	.51	.41	.37
Assam . . . . .	.18	.14	.16	.16
Minor Administrations and Non-Civil Departments.	.99	1.08	1.05	1.06
England (including Exchange)	—2	—5	—5	—5
TOTAL	16.01	17.35	16.25	16.15

BUDGET FOR 1926-27.

SALT.

	Revenue (Receipts less Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue..
1922-23	6,82-46	1,51-36	5,31-10
1923-24	10,01-51	1,36-12	8,65-39
1924-25	7,39-06	1,27-40	6,11-65
1925-26 { Budget	6,95-00	1,51-30	5,43-70
{ Revised	6,40-00	1,41-94	4,98-06
1926-27 Budget	6,90-00	1,43-68	5,46-32

13. The stocks of salt accumulated in the hands of traders as a result of the rush for replenishing stocks in March 1924 on the reduction of the duty were being gradually worked off during the year and the receipts specially during the earlier part of the year have been below normal. It is now expected that the total revenue will be 55 lakhs less than the Budget Estimate. The greatest portion of the decrease is in the Northern India Salt Revenue, (38 lakhs) where the rush was keenest. Bombay and Bengal account for about 10 lakhs each; on the other hand, there is a small compensating saving under Refunds.

14. It is expected that accumulations would have been worked off by the end of the year 1925-26, and that collections next year will not be disturbed by abnormal factors.

15. Details of revenue and expenditure are given below.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,06-11	3,24-44	1,42-92	1,79-71	1,41-50	1,77-36
Madras (a)	1,56-78	2,14-17	1,94-99	1,46-10	1,46-14	1,49-10
Bombay (a)	1,52-50	2,26-98	1,75-40	1,64-55	1,56-40	1,64-25
Bengal (b)	1,64-96	1,73-03	2,37-64	1,77-40	1,67-73	1,70-73
Burma (b)	31-50	61-76	34-62	34-27	34-15	34-20
Elihar and Orissa	01	...	...	01	01	01
Assam . . . . .	...	...	01	01	01	01
TOTAL RECEIPTS	7,21-66	19,12-36	7,69-79	7,64-73	6,43-94	6,96-76
Debit—Refunds	49-00	20-87	46-73	9-06	9-94	6-79
TOTAL REVENUE	6,82-46	19,01-51	7,29-06	6,96-00	6,40-00	6,90-00

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
EXPENDITURE.						
Cost of salt purchased by Government	17-76	21-28	14-47	16-50	11-93	13-24
Assignments and compensations	40-09	37-64	36-38	38-35	40-21	39-28
Interest	...	...	3-01	3-88	3-65	4-22
Depreciation	...	...	2-90	3-01	3-01	3-35
Other charges	92-62	76-84	62-87	74-17	72-31	72-07
Capital Outlay on salt works	...	...	7-20	14-93	10-44	10-20
Total India	1,50-47	1,35-36	1,26-53	1,50-34	1,41-54	1,42-36
England	58	62	63	72	30	64
Exchange	31	24	24	24	10	18
TOTAL	1,51-36	1,36-12	1,37-40	1,51-30	1,41-94	1,48-06

OPIUM.

	Provision and medical (less refunds).	Excise opium and mis- cellaneous.	Total revenue (less refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.	
1922-23	2,93-09	85-83	3,78-92	1,67-35	19-26	1,86-61	1,92-31	
1923-24	3,17-37	1,07-45	4,24-82	2,39-13	19-75	2,58-88	1,66-02	
1924-25	2,74-47	1,05-29	3,79-76	2,14-92	20-75	2,35-67	1,44-19	
1925-26	Budget	3,34-09	1,21-76	3,55-85	1,56-74	31-55	1,90-29	1,75-56
	Revised	2,93-00	1,46-00	4,39-00	1,93-39	31-61	2,14-00	2,24-10
1926-27 Budget	2,90-00	90-00	3,80-00	1,35-00	19-41	1,54-41	2,25-59	

16. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries, and from the sale to Provincial Governments of excise opium for internal consumption in India. The latter is sold to Provincial Governments at a fixed price based on the cost of production, and retailed by them to licensed vendors at rates fixed by them which vary from Province to Province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The greater part is exported under the system of direct sales to Foreign and Colonial Governments. The rest is sold by auction in Calcutta to traders for export to foreign countries the Governments of which have not entered into such arrangements. The Government of India propose to discontinue altogether the system of auction sales of opium as soon as the agreement for direct sale now being negotiated with the Government of French Indo-China is concluded.

17. Various factors have contributed to the increase in receipts in the current year as compared with the Budget Estimate. The stocks of excise opium at treasuries on 1st April 1925 which were taken over and paid for by Provincial Governments were higher; the opium sold direct to foreign Governments was more, partly on account of 400 chests which were expected to be exported in the first-quarter of the calendar year 1925 being delayed, so that the receipts in connection therewith actually accrued in the current, instead of the last, financial year; the receipts from auction sales in Calcutta began to improve after the early months of the year to an unexpected extent; and there were certain unforeseen receipts from the sale of medical opium.

18. The expenditure under Opium consists mainly of the cost of purchase of crude opium from cultivators in the United Provinces and from certain Indian States and of its manufacture at Ghazipur. The revised estimate of the year 1925-26 exceeds the Budget by 35 lakhs; the crop during the last season in the United Provinces was exceptionally good and consequently the provision made in the Budget was found to be too small. A supplementary grant of 50.96 lakhs was voted by the Assembly in September 1925, but, owing to savings elsewhere, the full amount proved to be unnecessary.

19. The revenue estimates for 1926-27 differ from the revised estimate for 1925-26 mainly under excise opium. This difference is due to the fact that the current year's revenue includes a large receipt from Provincial Governments on account of the stocks of opium held in treasuries on the 1st of April 1925. The large decrease in expenditure is due to a drastic reduction in cultivation.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUES.

	Revenue.	Expenditure.	Net revenue.
1922-23 Actuals	2,34.00	68.90	1,65.10
1923-24 "	2,28.56	15.10	2,13.46
1924-25 "	2,06.93	43.75	1,63.18
1925-26 {	Budget	79.40	1,43.74
	Revised	63.63	1,55.42
1926-27 Budget	2,25.43	59.04	1,66.39

20. These comprise the following heads of account—Land Revenue, Excise, Stamps, Forest, Registration and Tributes from Indian States. The decrease in expenditure in Revised is explained by the transfer of the expenditure on the Security Printing Press at Nasik to capital. The decrease in Budget as compared with Revised is due to larger recoveries anticipated on account of sales of stamps.

POSTS AND TELEGRAPHS.

	Accounts, 1922-23.	Accounts, 1923-24.	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS	9,67'03	9,90'73	9,97'28	10,41'32	10,23'47	10,64'65
WORKING EXPENSES—						
India	8,55'58	8,61'98	8,83'01	9,64'28	9,47'53	10,09'95
England	2'57	16'37	10'98	8'73	6'88	5'66
Exchange	1'37	7'15	4'09	2'91	2'25	1'89
TOTAL	8,59'52	9,05'48	8,97'03	9,75'92	9,56'66	10,17'50
NET RECEIPTS	1,07'51	85'24	1,00'25	65'40	66'81	47'15
EXPENDITURE CHARGED TO REVENUE—						
Interest	59'16	63'69	68'60	66'00	40'00	57'00
NET REVENUE	48'5	21'35	31'65	—'60	17'81	—'85
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—38'74	—50'51	—58'99	—95'41	—1,46'66	20'02
England	36'16	13'13	10'45	...	...	...
Exchange	20'37	5'54	3'63	...	...	...
TOTAL	21'78	—32'85	—42'71	—95'41	—1,46'66	20'02
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	65'62	75'21	1,17'56	1,93'88	2,07'55	44'02
England . . . . .	...	...	...	14'01	10'11	12'71
Exchange . . . . .	...	...	...	4'67	3'29	4'24
TOTAL	65'62	75'21	1,17'56	2,12'36	2,20'95	60'97
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	22'24	17'07	29'38	33'10	23'75	23'64
England	15'72	16'69	8'27	5'40	10'40	7'80
Exchange	8'15	7'66	3'06	1'80	3'40	2'60
TOTAL	46'11	41'42	40'71	40'30	37'55	34'04
WORKING EXPENSES—						
India	30'32	29'29	28'77	36'66	34'28	34'09
England	'66	'85	'69	'70	1'28	1'18
Exchange	'34	'40	'26	'23	'42	'40
TOTAL	31'32	30'54	29'72	37'59	35'98	35'67
NET RECEIPTS	14'79	10'88	10'99	2'71	1'57	—'63
EXPENDITURE CHARGED TO REVENUE—						
Interest . . . . .	...	...	...	3'66	4'26	5'10
NET REVENUE	14'79	10'88	10'99	—'95	—'69	—'673
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—5'7	—4'29	—4'84	—4'73	—11'50	3'85
England	1'26	—'89	7'35	1'73	1'79	'03
Exchange	'65	—'38	2'58	'58	'58	'01
TOTAL	—3'96	—5'66	4'99	—3'42	—9'13	3'69
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India . . . . .	...	...	...	—'63	6'58	—3'65
England . . . . .	...	...	...	1'50	1'05	1'60
Exchange . . . . .	...	...	...	'50	'34	'50
TOTAL . . . . .	...	...	...	1'17	7'97	—'65

INDIAN POSTAL AND TELEGRAPH DEPARTMENT.

21. The estimated amount of gross receipts in revised is about 18 lakhs less than in the Budget Estimate. There has been a serious fall in telegraph receipts, the estimate of which based on the briskness of telegraph traffic at the end of 1924 proved to have been too optimistic. Detailed calculations have shown that the actual amount payable to Provincial Governments as their share of the revenue from unified stamps is about 47½ lakhs, instead of 42 lakhs as provided for on a rough estimate. On the other hand, the working expenses are 19 lakhs lower. Part of this improvement is due to the correction in the current year's accounts of a previous wrong adjustment to the extent of about 8 lakhs under stationery and printing charges.

22. In 1926-27 the increase under expenditure as compared with the revised estimate is nearly 61 lakhs, while the increase in revenue is only 41 lakhs. Part of the increase is due to the fact that the provision for postal stationery and stamps is 13 lakhs higher, owing to the expenditure in 1925-26 being abnormally low, as the Department was using up stocks previously accumulated. The increased expenditure on travelling allowances owing to the withdrawal of free railway passes is about 10 lakhs. A sum of about 15 lakhs has been included in the Budget for the grant of concessions to postal employees.

23. The decrease in the revised estimate in the charges for interest and the increase in the credits to revenue under the head 'Capital outlay charged to revenue,' on account of the transfer of postal and telegraphic stores to Capital, have been explained in the Finance Member's Budget speech. The rest of the difference in the latter head is due to a saving in the expenditure incurred on postal buildings.

24. As a result of the transfer of stores suspense to Capital, there are no credits in 1926-27 taken as a reduction of expenditure under the head 'Capital outlay charged to revenue'. The estimate of expenditure on postal buildings is about 20 lakhs.

25. The expenditure under Capital outlay not charged to revenue includes from the year 1925-26 the accounts of Stores and Workshops Suspense. The details are as follows: -

	Budget, 1925-26.	Revised, 1925-26.	Budget, 1926-27.
Capital Expenditure proper . . .	1,42.64	98.32	88.11
Stores and Workshop Suspense . . .	69.72	1,22.63	—27.14
Total . . .	2,12.36	2,20.95	60.97

26. There are large savings in the current year in capital expenditure due to the capital programme provided for in the Budget not having been worked up to in full. The Budget for 1926-27 is based on a more careful estimate of probable requirements for expenditure during the year. The variations in Stores Suspense account mainly for the net expenditure in 1926-27 being so markedly below the expenditure in 1925-26. In the current year the transfer of Stores balances to Capital has swelled the expenditure under this head; in the next year issues from balances are expected to exceed fresh purchases.

INDO-EUROPEAN TELEGRAPH DEPARTMENT.

27. Both the gross receipts and the working expenses in 1925-26 are less than anticipated, but the fall in the latter is insufficient to counterbalance the fall in the former. The estimates for 1926-27 anticipate a further fall in receipts, the reasons for which are not quite clear. The position is being investigated. The transfer of stores from Capital outlay charged to revenue to Capital outlay not charged to revenue in the current year is responsible for part of the decrease in the former head and the increase in the latter.

INTEREST RECEIPTS.

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
India	92.24	97.91	87.33	74.41
England	48.27	27.10	48.13	32.03
Exchange	1,34.71 65.78	1,69.80 65.63	1,90.00 77.73	1,72.50 68.17
Total	3,41.00	3,60.44	4,03.19	3,47.11

28. The receipts in the current year are abnormally high on account of the unusually high rates for short money in London and the high cash balances available for investment, Home remittances having been on a larger scale than anticipated, owing to heavy trade demand for them.

INTEREST PAYMENTS.

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
<i>Interest on debt—</i>				
<i>Gross payments—</i>				
India	20,30.20	20,58.96	20,66.80	20,55.45
England	12,55.60	13,07.64	13,07.04	13,04.04
Exchange	4,70.23	4,35.88	4,26.65	4,34.68
Total	37,56.03	38,02.48	38,00.49	37,94.17
<i>Deduct—Amounts charged to—</i>				
Railways	21,22.99	23,36.66	22,96.71	24,38.21
Irrigation	11.98	12.50	12.05	12.05
Posts and Telegraphs	68.60	69.66	53.26	62.10
Other Commercial Departments	3.01	3.38	6.50	11.11
Provincial Loans Fund	4,21.55	4,95.34	5,11.76	5,29.82
Total deductions	26,23.13	29,17.54	28,80.28	30,53.29
Total Interest on Ordinary Debt (net)	11,27.90	8,84.94	9,20.21	7,40.88

BUDGET FOR 1926-27.

	1925-26.			
	Accounts, 1924-25.	Budget.	Revised.	Budget, 1926-27.
<i>Interest on other obligations—</i>				
On Postal Savings Bank balances	71-21	75-73	75-18	80-55
On Provident Funds	1,85-05	2,16-68	2,13-08	2,37-52
Bonus on Postal Cash Certificates	16-31	25-00	16-00	15-00
On Fixed Deposits of Provincial Governments . . . . .	...	10-00	7-48	20-00
On Reserve and Depreciation Funds	21-29	33-11	54-92	81-54
Other items	68-07	71-10	65-07	77-64
Total	<u>3,61-93</u>	<u>4,31-62</u>	<u>4,36-73</u>	<u>5,12-25</u>
Total Interest payments	<u>14,89-83</u>	<u>13,16-56</u>	<u>13,56-94</u>	<u>12,53-13</u>

29. The present procedure for calculating the rate of interest charged on the capital outlay on commercial departments makes a distinction between expenditure incurred up to the end of 1916-17, and expenditure thereafter. The former is fixed at 3.3252 per cent. The latter is variable. For any year, it is the average rate paid by the Government on borrowings during the period from 1st April 1917 to the end of the year in question. As the Government at present issue loans every year at varying rates of interest, the rate changes every year, and the actual rate for any year cannot be accurately estimated beforehand.

30. The actual amounts transferred depend not only on the rate which is itself variable but also on the actual capital expenditure during the year which, again, it is not easy to forecast accurately.

31. The actual variations in the current year have been fully explained in paragraph 16 of the Finance Member's Budget speech. Briefly the decrease of 40 lakhs in the transfer to Railways is due mainly to the procedure described above; the decrease in the amount transferred to Posts and Telegraphs is due to the revaluation of the Block Account of assets of the department, but as the investigations are not complete, the revised figure is only a rough approximation; the increase under the Provincial Loans Fund is due to the unexpected payment by the Government of Bombay of interest on some of their loans for 15 months instead of 12, so as to make payments up to the end of the financial year. But for this, there would have been a decrease on account of the requirements of Provincial Governments being much lower than anticipated. The increase in gross payments was due to the amount provided for the new loan proving insufficient; it is covered by savings in exchange.

32. The net payments of interest on debt in 1926-27 show a considerable decrease on account of the fact that capital expenditure (including Provincial Governments' transactions) was met in the current year without further borrowings.

REDUCTION OR AVOIDANCE OF DEBT.

33. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt is made up of

- (a) a sum of 4 crores, and
- (b) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923.

34. The amount required under this scheme is 4,77.36 lakhs in 1925-26, and 4,82.63 lakhs in 1926-27. The figures on which the calculation is based are given below :—

	(In lakhs of rupees, sterling amounts being converted at Rs. 15 per £.)		
	31st March 1923.	31st March 1925.	31st March 1926 (Estimate).
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42	3,70,88	3,68,35
Sterling Debt	3,63,95	4,23,31	4,27,14
Unfunded Debt	62,56	81,39	93,57*
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	91,97	88,25	86,30
	8,79,90	9,63,83	9,75,36
<i>Deduct</i> —			
Discount included above but separately provided for	8,23	10,83	10,69
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	43,83	51,79
	33,12	54,66	62,48
	8,46,78	9,08,67	9,12,88
Excess over outstanding debt on 31st March 1923		61,89	66,10
1/80th of above		77,36	82,63

35. In the year 1925-26, the amount of Customs duty on capital stores is to be added to the above provision. The original estimate of the amount required for this purpose was 24 lakhs and this sum was voted by the Assembly in March 1925. The revised estimate is 20 lakhs. The total charge under the head Reduction or avoidance of debt is thus 4,97.36 lakhs. The provision for 1926-27 does not include any amount on account of Customs duty on capital stores, it having been decided to discontinue this procedure from the beginning of the year 1926-27. On the other hand it includes a provision of 16 lakhs under section 7 of the Indian Finance Act, 1926, which runs as follows :—

“ The balance of all monies accruing to the Governor General in Council after the 31st day of March, 1926, as the share of British India in the

* According to the estimates finally adopted, this figure should be 94.17, the difference representing the increase now expected in the receipts from Post Office Cash Certificates in the current year. No alteration has, however, been made here as it involves an increase in the voted portion of the provision for reduction or avoidance of debt.

annuities payable by Germany under the agreement between the Allied Governments and the German Government signed at London on the 30th day of August 1924, which remains after payment out of such monies of such amounts as may be payable to local authorities or other persons by way of reparation for loss or damage due to enemy action in the late war, shall be appropriated and applied for the purpose of the reduction or avoidance of public debt."

36. The actual deductions on account of amounts payable to local authorities or other persons is not definitely known at present, and the full estimated amount of receipts is taken as the charge on account of reduction or avoidance of debt. If there are any payments actually made in the year to local authorities, or other persons, the Budget as a whole will not be affected, as they will be deducted before determining the amount to be charged to debt redemption. The total provision is thus 4,98.63 lakhs of which the amount of 4,26.57 lakhs is non-voted, as below :—

Sinking fund provision for 5 per cent. rupee loans	1,36.04
Capital portion of railway annuities (£1,347,200, equivalent at 18d. the rupee to)	1,79.63
Railway sinking funds (£200,000 equivalent at 18d. the rupee to)	26.66
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47 (£511,800 equivalent at 18d. the rupee to)	68.24
Reparation receipts	16.00
TOTAL	4,26.57

The balance of 72.06 lakhs is voted.

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net Expenditure.
1922-23	44.34	9,94.32	9,49.98
1923-24	68.51	9,33.97	8,65.46
1924-25	73.98	10,12.59	9,38.61
1925-26 { Budget	72.60	10,97.98	10,25.38
{ Revised	83.10	10,75.27	9,92.17
1926-27 Budget	77.86	11,45.30	10,67.44

37. The Budget estimate includes among others provision for the Public Service Commission, for the United Provinces experiments on the separation of accounts and audit, for increased grants to the Aligarh, Benares and Delhi Universities and to the Indian Research Fund Association, for expansion of the new Forest Research Institute, Dehra Dun, for new light vessels in Burma, and reconditioning pilot vessels in Bengal and for the construction of certain Frontier Constabulary quarters.

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net Revenue.
1922-23	3,62.03	1,03.10	2,58.93
1923-24	3,12.74	99.07	2,13.67
1924-25	3,99.33	71.41	3,27.92
1925-26 { Budget	4,08.07	73.47	3,34.60
{ Revised	4,61.55	71.94	3,89.61
1926-27 Budget	4,29.68	78.24	3,51.44

38. The increase in the revised estimate is mainly under interest receipts in respect of Paper Currency Reserve investments in England due to the amounts available for investment being larger and rates of interest being higher than usual. The profits on circulation of nickel coin have also been somewhat higher than anticipated.

39. The Budget estimate for 1926-27 does not provide for any receipts on account of interest on emergency currency issued to the Imperial Bank of India against internal bills of exchange. In view of the monetary conditions prevailing at present, it is not expected that any such issue will be necessary. In other respects, it assumes more normal conditions than prevailed in the current year.

MISCELLANEOUS.

	Revenue.	Expenditure.	Net Expenditure.
1922-23	62.47	5,20.56	4,58.09
1923-24	94.78	4,46.50	3,51.72
1924-25	45.90	4,35.32	3,89.42
1925-26 { Budget	43.21	4,01.91	3,58.70
{ Revised	42.57	4,51.88	4,09.31
1926-27 Budget	39.27	3,96.21	3,57.94

40. The revised estimate includes the cost of certain Commissions for which provision had not been made in the Budget and certain unforeseen payments such as a payment of about 18 lakhs to the Government of Madras on account of pensions paid at Bangalore and Trivandrum from 1921-22 and wrongly debited to Madras hitherto, and another of over 8 lakhs to the Government of Bombay on account of arrear claims such as rates and taxes on Central buildings, etc. It also includes about 8 lakhs on account of a correction of a wrong adjustment in previous years in connection with stationery and printing work for the Posts and Telegraphs Department.

PROVINCIAL CONTRIBUTIONS AND MISCELLANEOUS
ADJUSTMENTS BETWEEN CENTRAL AND
PROVINCIAL GOVERNMENTS.

	Revenue.	Expenditure.	Net Revenue.
1922-23	9.26.86	3.93	9.22.93
1923-24	9.21.55	37.99	8.83.56
1924-25	9.27.21	50.74	8.74.47
1925-26 { Budget	6.27.14	15.74	6.06.40
{ Revised	6.24.56	14.32	6.09.94
1926-27 Budget	5.45.12	6.00	5.39.12

41. The Budget estimate of receipts includes only the contributions from Provincial Governments under the Devolution Rules. They are as follows :—

Madras	1,65.19
Bombay	56.00
United Provinces	1,50.85
Punjab	85.73
Burma	50.23
Central Provinces	22.00
Assam	15.00
Coorg	12
	5,45.12

42. The payments consist of the assignments to the Governments of Bombay, Bihar and Orissa, Central Provinces and Assam on account of Customs duty on imported stores.

EXTRAORDINARY ITEMS.

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
Receipts—				
India	90	...	28	...
England	1,89.56	28.75	44.62	12.00
Exchange	64.06	9.58	14.57	4.00
TOTAL	2,54.52	38.33	59.47	16.00
Payments—				
India	1.02	25.00	25.77	5.00
England . . . . .	...	...	...	...
Exchange . . . . .	...	...	...	...
TOTAL	1.02	25.00	25.77	5.00

43. The increase in the revised estimate of receipts is partly explained by a receipt of 9 lakhs on account of reparation receipts from Germany and the balance is due to the receipts on account of enemy ships being more than expected.

44. The receipt of 16 lakhs anticipated in the Budget estimate for 1926-27 is all on account of expected reparation receipts from Germany.

45. The provision of 5 lakhs next year under payments is required to meet enemy debts due by British Nationals in India which are irrecoverable and are payable by the Government of India in accordance with the Peace Treaty.

EXCHANGE.

46. Since the 1st April 1920, the accounts have been prepared on the basis of the rate of 2s. per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee has however stood at a lower level in recent years, the average rate for the current year being expected to work out at 1s. 6 $\frac{3}{4}$ d. In consequence of this variation from the 2s. rate, large sums have to be brought to account as credits or debits on account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. These are purely book keeping transactions. Under the present system there is an accounts 'gain' by exchange when the remittances Home are less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter being financed partly by other resources, *e.g.*, a sterling loan floated in London. Similarly there is an accounts 'loss' when the remittances are greater in order to meet the demands of trade as in the current year. These 'gains' and 'losses' fluctuate within very wide limits as will be seen from the following statement of balances at the end of each of the financial years from 1919-20 onwards :—

		(In crores of rupees.)
		Credit + Debit —
31st March 1920	.	+5.23
" " 1921	.	—22.85
" " 1922	.	—11.48
" " 1923	.	+5.47
" " 1924	.	+8.55
" " 1925	.	+5.40
" " 1926	.	+1.45
	(Estimate.)	
" " 1927	.	+3.50
	(Estimate.)	

47. The procedure for the allocation of exchange gains and losses is as follows. All exchange gains and losses arising in respect of remittance transactions are recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts in respect of outlay incurred in England is calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, and the portion relating to expenditure of Provincial Governments is similarly debited to the Provincial Governments concerned; and it is considered with reference to the circumstances of each year whether the balance remaining under the suspense head after these transfers are made should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. As the amount remitted Home depends on the circumstances of the year and often varies widely from the estimate, it is obvious that it is practically impossible to estimate the closing balance under this suspense head. The estimated results for the years 1925-26 and 1926-27 so far as can be foreseen at the present moment are given in the next paragraph.

48. On the assumption of an average rate of exchange of 1s. 6 $\frac{3}{4}$ d. and 1s. 6d. during the current and the next year respectively, the estimated transactions are as follows :—

Loss on :	(In crores of rupees.)	
	1925-26.	1926-27.
(i) Remittances from India for financing the Home Treasury	14.92	9.83
(ii) Bills and telegraphic transfers drawn by Iraq for payment in India against recoveries in England . . . . .	.64	.65
(iii) Sterling money order and other miscellaneous transactions . . . . .	.42	.38
Total Loss	15.98	10.86
Transfers to:		
Revenue heads (net)	7.68	7.92
Capital heads (Railways, Posts and Telegraphs, Delhi, etc.)	3.44	4.05
Provincial Governments . . . . .	.91	.94
Total Transfers.	12.03	12.91
Net $\frac{\text{Credit} +}{\text{Debit}}$ under the suspense head	-3.95	+2.05
Opening balance	+5.40	+1.45
Closing balance	+1.45	+3.50

WAYS AND MEANS.

HOME TREASURY.

49. 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 the transactions of the Home Treasury were restricted only to such payments, 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, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. 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, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general Ways and Means programme. Recoveries are also being effected by the Secretary of State against the drawings of the Iraq administration on India. These recoveries represent in effect remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

50. The following is a summary of the estimated transactions of the Home Treasury :—

(In millions of £)

	Budget, 1925-26.	Revised, 1925-26.	Budget, 1926-27.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·21	·21	·22
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	1·70	1·98	1·95
(b) Other transactions	1·25	1·20	1·12
Total Receipts, excluding direct remittances and loans	3·16	3·39	3·29
DISBURSEMENTS.			
3. Excess of Expenditure of the Central Government over Revenue	24·98	23·52	23·73
4. Disbursements on behalf of Provincial Governments	3·06	2·79	2·84
5. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	7·52	7·66	11·32
(b) Redemption of liabilities involved in purchase of Railways	2·58	2·58	...
(c) Discharge of Railway debentures	—02	·07	·50
(d) Other items	·19	·26	·32
6. Discharge of Debt	2·15	2·15	3·06
7. Deposits and Advances	·28	·71	—06
Total Disbursements	40·74	39·74	41·74
NET DISBURSEMENTS			
Remittances from India (net)	31·50	37·32	29·50
Reduction (+) or increase (—) of cash balance	6·08	—97	8·95
Opening Balance	11·87	13·52	14·49
Closing Balance	5·79	14·49	5·54

51. Item 2 (a) has already been explained in paragraph 49. The succeeding item relating to "Other transactions" is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement.

52. Item 5 (b) represents the repayment of the share capital of the Great Indian Peninsula Railway Company when the management was taken over by the State. The item which follows it represents the net amount of railway debentures discharged. Ordinarily there are debentures falling due every year, some of which are renewed. The item does not take into account £18½ million of East Indian Railway debentures taken over as a State liability in 1924-25 or £3½ million of Great Indian Peninsula Railway debentures similarly taken over in the current year. These transactions did not affect the ways and means of the Government of India on the whole.

53. The amount shown under the head 'Discharge of Debt' includes the provision for railway sinking funds and the capital portion of railway annuities, and of the equated instalments in repayment of the war loan liability. These payments are made out of the provision for reduction or avoidance of debt. The Budget estimate for 1926-27 includes in addition nearly £1 million of 7 per cent. stock which is still outstanding, the rest having been converted previously into 3 per cent. stock under the terms of the loan.

54. The disbursements on account of deposits and advances are higher in the current year than in the next mainly owing to the closing of the enemy ships deposit account.

55. Remittances for financing the Home Treasury have been made in the current year entirely in the form of purchases of sterling in India which amount to £46·32 million, of which £9 million has been taken as a remittance on account of the Paper Currency Reserve. The net transfer of balances from India to England is therefore £37·32 million. The corresponding amount for next year is £29·50 million but this is only an illustrative figure representing the remittances necessary to provide the Home Treasury with a normal closing balance. The actual amount of remittance must, like the form, necessarily depend upon the circumstances of the year.

56. The Gold Standard Reserve usually stands at £40 million, any excess resulting from investments, etc., being transferred monthly to Revenue. The receipts and charges in the current and next years are as follows:—

	(In millions of £.)	
	Revised, 1925-26.	Budget, 1926-27.
Dividends, interest, etc.	1·61	1·69
Investments realised	47·98	28·38
TOTAL	49·79	30·07
Investments made	47·89	28·35
Appropriation to Revenue	1·90	1·72
TOTAL	49·79	30·07

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INDIA.

57. The following is a summary of the estimates of Ways and Means in India during 1925-26 and 1926-27 :—

(In crores of rupees.)

	Budget, 1925-26.	Revised, 1925-26.	Budget, 1926-27.
RECEIPTS.			
1. Excess of Revenue of the Central Government over expenditure charged to Revenue	25.22	24.82	23.81
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	4.20	7.00	4.00
(b) Savings Bank deposits (net)	5.57	5.71	5.54
3. Other Deposits and Remittances (net)	13.53	17.14	12.21
4. Balances of Provincial Governments	3.88	5.25	2.84
TOTAL RECEIPTS	51.90	59.92	48.40
DISBURSEMENTS.			
5. Capital Expenditure not charged to Revenue—			
(a) State Railways	15.48	11.84	14.68
(b) Redemption of liabilities involved in purchase of Railways	.86	.84	
(c) Discharge of railway debentures	1.37	.02	.17
(d) Posts and Telegraphs	1.98	2.18	.45
(e) Delhi	1.51	1.32	.93
(f) Other items		.70	.74
6. Permanent Debt discharged (net)	4.60	2.03	20.05
7. Loans by the Central Government—			
(a) To Provincial Loans Fund	13.82	7.96	17.00
(b) Other Loans	.98	1.34	1.06
8. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	31.50	37.32	29.50
(b) Drawings by the Iraq administration recoverable in England	1.70	1.98	1.95
(c) Other transactions (net)	1.23	1.24	1.13
TOTAL DISBURSEMENTS	75.03	68.77	77.66
NET DISBURSEMENTS	23.13	8.85	29.26
New Loan	12.00		22.00
Reduction of cash balance	11.13	8.85	7.26
Opening Balance	24.27	31.73	22.88
Closing Balance	13.14	22.88	15.62

58. The head "Other Deposits and Remittances" is made up of a variety of transactions of which the following deserve special mention :—

	1925-26.	1926-27.
Appropriation for reduction or avoidance of debt	4.97	4.99
Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	6.96	5.61

59. The estimates of Provincial Governments' transactions—*vide* items 4 and 7(a)—are based on the assumption that the net drawings from the Central Government in India and England including those in the shape of advances through the Provincial Loans Fund will be 5½ crores in the current year (against the Budget estimate of 13½ crores which experience has proved to be high) and 7 crores in the next.

60. Among the "Other items" of capital expenditure it is necessary to mention 35 lakhs provided next year on account of payment of commuted value of pensions which will be charged to capital in accordance with the revised system of accounting to be introduced with effect from the 1st April 1926. The amount paid out of capital will be repaid with interest out of revenue in 15 equated annual instalments.

61. Full details of debt incurred and discharged are given in statement C of the Budget. Out of the net amount of 2.03 crores shown as discharged in 1925-26, 1.77 crores represent 1925 Bonds which matured during the year but were not converted into the year's loan. The net amount of 20.05 crores similarly shown in the Budget for 1926-27 almost wholly represents the outstanding 1926 Bonds which will fall due for payment next year. The amount of the new loan now estimated to be required to enable the Government of India to close the year with a normal balance has been shown separately at 22 crores and this includes conversions. The figure is, however, again illustrative only and the actual amount and other details will depend upon the circumstances of the time.

62. The result of the conversion loan in the current year is summarised below for ready reference.

		[In crores of rupees.]
<i>Debt discharged.</i>		
5½ per cent War Bonds, 1925		1.68
6 per cent Bonds, 1926		17.84
6 " " 1927		7.41
5½ " " 1928		3.68
		30.61
<i>Debt incurred.</i>		
5 per cent Tax-free loan, 1945-55		25.88
5 " " Bonds, 1935		4.73
		30.61

A. C. McWATTERS

The 25th March 1926

APPENDIX I.

STATEMENT SHOWING THE GROSS EXPENDITURE OF THE CENTRAL GOVERNMENT AS IN THE BUDGET ESTIMATES FOR 1926-27, PRESENTED TO THE LEGISLATURE, DIVIDED BETWEEN VOTED AND NON-VOTED.

<i>Expenditure charged to Revenue—</i>	(In lakhs of rupees.)		
	Voted.	Non-voted.	Total.
Railways	71,73	26,52	98,25
Customs	72	12	84
Taxes on Income	64	3	67
Salt	99	44	1,43
Opium	1,53	1	1,54
Stamps	14	1	15
Forest	9	3	12
Irrigation	15	14	29
Indian Postal and Telegraph Department	10,25	71	10,96
Indo-European Telegraph Department	35	11	46
Interest on Debt (excluding amounts charged to Commercial Departments)	23	12,48	12,71
Interest on other obligations	24	4,88	5,12
Reduction or Avoidance of Debt	72	4,27	4,99
General Administration	78	31	1,09
Audit	86	6	92
Administration of Justice	2	...	2
Police	2	...	2
Ports and Pilotage	24	13	37
Scientific Departments	79	14	93
Education	7	...	7
Medical	8	3	11
Public Health	11	1	12
Agriculture	22	4	26
Industries	44	46	90
Aviation	3	...	3
Miscellaneous Departments	8	1	9
Indian Stores Department	16	1	17
Currency	59	1	60
Mint	16	1	17
Civil Works	1,56	25	1,81
Superannuation Allowances and Pensions	35	2,24	2,59
Stationery and Printing	56	1	57
Miscellaneous	16	33	49
Miscellaneous Adjustments between the Central and Provincial Governments	6	...	6
North-West Frontier Province	1,14	1,10	2,24
Baluchistan	27	45	72

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(In lakhs of rupees.)

	Voted.	Non-voted.	Total.
<i>Expenditure charged to Revenue—contd.</i>			
Delhi	36	2	38
Ajmer-Merwara	14	1	15
Andamans and Nicobars	37	2	39
Rajputana	5	8	13
Central India	6	7	13
Hyderabad	3	3	6
Secretary of State	19	30	49
High Commissioner	23	42	65
Ecclesiastical	...	34	34
Political	...	1,75	1,75
Territorial and Political Pensions	...	30	30
Military Services	...	59,18	59,18
Bangalore	...	15	15
Western India States	...	15	15
TOTAL	97,96	1,18,17	2,16,13

Expenditure not charged to Revenue—

Security Printing	2	...	2
Vizagapatam Harbour	49	...	49
Commuted value of pensions	20	15	35
Delhi	1,03	3	1,06
Railways	25,94	6	26,00
Posts and Telegraphs	59	...	59
TOTAL	28,27	24	28,51

APPENDIX II.

MEMORANDUM ON THE MILITARY ESTIMATES FOR 1926-27.

The form in which the detailed estimates for 1926-27 have been presented has not been materially changed, but against each important head, explanations have been furnished, as in the Home Estimates, which are intended to indicate as briefly as possible the duties performed by the particular services in question or the purposes for which particular expenditure is incurred and it is hoped that this information will help to elucidate in some degree the intricate details of the Military Estimates. Reasons are also given for the principal variations in the estimates. Another change which has been introduced is the amalgamation of certain minor heads and re-grouping of these heads under two main categories (i) Direct expenditure which includes pay, allowances and other direct cash expenditure incurred by the various formations and (ii) Supplies and Services, representing the value of rations, clothing, equipment, etc., issued from Arsenals and Supply Depôts to the units and the charges made for services rendered by transport units or the engineering services.

Apart from these changes the form of the estimates remains the same as that followed in recent years, pending any modifications which may be adopted on the recommendations of the Army Accounts Committee which is at present examining the working of the system of cost accounting in the Army.

2. Since 1920-21 substantial reductions have been effected in the expenditure on the Military Services. The actual net expenditure as shewn in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement:—

	Rs. (Crores).
1920-21	87.4
1921-22	69.8
1922-23	65.27
1923-24	58.23
1924-25	55.63
1925-26 (Revised estimate)	56.28
1926-27 (Budget estimate)	54.88

In the first of the years shown above, expenditure was swollen by abnormal charges of Rs. 7 crores on operations on the North-West Frontier and of Rs. 13 crores on the occupation of Waziristan, while in 1921-22 abnormal charges of a similar kind accounted for Rs. 6½ crores. The Indian Retrenchment Committee commenced their review of the expenditure of the Central Government in November 1922 and adopted, as the basis of their scrutiny of the expenditure on the Military Services, the budget estimate of the year 1922-23 which amounted to a net figure of Rs. 67½ crores. The result of their exhaustive examination of every aspect of military administration was the recommendation that the net budget for 1923-24 should be fixed at Rs. 57½ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes. In their final review of Military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50

crores provided a further fall in prices took place. The budget estimate for 1923-24 was actually Rs. 62 crores, providing for the retrenchments proposed and the necessary delay in carrying them into full effect. This estimate was prepared under considerable difficulty as the record of past actual expenditure, incurred under abnormal conditions, was of little value as a guide to the future and, as the retrenchment report was presented at the close of the year when the budget was in preparation, reductions in the estimates for 1923-24 had to be estimated on a rough and provisional basis. The actual expenditure for the year amounted to under Rs. 56.23 crores, a saving of Rs. 5½ crores on the original estimate, which was largely due to the rapidity with which the retrenchments were effected under the orders of His Excellency the Commander-in-Chief. Even when the budget estimate for 1924-25 was under preparation the cumulative effect of the strict régime of retrenchment and economy and of abnormal and unforeseen war adjustments was not fully realised. The estimate for that year was fixed at Rs. 60½ crores while the actual expenditure has proved to be Rs. 55.63 crores, a reduction of over Rs. 4½ crores.

3. With the return to normal conditions, and the assistance of more reliable records of past actual expenditure, it is improbable that such large variations will again occur between the estimates and the actual expenditure. For the current year, 1925-26, the budget estimate was fixed at Rs. 56½ crores which closely approximates to the actual expenditure of the past two years. The progress of expenditure during the course of the year justifies the framing of a revised estimate which differs little from the original figure, exceeding it by Rs. 3 lakhs only. This estimate takes into account a short payment of about Rs. 70 lakhs in the Home Estimates mainly owing to a revision with effect from 1919 of the basis on which the non-effective charges are settled but against this, there is counterbalancing additional expenditure principally of a non-recurring character.

An additional provision of Rs. 40 lakhs has been made to finance the replacement of certain shortages in armament and equipment. The cost of food and forage has proved to be higher than the estimate by about Rs. 20 lakhs owing to the prevalence throughout the year of a range of prices generally higher than those originally adopted, while a special allotment of Rs. 15 lakhs has been provided to facilitate the purchase in the current year of the requirements of ghi for the earlier months of 1926-27 in order to take advantage of more favourable conditions.

4. For 1926-27, the estimate is Rs. 54.88 crores, a reduction of Rs. 1.4 crores on the revised estimate for the current year. No material changes in the organisation of the Army are proposed but the estimate takes into account the withdrawal of the third British cavalry regiment, the last of the specific reductions in establishment which was recommended by the Retrenchment Committee. It also allows for certain reductions of expenditure consequent on the withdrawal of military detachments from the Persian Gulf and the connected disbandment of an Indian infantry battalion in India. Allowance is made on practically the same scale as in the current year (Rs. 60 lakhs) for expenditure on new equipment and urgent measures of reorganisation mostly of a non-recurring character. The principal variations will be dealt with under the detailed heads in subsequent paragraphs. The largest items, however, which contribute to the reduction in the estimates for the ensuing year are the saving of one crore in gratuities to demobilised officers and of Rs. 37 lakhs in pensionary liabilities.

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5. The following table indicates the composition of the expenditure on the military services, distinguishing between charges which represent the normal cost of maintenance and those which are of an abnormal and disappearing character.

(In crores of rupees.)

	Actuals, 1925-24.	Actuals, 1924-25.	Revised, 1925-26.	Budget, 1926-27.
(1) Established charges	56.68	55.83	55.24	54.24
(2) Payments to demobilised officers	1.18	.78	1.69	.66
(3) Special expenditure in Waziristan and for the Royal Air Force	2.16	.51	.43	.23
(4) Adjustment for consumption of surplus stores	-3.00	-1.10	-70	-25
(5) Special non-recurring credits	-79	-39	-38	...
Total	56.23	55.63	56.28	54.88

In each year, the figure for established charges is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present favourable rates of exchange but this advantage has been neutralised by certain additions to the Military Budget of which the Retrenchment Committee did not take cognisance, *i.e.*, the provision of about half-a-crore of rupees for the revision of pay and grant of free passages to officers of the Army, and the transfer to military estimates from the civil estimates of certain expenditure more properly accounted for under the former. The transfers which are taken into account in the budget of 1926-27 are as follows :—

(Thousands of rupees.)

Payments to Telegraph Department for care of Army stores	27
Customs Duty	30,00
Printing and Stationery	10,00
	40,27

On the other hand, the following items have been transferred from the military to the civil estimates :—

Establishment of the Deputy Financial Adviser, Royal Air Force	43
Establishment of the Budget Section	40
Charges for the Nepal Escort	49
	1,32

The net debit to the military estimates by these interchanges is nearly Rs. 39 lakhs.

6. The following is a brief summary of the main points affecting the major heads of the estimates. The variations in detail will be found described against each head in the volume of detailed estimates.

Part A-I.—Maintenance of the Standing Army.

	Crores.
1924-25, Accounts	29.08
1925-26, Revised	29.40
1926-27, Budget	29.29

This is the most important head in the estimates. It covers the pay and allowances, including travelling allowances, the cost of provisions, animals, clothing and equipment issued in the course of the year to the various fighting units constituting the Standing Army in India.

In the current year's budget estimate under this head a lump sum of Rs. 40 lakhs was provided to cover the revised pay and passage concessions to officers of the Army. This has now been distributed over the appropriate heads. Similarly the current year's estimates allowed for a lump deduction of Rs. 20 lakhs to balance any over-estimation on the budget as a whole. For the same reason and because the process of subsidence is not yet complete a similar lump cut of Rs. 12 lakhs has been taken in the estimates for 1926-27. Allowance has been made for the withdrawal of the 3rd British Cavalry Regiment and also for average estimated shortages in the sanctioned strength to the extent of 800 British soldiers and 4,000 Indian soldiers due to trooping arrangements and other causes inherent in the organisation of the Army. On the other hand, larger provision has been made on account of the anticipated increases in the price of forage and articles of ration as compared with the prices adopted in the current year's estimates.

Owing to the recent revision of pay of the British soldier which gives reduced rates to all new recruits enlisting after October 1925, the expenditure under this head will undergo considerable reduction in future years. It is estimated that the combined savings from this cause and under the scheme of revision of officers' pay will amount to Rs. 12 lakhs in 1927-28 increasing each year to Rs. 60 lakhs in 1929-30 and to well over a crore of rupees from 1933.

7. Part A-II.—Cost of Educational and Training Establishments and Working Expenses of Hospitals and Depôts.—

	Crores.
1924-25, Accounts	7.27
1925-26, Revised	6.87
1926-27, Budget	6.92

Under this head are recorded charges connected with the various subsidiary establishments maintained for the service of the Army in India. These consist chiefly of the cost of military training and education of the soldier, British and Indian; of the supervision and working of military hospitals, arsenals, and other store depôts and of the several factories which produce munitions and equipment; of the Military Accounts offices and other miscellaneous charges. There is a saving of about Rs. 8 lakhs under Educational and Instructional establishments as compared with this year's original estimate, mainly owing to a closer estimate based on past actuals of the requirements for

practice small arms ammunition. There are small increases under most of the schools of instruction owing to distribution to this head of the cost of the revision of pay of officers, provided under Head I in lump in the current year. The working expenses of hospitals show a reduction of about Rs. 10 lakhs partly due to payment in England of overseas pay of I. M. S. officers; but real savings will accrue owing to retrenchment of officers and improvement in the health of troops as reflected in hospital charges. On the other hand, the net expenditure on the working of depôts, etc., is estimated at Rs. 33 lakhs more than in the current year's estimate. This increase, however, is mainly due to the elimination next year of a purely book credit for increase in the value of arsenal stores after repair which was counterbalanced by a corresponding debit under the Stock account head. Actual savings are expected under Supply Depôts, Remount Depôts, Dairy Farms and Military Accounts. The last reduction is anticipated partly as a probable result of the simplification of the system of cost accounting which is now under examination by the Army Accounts Committee.

8. *Part A-III.—Army Headquarters, Staff of Commands, etc.—*

	Crores.
1924-25, Accounts	2.16
1925-26, Revised	2.19
1926-27, Budget	2.22

The increased expenditure under this head is mainly due to the recent revision of pay of officers.

9. *Part A-IV.—Stock Account.—*

This is a suspense head intended for the reception of charges connected with the purchase of all varieties of military stores, pending their issue and allocation to the services of the Army concerned. Net debits or credits indicate increases or decreases in stock. In 1926-27, owing to the gradual exhaustion of useable surpluses, credit will be taken only for Rs. 25 lakhs as against Rs. 70 lakhs in the current year. Attention is invited to the statement appended to this portion of the account in the volume of detailed estimates which shows for the first time the estimated value of the stocks held in Arsenals, Factories and Supply formations.

10. *Part A-V.—Special Services.—*

	Lakhs.
1924-25, Accounts	96.9
1925-26, Revised	162.4
1926-27, Budget	74.7

The main item under this head is the heavy terminal charge for gratuities to surplus officers for which Rs. 169.4 lakhs is provided in the current year's revised estimates and Rs. 66.3 lakhs in 1926-27 after which this special liability should cease.

11. *Part A-VI.—Miscellaneous Charges and Receipts.—*

	Lakhs.
1924-25, Accounts	175.40
1925-26, Revised	80.06
1926-27, Budget	127.19

The charges under this head consist mainly of expenditure incurred on the general movements of troops and stores. Travelling allowances other than those incurred in connection with general movements are debited to the services concerned. The budget estimate for the current year was Rs. 123·4 lakhs. The difference between this figure and the revised estimate is due to book credits for adjustments on account of differences in rates of stores owing to their appreciation. The estimate for 1926-27 includes a new provision of Rs. 14 lakhs for passage concessions to officers of the Army which amount was included in the lump provision of Rs. 40 lakhs made under Head I. A.-I., in the current year. A further sum of Rs. 3 lakhs has been included owing to the transfer to this head from the Marine estimates of the maintenance charges of military launches. Other main variations include a reduction of Rs. 4 lakhs in the cost of printing and stationery according to latest estimates and a reduction of Rs. 16 lakhs in the cost of sea transport charges.

12. *Part A-VII.—Non-effective Charges and Receipts:—*

	Crores.
1924-25, Accounts	8·48
1925-26, Revised	7·72
1926-27, Budget	8·19

The smaller expenditure under the revised estimate is mainly due to the short payment to the War Office on account of revised non-effective charges already referred to. The budget for 1926-27 takes into account reductions of pensionary charges in England and India amounting to Rs. 37 lakhs mainly owing to decreasing liabilities for war pensions.

13. *Part B.—Auxiliary and Territorial Forces.—*

	Lakhs.
1924-25, Accounts	87·33
1925-26, Revised	100·27
1926-27, Budget	104·33

The estimate for the Auxiliary Force is Rs. 75·6 lakhs and for the Territorial Force Rs. 25·6 lakhs. The low direct expenditure in 1924-25 is due to consumption of surplus stores and miscellaneous credits amounting in all to Rs. 7 lakhs. The increases in subsequent years are mainly due to adjustment of expenditure for services rendered by the Military Engineering Services and also to additional provision of Rs. 2 lakhs for the guarding of armouries hitherto provided by Local Government police.

14. *Part C.—Royal Air Force.—*

	Lakhs.
1924-25, Accounts	181·13
1925-26, Revised	221·23
1926-27, Budget	179·02

The original Budget Estimate for 1925-26 was Rs. 187·29 lakhs and the increase in the revised estimate is mainly due to expenditure on Frontier operations and on special supplies of stores. The decrease in 1926-27 is due mainly to the completion of the special building programme. Provision has, however, been made for reserves of spare parts and bombs.

15. *Marine.*—

	Lakhs.
1924-25, Accounts	63·0
1925-26, Revised	58·6
1926-27, Budget	60·9

Provision has been made on the basis of the existing organisation for the present. Capital developments under the proposed reorganisation will be met from the sale-proceeds of the Kidderpore Dockyard at present retained in a suspense account for this purpose to the extent of over Rs. 20 lakhs.

16. *Military Engineering Services.*—

	Crores.
1924-25, Accounts	3·93
1925-26, Revised	3·36
1926-27, Budget	3·15

The main cause of the difference between the accounts of 1924-25 and the estimated revised net expenditure for 1925-26 lies in the larger provision in the latter year for receipts (an increase of over Rs. 50 lakhs) due to the expansion of the costing system under which units and formations are charged for water and light supplied by the Engineering Services. These receipts are balanced by increased expenditure under the Army and other Heads. The provision for 1926-27 includes an additional Rs. 20 lakhs mainly for acceleration of the programme of new lines for Indian troops. This amount will, it is estimated, be covered by receipts from the sale of surplus lands and buildings which are being placed to a suspense account to finance improved accommodation and amenities for the troops. The proposal to charge rent to Army formations for barracks, etc., has been held in abeyance pending the report of the Committee on Army accounts.

17. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1922-23 under Army, Marine, Military Engineer Services and also the totals.

18. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

(Sd.) A. F. L. BRAYNE,

Financial Adviser, Military Finance.

The 25th March 1926.

BUDGET FOR 1926-27.

ARMY.

	Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.
				Budget.	Revised.	
	R	R	R	R	R	R
EXPENDITURE.						
India—						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Maintenance of the Standing Army.	30,29,54,306	28,59,49,583	27,43,42,220	27,37,35,380	27,45,12,000	27,36,60,760
Cost of Educational, etc., establishments and working expenses of Hospitals, Depots, etc.	9,40,68,632	9,02,53,323	8,67,68,224	8,24,17,860	8,24,08,000	8,46,06,560
Army Headquarters, Staff of Commands, etc.	2,14,39,704	2,03,41,847	2,12,09,410	2,02,73,730	2,11,04,000	2,14,70,610
Stock Account.	-2,98,64,230	-3,64,03,308	-3,08,41,326	-1,16,69,850	-82,67,000	-1,62,54,480
Special Services	5,45,82,360	1,88,49,069	48,97,372	58,85,280	58,97,000	25,69,500
Miscellaneous Charges	1,94,78,030	23,47,398	2,06,17,567	90,77,420	58,98,000	95,06,030
Unadjusted Expenditure.	-24,84,020	-13,51,602	-1,49,515	---	---	---
TOTAL—EFFECTIVE	R 46,01,74,801	37,99,86,808	37,62,43,942	37,97,20,000	38,15,47,000	37,47,79,000
<i>Non-Effective Services—</i>						
Non-effective charges	R 5,92,75,452	5,74,71,540	5,10,78,405	5,11,09,000	4,76,89,000	4,56,93,000
Part B.—Auxiliary and Territorial Forces—Effective	R 95,45,770	1,05,41,555	87,38,286	1,09,52,000	1,00,28,000	1,04,33,000
Part C.—Royal Air Force	R 1,10,55,114	1,46,13,236	1,23,54,118	1,41,11,000	1,53,09,000	1,31,48,000
{ Effective	R					
{ Non-Effective	R	3,479	1,361	21,000	21,000	5,000
	R 1,10,55,114	1,46,16,715	1,23,55,479	1,41,32,000	1,53,30,000	1,31,53,000
TOTAL INDIA { Effective	R 48,07,75,685	40,51,41,099	39,73,36,326	40,47,63,000	40,68,84,000	39,83,80,000
{ Non-Effective	R 5,92,75,452	5,74,75,019	5,10,79,786	5,11,30,000	4,77,10,000	4,66,98,000
	54,00,51,137	46,26,16,118	44,84,16,092	45,58,93,000	45,46,94,000	44,70,58,000
EXPENDITURE.						
England—						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Maintenance of the Standing Army.	3,196,815	2,675,750	2,419,414	2,476,000	2,538,800	2,614,400
Cost of Educational, etc., establishments and working expenses of Hospitals, Depots, etc.	235,000	214,700	266,006	245,700	324,900	316,700
Army Headquarters, Staff of Commands, etc.	51,168	40,665	44,234	44,000	72,000	73,000
Stock Account.	1,817,415	1,115,552	1,764,535	1,036,700	1,135,800	1,257,300
	R 5,199,398	4,246,647	4,516,749	3,802,400	4,068,300	4,261,400
Carried over	R 54,00,51,137	46,26,16,118	44,84,16,092	45,58,93,000	45,46,94,000	44,70,58,000

BUDGET FOR 1926-27.

ARMY—contd.

		Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.
					Budget.	Revised.	
Brought forward	R	54,00,51,137	46,26,16,118	44,84,16,092	45,58,93,000	45,45,04,000	44,70,56,000
	£	5,206,598	4,246,647	4,516,759	3,802,400	4,088,300	4,261,400
Special Services	£	454,904	611,573	529,441	1,200,000	1,235,000	490,000
Miscellaneous Charges	£	740,124	659,694	523,582	631,000	603,500	510,500
TOTAL—EFFECTIVE	£	6,491,426	5,518,114	5,569,812	5,633,400	5,925,800	5,261,900
NON-EFFECTIVE SERVICES—							
Non-effective charges	£	3,421,204	3,646,984	3,685,848	3,695,300	3,156,900	3,578,100
Part C.—Royal Air Force—(Effective)							
	£	788,271	510,045	568,339	554,100	676,600	562,600
	£	10,700,901	9,684,143	9,823,999	9,882,800	9,759,300	9,402,600
TOTAL ENGLAND	Effective	R 7,27,99,971	6,03,71,596	6,13,81,504	6,18,75,000	6,60,24,000	5,82,45,000
	Non-Effective	R 3,42,12,042	3,64,69,839	3,68,56,484	3,69,53,900	3,15,69,000	3,57,81,000
	R	10,70,09,013	9,68,41,434	9,82,39,988	9,88,28,000	9,75,93,000	9,40,26,000
TOTAL EXPENDITURE	Effective	R 55,35,72,656	46,55,12,695	45,87,17,830	46,66,38,000	47,29,09,000	45,66,05,000
	Non-Effective	R 9,34,87,494	9,39,44,857	9,79,38,250	9,80,83,000	7,92,79,000	8,44,79,000
	R	64,70,60,150	55,94,57,552	54,66,56,080	55,47,21,000	55,21,87,000	54,10,84,000
REVENUE.							
India	Effective	R 3,74,90,393	3,07,32,065	2,91,55,651	2,47,91,000	2,42,24,000	2,46,07,000
	Non-Effective	R 18,75,003	20,91,011	19,99,055	13,09,000	13,55,000	14,07,000
	TOTAL	R 3,93,65,396	3,28,23,076	3,11,54,706	2,61,00,000	2,55,79,000	2,60,14,000
England	£	900,750	490,022	473,291	406,800	326,700	390,300
	Effective	R 74,81,527	36,00,935	36,41,412	29,93,000	26,27,000	27,99,000
	Non-Effective	R 15,26,970	11,99,288	10,91,490	10,75,000	6,40,000	11,06,000
	R	90,07,497	48,00,223	47,32,902	40,68,000	32,67,000	39,02,000
TOTAL REVENUE	Effective	R 4,49,71,980	3,43,32,000	3,28,37,093	2,77,84,000	2,68,51,000	2,74,06,000
	Non-Effective	R 34,00,973	32,90,299	30,90,575	23,84,000	19,95,000	25,10,000
	TOTAL	R 4,83,72,953	3,76,22,299	3,59,17,668	3,01,68,000	2,88,46,000	2,99,16,000
NET EXPENDITURE	India	R 50,06,85,741	42,97,93,042	41,72,31,326	42,97,93,000	42,90,15,000	42,10,44,000
	England	R 9,80,01,516	9,20,41,211	9,25,07,066	9,47,80,000	9,43,28,000	9,01,24,000
	Effective	R 50,86,00,736	43,11,79,695	42,58,90,737	43,88,54,000	44,80,57,000	43,91,99,000
	Non-Effective	R 9,00,86,521	9,08,54,558	8,48,47,675	8,56,90,000	7,72,84,000	8,19,69,000
	TOTAL	R 59,86,87,257	52,18,34,253	51,07,38,412	52,45,53,000	52,33,41,000	51,11,68,000

BUDGET FOR 1926-27.

MARINE.

		Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	1,13,49,318	71,48,317	52,18,321	62,11,000	52,29,000	56,62,000	
England	£	264,940	250,811	219,240	208,900	191,200	321,800	
	R	26,49,400	25,08,108	21,92,396	20,69,000	19,12,000	22,18,000	
Total Expenditure	R	1,39,98,618	96,54,425	74,10,717	83,00,000	71,41,000	78,80,000	
REVENUE.								
India	R	32,72,538	24,73,367	11,12,931	9,33,000	12,82,000	17,87,000	
England	£	...	...	...	...	...	...
	R	...	...	...	...	...	...
Total Revenue	R	32,72,538	24,73,367	11,12,931	9,33,000	12,82,000	17,87,000	
NET EXPEN- DITURE.	India	R	80,76,680	46,72,950	41,05,390	52,78,000	39,47,000	38,75,000
	England	R	26,49,400	25,08,108	21,92,396	20,89,000	19,12,000	22,18,000
	Total	R	1,07,26,080	71,81,058	63,97,786	73,67,000	58,59,000	60,93,000

MILITARY ENGINEER SERVICES.

		Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	4,74,71,301	4,05,97,369	4,20,54,793	3,91,42,000	4,17,31,000	4,26,98,000	
England	£	153,889	72,243	53,028	45,400	34,000	31,700	
	R	15,28,886	7,22,414	5,30,287	4,54,000	3,40,000	2,17,000	
TOTAL	R	4,90,00,187	4,13,19,783	4,25,85,080	3,95,96,000	4,20,61,000	4,23,15,000	
REVENUE.								
India	R	57,33,434	80,59,731	32,81,060	90,16,000	84,61,000	1,12,76,000	
NET EXPEN- DITURE.	India	R	4,17,37,867	3,25,37,628	3,87,73,733	3,01,26,000	3,32,80,000	3,13,22,000
	England	R	15,28,886	7,22,414	5,30,287	4,54,000	3,40,000	2,17,000
TOTAL	R	4,32,66,753	3,32,60,052	3,93,04,020	3,05,80,000	3,36,00,000	3,15,39,000	

BUDGET FOR 1926-27.

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TOTAL MILITARY SERVICES: SUMMARY.

		Actuals, 1922-23.	Actuals, 1923-24.	Actuals, 1924-25.	1925-26.		Budget, 1926-27.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	59,85,71,056	51,03,59,804	49,56,83,206	50,12,46,000	50,15,44,000	49,53,18,000	
England	£	11,118,730	10,007,198	10,093,267	10,137,100	9,984,500	9,946,100	
	R	11,11,87,389	10,00,71,956	10,09,82,871	10,13,71,000	9,98,45,000	9,94,61,000	
Total Expenditure	R	71,00,58,956	61,04,31,700	59,66,51,977	60,26,17,000	60,13,89,000	59,17,79,000	
REVENUE.								
India	R	4,83,71,368	4,33,56,174	3,55,78,757	3,60,49,000	3,53,22,000	3,90,77,000	
England	£	900,750	460,022	473,291	406,800	326,700	390,300	
	R	90,07,497	48,00,233	47,32,903	40,68,000	32,67,000	39,03,000	
Total Receipts	R	5,73,78,865	4,81,56,397	4,03,11,659	4,01,17,000	3,85,89,000	4,29,79,000	
NET EXPENDI- TURE.	India	R	55,05,00,288	46,70,03,630	46,01,10,449	46,51,97,000	46,63,22,000	45,62,41,000
	England	R	10,21,78,802	9,52,71,733	9,62,29,769	9,73,03,000	9,65,78,000	9,25,59,000
	TOTAL	R	65,26,80,090	56,22,75,363	55,63,40,218	56,25,00,000	56,29,00,000	54,88,00,000

APPENDIX III.

PRO FORMA 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 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 construction 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 the 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 "57—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 "53—State Railways."

Item 1 of Part I of *pro forma* 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 Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—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 "XXX—Civil Works".

Item 2, *ibid.*

Item II, *ibid.*

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.

Items 1 and I of Part II of *pro forma* account.

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. 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 forma* account also, since they will appear as charges of the Delhi administration.

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 forma* 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 3 (a) and III of Part I of *pro forma* account.

Items 4 to 7
and I and IV
of Part I, and
Items 2 and II
to IV
of Part II of
pro forma
account.

Item 1 of
Part I.

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 on 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 "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro forma* 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.]

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 forma* account.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

Expenditure.	Actuals to end of 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.	Receipts.	Actuals to end of 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
1. DELHI PROJECT: Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A)	10,98,99	1,35,00	1,00,50	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 (a) ||	19,00	...	...
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 †	1,04,03	3,15	3,27	IV.—Miscellaneous items	8,26	30	20
(b) Railways ‡	88,10	3,97	—1,14				
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,36	...	...		
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere	2,77	35	18				
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	7,19	53	61				
7. Miscellaneous items §	8,10	41	44				
TOTAL	13,65,86	1,43,41	1,03,66	TOTAL	27,28	20	20
Total expenditure to end of 1924-27		10,13,13		Total receipts to end of 1924-27		27,08	
Net expenditure to end of 1926-27		15,85,45					

* 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 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
Acquisition of land	13,20	...	...
Cost of buildings	82,05	3,13	3,27
Establishment charges	6,71	2	...
Tools and plants	2,06	...	...
TOTAL	1,04,03	3,15	3,27

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nanal Raya. These figures include transactions on account of Delhi New Capital Railway Work also.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues, and the cost of temporary establishment 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 from 1917-18 to 1924-25 the Government of Bengal, by moving its offices into the vacated Imperial buildings in Calcutta, saved Rs. 4,97,500; partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation.

Up to 1923-24	8,53,610
	43,391
TOTAL	8,97,000

(a) The amount represents value of premises No. 3, Kollaghat Street sold to E. B. Railway.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE
DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees.]

Expenditure.	Actuals, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.	Receipts.	Actuals, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
1. Expenditure of Delhi Province*	59.01	71.40	76.50	I.—Revenue of Delhi Province †	34.59	36.09	35.07 †
2. Miscellaneous items	60	65	65	II.—Saving under Calcutta house allowances ‡	43	41	43
				III.—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	59.01	72.34	77.44	IV.—Miscellaneous items	3	3	3
Net expenditure	22.06	33.31	38.41	Total receipts	37.55	39.03	38.03

* Note 1.—The details of this item are given in Statement II-A.

† Note 2.—The figure shown against item II will be subject to increase as additional officers are successively transferred from Calcutta to Delhi.

‡ Note 3.—The figure shown against item III 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 large 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 to end of 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
<i>A.—Salaries and allowances—</i>			
(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	76,88	8,41	7,87
(ii) Non-gazetted officers	51,05	9,18	10,19
(c) Miscellaneous officers (including all others employed on the Project)—			
(i) Gazetted officers	5,05	47	48
(ii) Non-gazetted officers	3,90	56	56
(d) Leave allowances . . . . .	...	...	55
<i>B.—Travelling allowances of officers and Establishments—</i>			
(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	6,76	64	74
(ii) Non-gazetted officers	3,89	48	48
(c) Miscellaneous officers including all others employed on the Project—			
(i) Gazetted officers	62	8	8
(ii) Non-gazetted officers	38	10	10
<i>C.—Supplies, Services and Contingencies—</i>			
(a) Preliminary investigation	51	...	...
(b) Public Works and Electrical officers employed on the Project	5,59	64	74
(c) Miscellaneous officers employed on the Project	44	1	1
Loss on account of Exchange . . . . .	...	68	94
Total A, B and C	1,57,50	21,25	22,74
<i>Deduct—Credits from other heads of accounts</i>	30,27	4,34	5,89
Net total A, B and C carried over	1,27,23	16,91	16,85

Details of Capital outlay on the Delhi Project working up to the total figures shown against item I in Part I of pro formâ account—contd.

[Figures in thousands of Rupees.]

Items.	Actuals to end of 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
Brought forward Net total A, B, C.	1,27,23	16,91	16,85
D.—Works Expenditure—			
(i) Buildings—			
(a) Government House	62,10	13,00	30,00
(b) Secretariats	1,17,87	24,25	24,00
(c) Other buildings	1,85,57	15,00	32,20
(d) Legislative Chambers	36,97	17,00	25,00
(ii) Communications	26,14	2,50	2,70
(iii) Miscellaneous Public Improvements	13,61	1,75	3,50
(iv) Electric Light and Power	51,35	6,75	5,00
(v) Irrigation	39,01	50	1,00
(vi) Sanitation including storm-water drains, sewage and sewerage disposal, water-supply and conservancy	96,05	8,50	8,50
(vii) Tools and plant	87,61	3,00	1,00
(viii) Stock and Suspense	81,61	19,32	—25,00
(ix) Miscellaneous	91,53	—1,00	1,00
(x) Maintenance during construction	70,44	12,99	5,50
Railway diversion	14,29	—47	...
E.—Acquisition of land taken up for the Project	34,09	...	...
F.—Other Miscellaneous expenditure	8	...	...
Minus Reserve . . . . .	...	...	—25,75
Deduct—Receipts on Capital Account	36,54	5,00	5,00
TOTAL	10,98,99	1,35,00	1,00,50

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province.

[Figures in thousands of rupees.]

RECEIPTS.				EXPENDITURE.			
Major Heads of Accounts.	Actuals for 1924-25.	Revised Estimate for 1925-26.	Budget Estimate for 1926-27.	Major Heads of Accounts.	Actuals for 1924-25.	Revised Estimate for 1925-26.	Budget Estimate for 1926-27.
I.—Customs	1,92	1,50	—	2. Taxes on Income	25	44	44
II.—Taxes on Income	9,56	9,98	9,74	3. Land Revenue	41	47	50
IV.—Opium	37	...	...	6. Excise	12	3,53	3,54
V.—Land Revenue	3,41	3,90	3,97	7. Stamps	7	14	13
VI.—Excise	3,88	6,79	6,97	8. Registration	8	7	9
VII.—Stamps	7,18	7,90	8,00	15. Miscellaneous Expenditure. Irrigation	50	75	70
IX.—Registration	48	47	47	22. General Administration	3,18	3,42	3,34
XIV.—Irrigation works for which no Capital Account is kept	3	4	4	23. Audit (a)	37	21	23
XVI.—Interest	2	18	17	24. Administration of Justice	1,71	1,60	2,13
XVII.—Administration of Justice	28	32	32	25. Jails and Convict Settlements	1,47	1,38	1,23
XVIII.—Jails and Convict Settlement	22	21	21	26. Police	7,67	6,94	6,16
XIX.—Police	19	19	19	28. Ecclesiastical	30	23	25
XXI.—Education	14	18	70	29. Political	3	1	2
XXII.—Medical	11	12	13	30. Scientific Departments	1	1	1
XXIV.—Industries	2	...	...	31. Education	5,26	5,94	3,20
XXVI.—Miscellaneous Departments	1	7	9	32. Medical	3,37	5,05	5,30
XXIX.—Civil Works	4,38	2,33	2,33	33. Public Health	27	88	1,59
XXXIII.—Receipts in aid of Superannuation	21	17	17	34. Agriculture	14	23	27
XXXIV.—Stationery and Printing	3	6	5	35. Industries	10	11	11
XXXV.—Miscellaneous	2,10	1,70	1,54	37. Miscellaneous Departments	...	1	2
TOTAL	24,59	36,09	35,07	38. Currency	8	8	8
				41. Civil Works	23,54	26,12	31,05
				Civil Works—Viceregal Estates, Delhi	1,64	1,49	1,65
				44. Territorial and Political Pensions	46	55	55
				45. Superannuation Allowances and Pensions	2,14	4,03	2,80
				46. Stationery and Printing	3	5	5
				47. Miscellaneous	4,30	4,74	4,75
				Refunds	1,29	1,53	1,47
				TOTAL	59,01	71,49	78,59

(a) Excludes proportionate cost of the office of the Accountant General, Central Revenues, Delhi, debitabte to part I.

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COMMERCIAL AND

TABLE I—

Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works, Telegraphs Vizagapatnam Harbour, Security Printing, the Delhi Capital and commuted value of pensions not charged against Revenue—	1917-1918.	1918-1919.	1919-1920.	1920-1921.
	Rs.	Rs.	Rs.	Rs.
Surplus	12,13,06,110	...	...	...
Deficit	...	6,73,06,135	23,66,38,825	26,00,85,276
Capital Expenditure on Railways and Irrigation works not charged against Revenue.	5,91,66,825	7,64,13,315	14,42,99,228	26,56,72,106
Capital charged involved in the purchase of Railways.	...	...	...	...
Capital outlay on the Postal and Telegraph Department not charged against Revenue.	...	...	...	...
Capital outlay on Vizagapatnam Harbour and Security Printing not charged against Revenue.	...	...	...	...
Initial Expenditure on New Capital at Delhi.	37,58,145	43,86,895	50,35,427	1,25,75,011
Commuted value of pensions not charged against Revenue.	...	...	...	...
India's Financial Contribution to the War.	1,50,00,00,000	...	...	...
Net Public Debt incurred	1,73,76,00,000	11,47,30,575	8,90,70,517	52,34,07,498
Net public debt incurred, including Capital transactions with Railway Companies.	1,72,94,94,174	10,22,98,961	8,22,22,396	51,76,91,284
Value of commodities exported, excluding Gold and Silver.	2,44,90,49,000	2,55,30,90,000	3,36,02,20,000	2,67,76,80,000
Value of commodities imported, excluding Gold and Silver.	1,64,35,50,000	1,88,56,20,000	2,21,70,20,000	3,47,57,40,000
Excess of Exports over Imports, excluding Gold and Silver.	80,54,90,000	66,74,70,000	1,14,32,00,000	(c)—70,80,80,000
Net Imports of Gold	25,17,80,000	†—5,56,40,000	35,33,00,000	2,10,80,000
Ditto of Silver	19,04,20,000	67,91,90,000	29,22,90,000	6,42,40,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	44,22,00,000	62,35,50,000	64,55,90,000	8,59,20,000
Excess of Exports over Imports including Gold and Silver.	36,32,90,000	4,39,20,000	49,76,10,000	(c)—98,39,80,000
Net Imports of Currency Notes	...	...	...	...
Excess of Exports over Imports including Gold, Silver and Currency Notes.	36,32,90,000	4,39,20,000	49,76,10,000	(c)—98,39,80,000
Secretary of State's Bills sold (Rupees).	§ 50,63,67,176 (a)	(a) 28,65,41,000	34,54,98,000	...
Sterling Equivalent received	§ 34,580,652 (a)	(a) 20,943,314	31,226,219	...
Silver coined at the Indian Mints	23,57,07,287	52,05,35,310	37,73,19,757	3,41,30,039

* Recorded from
† Represents net
§ Includes remittances of the
(a) Includes remittances of the
(b) Figures for 11 months
(c) Net
(d) Net
(e) Figures included

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FINANCIAL STATISTICS.

MISCELLANEOUS.

1921-1922.	1922-1923.	1923-1924.	1924-1925.	1925-1926, Revised.	1926-1927, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	2,38,99,758	5,68,25,698	1,30,38,000	5,31,000
27,65,01,700	15,01,76,392	20,80,11,576	13,46,04,254	19,48,85,000	25,39,45,000
22,07,57,115	18,45,67,524	...	...	3,41,55,000	...
...	...	...	...	2,28,92,000	59,32,000
61,61,617	65,62,006	75,21,560	1,17,55,881	...	50,42,000
...	...	...	...	83,04,000	...
...	...	...	...	1,35,00,000	1,00,50,000
1,35,27,418	1,84,79,432	1,54,73,652	1,42,18,868	...	85,09,000
...
...
49,19,30,108	25,61,19,053	17,67,00,540	9,62,96,934	-3,98,00,000	-62,17,000
49,75,33,002	25,26,11,589	16,64,05,856	9,13,70,596	-4,07,09,000	-1,55,83,000
2,48,65,60,000	3,16,07,20,000	3,63,37,60,000	4,00,24,30,000	(b) 1,15,10,00,000	
2,82,59,60,000	2,46,19,20,000	2,37,18,30,000	2,53,36,50,000	(b) 2,12,19,10,000	
(c)-33,94,00,000	69,88,00,000	1,26,19,30,000	1,46,87,80,000	(b) 1,56,11,20,000	
†-2,86,40,000	41,19,10,000	29,18,70,000	73,93,60,000	(b) 30,09,80,000	
15,09,60,000	18,35,40,000	18,69,80,000	20,07,40,000	(b) 16,11,40,000	
12,23,20,000	59,54,50,000	47,68,50,000	94,00,00,000	(b) 43,21,20,000	
(c)-43,17,20,000	10,33,50,000	78,30,80,000	52,67,80,000	(b) 59,90,00,000	
...	1,01,70,000	1,64,60,000	3,00,000	(b)† 24,50,000	
(c)-43,17,20,000	9,31,60,000	76,66,20,000	52,64,80,000	(b) 20,14,30,000	
...	3,75,00,000	12,68,50,000	10,09,00,000	...	
...	3,570,025	8,738,704	7,579,162	...	
1,60,86,638	63,75,446	50,00,791	33,33,394	(d) 30,73,449	

April 1922.
 exports of gold.
 Gold Standard Reserve.
 Currency Department.
 (April to February).
 imports.
 exports.
 up to February 1926.

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COMMERCIAL AND
TABLE I—

	1917-1918.	1918-1919.	1919-1920.	1920-1921.
Maximum price in pence of an oz. troy standard Silver in London	55 (21st to 24th Sept. 1917).	56 (28th March 1919).	69½ (11th Feb. 1920).	72½ (7th April 1920).
Minimum price in pence of an oz. troy standard Silver in London.	36 ⁹ / ₁₆ (13th to 17th April 1917).	45½ (8th to 10th April 1918).	48½ (4th April and 6th May 1919).	50½ (5th March 1921).
Average Exchange upon Secretary of State's Bills sold per rupee.	Rs. 4.536d.	Rs. 5.544d.	Rs. 6.691d.	...
Average of the daily telegraphic transfer rates from Calcutta on London.	...	...	...	Rs. 6.66d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	Rs. 6d. and Rs. 5d.	Rs. 5d. and Rs. 6d.	Rs. 6d., Rs. 5d., 2s. 6d. and 2s. 9d.	2s. 8d., 2s. 6d., 2s. 2½d., 2s., 1s. 11d., 1s. 10½d., 1s. 9½d., 1s. 5½d., 1s. 8d., & 1s. 4½d.
Maximum rate of discount on loans on demand at the Imperial Bank of India, Calcutta.	6 (1st April to 6th Sept. 1917 and 3rd Jan. to 31st March 1918).	7 (16th Jan. to 26th Mar. 1919).	7 (12th to 31st Mar. 1920).	7 (1st Apl. to 9th June 1920, 18th Nov. 1920 to 2nd Mar. 1921).
Minimum rate of discount on Loans on demand at the Imperial Bank of India, Calcutta.	5 (7th Sept. 1917 to 2nd Jan. 1918).	5 (33rd May to 6th Nov. 1918).	5 (5th June 1919 to 14th Jan. 1920).	5 (1st July to 3rd Nov. 1920).
Maximum rate of discount at the Bank of England.	5½ (2nd to 4th April 1917).	5 (1st Apl. 1918 to 31st Mar. 1919).	6 (6th Nov. 1919 to 31st Mar. 1920).	7 (15th April 1920 to 31st Mar. 1921).
Minimum rate of discount at the Bank of England.	5 (5th April 1917 to 31st March 1918).	5 (1st Apl. 1918 to 31st Mar. 1919).	5 (1st April 1919 to 6th Nov. 1919).	6 (1st to 14th April 1920).
Maximum Government balances at the Imperial Bank of India.	22,65,24,000 (June)	18,66,47,000 (Sept.)	18,26,33,000 (Feb.)	20,38,41,000 (July)
Minimum Government balances at the Imperial Bank of India.	7,37,68,000 (Nov.)	6,54,60,000 (April)	7,04,52,000 (Sept.)	5,64,95,000 (Feb.)
Maximum price in Calcutta of 5 per cent. War loan, 1929-47.	...	93	95	90
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	...	90	90	77
Maximum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	...	...	95½ to 96	95½ to 96
Minimum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	...	...	...	75½
Maximum price in Calcutta of Government 3½ per cent. Rupee Securities (Guaranteed).	70 (6th to 14th Sep. and 31st Oct. 1917 to 17th Feb. 1918).	81 (7th to 21st Nov. 1918).	71 (1st April to 17th May 1919).	60 (1st to 16th April 1920 and 5th to 15th January 1921).
Minimum price in Calcutta of Government 3½ per cent. Rupee Securities (Guaranteed).	67 (20th June to 24th Aug. 1917).	65 (3rd May to 24th June 1918).	60 (27th Feb. to 31st Mar. 1920).	53 (1st Nov. to 12th Dec. 1920).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	60 (6th to 14th Sep. and 31st Oct. to 16th Mar. 1918).	60 (5th to 22nd Nov. 1918).	62 (1st April to 17th May 1919).	50 (1st April to 5th Oct. 1920 and 5th to 15th January 1921).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	57 (20th June to 24th Aug. 1917).	56 (11th Apl. to 24th June 1918).	50 (27th Feb. to 31st Mar. 1920).	42 (1st Nov. to 22nd Dec. 1920).

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FINANCIAL STATISTICS—contd.

MISCELLANEOUS—contd.

1921-1922.	1922-1923.	1923-1924.	1924-1925.	1925-1926, Revised.	1926-27, Budget.
43½ (27th Sept. 1921).	37½ (22nd May 1922).	30 ¹ / ₁₆ (3rd and 6th Jan., 13th and 14th Feb. 1924).	26 ¹ / ₁₆ (9th Oct. 1924)	33 ⁷ / ₁₀ (5th Sept. 1925).	
32½ (24th Feb. & 2nd Mar. 1922).	30½ (15th Dec. 1922).	34 ¹¹ / ₁₆ (13th July 1923).	31½ (29th Dec. 1924)	30½ (19th and 22nd March 1926).	
...	1s. 4'44d.	1s. 4'534d.	1s. 6'028d.	...	
1s. 3'85d.	1s. 3'76d.	1s. 4'46d.	1s. 5'51d.	1s. 6 ³ / ₁₀ d. (estimate).	
1s. 3½d., 1s. 3¼d., 1s. 8½d., 1s. 4d., 1s. 4½d., 1s. 6d., and 1s. 6½d.	1s. 3½d., 1s. 3¼d., 2s. 3½d., 1s. 4d., and 1s. 4½d.	1s. 4d., 1s. 4½d., 1s. 4½d., 1s. 5d., 1s. 5½d.	1s. 4½d., 1s. 5d., 1s. 5½d., 1s. 6d.	1s. 6d., 1s. 6½d.	
8 (10th Feb. to 31st Mar. 1922).	8 (1st to 26th April 1922 and from 11th Jan. to 31st March 1923).	9 (14th Feb. 1924 to 31st March 1924).	9 (1st April to 9th April).	7 (1st April to 20th May).	
5 (2nd June to 14th Dec. 1921).	4 (6th July to 25th Oct. 1922).	4 (28th June to 14th Nov. 1923).	4 (31st July to 20th Aug. 1924).	4 (3rd July to 27th September).	
7 (1st Apl. to 1st May 1921).	4½ (1st to 12th April 1922).	4 (since 5th July 1923).	5 (5th March).	5 (1st April to 5th August and 3rd December to date).	
4½ (18th Feb. to 31st March 1922).	3 (13th July 1922 to 31st March 1923).	3 (1st April to 4th July 1923).	4 (1st April 1924 to 4th March 1925).	4 (2nd October to 2nd December).	
25,67,40,000 (31st July).	33,19,07,000 (28th July).	29,74,54,000 (20th July).	32,18,07,000 (31st July).	28,96,31,000 (29th May).	
8,34,64,000 (18th Nov.).	8,22,54,000 (10th Nov.).	6,22,69,000 (6th Nov.).	7,42,63,000 (31st Dec.).	4,39,57,000 (11th December).	
87	88-8	88-10	94-14	97-4	
78	81-6	87-13	92-14	94-13.	
80	93-8	98-14	99-8	101-7.	
80	87	93-3	97	98-13.	
62 (30th & 31st May 1921).	61-4 (22nd and 23rd March 1923).	63-3 (8th Mar. 1924).	68-6 (10th July).	73-8 (37th March).	
65-4 (from 11th March 1922).	55-8 (1st to 17th April 1923).	61 (3rd to 5th April 1923).	68-8 (18th September).	67-10 (5th May)	
68 (31st May & 1st June 1921).	53-8 (22nd and 23rd March 1923).	57-13 (8th Mar. 1923).	63-10 (10th July).	63-14 (25th March).	
47 (1st to 4th April 1921).	47-12 (1st to 18th April 1923).	51-14 (3rd to 5th April 1923).	53-8 (18th September).	57-15 (15th to 18th May).	

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COMMERCIAL AND

TABLE I—

	1917-1918.	1918-1919.	1919-1920.	1920-1921.
	₹	₹	₹	₹
Maximum amount outstanding on London Register of Rupee Securities encased for Interest Drafts.	8,06,95,600 (Apr.)	8,17,24,000 (Mar.)	8,16,74,000 (Apr.)	6,65,19,000 (Apr.)
Minimum amount outstanding on London Register of Rupee Securities encased for Interest Drafts.	7,47,56,000 (Mar.)	7,84,70,000 (July)	7,43,58,000 (Dec.)	6,13,12,000 (Sept.)
Maximum price in London of 3½ per cent. (Rupee Securities in Gold).	53	54	74	63½
Minimum price in London of 3½ per cent. (Rupee Securities in Gold).	44½	44	49½	33½
Maximum price in London of India 3½ per cent. Stock.	69½	74	69½	61
Minimum price in London of India 3½ per cent. Stock.	61½	63	54½	51½
Maximum price in London of India 3 per cent. Stock.	60½	64	60½	53
Minimum price in London of India 3 per cent. Stock.	53	53½	47½	43½
Maximum price in London of India 2½ per cent. Stock.	50	53½	50½	43
Minimum price in London of India 2½ per cent. Stock.	45½	44½	40	37½
Maximum price in London of 7 per cent. Stock.	...	...	...	...
Minimum price in London of 7 per cent. Stock.	...	...	...	...
Maximum price in London of 5½ per cent. Stock.	...	...	...	...
Minimum price in London of 5½ per cent. Stock.	...	...	...	...
Maximum price in London of 4½ per cent. Stock.	...	...	...	...
Minimum price in London of 4½ per cent. Stock.	...	...	...	...
Maximum Government Paper Currency outstanding.	1,14,76,97,000 (Oct.)	1,53,46,48,000 (Mar.)	1,85,14,79,000 (Jan.)	1,70,73,89,000 (Apr.)
Minimum Government Paper Currency outstanding.	82,72,35,000 (Apr.)	1,05,96,05,000 (Apr.)	1,53,72,07,600 (Apr.)	1,57,62,82,000 (Sept.)
Number of Post Office Savings Banks.	10,975	10,587	10,670	10,713
Number of accounts in Post Office Savings Banks.	16,37,600	16,77,407	17,60,443	18,77,957
Amount deposited in Savings Banks.	16,58,46,470	18,83,44,749	21,34,84,628	22,66,21,716
Average of each deposit.	101.27	112.23	121.26	121.73
Net addition to deposits.	—1,06,931	2,23,94,279	2,52,39,787	1,51,37,068

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FINANCIAL STATISTICS—concl'd.

MISCELLANEOUS—concl'd.

1921-1922.	1922-1923.	1922-1924.	1924-1925.	1925-1926, Revised.	1926-1927, Budget.
R	R	R	R	HR	R
7,80,08,000 (Feb.)	10,50,48,000 (Nov.)	10,80,82,000 (Oct.)	10,20,98,000 (Apr.)	9,42,86,000 (Apr.)	
6,36,30,000 (Apr.)	9,68,19,000 (May)	10,06,94,000 (Mar.)	9,69,86,000 (Mar.)	8,59,80,000 (Sept.)	
42½	39	45	40½	52½	
84½	84	89	45	40½	
63½	69½	72½	60½	66½	
55½	62½	61½	63	63½	
55½	59½	62½	59½	80½	
47½	53½	52½	54	54½	
46½	50½	53½	49½	49½	
39½	44½	44½	45	46½	
108½	119½	124	115½	106½	
102½	108	107½	104½	102½	
94½	102½	105	108½	103	
69½	93½	90	100	99½	
...	86½	93	69½	91½	
...	83½	82½	85½	85½	
1,79,71,40,000 (Oct.)	1,82,26,25,000 (Aug.)	1,56,18,96,000 (Feb.)	1,84,19,40,000 (Mar.)	1,91,77,32,000 (Oct.)	
1,67,31,55,000 (Apr.)	1,71,76,07,000 (Apr.)	1,71,33,35,000 (May)	1,72,49,20,000 (June)	1,73,33,07,000 (May.)	
10,758	10,730	10,535	10,727		
19,28,324	20,43,503	20,60,314	21,64,473		
22,36,24,825	22,19,98,761	24,78,83,170	25,63,94,907		
113-63	113-53	118-64	118-45		
-59,95,891	83,73,936	1,54,64,409	65,11,737		

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