



Explanatory Memorandum  
by the  
Financial Secretary  
on the  
Budget of the Government of India  
1927-28

DELHI  
GOVERNMENT OF INDIA PRESS  
1927

## 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 1925-26 with the estimates :—

	Budget.	Revised.	Accounts.
Revenue . . . . .	1,30,67.97	1,31,35.25	1,33,32.98
Expenditure . . . . .	1,30,43.84	1,30,04.87	1,30,01.80
Surplus . . . . .	24.13	1,30.38	3,31.18

2. The realised surplus of the year is about 2,01 lakhs more than the revised estimate. The improvement is distributed as follows :—

Railways . . . . .	17
Posts and Telegraphs . . . . .	15
Military . . . . .	28
Civil heads . . . . .	1,41

The biggest increase under civil heads was one of 93 lakhs from Customs revenue most of which came in during the last two months of the year, the larger yield being specially marked under protective duties (32 lakhs). This was to some extent counterbalanced by a fall in the receipts from Taxes on Income (39 lakhs) and Opium (24 lakhs). The remainder of the improvement is distributed over a large number of individual heads and none of the variations is large or important enough to need special mention.

3. The details of estimates for 1926-27 and 1927-28 are explained in the following paragraphs.

### CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net Revenue.
1923-24 . . . . .	39,69.64	71.36	38,98.28
1924-25 . . . . .	45,75.31	77.12	44,98.19
1925-26 . . . . .	47,77.95	81.77	46,96.18
1926-27 { Budget . . . . .	46,40.00	85.48	45,54.52
{ Revised . . . . .	47,69.71	83.07	46,86.64
1927-28 Budget . . . . .	48,64.37	87.91	47,76.46

4. The revised estimate of revenue from Customs in 1926-27 exceeds the Budget by about 1,30 lakhs. The outstanding increases occur under sugar (1,25 lakhs), articles charged at 15 per cent. *ad valorem* (66 lakhs), and protective duties on steel (50 lakhs). These are partly counterbalanced by decreases which occur principally under cotton piece-goods (50 lakhs), mineral oils (25 lakhs) and rice (21 lakhs).

5. The Budget estimate of revenue for 1927-28 exceeds the revised estimate for the current year by about 95 lakhs. The real improvement is as much as 1,86 lakhs but allowance has had to be made for deterioration in revenue as follows :—

Loss in protective duties as a result of the measures embodied in the Steel Industry (Protection) Bill . . . . .	40
Loss resulting from the abolition of the export duty on hides (paragraph 38 of the Budget speech) . . . . .	9
Loss resulting from the abolition of the export duty on tea (paragraph 39 of the Budget speech) . . . . .	50
Loss resulting from the reduction in the import duty on motor-cars, etc., (paragraph 40 of the Budget speech) . . . . .	10
Total loss . . . . .	1,09
Gain resulting from the increase in the import duty on unmanufactured tobacco (paragraph 43 of the Budget speech) . . . . .	18
Net loss . . . . .	91

For the rest, the main variations from the revised estimate are an improvement of 50 lakhs under cotton piece-goods, which will raise the yield from this source to 7 crores which was assumed in the original estimate for the current year; and of 30 lakhs under protective duties on steel the greater part of which is due to the inevitable throw-forward from the current year following on the introduction of the Steel Industry (Protection) Bill already referred to; and a fall of 25 lakhs in sugar from the record figure of 6,95 lakhs expected to be reached in the current year.

6. The details are as follows :—

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
<b>REVENUE</b>						
<b>SEA CUSTOMS</b>						
<b>IMPORTS.</b>						
<i>Non-protective Special Duties.</i>						
<b>Liquors—</b>						
(a) Ale, Beer, Porter, Cider and other fermented Liquors . . . . .	14'08	16'23	18'01	18'00	19'60	20'30
(b) Spirits and Liqueurs . . . . .	2,00'88	2,19'99	2,21'90	2,10'00	2,30'53	2,41'19
(c) Wines . . . . .	11'23	14'10	14'07	14'00	15'11	15'20
Sugar, all sorts . . . . .	3,32'23	5,70'90	6,47'81	5,70'00	6,95'00	6,70'00
Tobacco . . . . .	1,67'63	1,73'72	1,55'81	1,75'00	1,75'00	1,63'00
Coal, coke and patent fuel . . . . .	3'02	2'83	2'03	2'50	1'60	2'35
Mineral oils . . . . .	1,27'79	1,43'39	1,54'67	1,40'00	1,23'60	1,37'78
Arms, Ammunition and Military Stores . . . . .	8'20	8'64	8'00	9'00	8'01	9'05

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
<b>REVENUE—contd.</b>						
<b>SEA CUSTOMS—contd.</b>						
<b>IMPORTS—contd.</b>						
Opium . . . . .	'03	'03	'02	..	'03	'03
Cotton yarn and thread . . . . .	42'74	51'41	43'38	48'00	37'80	39'36
Cotton piece-goods . . . . .	6,16'12	7,73'76	6,06'55	7,00'00	6,60'00	7,00'00
Silk mixtures . . . . .	...	...	3'80	4'50	5'84	6'52
Matches . . . . .	1,38'01	1,25'85	1,18'30	1,12'00	96'20	92'09
Match Splints and Veneers . . . . .						
<i>Duty at 2½ per cent.</i>						
Machinery . . . . .	55'83	42'88	43'86	44'00	37'74	43'28
Other articles . . . . .	1'54	1'16	'87	1'00	'56	'72
<i>Duty at 10 per cent.</i>						
Metals—Iron and Steel . . . . .	1,72'11	84'13	42'30	40'00	41'96	43'20
Railway plant and rolling stock . . . . .	62'56	47'49	38'82	37'00	27'61	40'00
Other articles . . . . .	6'63	1'65	1'42	2'00	1'42	1'75
<i>Duty at 15 per cent.</i>						
Articles of Food and Drink (excluding sugar and vinegar) . . . . .	1,27'43	1,39'15	1,59'83	1,58'00	1,78'88	1,87'26
Raw materials and articles mainly unmanufactured . . . . .	65'78	63'88	69'73	74'00	65'99	67'50
Articles wholly or mainly manu- factured—						
(a) Cutlery, hardware, imple- ments and instruments . . . . .	1,13'50	1,19'97	1,29'42	1,30'00	1,34'54	1,37'72
(b) Metals other than Iron and Steel . . . . .	95'58	1,12'97	1,10'31	1,10'00	1,00'84	1,06'80
(c) Yarns and textile fabrics (other than cotton manu- factures) . . . . .	1,03'87	1,42'91	1,44'20	1,45'00	1,71'76	1,89'10
(d) All other articles wholly or mainly manufactured . . . . .	3,78'33	3,99'48	3,99'84	4,00'00	4,25'81	4,29'27
Miscellaneous . . . . .	53'07	56'46	55'67	55'00	59'08	59'50
<i>Duty at 30 per cent.</i>						
Motor cars and cycles . . . . .	74'13	79'44	1,05'30	1,05'00	1,10'58	1,08'39
Silk piece-goods and other manu- factures of silk . . . . .	81'55	90'05	78'16	90'00	77'43	82'05
Pneumatic rubber tyres and tubes . . . . .	29'33	27'09	46'03	50'00	37'55	42'00
Other articles . . . . .	90'72	98'59	1,03'73	1,05'00	1,08'90	1,14'61

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
<b>REVENUE—contd.</b>						
<b>SEA CUSTOMS—contd.</b>						
<b>IMPORTS—contd.</b>						
<i>Protective Special Duties</i>						
Coal tubs . . . . .	...	2,25.77	1.09 2,81.87	2,35.00	2,85.00	2,75.00
Iron and Steel . . . . .	...		9.08			
Railway track material . . . . .	...		12.78	20.00	24.22	24.23
Paper and Stationery . . . . .	...				6.79	7.02
Portland cement . . . . .	...				.32	.32
Printer's Ink . . . . .	...					
<i>Government stores.</i>						
Railway plant and rolling stock . . . . .	...	60.29	1,02.65	1,00.00	99.44	1,02.46
<b>TOTAL IMPORTS</b>	<b>31,77.81</b>	<b>39,00.80</b>	<b>39,31.90</b>	<b>39,13.00</b>	<b>40,56.04</b>	<b>41,89.19</b>
<b>Export duties—</b>						
(a) Hides and skins, raw . . . . .	25.33	26.75	31.74	35.00	30.17	21.00
(b) Jute (raw and manu- factured) . . . . .	3,57.80	3,75.64	3,68.05	3,80.00	3,85.45	3,80.00
(c) Rice . . . . .	1,18.22	1,23.97	1,40.81	1,36.00	1,15.28	1,31.05
(d) Tea . . . . .	50.06	49.12	48.09	52.00	47.78	...
(e) Government Stores . . . . .	...	.05	.03	...	.04	.03
Sea Customs—Miscellaneous . . . . .	11.10	13.50	11.43	12.00	12.00	12.15
Land Customs . . . . .	18.67	20.84	23.04	22.00	20.88	21.82
Excise Duty on Cotton Manu- factures . . . . .	1,56.52	2,17.67	1,46.60	...	.57	...
Excise Duty on Motor Spirit . . . . .	65.15	78.86	76.82	85.00	90.24	1,00.00
Excise Duty on Kerosene . . . . .	95.18	98.39	97.88	1,00.00	1,06.00	1,10.00
Warehouse and wharf rents and Miscellaneous . . . . .	5.29	5.29	5.54	5.00	5.28	5.12
<b>TOTAL RECEIPTS</b>	<b>40,81.11</b>	<b>40,10.88</b>	<b>48,51.03</b>	<b>47,40.00</b>	<b>48,69.71</b>	<b>49,80.37</b>
<i>Deduct—Refunds</i>	<i>1,11.47</i>	<i>3,35.58</i>	<i>1,08.98</i>	<i>1,00.00</i>	<i>1,00.00</i>	<i>96.00</i>
<b>TOTAL REVENUE</b>	<b>39,69.64</b>	<b>45,75.32</b>	<b>47,77.95</b>	<b>46,40.00</b>	<b>47,69.71</b>	<b>48,84.37</b>
<b>EXPENDITURE.</b>						
India . . . . .	69.47	75.13	80.15	83.55	81.41	68.03
England . . . . .	1.29	1.45	1.23	1.45	1.24	1.41
Exchange . . . . .	.60	.54	.40	.48	.42	.47
<b>TOTAL</b>	<b>71.36</b>	<b>77.12</b>	<b>81.77</b>	<b>85.48</b>	<b>83.07</b>	<b>87.91</b>

## TAXES ON INCOME.

		Revenue (Receipts less refunds and Provincial Government's share of Income-tax revenue).	Expenditure.	Net revenue.
1923-24	.	18,23.56	62.67	17,60.89
1924-25	.	16,01.48	60.38	15,41.10
1925-26	.	15,85.93	58.72	15,27.21
1926-27	{ Budget	16,14.67	67.73	15,46.94
	{ Revised	15,85.47	62.76	15,22.71
1927-28	Budget	16,95.05	68.48	16,26.57

7. The revised estimate of revenue from Taxes on Income for 1926-27 is about 29 lakhs less than the Budget, but the deterioration is, as explained in paragraph 5 of the Budget speech, almost entirely due to an increase in refunds. The variations under Super-tax call for no remarks while those under Income-tax consist principally of increases in Bombay (20 lakhs) and Burma (11 lakhs) and decreases in Bengal (24 lakhs) and the Punjab (9 lakhs).

8. The Budget estimate of revenue for next year is about 1,10 lakhs more than the revised estimate but of this 45 lakhs are accounted for by the alteration in the method of assessment of tea companies which is referred to in paragraph 39 of the Budget speech, while an appreciable improvement is also expected from the substitution of tax-subject for tax-free Government of India securities and a diminution in refunds.

9. The following tables give the usual details:—

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
<b>REVENUE.</b>						
<b>EXCESS PROFITS DUTY.</b>						
1. Madras	...	08	01	01	16	01
2. Bengal	05	15	01	01	01	01
3. Punjab	14	...	...	...	...	...
<b>TOTAL</b>	19	23	01	01	17	01
<b>SUPER-TAX.</b>						
1. India	2.62	1.22	2.07	2.09	2.24	2.15
2. Baluchistan	...	...	35	15	40	40
3. N.-W. Frontier	40	24	24	26	52	34
4. Madras	32.79	21.35	22.71	20.00	24.00	25.20
5. Bombay	2,03.90	1,27.34	58.62	67.00	65.00	54.71
6. Bengal	2,04.95	2,25.31	2,54.77	2,41.00	2,41.00	2,01.00
7. United Provinces	22.49	16.53	17.42	20.00	15.30	15.30
8. Punjab	9.77	6.90	6.67	8.00	7.26	8.40
9. Burma	51.41	56.56	57.87	60.00	65.33	70.15
10. Bihar and Orissa	9.85	6.54	4.36	6.00	7.32	6.64
11. Central Provinces	17.84	12.94	8.37	8.50	8.00	8.00
12. Assam	1.13	4.09	2.47	3.00	3.00	5.00
<b>TOTAL</b>	6,17.14	4,79.02	4,65.02	4,68.00	4,69.40	4,99.49

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
<b>REVENUE—contd.</b>						
<b>INCOME-TAX.</b>						
<b>1. India General—</b>						
Civil . . . . .	31·64	32·42	28·28	29·37	26·75	29·24
Non-Civil Departments . . . . .	55·00	50·21	55·78	56·22	57·81	61·84
<b>2. Delhi . . . . .</b>	8·27	8·33	11·44	9·74	11·39	11·34
<b>3. Baluchistan . . . . .</b>	·95	1·07	1·09	1·23	1·95	1·95
<b>4. North-West Frontier . . . . .</b>	11·47	7·65	8·24	8·39	8·46	8·05
<b>5. Madras . . . . .</b>	1,57·17	1,18·16	1,28·30	1,36·00	1,34·00	1,39·00
<b>6. Bombay . . . . .</b>	4,08·79	3,13·10	2,89·07	2,65·00	2,65·00	2,97·00
<b>7. Bengal . . . . .</b>	3,62·25	3,50·15	3,90·76	3,91·00	3,67·00	3,90·00
<b>8. United Provinces . . . . .</b>	70·73	64·94	65·31	69·00	67·45	69·70
<b>9. Punjab . . . . .</b>	77·19	63·33	64·91	74·00	65·37	70·84
<b>10. Burma . . . . .</b>	1,20·96	1,31·31	1,65·45	1,70·00	1,80·96	1,74·63
<b>11. Bihar and Orissa . . . . .</b>	39·99	39·42	36·53	40·00	41·44	42·00
<b>12. Central Provinces . . . . .</b>	46·35	39·99	36·88	34·50	39·52	38·30
<b>13. Assam . . . . .</b>	13·85	20·06	17·94	18·50	21·16	25·09
<b>14. Coorg . . . . .</b>	·19	·23	·23	·22	·23	·23
<b>TOTAL . . . . .</b>	14,10·80	12,40·36	13,00·81	13,03·22	13,10·62	13,68·31
<b>Total Receipts from Taxes on Income . . . . .</b>	20,26·13	17,19·61	17,66·74	17,71·23	17,70·19	18,67·81
<b>Deduct—Refunds—</b>						
India . . . . .	1,79·01	96·75	1,48·55	1,26·23	1,48·51	1,42·02
England . . . . .	...	1·21	4·64	4·00	6·00	...
Exchange . . . . .	...	·41	1·52	1·33	2·02	...
<b>TOTAL REFUNDS . . . . .</b>	1,79·01	98·37	1,54·71	1,31·56	1,56·54	1,42·02
<b>Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules . . . . .</b>	25·57	19·76	26·10	25·00	28·18	30·74
<b>Total Revenue of the Central Gov- ernment . . . . .</b>	18,23·55	16,01·48	15,85·93	16,14·67	15,85·47	16,95·05
<b>EXPENDITURE.</b>						
India . . . . .	62·26	59·29	57·63	66·59	61·61	67·35
England . . . . .	·28	·79	·82	·85	·88	·65
Exchange . . . . .	·13	·30	·37	·29	·29	·28
<b>TOTAL . . . . .</b>	62·67	60·38	58·72	67·73	62·70	68·28
<b>Distributed as follows—</b>						
Payments to Provincial Govern- ments . . . . .	19·55	11·16	3·62	2·74	2·63	2·33
Direct expenditure of Central Government . . . . .	43·12	49·22	55·10	64·99	60·18	66·12

## Amount of Income-Tax Revenue payable to Provincial Governments.

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
Madras . . . . .	10.82	1.57	4.27	3.00	3.58	5.48
United Provinces . . . . .	...	...	.08	...	...	...
Punjab . . . . .	4.24	1.90	3.82	5.12	3.72	3.98
Burma . . . . .	.88	5.90	8.92	9.32	11.06	10.20
Bihar and Orissa . . . . .	2.55	2.55	2.41	3.06	3.02	4.83
Central Provinces . . . . .	3.42	2.30	1.36	...	1.50	1.00
Assam . . . . .	4.18	5.54	5.29	4.50	5.80	5.27
<b>TOTAL</b> . . . . .	<b>25.57</b>	<b>19.76</b>	<b>26.10</b>	<b>25.00</b>	<b>28.18</b>	<b>30.74</b>

10. 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, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
Madras . . . . .	1.37	1.51	1.43	1.45
Bombay . . . . .	3.50	3.26	3.39	3.55
Bengal . . . . .	5.94	5.96	5.72	6.24
United Provinces . . . . .	81	87	80	83
Punjab . . . . .	61	72	64	71
Burma . . . . .	1.77	1.91	1.91	1.96
Bihar and Orissa . . . . .	35	38	38	43
Central Provinces . . . . .	37	37	40	41
Assam . . . . .	14	16	16	23
Minor Administrations and Non-Civil Departments.	1.06	1.06	1.10	1.14
England (including Exchange) . . . . .	—6	—5	—8	...
<b>TOTAL</b> . . . . .	<b>16.86</b>	<b>16.15</b>	<b>15.85</b>	<b>16.95</b>

## SALT.

	Revenue (Receipts less Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1923-24 . . . . .	10,01.51	1,36.12	8,65.39
1924-25 . . . . .	7,39.05	1,27.40	6,11.65
1925-26 . . . . .	6,32.97	1,32.24	5,00.73
1926-27 { Budget . . . . .	6,90.00	1,43.68	5,46.32
{ Revised . . . . .	6,70.00	1,29.46	5,40.54
1927-28 Budget . . . . .	7,00.00	1,31.25	5,68.75



11. The revised estimate of revenue has been taken at 20 lakhs less than the original estimate in the light of recent actuals. The expectation of a reduction in the rate of duty and the operation of the system of credit sales are jointly responsible for the deterioration. Next year's figure of 7 crores allows for a small increase in consumption.

12. The revised estimate of expenditure is about 14 lakhs less than originally anticipated. The Budget figures for the current year have had to be cut down rigorously in view of past experience. The savings relate mainly to manufacture and weighment charges, purchase of bags, and works expenditure in the Northern India Salt Revenue Department.

13. Details of revenue and expenditure are given below.

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
<b>REVENUE.</b>						
Northern India (a) . . . . .	3,24.44	1,42.92	1,29.09	1,77.36	1,56.15	1,72.36
Madras (a) . . . . .	2,14.17	1,91.99	1,47.72	1,49.10	1,44.88	1,49.08
Bombay (a) . . . . .	2,28.98	1,75.40	1,53.67	1,64.25	1,63.61	1,69.07
Bengal (b) . . . . .	1,63.03	2,37.94	1,72.35	1,70.73	1,74.68	1,79.08
Burma (b) . . . . .	61.76	34.62	34.19	34.30	34.15	34.50
Bihar and Orissa . . . . .	...	...	.01	.01	.01	.01
Assam . . . . .	...	.01	.01	.01	.01	.01
<b>TOTAL RECEIPTS</b> . . . . .	<b>10,12.38</b>	<b>7,85.78</b>	<b>6,37.01</b>	<b>6,95.76</b>	<b>6,73.40</b>	<b>7,05.31</b>
<b>Deduct—Refunds</b> . . . . .	<b>10.87</b>	<b>46.73</b>	<b>4.07</b>	<b>5.78</b>	<b>3.49</b>	<b>5.31</b>
<b>TOTAL REVENUE</b> . . . . .	<b>10,01.51</b>	<b>7,39.05</b>	<b>6,32.97</b>	<b>6,90.00</b>	<b>6,70.00</b>	<b>7,00.00</b>
<b>EXPENDITURE.</b>						
Cost of salt purchased by Govern- ment . . . . .	21.28	14.47	10.25	13.24	11.28	12.64
Assignments and compensations . . . . .	37.54	36.38	40.27	39.28	38.19	38.24
Interest . . . . .	...	3.01	3.72	4.22	3.92	4.19
Depreciation . . . . .	...	2.60	2.54	3.35	2.63	2.86
Other charges . . . . .	76.54	62.87	67.01	72.67	64.01	68.17
Capital Outlay on salt works . . . . .	...	7.20	7.18	10.30	5.19	4.50
<b>Total India</b> . . . . .	<b>1,35.36</b>	<b>1,26.53</b>	<b>1,31.87</b>	<b>1,43.06</b>	<b>1,26.93</b>	<b>1,30.66</b>
England . . . . .	.52	.63	.28	.54	.40	.44
Exchange . . . . .	.24	.24	.09	.18	.14	.15
<b>TOTAL</b> . . . . .	<b>1,36.12</b>	<b>1,27.40</b>	<b>1,32.24</b>	<b>1,43.68</b>	<b>1,27.46</b>	<b>1,31.25</b>

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

## OPIUM.

	Provision and medical (less refunds).	Excise opium and mis- cellaneous.	Total revenue (less refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.
1923-24 . . .	3,17.37	1,07.45	4,24.82	2,39.13	19.08	2,58.80	1,66.02
1924-25 . . .	2,74.47	1,05.29	3,79.76	2,14.82	20.75	2,35.57	1,44.19
1925-26 . . .	2,82.76	1,32.34	4,15.00	1,90.30	21.17	2,11.47	2,03.53
1926-27 { Budget . . .	2,00.00	90.00	3,90.00	1,35.00	19.41	1,54.41	2,25.59
{ Revised . . .	3,27.41	91.10	4,18.51	90.84	15.77	1,06.61	3,11.90
1927-28 Budget . . .	3,00.07	83.01	3,83.08	75.34	15.25	90.59	2,92.49

14. 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 entire quantity is now exported under the system of direct sales to Foreign and Colonial Governments, that of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

15. The exports of provision opium in the current year are now expected to amount to 8,065 chests against the original estimate of 7,000 chests. This is the main reason for the large improvement in revenue which, after taking into account the compensation of about 9 lakhs payable to certain dealers in consequence of the stoppage of export to Saigon, is still over 38 lakhs. The expenditure too shows a large reduction of 48 lakhs which reflects the poor quality of the year's crop and the reduction in the area of cultivation.

16. Next year, exports of provision opium are expected to go down to 7,166 chests under the arrangement whereby they have to be extinguished not later than the 31st December 1935, while expenditure will also simultaneously diminish, resulting in a net revenue of 2,92 lakhs against 3,12 now expected in the current year.

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

	Revenue.	Expenditure.	Net revenue.
1923-24 . . . . .	2,28.56	15.10	2,13.46
1924-25 . . . . .	2,06.93	43.75	1,63.18
1925-26 . . . . .	2,12.60	60.57	1,52.03
1926-27 { Budget . . . . .	2,25.43	59.04	1,66.39
{ Revised . . . . .	2,26.42	58.40	1,68.02
1927-28 Budget . . . . .	2,27.06	56.63	1,70.43

17. These comprise Land Revenue, Excise, Stamps, Forest, Registration and Tributes from Indian States. The variations are unimportant.

## POSTS AND TELEGRAPHS.

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
<b>INDIAN POSTAL AND TELE- GRAPH DEPARTMENT.</b>						
GROSS RECEIPTS . . . . .	9,90'72	9,97'28	10,21'37	10,64'65	10,61'03	10,79'83
WORKING EXPENSES—						
India . . . . .	8,61'06	8,82'01	9,28'90	10,09'05	9,97'03	10,16'60
England . . . . .	16'37	10'93	6'83	5'66	5'91	5'44
Exchange . . . . .	7'15	4'09	2'23	1'69	2'00	1'82
TOTAL . . . . .	9,05'48	8,97'03	9,37'96	10,17'50	10,04'94	10,24'08
NET RECEIPTS . . . . .	85'24	1,00'25	83'41	47'15	46'09	55'75
EXPENDITURE CHARGED TO REVENUE—						
Interest . . . . .	63'59	68'60	46'38	57'00	53'26	56'51
NET REVENUE . . . . .	21'35	31'65	37'03	—9'85	—7'17	—7'6
CAPITAL OUTLAY CHARGED TO REVENUE—						
India . . . . .	—50'51	—56'99	—1,40'87	20'02	18'52	20'00
England . . . . .	12'12	10'45	...	...	...	...
Exchange . . . . .	5'54	8'63	...	...	...	...
TOTAL . . . . .	—32'85	—42'71	—1,40'87	20'02	18'52	20'00
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India . . . . .	75'21	1,17'56	2,00'50	44'02	32'39	49'63
England . . . . .	...	...	10'03	12'71	8'61	7'61
Exchange . . . . .	...	...	3'26	4'34	2'91	2'54
TOTAL . . . . .	75'21	1,17'56	2,13'79	60'97	33'91	59'68
<b>INDO-EUROPEAN TELEGRAPH DEPARTMENT.</b>						
GROSS RECEIPTS—						
India . . . . .	17'07	29'38	32'30	23'64	15'30	17'15
England . . . . .	16'09	8'27	10'58	7'60	15'80	14'00
Exchange . . . . .	7'66	3'00	3'40	2'60	5'24	4'87
TOTAL . . . . .	41'42	40'71	30'43	34'04	36'04	36'02
WORKING EXPENSES—						
India . . . . .	29'20	26'77	31'90	34'09	31'05	32'72
England . . . . .	'85	'69	1'20	1'18	1'17	1'19
Exchange . . . . .	'40	'28	'39	'40	'39	'50
TOTAL . . . . .	30'54	29'72	33'49	35'67	33'21	34'30
NET RECEIPTS . . . . .	10'88	10'99	2'94	—1'63	2'83	3'32
EXPENDITURE CHARGED TO REVENUE—						
Interest . . . . .	...	...	4'31	5'10	5'17	5'20
NET REVENUE . . . . .	10'88	10'99	—1'37	—6'73	—2'34	—2'07
CAPITAL OUTLAY CHARGED TO REVENUE—						
India . . . . .	—4'29	—4'94	—14'10	3'85	1'66	3'76
England . . . . .	—00	7'35	1'80	'03	'07	'04
Exchange . . . . .	—38	2'58	'59	'01	'02	'01
TOTAL . . . . .	—5'06	—4'99	—11'71	3'89	1'65	3'81
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India . . . . .	...	...	8'40	—3'05	—4'10	—3'56
England . . . . .	...	...	1'02	1'50	1'15	1'20
Exchange . . . . .	...	...	'33	'50	'39	'40
TOTAL . . . . .	...	...	9'75	—1'65	—2'56	—1'00

18. The above statement shows the position of both the Indian Postal and Telegraph Department and the Indo-European Telegraph Department at a glance. The figures appearing as 'Net Revenue' show in both cases the loss on the working on a commercial basis. The loss both this year and next is now expected to be considerably less than that shown in the Budget for 1926-27.

19. The Working Expenses of the Indian Postal and Telegraph Department in 1927-28 include 12½ lakhs of new measures designed to improve the pay and allowances of the subordinate staff but also take an increased credit of about 5½ lakhs on account of the management of the work connected with the Post Office Savings Bank and Cash Certificates.

20. The interest chargeable to both the Departments has been calculated throughout with reference to the value of the recently constructed block account as at the 31st March 1925 and the capital outlay subsequently incurred, after taking into account capital receipts as also the loss on the working.

#### INTEREST RECEIPTS.

	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
India . . . . .	95.77	74.41	66.53	70.69
England { Interest on tempo- { rary investment { of cash balances, { etc. . . . .	48.69	32.03	42.89	21.58
{ Excess of Gold { Standard Reserve { over £40 millions.	1,97.77	1,72.50	1,92.50	1,62.50
Exchange . . . . .	79.72	68.17	79.56	61.36
Total . . . . .	4,21.95	3,47.11	3,81.48	3,16.13

21. The fall in the Interest receipts in India in the current year is entirely due to the fact that certain securities of Railway Provident Funds which had been taken over by Government and the yield from which used to be credited under this head, have now been completely disposed of. On the other hand, the Interest receipts in England have been considerably higher than anticipated owing to the high interest rates prevailing there. The Budget estimate of Home receipts next year allows for a fall both in the interest rate and in the volume of the balances in the Home Treasury.

#### INTEREST PAYMENTS.

Interest on debt—	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
Gross payments—				
India . . . . .	20,76.21	20,55.45	19,94.31	20,26.14
England . . . . .	13,07.07	13,04.04	13,04.45	12,89.18
Exchange . . . . .	4,28.98	4,34.68	4,40.87	4,29.73
Total . . . . .	38,12.26	37,94.17	37,39.63	37,45.05

	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
<i>Deduct—Amounts charged to—</i>				
Railways . . . . .	23,14.12	24,38.21	24,46.81	25,82.64
Irrigation . . . . .	12.07	12.05	12.03	12.04
Posts and Telegraphs . . . . .	51.26	62.10	59.20	62.77
Other heads . . . . .	6.46	11.11	10.66	13.80
Provincial Loans Fund . . . . .	5,20.83	5,29.82	5,34.33	5,36.05
<b>Total deductions</b> . . . . .	<b>29,04.74</b>	<b>30,53.29</b>	<b>30,63.03</b>	<b>32,07.30</b>
<b>Total Interest on Ordinary Debt (net)</b> . . . . .	<b>9,07.52</b>	<b>7,40.88</b>	<b>6,76.60</b>	<b>5,37.75</b>
<i>Interest on other obligations—</i>				
On Postal Savings Bank balances . . . . .	73.99	80.55	79.08	85.14
On Provident Funds . . . . .	2,04.53	2,37.52	2,33.09	2,29.95
Bonus on Postal Cash Certificates . . . . .	15.94	15.00	15.40	16.00
On Fixed Deposits of Provincial Governments . . . . .	6.20	20.00	22.35	25.00
On Reserve and Depreciation Funds . . . . .	54.68	81.54	63.58	78.26
Other items . . . . .	74.13	77.64	81.44	90.44
<b>Total</b> . . . . .	<b>4,29.47</b>	<b>5,12.25</b>	<b>4,94.94</b>	<b>5,24.79</b>
<b>Total Interest payments</b> . . . . .	<b>13,36.99</b>	<b>12,53.13</b>	<b>11,71.54</b>	<b>10,62.54</b>

22. The principal variations from Budget in the current year are the savings of 61 lakhs in the gross payments in India on account of interest on ordinary debt and 18 lakhs in the interest on the balances of the Reserve and Depreciation Funds. The former is accounted for mainly by the reduction in the discount on Treasury Bills held in the Paper Currency Reserve which it was possible to renew at rates substantially lower than those which prevailed last year. The latter is due primarily to the drop in the rate of interest allowed on the balances of the funds from 4½ to 3½ per cent., following on the comparatively easy terms on which the Government of India were able to borrow in the open market in the current year, and to a certain extent also to the latest estimates involving a transfer of 7 lakhs from the Railway Reserve fund instead of enabling a transfer of 2,70 lakhs to be made to the Fund as anticipated in Budget. The discount, amounting to 3,54 lakhs, on the current year's rupee loan will not be charged to revenue at once but a special discount sinking fund will be formed in order to spread the charge over the period of the currency of the loan.

23. The increase in the gross payments of interest on ordinary debt in India in 1927-28, which is only slightly larger than the corresponding decrease in England, reflects the extent to which sterling debt has been replaced by rupee debt, while the net saving of 1,09 lakhs, as compared with the revised estimate for the current year, in the net total of interest on dead-weight debt, is an indication of the extent to which unproductive debt has been replaced by productive debt. It is relevant to mention, in this connection, that in view of the terms on which recent borrowings of the Government of India have been made, the rate of interest allowed on the balances of Provident and other similar funds has been reduced from 5½ to 4¾ per cent. with effect from the 1st April 1927.

#### REDUCTION OR AVOIDANCE OF DEBT.

24. 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.

25. The amount required under this scheme is 4,84.04 lakhs in 1926-27, and 4,95.80 lakhs in 1927-28. 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 1926.	31st March 1927 (Estimate).
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve . . . . .	3,61,42	3,68,29	3,74,48
Sterling Debt . . . . .	3,63,95	4,27,00	4,24,28
Unfunded Debt . . . . .	62,56	94,87	1,07,61
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities . . . . .	91,97	86,30	84,28
	8,79,90	9,76,46	9,90,65
<i>Deduct—</i>			
Discount included above but separately provided for . . . . .	8,23	10,66	10,53
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt . . . . .	24,89	51,79	56,70
	33,12	62,45	67,23
	8,46,78	9,14,01	9,23,42
Excess over outstanding debt on 31st March 1923 . . . . .		67,23	76,64
1/80th of above . . . . .		84.04	95.80

26. These amounts should be increased further by 13.11 and 16 lakhs respectively, being the reparation receipts payable by Germany which have to be applied, under section 7 of the Indian Finance Act, 1926, to the reduction or avoidance of debt. The total provision is thus 4,97.15 lakhs in 1926-27 and 5,11.80 lakhs in 1927-28.

These amounts include the following specific items :—

	Revised, 1926-27.	Budget 1927-28.
Sinking fund provision for 5 per cent. rupee loans . . . . .	1,36.04	1,36.04
Capital portion of railway annuities . . . . .	1,80.25	1,85.85
Railway sinking funds . . . . .	26.78	26.67
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929—47 . . . . .	68.51	71.68
Reparation receipts . . . . .	13.11	16.00
	<hr/>	<hr/>
TOTAL . . . . .	4,24.67	4,36.24
	<hr/>	<hr/>

#### CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net Expenditure.
1923-24 . . . . .	68.51	9,33.97	8,65.46
1924-25 . . . . .	73.98	10,12.59	9,38.61
1925-26 . . . . .	89.98	10,76.49	9,86.51
1926-27 { Budget . . . . .	77.86	11,45.30	10,67.44
{ Revised . . . . .	82.00	11,27.53	10,45.53
1927-28 Budget . . . . .	84.21	11,31.50	10,47.29

27. As a result of past experience, the Budget figures of expenditure in the current year have been reduced considerably in framing the revised estimate, with the result that the latter shows a saving of nearly 18 lakhs notwithstanding the fact that certain items of expenditure not provided for in the original estimates had to be included, *e.g.*, some 11 lakhs for the acquisition of certain lands for aviation purposes and 6 lakhs on expeditions into the Naga Hills and the Triangle with a view to the extermination of slavery and human sacrifice in those regions.

28. The Budget estimate of expenditure for next year is again only 4 lakhs more than the revised estimate for 1926-27 notwithstanding the inclusion therein of a large number of new items, principally that of 12 lakhs on the five-year educational programme referred to in paragraph 31 of the Budget speech and 8 lakhs for a beginning to be made with the construction of an India House in London, not to speak of the ordinary growth in expenditure due to increments, etc., and the transfer of some 35 lakhs from the head 'Civil Works' to the head 'Frontier Watch and Ward' which has been newly opened in this group. The reason is that there has been a considerable saving owing to the practical cessation of the payment of bounties on steel of which there will be only a small residue of 5 lakhs next year against the large amount of 88 lakhs which figured in the current year's Budget.

## CURRENCY AND MINT.

	Revenue.	Expenditure.	Net Revenue.
1923-24 . . . . .	3,12.74	99.07	2,13.67
1924-25 . . . . .	3,99.33	71.41	3,27.92
1925-26 . . . . .	4,63.89	70.11	3,93.78
1926-27 { Budget . . . . .	4,29.68	78.24	3,51.44
{ Revised . . . . .	4,17.69	77.91	3,39.78
1927-28 Budget . . . . .	2,48.70	74.85	1,73.85

29. The drop of 12 lakhs in the revenue for the current year occurs wholly in respect of the profit on the circulation of nickel coins while the further drop of 1,69 lakhs next year is the combined result of the reduction in the amount of investments held in the Paper Currency Reserve both in India and in England and of the comparatively lower rates at which Treasury Bills held in the Reserve in India were renewed in 1926-27.

## CIVIL WORKS.

	Revenue.	Expenditure.	Net Expenditure.
1923-24 . . . . .	37.05	1,70.31	1,33.26
1924-25 . . . . .	13.21	1,77.73	1,64.52
1925-26 . . . . .	12.85	1,60.42	1,47.57
1926-27 { Budget . . . . .	9.98	1,80.11	1,70.13
{ Revised . . . . .	14.91	1,90.25	1,75.34
1927-28 Budget . . . . .	17.45	1,66.98	1,49.53

30. The increase in both revenue and expenditure in the revised as compared with the original estimate for the current year has resulted from the transfer of certain items to this head from the capital head 'Initial expenditure on New Capital at Delhi' in view of the approaching completion of the New Capital, while the reduction in expenditure next year is more apparent than real as it has been occasioned by the transfer of about 35 lakhs to the head 'Frontier Watch and Ward' referred to in paragraph 28.

## MISCELLANEOUS.

	Revenue.	Expenditure.	Net Expenditure.
1923-24 . . . . .	94.78	4,46.50	3,51.72
1924-25 . . . . .	45.90	4,35.32	3,89.42
1925-26 . . . . .	54.18	4,25.60	3,71.42
1926-27 { Budget . . . . .	39.27	3,96.31	3,57.04
{ Revised . . . . .	55.97	4,02.26	3,46.29
1927-28 Budget . . . . .	46.90	3,97.15	3,50.25

31. The only important variation is in the revised estimate of revenue for the current year which exceeds the original estimate by 17 lakhs. This is explained by larger receipts on account of stationery and printing, and a number of other miscellaneous items, including 3 lakhs in England on account of the refund of expenses incurred in repatriating German subjects.



**PROVINCIAL CONTRIBUTIONS AND MISCELLANEOUS  
ADJUSTMENTS BETWEEN CENTRAL AND  
PROVINCIAL GOVERNMENTS.**

	Revenue.	Expenditure.	Net Revenue.
1923-24 . . . . .	9,21.55	37.99	8,83.56
1924-25 . . . . .	9,25.21	50.74	8,74.47
1925-26 . . . . .	6,24.09	15.68	6,08.41
1926-27 { Budget . . . . .	5,45.12	6.00	5,39.12
{ Revised . . . . .	5,17.61	4.72	5,12.89
1927-28 Budget . . . . .	...	...	...

32. The deterioration of 28 lakhs in the revised estimate for the current year is accounted for by the special relief proposed to be given to Bombay—*vide* paragraph 50 of the Budget speech. The disappearance of the revenue figure in Budget next year is likewise the result of the remission of the entire amount of Provincial contributions now outstanding, part of which is recurring and part non-recurring.

33. The following table brings out the whole position as regards *permanent* remissions :—

Province.	Fixed contribution.	Remitted in 1925-26.	Remitted in 1926-27.	Now Outstanding.	Proposed to be remitted in 1927-28.	Balance not finally remitted.
Madras . . . . .	3,48	1,26.02	56.79	1,65.19	1,16.46	48.73
Bombay . . . . .	56	...	...	56	18.73	37.27
Bengal . . . . .	63	...	...	63	8.53	54.47
United Provinces . . . . .	2,40	56.17	32.98	1,50.85	99.25	51.60
Punjab . . . . .	1,75	61.16	28.11	85.73	59.93	25.80
Burma . . . . .	64	6.65	7.12	50.23	31.60	18.63
Central Provinces . . . . .	22	...	...	22	7.67	14.33
Assam . . . . .	15	...	...	15	7.83	7.17
Coorg . . . . .	12	...	...	12	12	...
<b>TOTAL . . . . .</b>	<b>9,83.12</b>	<b>2,50</b>	<b>1,25</b>	<b>6,08.12</b>	<b>3,50.12</b>	<b>2,58</b>

34. As a result of the proposed remissions and in accordance with the policy referred to in paragraph 81 of the Budget speech of the 28th February 1925, the assignments hitherto made to some of the Provincial Governments in respect of customs duty on imported stores will cease from 1927-28 which explains the disappearance of the expenditure figure from that year's Budget.

## EXTRAORDINARY ITEMS.

	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
<b>Receipts—</b>				
India . . . . .	28	...	7.45	1,80.76
England . . . . .	47.58	12.00	33.32	12.00
Exchange . . . . .	15.71	4.00	11.26	4.00
<b>TOTAL</b> . . . . .	<b>63.57</b>	<b>16.00</b>	<b>52.03</b>	<b>1,96.76</b>
<b>Payments—</b>				
India . . . . .	25.77	5.00	2,87.04	7.00
England . . . . .	...	...	...	...
Exchange . . . . .	...	...	...	...
<b>TOTAL</b> . . . . .	<b>25.77</b>	<b>5.00</b>	<b>2,87.04</b>	<b>7.00</b>

35. The receipt of about 7 lakhs in India under this head in the current year represents the realisations of the securities of certain funds which have to be credited finally to Government while the increase in the Home receipts represents a windfall from "Pre-Daves" reparations.

36. The large increase in the current year's payments is nominal only, being a transfer of the year's revenue surplus to the special deposit head "Revenue Reserve Fund" as explained in paragraphs 52 and 57 of the Budget speech. This transfer of 2.82 crores should be excluded from the total of 86.89 crores shown as net charges in statement D of the Budget in order to arrive at the figure of 84.07 crores mentioned in paragraph 14 of the Budget speech.

## EXCHANGE.

37. 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. 5 $\frac{1}{8}$ 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 Home remittances through the market are less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter being financed partly from other sources, *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. 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 : —

	Credit + Debit —
31st March 1920 . . . . .	+5,23
"   "   1921 . . . . .	—22,85
"   "   1922 . . . . .	—11,48
"   "   1923 . . . . .	+5,47
"   "   1924 . . . . .	+8,55
"   "   1925 . . . . .	+5,40
"   "   1926 . . . . .	+1,31
"   "   1927 (Estimate.) . . . . .	+11,72
"   "   1928 (Estimate.) . . . . .	+11,20

38. 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 the 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.

39. The estimated results for the years 1926-27 and 1927-28, so far as can be foreseen at the present moment, are as follows, on the assumption of an average rate of exchange of 1s. 5 $\frac{1}{3}$ d. for the current year and of 1s. 6d. for the next. The method of accounting will doubtless have to be altered

when the exchange rate for accounts purposes is altered as a result of the Currency Bill which will shortly be discussed in the Legislature :—

Loss on :	1936-37.	1927-28.
(i) Remittances from India for financing the Home Treasury . . . . .	1,32	11,83
(ii) Bills and telegraphic transfers drawn by Iraq for payment in India against recoveries in England . . . . .	46	35
(iii) Sterling money order and other miscellaneous transactions . . . . .	58	42
Total Loss . . . . .	2,36	12,60
 Transfers to :		
Revenue heads (net) . . . . .	7,95	8,19
Capital heads (Railways, Posts and Telegraphs, Delhi, etc.) . . . . .	3,87	3,08
Provincial Governments . . . . .	95	81
Total Transfers . . . . .	12,77	12,08
Net $\frac{\text{Credit} +}{\text{Debit} -}$ under the suspense head . . . . .	+10,41	—52
Opening balance . . . . .	+1,31	+11,72
Closing balance . . . . .	+11,72	+11,20

## WAYS AND MEANS.

### HOME TREASURY.

40. 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.

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

(In millions of £)

	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
<b>RECEIPTS.</b>			
1. Discount on loans raised in previous years brought to account as debt incurred . . . . .	.22	.22	.22
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India . . . . .	1.95	1.37	1.05
(b) Other transactions . . . . .	1.12	1.80	1.28
<b>Total Receipts, excluding direct remittances and loans . . . . .</b>	<b>3.29</b>	<b>3.39</b>	<b>2.55</b>
<b>DISBURSEMENTS.</b>			
3. Excess of Expenditure of the Central Government over Revenue . . . . .	23.76	23.53	24.56
4. Disbursements on behalf of Provincial Governments . . . . .	2.84	2.81	2.43
5. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways . . . . .	11.32	9.25	8.50
(b) Discharge of Railway debentures . . . . .	.50	1.97	.55
(c) Other items . . . . .	.82	.22	.19
6. Discharge of Debt . . . . .	3.06	3.06	2.13
7. Deposits and Advances . . . . .	—06	—14	—08
<b>Total Disbursements . . . . .</b>	<b>41.74</b>	<b>40.70</b>	<b>38.28</b>
<b>NET DISBURSEMENTS</b>			
Remittances from India (net) . . . . .	29.50	27.50	35.50
Reduction (+) or increase (—) of cash balance . . . . .	8.95	9.81	.23
Opening Balance . . . . .	14.49	15.05	5.24
Closing Balance . . . . .	5.54	5.24	5.01

42. Item 2 (a) has already been explained in paragraph 40. 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.

43. Item 5 (b) represents the net amount of railway debentures discharged. Ordinarily, there are debentures falling due every year, some of which are renewed.

44. 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 warloan liability. These payments are made out of the provision for reduction or avoidance of debt. The revised estimate for 1926-27 includes, in addition, nearly £1 million of 7 per cent. stock which was outstanding at the beginning of the year, the rest having been converted previously into 3 per cent. stock under the terms of the loan.

45. Remittances for financing the Home Treasury have been made as follows in the current year :—

		(In millions of £.)
Through Paper Currency Reserve . . . . .	23.43	
Less Sales of Sterling . . . . .	1.43	
	22	
Through purchases of Sterling . . . . .		1.19
Total remitted . . . . .		23.19

The total amount required to be remitted in the current year is £27½ million, while the corresponding amount for next year is £35½ million. These, however, are only illustrative figures, 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 circumstances.

46. 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 two years are as follows :—

		(In millions of £.)	
		Revised, 1926-27.	Budget, 1927-28.
Dividends, interest, etc. . . . .		1.74	1.85
Investments realised . . . . .		31.68	23.31
	TOTAL . . . . .	33.42	25.16
Investments made . . . . .		31.49	23.53
Appropriation to Revenue . . . . .		1.93	1.63
	TOTAL . . . . .	33.42	25.16

## INDIA.

47. The following is a summary of the estimates of Ways and Means in India during 1926-27 and 1927-28 :—

(In crores of rupees.)

	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
<b>RECEIPTS.</b>			
1. Excess of Revenue of the Central Government over expenditure charged to Revenue . . . . .	23·81	23·53	24·56
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net) . . . . .	4·00	6·08	5·40
(b) Savings Bank deposits (net) . . . . .	5·54	6·57	6·18
3. Appropriation for reduction or avoidance of debt . . . . .	5·03	5·05	5·24
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds . . . . .	5·61	3·30	4·47
5. Exchange on Remittance Accounts . . . . .	2·05	10·41	—·52
6. Other Deposits and Remittances (net) . . . . .	—·48	4·73	—·34
7. Revenue Reserve Fund . . . . .	...	2·82	—1·81
<b>TOTAL RECEIPTS</b>	<b>45·56</b>	<b>62·49</b>	<b>43·18</b>
<b>DISBURSEMENTS.</b>			
8. Capital Expenditure not charged to Revenue—			
(a) State Railways . . . . .	14·68	17·75	16·50
(b) Discharge of railway debentures . . . . .	·17	·67	·18
(c) Posts and Telegraphs . . . . .	·45	·22	·49
(d) Delhi . . . . .	·93	·73	·67
(e) Other items . . . . .	·74	·87	·85
9. Permanent Debt discharged (net) . . . . .	20·05	23·31	17·87
10. Floating Debt discharged (net) . . . . .	...	8·18	...
11. Loans by the Central Government—			
(a) To Provincial Loans Fund . . . . .	7·00	4·81	1·24
(b) Other Loans . . . . .	1·06	·38	1·79
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury . . . . .	29·50	27·50	35·50
(b) Drawings by the Iraq administration recoverable in England . . . . .	1·95	1·37	1·05
(c) Other transactions (net) . . . . .	1·13	1·79	1·32
13. Balances of Provincial Governments . . . . .	—2·84	1·28	2·76
<b>TOTAL DISBURSEMENTS</b>	<b>74·82</b>	<b>88·86</b>	<b>80·22</b>
<b>NET DISBURSEMENTS</b>	<b>29·26</b>	<b>26·37</b>	<b>37·04</b>
New Loan (less discount) . . . . .	22·00	25·96	27·00
Reduction of cash balance . . . . .	7·26	·41	10·04
Opening Balance . . . . .	22·88	25·15	24·74
Closing Balance . . . . .	15·62	24·74	14·70

48. The large improvement in the revised estimate for the current year under item 6 is due to the sales of the securities referred to in para. 21 and of certain others held in the Cash Balance Investment Account. There are now no more securities of the kind awaiting disposal.

49. The estimates of Provincial Governments' transactions—*vide* items 11 (a) and 13—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 about 9 crores in the current year and about  $6\frac{1}{2}$  crores in the next.

50. Full details of the debt incurred and discharged are given in statement C of the Budget. Out of the net amount of 23·31 crores shown as discharged in the current year, 19·75 crores represent 1926 Bonds which have been either converted into the new loan or discharged on maturity. The net amount of 17·87 crores similarly shown in the Budget for 1927-28 include 17·50 crores of 1927 Bonds which mature during the year.

51. The amount of the new loan now estimated for next year has been shown separately at 27 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. The result of the rupee loan in the current year, which was a 4 per cent. one issued at 88, is summarised below for ready reference :—

	[ In crores of rupees. ]
Subscriptions in cash . . . . .	16·77
Subscription in the form of 6 per cent. Bonds, 1926, of the nominal value of 7·61 . . . . .	8·73
Subscription in the form of 6 per cent. Bonds, 1927, of the nominal value of 2·39 . . . . .	2·78
Subscription in the form of $5\frac{1}{2}$ per cent. War Bonds, 1928, of the nominal value of 1·01 . . . . .	1·22
Total nominal value . . . . .	<u>29·50</u>

The 28th February 1927.

A. F. L. BRAYNE.



## APPENDIX.

**Memorandum on the Military Estimates for 1927-28.**

The report of the Army Accounts Committee to which allusion was made in last year's Memorandum has since been received and considered by the Government of India. They have now decided, with the approval of the Secretary of State, to revert from 1st April 1927 to a system of estimates and accounts, including appropriation accounts, which will deal solely with the actual cash grants allotted and spent for the maintenance of the Army. With these main accounts will be published three subsidiary accounts; the first will be the store accounts of supplying depots showing the value of receipts of stores from all sources, issues to the various arms and departments of the service and of the balances, the second will be the maintenance accounts of the various arms and departments of the service and the third will be accounts on commercial lines for factories and other manufacturing concerns. The Military Engineer Services will not take credit nor will Army be charged in the main cash accounts for free supplies of electricity, water and ice to Army units and formations. Travelling allowances, rail and other transportation charges, expenditure on conservancy, antimalarial measures and hot weather establishments will, in future, be taken to single heads in which their distribution under the several arms and services will be made. The Royal Air Force will still have a Block vote. The volume of the detailed estimates placed before the House takes into account all the alterations necessitated by these changes. The form also provides, as in the case of Demands for Grants, in their order, for the actuals of the previous year, the Original and Revised Budgets of the current year and the Budget for the ensuing year. The details of the considerable revision in the heads of classification have only recently been settled and the reduction of the form to Octavo size has, therefore, to be postponed to next year; nor can the actuals for 1925-26, and the Budget and Revised Estimates for 1926-27 be exhibited in the volume under the new minor heads. Explanations have been given in the detailed estimates against the various heads which show the nature of the services performed by the units and formations.

2. Since 1921-22 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.)
1921-22 . . . . .	69.81
1922-23 . . . . .	65.27
1923-24 . . . . .	56.23
1924-25 . . . . .	55.63
1925-26 . . . . .	56.00
1926-27 (Budget Estimate) . . . . .	54.88
1926-27 (Revised estimate) . . . . .	55.55
1927-28 (Budget Estimate) . . . . .	54.92

In the first of the years shown above, expenditure was swollen by abnormal charges of Rs. 6½ crores on operations on the North West Frontier and the occupation of Waziristan. The Indian Retrenchment Committee, after their exhaustive examination of every aspect of military administration, recommended 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, and in order to meet special expenditure in Waziristan, etc. 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 actual expenditure in the year 1923-24 amounted to Rs. 56·23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was thus passed in the first year.

3. 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. Further reductions have been made in the Budgets for 1926-27 and 1927-28. The following table brings out the results achieved from 1921-22 at a glance:—

*Net expenditure on Military services.*

(In crores of Rs.)

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26	1926-27	1927-28.
Budget Estimate . . .	66·82	67·75	62·00	60·25	56·25	54·88	54·92
Revised Estimate . . .	69·35	67·09	59·74	56·33	56·28	55·55	...
Actual expenditure . . .	69·81	65·27	56·23	55·63	56·00	...	...

4. 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 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, it should be borne in mind that certain charges amounting in 1927-28 to Rs. 44 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.

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, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
(1) Established charges . . . . .	56.68	55.83	55.15	54.24	54.89	55.25
(2) Payments to demobilised officers . . . . .	1.18	.78	1.74	.66	.68	.02
(3) Special expenditure in Waziristan and for the Royal Air Force . . . . .	2.16	.51	.43	.2	.23	.15
(4) Adjustment for consumption of surplus stores . . . . .	-3.00	-1.10	-70	-25	-25	-50
(5) Special non-recurring credits . . . . .	-.79	-.39	-.62	...	...	...
Total . . . . .	56.23	55.63	56.00	54.88	55.55	54.92

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 1927-28 are as follows :—

(Thousands of rupees.)

(1) Payments to Telegraph Department for care of Army stores . . . . .	30
(2) Customs Duty . . . . .	32,25
(3) Printing and Stationery . . . . .	13,00
(4) Payments from the Compassionate Fund to personnel employed in the Military Department . . . . .	9
	45,64

On the other hand, the following items have been transferred from the military to the civil estimates :—

(1) Establishment of the Deputy Financial Adviser, Royal Air Force . . . . .	43
(2) Establishment of the Budget Section, Military Finance . . . . .	42
(3) Charges for the Nepal Escort . . . . .	49
(4) Charges for the Perim Light House and the Coal Depots at Basidu and Bushire . . . . .	24
	1,58

The net debit to the Military estimates by these interchanges is Rs. 44 lakhs.

6. Army—

	Rs. (Crores.)
1925-26, Accounts . . . . .	52.09
1926-27, Budget . . . . .	51.12
1926-27, Revised Estimate . . . . .	51.67
1927-28, Budget . . . . .	50.44

7. The accounts for 1925-26 included large charges for demobilization of surplus officers.

8. Revised Estimate exceeds the original Budget for 1926-27 by 55 lakhs. Serious shortages in ordnance equipment had been disclosed and as the result of an expert enquiry instituted by H. E. the Commander-in-Chief into the whole question of stocks and requirements of Ordnance equipment, it has become necessary to increase the provision for purchase, manufacture and repair of equipment, rifles and other stores, by about 70 lakhs in 1926-27.

There is also a non-recurring charge. The families of British soldiers in India who reside in the United Kingdom receive from the State what are known as allotments and marriage allowances, and recoveries are made weekly and monthly from the soldier's pay in India towards the payments. The payments are made in England through their paymasters by the War Office to whom refunds are subsequently made by the India Office and the recoveries in India are treated as reduction of Army Expenditure. In accordance with arrangements made in 1922 the refund to the War Office in each financial year hitherto covered the payments by them to the families for 12 months from October of the previous year to September of the current year. The War Office recently requested that current monthly advances should be made to them against the deductions from the pay of men in India. This request has been agreed to on the understanding that the advances are promptly adjusted by submission of claims in the usual way. Provision of about Rs. 24 lakhs is, therefore, made to meet the charge for an additional half year in 1926-27. Of the other variations, the most important are an excess expenditure of Rs. 10 lakhs for rise in prices of forage articles and increases of Rs. 6 lakhs for cost of sea transport and packet passages and of Rs. 2 lakhs in payments to demobilised officers. The principal savings are Rs. 28 lakhs in pension and non-effective charges, Rs. 9 lakhs in rail and travelling charges, Rs. 12 lakhs due to shortages in establishments, and Rs. 9 lakhs due to smaller charges for free issues of water, ice and electricity by the Military Engineer Services.

9. Budget, 1927-28, includes only about Rs. 2 lakhs for residual payments of gratuities to demobilised officers against Rs. 66 lakhs in the original Budget for 1926-27. Additional provision of about Rs. 80 lakhs for purchase and manufacture of ordnance equipment and other stores has been made. The Royal Air Force gets Rs. 6 lakhs more than in 1926-27 for its expansion. An excess of about 27 lakhs occurs under charges of sea transport and of packet passages between India and the United Kingdom. Rs. 3 lakhs have been provided for pay, etc., of British soldiers for an extra

day in 1927-28. On the other hand, there is a saving of Rs. 52 lakhs, as charges for issues of electricity, water and ice by the Military Engineer Services to Army units and formations will not be debited to Army from April 1927. A reduction of Rs. 17 lakhs will occur in pension charges, Rs. 18 lakhs less will be spent in rail and travelling charges and Rs. 13 lakhs less in pay charges of British officers and soldiers. There are other variations, such as revision of pay of Royal Army Medical Corps officers and smaller shortage of British troops and some minor reorganisations and reductions of establishments. The figure of Rs. 54.92 crores includes Rs. 50 lakhs for expenditure on new urgent measures. Charges and receipts under the various heads for Aden have been eliminated and provision has been made for payment of a contribution of £250,000 to His Majesty's Government.

10. The totals of the demands as presented by the Military authorities and modified by the Finance Department were found to be in excess of the figure provisionally fixed by the Government of India for the Military Budget. Owing to the change in the system of estimating there was unavoidable delay in the submission of detailed estimates, and the alterations in classification made it difficult to compare these estimates with those of previous years. Consequently the excess did not become apparent until the preparation of the Budget had reached a stage when it was too late to make reductions under detailed heads. His Excellency the Commander-in-Chief has agreed to effect reductions of expenditure up to a figure of Rs. 40 lakhs, which will be distributed later under the detailed heads, and the Finance Department have also taken a lump cut of Rs. 40 lakhs for probable under-spending. The Finance Department cut includes Rs. 15 lakhs on account of an estimated "lag" of expenditure in giving effect to the new measures referred to in the preceding paragraph.

#### 11. Marine—

	Rs. (Lakhs.)
1925-26, Accounts . . . . .	52.8
1926-27, Budget . . . . .	60.9
1926-27, Revised Estimate . . . . .	54.2
1927-28, Budget . . . . .	68.0

Provision has been made on the basis of the existing organisation with an addition for the extra cost of the Royal Indian Navy. 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.

#### 12. Military Engineer Services—

	Rs. (Crores.)
1925-26, Accounts . . . . .	3.38
1926-27, Budget . . . . .	3.15
1926-27, Revised Estimate . . . . .	3.33
1927-28, Budget . . . . .	3.80

The provision for 1927-28 includes an additional Rs. 20 lakhs mainly for acceleration of the programme of building and electrification of lines for Indian and British troops. The remainder of the increase as compared with 1926-27 is due mainly to the change in accounting from April 1927

under which Military Engineer Services will not take credit for issues of electricity, water and ice to Army units and formations.

13. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1923-24 under Army, Marine, Military Engineer Services and also the totals. The figures for Army from 1923-24 to 1926-27 cannot be classified under the new heads to be adopted from 1927-28.

14. 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.

A. MACLEOD,

*Officiating Financial Adviser, Military Finance.*

*The 28th February 1927.*

---

## ARMY.

	Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27		Budget, 1927-28.
				Budget.	Revised.	
<b>EXPENDITURE.</b>						
<b>India—</b>						
Part A.—Standing Army.						
Effective Services.						
Maintenance of the Standing Army.						17,03,08,930
Administrative services . . . . .						6,52,39,000
Manufacturing establishments . . . . .						3,19,27,610
Army Headquarters, Staff of Com- mands, etc. . . . .						2,02,36,020
Purchase and sale of stores, equip- ment and animals . . . . .						4,38,38,030
Special Services . . . . .						65,800
Transportation, conservancy, anti- malarial measures, hot weather establishments and miscellaneous						2,00,36,650
Unadjusted Expenditure. . . . .						...
Lump cut for probable under- spending . . . . .						-80,00,000
<b>TOTAL—EFFECTIVE</b> R						35,06,42,000
Non-Effective Services.						
Non-effective charges . . . . . R						4,71,97,000
Part B.—Auxiliary and Territorial Forces—Effective . . . . . R						86,10,000
Part C.—Royal Air Force { Effective . . . . . R						1,35,57,000
{ Non-Effective . . . . . R						52,000
R						1,36,09,000
<b>TOTAL INDIA</b> { Effective . . . . . R	40,51,41,099	39,73,36,326	41,17,74,810	39,53,60,000	40,01,05,000	37,28,09,000
{ Non-Effective . . . . . R	5,74,75,019	6,10,79,769	4,55,64,772	4,88,08,000	4,00,84,000	4,72,40,000
	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,58,000
<b>EXPENDITURE.</b>						
<b>England—</b>						
Part A.—Standing Army.						
Effective Services.						
Maintenance of the Standing Army.						2,793,300
Administrative services . . . . .						404,700
Manufacturing establishments . . . . .						743,900
Army Headquarters, Staff of Com- mands, etc. . . . .						70,000
Purchase and sale of stores, equip- ment and animals . . . . .						779,000
Carried over { £						4,780,900
{ R	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,58,000

## ARMY—contd.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27		Budget, 1927-28.
					Budget.	Revised.	
Brought forward	R	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,58,000
Special Services	£						4,780,900
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£						16,000
TOTAL—EFFECTIVE	£						669,000
	£						5,474,900
<i>Non-Effective Services.</i>							
Non-effective charges	£						3,573,900
<i>Part C.—Royal Air Force—</i>							
Effective	£						479,500
Non-Effective	£						15,000
TOTAL, PART C	£						494,500
	£	9,684,143	9,833,999	9,704,375	9,402,600	9,748,400	9,543,300
TOTAL ENGLAND	Effective R	6,03,71,598	6,13,81,504	6,58,13,052	6,82,45,000	6,20,37,000	6,95,44,000
	Non-Effective R	3,24,69,836	3,68,58,464	3,12,29,714	3,57,81,000	3,54,47,000	3,58,89,000
	R	9,68,41,434	9,82,39,968	9,70,42,766	9,40,26,000	9,74,84,000	9,54,33,000
TOTAL EXPENDITURE	Effective R	46,55,12,605	45,87,17,830	47,75,87,882	46,66,05,000	46,83,32,000	43,23,53,000
	Non-Effective R	9,39,44,657	8,79,38,250	7,67,04,486	8,44,79,000	8,21,31,000	8,31,38,000
	R	55,94,57,262	54,66,56,080	55,43,82,368	54,10,84,000	55,03,63,000	51,54,91,000
<b>REVENUE.</b>							
India	Effective R	3,07,32,065	2,91,85,681	2,86,15,581	2,46,07,000	2,85,48,000	64,59,000
	Non-Effective R	20,91,011	19,99,086	15,73,770	14,07,000	13,84,000	15,52,000
	TOTAL R	3,28,23,076	3,11,84,766	3,01,89,351	2,60,14,000	2,99,32,000	80,11,000
England	£	480,022	473,201	330,655	390,200	368,800	301,500
	Effective R	36,00,035	36,41,412	26,55,818	27,99,000	25,85,000	18,96,000
	Non-Effective R	11,99,288	10,91,490	6,50,731	11,03,000	11,03,000	11,19,000
	TOTAL R	48,00,223	47,32,902	33,06,547	39,02,000	36,88,000	30,15,000
TOTAL REVENUE	Effective R	3,43,33,000	3,28,27,093	3,12,71,397	2,74,06,000	3,11,33,000	83,55,000
	Non-Effective R	32,90,299	30,90,575	22,24,501	25,10,000	24,87,000	26,71,000
	TOTAL R	3,76,23,299	3,59,17,668	3,34,95,898	2,99,16,000	3,36,20,000	1,10,26,000
NET EXPENDITURE	India R	42,97,91,042	41,72,31,326	42,71,50,331	43,10,44,000	42,29,47,000	41,20,17,000
	England R	9,20,41,211	9,35,07,086	9,37,36,219	9,01,24,000	9,37,98,000	9,24,18,000
	Effective R	43,11,79,695	42,58,90,737	44,63,18,465	42,91,80,000	43,70,99,000	42,39,68,000
	Non-Effective R	9,06,54,558	8,48,47,675	7,45,69,935	8,19,69,000	7,96,44,000	8,04,67,000
	TOTAL R	52,18,34,253	51,07,38,412	52,08,88,400	51,11,69,000	51,67,43,000	50,44,35,000



## MARINE.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27		Budget, 1927-28.	
					Budget.	Revised.		
<b>EXPENDITURE.</b>								
India	. . . . . R	71,46,317	52,18,321	48,60,991	50,62,000	48,28,000	57,56,000	
England	. . . . . £	250,811	219,240	186,903	221,600	196,000	230,400	
	. . . . . R	25,08,108	21,92,396	18,69,037	22,18,000	19,60,000	23,04,000	
Total Expenditure		R	90,54,425	74,10,717	67,30,028	78,80,000	67,88,000	80,60,000
<b>REVENUE.</b>								
India	. . . . . R	24,73,367	11,12,931	14,74,245	17,87,000	15,71,000	12,60,000	
England	. . . . . £	...	...	...	...	...	...	
	. . . . . R	...	...	...	...	...	...	
Total Revenue		R	24,73,367	11,12,931	14,74,245	17,87,000	15,71,000	12,60,000
Net EXPEN- DITURE.	India	. . . . . R	46,72,950	41,05,390	33,86,746	38,75,000	34,57,000	44,96,000
	England	. . . . . R	25,08,108	21,92,396	18,69,037	22,18,000	19,60,000	23,04,000
	Total	. . . . . R	71,81,058	62,97,786	52,55,783	60,93,000	54,17,000	68,00,000

## MILITARY ENGINEER SERVICES.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27		Budget, 1927-28.	
					Budget.	Revised.		
<b>EXPENDITURE.</b>								
India	. . . . . R	4,05,07,369	4,20,54,793	4,24,84,017	4,25,98,000	4,44,72,000	4,38,73,000	
England	. . . . . £	72,242	63,028	34,066	21,700	40,000	32,500	
	. . . . . R	7,22,414	6,30,287	3,40,652	2,17,000	4,00,000	3,25,000	
TOTAL		R	4,13,19,783	4,26,85,080	4,28,24,669	4,28,18,000	4,48,72,000	4,36,98,000
<b>REVENUE.</b>								
India	. . . . . R	80,59,781	32,91,060	89,81,248	1,12,76,000	1,15,32,000	57,33,000	
Net EXPEN- DITURE.	India	. . . . . R	3,25,37,638	3,87,73,733	3,35,02,769	3,13,22,000	3,29,40,000	3,76,40,000
	England	. . . . . R	7,22,414	6,30,287	3,40,652	2,17,000	4,00,000	3,25,000
	TOTAL	. . . . . R	3,32,60,052	3,93,04,020	3,38,43,421	3,15,39,000	3,33,40,000	3,79,65,000

## TOTAL MILITARY SERVICES: SUMMARY.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27		Budget, 1927-28.	
					Budget.	Revised.		
<b>EXPENDITURE.</b>								
India . . . . .	R	51,03,59,804	49,56,89,206	50,46,84,590	49,53,18,000	50,21,79,000	49,91,87,000	
England . . . . .	£	10,007,196	10,096,267	9,925,244	9,946,100	9,984,400	9,606,200	
	R	10,00,71,958	10,09,62,671	9,92,52,455	9,94,61,000	9,98,44,000	9,60,62,000	
Total Expenditure . . . . .	R	61,04,31,760	59,66,51,877	60,39,37,045	59,17,79,000	60,20,23,000	59,52,49,000	
<b>REVENUE.</b>								
India . . . . .	R	4,33,56,174	3,55,78,757	4,06,44,844	3,90,77,000	4,28,35,000	1,50,34,000	
England . . . . .	£	480,022	473,291	330,655	300,200	368,500	301,500	
	R	48,00,223	47,32,902	33,06,547	39,02,000	36,88,000	30,15,000	
Total Receipts . . . . .	R	4,81,56,397	4,03,11,659	4,39,51,391	4,29,79,000	4,65,23,000	1,80,49,000	
NET EXPENDI- TURE.	India . . . . .	R	46,70,03,630	46,01,10,449	46,40,39,746	45,62,41,000	45,93,44,000	45,41,53,000
	England . . . . .	R	9,52,71,733	9,62,29,769	9,59,45,908	9,25,59,000	9,61,56,000	9,50,47,000
	TOTAL . . . . .	R	56,22,75,363	55,63,40,218	55,99,85,654	54,88,00,000	55,55,00,000	54,92,00,000