

Explanatory Memorandum

by the

Financial Secretary.

*on the Budget of the G. G. in Council,
as laid before the* CONTENTS *Indian Legislature,
1932.*

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INTRODUCTORY

(Unless otherwise stated, the amounts mentioned are in lakhs of rupees; and the expressions "last year", "current year" and "next year" stand for the financial years 1930-31, 1931-32 and 1932-33 respectively.)

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts under revenue and expenditure heads in each year are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London for that year. In the revised estimate for the current year and the budget estimate for the next year, the rate of conversion has been assumed to be *ls. 5 7/8d.* and *ls. 6d.*, the rupee respectively.

Year.	(1) Revenue excluding transfer from Revenue Reserve Fund.	(2) Expenditure excluding transfer to Revenue Reserve Fund and provision for Reduction or Avoidance of Debt.	(3) Balance of (1) and (2).	(4) Provision for Reduction or Avoidance of Debt and Transfers to or from Revenue Reserve Fund.	(5) Final Surplus (+) Deficit (-).
1921-22	1,15,21	1,38,40	-23,19	4,46	-27,65
1922-23	1,21,41	1,31,88	-10,47	4,55	-15,02
1923-24	1,33,17	1,27,16	+6,01	3,62	+2,39
1924-25	1,38,04	1,28,58	+9,46	3,78	+5,68
1925-26	1,33,33	1,25,05	+8,28	4,97	+3,31
1926-27	1,31,70	1,23,77	+7,93	(a) 7,93	..
1927-28	1,25,04	1,22,22	+2,82	(b) 2,82	..
1928-29	1,28,24	1,23,88	+4,36	(c) 4,68	-32
1929-30	1,32,69	1,26,68	+6,01	5,74	+27
1930-31	1,24,60	1,30,04	-5,44	6,14	-11,58
1931-32 (Revised)	1,20,77	1,27,54	-6,77	6,89	-13,66
1932-33 (Budget)	1,29,96	1,20,99	+8,97	6,82	+2,15

(a) After adding 2,96 transferred to Revenue Reserve Fund.

(b) After deducting 2,22 transferred from Revenue Reserve Fund.

(c) After deducting 74 transferred from Revenue Reserve Fund.

2. In the figures given in the statement above all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue. The figures of gross revenue given above thus include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges and also the total receipts under tax revenue without eliminating the cost of collection. Further, military expenditure is shown gross, the military receipts being included under revenue. With a view to present a real picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the net revenue and expenditure of the Central Government is given below :—

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Military receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Military expenditure net.	Other expenditure charged to revenue but omitting cost of collection of tax revenue.	Total expenditure charged to revenue.	Surplus+ Deficit—.
1921-22 . . .	60,78	20,52	81,30	13,70	4,46	69,81	20,98	1,08,95	-27,65
1922-23 . . .	64,41	24,23	88,64	13,87	4,55	65,27	19,97	1,03,66	-15,02
1923-24 . . .	66,66	34,03	1,00,69	15,97	3,62	56,23	22,48	98,30	+2,39
1924-25 ¹ . . .	67,54	31,91	99,45	14,90	3,78	55,63	19,46	93,77	+5,68
1925-26 . . .	68,10	28,11	96,21	13,37	4,97	56,00	18,56	92,90	+3,31
1926-27 . . .	67,96	27,09	95,05	11,77	4,87	55,97	19,38	92,09	+2,96(b)
1927-28 . . .	68,12	19,18	87,30	10,57	5,04	54,79	19,12	89,52	-2,22(c)
1928-29 . . .	71,63	16,88	88,51	10,20	5,42	55,10	18,85	89,57	-1,06(d)
1929-30 . . .	71,74	20,69	92,43	10,85	5,74	55,10	20,47	92,16	+27
1930-31 . . .	66,54	15,31	81,85	11,28	6,14	54,30	21,71	93,43	-11,58
1931-32 . . . (Revised).	68,98	8,72	77,70	13,14	6,89	51,76	19,57	91,86	-13,66
1932-33 . . . (Budget).	76,98	9,25	86,23	13,11	6,82	46,74	17,41	84,08	+2,15

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) Accounts figure is *nil*, as the surplus of 2,96 was transferred to Revenue Reserve Fund.

(c) Accounts figure is *nil*, as the deficit of 2,22 was met out of transfer from Revenue Reserve Fund.

(d) Accounts figure is -32, as the deficit was met to the extent of 74 by transfer from Revenue Reserve Fund.

3. The figures in the above table are further analysed in the five tables that follow:—

TABLE II.
Analysis of Revenue and Expenditure of the Central Government.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Year.	Tax Revenue.	Cost of collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Opium (Receipts less expenditure).	Currency and Mint (Receipts less expenditure).	Interest Receipts.	Provincial Contributions.	Extraordinary receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Transfer to Revenue Reserve Fund.	Extraordinary payments.	Military expenditure Net.	Other expenditure.	Net Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to revenue.	Total Net expenditure.	Surplus + Deficit—.
1921-22 .	63,78	3,00	60,78	-7,01	1,27	3,30	1,11	9,63	...	(b) 9,15	78,43	13,70	4,46	...	...	69,81	17,01	1,10	1,06,08	-27,65
1922-23 .	67,36	2,97	64,41	4,09	1,93	2,59	1,16	9,30	...	2,37	85,74	13,87	4,55	...	...	65,27	16,89	18	1,00,76	-15,02
1923-24 .	69,14	2,49	66,66	8,97	1,66	2,14	3,16	9,30	2,60	2,73	97,11	15,97	3,62	...	3,41	56,23	15,86	-37	94,72	+2,39
1924-25 .	70,24	2,70	67,54	7,11	1,44	3,28	3,41	9,20	2,54	1,66	96,38	14,90	3,78	...	1	55,63	(c)16,75	-37	80,70	+5,68
1925-26 .	71,06	2,96	68,10	5,78	2,04	3,94	4,22	6,20	63	2,48	93,39	13,37	4,97	...	26	56,00	(d)17,00	-1,52	90,08	+3,31
1926-27 .	70,63	2,87	67,76	8,09	3,33	3,39	4,09	5,17	60	2,65	93,28	11,77	4,97	2,96	4	55,97	(e)17,39	18	93,28	...
1927-28 .	71,13	3,01	68,12	5,92	3,07	1,90	3,62	...	14	2,78	85,55	10,57	5,04	-2,22	18	54,79	(f)16,99	20	85,55	...
1928-29 .	(a)74,77	3,14	71,63	4,52	2,73	2,17	2,60	...	30	3,11	87,25	10,20	5,43	-74	1	55,10	(g)17,42 and (h)	16	87,57	-32
1929-30 .	(a)74,09	3,25	71,74	5,24	2,55	2,00	4,40	...	1,69	3,36	91,20	10,85	5,74	...	...	55,10	(h)19,11	13	90,93	+27
1930-31 .	(a)69,78	3,23	66,54	4,03	1,79	27	3,39	...	99	3,13	80,14	11,28	6,14	...	16	54,30	(h)19,69	15	91,72	-11,58
1931-32 (Revised).	(a)72,06	3,08	68,98	-1,39	1,17	81	2,25	...	16	3,87	75,85	13,14	6,89	...	10	51,78	(h)18,08	-46	89,51	-13,69
1932-33 (Budget).	(a)80,21	3,23	76,98	-19	61	2,61	1,80	...	24	2,70	84,81	13,11	6,82	...	22	46,74	(h)15,71 (h and i)	6	82,66	+2,15

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) Includes 5,50 freight tax.

(c) Includes bounties 62 lakhs.

(d) " " 85 "

(e) Includes bounties 80 lakhs.

(f) " " 12 "

(g) " " 4 "

(h) Excludes transfers to Road Development Fund.

(i) Includes 1,02 on account of North-West Frontier Province.

TABLE III.

Analysis of Tax Revenue.

	Revenue from Customs.	Cost of Collection.	Revenue from Taxes on Income.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Land Revenue.	Cost of Collection.	Revenue from Excise.	Cost of Collection.	Revenue from Stamps.	Cost of Collection.	Revenue from Registration.	Cost of Collection.	Total gross Tax Revenue.	Transfers to Road Development Fund.	Tax revenue retained by Central Government.	Total cost of Collection.	Total net Tax Revenue.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1921-22	34,41	66	21,89	22	6,34	1,56	33	15	54	3	25	37	2	1	63,78	..	63,78	3,00	60,78
1922-23	41,35	71	17,99	45	6,82	1,51	43	13	52	3	25	13	2	1	67,38	..	67,38	2,97	64,41
1923-24	39,70	71	18,23	63	10,01	1,36	43	11	48	2	28	35	1	..	69,14	..	69,14	2,48	66,66
1924-25	45,75	77	16,01	61	7,39	1,20	38	11	42	2	27	1	2	..	70,24	..	70,24	2,70	67,54
1925-26	47,78	82	15,86	59	6,33	1,25	38	12	42	11	27	7	2	..	71,06	..	71,06	2,96	68,10
1926-27	47,38	81	15,65	62	6,70	1,20	41	13	41	10	27	1	1	..	70,83	..	70,83	2,87	67,96
1927-28	48,22	85	15,06	66	6,63	1,27	41	11	52	12	27	..	2	..	71,13	..	71,13	3,01	68,12
1928-29	49,28	94	16,70	69	7,60	1,23	38	12	53	15	31	1	2	..	74,82	5	74,77	3,14	71,63
1929-30	51,28	97	16,71	72	6,76	1,27	38	11	55	17	27	1	2	..	75,97	98	74,99	3,25	71,74
1930-31	46,81	93	16,00	75	6,83	1,26	34	10	47	17	28	1	1	..	70,74	98	69,76	3,22	66,54
1931-32 (Revised)	46,23	92	17,30	73	8,48	1,16	31	10	46	16	26	1	2	..	73,06	1,00	72,06	3,08	68,98
1932-33 (Budget).	52,31	91	18,73	83	9,43	1,13	15	6	39	16	33	15	1	..	81,35	1,14	80,21	3,23	76,98

TABLE IV.

Analysis showing how net Interest figure in Table II is arrived at.

	Gross Interest on Ordinary Debt.	Amounts charged to						Net Interest on Ordinary Debt.	Interest on other obligations.										Total Interest on other obligations.	Total Interest payments (Net).				
		Railways.	Irrigation.	Posts and Telegraphs.	Provincial Loans Fund.	Other heads.	Total deductions.		Bonus on Cash Certificates.	Post Office Savings Bank.	Provident Funds.	Service Funds.	Fixed Deposits of Provincial Governments.	Famine Relief Fund.	Railway Reserve Fund.	Railway Depreciation Fund.	P. & T. Depreciation Fund.	Other items.						
1921-22	30,00	15,64	12	57	2,58	..	18,91	11,09	14	62	1,56	11	..	..	..	..	..	..	..	..	18	2,61	13,70
1922-23	30,88	16,35	12	59	3,02	..	20,08	10,80	48	63	1,58	11	..	2	..	..	..	..	..	..	25	3,07	13,87
1923-24	35,03	17,57	12	64	3,75	..	22,08	12,95	28	67	1,67	11	..	9	..	..	..	..	..	..	20	3,02	15,97
1924-25	37,56	21,23	12	69	4,21	3	26,28	11,28	16	71	1,85	10	..	14	14	7	..	..	..	..	45	3,62	14,90
1925-26	38,12	23,14	12	51	5,21	6	29,04	9,08	16	74	2,05	10	6	17	34	20	1	46	..	..	53	4,29	13,37
1926-27	37,31	24,30	12	58	5,35	9	30,44	6,87	16	79	2,27	10	21	18	37	27	2	53	..	..	68	4,90	11,77
1927-28	37,46	25,75	12	62	5,46	14	32,09	5,37	23	87	2,21	10	21	20	48	33	3	54	..	..	63	5,20	10,57
1928-29	38,70	27,82	12	70	5,88	15	34,67	4,03	60	98	2,38	10	17	20	65	41	5	63	..	..	68	6,17	10,20
1929-30	40,34	29,09	12	73	6,20	18	36,32	4,02	73	1,03	2,54	12	23	16	74	53	7	68	..	..	68	6,83	10,85
1930-31	41,67	31,34	13	84	6,55	21	39,07	2,60	2,00	1,05	2,93	13	22	16	58	74	11	76	..	..	76	8,68	11,28
1931-32	45,10	31,90	13	88	7,26	24	40,41	4,69	2,06	1,08	3,11	13	6	16	14	82	13	76	..	..	76	8,45	13,14
(Revised)																								
1932-33	45,95	32,33	3	97	8,14	24	41,71	4,24	2,20	1,14	3,42	14	3	15	4	81	15	79	..	..	79	8,87	13,11
(Budget).																								

NOTE.—An important point to notice in connection with the amount debited to the Budget during the years included in the above Table is that nothing like a full percentage on the outstanding Post Office Cash Certificates was included until 1930-31. The amounts of Certificates outstanding during these years were:—

Year	Amount of Certificates outstanding (Mean of opening and closing balances).	Provision for bonus.	Percentage to capital outstanding of interest charges actually borne on budget.	Year	Amount of Certificates outstanding (Mean of opening and closing balances).	Provision for bonus.	Percentage to capital outstanding of interest charges actually borne on budget.
1921-22	4,56	14	3.1	1926-27	23,82	16	.7
1922-23	3,73	48	12.9	1927-28	28,69	23	.8
1923-24	5,77	28	4.9	1928-29	31,50	60	1.9
1924-25	10,76	16	1.5	1929-30	33,65	73	2.2
1925-26	17,03	16	.9	1930-31	36,72	2,00	5.4
				1931-32	41,43	2,06	5.0
				(Estimate.)			
				1932-33	46,93	2,20	4.7
				(Estimate.)			

TABLE V.

Analysis of main heads of 'Other expenditure' Column 18 in Table II.

	Forest Expenditure.	Total Civil Administration.	Miscellaneous.						Commutation of Pensions	Civil Works.	Salt, Stamp and Forest Capital outlay charged to revenue.	Total other Central expenditure.
			Famine.	Territorial, etc., Pensions.	Superannuation, etc., allowances.	Stationery and Printing.	Miscellaneous.	Total.				
1921-22	47	9,41	3	30	3,44	79	1,03	5,59	..	1,54	..	17,01
1922-23	39	9,94	1	29	3,61	62	68	5,21	..	1,35	..	16,89
1923-24	36	9,34	..	29	2,97	51	69	4,46	..	1,70	..	15,86
1924-25	31	10,13	..	31	2,86	35	83	4,35	..	1,78	18	16,75
1925-26	30	10,77	1	30	2,90	34	71	4,28	..	1,60	7	17,00
1926-27	32	11,14	1	31	2,62	31	71	3,96	..	1,90	7	17,39
1927-28	31	11,21	..	29	2,51	26	65	3,71	5	1,58	13	16,99
1928-29	33	11,44	..	28	2,45	56	73	4,02	4	1,55	4	17,42
1929-30	35	12,66	..	32	2,66	55	88	4,41	4	1,60	5	19,11
1930-31	36	13,34	..	32	2,56	55	81	4,24	6	1,65	4	19,69
1931-32 (Revised)	32	12,32	1	32	2,61	54	70	4,18	2	1,23	1	18,08
1932-33 (Budget)	21	9,65	..	31	2,62	42	63	3,98	2	80	3	14,69

(a) To this figure should be added 1,02 on account of North-West Frontier Province to arrive at the figure shown in column 18 of Table II.

TABLE VI.

Analysis of the total expenditure on Civil Administration in Table V.

	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Watch and Ward.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Industries.	Civil Aviation.	Miscellaneous Departments.	Indian Stores Department.	Total.
1921-22 . . .	1,93	70	10	45	88	24	..	31	2,26	..	1,12	31	31	16	21	1	1	41	..	9,41
1922-23 . . .	2,04	75	11	41	89	23	..	30	3,04	..	91	31	32	16	21	..	..	26	..	9,94
1923-24 . . .	1,56	75	13	36	84	23	..	29	2,98	..	85	31	28	11	24	1	..	40	..	9,34
1924-25 . . .	1,54	78	12	36	94	25	..	31	3,16	..	76	32	26	17	31	61	..	24	..	10,13
1925-26 . . .	1,56	84	13	36	96	32	..	32	3,37	..	80	32	29	13	27	86	1	23	..	10,77
1926-27 . . .	1,66	85	15	37	93	35	..	32	3,32	..	85	38	30	17	27	82	13	11	16	11,14
1927-28 . . .	1,72	89	14	35	69	33	..	32	1,58	2,50	91	48	30	17	29	15	10	12	17	11,21
1928-29 . . .	1,88	97	15	35	74	29	..	32	1,58	2,54	93	45	31	19	30	7	5	13	19	11,44
1929-30 . . .	2,25	1,02	15	42	76	25	14	32	1,62	2,69	94	52	32	21	46	3	20	15	21	12,66
1930-31 . . .	2,13	1,03	15	48	93	26	12	32	1,96	2,78	93	62	32	19	48	3	23	29	0	13,34
1931-32 (Revised)	2,01	1,03	16	39	87	27	11	30	1,64	2,40	89	63	31	18	35	2	20	47	9	12,32
1932-33 (Budget).	1,53	97	9	26	54	25	12	29	1,44	2,19	64	35	23	14	23	2	9	21	6	9,65

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ACCOUNTS, 1930-31.

4. The Accounts for 1930-31 show a deficit of 11,58, compared with a deficit of 12,68 in the revised estimate for the same year. The principal variations in the actuals from the revised estimate are as follows :

<i>Revenue.</i>			
Increases.	Decreases.		
Customs	79	Opium	10
Taxes on income	20	Payments from Indian States	11
Interest	6		
Total increase in revenue	84		

<i>Expenditure.</i>			
Debt Services	20	Civil Administration	20
		Civil Works	6
		Other heads of expenditure	20
Total decrease in expenditure	26		

ESTIMATES FOR THE CURRENT AND NEXT YEARS.

5. Owing to adverse developments in the first half of the current year, due to the continuance of the world-wide depression, the equilibrium between revenue and expenditure which was aimed at when the budget estimates were presented in March last was greatly disturbed, and it was found necessary to undertake *interim* measures to counteract the deterioration in the revenue and expenditure returns of Government. It was estimated in September 1931 that on the basis of taxation adopted in the original budget for the current year there would be a deficit of 19,55 in the current year and of 19,50 in the next, or 39,05 for the two years together. To deal with the position, the Government took three lines of action : reductions in expenditure by economy and retrenchment, an emergency cut in salaries of Government servants, and fresh taxation.

6. The following table compares the original budget for the current year with the supplementary estimates framed in September last embodying the anticipated results from the measures referred to in the preceding paragraph :

	Revenue.	Expenditure.	Surplus + Deficit—	Proposed reduction in normal provision for Reduction or Avoidance of Debt.	Final Surplus + or Deficit—
Original budget 1931-32	1,34,87	1,34,86	+1	..	+1
Supplementary budget { 1931-32	1,26,13	1,36,30	-10,17	2,47	-7,70
{ 1932-33	1,33,06	1,27,83	+5,23	2,47	+7,70

It was considered justifiable to regard the combined deficit of 4,94 over the two years as covered by making a reduction of about 2,47 in each year from the provision for Reduction or Avoidance of Debt.

The combined result of the two years was arrived at as follows :—

	1931-32.	1932-33.
(1) Retrenchments—		
Civil expenditure including posts and telegraphs but excluding railways	30	2,50
Military expenditure . . . . .	..	4,50
(2) Cuts in pay—		
Civil officers and establishment including posts and telegraphs but excluding railways	35	1,15
Military officers	25	75
Total of retrenchments and cuts in pay	90	8,90
(3) Additions to revenue—		
Customs revenue	4,85	9,72
Income-tax (net)	2,05	3,53
Salt—		
(i) Abolition of credit sales	1,00	1,00
(ii) Surcharge	21	85
Posts and Telegraphs	37	73
Total additions to revenue	8,48	15,83
Total of retrenchments, cuts in pay and additions to revenue	9,38	24,73
Deficit anticipated before interim measures were taken	19,55	19,50
Resultant deficit—, surplus +	—10,17	+5,23

The figures of revenue and expenditure were not separately worked out in every detail for the Supplementary Budget but it was assumed that the measures introduced would affect the broad groups of revenue and expenditure in the manner set forth in paragraphs 7 to 10 below.

REVISED ESTIMATE, 1931-32.

7. The Revised Estimate for 1931-32 shows a deficit of 13,66 as compared with a surplus of 1 in the original Budget and a deficit of 10,17 in the Supplementary Budget. The following tables show the gross and net figures in Revised as compared with the Supplementary Budget :—

	Supplementary Budget, 1931-32.	Revised, 1931-32.	Improvement + or Deterioration— of Revised over Supplementary Budget.
Gross Revenue	1,26,13	1,20,77	—5,36
Gross Expenditure	1,36,30	1,34,43	+1,87
Deficit	10,17	13,66	—3,49

	Supplementary Budget, 1931-32.	Revised, 1931-32.	Improvement + or Deterioration—of Revised over Supplementary Budget.
(II)			
Tax Revenue (net).	74,65	68,98	—5,67
Net revenue from Commercial Departments	—98	—1,39	—41
Opium (net)	1,25	1,17	—8
Currency and Mint (net)	—68	81	+1,49
Interest Receipts	2,68	2,25	—43
Extraordinary Receipts	7	16	+9
Other Revenue	3,09	3,87	+78
	80,08	75,85	—4,23
Interest on Debt	13,82	13,14	+68
Reduction or Avoidance of Debt	6,90	6,89	+1
Military Expenditure (net)	51,75	51,76	—1
Other Expenditure	18,20	18,18	+2
Net Capital Expenditure of Commercial Departments (Posts and Telegraphs and Irrigation) charged to revenue	—42	—46	+4
	90,25	89,51	+74
Deficit (—)	—10,17	—13,66	—3,49

8. The Revised estimate for the current year is 3,49 worse than the estimate for the same year taken in the Supplementary Budget. The worseness under "Net Tax Revenue" represents a drop of 5,08 under 'Customs', 1,00 under 'Income-tax' and 10 under 'Other heads' excluding 'Salt', counterbalanced by an increase of 30 under 'Salt' and a decrease of 21 under 'Cost of collection'. The improvement in Salt revenue both in the Revised current year and in the Budget for next year—*vide* paragraph 10—is due to the absence of any indications of a drop in offtake which was assumed in the Supplementary Budget. The deterioration of 41 in the "Net revenue from Commercial Departments" is almost wholly due to the deterioration in the estimate for the Posts and Telegraphs Department. This is partly accounted for by the fact that the new measures for increasing receipts were actually introduced some six weeks later than had been allowed for in the Supplementary Budget estimates. Net Opium receipts are 8 lakhs down owing to a reduction in the number of chests taken by foreign purchasing Governments. The betterness under "Currency and Mint (Net)" is wholly due to the profit arising in connection with the expansion of currency against treasury bills, which, as a result of the change in accounting procedure explained in paragraph 19 of the Hon'ble the Finance Member's Budget speech, is now adjusted in the accounts of each year to the extent of the amount of profit earned during the year. The fall in interest receipts is due to the heavy depreciation in securities held in the Gold Standard Reserve, which was not allowed for at the time of the Supplementary Budget. There is an increase of 9 under "Extraordinary receipts", which is mainly the refund by the Military Department of the savings under the civil grant for the expansion of the Territorial Forces which had been transferred in past years to the Military Reserve Fund. The large addition to "Other revenue" is due to gain on exchange which is fully explained in paragraph 50 below. As regards expenditure, the important variation occurs under "Interest

on Debt", where the improvement is explained by the change in accounting procedure referred to above. This improvement has been partly offset by an increase under discount on treasury bills issued to the Paper Currency Reserve to a larger extent than was assumed in the Supplementary Budget.

9. The Budget Estimate for 1932-33 shows a surplus of 2,15 against a surplus of 5,23 in the Supplementary Budget for the same year. The gross and net figures are compared below :—

	Supplementary Budget, 1932-33.	Budget, 1932-33.	Improvement + or Deterioration—of Budget 1932-33 over Supplementary Budget for same year.
Gross Revenue	1,33,06	1,29,96	—3,10
Gross Expenditure	1,27,83	1,27,81	+2
Surplus (+)	+5,23	+2,15	—3,08

10. Except under some of the principal heads of Tax Revenue and the Finance headings no detailed estimates were worked out in connection with the Supplementary Budget. Retrenchment plans definitely adopted were taken into account and allowance was made for further possible retrenchments. The effect of the measures introduced by the Supplementary Finance Act was also taken into account. Broadly speaking the present estimates of gross expenditure show practically no variation from the Supplementary Budget in spite of unavoidable increases under certain items. As regards gross revenue the reduction of 3,10 may be broadly analysed as follows —

	Better +	Worse —
Customs (after eliminating the share payable to the Road Fund) . . . . .	..	5,00
Taxes on Income	71	..
Salt	61	..
Opium . . . . .	..	73
Interest Receipts . . . . .	..	88
Currency and Mint	2,78	..
Other Heads . . . . .	..	59
	4,10	7,20
Net reduction	3,10	

The reduction under Customs is necessitated by the large drop of revenue in the Revised and the improbability of such a large recovery in Budget as the original estimate taken in the Supplementary Budget would involve. The improvement under 'Taxes on Income' has been fully explained in paragraph 14 of the Hon'ble the Finance Member's Budget speech. The increase under Salt has been explained in paragraph 8 above. The large variation in Opium Receipts is due to the fact that two of the foreign purchasing Governments are not taking any opium in 1932—a factor which was not known at the time of the Supplementary Budget. Although it was expected that the receipts from Interest would diminish in 1932-33 as compared with the Revised—*vide* paragraph 18 of the Financial Secretary's Memorandum of the 29th September 1931—no actual reduction was made in the estimate in the absence of definite information. The large increase under "Currency and Mint" is due to the expansion of currency which has taken place since September last.

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net revenue.
1928-29	49,28·01	93·59	48,34·42
1929-30	51,27·66	97·51	50,30·15
1930-31	46,80·76	93·39	45,87·37
1931-32 { Budget	56,45·97	98·06	55,47·91
{ Revised	46,22·55	91·45	45,31·10
1932-33 Budget	52,31·27	91·03	51,40·24

11. The details are as follows :—

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.	
				Budget.	Revised.		
REVENUE.							
SEA CUSTOMS.							
IMPORTS.							
<i>Non-protective Special Duties.</i>							
Wheat and wheat flour . . . . .	..	..	..	..	2·07	·03
Liquors—							
(a) Ale, beer, porter, cider and other fermented liquors	21·98	24·58	23·85	31·05	33·00	32·95	
(b) Sprites and Liqueurs	2,14·90	2,15·10	2,03·59	2,45·00	1,60·00	1,67·04	
(c) Wines	15·11	14·61	12·91	15·70	10·00	13·29	
Sugar, all sorts	7,77·20	8,69·70	10,78·97	11,16·00	7,60·00	9,00·00	
Tobacco	2,58·48	2,27·90	1,26·60	1,48·60	1,25·60	1,43·19	
Coal, coke and patent fuel	·95	1·19	·91	1·16	·67	·63	
Tin, block	6·15	7·13	6·59	6·90	5·55	6·16	
Oils	1,63·03	1,64·33	} 2,11·69	{ 1,92·29	} 2,61·39	3,91·23	
{ Kerosene	·06	16·35					{ 40·00
{ Motor spirit	30·61	23·26					{ 35·00
{ Other mineral oils							

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
<i>Non-protective Special Duties—contd.</i>						
Arms, ammunition and military stores	6·12	5·84	5·12	6·06	8·10	8·02
Motor cars and cycles	1,02·14	95·01	72·31	1,01·50	71·60	80·63
Silver bullion, coin, sheets and plates not manufactured . . . . .	..	17·70	2,32·64	2,37·65	1,10·05	1,60·00
Artificial silk yarn and thread	10·43	7·42	6·63	7·25	7·85	10·23
Cotton yarn and thread	45·80	45·16	30·09	34·80	37·40	47·05
Silk or artificial silk mixtures	8·02	7·33	5·28	6·60	17·50	26·87
Portland Cement (excluding white Portland cement)	11·53	10·52	10·00	13·09	13·45	16·39
Raw cotton . . . . .	..	..	..	..	16·13	32·30
Other Articles	2·66	3·49	5·09	4·15	10·55	19·58
<i>Duty at 2½ per cent.</i>						
Printing materials, vinegar and other articles	·34	·25	·20	·17	·21	·16
<i>Duty at 10 per cent.</i>						
Metals—Iron and Steel	46·41	43·91	35·28	46·05	55·00	36·05
Railway plant and rolling stock	20·16	20·60	16·27	19·85	12·35	14·20
Machinery . . . . .	..	..	..	..	49·00	1,00·00
Dyes and colours . . . . .	..	..	..	..	10·16	20·55
Other articles	·54	·41	·58	·54	·72	·29
<i>Duty at 15 per cent.</i>						
Articles of food and drink (excluding sugar and vinegar and grain and pulse but including flour other than wheat flour)	1,80·75	1,77·00	1,50·13	1,60·80	1,37·37	1,47·49
Raw materials and articles mainly unmanufactured	79·06	73·64	57·73	72·64	67·64	69·03
Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	1,45·67	1,40·81	1,11·18	1,44·20	1,30·40	1,35·90
(b) Broadcast wireless receiving apparatus and component parts . . . . .	..	..	·56	·41	·38	·43
(c) Metals, other than Iron and Steel	82·76	75·01	66·08	87·17	61·50	69·13
(d) Yarn and textile fabrics (including short fents of cotton cloth but excluding artificial silk yarn, cotton yarn and silk and artificial silk manufactures.	1,74·82	1,59·13	98·64	1,56·30	1,20·00	1,20·33
(e) Pneumatic rubber tyres and tubes	33·10	37·29	30·63	40·40	37·50	40·56
(f) All other articles wholly or mainly manufactured	4,13·11	4,36·33	3,42·38	4,45·15	4,01·20	4,08·62
Miscellaneous	64·34	63·55	55·88	67·00	67·50	74·73
<i>Duty at 30 per cent.</i>						
Spices . . . . .	..	..	..	16·00	21·70	24·47
Silk or artificial silk piece-goods and other manufactures of the same.	87·60	79·00	50·16	66·33	89·40	1,12·77
Cinematograph films, exposed . . . . .	..	..	..	6·00	6·05	6·53
Betelnuts . . . . .	..	..	..	46·00	60·03	62·80
Other articles	1,00·92	1,06·27	69·64	83·75	93·06	1,11·25

	Accounts, 1923-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—concl'd.						
SEA CUSTOMS—concl'd.						
IMPORTS—concl'd.						
<i>Protective Special Duties.</i>						
Iron and Steel	2,82.45	2,13.23	1,43.39	1,93.00	1,21.90	1,36.99
(a) Liable to additional duties						
(b) Not liable to additional duties						
Silver wire, thread and other manufactures . . . . .	..	..	5.63	5.78	7.38	8.38
Paper and Stationery	23.10	29.41	21.32	23.86	23.16	25.55
Cotton piece-goods	6,04.49	5,83.63	3,73.46	5,66.00	3,69.30	3,79.15
Matches, match-splints and veneers	25.28	13.94	3.75	3.73	2.30	1.75
Heavy Chemicals . . . . .	..	..	..	..	.99	3.77
<i>Government stores.</i>						
Articles liable to protective duties—						
Iron and Steel	87.10	58.73	63.82	38.19	46.50	47.42
(a) Liable to additional duties						
(b) Not liable to additional duties						
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	40,92.07	40,72.81	37,29.49	45,36.12	36,23.51	41,13.98
Export duties—						
(a) Hides and skins, raw	38.83	35.49	24.80	26.73	20.48	25.55
(b) Jute (raw and manufactured)	4,21.99	4,66.24	3,44.28	3,60.42	3,25.81	3,25.32
(c) Rice	99.45	1,20.43	90.61	93.58	93.28	90.69
(d) Tea . . . . .	..	..	..	..	..	..
(e) Government Stores . . . . .	.01	..	..	.01	.01	..
Sea Customs—Miscellaneous	13.37	12.15	9.77	10.57	7.72	8.95
Land Customs	98.84	1,14.02	1,51.10	1,41.36	1,12.28	1,21.56
Excise Duty on Motor Spirit	1,55.03	2,81.13	2,68.33	3,62.62	3,24.54	3,75.51
Excise Duty on Kerosene	92.35	95.70	1,43.81	1,87.10	2,06.97	2,63.00
Excise Duty on Silver . . . . .	..	..	16.60	22.00	23.00	20.00
Warehouse and wharf rents and Miscellaneous	5.80	5.65	5.49	5.36	4.76	4.92
TOTAL RECEIPTS	50,15.74	52,03.67	47,81.28	57,45.87	47,41.84	53,19.47
Deduct—Refunds	87.73	76.01	1,03.52	99.90	1,19.29	1,18.20
NET TOTAL REVENUE	49,28.01	51,27.66	46,80.76	56,45.97	46,22.55	52,01.27
EXPENDITURE.						
India	91.53	96.13	91.70	96.40	89.08	89.55
England	2.01	1.37	1.67	1.66	2.38	1.48
Exchange . . . . .	..	.01	.02	..	.01	..
Total	93.59	97.51	93.39	98.06	91.45	91.03

12. The Indian Finance (Supplementary and Extending) Act, 1931 imposed with effect from the 30th September 1931 a temporary surcharge of 25 per cent. on all existing duties with the exception of export duties and also imposed certain new, and increased certain existing import duties. As regards new duties, machinery, dyes and raw cotton were removed from the free list and made subject to a duty of 10 per cent. *ad valorem* in the case of machinery and dyes and $\frac{1}{4}$ anna per lb. in the case of raw cotton. The increases in existing duties were as follows :—

	From	To
(i) Artificial silk piece-goods	20 per cent.	40 per cent.
(ii) Artificial silk yarn	10 per cent.	15 per cent.
(iii) Brown sugar	Rs. 6 as. 12 per cwt.	Rs. 7 as. 4 per cwt.
(iv) Boots and shoes	20 per cent.	20 per cent. or a minimum of 4 as. per pair.
(v) Camphor	20 per cent.	40 per cent.
(vi) Electric bulbs	20 per cent.	40 per cent.

The surcharge on these articles was leviable on the increased duty.

13. It was estimated at the time of the Supplementary Budget that on the basis of the then existing rates of duty there would be a drop in revenue of 10,00 as compared with the Budget Estimate framed in March 1931. The changes introduced by the Supplementary Finance Act, were expected to yield an additional revenue of 4,85 in 1931-32 and 9,72 in 1932-33, giving a Revised Estimate of total revenue of 51,31 and a Budget Estimate of 57,18. The estimates now presented on the basis of the progress of up to date actuals indicate a worseness of 5,08 in Revised and 4,87 in Budget as compared with the calculations in the Supplementary Budget. The principal deterioration from the estimates occurs under the heads sugar, silver and cotton piece-goods.

14. As regards refunds, the increase in Revised as compared with Budget, 1931-32 represents a larger re-exports and increase in rates of duty.

TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue).	Expenditure.	Net revenue.
1928-29	16,70·34	68·96	16,01·38
1929-30	16,70·61	71·85	15,98·76
1930-31	16,00·33	74·73	15,25·60
1931-32 { Budget	17,44·54	77·26	16,67·28
{ Revised	17,30·49	73·26	16,57·23
1932-33 Budget	18,73·38	83·23	17,90·10

15. The following tables give the usual details :—

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1. Bengal	·01	·01	·01	·01	·01	·01
SUPER-TAX.						
1. India	2·94	4·01	3·06	2·02	3·07	2·86
2. Baluchistan	·12	·25	·14	·20	·14	·14
3. North-West Frontier	·97	1·21	·36	·60	·79	·73
4. Madras	20·90	21·65	18·04	23·00	18·00	20·00
5. Bombay	79·83	95·30	85·64	80·00	90·00	93·00
6. Bengal	2,55·10	2,65·94	2,48·08	1,93·68	1,82·00	1,75·00
7. United Provinces	19·74	19·33	18·02	18·10	22·60	21·50
8. Punjab	7·82	5·88	4·15	2·51	4·23	4·51
9. Burma	56·54	49·60	57·56	54·50	54·25	51·00
10. Bihar and Orissa	49·22	12·49	11·86	19·09	16·39	17·50
11. Central Provinces	4·95	2·90	3·18	4·51	8·40	5·88
12. Assam	3·59	3·01	2·25	1·96	1·68	1·99
TOTAL	5,01·72	4,81·57	4,52·34	3,95·17	4,01·70	3,94·11
INCOME-TAX.						
1. India General—						
Civil	41·74	48·87	54·87	80·63	68·73	67·30
Non-Civil Departments	66·58	69·16	71·80	71·80	93·70	1,10·90
2. Delhi	10·40	11·40	10·44	10·67	13·47	14·50
3. Baluchistan	1·76	1·70	1·56	1·47	1·88	1·87
4. North-West Frontier	9·56	9·82	8·30	8·56	10·95	11·69
5. Madras	1,84·45	1,38·71	1,36·88	1,79·00	1,77·00	1,95·10
6. Bombay	2,93·84	3,16·59	3,04·84	3,45·86	3,82·8	4,40·88
7. Bengal	3,91·98	3,97·57	3,68·48	3,67·37	3,13·00	3,31·25
8. United Provinces	73·21	74·55	74·52	82·52	87·00	95·60
9. Punjab	65·31	62·39	58·44	63·00	69·37	78·89
10. Burma	1,76·62	1,73·86	1,40·95	1,93·65	1,67·20	1,78·00
11. Bihar and Orissa	50·75	47·74	44·69	59·64	61·84	69·75
12. Central Provinces	36·87	37·54	37·74	45·01	43·70	47·13
13. Assam	20·36	19·46	18·66	20·83	20·01	21·15
14. Coorg	·22	·25	·31	·24	·28	·26
TOTAL	13,73·65	14,09·61	13,31·98	15,30·25	15,11·01	16,04·27

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India	'03	'04	'01	..	..	..
2. North-West Frontier Province .	..	'01	..	'01	'01	'01
3. Madras	'06	'02	'03	'03	'03	'03
4. Bombay	'01	'04	'12	'14	'13	'12
5. Bengal . . . . .	..	'04	..	'02	'03	'03
6. United Provinces	'05	'10	'09	..	..	..
7. Punjab	'06	'05	'03	'03	'09	'04
8. Burma	'03	'03	'50	'02	'25	'03
9. Bihar and Orissa	'01	'04	'02	'06	'02	'03
10. Central Provinces	'09	'03	'09	'03	'25	'10
11. Assam	'01	..	..	..	..	..
12. England . . . . .	..	'05	..	..	..	..
TOTAL	'40	'45	'89	'34	'79	'36
Total Receipts from Taxes on Income	18,75'78	18,91'64	17,86'23	19,25'77	19,13'61	20,55'75
Deduct—Refunds—						
India	1,70'06	1,35'23	1,54'25	1,54'83	1,64'73	1,67'05
England	'07	'01	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL REFUNDS	1,70'13	1,35'29	1,54'25	1,54'83	1,64'73	1,67'05
Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules	35'31	35'74	30'64	26'40	18'30	18'32
Total Revenue of the Central Gov- ernment	16,70'34	16,70'61	16,00'33	17,44'54	17,30'49	18,73'38
EXPENDITURE.						
India	67'48	70'35	73'73	75'87	72'35	82'33
England	1'50	1'49	'99	1'39	1'00	'95
Exchange . . . . .	..	'01	'01	..	'01	..
TOTAL	68'98	71'85	74'73	77'26	73'36	83'28
Distributed as follows—						
Payments to Provincial Govern- ments	1'90	'31	'30	'24	'26	'21
Direct expenditure of Central Gov- ernment	67'06	71'54	74'43	77'02	73'00	83'07

16. Income-tax revenue payable to Provincial Governments on the present basis of taxation is:—

	Accounts, 1923-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
Madras	5.48	7.27	6.75	5.50	3.00	4.00
United Provinces . . . . .	..	.71	1.40	1.00	..	..
Punjab	4.02	3.60	2.00	..	..	..
Burma	12.21	11.40	10.36	12.00	8.50	7.50
Bihar and Orissa	4.74	4.49	3.14	3.90	2.80	2.82
Central Provinces	2.23	2.74	2.65	..	1.00	1.00
Assam	6.63	5.53	4.34	4.00	3.00	3.00
TOTAL	35.31	35.74	30.64	26.40	18.30	18.32

17. It was estimated in September last at the time of the Supplementary Budget that on the then existing basis of taxation the revenue from Taxes on Income would show a fall of 1,25 in the current year as compared with the original budget for the same year, and that business being generally worse in the current year than in the last, the revenue would make a poorer showing next year. The Supplementary Finance Act introduced a tax of 2 pies in the rupee for the current year and 4 pies in the next on incomes between Rs. 1,000 and Rs. 2,000 per annum and imposed a surcharge of 12½ per cent. in the current year and 25 per cent. in the next on the existing rates of income-tax and supertax. In the case of Government servants the increases of income-tax and super-tax, both by way of surcharge on existing rates or by way of imposition of a tax for the first time on lower incomes were merged in the general cut in salaries. On the basis of these measures the Supplementary Budget assumed a total revenue of 18,31 in the current year and 18,02 in the next.

18. The estimates now presented show a worseness of 1,00 in Revised and a betterness of 71 in Budget as compared with the calculations in the Supplementary Budget. Of the betterness in Budget, 23 represents recovery from State and Company-managed Railways—*vide* paragraph 14 of the Honourable the Finance Member's Budget speech.

SALT.

	Revenue (Receipts <i>less</i> Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1928-29	7,59.93	1,23.83	6,36.10
1929-30	6,76.46	1,28.08	5,48.38
1930-31	6,83.22	1,26.40	5,56.82
1931-32 { Budget	7,05.00	1,25.15	5,79.85
{ Revised	8,48.03	1,16.59	7,31.44
1932-33 Budget	9,43.40	1,15.69	8,27.71

19. The relevant details are given below:—

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,47·19	1,54·46	1,44·29	1,64·46	2,00·77	2,44·65
Madras (a)	1,47·65	1,47·53	1,42·87	1,47·04	1,77·46	2,07·90
Bombay (a)	1,59·20	1,59·25	1,60·95	1,56·42	1,95·27	1,83·09
Bengal (b)	1,76·90	1,84·95	2,08·92	2,06·02	2,51·76	2,82·67
Burma (b)	34·86	34·67	33·40	34·83	41·23	44·03
Bihar and Orissa	·01	·01	..	·01	·01	·01
Assam	·01	·01	..	..	..	..
TOTAL RECEIPTS	7,85·82	6,80·83	6,90·52	7,09·68	8,66·50	9,62·35
<i>Deduct—Refunds</i>	<i>5·89</i>	<i>4·42</i>	<i>7·30</i>	<i>4·68</i>	<i>5·47</i>	<i>5·95</i>
<i>Deduct—Provincial Share</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>13·00</i>	<i>13·00</i>
TOTAL REVENUE	7,59·93	6,76·46	6,83·22	7,05·00	8,48·03	9,43·40
EXPENDITURE.						
Cost of salt purchased by Govern- ment	7·03	8·29	9·33	9·90	8·52	8·37
Assignments and compensations	39·49	39·70	39·13	37·49	36·42	38·19
Interest	4·97	4·38	4·19	4·74	4·21	4·29
Depreciation	2·92	2·76	2·23	2·64	2·51	2·52
Other charges	67·94	70·79	70·13	68·33	63·64	59·30
Capital outlay on salt works	·58	1·12	—·02	1·02	·47	2·31
Total India	1,22·93	1,27·04	1,25·39	1,24·12	1,15·47	1,14·98
England	·90	1·03	1·00	1·03	1·11	·71
Exchange	..	·01	·01	..	·01	..
TOTAL	1,23·83	1,28·08	1,26·40	1,25·15	1,16·59	1,15·69

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

20. The Government of India notified the gradual termination of the system of credit sales by limiting credits to 3 months as from the 1st October 1931, and discontinuing the grant of new credits altogether from the 1st March 1932. This change in the system was expected to give an additional revenue of 1,00 each in the current year and the next. The Supplementary Finance Act, 1931, imposed a surcharge of 25 per cent. on the customs and excise duties on salt. Allowing for a decrease in offtake, the total revenue in the current year and the next after the adoption of the new measures was taken at 8,18 and 8,82 respectively. There are now no indications of a decrease in consumption and this explains the betterness in the present estimates in both years.

21 The deduct entry of 13·00 in revised represents $\frac{7}{8}$ ths of the additional revenue collected under the Salt (Additional Import Duty) Act, 1931, distributed to Provincial Governments on the basis of the consumption of imported salt in the provinces. The estimates for next year assume the continuance of the Act.

OPIUM.

	Provision and medical opium.	Excise opium and miscellaneous (less refunds).	Total revenue (Receipts less refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.
1928-29 . . .	2,57·08	69·51	3,26·59	42·44	12·51	54·95	2,71·64
1929-30 . . .	2,31·20	72·90	3,04·10	37·01	11·80	48·81	2,55·29
1930-31 . . .	1,81·40	71·87	2,53·27	63·49	10·37	74·86	1,78·91
1931-32 { Budget . . .	1,54·35	61·23	2,15·58	62·27	11·36	73·63	1,41·95
{ Revised . . .	1,43·38	54·86	1,98·24	71·07	10·10	81·17	1,17·07
1932-33 Budget . . .	80·36	52·37	1,32·63	62·56	9·06	71·62	61·01

22. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries. The rest is sold at roughly cost price to Provincial Governments as excise opium for internal consumption in India and is retailed by them to licensed vendors at rates fixed by them and varying 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 dealt with under the system of direct sales to Foreign and Colonial Governments, the old auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

23. The exports of provision opium in the current year are expected to amount to 3,582 chests, but will drop to 2,004 chests next year. This is partly due to the arrangement whereby they have to be extinguished progressively by a date not later than the 31st December 1935 and partly to the fact that the Dutch East Indies and Siam Governments are not taking any opium in 1932—their quotas for that year being 482 and 695 chests respectively. This accounts mainly for the fall in the budget estimate of revenue for 1932-33.

24. As regards Expenditure, the increase in the Revised as compared with the Budget for the current year is due to the increased outturn of the last season.

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

	Revenue.	Expenditure.	Net revenue.
1928-29	2,23·85	61·37	1,62·48
1929-30	2,25·60	63·35	1,62·25
1930-31	2,03·22	64·19	1,39·03
1931-32 { Budget	2,21·46	67·26	1,54·20
{ Revised	2,15·08	58·55	1,56·53
1932-33 Budget	1,79·39	57·33	1,22·06

25. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States. The fall in Revenue in Revised under all heads except the last amounts to 18 and is due to the prevailing trade and economic depression. It is partly counterbalanced by an increase of 12 under "Payments from Indian States" due to the postponement of one half-yearly instalment of subsidy by Mysore from 1930-31 to the current year. The decrease in Budget, 1932-33, as compared with the Revised estimate of revenue is partly due to the last mentioned factor, but mainly to the elimination of the revenue receipts of the North-West Frontier Province.

The receipts and expenditure of the Security Printing Press at Nasik will, with effect from the 1st April 1932, be included in the figures of revenue and expenditure under the head "Stamps". Hitherto only the net commercial profit or loss was shown in the revenue budget of the Government of India and the change in procedure is proposed in pursuance of the recommendation of the General Purposes Sub-Committee of the Retrenchment Advisory Committee and the Public Accounts Committee. This accounts for the fact that the Budget estimate of expenditure is almost the same as the Revised, in spite of the elimination of the expenditure relating to the North-West Frontier Province.

IRRIGATION.

	Revenue (Receipts <i>less</i> . Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1928-29	9.40	22.25	12.85
1929-30	9.96	29.98	20.02
1930-31	4.83	35.56	30.73
1931-32 { Budget	13.75	22.10	8.35
{ Revised	9.39	21.61	12.22
1932-33 Budget	1.86	4.32	2.46

26. The Budget excludes the revenue and expenditure relating to the North-West Frontier Province.

POSTS AND TELEGRAPHS.

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT.						
Gross Receipts	11,08.65	11,29.49	10,77.86	10,96.05	10,70.03	11,50.73
WORKING EXPENSES—						
India	10,87.53	11,18.66	11,27.52	11,37.73	11,02.70	10,63.04
England	7.30	7.45	7.61	7.53	9.80	8.70
Exchange . . . . .	.01	.06	.10	..	.7	..
TOTAL	10,94.84	11,26.16	11,35.23	11,45.26	11,13.57	10,71.74
NET RECEIPTS	8.81	8.33	—57.37	—49.21	—42.54	78.99

	Accounts, 1923-29.	Accounts, 1929-30.	Accounts 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT—contd.						
EXPENDITURE CHARGED TO REVENUE—						
Interest	62·65	65·78	76·13	86·98	86·35	95·18
NET REVENUE	-63·84	-62·45	1,33·49	-1,33·19	-1,28·89	-16·19
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	13·12	11·67	13·06	10·50	10·39	6·07
England . . . . .	..	..	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	13·12	11·67	13·06	10·50	10·39	6·07
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	46·40	28·25	53·62	29·70	29·30	23·15
England	9·67	5·78	88	3·43	·46	..
Exchange	·02	·05	·01	..	..	..
TOTAL	56·09	34·08	54·61	33·13	29·66	23·15
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	15·27	11·81	9·47	..	..	..
England	13·63	14·02	11·92	..	..	..
Exchange	·03	·13	·16	..	..	..
TOTAL	28·93	25·96	21·55	..	..	..
WORKING EXPENSES—						
India	28·67	26·02	23·15	..	..	..
England	1·66	1·78	1·32	..	..	..
Exchange . . . . .	..	·01	·02	..	..	..
TOTAL	30·33	27·79	24·49	..	..	..
NET RECEIPTS	-1·40	-1·83	-2·94	..	..	..
EXPENDITURE CHARGED TO REVENUE—						
Interest	5·37	5·52	6·09	..	..	..
NET REVENUE	-6·77	-7·35	-9·03	..	..	..
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	·44	—·33	—·26	-54·99	-58·55	..
England	·05	·04	·04	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	·49	—·29	—·23	-54·99	-58·55	..
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	-3·62	-2·14	-1·07	53·76	51·30	..
England	·86	1·14	-56·53	4·41	3·65	..
Exchange . . . . .	..	·01	-·59	..	·2	..
TOTAL	-2·76	-1·01	-58·19	58·17	57·97	..

27. The Indo-European Telegraph Department as such has ceased to exist from the 1st March 1931. The figures in revised represent adjustments connected with the final winding up of the Department.

28. Except in one respect, explained below, the recommendations of the Posts and Telegraphs Accounts Enquiry Committee have not been taken into account in these estimates as the Government of India have not reached a final decision in regard to one of the most important of the recommendations, namely, the institution of the Depreciation Fund with an initial opening balance of 8.25 crores equivalent to the amount of the accrued depreciation on the 1st April 1925. A change has, however, been made, according to the recommendation of the Committee in the percentage calculation of the pensionary liability of the Department. This is now charged on a basis of 7.5 per cent. instead of 8.2 per cent. as formerly.

29. At the time of the Supplementary Budget in September last, the deficit in the working of the department was estimated at 1.48. The Supplementary Finance Act provided for an increase in inland postal rates of 50 per cent. over existing rates and this, together with retrenchments and cuts in pay and certain other measures for increasing revenue, was expected to reduce the loss in working to 92 in the current year and 20 in the next. The present estimates show a worseness of 37 in Revised and a betterness of 4 in Budget. The deterioration in Revised is due partly to normal revenue having proved lower than anticipated, and partly to the gain from the new measures being less because they were introduced at dates later than were assumed in the Supplementary Budget.

30. The annual loss in the working of the Department since it was commercialised is given below :—

	Current.	Progressive.
	Loss—	Profit+.
1925-26	+37.03	+37.03
1926-27	+10.25	+47.28
1927-28	-26.15	+21.13
1928-29	-53.83	-32.70
1929-30	-62.45	-95.15
1930-31	-1,33.49	-2,28.64
1931-32 (Revised)	-1,28.89	-3,57.53
1932-33 (Budget)	-16.19	-3,73.72

The figures are, however, inclusive of the loss on the non-commercial activities of the wireless Branch, which is shown below :

1928-29	5.24
1929-30	6.86
1930-31	8.19
1931-32 (Revised)	8.40
1932-33 (Budget)	6.73

INTEREST RECEIPTS.

	Accounts, 1930-31.	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
India				
Interest on loans and advances	82.25	90.82	94.39	99.22
Interest on advances to railway companies charged to capital	16.65	5.48	8.61	..
Other items	9.07	.22	8.81	.23
England				
Interest on temporary investment of cash balances, etc.	14.38	3.31	28.69	20.67
Excess over £40 millions in the Gold Standard Reserve	2,08.83	1,35.48	25.60	60.00
Transfer from Gold Standard Reserve Revenue Equalisation Fund	4.50	55.68	58.00	..
Exchange	2.75	..	.79	..
TOTAL	3,38.43	2,91.99	2,24.89	1,80.12

31. The large decrease under the head "Excess over £10 millions in the Gold Standard Reserve" in the Revised as compared with the Budget of the current year is due mainly to the substitution of gold for sterling securities in the Reserve, but depreciation of securities held in the Reserve has been a contributory factor in the reduction of interests receipts under this head. In the Budget for 1932-33 allowance has been made for a small increase in the amount of sterling securities in the Reserve. The transfer from the Gold Standard Reserve Revenue Equalisation Fund in the current year will exhaust the balance in that Fund and nothing will be available for transfer in 1932-33.

INTEREST PAYMENTS.

	Accounts, 1930-31.	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
<i>Interest on Ordinary Debt—</i>				
<i>Gross payments—</i>				
India	21,75·19	22,35·49	24,19·79	25,78·38
England	19,66·85	21,13·99	20,75·48	20,16·53
Exchange	24·76	..	14·52	..
Total	41,66·80	43,49·48	45,09·79	45,94·89
<i>Deduct—Amounts charged to—</i>				
Railways	31,34·05	32,21·28	31,90·19	32,33·43
Irrigation	12·66	12·87	12·81	2·70
Posts and Telegraphs	83·68	88·77	87·79	96·62
Other heads	21·37	24·42	24·39	24·77
Provincial Loans Fund	6,54·87	6,95·00	7,26·00	8,14·02
Total deductions	39,06·63	40,42·34	40,41·18	41,71·54
Net	2,60·17	3,07·14	4,68·61	4,23·35
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	2,00·00	2,10·00	2,06·00	2,20·00
Post Office Savings Bank Deposits	1,04·43	1,06·42	1,08·05	1,13·55
Provident Funds	2,92·99	3,17·83	3,10·72	3,42·33
Service Funds	12·32	13·06	13·03	13·52
Fixed Deposits of Provin- cial Governments	22·25	17·25	6·50	3·50
Famine Relief Fund	16·06	16·13	15·65	15·47
Railway Reserve Fund	57·71	16·35	14·11	..
„ Depreciation Fund	74·55	1,08·00	81·57	85·15
Posts and Telegraphs Depre- ciation Fund	10·80	12·43	12·93	15·02
Other items	76·30	74·42	76·25	78·62
Total	8,67·41	8,91·89	8,44·81	8,87·16
Total Interest payments	11,27·58	11,99·03	13,13·42	13,10·51

INTEREST ON ORDINARY DEBT.

32. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations.

33. The increase in the gross payments of interest on Ordinary Debt in India in the Revised is due almost wholly to the larger amount estimated to be paid on account of Discount on treasury bills, about 4,71 against 2,80 originally provided for. The estimate is based on the progress of actuals up-to-date and on the assumption that the treasury bills outstanding with the public and in the Paper Currency Reserve at the end of the current year will be 55,38 and 49,28 respectively against 55,38 and 5,89 at the beginning of the current year. As regards payments in England, the saving in Revised is due to the moratorium granted by the Imperial Government coincident with the Hoover moratorium. The saving is reduced by the increase in provision for interest on 1933-34 Bonds, the issue of which was not foreseen at the time of the Budget.

34. It has been assumed in the Budget 1932-33 that the treasury bills outstanding at the end of the year will be 7,51 less than at the beginning and that new loans will be raised in India and England to the amounts of the maturing debt during the year in the two countries respectively. The Budget includes 25 for service of a new loan in India and 56 for a new loan in England. The provision for discount on treasury bills in Budget is 6,01.

INTEREST ON OTHER OBLIGATIONS.

35. The decrease in Revised in the provision for interest on Railway Depreciation and Reserve Funds as compared with the Budget for the current year represents a larger withdrawing of those balances to meet the deficit in the working of Railways. The saving in interest payments on balances of Provincial Governments placed in fixed deposit with the Central Government reflects the deterioration in the revenue position of those Governments which have had in consequence to draw heavily on their balances. Interest on provident fund balances is calculated at 5 per cent. per annum in Revised current year and at 5½ per cent. in Budget. Interest on Depreciation and Reserve Fund balances is calculated at 5.70 per cent. in both years, which is the rate assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

36. The total net interest charges have varied as follows in recent years:—

Actuals, 1923-24	.	.	.	.	.	.	.	.	.	.	.	15,97
" 1924-25	.	.	.	.	.	.	.	.	.	.	.	14,90
" 1925-26	.	.	.	.	.	.	.	.	.	.	.	13,37
" 1926-27	.	.	.	.	.	.	.	.	.	.	.	11,77
" 1927-28	.	.	.	.	.	.	.	.	.	.	.	10,57
" 1928-29	.	.	.	.	.	.	.	.	.	.	.	10,20
" 1929-30	.	.	.	.	.	.	.	.	.	.	.	10,85
" 1930-31	.	.	.	.	.	.	.	.	.	.	.	11,28
Revised, 1931-32	.	.	.	.	.	.	.	.	.	.	.	13,14
Budget, 1932-33	.	.	.	.	.	.	.	.	.	.	.	13,11

37. While there was a steady reduction from 1923-24 to 1928-29, there has been an increase since the latter year. This is explained partly by the

variations in the Government's borrowing rate and partly also by the fact that insufficient provision had been made in the past in respect of the liability for bonus payments on cash certificates. The deficits in 1930-31 and 1931-32 have also contributed to the increase in those years. The following table makes the position clear :—

Year.	Approximate borrowing rate in India.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	6 per cent.	8,42	28
1924-25	5½ "	13,12	16
1925-26	5½ "	20,96	16
1926-27	4½ "	26,63	16
1927-28	4½ "	30,70	23
1928-29	5 "	32,30	60
1929-30	5½ "	35,00	73
1930-31	6½ "	38,43	2,00
1931-32	6½ "	44,43	2,06
1932-33		49,43	2,20

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

38. 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 consists 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, sterling debt being converted into rupees at Rs. 15 per £ for this purpose.

It has been decided that, pending further consideration of the scheme along with the Railway Convention, provision from the year 1930-31 onwards shall be made on the same lines, except that, for the purposes of (b) above, sterling debt is converted into rupees at Rs. 13½ per £.

39. On this basis, the estimates for the two years work out as follows :—

	(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)		
	31st March 1923.	31st March 1931.	31st March 1932.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42	4,72,62	4,78,03
Sterling Debt	3,23,51	4,50,11	4,41,82
Unfunded Debt	62,56	1,46,71	1,56,59
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	81,75	67,09	64,96
	<u>8,29,24</u>	<u>11,36,53</u>	<u>11,41,45</u>

(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)

	31st March 1923.	31st March 1931.	31st March 1932.
--	------------------	------------------	------------------

Deduct—

Discount included above but separately provided for	7,32	18,78	16,59
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	89,22	1,02,36
	<u>32,21</u>	<u>1,08,00</u>	<u>1,18,95</u>
NET	7,97,03	10,28,53	10,22,50
Excess over outstanding debt on 31st March 1923		2,31,50	2,25,47
½ th of above		2,89·38	2,81·84
Add basic provision		4,00·00	4,00·00
TOTAL		<u>6,89·38</u>	<u>6,81·84</u>

40. These figures include the following specific items :

	Revised, 1931-32.	Budget, 1932-33.
Sinking fund provision for 5 per cent. rupee loans	1,79·07	1,78·39
Capital portion of railway annuities	2,14·49	2,20·40
Railway sinking funds	26·85	26·67
TOTAL	<u>4,20·41</u>	<u>4,25·46</u>

41. The sums provided from revenue on this account from year to year are indicated below.

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,14
1931-32	6,89
1932-33	6,82

The reduction in the provision for the next year is due to the fact that a large part of the capital resources in the current year was found from the issues of treasury bills to the Paper Currency Reserve, which are excluded from the amount of debt for the purposes of calculation under the Debt Redemption Scheme.

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net expenditure.
1928-29	1,00·93	11,43·51	10,42·58
1929-30	1,16·59	12,65·91	11,49·32
1930-31	96·87	13,33·80	12,36·93
1931-32 { Budget	1,03·45	13,06·36	12,02·91
{ Revised	95·09	12,32·40	11,37·31
1932-33 Budget	90·11	9,64·93	8,74·82

42. The fall in revenue in Revised as compared with Budget, 1931-32, is distributed over all the heads comprised in this group. The further reduction in Budget next year is due to the exclusion of the receipts in the North-West Frontier Province.

The reduction in expenditure is due to retrenchments and cuts in pay and is fully explained in the memorandum dealing with retrenchment. Budget excludes 97 on account of expenditure in the North-West Frontier Province.

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net revenue.
1928-29	2,88·33	71·62	2,16·71
1929-30	2,73·69	74·21	1,99·48
1930-31	1,24·30	96·96	27·34
1931-32 { Budget	63·34	78·71	—15·37
{ Revised	1,85·25	1,04·01	81·24
1932-33 Budget	3,31·17	70·02	2,61·15

43. The estimates of revenue under this group depend largely upon the transactions connected with the securities in the Paper Currency Reserve

and are subject to wide fluctuations. The receipts on account of the profit on note circulation included in the estimates are :

	Revised, 1931-32.	Budget, 1932-33.
(i) Interest on rupee securities	16-98	16-98
(ii) Discount on treasury bills issued to the Paper Currency Reserve	1,48-74	2,86-98
(iii) Interest on loans against internal bills of exchange or on the issue of currency against Government securities purchased temporarily from the Imperial Bank of India and placed in the Reserve	9-32	10-83
	<u>1,75-04</u>	<u>3,14-77</u>

The revised estimate of expenditure in the current year includes 31 lakhs on account of so-called loss on circulation of nickel and bronze coin. It represents approximately the difference between the face value and the metal value of the large amount of coin which has returned from circulation.

CIVIL WORKS.

44. In order to avoid confusion in comparison with earlier years, the grant to the Road Fund which is included for budgetary purposes under Civil Works is shown separately.

		<i>Ordinary.</i>		<i>Net</i>
		<i>Revenue.</i>	<i>Expenditure.</i>	<i>expenditure.</i>
1928-29	. . . . .	17-04	1,54-78	1,37-74
1929-30	. . . . .	22-65	1,60-40	1,37-75
1930-31	. . . . .	27-15	1,64-59	1,37-44
1931-32	{ Budget	24-85	1,40-28	1,15-43
	{ Revised	23-40	1,22-68	99-28
1932-33	{ Budget	26-79	80-19	53-40
<i>Appropriation to Road Fund.</i>				
1928-29	. . . . .			4-50
1929-30	. . . . .			97-87
1930-31	. . . . .			98-03
1931-32	{ Budget			1,01-00
	{ Revised			1,00-00
1932-33	{ Budget			1,14-00

The large reduction in ordinary expenditure in Budget, 1932-33, is the result of retrenchment and the elimination of provincial expenditure on Civil Works in the North-West Frontier Province. Expenditure on Civil Works in the North West Frontier for 1931-32 is estimated at 37. The Budget includes a small amount of 2 for completion of works hitherto borne on the Delhi Capital project and transferred to the revenue head owing to the decision of Government to close the capital project with effect from the 1st April 1932. It also includes about 14 of maintenance expenditure previously borne by the New Delhi Capital head.

MISCELLANEOUS.

		<i>Revenue.</i>	<i>Expenditure.</i>	<i>Net</i>
				<i>expenditure.</i>
1928-29	. . . . .	89-47	4,05-93	3,16-46
1929-30	. . . . .	95-62	4,45-65	3,50-03
1930-31	. . . . .	95-64	4,30-07	3,34-43
1931-32	{ Budget	73-89	4,08-92	3,35-03
	{ Revised	1,58-33	4,20-06	2,61-73
1932-33	{ Budget	66-87	4,00-09	3,33-22

45. The larger Revised Estimate of revenue compared with the Budget is due to gain by exchange transferred from the deposit head "Exchange on Remittance account". *vide* paragraph 50 below.

The increase in the Revised Estimate of expenditure as compared with the Budget for the current year represents larger payments on superannuation allowances and pensions and new expenditure on Conferences and Committees. These are counterbalanced by savings under Stationery and Printing charges due to the exercise of strict economy. The position regarding expenditure in the next year is explained in the retrenchment memorandum. As under certain other heads, Budget excludes provincial expenditure in the North-West Frontier Province amounting to 9.

EXTRAORDINARY ITEMS.

	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
		Budget.	Revised.	
Receipts—				
India	51·00	..	8·00	1·08
England	47·58	30·44	7·58	22·83
Exchange	·62	..	·05	..
TOTAL	99·20	30·44	15·63	23·91
Payments—				
India	15·62	·25	9·75	19·86
England . . . . .	..	..	·40	2·24
Exchange . . . . .	..	..	..	..
TOTAL	15·62	·25	10·15	22·10

46. The Indian credits in Revised represent the refund by the Military Department of past savings in the grants for the expansion of the Territorial Forces. The receipts in England are on account of reparations. It has been assumed in the Budget for 1932-33 that there will be a resumption of such receipts at the expiry of the 12 months' moratorium from July 1931.

47. The payments in Revised and Budget mainly represent charges incurred on retrenched personnel. It has been decided to record the expenditure incurred on this account as follows :

- | | Head of Account. |
|---|--|
| (i) Leave and Travelling allowances (in the civil departments other than commercial departments). | Extraordinary payments. |
| (ii) Pensions (in the civil departments other than commercial departments), | Superannuation Allowances and Pension. |

		Head of Account.
(iii)	Gratuities (in the civil departments other than commercial departments).	Capital head—Payments to Retrenched Personnel.
(iv)	Leave and Travelling allowances in the Posts and Telegraphs Department and civil commercial departments.	Working expenses under the respective Major head concerned.
(v)	Pensions ditto	Superannuation allowances and pensions (charges for pensionary liability will be recovered and accounted for as usual).
(vi)	Gratuities ditto	Capital head—Payments to Retrenched Personnel.

The debits to the capital head [items (iii) and (vi) above] will be written back to revenue in five equal instalments, beginning from 1933-34, the debits to revenue in the case of Posts and Telegraphs and Civil Commercial Departments being taken to working expenses under the respective major head of account, and in other cases under the major head "Superannuation Allowances and Pensions."

EXCHANGE.

48. From the 1st April 1920 to the 31st March 1927, the accounts were maintained 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, however, stood at a lower level. In consequence of this variation from the accounting rate, large sums were booked as credits or debits on account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. *These were purely book-keeping transactions.* Under that system, there was an account 'gain' when the remittances through the market were less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter having been financed partly from other sources, e.g., a sterling loan floated in London. Similarly, there was an accounts 'loss' when the remittances were greater in order to meet the demands of trade. These 'gains' and 'losses' fluctuated 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	+1,21
" "	1927	+12,44
" "	1928	+12,69
" "	1929	+12,86
" "	1930	+13,17
" "	1931	+13,70

49. The procedure for the allocation of exchange gains and losses was as follows. All exchange gains and losses arising out of remittance transactions were recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts of outlay incurred in England was calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, while the portion relating to the expenditure of Provincial Governments was similarly debited to the Provincial Governments concerned. It was intended that it should remain for consideration with reference to the circumstances of each year, whether the balance remaining under the suspense head after these transfers had been made, should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years.

50. The balance at the credit of the deposit head on the 31st March 1931, has been adjusted partly by the writing off of credits that arose from mere book keeping transactions and partly by transfer of the balance to another suspense head against losses outstanding on certain other accounts. From the 1st April 1931, the net credit or debit under the deposit head resulting from the year's transactions will be transferred to the revenue account at the end of each year as a miscellaneous item of revenue or expenditure.

The transactions in the current year are expected to be as follows:—

Gross gain on remittance transactions.	..	55
<i>Add transfers to</i>		
Revenue		25
Capital		2
Provinces		3
		30
Total gain transferred to the revenue account		85

SUBVENTION TO THE NORTH-WEST FRONTIER PROVINCE.

51. With effect from some date in April 1932, the North-West Frontier Province will be made into a Governor's Province and an annual subvention of 1,00-00 will be given to the Province to cover the revenue deficit. The details of estimated Provincial revenue and expenditure of the province in 1932-33 are as follows:

	<i>Revenue.</i>
Land Revenue	19-73
Excise	8-55
Stamps	9-50
Forest	7-50
Registration	-87
Irrigation	9-77
Interest	-80
Civil Administration	5-81
Civil Works	-55
Miscellaneous	3-39
	66-27

Expenditure.

	India.
Land Revenue	3·29
Excise	1·01
Stamps	·16
Forest	7·19
Registration	·14
Forest Capital outlay	·08
Irrigation	13·79
Interest on Debt	·55
Reduction or Avoidance of Debt	1·17
Civil Administration	95·38
Civil Works	29·15
Miscellaneous	8·58
	<hr/>
	1,60·49
Expenditure in England	3·00
	<hr/>
	1,63·49

52. Save in a few places, these figures follow what would have been the budget figures had the administration remained under the Central Government. The main departures from this position are an extra 2·30 provided under General Administration for the new machinery—Legislature, Minister, etc.—of the new province, and full provision made under Civil Works for the transfer of Roads and Buildings, as recommended by the North-West Frontier Province Subjects Committee, from the Military Engineering Services to an augmented local Public Works Department.

53. On these figures the balance arrived at is :—

Expenditure	1,63·49
Receipts	66·27
	<hr/>
	97·22

While on the one hand a certain further amount of retrenchment remains to be done in the existing expenditure heads and should be carried out, the province will, on the other, have to face the growth of expenditure due to yearly increments of pay and the cost of the restoration in 1933 of the cut in pay. The subvention has accordingly been fixed at the round figure of 1,00 to be operative for three years, or until the new constitution for India is inaugurated, whichever is earlier.

54. In addition, an initial balance of 10 will be placed at the disposal of the province. About 1½ of this represents the depreciation fund of the local press, while a further 3 is specifically for new buildings required at the initiation of the new regime. The rest will constitute a cash reserve partly to be utilised for meeting unforeseeable liabilities.

55. The North-West Frontier Province Subjects Committee recommended a basic subvention figure of 1,17 to operate for five years. That Committee however recognised that its basic figures for the main sources of provincial revenue would require modification. On the other side of the account it used expenditure figures based on past actuals, and thus assumed a standard of expenditure unaffected by the comprehensive campaign of retrenchment now being operated in all parts of India both Central and Provincial. The difference of 17 between the figures is almost entirely explained by these two factors, although at the same time there were a few technical errors in the Committee's figures which have now been corrected.

56. The North-West Frontier Province Subjects Committee also listed a large number of projected schemes of expansion involving recurring and non-recurring expenditure, which it presumed would be taken into account by the Government of India at the time of determining the amount of the subvention. In the present state of the finances of India and of the world it is impossible for either the Central Government or any Provincial Government in India to contemplate embarking on an ambitious programme of expanding activities, and it has had to be recognised that these could find no place in a subvention which is to operate at the most for the next three years.

57. In order to meet the position brought about by the impossibility of inaugurating the new province from the 1st of April it has been necessary to split up the 100 subvention for 1932-33 into two parts, viz.:—

18 likely to be disbursed direct by the Government of India in the early part of April ;

82—the balance to be made over to the North-West Frontier Province.

Also a provision of 2 (with a corresponding receipt item) has had to be made for virtually giving back to the province the revenue likely to be collected in the early part of April.

WAYS AND MEANS.

HOME TREASURY.

58. The bulk of the payments made in England on account of the Government of India consist of expenditure chargeable to the Indian revenues and has normally to be met by direct 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 effected by the Secretary of State against 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.

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

[In millions of £.]

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·40	·40	·30
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	·56	·64	·60
(b) Other transactions	·77	·75	·48
3. Deposits and Advances . . . . .	..	—·54	·12
Total Receipts, excluding direct remittances and loans	1·73	1·25	1·50
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	27·27	27·17	26·30
5. Disbursements on behalf of Provincial Governments	3·45	3·13	2·81
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	2·44	2·03	1·13
(b) Other items	·08	·05	·01
7. Discharge of Permanent Debt	16·53	16·60	7·86
8. Discharge of Floating Debt	4·05	4·05	..
TOTAL DISBURSEMENTS	53·82	53·03	38·11
NET DISBURSEMENTS	52·09	51·78	36·61
Remittances from India (net)	33·30	44·25	24·50
New Loan (less discount)	18·57	13·01	6·00
Reduction (+) or increase (—) of cash balance	+·22	—5·48	+6·11
Opening Balance	4·85	5·56	11·04
Closing Balance	4·63	11·04	4·93

60. Item 2 (a) has already been explained in paragraph 58. Normally, item 2 (b) 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, the other indirect remittances to and fro practically balancing one another.

61. The amount shown under the head 'Discharge of Permanent Debt' includes the provision for railway sinking funds and the capital portion of railway annuities. These payments are made out of the provision for reduction or avoidance of debt—*vide* paragraph 40.

62. The remittance programme, as estimated, is as follows :—

	(In millions of £.)	
	Revised, 1931-32.	Budget, 1932-33.
Purchase of Sterling	35.25	24.50
Transfers through Gold Standard Reserve	23.05	..
Less Sale of Sterling	14.05	..
	<u>44.25</u>	<u>24.50</u>

The programme for next year is only illustrative. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

63. The sterling debt incurred in 1931-32 is as follows :—

Month of issu.	Form of issue.	Nominal amount. £	Issue price per cent.	Cash received. £
May 1931	6 per cent. Bonds, 1933-34	10,000,000	100	10,000,000

In addition to this, £3.01 being proceeds of £3.12 million out of the £12 million 5½ per cent. India Stock 1933-38, issued in February 1931, were actually realised in the year 1931-32.

INDIA.

64. The following is a summary of the estimates of ways and means in India during 1931-32 and 1932-33 :—

(In crores of rupees.)

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	36.37	22.56	37.22
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	4.00	6.00	5.00
(b) Savings Bank deposits (net)	5.55	3.73	6.55
3. Appropriation for reduction or avoidance of debt	6.78	6.89	6.82
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	1.29	—3.92	.90
5. Post Office Cash Certificate Bonus Fund . . . . .	.10	.16	..
6. Miscellaneous Deposits and Remittances (net) . . . . .	.55	—3.85	—4.3
TOTAL RECEIPTS	54.63	31.57	56.06

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	8·20	5·65	2·65
(b) Posts and Telegraphs	·83	·33	·23
(c) Delhi	·24	·11	· . .
(d) Other items	·76	·81	1·26
8. Permanent Debt discharged (net)	8·03	11·49	16·49
9. Floating Debt discharged (net) . . . . .	..	—43·39	7·51
10. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net) . . . . .	..	7·05	..
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	6·29	13·12	11·65
(b) Other Loans	1·21	·98	·26
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	44·40	59·00	32·67
(b) Drawings by the Iraq administration recoverable in England	·75	·85	·80
(c) Other transactions (net).	1·02	1·00	·63
13. Balances of Provincial Governments	—1·39	—1·89	—4·77
TOTAL DISBURSEMENTS	70·34	55·61	69·38
NET DISBURSEMENTS	15·71	24·04	13·32
New Loan	15·00	16·95	14·50
Reduction (+) or increase (—) of cash balance	+·71	+7·09	—1·18
Opening Balance	12·75	17·28	10·19
Closing Balance	12·04	10·19	11·37

65. 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 15·41 crores in the current year and 10·62 crores in the next.

66. The result of the current year's rupee loan, which was 6½ per cent. Treasury Bonds 1935 issued at par, is summarised below :—

(In lakhs of rupees.)

Subscriptions in cash	14,91
Subscriptions in the form of 6 per cent. 1931 Bonds	2,04
Total nominal value	16,95

67. The amount of the new loan now estimated for next year has been shown separately at 14.5 crores.

68. The balances of treasury bills have been taken in the estimates as follows :—

(In crores of rupees.)			
	31st March 1931.	31st March 1932.	31st March 1933.
With the public	55.38	55.38	47.87
In the Paper Currency Reserve	5.89	49.28	49.28

69. The figures relating to India's debt have been given in Appendix II. The balance of total interest-bearing obligations not covered by interest-yielding assets, cash, and bullion on the 31st March 1932 shows an increase of 18½ crores over the balance on the 31st March 1931. Neglecting various balancing items, this increase may be attributed to the deficit of 13.66 crores in 1931-32 and also to the book loss, on the sale of silver, which is placed at 7 crores (*vide* item 10). Government, in their capacity as currency authority, have actually strengthened their position by the sale of silver as they have obtained liquid assets in exchange for assets which were frozen, but as the silver in the form of rupees was valued in the Paper Currency Reserve at Re. 1 per standard tola, the sale involved either a decrease in the note circulation or an increase in the rupee securities in this Reserve corresponding to the difference between the bullion value and the currency value of the rupees sold. In either case, the net effect on the ordinary Government accounts was an increase in the unproductive debt. For this reason, the increase in the current year in the balance of interest-bearing obligations not covered by the assets mentioned does not represent any real deterioration in the debt position except to the extent of the revenue deficit.

A. F. L. BRAYNE.

The 7th March 1932.

APPENDIX I.

Memorandum on the Military Estimates for 1932-33.

The Military Estimates for 1932-33 have been prepared in the same form as those for 1931-32. These follow a cash system of estimates and accounts which was re-adopted in 1927-28 in place of the elaborate system of cost accounts which was previously in force.

2. The Inchcape 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 expenditure in the year 1923-24 showed an actual reduction 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 thus the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was passed in the first year.

3. On the basis of this recommendation the Government of India adopted as their policy a progressive reduction of military expenditure. The actual expenditure in 1923-24 and succeeding years is shown in the following table :—

	Crores of rupees.
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27	55·97
1927-28	54·79
1928-29	55·10
1929-30	55·10
1930-31	54·30
1931-32 (Budget)	52·00
1931-32 (Revised)	51·76
1932-33 (Budget)	46·74

These figures may seem to indicate that the Government of India were not very successful, until the end of the period, in enforcing their policy of a

progressive reduction of expenditure, but such an inference would be hardly correct. In the first place, since the Inchcape Committee reported certain charges, amounting in the aggregate to about 50 lakhs, have been debited to the Military Estimates which were formerly charged to other heads; the more important of these are Customs duties (27 lakhs) and Printing and Stationery charges (18 lakhs). Moreover, in 1925 it was necessary, following on a revision of pay of British Army officers in the United Kingdom, to revise the pay of Army officers in India at an increased cost of 50 lakhs. Thus the expenditure figure of 56 crores in 1925-26 and 1926-27 included a crore of unavoidable expenditure of which the Inchcape Committee had not taken account. In the second place, from 1928-29 onwards the true progress of normal expenditure is to some extent obscured by the stabilisation of the budget in that year. This reference to the stabilisation of the budget requires some explanation.

4. When the Inchcape Committee held their enquiry, the imperative need was an immediate and large reduction of expenditure in every field. The military expenditure, for reasons already explained, was still swollen by abnormal charges and had not come down to the new peace level. It was therefore probably inevitable that the cuts recommended by the Committee took the form of rough and ready axing rather than of scientific pruning. The immediate reduction in 1923-24 to 56.23 crores was substantially greater than even the Inchcape Committee had anticipated and as the years went on the evil effects of the somewhat indiscriminate retrenchment became apparent. In 1927-28 things came to a head and the Government of India found themselves in a dilemma. On the one hand the equipment of the Forces had fallen and was progressively falling below modern standards; it was estimated that an outlay of about 10 crores within the next few years was required to put the Army and Air Force into a condition in which they could be regarded as up-to-date Forces in terms of the policy accepted by Government and endorsed by the Legislative Assembly. On the other hand, the finances of India were such that the Government of India could not contemplate an increase of military expenditure. The eventual solution was a decision to stabilise the military budget for a period of 4 years at an annual figure of 55 crores in the hope that on that figure and within that period the military authorities, with permission to utilise savings which they might make, would be able to complete the 10 crores programme. This arrangement lasted for the two years 1928-29 and 1929-30. Then a deterioration in the general finances of India led to modification of the arrangement with the result that the budget allotment dropped to 54 1/5 crores in 1930-31 and 52 crores for 1931-32. With each drop the period of stabilisation was extended by one year. The idea underlying this modification was, while securing a gradual reduction of military expenditure, to provide as far as possible the same amount for carrying out the special programme, though spread over a longer period. The reduction in 1931-32 included not only this modification but also a further arbitrary cut of 1.73 crores to assist in balancing the revenue and expenditure of the Government of India as a whole. The present position is that up to the end of the financial year 1931-32 it has been found possible to provide, under the stabilisation arrangement as modified from time to time, 7 crores towards carrying out the special 10 crores programme.

5. It will now be convenient to indicate the progress during the period of stabilisation of the expenditure on "standing charges", that is, the normal expenditure on maintenance excluding the special programme. When the figure of 55 crores was adopted in 1927-28 as the stabilised budget figure the standing charges were estimated at 54 crores. The following table shows

in parallel columns for each of the 4 years of the stabilisation period the total budget provision and the expenditure on standing charges :—

	Total Budget (in crores.)	Standing charges (in crores.)
1928-29	55·00	53·84
1929-30	55·00	52·66
1930-31	54·20	52·39
1931-32	51·90	*50·27 (estimate).

It will be seen that in the course of the 4 years the expenditure on standing charges has fallen by more than 3½ crores. This is due partly to the fall in commodity prices, partly to the gradual replacement of British other ranks on the old rates of pay by men on the Anderson rates, and partly to the effects of the economy campaign which was initiated by the military authorities in 1928-29 as one of the conditions of the stabilisation arrangement. It should be mentioned that as an offset against the savings due to the abnormally low prices of Indian food grains in 1930-31 and 1931-32 the figures of standing charges for those years include extraordinary expenditure in dealing with the Civil Disobedience movement, operations against the tribes on the North-West Frontier and the Burma rebellion. The total of these extraordinary charges in the two years is about 1½ crores.

6. In the preceding paragraphs the recent history of military expenditure has been brought down to the current financial year. In this year the financial situation necessitated yet another retrenchment campaign. All departments of Government were called upon to co-operate in reducing expenditure and at the same time retrenchment committees were set up consisting mainly of members of the Indian Legislature. The military authorities and the Army Retrenchment Sub-Committee have been working in close collaboration and as a result of the various measures adopted H. E. the Army Member has been able to accept for 1932-33 a budget figure of 46·65 crores, a reduction of 5·25 crores below the figure for 1931-32. The budget figure excludes the allotment for expansion of Territorial Force which in 1932-33 is 9 lakhs.

7. The following table shows how the reduction of expenditure is made up. The figure of reduction is 5·50 crores, since in addition to working down to a standing charge of 46·65 crores it has been necessary to find an additional 25 lakhs, to cover expenditure on certain unavoidable new measures such as the pay of staff, etc., of the "Indian Sandhurst". The savings of 5·50 crores are made up as follows :—

	Crores of rupees.
From the emergency cut in pay	1·40
From postponement of further progress with the special programme of re-equipment	1·00
From measures classified as retrenchment schemes	3·10
Total	5·50

A brief explanation is given of each of these three items.

8. The pay cut falls into two parts—the cut on British other ranks and the cut on other personnel, military or civil, paid from the military estimates. The cut on British other ranks follows the cut imposed by His Majesty's Government and consists of a 10 per cent. reduction on the pay of all men who are still on the old, or pre-Anderson, rates of pay. The cut on other personnel follows the emergency cut imposed by the Government of India on Government servants generally.

9. The saving due to postponement of further progress with the special programme of re-equipment has been put at one crore because that is the amount allotted to the programme in 1931-32 out of normal current revenue. Practically no provision has been made for programme expenditure in 1932-33 beyond a small amount in the Military Works budget required for the completion of works already in progress.

10. The amount of 3.10 crores taken as the saving from retrenchment schemes represents the results of the campaign carried out this year by the military authorities and the Retrenchment Committee. The saving is the ultimate saving expected after all terminal charges are paid off: the budget is being framed on the basis of expenditure during the 18 months from October 1931 to March 1933 and it is hoped that the terminal charges payable during the financial year 1932-33 will be covered by the savings effected in the financial year 1931-32 on economy measures which it has been found possible to introduce at once. The Army Retrenchment Sub-Committee adjourned at the end of September 1931 leaving certain fields of expenditure still unsurveyed. They have now resumed their enquiry and are surveying those fields: further recommendations may therefore be expected. In anticipation of the Committee's final report, however, the military authorities have already effected such economies as they consider possible, and it is not considered probable that the further recommendations of the Sub-Committee will indicate additional sources of saving which will materially affect the estimates for 1932-33. A detailed statement showing how the recommendations of the Army Retrenchment Sub-Committee have been carried out has been prepared by the Army Department and forms part of the Budget papers furnished to the members of the Legislature.

11. 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.—Pay and allowances and Miscellaneous cash expenditure on the Fighting Services.

	(In thousands of Rs.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	18,94,76	12,02	18,82,74
Budget, 1931-32	18,69,62	16,58	18,53,04
Revised, 1931-32	18,54,45	18,65	19,35,80
Budget, 1932-33	17,55,48	10,93	17,44,55

This most important head in the Army Estimates records the pay and other cash charges in the fighting units constituting the Standing Army in India.

The decrease in estimates for 1932-33 as compared with the Budget for 1931-32 is due mainly to retrenchments, emergency pay cuts, smaller provision for pay of officers (other than emergency cut) based on actuals, effect of replacement of British soldiers on higher rates of pay by men on lower rates and smaller payments of marriage allowances and allotments partly counterbalanced by terminal charges in connection with retrenchments and smaller receipts. The receipts in 1931-32 included a non-recurring credit representing India's share of the surplus in the Army, Navy and Air Force Insurance Fund.

The decrease as compared with the revised for 1931-32 is due to the effect of retrenchments, emergency pay cuts operating for the full year and smaller provision for unemployment insurance—the payment in 1931-32 includes arrears for 1930-31—partly counterbalanced by provision for terminal charges in connection with retrenchments and smaller receipts.

12. Part A-II.—Administrative Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	7,10,46	11,20	6,99,26
Budget, 1931-32 . . .	7,31,74	12,23	7,19,51
Revised, 1931-32 . . .	7,07,52	12,98	6,94,54
Budget, 1932-33 . . .	6,52,68	12,01	6,40,57

The main charges compiled under this head are pay and allowances of the personnel of the Administrative Services.

The decrease in budget for 1932-33 as compared with that for 1931-32 is the result of retrenchments, emergency pay cut, smaller reserves for special measures partly counterbalanced by provision for the Military Academy, Dehra Dun, increased provision for Supply and Mechanical Transport Services owing to an under-estimate in 1931-32, larger contribution for services rendered by the Survey of India, and terminal charges in connection with retrenchments.

The decrease as compared with the revised for 1931-32 is due to retrenchments, emergency pay cut operating for the full year partly counterbalanced by provision for the Military Academy, Dehra Dun, and increased contribution to the Survey of India.

13. Part A-III.—Manufacturing Establishments.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	3,01,53	1,79	2,99,74
Budget, 1931-32 . . .	3,21,00	68,76	2,52,24
Revised, 1931-32 . . .	2,92,61	68,21	2,24,40
Budget, 1932-33 . . .	2,73,24	73,25	1,99,99

Under this head are recorded the expenses of Medical Store Depots, Bakeries, Butcheries, Ordnance and Clothing Factories, Grass Farms and Dairy Farms which are all treated as producing and manufacturing formations in the Army.

The decrease in the budget for 1932-33 as compared with that for 1931-32 is due to retrenchments, emergency pay cuts and smaller production charges in Grass and Dairy Farms.

The decrease as compared with the Revised Estimate, 1931-32, is due to retrenchments and emergency pay cuts operating for the full year.

14. *Part A-IV.*—Army Headquarters, Staff of Commands, etc.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	2,19,06	17	2,18,89
Budget, 1931-32	2,16,96	54	2,16,42
Revised, 1931-32	2,10,43	55	2,09,98
Budget, 1932-33	1,90,04	55	1,89,49

The decrease in the budget for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments and emergency pay cuts.

15. *Part A-V.*—Purchase and Sale of Stores, Equipment and Animals.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	5,67,06	1,59,41	4,07,65
Budget, 1931-32	4,87,06	1,26,87	3,60,19
Revised, 1931-32	4,58,32	1,38,12	3,20,20
Budget, 1932-33	4,22,84	1,28,52	2,94,32

The decrease in the budget for 1932-33 as compared with that for 1931-32 is due chiefly to retrenchments and postponement of the special re-equipment programme partly counterbalanced by an anticipated increase in prices of food grains.

The decrease as compared with the revised for 1931-32 is due chiefly to retrenchments and postponement of re-equipment programme partly counterbalanced by smaller receipts for stores supplied to other Governments, etc., and to rise in prices of food grains.

16. *Part A-VI.*—Special Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	4,44	18	4,26
Budget, 1931-32	11	1	10
Revised, 1931-32	21,08	2	21,06
Budget, 1932-33	9	1	8

The charges ordinarily compiled under this head are for the extra expenditure incurred on troops on the Tibet Frontier.

The actuals, 1930-31, represent mostly the direct cash expenditure on the operations in the North-West Frontier. The revised for 1931-32 similarly represents mostly expenditure in connection with the Burma rebellion.

17. *Part A-VII.*—Transportation, Conservancy, Hot Weather Establishments and Miscellaneous Charges and Receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	3,31,67	36,52	2,95,15
Budget, 1931-32	3,24,93	24,84	3,00,09
Revised, 1931-32	3,27,18	27,99	2,99,19
Budget, 1932-33	3,13,17	26,07	2,87,10

The decrease in the estimate for 1932-33 as compared with the budget for 1931-32 is due mainly to retrenchment measures, elimination of provision for renewal of telegraph mobilisation stores, smaller sea transportation charges and contribution to His Majesty's Government towards the military expenditure of Aden partly counterbalanced by increased provision for rail charges as a result partly of increase in rates and terminal charges.

The decrease as compared with the revised, 1931-32, is due mainly to retrenchments.

18. *Part A-VIII.*—Non-effective charges and receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	8,51,88	1,08,59	7,43,29
Budget, 1931-32	8,43,12	95,72	7,47,40
Revised, 1931-32	8,49,18	97,53	7,51,65
Budget, 1932-33	8,40,57	77,78	7,62,79

The increase in budget for 1932-33 as compared with that for 1931-32 is due to decrease in receipts; there were arrear receipts in England from His Majesty's Imperial Government and other Departments in 1931-32 and provision for terminal charges in connection with retrenchments partly counterbalanced by elimination of provision in India for commuted value of pensions under military rules owing to the decision to finance such payments outside revenue. These payments will in the first instance be charged to a capital head which will be relieved by equated payments charged to revenue in subsequent years and to cost of living cuts in pensions. The increase as compared with the revised, 1931-32, is due to smaller receipts and provision for terminal charges in connection with retrenchments, partly counterbalanced by elimination of provision for commuted value of pension under Military rules and cost of living cuts in pensions.

19. *Total Part A.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	48,80,86	3,29,88	45,50,98
Budget, 1931-32	47,94,54	3,45,55	44,48,99
Revised, 1931-32	47,20,77	3,64,05	43,56,72
Budget, 1932-33	44,48,01	3,29,12	41,18,89

20. *Part B.—Auxiliary and Territorial Forces.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	90,20	26	89,94
Budget, 1931-32 . . .	91,03	20	90,83
Revised, 1931-32 . . .	93,71	30	93,41
Budget, 1932-33 . . .	84,36	25	84,11

The decrease in budget for 1932-33 as compared with that for 1931-32 is due to retrenchments, emergency cuts in pay, smaller provision for expenditure on expansion of Territorial Force.

The decrease as compared with the revised, 1931-32, is due to retrenchments, emergency pay cut operating for the full year and smaller expenditure on Territorial Forces. The revised provided for a refund of Rs. 8 lakhs to general revenues, being the unspent balance of allotments in previous years for expansion of the Territorial Force.

21. *Part C.—Royal Air Force.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	2,48,86	2,84	2,46,02
Budget, 1931-32 . . .	2,22,12	1,56	2,20,56
Revised, 1931-32 . . .	2,11,01	2,96	2,08,05
Budget, 1932-33 . . .	1,59,57	1,66	1,57,91

The decrease in the budget for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments, emergency cut in pay and smaller provision for re-equipment of Royal Air Force Squadrons as the programme of re-equipment is nearing completion.

22. *Total Army.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	52,19,92	3,32,98	48,86,94
Budget, 1931-32 . . .	51,07,69	3,47,31	47,60,38
Revised, 1931-32 . . .	50,25,49	3,67,31	46,58,18
Budget, 1932-33 . . .	46,91,94	3,31,03	43,60,91

23. *Marine.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	90,41	21,99	68,42
Budget, 1931-32 . . .	84,22	14,82	69,40
Revised, 1931-32 . . .	73,12	3,29	69,83
Budget, 1932-33 . . .	67,45	2,42	65,03

The decrease in the estimate for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments and emergency cut in pay. The gross expenditure and receipts in revised, 1931-32 and budget, 1932-33, show considerable variation as compared with the budget, 1931-32. Provision of Rs. 11 lakhs was made in the Budget for 1931-32 under expenditure for the construction of a sloop. As this expenditure was to be met by transfer of funds from the Kidderpore Dockyard Suspense Account a corresponding sum was provided on the receipt side also. It was decided, however, in the course of the year to postpone the construction of the sloop. The revised, 1931-32 and budget, 1932-33, do not, therefore, allow for any provision on this account either on the expenditure or on the receipt side.

24. *Military Engineer Services.*

	(In thousands of Rs.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	4,94,41	43,93	4,50,48
Budget, 1931-32 . . .	4,55,66	56,68	3,98,98
Revised, 1931-32 . . .	4,65,01	36,00	4,29,01
Budget, 1932-33 . . .	3,32,57	46,60	2,85,97

The decrease in the estimate for 1932-33, as compared with the budget for 1931-32, is due to retrenchments and emergency cuts in pay.

The difference as compared with the revised, 1931-32, is due to retrenchments, emergency cuts in pay operating for the full year, non-provision for extra expenditure in connection with the Burma rebellion, and larger receipts. Revised, 1931-32, provides for no receipts by transfer from the Land Sales Suspense Account, while the budget allows for a credit of Rs. 10 lakhs from this account.

25. *Transfers to or from Military Reserve Fund.*

	(In thousands of Rs.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31 . . .	24,15	..	24,15
Budget, 1931-32 . . .	..	28,76	-28,76
Revised, 1931-32 . . .	18,98	..	18,98
Budget, 1932-33 . . .	..	37,91	-37,91

This head was opened as a result of the stabilisation of military budget estimates whereby any savings in one year may be transferred to a suspense head for utilisation in a future year. The saving is charged to military expenditure by credit to a suspense account "Military Reserve Fund" and when the money is taken out in a future year to meet expenditure the "Military Reserve Fund" is debited and the Military Estimates are credited.

In the budget for 1931-32 a credit of Rs. 28.76 lakhs from the "Military Reserve Fund" was allowed for but owing to introduction of certain retrenchment measures in 1931-32 it was not necessary to utilise this credit. It is anticipated that at the end of the current year a sum of Rs. 18.98 lakhs will be transferred to the "Military Reserve Fund". This, however, is not a free balance of savings but consists largely of amounts earmarked to cover the cost of specific commitments.

In the estimate for 1932-33 a credit of Rs. 37.91 lakhs has been taken by transfer from the "Military Reserve Fund".

26. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1928-29 under Army, Marine, Military Engineer Services, Transfers to or from Military Reserve Fund and also the totals.

27. 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.

NEW DELHI :
The 7th March 1932. }

A. MACLEOD,
Financial Adviser, Military Finance.

ARMY.

	Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
EXPENDITURE.						
India—						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Pay and allowances and Miscellaneous cash expenditure of the fighting services	£ 16,19,21,387	16,01,23,629	15,49,74,602	15,19,11,000	15,09,64,000	14,15,76,000
Administrative services	£ 6,28,77,058	6,48,06,070	6,88,50,325	6,88,62,000	6,64,06,000	6,10,66,000
Manufacturing establishments	£ 2,67,60,484	2,44,50,971	2,31,55,975	2,64,64,000	2,59,00,000	2,46,21,000
Army Headquarters, Staff of Commands, etc.	£ 1,94,66,467	2,00,98,799	2,06,05,284	2,04,09,000	1,97,03,000	1,76,48,000
Purchase and sale of stores, equipment and animals	£ 4,95,20,976	4,81,51,728	4,28,65,690	3,82,71,000	3,89,19,000	3,67,18,000
Special services	£ —25,128	10,792	4,43,655	11,000	21,06,000	9,000
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£ 2,51,01,348	2,37,60,886	2,38,52,600	2,24,84,000	2,36,80,000	2,17,63,000
TOTAL—EFFECTIVE	£ 34,56,42,442	34,09,13,475	33,27,48,281	32,64,12,000	32,76,77,000	30,53,96,000
<i>Non-Effective Services.</i>						
Non-effective charges	£ 3,54,39,935	3,58,06,175	3,65,54,120	3,56,37,000	3,63,11,000	3,52,73,000
Part B.—Auxiliary and territorial forces—Effective	£ 60,44,524	79,08,272	90,20,068	91,09,000	93,71,000	84,36,000
Part C.—Royal Air Force { Effective	£ 1,13,46,637	1,07,39,351	1,12,56,647	1,30,24,000	1,08,08,000	99,00,000
{ Non-Effective	£ 23,729	27,756	24,783	60,000	60,000	30,000
TOTAL, PART C	£ 1,13,70,366	1,07,67,107	1,12,81,410	1,20,84,000	1,08,68,000	98,30,000
TOTAL INDIA { Effective	£ 36,50,83,603	35,95,61,098	35,30,24,996	34,95,39,000	34,78,56,000	32,36,32,000
{ Non-Effective	£ 3,54,63,714	3,58,33,231	3,65,78,868	3,56,97,000	3,63,71,000	3,53,03,000
	£ 40,04,97,317	39,53,95,029	38,96,03,879	38,52,36,000	38,42,27,000	35,89,35,000
EXPENDITURE.						
England—						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Pay and allowances and miscellaneous cash expenditure of the Fighting Services	£ 2,962,169	2,690,392	2,667,613	2,028,325	2,566,075	2,547,900
Administrative services	£ 289,858	327,374	314,680	323,400	325,950	314,400
Manufacturing establishments	£ 514,318	599,788	524,758	422,700	252,075	202,725
Army Headquarters, Staff of Commands, etc.	£ 79,320	96,064	97,529	96,525	100,575	102,075
Purchase and sale of stores, equipment and animals	£ 1,020,044	1,216,031	1,038,045	782,625	518,475	267,450
Carried over	£ 4,765,629	4,929,674	4,662,625	4,254,075	3,763,160	3,434,550
	£ 40,04,97,317	39,53,95,029	38,96,03,879	38,52,36,000	38,42,27,000	35,89,35,000

ARMY—concl'd.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.
					Budget.	Revised.	
Brought forward	{ R	40,04,97,317	39,53,95,039	38,96,03,579	38,52,36,000	38,42,27,000	35,89,35,000
	{ £	4,765,629	4,929,674	4,562,625	4,254,075	3,788,150	3,434,550
Special services	£	1,256	12	55	...	150	...
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£	606,238	825,156	692,588	750,675	677,850	716,550
TOTAL—EFFECTIVE	£	5,373,123	5,754,842	5,261,268	5,004,750	4,461,150	4,151,100
<i>Non-Effective Services.</i>							
Non-effective charges	£	3,647,947	3,712,121	3,647,508	3,650,625	3,645,525	3,653,900
Part C.—Royal Air Force—Effective	£	661,459	934,033	1,000,522	740,100	748,650	439,500
Non-Effective	£	14,800	15,200	19,500	19,500	18,825	20,025
TOTAL, PART C.		676,259	949,233	1,020,022	759,600	767,475	459,525
TOTAL ENGLAND	£	9,697,239	10,416,166	9,939,098	9,414,975	8,674,150	8,269,425
TOTAL ENGLAND	{ Effective R	8,04,61,090	8,91,84,993	8,34,94,540	7,65,98,000	6,94,64,000	6,12,08,000
	{ Non-Effective R	4,88,36,630	4,96,97,621	4,88,93,431	4,89,35,000	4,88,58,000	4,90,51,000
	R	12,92,97,720	13,88,82,614	13,23,87,971	12,55,33,000	11,83,22,000	11,02,59,000
TOTAL EXPENDITURE	{ Effective R	44,54,94,693	44,87,46,091	43,65,19,536	42,61,37,000	41,73,20,000	38,48,40,000
	{ Non-Effective R	8,43,00,344	8,55,31,552	8,54,72,314	8,46,32,000	8,52,29,000	8,43,54,000
	R	52,97,95,037	53,42,77,643	52,19,91,850	51,07,69,000	50,25,49,000	46,91,94,000
REVENUE.							
India	{ Effective R	1,77,24,350	1,96,42,373	1,92,35,250	2,17,02,000	2,30,93,000	2,24,58,000
	{ Non-Effective R	17,90,634	28,83,636	26,49,276	18,68,000	19,26,000	19,47,000
	TOTAL R	1,95,15,184	2,25,26,009	2,18,84,526	2,35,70,000	2,50,19,000	2,44,05,000
England	£	532,405	758,791	855,996	637,075	678,400	652,350
	{ Effective R	35,62,477	34,36,121	32,03,609	34,57,000	38,85,000	28,67,000
	{ Non-Effective R	35,36,263	66,81,094	82,09,680	77,04,000	78,27,000	58,31,000
	TOTAL R	70,98,740	1,01,17,215	1,14,13,289	1,11,61,000	1,17,12,000	86,98,000
TOTAL REVENUE	{ Effective R	2,12,56,827	2,30,78,493	2,24,38,859	2,51,59,000	2,69,78,000	2,53,25,000
	{ Non-Effective R	53,27,097	95,64,730	1,08,58,956	95,72,000	7,58,000	77,78,000
	TOTAL R	2,66,13,924	3,26,43,223	3,32,97,815	3,47,31,000	3,67,31,000	3,31,03,000
NET EXPENDITURE	{ India R	38,09,62,133	37,28,69,021	36,77,19,353	36,16,66,000	35,92,08,000	33,45,30,000
	{ England R	13,21,98,950	12,67,65,399	12,09,74,622	11,43,72,000	10,66,10,000	10,15,81,000
	{ Effective R	42,42,07,066	42,56,67,598	41,40,80,677	40,09,78,000	39,03,42,000	35,95,15,000
	{ Non-Effective R	7,69,73,247	7,59,66,822	7,46,13,358	7,50,60,000	7,54,76,000	7,65,76,000
	TOTAL R	50,11,81,113	50,16,34,420	48,86,94,035	47,60,38,000	46,58,18,000	43,60,91,000

MARINE.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	53,98,663	51,97,395	61,88,804	54,74,000	44,05,000	39,18,000	
England	£	309,109	229,865	213,969	221,100	318,035	212,025	
	R	27,68,130	30,64,857	38,52,939	29,48,000	28,07,000	28,27,000	
Total Expenditure	R	61,66,603	82,62,152	90,41,533	84,22,000	73,12,000	67,45,000	
REVENUE.								
India	R	13,80,709	14,73,314	21,56,386	14,78,000	3,05,000	2,38,000	
England	£	180	728	3,308	300	1,575	300	
	R	2,397	9,705	42,742	4,000	31,000	4,000	
Total Revenue	R	13,83,106	14,83,019	21,99,128	14,82,000	3,36,000	2,42,000	
Net Expenditure.	India	R	40,37,974	27,25,981	40,32,718	39,96,000	40,97,000	36,80,000
	England	R	27,68,728	30,58,152	26,10,187	29,44,000	28,88,000	28,23,000
	TOTAL	R	68,28,667	67,79,133	66,42,405	69,40,000	69,83,000	65,03,000

MILITARY ENGINEER SERVICES.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	4,39,76,808	4,64,76,263	4,69,02,831	4,50,97,000	4,60,05,000	3,27,97,000	
England	£	27,695	33,858	40,377	35,175	37,200	34,500	
	R	3,69,266	4,51,444	5,38,362	4,69,000	4,96,000	4,60,000	
TOTAL	R	4,43,48,874	4,69,27,726	4,94,51,183	4,55,66,000	4,65,01,000	3,32,57,000	
REVENUE.								
India	R	59,80,421	56,82,501	49,92,019	56,68,000	36,00,000	46,60,000	
England	£	---	---	69	---	---	---	
	R	---	---	923	---	---	---	
TOTAL	R	59,80,421	56,82,501	49,92,942	56,68,000	36,00,000	46,60,000	
Net Expenditure.	India	R	3,80,19,187	4,07,95,781	4,45,10,802	3,94,29,000	4,24,05,000	3,81,37,000
	England	R	3,69,266	4,51,444	5,37,439	4,69,000	4,96,000	4,60,000
	TOTAL	R	3,83,88,453	4,12,46,325	4,50,48,241	3,98,98,000	4,29,01,000	3,85,97,000

TRANSFERS TO OR FROM MILITARY RESERVE FUND.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	26,06,737	13,41,222	24,15,319	...	15,98,000	...	
England	R	...	...	...	...	...	...
Total Expenditure	R	26,06,737	13,41,222	24,15,319	...	16,98,000	...	
REVENUE.								
India	R	...	...	...	28,76,000	...	37,91,000
England	R	...	...	...	...	...	...
Total Receipts	R	...	...	...	28,76,000	...	37,91,000
NET EXPENDITURE.	India	R	26,06,737	13,41,222	24,15,319	-28,76,000	18,98,000	-37,91,000
	England	R
	Total	R	26,06,737	13,41,222	24,15,319	-28,76,000	18,98,000	-37,91,000

TOTAL MILITARY SERVICES: SUMMARY.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	45,24,82,345	44,84,08,828	44,71,10,623	43,58,07,000	43,65,36,000	39,56,50,000	
England	£	9,984,133	10,679,919	10,183,444	9,671,350	9,139,375	8,515,950	
	R	13,24,55,106	14,23,98,915	13,57,79,263	13,89,50,000	13,17,25,000	11,35,46,000	
Total Expenditure	R	58,49,37,451	59,08,08,743	58,28,89,885	56,47,57,000	55,82,60,000	50,91,96,000	
REVENUE.								
India	R	2,68,36,314	2,96,81,823	2,84,32,931	3,35,92,000	2,69,37,000	3,30,94,000	
England	£	632,565	759,519	659,271	837,375	8,79,975	652,650	
	R	71,07,137	1,01,26,920	1,14,56,954	1,11,65,000	1,17,33,000	87,02,000	
Total Receipts	R	3,39,37,451	3,98,08,743	3,98,89,885	4,47,57,000	4,06,60,000	4,17,96,000	
NET EXPENDITURE.	India	R	42,56,46,031	41,87,26,005	41,86,77,692	40,22,15,000	40,76,08,000	36,25,50,000
	England	R	12,53,63,969	13,22,71,995	12,43,22,309	11,77,65,000	10,99,92,000	10,48,44,000
	TOTAL	R	55,10,10,000	55,10,00,000	54,30,00,000	52,00,00,000	51,76,00,000	46,74,00,000

APPENDIX II.

Statement showing the interest-bearing obligations of the Government of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.	31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.
(In crores of rupees.)										
INTEREST-BEARING OBLIGATIONS.										
<i>In India—</i>										
Loans (a)	339·83	358·81	370·33	368·29	374·44	372·25	390·73	405·11	417·24	423·70
Treasury Bills in the hands of the public	21·59	2·12	..	..	..	7·59	4·00	36·04	55·38	55·88
Treasury Bills in the Paper Currency Reserve	49·65	49·65	49·65	49·65	41·47	31·94	39·15	29·22	5·89	49·23
Other Obligations—										
Post Office Savings Banks	23·20	24·79	25·64	27·23	29·51	32·67	34·49	37·13	37·03	33·22
Cash Certificates	3·13	8·42	13·12	20·96	26·68	30·70	32·80	35·00	33·43	44·48
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·02	56·82	60·52	65·41	70·33	72·86
Depreciation and Reserve Funds . . . . .	..	..	9·08	15·45	20·10	25·48	31·09	30·18	21·39	17·51
Provincial Balances (b)	2·86	4·17	4·83	11·87	10·49	10·48	10·43	10·21	6·09	3·82
Total Loans, etc.	411·07	410·58	420·03	417·94	415·91	411·78	433·83	470·37	473·51	527·36
Total Other Obligations	65·36	76·38	95·06	121·87	137·80	155·15	168·33	177·93	173·27	176·84
Total in India	476·43	486·96	515·09	539·81	553·71	566·93	602·71	648·30	651·78	704·20
<i>In England—</i>										
(In millions of £.)										
Loans (a)	222·92	244·53	263·39	266·35	265·09	272·32	283·31	289·03	316·31	314·64
War Contribution	19·71	19·27	18·81	18·33	17·81	17·28	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61·31	60·10	58·84	57·53	56·19	54·79	53·35	51·86	50·32	48·72
India Bills . . . . .	..	..	..	..	..	..	..	6·00	4·05	..
Provident Funds, etc. . . . .	..04	..18	..16	..21	..27	..19	..43	2·54	..69	..81
Total in England	303·98	324·03	341·20	342·41	339·36	344·58	353·81	366·15	388·59	380·89
(In crores of rupees.)										
Equivalent at 1s. 6d. to the Rupee	405·31	432·04	454·93	456·55	452·43	459·44	471·75	483·20	518·12	507·85
Total Interest-bearing obligations	881·74	919·00	970·02	996·36	1,006·19	1,026·37	1,074·46	1,136·50	1,169·90	1,212·05
INTEREST-YIELDING ASSETS—										
Capital advanced to Railways	517·22	537·02	573·05	605·61	635·46	668·60	700·69	730·79	743·93	752·33
Capital advanced to other Commercial Departments	19·43	20·07	22·00	17·77	19·16	20·73	21·81	22·70	23·63	25·43
Capital advanced to Provinces	87·49	97·56	106·43	114·60	120·17	126·34	137·52	142·60	151·32	164·96
Capital advanced to Indian States and other interest-bearing loans	8·90	8·93	10·16	11·84	12·11	13·91	15·49	17·05	19·45	20·43
Total Interest-yielding assets	633·04	663·58	716·64	749·82	786·90	829·58	875·51	913·74	938·90	963·20
Cash, bullion and securities held on Treasury account	44·80	50·47	57·35	51·96	37·43	24·26	23·34	45·86	34·03	33·37
Balance of total interest-bearing obligations not covered by above assets	203·90	204·95	196·03	194·58	181·81	172·53	170·61	177·40	196·97	215·46

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(c) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £18½ millions, on the termination of the contract with that Railway on the 1st January 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(d) Includes 27·07 crores on account of the liability referred to in (c) above.

(e) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the contract with that Railway on the 1st July 1925. *Vide* also last sentence under (c) above.

(f) Includes 4·88 crores on account of the liability referred to in (e) above.

APPENDIX III.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

(In lakhs of rupees.)

	1931-32.				1932-33.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted	Non-voted	Total.	Per-centage of voted to total.
Expenditure charged to revenue	96,75	1,20,65	2,17,40*	45	90,11	1,15,09	2,05,20*	44
Expenditure not charged to revenue	13,25	18	13,38	99	5,47	18	5,65	97
Total Expenditure both charged and not charged to revenue.	1,10,00	1,20,78	2,30,78	43	95,58	1,15,27	2,10,85	45

*These figures have been arrived at as follows :—

Expenditure as per Budget Statement	1,35,57	1,27,81
Add—Working expenses of—		
(a) Railway Department	67,18	63,50
(b) Posts and Telegraphs	11,50	10,72
(c) Irrigation	10	2
Add—Refunds	3,05	3,15
Recoveries included in Civil Works Demand . . . . .	..	..
	<u>2,17,40</u>	<u>2,05,20</u>