



# Explanatory Memorandum

by the

Financial Secretary

on the

Budget of the Governor-General in Council

as laid before the Indian Legislature,

1936.

# Explanatory Memorandum

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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 1934-35, 1935-36 and 1936-37 respectively.)

### **REVENUE AND EXPENDITURE.**

1. The following statements give an analysis of the revenue and expenditure of the Central Government since 1921-22. The sterling amounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year. The rate of conversion has been assumed to be 1s. 6 3/32d. in 1935-36 and as usual 1s. 6d. in 1936-37.

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Defence receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Defence 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	17,65	78,43	13,70	4,46	69,81	18,11	1,06,08	-27,65
1922-23 . . . . .	64,41	21,33	85,74	13,87	4,55	65,27	17,07	1,00,76	-15,02
1923-24 . . . . .	66,66	30,45	97,11	15,97	3,62	56,23	18,90	94,72	+2,39
1924-25 . . . . .	67,54	28,84	96,38	14,90	3,78	55,63	16,39	90,70	+5,68
1925-26 . . . . .	68,10	25,29	93,39	13,37	4,97	58,00	15,74	90,08	+3,31
1926-27 . . . . .	67,96	25,32	93,28	11,77	4,97	55,97	20,57	93,28	.. (b)
1927-28 . . . . .	68,12	17,43	85,55	10,57	5,04	54,79	15,15	85,55	.. (c)
1928-29 . . . . .	71,63	15,62	87,25	10,20	5,42	55,10	16,85	87,57	-32(d)
1929-30 . . . . .	71,74	19,46	91,20	10,85	5,74	55,10	19,24	90,93	+27
1930-31 . . . . .	66,54	13,60	80,14	11,28	6,14	54,30	20,00	91,72	-11,53
1931-32 . . . . .	69,52	7,77	77,29	12,83	6,89	51,76	17,56	89,04	-11,75
1932-33 . . . . .	76,74	6,10	82,84	11,61	6,84	46,74	16,10	81,29	+1,55
1933-34 . . . . .	69,66	5,77	75,43	9,29	3,00	44,42	18,72	75,43	..
1934-35 . . . . .	74,57	6,18	80,75	10,25	3,00	44,34	22,80	80,39	+36
1935-36 (Revised) . . . . .	76,17	4,47	80,64	10,63	3,00	44,98	22,03	80,64	..
1936-37 (Budget) . . . . .	75,08	4,38	79,46	9,20	3,00	45,45	21,74	79,39	+7

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

(b) A surplus of 2,96 was transferred to Revenue Reserve Fund.

(c) A deficit of 2,22 was met by transfer from Revenue Reserve Fund.

(d) A deficit of 1,06 was met to the extent of 74 by transfer from Revenue Reserve Fund.

2. 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
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.	Extraordinary Payments.	Defence 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	9,83	...	(b) 9,15	78,43	13,70	4,46	...	69,81	17,01	1,10	1,06,08	-27,05
1922-23 . . . . .	67,88	2,97	64,41	4,09	1,92	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	2,43	66,66	8,97	1,66	2,14	3,16	9,20	2,80	2,72	97,11	15,97	3,62	3,41	56,33	15,66	-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	96,39	14,90	3,76	1	55,63	(c)16,75	-37	90,70	+5,68
1925-26 . . . . .	71,06	2,96	68,10	5,78	3,04	3,94	4,22	6,20	63	2,48	93,39	13,37	4,97	26	56,00	(d)17,00	-1,52	90,05	+3,31
1926-27 . . . . .	70,63	2,87	67,66	9,09	3,38	3,39	4,08	5,17	60	2,65	93,28	11,77	4,97	3,00	55,07	(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	-2,04	54,79	(f)16,99	20	85,55	...
1928-29 . . . . .	(a)74,77	3,14	71,63	4,52	2,72	2,17	2,50	...	30	3,11	87,25	10,20	5,42	-78	55,10	(g)17,42	16	87,67	-32
1929-30 . . . . .	(a)74,99	3,25	71,74	5,24	2,55	2,00	4,40	...	1,89	3,36	91,20	10,85	5,74	...	55,10	19,11	13	90,63	+27
1930-31 . . . . .	(a)99,76	3,22	96,54	4,03	1,79	27	3,39	...	99	3,13	80,14	11,28	6,14	16	54,80	19,69	15	91,72	-11,59
1931-32 . . . . .	(a)72,58	3,06	69,52	-1,00	1,28	1,02	3,41	...	21	3,85	77,29	12,63	6,89	3	51,76	18,03	-50	89,04	-11,75
1932-33 . . . . .	(a)79,91	3,17	76,74	-45	6	1,65	1,88	...	3	2,94	82,84	11,61	6,84	16	46,74	16,89	5	81,39	+1,53
1933-34 . . . . .	(a)72,97	3,31	69,66	-56	68	74	1,63	...	36	2,73	75,43	9,29	3,00	(A)2,52	44,42	15,85	5	75,43	...
1934-35 . . . . .	(a)78,08	3,51	74,57	33	37	75	3,01	...	...	2,72	80,75	10,25	3,00	3,65	44,34	19,92	3	80,39	+36
1935-36 (Revised) . . . . .	(a)79,80	3,69	76,17	1	26	79	70	...	...	2,71	80,64	10,63	3,00	2,84	44,98	19,17	3	80,64	...
1936-37 (Budget) . . . . .	(a)78,76	3,68	75,08	-3	19	92	63	...	...	2,68	78,46	9,30	3,09	40	45,45	21,23	11	79,39	+7

(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 63.  
 (d) " " 85.

(e) Includes bounties 80,  
 " " 12.  
 (f) Includes bounties 4.  
 (A) Includes 2,73 transferred to the Earthquake fund, 63 of which was subsequently utilised for debt redemption.

EXPLANATORY MEMORANDUM : GENERAL BUDGET.





TABLE V.

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

Year.	Forest Expenditure.	Total Civil Administration.	Miscellaneous.						Commutation of Pensions.	Civil Works.	Salt, Stamp and Forest Capital outlay charged to revenue.	Subventions to Provinces.	Total other Central expenditure.
			Famine.	Territorial, etc., Pensions.	Superannuation Allowances, etc.	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	62	4,46	..	1,70	..	..	15,86
1924-25	31	10,13	..	31	2,86	35	93	4,35	..	1,78	18	..	16,75
1925-26	30	10,77	1	30	2,90	34	71	4,26	..	1,60	7	..	17,00
1926-27	32	11,14	1	31	2,62	31	71	3,98	..	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
1928-29	33	11,44	..	28	2,45	55	88	4,41	4	1,60	5	..	19,11
1929-30	35	12,66	..	32	2,66	55	81	4,24	6	1,65	4	..	19,69
1930-31	36	13,34	..	32	2,56	55	81	4,24	6	1,65	4	..	18,03
1930-31	32	12,17	..	31	2,68	58	74	4,31	3	1,19	1	..	15,89
1931-32	32	12,17	..	31	2,68	58	74	4,31	3	1,19	1	96	15,89
1932-33	23	9,69	..	31	2,74	35	72	4,12	11	75	3	..	15,85
1933-34	19	9,54	..	30	2,94	35	64	4,23	2	90	1	1,00	15,85
1934-35	19	(a)11,10	..	31	3,10	36	60	4,37	3	(b)1,23	2	2,98	19,92
1935-36 (Revised)	20	10,46	..	31	3,08	32	75	4,46	2	93	1	3,13	19,17
1936-37 (Budget)	19	11,10	..	30	2,89	37	62	4,18	1	1,09	1	4,67	21,23

(a) Includes 25 for development of tribal areas, 20 for development of broadcasting and 93 for development of civil aviation.

(b) Includes 40 on account of special subvention to the Road Development Fund.



TABLE VI.

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

Year.	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	9	13,34
1931-32 . . .	1,98	1,01	16	39	88	26	11	30	1,64	2,39	88	62	30	17	35	2	20	44	9	12,17
1932-33 . . .	1,53	94	9	25	55	22	10	29	1,45	2,18	67	35	22	13	30	2	10	20	10	9,69
1933-34 . . .	1,54	98	8	24	54	23	10	29	1,36	2,16	66	30	23	13	29	2	13	17	9	9,54
1934-35 . . .	1,61	1,01	7	22	52	23	10	29	1,65(a)	2,11	70	29	24	16	33	4	1,07(b)	33(c)	8	11,10
1935-36 (Revised)	1,70	1,08	8	23	53	23	10	30	1,46	2,25	71	30	24	15	43	7	18	20	22	10,46
1936-37 (Budget)	1,79	1,12	8	23	56	27	10	30	1,43	2,14	78	30	23	34	57	9	24	25	23	11,10

(a) Includes 25 for development of tribal areas on the North-West Frontier.

(b) " 93 " development of Civil Aviation.

(c) " 20 " " " Broadcasting.

## EXPLANATORY MEMORANDUM : GENERAL BUDGET.

3. The following tables show in detail the variations between the budget estimate for the current year, the revised estimate for the current year and the budget estimate for next year under the main heads of account and the position is further explained in the section-notes on certain heads of revenue and expenditure.

*Revenue.*

	1935-36.		1936-37.
	Budget.	Revised.	Budget.
<b>Heads of Account.</b>			
<i>Revenue.</i>			
Customs			
{ Petrol tax for Road Fund . . . . .	1,31	1,35	1,47
{ Other items . . . . .	50,53	53,36	53,35
Taxes on Income . . . . .	16,40	16,80	15,67
Salt . . . . .	8,73	8,70	8,75
Opium . . . . .	61	62	47
Other principal heads of revenue . . . . .	1,91	1,89	1,88
Irrigation : Receipts less working expenses . . . . .	..	..	..
Interest . . . . .	83	70	62
Civil Administration . . . . .	93	97	98
Civil Works . . . . .	23	26	27
Currency and Mint . . . . .	1,07	1,22	1,26
Miscellaneous . . . . .	56	59	56
Extraordinary Receipts . . . . .	..	..	..
Provincial contributions and miscellaneous adjustments between Central and Provincial Governments . . . . .	..	..	..
Posts and Telegraphs :			
Receipts less working expenses . . . . .	71	86	82
Railways :			
Receipts less working expenses . . . . .	32,25	31,97	31,74
Defence Services . . . . .	4,93	5,08	4,93
<b>TOTAL</b> . . . . .	<b>1,21,00</b>	<b>1,24,37</b>	<b>1,22,77</b>

*Expenditure.*

Heads of Account.	1935-36.		1936-37.
	Budget.	Revised.	Budget.
<i>Expenditure.</i>			
Customs . . . . .	1,15	1,18	1,33
Taxes on Income . . . . .	92	92	87
Salt . . . . .	1,18	1,19	1,08
Opium . . . . .	36	36	29
Other heads recording direct demands on the revenue . . . . .	59	59	61
Irrigation : Interest and Miscellaneous charges . . . . .	5	5	5
Civil Administration . . . . .	10,17	10,46	11,10
Currency and Mint . . . . .	32	43	34
Civil Works { Transfer to Road Fund . . . . .	1,31	1,35	1,47
{ Other items . . . . .	94	93	1,09
Superannuation Allowances and Pensions . . . . .	3,20	3,08	2,89
Miscellaneous . . . . .	1,25	1,38	1,29
Extraordinary payments . . . . .	1	2,84	40
Posts and Telegraphs : Interest on Debt . . . . .	84	80	80
Railways : Interest and Miscellaneous charges . . . . .	32,25	31,97	31,74
Defence Services . . . . .	49,91	50,06	50,38
Interest . . . . .	10,39	10,63	9,20
Reduction or Avoidance of Debt . . . . .	3,00	3,00	3,60
Miscellaneous adjustment, etc. . . . .	3,05	3,14	4,67
Capital expenditure financed from Revenue :			
Posts and Telegraphs . . . . .	3	2	10
Other Works . . . . .	1	1	1
Commutation of Pensions . . . . .	1	—2	—1
<b>TOTAL . . . . .</b>	<b>1,20,94</b>	<b>1,24,37</b>	<b>1,22,70</b>
<b>Surplus . . . . .</b>	<b>+6</b>	<b>..</b>	<b>+7</b>

## NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

## CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net revenue.
1932-33 . . . . .	51,95·17	92·94	51,02·23
1933-34 . . . . .	47,16·41	98·56	46,17·85
1934-35 . . . . .	52,67·42	1,10·73	51,56·69
1935-36 { Budget . . . . .	51,84·00	1,14·94	50,69·06
	{ Revised . . . . .	54,71·09	1,17·85
1936-37 Budget . . . . .	54,82·00	1,33·35	53,48·65

## 4. The details are as follows :—

	Accounts, 1932-33.	Accounts 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
<b>SEA CUSTOMS.</b>						
<b>IMPORTS.</b>						
<i>I.—Revenue duties.</i>						
Ale, beer, porter, cider and other fermented liquors . . . . .	35·41	34·21	34·88	35·50	39·00	41·00
Spirits and liqueurs . . . . .	1,72·59	1,77·98	1,76·81	1,85·00	1,80·00	1,85·00
Wines . . . . .	12·92	13·81	14·42	15·00	15·00	15·00
Spices . . . . .	18·16	18·27	16·84	17·00	17·00	17·00
Tea . . . . .	11·45	13·36	8·79	9·00	15·00	16·00
Tobacco . . . . .	1,33·73	1,14·81	1,07·48	1,20·00	1,15·00	1,20·00
Kerosene oil . . . . .	1,45·35	1,25·77	1,64·06	1,48·00	1,54·00	1,60·00
Motor Spirit . . . . .	29·09	10·20	5·18	5·00	8·00	8·00
Oils, batching, fuel and lubricating.	34·30	39·59	42·14	45·00	45·00	48·00
Cotton, raw . . . . .	55·92	30·38	38·91	35·00	62·00	55·00
Boots and shoes . . . . .	27·81	24·28	17·43	19·00	12·00	12·00
Motor cars, cycles, scooters, omnibuses, chassis, vans, lorries and parts thereof . . . . .	68·10	95·02	1,33·69	1,40·00	1,30·00	1,40·00

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
<b>CUSTOMS—contd.</b>						
<b>IMPORTS—contd.</b>						
<i>I.—Revenue duties—contd.</i>						
Electric lighting bulbs . . . .	18·06	15·92	16·60	16·00	18·00	20·00
Wireless reception instruments and apparatus . . . . .	2·55	4·09	7·83	8·00	10·00	12·00
Dyes derived from coal-tar and coal-tar derivatives . . . .	17·24	23·64	32·37	35·00	32·00	35·00
Machinery . . . . .	1,27·86	1,50·86	1,59·71	1,50·00	1,72·00	1,80·00
Iron and Steel . . . . .	35·59	39·34	44·09	45·00	40·00	40·00
Silver bullion, coin, sheets, plates and other manufactures . . . .	8·93	2·13	22·19	5·00	5·00	2·00
Tin, block . . . . .	7·25	6·15	7·67	8·00	9·00	10·00
Metals, other than Iron and Steel, silver and block tin . . . .	92·10	75·86	96·05	95·00	1,00·00	1,05·00
Railway plant and rolling stock . . . . .	7·88	9·31	13·39	12·00	20·00	20·00
Artificial silk yarn and thread . . . . .	17·14	15·70	31·88	31·00	30·00	30·00
Yarns and textile fabrics, others . . . . .	96·51	1,00·11	1,62·02	1,65·00	1,25·00	1,35·00
Cinematograph films . . . . .	9·48	12·81	13·60	15·00	15·00	16·00
Portland cement excluding white Portland cement . . . . .	11·51	10·16	9·81	10·00	9·00	9·00
Pneumatic rubber tyres and tubes . . . . .	37·57	32·52	34·89	45·00	35·00	40·00
Toys, games and sports goods . . . . .	23·69	25·37	23·75	24·00	23·00	24·00
Betelnuts . . . . .	57·54	56·54	45·70	45·00	47·00	48·00
All other articles . . . . .	9,57·73	8,98·13	9,73·89	10,00·00	10,10·00	10,40·00
<i>II.—Protective duties.</i>						
Wheat and wheat flour . . . . .	...	...	·08	...	·12	...
Broken rice . . . . .	...	...	...	...	12·00	12·00
Sugar . . . . .	6,84·79	4,72·04	3,81·35	1,75·00	3,60·00	2,00·00
Heavy Chemicals . . . . .	4·48	·18	·23	·20	·15	·15
Iron and Steel . . . . .	1,10·37	85·05	78·60	60·00	75·00	70·00
Silver wire, thread and other manufactures . . . . .	8·38	5·72	4·27	5·00	4·00	4·00
Paper and Stationery . . . . .	21·71	24·24	21·26	21·00	23·00	23·00
Raw Silk . . . . .	28·15	17·90	30·69	30·00	33·00	33·00
Silk yarn and thread . . . . .	21·55	12·03	20·08	20·00	22·00	22·00
Cotton yarn and thread . . . . .	54·87	40·17	32·58	30·00	40·00	40·00
Cotton fabrics of British manufacture . . . . .	3,00·48	2,10·42	2,87·26	2,80·00	2,00·00	2,40·00
Cotton fabrics not of British manufacture . . . . .	3,52·16	2,50·44	2,58·38	2,45·00	3,35·00	3,00·00

## EXPLANATORY MEMORANDUM : GENERAL BUDGET.

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
<b>SEA CUSTOMS—contd.</b>						
<b>IMPORTS—contd.</b>						
<i>II.—Protective duties—contd.</i>						
Silk fabrics . . . . .	2,55·25	1,28·18	88·96	85·00	75·00	70·00
Cotton hosiery . . . . .	17 95	20·87	27·52	30·00	16·00	16·00
Artificial silk fabrics . . . . .	...	68·23	1,10 57	1,06·00	1,20·00	1,30·00
Fabrics of artificial silk mixed with other materials . . . . .	47·64	44·78	26·54	27·00	18 00	18·00
Other textile manufactures . . . . .	...	...	49·15	48·00	49·00	49·00
Matches, match splints and veneers	·41	·30	·23	·30	·06	...
Wood pulp . . . . .	8·80	11·49	11·01	11·00	9·67	8·85
<b>TOTAL IMPORTS</b>	<b>41,90·89</b>	<b>35,68·36</b>	<b>33,84·33</b>	<b>36,76·00</b>	<b>33,84·00</b>	<b>33,19·00</b>
<b>SEA CUSTOMS—EXPORTS.</b>						
Skins, raw . . . . .	14 07	18·82	8·45	..	1·00	...
Jute—						
Raw . . . . .	} 3,07 47	3,46·67	3,59·07	3,60·00	3,90·00	3,80·00
Manufactured . . . . .						
Rice . . . . .	75·75	69·36	64·79	55·00	67·00	70·00
<b>TOTAL EXPORTS</b>	<b>3,97·29</b>	<b>4,34·85</b>	<b>4,32·31</b>	<b>4,15·00</b>	<b>4,58·00</b>	<b>4,50·00</b>
Sea Customs—Miscellaneous . . . . .	6·96	8·03	9·36	9·00	10·00	10·00
Land Customs . . . . .	61·62	1,15·82	57·23	40·00	40·00	40·00
Excise Duty on Motor Spirit . . . . .	3,92·69	4,42·79	4,91·20	5,33·00	5,50·00	6,00·00
Excise Duty on Kerosene . . . . .	2,76·52	2,80·68	2,97·39	2,95·00	2,95·00	3,00·00
Excise Duty on Silver . . . . .	·76	...	...	...	...	...
Excise Duty on Sugar—						
Sugar other than Khandsari and Palmyra . . . . .	...	...	95·67	1,35·00	1,70·00	1,95·00
Khandsari Sugar . . . . .	...	...	1·21	15·00	1·00	1·00
Palmyra Sugar . . . . .	...	...	·49	...	...	...
Excise Duty on Matches . . . . .	...	...	1,36·67	1,80·00	2,00·00	2,10·00
Excise Duty on Steel Ingots . . . . .	...	...	11·99	31·00	34·00	34·00

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
<b>SEA CUSTOMS—consold.</b>						
Warehouse and wharf rents . . . . .	4.39	4.62	7.48	5.00	5.00	5.00
Miscellaneous . . . . .						
<b>TOTAL GROSS REVENUE . . . . .</b>	<b>53,31.62</b>	<b>43,55.15</b>	<b>54,25.33</b>	<b>53,34.00</b>	<b>56,47.00</b>	<b>56,64.00</b>
<i>Deduct—Refunds . . . . .</i>	<i>1,36.45</i>	<i>1,38.74</i>	<i>1,57.91</i>	<i>1,50.00</i>	<i>1,76.00</i>	<i>1,32.00</i>
<b>NET TOTAL REVENUE . . . . .</b>	<b>51,95.17</b>	<b>47,16.41</b>	<b>52,67.42</b>	<b>51,84.00</b>	<b>54,71.00</b>	<b>54,82.00</b>
<b>EXPENDITURE.</b>						
India . . . . .	91.31	97.13	1,09.21	1,13.34	1,16.15	1,31.79
England . . . . .	1.64	1.44	1.53	1.60	1.71	1.56
Exchange . . . . .	—01	—01	—01	...	—01	...
<b>Total . . . . .</b>	<b>92.94</b>	<b>98.56</b>	<b>1,10.73</b>	<b>1,14.94</b>	<b>1,17.85</b>	<b>1,33.35</b>

5. *Revenue.*—The revised estimate of net customs revenue (i.e., gross revenue less refunds) is 2,87 lakhs more than the budget for the year. The betterness is the result of the following variations :—

	Revised better + worse — than original budget.
(1) Import duties—	
<i>Revenue duties—</i>	
Cotton, raw . . . . .	+27
Machinery . . . . .	+22
Yarns and textile fabrics, others . . . . .	—40
<i>Protective duties—</i>	
Sugar . . . . .	+1,85
Cotton fabrics of British manufacture . . . . .	—80
Cotton fabrics not of British manufacture . . . . .	+90
(2) Export duties—	
Jute . . . . .	+30
(3) Excise and import duties on motor spirit and kerosene . . . . .	+26
(4) Excise duty on Sugar . . . . .	+21
(5) Excise duty on Matches . . . . .	+20
(6) Other items . . . . .	+12
(7) Refunds of duties . . . . .	—26
<b>Total . . . . .</b>	<b>+2,87</b>

6. The budget estimate of revenue for next year exceeds the current year's revised by 11 lakhs which is made up as follows:—

	+ better. —worse.
(1) Import duties—	
<i>Revenue duties—</i>	
All other articles . . . . .	+30
<i>Protective duties—</i>	
Sugar . . . . .	—1,60
Cotton fabrics of British manufacture . . . . .	+40
Cotton fabrics not of British manufacture . . . . .	—35
(2) Excise and import duties on motor spirit and kerosene . . . . .	+61
(3) Excise duty on sugar . . . . .	+25
(4) Other items . . . . .	+50
Total . . . . .	+11

7. *Expenditure.*—The increase of about 3 lakhs in the revised over the budget for the current year occurs under “compensations payable to Travancore and Cochin Durbars.”

Of the increase of 15½ lakhs in the budget for next year over the current year's revised 13½ lakhs is due to certain transfers from the head “Salt”. There is a corresponding saving under the latter head.

### TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue.)	Expenditure.	Net revenue.
1932-33 . . . . .	17,97·40	77·59	17,19·81
1933-34 . . . . .	17,12·85	82·48	16,30·37
1934-35 . . . . .	17,54·53	85·13	16,69·40
1935-36 { Budget . . . . .	16,40·00	91·57	15,48·43
{ Revised . . . . .	16,80·00	91·78	15,88·22
1936-37 Budget . . . . .	15,67·00	= 86·74	14,80·26

8. The figures have been explained in the Hon'ble Finance Member's speech.



The following tables give the usual details:

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget 1936-37.
				Budget.	Revised.	
<b>REVENUE.</b>						
<b>EXCESS PROFITS DUTY.</b>						
1. Bengal	01	01	01	01	04	02
<b>SUPPER-TAX.</b>						
1. India	4.37	3.02	5.99	3.30	3.31	3.31
2. Baluchistan	...	08	09	09	12	08
3. Madras	13.12	16.04	15.44	12.85	14.98	13.78
4. Bombay	83.59	80.51	83.89	83.00	88.00	88.00
5. Bengal	1,41.12	1,03.08	1,36.92	1,21.50	1,23.50	1,23.50
6. United Provinces	16.11	22.27	23.27	22.30	24.50	20.22
7. Punjab	5.23	6.30	6.4	3.38	3.98	3.78
8. Burma	140.10	15.88	28.61	28.04	24.81	26.55
9. Bihar and Orissa	11.96	9.53	13.08	11.00	11.00	10.00
10. Central Provinces	1.32	1.35	1.80	3.50	4.00	3.50
11. North-West Frontier Province	06.64	30.64	23.65	10.00	10.00	10.00
12. Assam	1.29	2.53	1.27	3.23	2.98	3.18
<b>TOTAL</b>	<b>3,23.85</b>	<b>2,61.28</b>	<b>3,16.85</b>	<b>2,95.51</b>	<b>3,12.79</b>	<b>2,96.70</b>
<b>INCOME-TAX.</b>						
1. India General						
Civil	1,10.69	1,18.94	1,22.49	1,14.48	1,07.63	85.06
Non-Civil Departments	1,01.58	1,10.62	1,15.11	1,12.06	1,12.16	1,12.06
2. Baluchistan	2.01	2.41	2.60	2.60	1.99	1.99
3. Madras	1,79.44	1,84.94	1,77.59	1,70.61	1,74.85	1,62.22
4. Bombay	4,33.37	4,52.37	4,37.58	4,15.95	4,31.99	4,04.99
5. Bengal	3,42.78	3,16.01	3,59.81	3,14.74	3,26.38	3,02.61
6. United Provinces	1,06.21	1,06.15	1,17.72	1,00.75	1,06.60	95.92
7. Punjab	87.39	90.16	91.93	79.00	91.00	86.83
8. Burma	1,43.46	1,32.25	1,19.53	99.77	1,15.32	1,17.24
9. Bihar and Orissa	60.02	56.55	61.10	50.12	58.45	54.75
10. Central Provinces	41.66	37.99	33.99	35.13	35.36	33.06
11. North-West Frontier Province	11.81	11.61	11.23	11.57	10.58	9.51
12. Assam	20.63	22.16	21.36	23.73	23.23	23.66
13. Coorg	33	33	27	30	32	29
<b>TOTAL</b>	<b>16,41.33</b>	<b>16,42.39</b>	<b>16,72.31</b>	<b>15,38.60</b>	<b>15,95.75</b>	<b>14,99.04</b>

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts 1934-35.	1935-36.		Budget, 1936-37.
				Budget,	Revised.	
<b>REVENUE—contd.</b>						
<b>MISCELLANEOUS.</b>						
1. India . . . . .	..	..	...	..	...	...
2. Baluchistan . . . . .	..	..	...	..	...	...
3. Madras . . . . .	·03	·01	·08	·07	·15	·10
4. Bombay . . . . .	·01	·01	·02	·05	·01	·01
5. Bengal . . . . .	..	..	·02	·02	·10	·10
6. United Provinces . . . . .	·21	·16	·75	·25	·25	·25
7. Punjab . . . . .	·05	·02	·01	·04	·01	·01
8. Burma . . . . .	·25	·11	·15	·02	·10	02
9. Bihar and Orissa . . . . .	·05	·04	·02	·08	·03	·03
10. Central Provinces . . . . .	·04	·01	·02	·05	·05	·05
11. North-West Frontier Province .	..	..	...	...	...	...
<b>TOTAL</b> . . . . .	<b>·64</b>	<b>·36</b>	<b>1·07</b>	<b>·53</b>	<b>·70</b>	<b>·57</b>
<b>Total Receipts from Taxes on Income</b>	<b>19,65·88</b>	<b>19,03·99</b>	<b>19,90·26</b>	<b>18,34·65</b>	<b>19,08·65</b>	<b>17,85·93</b>
<b>Deduct—Refunds</b> . . . . .	<b>1,65·57</b>	<b>1,88·10</b>	<b>2,32·21</b>	<b>1,89·30</b>	<b>2,24·58</b>	<b>2,15·13</b>
<b>Deduct—Shares of Provincial Governments in Income-tax revenue under the Devolution Rules</b> .	<b>2·91</b>	<b>3·04</b>	<b>3·52</b>	<b>4·85</b>	<b>4·07</b>	<b>3·80</b>
<b>Net Total Revenue of the Central Government</b> . . . . .	<b>17,97·40</b>	<b>17,12·85</b>	<b>17,54·53</b>	<b>16,40·00</b>	<b>16,80·00</b>	<b>15,67·00</b>
<b>EXPENDITURE.</b>						
India . . . . .	76·91	81·06	84·23	90·22	89·93	85·15
England . . . . .	·68	1·42	·90	1·35	1·86	1·59
Exchange . . . . .	..	..	...	..	—·01	...
<b>TOTAL</b> . . . . .	<b>77·59</b>	<b>82·48</b>	<b>85·13</b>	<b>91·57</b>	<b>91·78</b>	<b>86·74</b>
<b>Distributed as follows :—</b>						
<b>Payments to Provincial Governments</b> . . . . .	<b>·25</b>	<b>·24</b>	<b>·22</b>	<b>·24</b>	<b>·23</b>	<b>·23</b>
<b>Direct expenditure of Central Government</b> . . . . .	<b>77·34</b>	<b>82·24</b>	<b>84·91</b>	<b>91·33</b>	<b>91·55</b>	<b>86·51</b>

10. Figures of Income-tax revenue payable to Provincial Governments are shown below :—

---	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget. 1936-37.
				Budget.	Revised.	
Madras . . .	..	..	..	..	..	..
United Provinces	..	..	..	..	..	..
Punjab . . .	..	..	..	1.10	.27	..
Burma . . .	..	..	..	..	..	..
Bihar and Orissa	1.22	1.32	.29	1.25	.80	.80
Central Provinces	..	..	..	..	..	..
Assam . . .	1.69	1.72	3.23	2.50	3.00	3.00
<b>TOTAL .</b>	<b>2.91</b>	<b>3.04</b>	<b>3.52</b>	<b>4.85</b>	<b>4.07</b>	<b>3.80</b>

## SALT.

	Revenue (Receipts <i>less</i> Refunds and Provin- cial Share).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1932-33 . . . . .	10,07.36	1,13.43	8,93.93
1933-34 . . . . .	8,85.65	1,15.05	7,70.60
1934-35 . . . . .	8,00.01	1,15.92	6,84.09
1935-36 { Budget . . . . .	8,73.00	1,18.21	7,54.79
{ Revised . . . . .	8,70.00	1,19.65	7,50.35
1936-37 Budget . . . . .	8,75.00	1,08.40	7,66.60

EXPLANATORY MEMORANDUM GENERAL BUDGET.

The relevant details are given below in the form of Income-Statement of the States of India.

1936-37	1935-36	Accounts			1935-36		Budget 1936-37
		1932-33	1933-34	1934-35	Budget	Revised	
<b>REVENUE.</b>							
Northern India (a)		2,82.88	2,82.88	2,12.26	2,28.73	2,37.40	2,38.34
Madras (a)		2,04.19	1,88.55	1,74.71	1,75.65	1,79.63	1,81.40
Bombay (a)		2,14.08	1,89.14	1,72.52	1,92.57	1,84.54	1,85.53
Bengal (b)		2,92.71	2,52.90	2,18.53	2,42.51	2,42.55	2,45.55
Burma (b)		45.10	42.44	39.20	42.68	45.01	43.17
Bihar and Orissa		20.00	20.00	20.00	20.00	20.00	20.00
<b>TOTAL RECEIPTS</b>		<b>10,38.46</b>	<b>9,05.92</b>	<b>8,17.23</b>	<b>8,92.14</b>	<b>8,89.19</b>	<b>8,92.00</b>
Deduct—Refunds		16.18	14.63	13.52	14.74	15.49	15.30
Deduct—Provincial Share		14.92	6.64	3.70	4.40	3.70	3.70
<b>TOTAL REVENUE</b>		<b>10,07.36</b>	<b>8,85.65</b>	<b>8,00.01</b>	<b>8,73.00</b>	<b>8,70.00</b>	<b>8,75.00</b>
<b>EXPENDITURE.</b>							
Cost of salt purchased by Government		37.87	67.57	6.09	6.46	6.79	6.41
Assignments and compensations		38.98	40.05	40.03	40.67	40.09	40.40
Interest		12.42	14.20	11.42	10.88	11.11	11.20
Depreciation		2.43	2.21	2.03	2.17	2.25	2.28
Other charges		58.08	60.64	62.05	64.15	65.48	54.40
Expenditure on retrenched personnel		0.77	0.05	0.01	0.01	0.01	0.01
Capital outlay on salt works		1.91	1.31	0.93	0.33	0.66	0.29
<b>Total India</b>		<b>1,12.11</b>	<b>1,14.21</b>	<b>1,15.25</b>	<b>1,17.87</b>	<b>1,19.39</b>	<b>1,07.87</b>
England		48.73	48.73	48.67	48.34	48.28	48.53
Exchange		1,18.41	1,15.05	1,15.92	1,18.21	1,19.65	1,08.40

(a) Chiefly excise on local manufacture. (b) Chiefly duty on imported salt

12. The revised estimate for the current year assumes total issues of 5,25 lakhs of maunds of salt. The estimate for next year is based on a total issue of 5,30 lakhs of maunds of salt.

13. The figures of salt consumption are given below for the last five years:—

	In lakhs of maunds.
1930-31	5,23
1931-32	5,39
1932-33	5,15
1933-34	5,37
1934-35	5,08
1935-36 (Estimate)	5,25
1936-37 (Estimate)	5,30

14. Figures of Provincial Governments' shares of Salt Revenue on account of additional duty on Foreign Salt under the Salt (Additional Import Duty) Acts, are given below:—

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
Madras	..	..	..	..	..	..
Bombay	·19	·07	·04	·05	·04	·04
Bengal	6·04	2·12	1·19	1·63	1·19	1·19
United Provinces	·10	·03	·02	·03	·02	·02
Burma	4·66	2·05	1·68	1·62	1·68	1·68
Bihar and Orissa	3·19	1·12	·63	·87	·63	·63
Central Provinces	·01	..	..	..	..	..
Assam	·73	·25	·14	·20	·14	·14
<b>Total</b>	<b>14·92</b>	<b>5·64</b>	<b>3·70</b>	<b>4·40</b>	<b>3·70</b>	<b>3·70</b>

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.	
1932-33	48·02	46·84	89·86	76·86	7·01	83·87	5·99	
1933-34	1,12·96	46·01	1,58·97	63·89	6·93	70·82	88·15	
1934-35	26·61	45·33	71·94	28·87	6·01	34·88	37·06	
1935-36	Budget	10·36	50·89	61·16	29·73	6·08	35·81	25·35
	Revised	10·36	51·34	61·70	29·29	6·32	35·61	26·09
1936-37 Budget	·08	47·83	47·41	23·05	5·81	28·86	18·55	

15. The revenue from opium was derived mainly from exports of 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. Exports of provision opium to foreign countries ceased at the end of the calendar year 1935. In future, the receipts will be confined to opium sold for consumption in India.

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

	Revenue.	Expenditure (including capital expenditure).	Net revenue.
1932-33 . . . . .	1,84.85	58.21	1,26.64
1933-34 . . . . .	1,80.45	55.53	1,24.92
1934-35 . . . . .	1,91.59	59.50	1,32.09
1935-36 { Budget . . . . .	1,91.05	59.54	1,31.51
{ Revised . . . . .	1,89.69	60.02	1,29.67
1936-37 Budget . . . . .	1,87.67	60.75	1,26.92

16. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States.

#### IRRIGATION.

	Revenue (Receipts <i>less</i> Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1932-33 . . . . .	1.64	5.40	3.76
1933-34 . . . . .	.07	4.06	3.99
1934-35 . . . . .	.74	5.99	5.25
1935-36 { Budget . . . . .	.14	5.57	5.43
{ Revised . . . . .	.24	5.56	5.32
1936-37 Budget . . . . .	.19	5.60	5.41

17. The figures do not call for any comments.

## POSTS AND TELEGRAPHS.

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
<b>INDIAN POSTS AND TELE- GRAPHS DEPARTMENT.</b>						
GROSS RECEIPTS . . . . .	10,55.40	10,72.62	11,19.88	11,32.57	11,49.74	11,74.89
<b>WORKING EXPENSES—</b>						
India . . . . .	10,04.46	10,31.68	9,89.71	10,54.00	10,50.81	10,78.29
England . . . . .	11.78	8.51	8.19	8.05	13.23	14.31
Exchange . . . . .	—03	—01	—02	...	—07	...
<b>TOTAL . . . . .</b>	<b>10,16.21</b>	<b>10,40.18</b>	<b>9,97.88</b>	<b>10,62.05</b>	<b>10,63.97</b>	<b>10,92.60</b>
<b>NET RECEIPTS . . . . .</b>	<b>39.19</b>	<b>32.44</b>	<b>1,22.00</b>	<b>70.52</b>	<b>85.77</b>	<b>82.29</b>
<b>EXPENDITURE CHARGED TO REVENUE—</b>						
Interest . . . . .	81.08	84.38	84.05	83.53	79.98	80.26
<b>NET REVENUE . . . . .</b>	<b>—41.89</b>	<b>—51.94</b>	<b>—37.95</b>	<b>—13.01</b>	<b>5.79</b>	<b>2.03</b>
<b>CAPITAL OUTLAY CHARGED TO REVENUE—</b>						
India . . . . .	4.56	4.73	2.99	2.93	1.81	9.64
England . . . . .	..	..	..	..	..	...
Exchange . . . . .	..	..	..	..	..	...
<b>TOTAL . . . . .</b>	<b>4.56</b>	<b>4.73</b>	<b>2.99</b>	<b>2.93</b>	<b>1.81</b>	<b>9.64</b>
<b>CAPITAL OUTLAY NOT CHARGED TO REVENUE—</b>						
India . . . . .	14.82	5.36	32.84	55.07	47.43	42.02
England . . . . .	..	.02	.03	..	.01	...
Exchange . . . . .	..	...	...	..	..	..
<b>TOTAL . . . . .</b>	<b>14.82</b>	<b>5.38</b>	<b>32.87</b>	<b>55.07</b>	<b>47.44</b>	<b>42.02</b>

18. The budget estimate for the current year anticipated a loss of 13 on the working of the Indian Posts and Telegraphs Department. It is now anticipated that there will be a gain of 6, i.e., an improvement of 19 over the original budget. The figures in the budget estimate for next year have been fully explained in the Hon'ble Finance Member's speech.

19. The annual profit or loss in the working of the Department as shown in the accounts and estimates since it was commercialised is given below:—

	Current. Loss—	Progressive. 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	—93·85	—1,61·10
1932-33	—41·89	—2,02·99
1933-34	—51·94	—2,54·93
1934-35	+37·95	—2,16·98
1935-36 (Revised)	+5·79	—1,68·52
1936-37 (Budget)	+2·03	—1,66·49

As a result of the acceptance by Government of certain recommendations of the Posts and Telegraphs Accounts Enquiry Committee, the total progressive loss, arising out of the commercial activities of the department, as shown in the accounts, up to the end of the year 1930-31, was reduced by 1,61·39. The figures of the progressive loss at end of 1931-32 and subsequent years have been corrected accordingly. The progressive figure shown against 1935-36 includes a similar adjustment of 42·67.

#### INTEREST RECEIPTS.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.	
India	42·11	37·12	34·71	38·29	
England	Interest on investment of cash balances, and Silver Redemption Reserve balance	17·29	45·16	28·47	24·04
	Interest on the Gold Standard Reserve holding appropriated to revenue	1,41·95	·28	7·20	..
Exchange	—·33	..	—·19	..	
<b>TOTAL</b>	<b>2,01·02</b>	<b>82·56</b>	<b>70·19</b>	<b>62·33</b>	

20. The drop in the Revised estimate for the current year in England is due to the depreciation of the securities held in the Silver Redemption Reserve.



21. The budget estimate for next year in England represents the interest on the securities held in the Silver Redemption Reserve only as all our cash balances are now being held by the Reserve Bank.

INTEREST PAYMENTS.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<i>Interest on Ordinary Debt—</i>				
Gross payments—				
India	20,21-61	19,53-83	19,03-31	18,53-24
England	19,07-73	18,85-62	19,20-09	17,49-25
Exchange	—4-81			
<b>Total</b>	<b>39,24-53</b>	<b>38,39-45</b>	<b>38,14-27</b>	<b>36,02-49</b>
<i>Deduct—Amounts charged to—</i>				
Railways	30,57-12	30,46-44	30,15-76	29,89-97
Irrigation	2-55	2-60	2-53	2-54
Posts and Telegraphs	85-30	85-00	81-23	81-51
Other heads	7-71	7-88	7-00	7-36
Provincial Loans Fund	7,91-15	8,25-00	7,98-00	8,16-00
<b>Total deductions</b>	<b>39,43-83</b>	<b>39,66-92</b>	<b>39,04-52</b>	<b>38,97-38</b>
<b>Net</b>	<b>—19-30</b>	<b>—1,27-47</b>	<b>—90-25</b>	<b>—2,94-89</b>
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	3,30-00	3,90-00	4,05-00	3,75-00
Post Office Savings Bank Deposits	1,34-59	1,69-00	1,56-00	1,70-00
Provident Funds	3,89-67	4,06-94	4,01-59	4,14-10
Service Funds	13-54	13-21	13-35	72-64
Fixed Deposits of Provincial Governments	8-10	4-50	6-86	4-50
Famine Relief Fund	7-22	6-94	6-31	5-93
Railway Depreciation Fund	48-37	58-25	46-53	50-92
Posts and Telegraphs Depreciation Fund	15-65	15-88	15-52	15-87
Other items	97-27	1,01-88	1,01-85	1,06-10
<b>Total</b>	<b>10,44-41</b>	<b>11,66-60</b>	<b>11,53-03</b>	<b>12,15-06</b>
<b>Total interest payments</b>	<b>10,25-11</b>	<b>10,39-13</b>	<b>10,82-78</b>	<b>9,20-17</b>

*Interest on Ordinary Debt.*

22. 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, and are broadly summarised below :—

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<i>India.</i>			
(i) Service of new rupee loan . . . . .	50·00	26·00	..
(ii) Management of Debt . . . . .	7·72	7·83	7·77
(iii) Discount on Treasury Bills . . . . .	85·00	63·08	70·00
(iv) Discount and premium written off to revenue . . . . .	66·04	66·07	67·18
(v) Interest on temporary loans . . . . .	..	2·21	..
(vi) Interest on all other loans . . . . .	17,43·32	17,36·73	17,08·16
(vii) Other items . . . . .	1·75	1·39	·13
	19,53·83	19,03·31	18,53·24

*England.*

(i) Interest on loans contracted in England . . . . .	15,39·24	15,53·08	14,21·98
(ii) Interest on Railway annuities . . . . .	2,07·81	2,07·81	1,99·26
(iii) Interest on outstanding liabilities of railway companies taken over on purchase . . . . .	1,23·93	1,23·93	1,13·43
(iv) Management of Debt . . . . .	12·68	34·13	12·86
(v) Other items . . . . .	1·96	1·96	1·72
	18,85·62	19,20·91	17,49·25

23. The Indian estimates assume the following figures for Treasury Bills outstanding :—

	1st April 1935.	31st March 1936.	31st March 1937.
Bills outstanding with the public . . . . .	18,27·25	34,09·75	45,09·75
Bills in the Reserve Bank . . . . .	36,07·00		

*Interest on other Obligations:*

24. Interest on provident fund balances is calculated at 5 per cent. per annum in revised and 4½ per cent. in budget. Interest on depreciation and reserve fund balances is calculated at 5·04 per cent. in current year and 4·9 per cent. in next which are the rates assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

25. The total net interest charges have varied as follows since 1924-25:—

Actuals, 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
„ 1931-32	12,83
„ 1932-33	11,61
„ 1933-34	9,29
„ 1934-35	10,25
Revised, 1935-26	10,63
Budget, 1936-37	9,20

26. The increase of 38 in the revised estimate for the current year over the actuals of last year is the net result of a decrease of 71 under “Interest on Ordinary Debt” and an increase of 1,09 under “Interest on other Obligations”. The decrease under the former head is the result of our conversion operations and the increase under the latter occurs mainly under Post Office Cash Certificates (75), Savings Bank Deposits (21) and Provident Funds (12).

27. The reduction of 1,43 in the estimate for next year as compared with the current year's revised is made up of a decrease of 2,05 under “Interest on Ordinary Debt,” due to the full effect of our conversion operations of the current year and to the proposed repayment of £16·8 millions of 5½ per cent. Sterling Stock next year without raising a loan, and an increase of 62 under “Interest on other Obligations”. This increase is mainly due to an alteration in the accounting arrangements in respect of the I.M.S. and I.C.S. Family Pension Funds. At present the subscriptions collected on account of these funds are credited to general revenues and the pensions are paid from the same source. The interest on the balances in the funds does not enter the Government accounts. A *pro forma* account is, however, maintained showing the balances in the funds, the interest accrued, the subscriptions received and the pensions paid. As the present accounting arrangements are admittedly erroneous, it has been proposed that in future the balances to the credit of the funds should be shown as regular unfunded debt. The subscriptions received and the interest on the balances will be credited to the funds and the pensions will be paid direct from the funds. The 62 increase under interest is thus set off by reductions of 34 under Military pensions and 20 under Civil pensions.

28. The following table shows the provision made from year to year in respect of the liability for bonus on postal cash certificates :—

Year	Balance held at close of the year on account of cash certificates.	Bonus provided for from revenue
1924-25	13,12	16
1925-26	20,96	16
1926-27	26,68	16
1927-28	30,70	23
1928-29	32,30	60
1929-30	35,00	73
1930-31	38,43	2,00
1931-32	44,58	2,06
1932-33	55,64	2,20
1933-34	63,71	2,60
1934-35	65,96	3,30
1935-36	65,96	4,05
1936-37	65,16	13,75

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

29. As explained by the Hon'ble the Finance Member in his budget speech, 3,00 is being provided in the estimates for next year also for reduction or avoidance of debt.

30. The provision of 3,00 will cover the following specific items :—

	Revised, 1935-36.	Budget, 1936-37.
Sinking fund provision for 5 per cent. rupee loans	1,36.71	1,36.71
Railway sinking funds	23.10	23.20
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47		
A part of the capital portion of Railway annuities	1,40.19	1,40.09
<b>TOTAL</b>	<b>3,00.00</b>	<b>3,00.00</b>

31. 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	6,42
1929-30	5,74
1930-31	6,14
1931-32	6,89
1932-33	6,84
1933-34	3,00
1934-35	3,00
1935-36	3,00
1936-37	3,00

## CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net expenditure.
1932-33	86.68	9,68.79	8,82.11
1933-34	76.22	9,53.62	8,77.40
1934-35	85.12	11,10.44	10,25.32
1935-36	{ Budget 92.75	10,17.13	9,24.38
	{ Revised 96.76	10,46.04	9,49.28
1936-37	Budget 98.08	11,10.12	10,12.04

32. *Revenue*.—Larger receipts in the Civil Aviation, Broadcasting and Indian Stores Departments account for the increases in the revised estimate for the current year and the budget estimate for next year.

33. *Expenditure*.—The increase of 29 in the revised over the current year's budget is made up as follows :—

(a) Frontier watch and ward, mainly due to the construction of certain roads and bridges	19
(b) Payments to provinces from sugar excise duty: budget provision for this was made under Miscellaneous Adjustments	6
(c) Other miscellaneous items	4
Total	29

The increase of 64 in the budget estimate for next year as compared with the revised estimate for the current year is due to—

(a) Delhi sewerage and refuse disposal schemes	18
(b) Payments to the provinces from sugar excise duty	9
(c) Establishment of the Central Dairy Institute	5
(d) Grants to Irwin Hospital, Delhi, and Victoria Hospital, Ajmer	3
(e) Extra expenditure on aviation	5
(f) Extra expenditure on broadcasting	4
(g) Special grant for archaeological repairs	2
(h) Full effect for twelve months of the removal of the pay cut, increments and other miscellaneous items	18
Total	64

## EXPLANATORY MEMORANDUM : GENERAL BUDGET.

## CURRENCY AND MINT.

	Revenue.	Expenditure.	Net revenue.
1932-33 . . . . .	2,30·63	65·67	1,64·95
1933-34 . . . . .	1,33·41	59·31	74·10
1934-35 . . . . .	1,48·10	73·55	74·55
1935-36 { Budget . . . . .	1,07·01	32·56	74·45
{ Revised . . . . .	1,22·04	43·11	78·93
1936-37 Budget . . . . .	1,26·13	34·01	92·12

34. *Revenue.*—The details of the estimates are given below :—

	Budget 1935-36.	Revised 1935-36.	Budget 1936-37.
(1) Surplus profits of the Reserve Bank . . . . .	50	43	65
(2) Profits from circulation of bronze and nickel coin . . . . .	28	37	40
(3) Other items . . . . .	29	42	21
	<u>1,07</u>	<u>1,22</u>	<u>1,26</u>

The increase in the revised estimate for the current year and the budget estimate for next year under item (2) is due to larger demand for small coin. The revised estimate for the current year under item (3) includes certain special non-recurring credits.

35. *Expenditure.*—The increase in the revised estimate for the current year over the budget estimate is mainly due to the larger demand for currency notes and small coin.

## CIVIL WORKS.

36. The grant to the Road Development Fund which is included for budgetary purposes under Civil Works is shown separately.

*Ordinary.*

	Revenue.	Expenditure.	Net expenditure
1932-33 . . . . .	23·37	75·39	52·02
1933-34 . . . . .	26·93	89·72	62·79
1934-35 . . . . .	27·05	83·40	56·35
1935-36 { Budget . . . . .	23·30	94·32	71·02
{ Revised . . . . .	25·72	93·54	67·82
1936-37 Budget . . . . .	26·80	1,08·64	81·84

*Appropriation to Road Fund.*

1932-33 . . . . .	1,01·77
1933-34 . . . . .	1,08·51
1934-35 . . . . .	1,58·93
1935-36 { Budget . . . . .	1,31·00
{ Revised . . . . .	1,35·00
1936-37 Budget . . . . .	1,47·50

MISCELLANEOUS.

	Revenue.	Expenditure.	Net expenditure.
1932-33 . . . . .	93·23	4,23·52	3,30·29
1933-34 . . . . .	78·95	4,21·26	3,42·31
1934-35 . . . . .	73·78	4,39·77	3,65·99
1935-36 { Budget . . . . .	56·63	4,45·76	3,89·13
{ Revised . . . . .	58·94	4,43·95	3,85·01
1936-37 Budget . . . . .	55·40	4,17·32	3,61·92

37. *Expenditure. Revised Estimate.*—A saving of 14 under Pensionary charges is partially set off by an increase of 12 under other heads, of which 10 is due to loss by exchange.

*Budget Estimate 1936-37.*—The decrease of 27 as compared with the revised estimate is due to the following variations:—

(1) Pensionary charges, mainly due to the omission of I.C.S. family pensions . . . . .	—18
(2) Loss by exchange included in the Revised . . . . .	—10
(3) Other items . . . . .	+1
	<hr/>
	—27

## EXTRAORDINARY ITEMS.

	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
		Budget.	Revised.	
<b>Receipts—</b>				
India . . . . .	.. 03	..	..	..
England . . . . .	..	..	.. 03	..
Exchange . . . . .	..	..	..	..
<b>TOTAL</b> . . . . .	.. 03	..	.. 03	..
<b>Payments—</b>				
India . . . . .	2,83·70	.. 28	2,83·63	40·12
England . . . . .	1·20	1·08	.. 26	.. 22
Exchange . . . . .	..	..	..	..
<b>TOTAL</b> . . . . .	2,84·90	1·36	2,83·89	40·34

38. The figures in the revised estimate for the current year and the budget estimate for next year have been explained in the Hon'ble Finance Member's speech.

## MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

1934-35	Actuals	2,97·78
1935-36	Budget	3,04·94
	Revised	3,13·51
1936-37	Budget	4,66·57

39. The details of the estimates are as follows :—

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
(1) Subvention to North-West Frontier Province . . . . .	1,00·00	1,00·00	1,00·00
(2) Subvention to Sind . . . . .	..	..	1,08·00
(3) Subvention to Orissa . . . . .	..	..	50·00
(4) Special subventions to Bengal, Bihar and Orissa and Assam on account of their share of net jute export duty . . . . .	1,79·00	1,94·00	1,89·00
(5) Special subvention to Burma equivalent to the proceeds from their match tax . . . . .	18·00	18·00	18·00
(6) Special subvention to Provinces out of the sugar excise duty . . . . .	6·43	..	..
(7) Other items . . . . .	1·51	1·51	1·57
<b>Total</b> . . . . .	<b>3,04·04</b>	<b>3,13·51</b>	<b>4,66·57</b>



## WAYS AND MEANS.

## HOME TREASURY.

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

(In millions of £.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<b>RECEIPTS.</b>			
1. Discount on loans raised in previous years brought to account as debt incurred . . . . .	.38	.38	.34
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India . . . . .	.60	.11	..
(b) Sale of silver . . . . .	3.00	1.54	..
(c) Other transactions . . . . .	—·05	.22	—·02
3. Deposits and Advances . . . . .	5.77	6.57	5.14
<b>Total Receipts, excluding direct remittances and loans . . . . .</b>	<b>9.70</b>	<b>8.82</b>	<b>5.46</b>
<b>DISBURSEMENTS.</b>			
4. Excess of Expenditure of the Central Government over Revenue . . . . .	24.1	24.35	23.49
5. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways . . . . .	1.50	1.29	1.29
(b) Other items . . . . .	..	..	.02
6. Discharge of Permanent Debt . . . . .	17.49	17.46	18.93
7. Disbursements on behalf of Provincial Governments . . . . .	2.40	2.55	2.71
<b>Total Disbursements. . . . .</b>	<b>45.63</b>	<b>45.65</b>	<b>46.44</b>
<b>NET DISBURSEMENTS . . . . .</b>	<b>35.93</b>	<b>36.83</b>	<b>40.98</b>
Transfers through the Reserve Bank (net) . . . . .	26.02	11.66	41.23
New Loan (less discount) . . . . .	..	10.00	..
<b>Reduction (+) or increase (—) of cash balance . . . . .</b>	<b>+9.91</b>	<b>+15.17</b>	<b>—·25</b>
Opening Balance . . . . .	10.64	15.76	.59
Closing Balance . . . . .	.73	.59	.84

41. The details of the figures shown in the revised estimate for the current year and the budget estimate for next year against "Discharge of permanent debt" are as follows :—

	Revised estimate 1935-36.	Budget estimate 1936-37.
Capital portion of Railway annuities. . . . .	1.83	1.90
Railway sinking funds . . . . .	.17	.17
6 per cent. sterling bonds . . . . .	11.96	Nil
4½ per cent. East Indian Railway debenture stock . . . . .	3.50	Nil
5½ per cent. sterling stock . . . . .	Nil	16.86
<b>Total . . . . .</b>	<b>17.46</b>	<b>18.93</b>

42. The details of the sterling loan issued in 1935-36 are as follows :—

Month of Issue.	Form of Issue.	Nominal amount.	Issue price.
July, 1935	3% stock 1949-52.	10 millions	98 per cent.

The estimates assume that no sterling loan will be issued next year.

### INDIA.

43. The following is a summary of the estimates of ways and means in India during 1935-36 and 1936-37 :—

(In crores of rupees.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<b>RECEIPTS.</b>			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue . . . . .	32·29	32·47	31·39
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net) . . . . .	2·75	..	—·50
(b) Post Office Savings Bank deposits (net) . . . . .	8·75	9·50	8·25
(c) Other Savings Bank deposits (net) . . . . .	6·42	6·19	6·65
3. Appropriation for reduction or avoidance of debt . . . . .	3·00	3·00	3·00
4. Railway Depreciation Fund . . . . .	1·89	—·53	2·84
5. Posts and Telegraphs Depreciation Fund . . . . .	·19	·18	·14
6. Discount Sinking Fund . . . . .	·66	·07	·67
7. Defence Reserve Fund . . . . .	—·57	—·25	—·82
8. Miscellaneous Deposits and Remittances (net) . . . . .	16·45	21·75	·49
<b>TOTAL RECEIPTS . . . . .</b>	<b>71·63</b>	<b>72·38</b>	<b>52·11</b>

(In crores of rupees.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<b>DISBURSEMENTS.</b>			
9. Capital Expenditure not charged to Revenue—			
(a) State Railways . . . . .	3.50	.03	1.53
(b) Posts and Telegraphs . . . . .	.55	.47	.42
(c) Other items . . . . .	6.23	6.19	.73
10. Permanent Debt discharged . . . . .	27.61	27.53	.21
11. Floating Debt discharged (net) . . . . .	3.50	20.24	—11.00
12. Civil Aviation . . . . .	.44	.16	.48
13. Economic development and improvement of rural areas . . . . .	.25	.94	.95
14. Broadcasting . . . . .	.05	.04	..
15. Development in tribal areas on the North-West Frontier . . . . .	.10	..	..
16. Fund for reconstruction of Earthquake damage (Bihar) . . . . .	.89	.61	.70
17. Post Office Cash Certificate Bonus Fund . . . . .	.25	.25	1.00
18. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net) . . . . .	7.00	8.65	..
19. Loans by the Central Government—			
(a) To Provincial Loans Fund . . . . .	10.25	8.64	3.98
(b) Other Loans . . . . .	—0.01	.60	.50
20. Remittances between England and India—			
(a) Remittance from India for financing Home Treasury . . . . .	34.69	..	..
(b) Transfers through the Reserve Bank (net) . . . . .	..	15.55	54.97
(c) Sale of silver . . . . .	4.00	2.05	..
(d) Other transactions (net) . . . . .	.73	.44	—0.03
21. Balances of Provincial Governments . . . . .	—2.71	—1.15	—1.98
TOTAL DISBURSEMENTS . . . . .	97.32	91.24	52.46
NET DISBURSEMENTS . . . . .	25.49	18.86	.35
New Loan . . . . .	25.00	15.13	..
Reduction (+) or increase (—) of cash balance . . . . .	+4.49	+3.73	+3.35
Opening Balance . . . . .	13.10	16.18	12.45
Closing Balance . . . . .	12.61	12.45	12.10

44. The figure shown in the revised estimate for the current year against "Permanent Debt discharged" includes the following:—

6½ per cent. Treasury Bonds, 1935 . . . . .	16.02
5 per cent. Bonds, 1935 . . . . .	11.36

45. The result of the current years' rupee loan, which was a 3 per cent. loan 1951-54 issued at Rs. 96½ per cent. is summarised below:—

	(In lakhs of rupees.)
Subscriptions in cash . . . . .	2.11
Subscriptions in the form of 5 per cent. Bonds 1935 . . . . .	8.33
Subscriptions in the form of 6½ per cent. Treasury Bonds, 1935 . . . . .	4.64
Total . . . . .	15.13

46. The following table gives a summary of the estimates of ways and means in India and England combined :—

(In lakhs of rupees.)

	Budget, 1935-36.			Revised, 1935-36.			Budget, 1936-37.		
	Indla.	England.	Total.	Indla.	England.	Total.	Indla.	England.	Total.
	1	2	3	4	5	6	7	8	9
Opening Balance	13,10	14,18	27,28	16,18	21,02	37,20	12,45	79	13,24
Excess of Revenue over Expenditure	32,29	-32,23	6	32,47	-32,47	...	31,39	-31,32	7
New Loan	25,00	...	25,00	15,13	13,33	28,46	...	...	...
Post Office Cash Certificates (Net)	2,75	...	2,75	...	...	...	-50	...	-50
Post Office Savings Bank Deposits (Net)	8,75	...	8,75	9,50	...	9,50	3,25	...	8,25
Other Unfunded Debt (Net)	6,42	16	6,58	6,19	17	6,36	6,65	31	6,36
Discount Sinking Fund	66	...	66	7	...	7	67	...	67
Reduction or Avoidance of Debt	3,00	...	3,00	3,00	...	3,00	3,00	...	3,00
Railway Depreciation Fund	1,89	...	1,89	-53	...	-53	2,84	...	2,84
Posts and Telegraphs Depreciation Fund	19	...	19	18	...	18	14	...	14
Defence Reserve Fund	-57	...	-57	-25	...	-25	-82	...	-82
Cash Balance Investment Account	5,37	...	5,37	7,10	...	7,10	...	...	...
Other Deposits and Advances (Net).	11,14	7,46	18,60	14,35	9,40	23,75	52	6,97	7,49
<b>TOTAL</b>	<b>96,89</b>	<b>-24,61</b>	<b>72,28</b>	<b>87,21</b>	<b>-9,57</b>	<b>77,64</b>	<b>52,14</b>	<b>-24,94</b>	<b>28,10</b>
<b>GRAND TOTAL</b>	<b>1,09,99</b>	<b>-10,43</b>	<b>99,56</b>	<b>1,03,39</b>	<b>11,45</b>	<b>1,14,84</b>	<b>64,59</b>	<b>-23,35</b>	<b>41,34</b>
Capital Outlay—									
Railways	3,50	2,00	5,50	3	1,72	1,75	1,53	1,72	3,25
Posts and Telegraphs	55	...	55	47	...	47	42	...	42
Civil	5,83	...	5,83	5,73	1	5,74	37	3	40
Commutation of Pensions	44	...	44	48	...	48	40	...	40
Gratuities to retrenched personnel	-4	...	-4	-2	...	-2	-4	...	-4
Discharge of Permanent Debt	27,61	22,81	50,42	27,53	23,28	50,81	21	25,38	25,44
Discharge of Treasury Bills	3,50	...	3,50	20,24	...	20,24	-11,00	...	-11,00
Sinking Fund Investment Account	-1	...	-1	-1	...	-1	...	...	...
Cash Certificate Bonus Fund	25	...	25	25	...	25	1,00	...	1,00
Civil Aviation	44	...	44	16	...	16	48	...	48
Economic development and improvement of rural areas	25	...	25	94	...	94	95	...	95
Broadcasting	5	...	5	4	...	4	...	...	...
Development in tribal areas on N. W. F.	10	...	10	...	...	...	...	...	...
Gain or loss on sale, etc., of assets of the Paper Currency Reserve	7,00	...	7,00	8,65	...	8,65	...	...	...
Fund for reconstruction of Earthquake damage (Bihar)	89	...	89	61	...	61	70	...	70
Loans to public (Net)	-1	...	-1	60	...	60	50	...	50
Sale of silver. (Remittance Account)	4,00	-4,00	...	2,05	-2,05	...	...	...	...
Iraq drawing	80	-80	...	15	-15	...	...	...	...
Home Remittances	34,69	-34,69	...	...	...	...	...	...	...
Transfers through the Reserve Bank (net)	...	...	...	15,58	-15,55	...	54,97	-54,97	...
Provincial requirements	7,54	3,28	10,82	7,49	3,45	10,99	2,00	3,61	5,61
<b>TOTAL</b>	<b>97,38</b>	<b>-11,40</b>	<b>85,98</b>	<b>90,94</b>	<b>10,66</b>	<b>1,01,60</b>	<b>52,49</b>	<b>-24,38</b>	<b>28,11</b>
Closing Balance	12,61	97	13,58	12,45	79	13,24	12,10	1,13	13,23
<b>GRAND TOTAL</b>	<b>1,09,99</b>	<b>-10,43</b>	<b>99,56</b>	<b>1,03,39</b>	<b>11,44</b>	<b>1,14,84</b>	<b>64,59</b>	<b>-23,25</b>	<b>41,34</b>

47. 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 1936 is practically the same as on the 31st March 1935.

J. C. NIXON.

*The 28th February 1936.*

## APPENDIX I.

**Memorandum on the Defence Services Estimates, 1936-37.**

The Defence estimates which cover expenditure on the Army in India, the Royal Air Force and the Royal Indian Navy have been prepared in the same form as those for 1935-36.

2. A table showing the course of expenditure during the past five years and the estimated expenditure in the current and impending financial years is given below :—

	Crores of rupees.
1930-31 . . . . .	54·30
1931-32 . . . . .	51·76
1932-33 . . . . .	46·74
1933-34 . . . . .	44·42
1934-35 . . . . .	44·34
1935-36 (Budget estimate) . . . . .	44·98
1935-36 (Revised estimate) . . . . .	44·98
1936-37 (Budget estimate) . . . . .	45·45

3. The budget figure for 1936-37 provides Rs. 60 lakhs for the reconstruction of Quetta and other expenditure arising out of the earthquake. The figure for the ordinary Defence Budget is thus Rs. 44·85 crores or Rs. 13 lakhs below the figure for the current year. But these two figures are not strictly comparable seeing that the estimate for 1936-37 for the first time excludes expenditure on Indian Military Service Family Pensions in respect of which other arrangements are contemplated. On a real basis of comparison therefore the estimate for next year shows an increase of Rs. 21 lakhs. This is more than accounted for by the restoration of the remaining half of the 10 per cent. cut in pay of British Soldiers imposed by His Majesty's Government costing Rs. 5 lakhs and an addition of Rs. 20 lakhs in the cost of Ordnance Services. Members have, in the course of the last few years, been reminded from time to time that the budget allotments for these years should not be regarded as marking a new permanent low level in Defence expenditure and that the large reductions in the Defence budget had been achieved, to some extent, by measures of a purely temporary nature. In this connection reference has been made in particular to the gradual consumption of surplus stocks. These are now approaching exhaustion and the time has come at which expenditure on the purchase of ordnance stores must rise. To meet this situation, the additional sum of Rs. 20 lakhs is required in 1936-37.

4. The provision for new services is Rs. 18 lakhs as compared with the Rs. 55 lakhs of the preceding year. This provision of Rs. 18 lakhs covers some eighty measures of re-organisation, equipment or improvement which in the view of the Defence authorities are essential if the Defence services are to be maintained up to the standard of modern requirements. The largest single item is one of Rs. 3½ lakhs for the purchase of mules. In view of the number of mules available at the end of the Great War and subsequent Frontier operations and owing also to the disbandment of some transport units and the mechanisation of others, little or no expenditure had to be incurred on

the purchase of these animals over several years. A large number of them are now reaching the limit of their useful life and have to be replaced. A sum of Rs. 1½ lakhs is being provided to furnish the Royal Air Force with facilities for improved training in air-firing on moving targets. Among other items are the provision of a Royal Air Force Instructor at the Staff College, a reorganisation of the Judge Advocate General's Department and the creation of a small veterinary laboratory at Lahore.

5. Of the provision of Rs. 60 lakhs in connection with Quetta, Rs. 50 lakhs is to cover the portion of the reconstruction programme that is expected to be carried out next year and the balance contemplates mainly the replacement of ordnance stores including tents used up in the emergency created by the earthquake.

6. The policy followed in the current year's estimates of allowing the minimum margin for a rise in the prices of grains and other foodstuffs has again been followed in 1936-37. Prices for these commodities have been fixed at the lowest rate compatible with safety, the Finance Department having again undertaken to provide a supplementary grant should an unforeseen rise in prices result in an excess of expenditure.

7. The position of the re-equipment programme is as follows :—

	Crores of rupees.
Amount spent up to 31st March 1935 . . . . .	7.84
Amount allotted from the Defence Reserve Fund 1935-36 . . . . .	.20
The estimated cost of the programme is . . . . .	9.75
The balance to complete is therefore . . . . .	-1.71

The balance available in the Defence Reserve Fund to meet this is Rs. 115 lakhs of which a sum of Rs. 28 lakhs has been transferred to the budget for expenditure in 1936-37.

8. Detailed explanations of variations in the Defence Estimates are given in the volume of budget estimates. If Hon'ble Members desire any further information they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

NEW DELHI ;  
The 28th February 1936. }

B. M. STAIG,  
Financial Adviser, Military Finance.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
EXPENDITURE.	Rs.	Rs.	Rs.	Rs.
<i>48.—Defence Services—Effective.</i>				
1. Fighting Services . . .	17,06,83,274	17,18,14,000	17,13,25,000	17,13,69,000
2. Administrative Services .	6,58,69,814	6,98,87,000	6,84,98,000	6,98,08,000
3. Manufacturing Establishments (including stores) . . .	2,46,74,733	2,47,07,000	2,59,47,000	2,74,76,000
4. Army Headquarters, Staff of Commands, etc. .	1,89,98,600	2,01,93,000	2,01,43,000	2,05,40,000
5. Purchase and sale of stores, Equipment and Animals (other than those purchased direct by manufacturing establishments, M. E. S., R. A. F. and R. I. N.) . . .	3,37,83,225	3,56,60,000	3,38,89,000	3,57,70,000
6. Special Services . . .	21,125	..	2,00,000	..
7. Transportation, Conservancy, Hot Weather establishments and Miscellaneous . . .	2,68,54,632	2,70,14,000	2,86,50,000	2,81,24,000
8. Military Engineer Services (including stores). . .	3,16,32,397	3,61,80,000	3,66,30,000	3,69,66,000
9. Auxiliary and Territorial Forces . . .	61,17,630	66,12,000	63,49,000	63,21,000
10. Royal Air Force (including stores) . . .	1,70,46,088	1,95,91,000	1,82,06,000	1,94,66,000
11. Royal Indian Navy (including stores) . .	71,54,464	60,93,000	60,80,000	74,65,000
12. Quetta Reconstruction .	..	..	..	50,00,000
<b>Total . . .</b>	<b>40,28,35,982</b>	<b>41,77,51,000</b>	<b>41,59,17,000</b>	<b>42,83,05,000</b>
<i>49.—Defence Services—Non-Effective.</i>				
1. Army . . .	8,53,50,145	8,55,84,000	8,58,00,000	8,23,06,000
2. Royal Air Force . . .	4,82,809	5,46,000	5,06,000	5,52,000
3. Royal Indian Navy . . .	8,66,120	8,58,000	9,00,000	8,96,000
<b>Total . . .</b>	<b>8,66,99,074</b>	<b>8,69,88,000</b>	<b>8,72,06,000</b>	<b>8,37,54,000</b>
<i>50.—Transfers to/from Defence Reserve Fund .</i>	68,92,924	—56,62,000	—24,89,000	—82,40,000
<b>Total Expenditure . .</b>	<b>49,64,27,930</b>	<b>49,90,77,000</b>	<b>50,06,34,000</b>	<b>50,38,19,000</b>



	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
	Rs.	Rs.	Rs.	Rs.
<b>RECEIPTS.</b>				
XXXVI.—Defence Services —Effective . . . . .	4,81,32,361	4,47,09,000	4,61,45,000	4,56,35,000
XXXVII.—Defence Services —Non-Effective . . . . .	48,69,619	45,68,000	46,89,000	36,84,000
<b>Total Receipts . . . . .</b>	<b>5,30,01,980</b>	<b>4,92,77,000</b>	<b>5,08,34,000</b>	<b>4,93,19,000</b>
<b>Net Expenditure . . . . .</b>	<b>44,34,26,000</b>	<b>44,98,00,000</b>	<b>44,98,00,000</b>	<b>45,45,00,000</b>

## Statement showing the interest-bearing obligations of the Government of

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.
<b>INTEREST-BEARING OBLIGATIONS.</b>						
						(In crores
<i>India—</i>						
Loans (a) . . . . .	339.83	358.81	370.38	368.29	374.44	372.25
Treasury Bills in the hands of the public . . . . .	21.59	2.12	..	..	..	7.59
Treasury Bills in the Paper Currency Reserve . . . . .	49.65	49.65	49.65	49.65	41.47	31.94
Ways and Means Advance . . . . .	..	..	..	..	..	..
Other Obligations—						
Post Office Savings Banks . . . . .	23.20	24.79	25.64	27.23	29.51	32.67
Cash Certificates . . . . .	3.13	8.42	13.12	20.96	26.68	30.70
Provident Funds, etc. . . . .	36.17	39.00	42.39	46.36	51.02	55.82
Depreciation and Reserve Funds . . . . .	..	..	9.08	15.45	20.10	25.48
Provincial Balances (b) . . . . .	2.86	4.17	4.83	11.87	10.49	10.48
Total Loans, etc. . . . .	411.07	410.58	420.03	417.94	415.91	411.78
Total Other Obligations . . . . .	65.36	76.38	95.06	121.87	137.80	155.15
Total in India . . . . .	476.43	486.96	515.09	539.81	553.71	566.93
						(In millions
<i>In England—</i>						
Loans (a) . . . . .	222.92	244.53	(c) 263.39	(e) 266.35	265.09	272.32
War Contribution . . . . .	19.71	19.27	18.81	18.32	17.81	17.28
Capital value of liabilities undergoing redemption by way of terminable railway annuities . . . . .	61.31	60.10	58.84	57.53	56.19	54.79
India Bills . . . . .	..	..	..	..	..	..
Provident Funds, etc. . . . .	.04	.13	.16	.21	.27	.19
Total in England . . . . .	303.98	324.03	341.20	342.41	339.36	344.58
						(In crores
Equivalent at 1s. 6d. to the Rupee . . . . .	405.31	432.04	454.93	456.55	452.48	459.44
Total Interest-bearing obligations . . . . .	881.74	919.00	970.02	996.36	1,006.19	1,026.37
<b>INTEREST-YIELDING ASSETS—</b>						
Capital advanced to Railways . . . . .	517.22	537.02	(d) 578.05	(f) 605.61	635.46	668.60
Capital advanced to other Commercial Departments . . . . .	19.43	20.07	22.00	17.77	19.16	20.73
Capital advanced to Provinces . . . . .	87.49	97.56	106.43	114.60	120.17	126.34
Capital advanced to Indian States and other interest-bearing loans . . . . .	8.90	8.93	10.16	11.84	12.11	13.91
Total Interest-yielding assets . . . . .	633.04	663.58	716.64	749.82	786.90	829.58
Cash, bullion and securities held on Treasury account . . . . .	44.80	50.47	57.35	51.96	37.48	24.26
Balance of total interest-bearing obligations not covered by above assets . . . . .	203.90	204.95	196.03	194.58	181.81	172.53

- (a) These figures represent the nominal amounts of loans outstanding and also  
(b) The figures represent those portions of provincial balances which bear interest Relief Fund or because they have been placed with the Government of India  
(c) Includes the liability assumed by the Secretary of State for East Indian Railway Railway on the 1st January 1925. It therefore does not represent any increase  
(d) Includes 27.07 crores on account of the liability referred to in (c)  
(e) Includes the liability assumed by the Secretary of State for the Great Indian contract with that Railway on the 1st July 1925. Vide also last sentence under  
(f) Includes 4.88 crores on account of the liability referred to in (e)

## DIX II.

India, outstanding at the close of each financial year.

	31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.	31st March 1933.	31st March 1934.	31st March 1935.	31st March 1936.
of rupees.)								
	390.73	405.11	417.24	422.69	446.89	435.43	438.31	425.91
	4.00	36.04	55.38	47.53	26.09	33.31	18.27	} 34.09
	39.15	29.22	5.89	49.67	35.48	25.93	36.07	
	..	..	..	9.50	..	..	..	
	34.49	37.13	37.03	38.20	43.40	52.23	58.30	67.80
	32.30	35.00	38.43	44.58	55.64	63.71	65.96	65.96
	60.52	65.41	70.33	73.04	76.74	83.77	89.80	95.99
	31.09	30.18	21.39	17.65	15.22	13.04	13.05	12.74
	10.43	10.21	6.09	4.32	7.02	6.17	6.66	4.93
	433.88	470.37	478.51	529.39	508.46	494.67	492.65	460.00
	168.83	177.93	173.27	177.79	198.02	218.92	233.77	247.42
	602.71	648.30	651.78	707.18	706.48	713.59	726.42	707.42
of £)								
	283.31	289.03	316.81	313.60	314.33	321.01	323.38	317.75
	16.72	16.72	16.72	16.72	16.72	16.72	16.72	16.72
	53.35	51.86	50.32	48.72	47.06	45.35	43.58	41.75
	..	6.00	4.05	..	..	..	..	..
	.43	2.54	.69	.80	.91	1.03	1.15	1.27
	353.81	366.15	388.59	379.84	379.02	384.11	384.83	377.49
of rupees.)								
	471.75	488.20	518.12	506.45	505.36	512.15	513.11	503.32
	1,074.46	1,136.50	1,169.90	1,213.63	1,211.84	1,225.74	1,239.53	1,210.74
	700.69	730.79	743.98	750.73	756.75	754.94	755.63	757.38
	21.81	22.70	23.65	24.25	21.89	23.23	23.76	24.30
	137.52	142.60	151.82	163.64	173.04	175.18	178.15	186.82
	15.49	17.65	19.45	20.29	20.92	21.11	20.32	20.92
	875.51	913.74	938.90	958.91	972.60	974.46	977.86	989.42
	28.34	45.36	34.03	41.42	35.69	43.25	63.33	22.99
	170.61	177.40	196.97	213.30	203.55	208.03	198.34	198.33

include comparatively small amounts of expired loans which do not bear interest, either because they form part of the old Famine Insurance Fund or the present Famine on fixed deposit.

Debenture Stock, aggregating £18½ millions, on the termination of the contract with that in the foreign indebtedness of the country as a whole.

above.

Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the (c) above.

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.]

	1935-36.				1936-37.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted.	Non-voted.	Total.	Per-centage of voted to total.
Expenditure charged to revenue.	96,85	1,09,13	2,05,98*	47	1,00,19	1,08,07	2,08,26*	48
Expenditure not charged to revenue.	7,99	5,25	12,24	57	4,25	22	4,47	95
Total Expenditure both charged and not charged to revenue.	1,03,94	1,14,38	2,18,32	48	1,04,44	1,08,29	2,12,73	49

\*These figures have been arrived at as follows:—

Expenditure as per Budget Statements . . . . .	1,20,95	1,22,70
Add—Working expenses of—		
(a) Railway Department . . . . .	70,61	70,23
(b) Posts and Telegraphs . . . . .	10,62	10,93
(c) Irrigation . . . . .	1	1
Add—Refunds . . . . .	3,79	4,39
	<u>2,05,98</u>	<u>2,08,26</u>