

EAST INDIA (FINANCIAL STATEMENT, 1887-8).

RETURN to an Address of the Honourable The House of Commons,
dated 27 April 1887;—for,

C O P Y

OF

INDIAN FINANCIAL STATEMENT

FOR

1887-88.

India Office, }
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J. A. GODLEY,
Under Secretary of State for India.

(*Sir George Balfour.*)

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FINANCIAL STATEMENT FOR 1887-88.

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FINANCIAL STATEMENT

FOR

1887-88.

1. THE Accounts for the year 1885-86 correspond very closely with the figures of the Revised Estimates given in the Financial Statement for last year. The deficit in that year was then calculated at 2,890,800 *l.*; the actual figure as now finally shown in the Accounts is 2,801,726 *l.*

Accounts,
1885-86.

2. The Revenue Estimates for the year 1886-87 have not in any material degree been modified by the results of the year. It will be seen from figures furnished in a later page of this Statement, that the revenue taken in the Revised Estimates of 1886-87 exceeds that shown in the Budget Statement of the same year by 273,000 *l.*

Revenue Esti-
mates, 1886-87.

3. The Estimates of Expenditure have been disturbed by two causes which, at the time they were under preparation, were known to threaten uncertainty, but in other respects they are borne out by the result shown in the Revised Estimates. There has been a greater charge on the expenditure side than was provided under the head of Exchange, the difference being 474,600 *l.*; and events in Upper Burma have compelled the Government to maintain a strong force there throughout the year, and to carry out the active operations necessary to secure and preserve order. The extra cost on this head for the year 1886-87 may be put at 860,000 *l.* The combined excess expenditure under these two heads during the year 1886-87, for which the Government has had to make provision, amounts to 1,334,600 *l.*

Expenditure
Estimates,
1886-87.

4. The revision of the engagements with Provincial Governments has occupied the attention of the Government during the year. The five-year contracts with the Provincial Governments, which expire on 31st March 1887, have been renewed, during the year now closing, with the assistance of the Finance Committee. In the renewal of these contracts, opportunity has been taken to submit the revenue and expenditure of the several local governments to the scrutiny to which the Government of India has subjected departments subordinate to itself. The matter is fully dealt with in the following pages; but it may be stated here that, after allotting to Provincial Governments the sums necessary for the services assigned to them, the revenues of the Government of India through the re-arrangement of the provincial contracts have been strengthened by a maximum sum of 640,100 *l.*, though, in the ensuing year, the amount taken on the estimates is, for reasons which will be explained, 490,000 *l.* only. The Finance Committee's recommendations, and those of Sir Charles Elliott and his colleagues who were appointed, when the Finance Committee had separated, to carry to a conclusion certain inquiries, will for a considerable time continue to occupy the attention of the Government, extending as they do to a variety of subjects, and dealing with them in great detail. It is impossible to estimate at present what the net result may be of the decisions ultimately to be taken by the Government on the various suggestions of the Finance Committee; to whom, meanwhile, the Government is greatly indebted for their discharge of the task entrusted to them. The yield of the Income Tax during the year is taken in the Revised Estimates at 1,348,100 *l.* against 1,458,100 *l.*, the figure entered in the Budget Estimates. Measures have come into force during the year for carrying into effect what is known as Article III.

Enumeration of
questions of
importance under
consideration
during 1886-87.

of the Chefoo Convention. By that Article opium entering the treaty ports in China will in future pay a consolidated sum of taels 110 per picul, and will be free of all the further inland duties known as lekin, instead of paying, as hitherto, 30 taels per picul duty, and whatever lekin might be imposed upon it in the course of its transit inland. The Convention came into force on 1st February, and is now in full vigour.

Estimates,
1887-88.

5. Turning to the ensuing year, and taking as a guide the results shown in the Estimates of the closing year, we find that the main points in the revenues and expenditure of the year which is commencing may be thus summarised. An addition has been made to Imperial revenues of 490,000 *l.* by the revision of the provincial contracts; but of this, 400,000 *l.* was anticipated in the receipts of 1886-87 in the form of contributions from certain local governments. A further sum of 256,300 *l.* has been taken as the estimated increase in the revenue of Upper Burma, and 625,600 *l.* has been added to the railway revenue; a net total of 971,900 *l.* on the revenue side, to which must be added an item of 359,100 *l.*, explained in paragraph 18 as taken on exchange; on the expenditure side, this is balanced by the additional charge of 285,400 *l.* in the expenditure necessary for Upper Burma and by 781,300 *l.* increased railway expenditure, debitable to revenue. Provision is made in the Estimates of 1887-88 for 344,984 *l.* for giving further effect to the increase to the effective strength of the army, decided upon in 1885-86. The excess of revenue on the above accounts is nearly the same as the excess of expenditure.

Taxation not pro-
posed:

6. These remarks exhibit the main results of the past year, and the general outcome of the anticipations for the coming year. It may be added here that, in view of the causes which have led to an increase of expenditure, and to the other considerations which present themselves in connection with the financial situation, it is not the intention of the Government to add to existing taxation. The growth of expenditure in the Estimates of 1886-87 and 1887-88 arises in part from war charges and in part from a further fall in the exchange; and the Government is of opinion that it would be undesirable to seek to meet the deficit at present arising from these causes by the imposition of further burdens. The attention of Her Majesty's Government has, during the year now closing, been turned to the difficulties caused to the Government of India by the fall in silver, and the question of gold and silver currency has been submitted to a Royal Commission, the result of whose deliberations must be awaited. The present military expenditure in Upper Burma is of a temporary nature; and, although considerable sums must be expended during the next two or three years in opening up communications in Upper Burma, and in providing the public buildings necessary for the accommodation of the garrison and for the conduct of business, it may be expected that with the return of order the revenues of Upper Burma will expand, and that its resources will become in an increasing degree available. For the present, therefore, until the outcome of present difficulties is seen more clearly, the Government considers that, in providing for the necessary expenditure arising from its administrative needs, it should avail itself of resources which, in times of surplus, are assigned from its revenues to the construction of railways, or to the diminution of the amount which it borrows annually for railways. Having thus indicated the outlines of the financial situation of the two years, 1886-87 and 1887-88, I proceed to a statement of the results shown on the Accounts of 1885-86, the Revised Estimates of 1886-87, and the Estimates of 1887-88, and of the measures to which the Government has had recourse in order to maintain equilibrium.

Accounts of
1885-86.

7. In the last Financial Statement the Revised Estimates of 1885-86 were given as Revenue, 73,598,100 *l.*; Expenditure, 76,488,900 *l.*; Deficit, 2,890,800 *l.* The Accounts closely correspond with the above result, and are—

Receipts	-	-	-	-	-	-	-	-	-	£.	74,464,197
Expenditure	-	-	-	-	-	-	-	-	-		77,265,923
										Deficit	2,801,726

Results of
Accounts,
1885-86.

The deficit, as explained last year, was entirely due to the excess expenditure caused by the military preparations of the year, in anticipation of war, to increased

increased political expenditure, and to the cost of the expedition to Burma. There is nothing in the accounts which calls at this late date for further explanation.

8. As the Budget provided for a surplus of 646,600 *l.*, the final result was worse than the Budget by 3,448,300 *l.* The main items of this difference were as follows :—

	Better.	Worse.
	£.	£.
IMPERIAL:		
Opium - - - - -	- -	661,000
Delimitation Commission, Rawalpindi Durbar, and Political Subsidies.	- -	412,900
Army, Quetta Force - - - - -	- -	2,116,500
„ Burma Expedition - - - - -	- -	604,900
Exchange - - - - -	- -	709,700
Railway Revenue Account - - - - -	789,600	-
Reduction of Expenditure under Buildings and Roads	278,500	-
TOTAL - - -	1,068,100	4,505,000
Net Worse - - - £.	-	3,436,900

Full explanation was given in the Financial Statement of 1886-87 under each of the above heads.

9. The Budget Estimates for 1886-87 were Revenue, 75,798,700 *l.*; Expenditure, 75,616,500 *l.*; the estimated surplus was therefore 182,200 *l.* On the Revised Estimates for that year, after taking from the Famine Insurance Grant, as explained in paragraphs 68 *et seq.*, the amount necessary to obtain equilibrium, the figures stand:—

Results of Revised Estimates, 1886-87.

	£.
Revenue - - - - -	76,071,700
Expenditure - - - - -	76,071,200
Surplus - - - - - £.	500

10. The Estimates of 1886-87 have been very materially modified during the course of the year, and the result above arrived at is due, as will be seen, to the adoption of measures which were not contemplated when the Estimates for the year were framed. Excess expenditure on account of military operations in Burma, to the amount of 860,000 *l.*, was incurred during the course of the year. The Civil Estimates for Upper Burma were increased by 289,300 *l.*, mainly on account of Police. Opium gave 328,700 *l.* less; the charge on account of exchange was increased by 474,600 *l.* There were other items of increased expenditure of less importance, but the total of the four items above enumerated amounts to 1,952,600 *l.*

Items of Excess Expenditure.

11. The revenues in the Revised Estimate, on the other hand, amounted to 76,071,700 *l.*, against 75,798,700 *l.* taken in the Budget Estimates, or an excess of 273,000 *l.* only. The following Table shows the causes of difference between the Budget Estimates of 1886-87, and the Revised Estimates as now presented. As shown in the foot-note of the Statement on page 53, the final result is reduced from a surplus of 182,200 *l.* to one of 500 *l.* only; a deterioration of

181,700 *l.* The details of this are shown in the difference columns of the statement, but they may be grouped as follows:—

	Better.	Worse.	
	£.	£.	
Decrease of Imperial Revenue - - -	- - -	63,400	} Total Worse, 181,700 <i>l.</i>
Increase of Imperial Expenditure - - -	- - -	118,300	
Increase of Provincial Revenue - - -	336,400	—	
Increase of Provincial Expenditure - - -	- - -	336,400	
Alteration of Provincial Adjustment - - -	- - -		

The last two entries necessarily counterbalance, as an improvement or deterioration in the provincial accounts merely increases or diminishes the estimate of the provincial balances left at their credit at the end of the year.

12. The minuter details of the four amounts last stated will be seen from the following statement, the Imperial columns being those with which we are immediately concerned. Explanations regarding the more important differences will be found at a later page:—

Revised Estimate,
1886-87, com-
pared with Budget
Estimate, 1886-87.

	REVENUE.		EXPENDITURE.	
	Imperial. Increase + Decrease —.	Provincial and Local. Increase + Decrease —.	Imperial. Increase + Decrease —.	Provincial and Local. Increase + Decrease —.
	£.	£.	£.	£.
Revenue Heads:				
Land Revenue - - - - -	— 290,200	+ 140,400	— 74,300	+ 500
Opium - - - - -	— 328,700	- - -	+ 134,000	—
Salt - - - - -	+ 150,400	— 4,300	— 7,300	— 6,300
Stamps - - - - -	+ 10,400	+ 16,300	— 2,000	+ 4,300
Excise - - - - -	+ 63,300	+ 67,500	+ 5,700	+ 5,800
Other Heads - - - - -	— 132,700	+ 48,200	— 13,000	+ 69,000
Interest - - - - -	— 6,200	+ 1,400	— 32,700	— 200
Post Office, Telegraph, and Mint - - - - -	+ 62,500	— 1,200	— 38,100	— 2,500
Civil Departments - - - - -	+ 8,400	+ 11,100	+ 356,700	— 102,000
Miscellaneous - - - - -	+ 45,800	+ 11,600	— 106,600	— 10,100
Famine Relief - - - - -	- - -	- - -	— 1,049,000	— 400
Construction of Railways - - - - -	- - -	- - -	- - -	+ 78,700
Railway Revenue Account - - - - -	+ 247,500	+ 44,400	— 185,100	— 30,300
Irrigation - - - - -	— 20,900	— 5,900	+ 34,700	+ 9,100
Buildings and Roads - - - - -	+ 2,300	+ 6,900	— 46,000	— 77,300
Army Services - - - - -	+ 45,700	- - -	+ 780,300	—
Provincial Adjustments - - - - -	- - -	- - -	- - -	+ 398,100
English Account, Sterling - - - - -	+ 52,700	- - -	— 139,900	—
” ” Exchange (at 1-5½) - - - - -	+ 26,300	- - -	+ 500,900	—
TOTAL - - - £.	— 63,400	+ 336,400	+ 118,300	+ 336,400

13. It is explained in the course of this Statement that the Government had before it, in connection both with the year 1886-87 and 1887-88, the alternatives of deficit, fresh taxation, or temporarily withholding of the grant from Revenue to railways, and reduction of debt, under the head of Famine Insurance. For reasons which will be presently given, the latter step having been determined upon, the sum of 1,049,400 *l.* thereby made available to meet other expenditure has obviated deficit. Explanation will be given hereafter of the main items of difference between the Budget and the Revised Estimates of the year 1886-87; but these remarks will sufficiently show what were the chief causes of unforeseen disturbance, and what is the character of the measures by the aid of which it has been decided to cope with them.

Temporary suspension of Famine Insurance Railway Grant.

14. The Estimates for the ensuing year, in which again equilibrium has been obtained by means of the surplus revenues otherwise assignable to the Famine Insurance Grant, are:—

Results of Budget Estimates, 1887-88.

Revenue	-	-	-	-	-	-	-	£.	77,460,200
Expenditure	-	-	-	-	-	-	-		77,443,500
Surplus								£.	16,700

15. Compared with the Revised Estimates of the present year the receipts are 1,388,500 *l.* and the expenditure 1,372,300 *l.* in excess. If we take the Estimates in detail, the main items of increase of revenue under the several heads, such as Railways, are balanced by corresponding increase of expenditure. In the same way the increase in the revenues in Upper Burma nearly meets the increase of expenditure on account of the combined military and civil expenditure in that province. The net charge in the Estimates of 1887-88 under this head amounts to 1,770,500 *l.* distributed over charges in respect of Collection, Law and Justice, Police, Marine, Civil and Military Works, and Army, as against 1,741,400 *l.* in the Revised Estimates of 1886-87. The excess of expenditure over revenue on account of Upper Burma in the Estimates of 1887-88 will be seen from the following figures:—

Excess Expenditure, Upper Burma.

Upper Burma Receipts:		£.	Upper Burma Expenditure:		£.
Revenue Heads	-	551,600	Police	-	737,000
Public Works Receipts	-	2,100	Other Civil Charges	-	321,200
			Irrigation Works	-	24,000
			Civil Works	-	156,000
			Military Works	-	300,000
			Extra Army Charges	-	720,000
			Marine - ditto	-	66,000
		£. 553,700			£. 2,324,200

(Revised Estimate, 1886-87, £. 297,400.)

(Revised Estimate, 1886-87, £. 2,038,800.)

16. An additional charge of 344,984 *l.* is included in the Estimates of 1887-88 under Army, being the sum provided to meet increased expenditure consequent on the prosecution of the measures for increasing the strength of the army determined on in 1885. The total estimate under Army is, however, only 126,400 *l.* in excess of last year, owing to a diminution in the military charges for Upper Burma in 1887-88, as compared with the present year. After deducting the contribution of 400,000 *l.* last year, there is a further net gain of 90,000 *l.* under various heads in connection with the revision of the Provincial Contracts. Minor items of increase in receipts or decrease in expenditure bring about the balance of the Budget which is shown on the Estimates; as will be seen from the statement below.

Army.

Gain on Provincial Contracts.

Comparison of
Budget Estimates
of 1887-88 with
Revised Estimates
of 1886-87.

17. The Budget Estimates for 1887-88 work out to a surplus of 16,700 £., or 16,200 £. more than the Revised Estimates of 1886-87. The detail of this is as follows:—

	Increase.	Decrease.
	£.	£.
Imperial Revenue - - - -	967,500	- - -
„ Expenditure - - - -	- - -	951,300
Provincial Revenue - - - -	421,000	- - -
„ Expenditure - - - -	- - -	421,000
„ Adjustment - - - -	- - -	- - -
		£. 16,200 Better.

The details of these increases and decreases are shown in the annexed statement:—

Budget Estimate,
1887-88, com-
pared with Revised
Estimate, 1886-87.

	REVENUE.		EXPENDITURE.	
	Imperial. Increase + Decrease —	Provincial and Local. Increase + Decrease —	Imperial. Increase + Decrease —	Provincial and Local. Increase + Decrease —
	£.	£.	£.	£.
Revenue Heads:				
Land Revenue - - - -	+ 191,400	+ 135,700	- 73,100	+ 226,700
Opium - - - -	- 5,600	- - -	- 278,400	- - -
Salt - - - -	+ 72,800	- 6,800	+ 79,000	- 93,000
Stamps - - - -	- 809,300	+ 804,400	- 27,900	+ 26,500
Excise - - - -	+ 931,100	- 971,300	+ 28,000	- 26,700
Other Heads - - - -	- 58,300	+ 178,900	+ 23,300	- 49,000
Interest - - - -	+ 47,600	- 900	+ 59,200	- 100
Post Office, Telegraph, and Mint - - - -	+ 51,200	+ 800	+ 78,600	+ 2,900
Civil Departments - - - -	- 15,000	- 14,500	+ 260,400	+ 147,000
Miscellaneous - - - -	+ 359,100	- 5,700	+ 6,700	+ 21,100
Famine Relief - - - -	- - -	- - -	- 218,800	+ 1,400
Construction of Railways - - - -	- - -	- - -	- - -	- 112,900
Railway Revenue Account - - - -	+ 342,900	+ 282,700	+ 492,200	+ 182,600
Irrigation - - - -	+ 75,500	+ 17,700	- 279,500	+ 326,600
Buildings and Roads - - - -	- 152,200	- - -	+ 262,400	- 49,800
Army Services - - - -	+ 11,300	- - -	- 58,700	- - -
Provincial Adjustments - - - -	- - -	- - -	- - -	- 182,300
English Account, Sterling - - - -	- 54,800	- - -	+ 435,900	- - -
„ „ Exchange (at 1-5½) - - - -	- 20,200	- - -	+ 162,000	- - -
TOTAL - - - £.	+ 907,500	+ 421,000	+ 951,300	+ 421,000

18. On the revenue side the Land Revenue is, on the whole, better by 327,100 *l.*; mainly in Upper Burma, 209,900 *l.*, and Bombay, 134,100 *l.* Salt, which is almost entirely an Imperial revenue, is estimated to give six or seven lakhs better returns, part of which is in Madras, and part in Upper India, where the opening of the Jhelum Bridge will improve the sales of Punjab mine salt. Both Stamps and Excise are estimated a little lower than the figures of the Revised Estimate of 1886-87; but a quarter of the revenue passes in the new Provincial Contract from Imperial to Provincial in the first case, and from Provincial to Imperial in the second. The figures against other heads are affected by a similar transfer, but there is a net gain of 120,600 *l.*, of which part is under Assessed Taxes, and part is a payment of arrears under Tributes. Under Miscellaneous in the Imperial column there is an increase of 359,100 *l.*, entirely due to the entry against Exchange. It represents for the most part the gain to the Government by its contracts with railway companies, in accordance with which they make their remittances to this country at a rate which involves the payment to them in India of amounts smaller than those which, at the exchange equivalent at present rates, would have to be paid. There is a similar large receipt in the Accounts of 1886-87, but it is there counterbalanced by the exchange charge borne by Government in remitting money to pay off 1,128,800 *l.* of the Stock Receipt Loan of 22nd April 1854. In the Railway Revenue Account the total improvement is 625,600 *l.*, which is mostly in the revenue of State railways, as the returns of guaranteed railways are not estimated so high as those of 1886-87.

19. Before entering into further examination of the measures proposed in 1887-88, in connection with the Budget, we may make a brief estimate of the present position and prospects of the finances, viewed, so far as at present we can see them, as a whole. It will be seen, from the General Statement at page 52, that the Indian revenues have increased from 74,464,197 *l.* in the Accounts of 1885-86 to 77,460,200 *l.* in the Estimates of 1887-88, or, in round figures, by 3,000,000 *l.* Of this we may say that 1,680,000 *l.* are due to what are known as the "Principal heads of Revenue," in which are included 553,700 *l.* on account of the estimated revenue of Upper Burma, and 902,966 *l.* on account of assessed taxes; while 1,200,000 *l.* arise from increased railway receipts, and 100,000 *l.* from Irrigation, a total of 2,980,000 *l.*, or, in round numbers, three millions: The year 1885-86 was a year of abnormal expenditure, and is therefore somewhat inconvenient for purposes of comparison on this side of the account. The expenditure, however, in that year is shown at 77,265,923 *l.*, the estimated expenditure of 1887-88 being 77,443,500 *l.* Eliminating, in 1885-86, 3,050,000 *l.* on account of the net extraordinary expenditure connected with military preparations, and deducting similarly 1,770,000 *l.* in 1887-88, being the net excess of expenditure in Upper Burma, we have, in 1885-86, an expenditure of 74,215,923 *l.* against 75,673,500 *l.* in 1887-88; an excess of 1,457,577 *l.* in the latter year, to which must be added 1,406,000 *l.* on account of the Famine Insurance Grant, which has not been charged against revenue in the Estimates of 1887-88. The net increased expenditure in the latter year, as compared with 1885-86, will then be 2,863,577 *l.* The chief items contributing to this are, (a) excess expenditure (largely composed of the increased charge for interest) on the Railway Revenue Account, the figures of which, excluding exchange, are for 1885-86, 12,820,911 *l.*, and for 1887-88, 14,490,300 *l.*, a difference of 1,669,389 *l.* (these charges are abnormally high in 1887-88), (b) exchange (1,104,912 *l.*), and (c) charges arising from the increase to the strength of the army. Against the 3,000,000 *l.* increased receipts we thus have 2,863,577 *l.* net increase shown above, plus 1,770,000 *l.* extraordinary charges, or 4,633,577 *l.*, the difference, roughly speaking, being the amount which we have met by the transfer of the charges under Railway Famine Insurance to Loan.

20. The net addition since 1885-86 to Imperial revenues, as distinguished from Provincial, may be put, in round numbers, at 880,000 *l.* on account of Income Tax, and 640,000 *l.* by the revision of the Provincial Contracts, or 1,520,000 *l.* We are engaged in examining further projects of retrenchment, though we shall not, for some time to come, be able to say what will be the amount of our further economies. On the other hand, we shall have brought upon our Estimates before long the total addition to military charges consequent on the

increase to our forces. We may expect that this will be more than provided for by the additions to revenue just indicated. We may also consider that, with the exercise of prudence, the growing receipts of our railways will about equal the future increase of expenditure on railways debitable to revenues, including interest on debt incurred for construction of State railways and payment of surplus profits on guaranteed railways. To the growth of other heads of receipt we may look for an equivalent to the interest charges on account of such capital outlay as that for defence works. Apart from war or famine there remains, so to speak, uncovered, the future growth of expenditure connected with exchange, a source of gravest anxiety, regarding which I have no desire to modify the remarks recorded last year. This item has increased from 4,411,437 *l.* in the Accounts of 1885-86 to 5,500,500 *l.* in the Estimates for the year 1887-88. It is impossible to foresee what will be the future increase; but it may be said that, so far as an unfavourable exchange is due to larger drawings by the Secretary of State, owing to increased purchases of material for railway construction, the ratio of increase will be lessened in proportion as the railways now in course of active construction by the State approach completion. It must also be remembered that the net surplus of railway receipts will become more considerable, on the one hand, as the lines now in course of construction are opened, and as capital at present unproductive yields returns, and on the other hand, as the expenditure remaining on account of construction diminishes. In both these directions some set-off may be looked for against increasing charges on account of exchange. The excess military expenditure on account of Upper Burma will disappear, it may be hoped, in next year's Estimates. But the civil expenditure will probably, for the next two or three years, be in excess of the revenues of that province, and so long as this proves to be the case it must continue to be of the nature of an extraordinary charge, for which some special provision such as that of this year may have to be made. Apart from the question of silver, there would seem, therefore, to be no grounds for anxiety greater than those here indicated. Much caution is needed for the present, because we cannot look forward to relief through the immediate increase of our net receipts in any material degree from the opening of new railways, or the slackening of construction; and because, in proportion as we utilise our surplus revenues for administrative needs, we draw upon resources which form the first reserve in the event of an outbreak of famine. But (excepting silver) among the elements of calculation which I have enumerated there are as many favourable to increase of revenue as to growth of expenditure; and it may be added that, while the latter, such as we know them to be, will gradually, from the nature of the case, become less onerous, the former are expansive and elastic. It may be added in this connection that 53,343,790 *l.* India 4 per cent. sterling stock are redeemable in 1888, and that on the redemption of this stock some relief to the finances may be expected.

Necessity of explanation regarding course pursued in respect of Provincial Contracts and Famine Insurance Grant.

21. I now go on to explain the considerations by which the Government has been guided in dealing with the revision of the Provincial Contracts and the Famine Insurance Grant, measures which occupy a prominent place in connection with the Budget of 1887-88, and in regard to which its policy will be fully stated. The decision taken in regard to these two heads has largely contributed to bring about the balance between receipts and expenditure. The former has added to the Imperial revenues a sum of about 550,000 *l.* annually for the next five years; the latter, though a measure temporary in character, has decreased the charges against revenue by the sum of 1,248,000 *l.* I hope not to be tedious if I examine at some length the character of the financial relations established between the Government of India and the Local Governments by the successive arrangements which have been concluded since 1870, as well as the nature of the obligations imposed upon the Government under the present form of the Famine Insurance scheme. It is necessary to do this in order to explain why the Government has felt free to avail itself of the resources existing in either of these directions. It was inevitable that, on the expiry of the five years' term of the late contracts, at a time when the finances of the Government of India are subjected to excessive strain, the assignments made to Provincial Governments for a fresh term of years to enable them to meet the charges of provincial administration should be reviewed with special regard to economy. The result of the arrangements concluded between the Provincial Governments and

and the Government of India has been to reduce the Provincial revenues at the time existing; and the circumstances in which reductions have been made, no less than the system under which they have been made, may have been temporarily lost sight of. In a Resolution published in the "Government Gazette" of 28th January 1887, the Government of India has already stated, in general terms, the principles by which it was guided in the arrangements recently concluded with Provincial Governments. I shall have occasion to return presently to that Resolution; but my object at present is to recall the past history of the measures which have been the outcome of what is known as the policy of decentralisation, and to prove that our procedure in the late revisions has been identical with the procedure laid down in past times. I believe that, if we had dealt with the question in any manner other than that in which we have disposed of it, we should have made ourselves justly liable to the charge of introducing elements into the policy destructive to its stability, and inconsistent with the security of the finances of the Government of India, which are the only serious guarantee for the independence of provincial finance.

Proposed review of past measures in connection with provincial finance.

22. I shall, in the first place, recall the fact that in 1870 it was as much the aim of the Government of India to strengthen its own finances as to improve the relations existing in financial matters between itself and Provincial Governments. To that end, I shall explain, the Government of India not only required Provincial Governments to make good from their own resources the balance between the expenditure allotted to them and the funds assigned to meet this expenditure, but, at a later date, when the matter had passed into a further state, it reserved to itself, with certain exceptions, all increase of revenue accruing during the term of what are known as the "Contracts." It will be then shown that the Government of India has refused to recognise any claim against it to furnish funds except those allotted simultaneously with given heads of expenditure to meet the further growth of expenditure, in the branches of administration assigned to Local Governments; and that, on the contrary, it has repeatedly referred to its discharge from all obligations under this head as one of the principal objects which it has had in view. While the Government of India has left to Local Governments the use of their share in the increase, during the contract term, of the revenues assigned, it will be explained that it has, in specific terms, and on successive occasions, in 1882, as in previous years, laid down and acted upon its claim to review and revise its share in the common revenues when the term of contract expired. It has been compelled again, on the present occasion, to act in accordance with this last reserve; because, important though they unquestionably are, the interests of the Local Governments in matters of finance are second to those of the Supreme Government, upon which rests the sole responsibility for the maintenance of the financial credit of India. The only question, therefore, which can arise out of the measures recently taken in connection with provincial finance is in connection with the extent to which the Government of India has used its powers. On this point the necessary information will be given, and the resources left at the disposal of Provincial Governments will be stated.

Object of the following remarks stated.

23. I propose to show that the following four positions, in pursuance of which we conducted the late revisions, have in past years been established in the course of the arrangements connected with the Provincial Contracts. They are as follows:—

First: That the amount of the funds assigned to Provincial Governments need not exceed, or equal, the amount of the expenditure assigned at the time when the contracts are made; Provincial Governments being expected to provide by their own resources the difference between the assigned revenue and expenditure.

Enumeration of four positions established in past years in connection with provincial finance.

Second: That the growth of provincial expenditure during the term of a contract must be met from growth of provincial revenue; except in cases where considerable expenditure is undertaken by Local Governments to meet the wishes of the Government of India, and to carry into execution projects which are pressed upon it by that Government.

Third: That the Imperial Government reserves its claim, at the expiry

of a term of contract, to such share as the circumstances of the time may make necessary in the increase of revenues which have accrued to the province during the term of the contract, but which were reserved to the Provincial Government during such term.

Fourth : That the power of enforcing reduction, on the occasion of a new contract, of the assignments of revenue made at the previous contract, is a condition implied in the system of provincial contracts, and has been uniformly acted on.

24. The orders in accordance with which these four several conditions have been laid down more or less overlap one another in point of time, and it is not very easy precisely to separate the circumstances in which each was determined. But they may be grouped more or less exactly round the successive arrangements of 1870, 1877, and 1882, and it is in that order that I will take them. I begin with 1870. The Resolution of 14th December 1870, which was the first embodiment of the views and intentions of the Government of India on this subject, commenced by declaring that it was desirable to enlarge the powers and responsibilities of the Governments of Presidencies and Provinces, in respect to the public expenditure in some of the Civil Departments. It developed the reasons which had led the Government of Lord Mayo to that decision; and in paragraph 8 it indicated the liability to which, under its provisions, Provincial Governments would be required to subscribe in order to obtain the enlargement of powers and responsibility which it was the object of the Government of India to assure to them :—

Measures of 1870 in regard to the first of the above four positions.

Resolution of 14th December 1870.

“It would have been satisfactory had his Excellency in Council been able to propose the enlargement of the power and responsibility of the Local Governments, without charging upon local resources any part of the existing Imperial expenditure. This cannot be done; but it has been determined to make as small a demand upon these resources as possible. At the same time, it should be remembered that the relief of the Imperial finances has been a principal object in the discussion of such measures on former occasions.”

That paragraph shows the important reserve as to the relief of the Imperial finances with which, at its inception, the system of decentralisation was accompanied. The grants assigned, with certain branches of expenditure, to the several Local Governments were less than the grants made in the previous year for the same services; the balance was to be found, whether by economy or by local taxation, by Local Governments themselves. It was declared to be impossible to introduce the system without making an initial demand on the resources of Local Governments, though it was desired that the demand should be as small as possible. The amount by which the expenditure of the several branches of the administration assigned exceeded the revenues allotted to meet it was 330,800 £, or 6 per cent. on the whole arrangement. It was expected that the Local Governments would furnish themselves, not only with this sum, but, which is of no less importance, with all further sums necessary to meet the growth of expenditure in the departments assigned to them. In the course of his Financial Statement for 1871-72 Sir R. Temple wrote :—

Reserves established therein, and reductions made in funds assigned for expenditure.

Sir R. Temple.

“The Local Governments are to have a fixed annual allotment from the General Exchequer for these particular services, and are to appropriate as local income all receipts connected therewith. They are to regulate (subject to certain general rules) all the expenditure on those services. If the existing income, namely, Imperial allotment *plus* departmental receipts, shall suffice for the requirements of that expenditure, then that is well; if it shall not suffice, then the Local Governments are not to apply to the Government of India for increased grants. They must raise what they need by local taxation, or, by such like means (subject to our central control), if they fairly can. But, if they find that they cannot fairly manage this, then they must necessarily do without the increased expenditure. However much the necessity for doing without the increase may be regretted, there is no help for it. This is the only way of following the good old rule of cutting coat according to cloth. However important progress and improvement may be, financial safety is more important still.

“These allotments have been fixed on the basis of the Budget Grants for 1870-71 (after the deduction of the 331,038 £. rateably distributed). The objections which might be urged in detail against this mode of fixing the allotments have not, indeed, been overlooked. But certainly any other method that could be devised would have stirred up controversies and difficulties which might never be determined, and which would have caused an indefinite postponement of the whole measure.

“If

"If it were urged, too, that the Grants for 1870-71, having been very economically fixed, afford too low a standard for future Allotments, we should reply that these Grants were really as much as we could possibly afford; and that we are not likely to be able to afford more for some time to come.

"How the several Local Governments will deal with their respective shares in the retrenchment of 331,038 £. from the Grants of 1871-72, and how they will provide whatever additional sums may be required for the finance of the services now entrusted to them, is more than I can say at present. It is, however, clear that they have, to some extent, already made up, or are making up, their quotas of the retrenchment by savings and reductions of expenditure; a method, in my opinion, the most satisfactory of all."

Lord Mayo, on the 18th March 1871, said:—

"Then under the *eight* Heads, it is proposed to entrust administration, under a few Lord Mayo. general conditions, to Provincial Governments, and that a fixed contribution will be made from Imperial Revenue every year. I shall have something to say, hereafter, as to the amount of that contribution. It is intended by the Supreme Government (and I think that there should be no doubt on this point) that that sum should for some time, at all events, be a fixed sum. It is impossible to prophesy or say at present what can be done in the far future; but I should be misleading the Local Governments if I were not to say that it is our opinion that these sums are now fixed at an amount which cannot be exceeded for, at least, a number of years. I think it desirable that this should be perfectly understood, because one of our objects is the attainment of as great an amount of financial certainty as is possible. We believe that, in justice to other public claims which are certain hereafter to be made on Imperial Revenue, in view of increased charges for the payment of Interest and other objects, we cannot without recourse to large additional Imperial Taxation increase this sum as now fixed to any very considerable amount. We know that, if it is necessary, the sums which have been hitherto allotted for this purpose can be increased by Local Taxation in a manner much less burdensome and much less offensive to the people than they could be by Imperial Taxation. If it is necessary or desirable to spend money, that money must come from some source. It is possible that the wants of the Local Governments may increase, and I daresay they will; but, if they do, we believe, after the most mature consideration, that these wants can better be supplied within the limits of the Provinces themselves, than they can be by adding to the Imperial Taxation of the Empire and the general burdens of the people."

25. It is evident from these extracts that in the minds of those who introduced the Resolution of 1870, and the policy which it embodied, the assignments of revenue to Local Governments were not to be necessarily equal to the present expenditure in the several branches of administration assigned to them. The system introduced in 1870 has been since that date developed, and on three subsequent occasions, viz., in 1877, in 1879, and in 1882, new arrangements have been entered into with Local Governments. We shall see that in 1877, when the system was developed, the practice adopted in 1870 was followed, and that on the second, as on the first occasion, Local Governments were expected to make good for themselves the excess of assigned expenditure over assigned revenue. Financial circumstances, on the latter of the three occasions referred to, viz., in 1882, enabled the Supreme Government to deal at its discretion on terms exceptionally favourable to some of the Local Governments; but it has never in any way intimated that, in the future exercise of such discretion, it would follow the precedent of 1882 rather than that of 1870. If, on the present occasion, the assignments of revenue under specific heads of expenditure have been reduced, it has been done only in the proportion in which the inquiries of the Finance Committee have shown that expenditure itself could be cut down.

Remarks on the above extracts.

26. I pass now to the second of the four heads indicated in a preceding paragraph, viz., that the growth of provincial expenditure during the term of a contract must be met from Provincial revenue, so far as considerable expenditure is not undertaken by Local Governments to meet the wishes of the Government of India, and to carry into execution projects pressed upon them by that Government. The Government of India has at all times, as, for example, in the extracts already quoted, declined to recognise its liability for any addition to the assignments made to Provincial Governments, on the ground of the increase of provincial expenditure in the departments assigned. Not unfrequently during the recent discussions in respect of the revised contracts, there has been much misconception as to the claims of Provincial Governments for assignments

Second position established in past years.

of revenue sufficient to meet, not existing expenditure only, but increases of expenditure contemplated by Local Governments during the ensuing five years of the contract. The following explanation will show that any such claims have never been on previous occasions, whether in 1870 or subsequent to 1870, in any way recognised, and that to have admitted them now would have been quite inconsistent with the spirit of the whole system.

Modifications introduced in 1877 into the system.

27. It is necessary to say here that in 1877, the next occasion on which the provincial arrangements came under consideration, an important advance was made in the system of decentralization. The advance was in two directions; *firstly*, some additional heads of expenditure were transferred; and, *secondly*, some heads of receipt were made wholly or partially provincial, the amount of which took the place of a portion of the fixed assignment of 1870. Before discussing the latter, which was the more important, I will notice the advance made in the way of transferring additional heads of expenditure, an extension of the system which was carried out in precisely the same direction and on the same lines as the measure of 1870, which has been above dealt with.

Reductions made in funds assigned for expenditure in 1877.

28. In calculating the amounts for the several heads of the expenditure then for the first time made provincial, the figures were taken as nearly as possible at what were believed at the time to be the normal amounts. But from the total of the expenditure under the new heads then for the first time transferred a retrenchment of about 5 per cent. was made. In the case of the North-Western Provinces the amount of this retrenchment was 3,54,000 rupees; in other words, the Local Government was expected to undertake the management of the new expenditure with an initial grant about 3½ lakhs less than the Imperial grants hitherto assigned for the services. The difference in the assigned departments between the total expenditure after this reduction and the Provincial receipts was to be the net Imperial assignment to the Provincial Government, which was to make good, by such methods as it thought fit, the deduction of 5 per cent. above indicated. In Oudh the retrenchment for the newly transferred services was also at 5 per cent., amounting to 73,000 rupees. In Bengal the 5 per cent. retrenchment was similarly made, amounting to 5,90,000 rupees. Sir John Strachey, in his Financial Statement of March 1877, thus described the result of the arrangements made with the North-Western Provinces, Oudh, and Bengal:—

“Altogether the immediate saving to the Imperial Treasury by the arrangements entered into with Bengal, the North-Western Provinces, and Oudh, is 101,780 £, beside guarantee of normal increments to the transferred revenues amounting to 44,000 £. The estimates of the year are thus better by 145,700 £ than they otherwise would have been. I hope that, when it becomes possible to enter into similar arrangements in other Provinces, equally satisfactory results may be obtained.”

In the course of the year 1877-78 similar arrangements were concluded with the Governments of the Central Provinces, Bombay, and the Punjab. The retrenchments made from the newly transferred heads were, respectively, in the case of each Province, 90,000 rupees, 73,000 rupees, and 2,41,000 rupees. Besides the direct retrenchments referred to above, the Imperial Government also benefited by the arrangement made in some Provinces for the transfer of productive public works to Provincial control, and by guarantees of increased revenue under some of the transferred heads. The total benefit to the Imperial Finances was stated to be about 400,000 £ in the Financial Statement for 1878-79 (para. 21):—

“The measures taken during the past year for increasing the powers and responsibilities of the Local Governments, the nature of which was described in the Financial Statement for 1877-78, will, it is believed, when they are complete, improve the financial position of the Government of India by an annual sum of nearly 400,000 £. No part of this improvement is due to fresh taxation. It is the result of the administrative changes and improvements to which the policy of decentralization has led. The original measures taken in 1870 by the Government of Lord Mayo had previously led to a saving of 330,000 £, and this policy, which has given increased efficiency to almost every branch of the Administration, has thus added to the Imperial Revenues a sum of about 700,000 £ a year, without the imposition of any fresh burdens on the people. These measures of decentralization have now been more or less completely carried out in Bengal, in the North-Western Provinces and Oudh, in the Punjab, the Central Provinces, and in Bombay,

Bombay, and in all cases with the complete approval of the Local Governments. The only great province in regard to which no satisfactory arrangement has hitherto been found practicable is Madras."

29. The second and more important advance made in 1877 was, as I have said, the transfer to Provincial Governments of Revenue. In 1870, the only receipts which were made Provincial were the departmental receipts corresponding to the head of expenditure transferred. These were comparatively unimportant in amount. All the main heads of Revenue were retained as Imperial. In 1877, the Local Governments were given an interest in some of the main heads of revenue. Sir John Strachey, in his Financial Statement of 15th March 1877, said (para. 5):—

Further changes effected in 1877. Transfer of Revenue.

"The weak point in those measures (the measures of 1870) was this, that, while they transferred to the Local Governments the responsibility for meeting charges which had an undoubted tendency to increase, the income of which the Local Governments had to dispose, although not quite a fixed amount, had little room for development. The difficulty has perhaps not, hitherto, been generally felt to a serious extent, because it has been met by economy and good management: it must, however, be felt hereafter; and, for this and for still more important reasons, I have always maintained that the system of Provincial Assignments established in 1871 ought to be applied not only to expenditure but to income. What we have to do is, not to give the Local Governments fresh powers of taxation, but, on the contrary, to do all that we can to render fresh taxation unnecessary, and to give to those Governments direct inducements to improve those sources of existing revenue which depend for their productiveness on good administration.

Sir John Strachey.

"How is this better administration to be obtained? The answer seems to me simple: it can be obtained in one way only; not by any action which gentlemen of the Financial Department, or any other Department of the Supreme Government, can take while sitting hundreds or thousands of miles away in their offices in Calcutta or Simla; not by examining figures and writing circulars; but by giving to the Local Governments, which have in their hands the actual working of these great branches of the revenue, a direct, and, so to speak, a personal interest in efficient management. It may be very wrong, but it is true, and will continue to be true while human nature remains what it is, that the local authorities take little interest in looking after the financial affairs of that abstraction, the Supreme Government, compared with the interest which they take in matters which immediately affect the people whom they have to govern. When Local Governments feel that good administration of the Excise and Stamps and other branches of revenue will give to them, and not only to the Government of India, increased income and increased means of carrying out the improvements which they have at heart, then, and not till then, we shall get the good administration which we desire; and with it I am satisfied we shall obtain a stronger and more real power of control on the part of the Central Government than we can now exercise."

30. It is not necessary to dwell on the reasons which led to the adoption of the measures of 1877 further than to call attention to the safeguards to the Imperial Revenues with which the change was accompanied. In the first place, an amount, corresponding to the average at which the revenues transferred had increased in the past, was, as a rule, reserved during the currency of the contract to Imperial Revenues. In the second place, the right of the Imperial Revenues was also laid down to share during the period of the contract, in accordance with the terms thereof, in any increase over and above what was estimated to be the figure of average increase, which might be caused by the greater care in the control and management of the revenues. In the case of Bengal, the Local Government was allowed to retain during the term of the contract the whole increase, in consideration of the fact that a considerable burden was then being imposed on that Province in order to guarantee to the Imperial Revenues the interest on the capital spent on the construction of canals and railways.

Reserves with which the transfer of revenue was accompanied.

31. It will be seen, therefore, that in 1877, as in 1870, the funds assigned from the Imperial to the Provincial Governments fell short of the scale of expenditure existing at the time of transfer; and the balance had to be made good from their own resources by Provincial Governments. It will also be observed that not only was no provision made by the Imperial Government for the assignment of any further grant to meet increase of expenditure during the term of the contract, but a guarantee was taken from Provincial Governments for the payment during the term of contract to the Imperial Government of increased revenues under certain heads. For increase of expenditure over the initial scale, the Local Governments had to depend only on such improvement over and above the estimated ordinary increase in the revenues made provincial as

they might by good management be able to secure. In later times the Provincial Governments have been allotted a share in all increase whatever of the assigned revenues.

Fixing of definite term of Contract.

32. In addition to the two safeguards to the Imperial Revenues above-mentioned, a third was the fixing of a term for the duration of the contracts. The periods fixed for the duration of the contracts of 1877 from 1877-78 were as under:—

North-Western Provinces	-	-	-	-	-	-	-	Two years.
Oudh	-	-	-	-	-	-	-	One year.
Bengal	-	-	-	-	-	-	-	Five years.
Bombay	-	-	-	-	-	-	-	Five "
Central Provinces	-	-	-	-	-	-	-	Three "
Punjab	-	-	-	-	-	-	-	Three "

The contracts with Burma and Assam were made for five years from 1878-79. The above periods were subsequently either extended or shortened, with the consent of the Local Governments, so as to end in 31st March 1882.

Third and fourth positions established in past years.

33. All the contracts of 1877 were therefore made for definite limited periods, at the close of which the terms were to be open to revision, and in particular the division of the increase of revenue under the transferred heads between Imperial or Provincial was to be re-adjusted. This last-mentioned condition attached to the transfer of receipts to Provincial Governments brings us to the third and fourth of the four positions to which I have referred as having been established between the Government of India and Provincial Governments, viz., the claim of the former on the expiry of the contract to a share in the increased revenue enjoyed by Provincial Governments during the term of a contract, and the liability of the latter to a reduction in the amount of Revenue assigned to them under the contract preceding. In 1877 it was declared to be the intention of the Imperial Government under the Provincial system to revise the terms of a contract on conditions which would be financially less lucrative to a Local Government, if, on the expiry of the period fixed for the contract, circumstances should so require. To show that this was an essential condition attached to the Provincial system from the time when main heads of receipt were first made provincial, I quote two paragraphs from the letters embodying the contract made in 1877 with the North-Western Provinces and Bengal.

First, as to the North-Western Provinces:—

Case of the North-West Provinces, 1877.

“The conditions to be annexed to the proposed transfer to the Local Government of the Revenue from Excise, Stamps, and Law and Justice, are as follows:—These items of Revenue have, for some time past, grown satisfactorily year by year: the net Revenue in 1875-76 from these sources, throughout India, was more by 52,20,000 rupees than the corresponding net Revenue in 1870-71; the Government of India is not in a position to part with this normal growth of these Revenues. On the other hand, while it is perhaps too much to expect that these Revenues should continue, without more special attention than is now bestowed upon them, to increase at the rate of upwards of 10,00,000 rupees a year, excellent results may, doubtless, be anticipated from the added care of the Local Governments when they have a particular interest in the development of these revenues. In the North-Western Provinces, however, these revenues have grown less, and fluctuated more, than elsewhere; and the Government of India will, therefore, be satisfied if, for the next two years, the Government of the North-Western Provinces will give to the Imperial Treasury half of any net increase that may result from its management of these Revenues; the Government of India undertaking, on its part, to bear half of any deficit that may appear. At the end of two years this arrangement will be open to revision. While the Government of India is most desirous that the Local Government should share largely in any increase of revenue to which improved administration may lead, it is evidently reasonable and necessary that the Imperial Revenues should share in this increase. It must also be understood, as already stated, that the Government of India does not propose to surrender any portion of that normal growth of these revenues which might have been expected to continue if no change of system had been made.” (*Government of India, No. 852, dated 10th February 1877, to Government, North-Western Provinces.*)

Secondly, as to Bengal:—

“The revenue from Excise, Stamps, and Law and Justice will be thus surrendered for the next five years; thereafter, the whole arrangement will be subject to revision; and the Governor General in Council must then probably claim for the Imperial Revenues a share

share of any improvement which may ensue under the management of the Local Government in excess of the stipulated annual increments belonging to the Imperial Treasury. While the Government of India is most desirous that the Local Government should benefit largely by any increase of revenue which improved administration may lead, it is evidently reasonable and necessary that the Imperial Revenues should eventually share in such increases. But, inasmuch as a considerable burden is being now imposed upon the Province of Bengal, in order to guarantee to the Imperial Revenues the interest on the capital spent in Bengal on the construction of canals and railways, the Government of India has consented, for the present, to abstain from claiming any part of the further increase which may be expected to these revenues in consequence of the greater attention that they will now doubtless receive from the Local Government." (*Government of India, No. 1899, dated 29th March 1877, to the Government of Bengal.*)

Case of Bengal,
1877.

34. The quotations which I shall make in noticing the Contracts of 1882 will show that the principle was re-affirmed and acted on in that year; the last occasion on which, previously to the present year, the contracts have come under revision.

35. The arrangements with Burma and Assam, it may be added here, were not completed till later in March 1879. They involved a further expansion of the system. The new feature in these two contracts was that the equilibrium between the Provincial Revenue and Expenditure was secured, not by the grant of a lump assignment to make good the difference between the expenditure and revenue made Provincial, but by the grant of a share in the reserved Imperial Revenues—one-fifth of net Land Revenue in Assam, and one-sixth of Land Revenue, Forest Revenue, Rice Duty, and Salt receipts in Burma. In other respects these contracts were similar to those of 1877-78 with other Governments.

Expansion of the
system in 1879 in
the case of Burma
and Assam.

36. We come now to 1882. The arrangements then made were embodied in Resolutions dated 30th September 1881, and 17th January 1882. The principles on which the settlement of 1881-82 was effected may be best described in the words of the Resolution of 30th September 1881:—

Proceedings of
1882.

"In the first place, it is now proposed to apply to the whole of India the principle upon which the most recent settlement, namely, that with Burma, in 1879, was framed. That principle is that, instead of giving Local Governments a fixed sum of money to make good any excess of provincialised expenditure over provincialised receipts, a certain proportion of the Imperial Revenue of each Province should be devoted to this object. Certain heads, as few in number as possible, are wholly, or with minute local exceptions only, reserved as Imperial; others are divided in proportions, for the most part equal, between Imperial and Provincial; the rest are wholly, or with minute local exceptions only, made Provincial. The balance of transfers, being against the Local Governments, is rectified for each Province by a fixed per-centage on its Land Revenue (otherwise reserved as Imperial), except in Burma, where the per-centage is extended to the Imperial rice export duty and salt revenue also. The advantage of this system over that which now generally prevails is that the Provincial Governments will be given a direct interest, not only in the provincialised revenue, but also in the most important item of Imperial revenue raised within their own Province."

37. In the contracts of 1882 the reservation of the estimated increase of receipts to Imperial was not separately continued. The reservations of the estimated increase, and of the excess over and above the increase estimated, were run together by providing in certain proportions for a division of the actual receipts between Imperial and Provincial.

38. It will be remembered that in 1881-82 the finances were considered to be in such a flourishing condition that measures were adopted having for their end the remission of large amounts at that time yielded by taxation. The sum remitted when the Budget of 1882-83 was brought forward was nearly 3,000,000 *l.* In these circumstances it was to be anticipated that the Provinces would be enabled to share in the general prosperity. The revenues assigned to them were equivalent to the expenditure, as at that time existing, and additional grants were in some cases allowed. In the Provincial Statement of 1882-83, the general result of the new contracts was summed up to the following effect:—The Imperial Government might have resumed 470,000 *l.* a year, as being in excess of what was needed to cover Provincial expenditure. Of this sum it gave back to the Provincial Governments 77,900 *l.* for improving the position of the Subordinate Civil Services, for general purposes in the Central Provinces, &c.; 20,000 *l.* to the Madras Government for Provincial Public Works; and 326,000 *l.* to the North-Western Provinces and Oudh, of which

which 10,000 *l.* was for additional kanungos in Oudh, and the remainder (316,000 *l.*) was in the form of remission of taxation. It further remitted a lump sum of 360,000 *l.*, equivalent to 72,000 *l.* a year for five years, on account of the first year of the new settlements, by means of a transfer to the Provincial Accounts of Bengal (285,000 *l.*), Burma (20,000 *l.*), and the North-Western Provinces (55,000 *l.*), to be effected before the close of the current year, 1881-82. The total grants and remissions amounted to 496,000 *l.* a year. The net result was a loss to the Imperial Government of 26,000 *l.* for five years.

39. While the Imperial Government considered itself justified, in the state of its finances, as then existing, in remitting 326,000 *l.* provincial taxation in the North-Western Provinces and Oudh—taxation which had for its object the provision of wages to village accountants, a new charge which from that time the Government voluntarily transferred to its own shoulders—it was careful, both in its declarations and in its practice, to maintain its right at the end of the five years' term then commencing, to reconsider in its own favour the assignments to Provincial Governments. In the following words it deliberately repeated the reserves which it had established in 1877: "It is to be distinctly understood," the Government of India wrote in its Resolution dated 17th January 1882, "that the Imperial Government reserves to itself, on the expiration of the term, the power to revise the settlement, and to withdraw from any Local Government such portion of its grant as cannot then be continued without injustice to other Provinces whose means are straitened, or limitation of Imperial undertakings which need early development. To the Local Governments such revision will afford no cause for complaint, because the inducements now offered for entering into an agreement are the freedom to administer their own resources, and to apply at will (subject to the general standing orders) any increase reaped during the period of settlement alone. On the other hand, while the Local Governments will undertake, for the term of the settlement, all ordinary fluctuations in their revenues and expenditure, and to make such increases in the latter as may be necessary on the existing basis of administration, due allowance will be made, by modification of the fixed percentage of land revenue or otherwise, for any material alterations in the nature of their income, resulting from legislation or organic change of financial system effected for Imperial reasons."

Reserves embodied in Resolution dated 17th January 1882;

40. This reserve was again laid down in addressing the Bengal Government:—

in letter to Bengal Government dated 14th January 1882;

"The Regular Estimate being thus recognised as the basis, the question as to the terms upon which the new settlement is to be effected may next be considered. The principle that a Local Government is not entitled to receive, as of right or even in equity, a continuation during a new settlement of the whole increase in its Provincialised receipts which has occurred during the preceding one, is beyond serious dispute. By the nature of the case all such settlements are provisional, and must always be so. The financial administration of India is necessarily a whole. For the sake of diminution of friction and other well-known objects which need not be specified, the Imperial Government delegates a share in this administration to Local Governments. It makes a rough calculation that a certain portion of the general income, together with the increment thereon, will suffice to meet the expenditure which it retains under its own control, and it hands the rest over to Governments, with the obligation to meet out of it certain necessary expenditure, and with leave to spend in addition, and as they please, any increment in the assigned income which they can manage to create. But it cannot bind itself to this proportion for ever, because the calculation must necessarily be a rough one, and is liable to be vitiated by unforeseen failure of resources, or growth of charges, whether in the share of financial administration which it retains or in that which it delegates. An examination of the apportionment at convenient periods, and a re-adjustment of it in any particular found necessary, are indispensable. A surrender of the right to this would be analogous in nature and effects to the Permanent Settlement of Bengal. To the Local Government such a periodical revision involves no hardship, because it has enjoyed, during the whole expired term, the freedom to administer its own resources and to apply at will any increase reaped from them, which were the inducements under which it entered into the contract." (*Secretary to Government of India, Financial Department, to Secretary to Government of Bengal, No. 284, dated 14th January 1882.*)

41. In the Financial Statement for 1882-83 Sir Evelyn Baring expressed similar views:—

and in Financial Statement, 1882-83.

"I need hardly say that, when the contracts, which are about to close, were made, the Government of India reserved to itself the right of revising them on expiry. It is, indeed,

indeed, obvious that, in view of the manifold demands on the Imperial Treasury, and the necessity for affording relief to Provinces whose means are straitened, the Government of India cannot forego all its claims on the increments of Revenue which arise from the growing wealth and prosperity of the country. We have, however, wished to approach this question in a liberal spirit, and not to make any revision which will be favourable to the Imperial at the expense of the Provincial Revenues, except in cases where this course can be adopted without embarrassing Provincial Finance or checking the growth of the material prosperity of the Province."

42. Practical effect was given to these conditions by the ruling of the Government of India that the Province of Bengal could, from the commencement of the year 1882-83, afford to relinquish to the Imperial Government its surplus of 30 lakhs of rupees per annum. An annual increment of 6 lakhs, and probably more, it was explained, would still remain to the Province: it would start, moreover, with the abnormally large balance (including the restored contribution) of 39½ lakhs of rupees. If this did not suffice for its expanding wants, the resource of local taxation remained. It was subsequently arranged that the net reduction should be 20½ lakhs; the precise figure taken is, however, unimportant; what is important to the present purpose is to show how, in 1881-82, both in the reserves which it laid down and in the effect which it at the time gave them, the Government of India re-affirmed and put into execution the principle that a Local Government is not entitled to receive as of right, or even in equity, a continuation during a "new Settlement of the whole increase in its Provincialised receipts which has occurred during the preceding one." The principle was also applied in the case of the North-Western Provinces and Oudh, from which province a sum of 13 lakhs was taken.

Reductions of assignments in the case of Bengal and the North-West Provinces.

43. The above *resumé* of the arrangements entered into between the Imperial and Provincial Governments during the last 17 years will, I hope, enable us to approach the examination of the arrangements recently effected, with a clear understanding of the claims which, on the one hand, Provincial Governments may confidently put forward, and on the other of the reserves and limitations with which the Government of India, under the sense of its ultimate responsibility for the conduct of the Indian finances, has from the commencement thought it necessary to safeguard its concessions. It shows that at no time has the Government of India contemplated relaxing its control over the revenues when the period of re-settlement came round. Although it has desired, and still desires, to give every possible encouragement and liberty of action to Provincial Governments during the currency of their contracts, it has never lost sight of the fact that the revenues assigned them are the revenues of India, though alienated for a term to Provincial uses with a view to their better and more economical administration. While allowing to the Provincial Governments considerable latitude and discretion in the disposal of the revenues assigned them, while ensuring them the revenues necessary to their expenditure, a guarantee against all serious difficulties, and a substantial share in the increase of the revenues allotted them during the period of the settlements, the Government of India has never admitted that on the expiry of such period the settlements must remain undisturbed, and that no regard should be paid in recasting them to the obligations, or to the financial prospects, of one of the parties to the settlement. It may be urged that the necessity of exercising its powers of revision by the Government of India in a sense possibly favourable to itself lessens the interest of Provincial Governments in their finances, and diminishes the advantages of the present system. If this is so, it has been so since 1870; while in 1882, on the last occasion on which the contracts were renewed, the exercise of this power of revision, although less called for than at present, was made use of, and was specially cited as not lessening in any way the importance of the advantages which accrue to Local Governments from the system: "To the Local Governments such revision will afford no cause for complaint, because the inducements now offered for entering into an agreement are the freedom to administer their own resources, and to apply at will (subject to the general standing orders) any increase reaped during the period of settlement alone." In the present revision, the Government of India has proceeded upon lines fully indicated to Provincial Governments on the last occasion when the contracts were under consideration, and has exercised no powers

Resumé of preceding remarks.

other than those with which it is known and acknowledged to be provided. The circumstances of the time must decide the extent to which those powers are, on any particular occasion, used; that is a secondary matter, on which the explanation about to be given as to the details of the recent revisions will throw light. But the truth is that concessions of the nature made in 1870 can only be made subject to the conditions by which the Government of India or Local Governments are bound, from the nature of the circumstances in which they severally exist. Any arrangement inconsistent with those conditions must break down; and no arrangement is more inconsistent, because more prejudicial to that elasticity of the Indian finances which is the sheet anchor of the whole, than one which should proscribe the Government of India from modifying from time to time the proportions of the general revenues allotted to Local Governments, or reserved to its own uses.

Advantages secured to Provincial Governments have been carefully maintained.

44. As the recent revision of the provincial contracts has been carried out, on the one hand, in accordance with the reserves and conditions in force, it follows, on the other, that nothing has been done which should lessen the advantages secured by the arrangements of 1870 and following years to Provincial Governments. The freedom of provincial action within the limits of the revenues assigned; the exclusive claim of Local Governments to the enjoyment of a prescribed share in the increase of those revenues during a given term; and the absence of interference on the part of the Government of India, during the term of the contract, in the financial affairs of Local Governments; all the conditions, in other words, which have brought about the success of the system, have been maintained. The question resolves itself to a mere consideration of the adequacy of the sums assigned on the present occasion for the conduct of Provincial Administration; and on this point there could be no better guide than the conclusions arrived at, after exhaustive inquiry, by the Finance Committee, weighed as they carefully have been by the Government of India, after receiving the criticisms of the Local Governments, and adopted only after all necessary allowances have been made with respect to the points where Local Governments have shown that the views of the Finance Committee were open to correction.

Provincial minimum reserve balances.

45. There remain two subjects to be noticed before passing to a consideration of the effect of the revision of contracts which has recently been brought to a conclusion. In the Financial Statement of 1884-85 it was mentioned that Her Majesty's Secretary of State had approved the proposals of the Government of India, that, in order to guard against results of possible neglect, or of too sanguine expectations, a minimum reserve balance should be fixed for each Provincial Government or Administration. In other words, each Province or Administration was to keep to its credit a minimum sum to be drawn against in the event of pressure, such, for example, as the opening up of works in time of scarcity for the employment of public labour. The subject is thus explained in paragraph 8 of the Resolution of 17th January 1882:—

Remarks thereon in Resolution, 17th January 1882.

“The new terms on the subject of famine relief, contained in the Resolution, supersede any obligations which may have been imposed upon the Governments of the North-Western Provinces and Oudh, the Punjab, and the Central Provinces, of setting aside such amount as the Governor General in Council may direct, for the purpose of increasing the revenues available for defraying expenditure incurred, or to be incurred, for the relief and prevention of famine in their respective territories. Any amounts hitherto so set aside will hereafter be at the disposal of the local governments for ordinary provincial expenditure. Moreover, as a consequence of the new principles laid down in the Resolution of 30th September last, and of the separate provision in the Imperial Budget of a permanent annual allotment of one crore and a half of rupees for ‘Famine Relief and Insurance,’ the local governments, while always needing a moderate reserve, over and above the mere ‘working balance,’ of sufficient amount to meet scarcity and distress not indisputably amounting to severe famine or other temporary exigencies, will no longer find it necessary to accumulate a great provincial reserve fund, out of which the demands of severe famine could in future be largely met. His Excellency in Council is of opinion that, subject to the moderate reserve just referred to, the provincial resources can be best utilised by being invested to the full, from year to year, in works of a productive or protective character.”

46. The total of the minimum balance for the eight Governments concerned amounted to 1,090,000 £.; and that amount was accordingly a deduction from the effective balance left at their disposal for the ordinary purposes of administration

tration when the contracts were made in 1882. It was admitted, when in 1883 the actual amount of the balance for each Government was fixed, that it would not be possible, in each case, that the province should at once be able to attain the minimum figure then fixed; but, where without undue sacrifice it would not at once be attained, every effort was to be made to reach it in the briefest time possible. With the exception of Burma and Bengal, the prescribed balances have been maintained, and in some cases there have formed considerable accumulations of balances, which, as will be presently shown, still exist in part to the credit of the several Governments possessed of them, and which were utilised in part by the Government of India at the opening of the present financial year, when the necessity of making continued provision for military operations in Burma and a further fall in exchange compelled it to have recourse to the powers which, in the event of necessity, had been reserved in regard to provincial revenues in 1881. This reserve is the first of the two points which I have above noted, as requiring to be dealt with before passing to the consideration of the new contracts.

Amount to be maintained.

47. In paragraph 5 of the Resolution of the Government of India of 30th September 1881, the previous and proposed arrangements are thus described:—

“Another important change which is contemplated requires somewhat fuller explanation. In the Resolution No. 3,334, dated 14th December 1870, the Imperial Government, speaking broadly, announced a policy of divesting itself of both responsibility and control within certain limits, but a reservation was made (paragraph 17) of power to modify the resources granted, in the event of ‘some fiscal misfortune, such as heavy loss in the opium revenue, or national disaster, such as war or severe famine.’ On two occasions already within a decade this reservation has been acted on. On the occasion of the great famine of 1876-77 in Western and Southern India, the Supreme Government necessarily came to the rescue of the local governments in meeting the enormous outlay involved; but it directed that all provincial and local resources must be exhausted before Imperial aid could be supplied. This decision was unexceptionable in the sense in which it was meant; but it may have led to developments which were not altogether intended. The second occasion on which the reservation has been acted on is that of the Afghan war. The local governments were called upon, during the years 1879-80 and 1880-81, to contribute 670,000 £. from the resources made their own by the decentralisation policy, and in the Financial Statement of 1880-81 (paragraph 170) the hope was expressed that they had been able ‘to afford this timely help to the general finances with little apparent difficulty.’ The circumstances of the time were, without doubt, peculiar, and the strain upon the finances was undoubtedly severe. But the sudden suspension of improvements in progress, the starvation of public works, and the discouragement of care and economy by requiring a surrender of their results, could not, in themselves, be otherwise than prejudicial.

Resolution, 30th September 1881, in respect to the claims of the Government of India on the reserve balances.

“In modification, therefore, of the reservation hitherto in force, it is proposed to declare, on the one hand, that the local governments must look for no special aid from the Imperial Government except in the case of severe famine (and then only within limits to which allusion will presently be made); and on the other, that the Imperial Government will make no demand on them except in the case of disaster so abnormal as to exhaust the Imperial reserves and resources, and to necessitate a suspension of the entire machinery of public improvement throughout the Empire.”

48. This condition, formulated in 1882, was accepted provisionally only by Her Majesty's Secretary of State. He wrote as follows:—

“The first point to which your letter refers is the suggestion which I made regarding the assistance to be rendered by the local administrations to the Central Government in the case of an abnormal strain on its resources. Your proposal was to declare that such assistance would not be required unless the Imperial reserves should be exhausted, and a suspension of the entire machinery of public improvement throughout the Empire were rendered necessary. As I thought it not desirable that your Government should have to prove the existence of such a state of affairs before requiring the assistance of the local administrations, I suggested that it would be sufficient to undertake not to call on them to surrender a portion of their revenues, unless you saw no other alternative than the imposition of taxes which were not considered expedient. To this your Excellency replies that my despatch reached you too late to admit of your proposing such a condition pending the preliminary negotiations; and you inquire whether I still desire it to be promulgated, observing that you consider it highly inexpedient, save where absolutely unavoidable, to change any of the conditions on which the contracts with the local governments were concluded.

Criticisms of the Secretary of State, 1882.

“You express an opinion that, though theoretically open to the objection taken to it, the original condition is not, in practice, likely to cause inconvenience; and I am willing, accordingly, to waive the question for the present, though I should desire to have it borne

in mind when the time arrives for the next revision of the contracts, and that an explanation of this view should be given to the Provincial Governments."

Desire of Secretary of State in 1886 for modification of existing stipulations on the point.

49. At a later date, writing on 29th July 1886, the Secretary of State again drew attention to the subject, and expressed a hope that, in the new arrangements which were to be made in 1887 with the Local Governments, some means would be devised by which, in the case of emergency, they might be called upon to contribute a proportionate share towards meeting the necessities of the Empire, according to some well-established principle.

Course pursued in 1886, in accordance with views of Secretary of State.

50. It has been seen that the Government of India found it necessary to exercise the powers which it had reserved on previous occasions, and to avoid estimating for a deficit which threatened the Estimates of 1886-87 by utilising in part the accumulated balances of the Provinces when framing the Budget for that year. That deficit was due to the combined results of a further fall in exchange, and to military operations in Upper Burma. It did not amount to the abnormal disaster contemplated in 1882; but if, on the other hand, a call on Provincial balances was not necessary to avoid the necessity of taxation, that was not because taxation was not needed to produce equilibrium, but because, for reasons with which I am not now concerned, it would not have been expedient to impose the amount of taxation necessary to provide against deficit. The Government of India therefore, in the presence of the reserves with which the Secretary of State had agreed to the formula of 1882, considered itself justified in calling on Provincial Governments for some assistance in presence of the difficulties which threatened it in 1886. The action then taken by this Government was approved by the Secretary of State; but in expressing his concurrence he, for the second time, drew attention in the following words to the necessity of making some more satisfactory provision in the matter:—

"I must, however, express a hope that, in the new arrangements which will be made next year with the Local Governments, some means will be devised by which, in the case of emergency, they may be called upon to contribute a proportionate share towards meeting the necessities of the Empire, according to some established principle."

It became necessary, therefore, for the Government of India to consider, in connection with the revision of the contracts on the present occasion, how the instructions of the Secretary of State were to be met.

Decision arrived at by the Government in this respect, and the grounds thereof.

51. Experience has shewn that, when the Government of India has turned to the Provincial Governments for assistance, the only means by which it has been enabled to adjust its demand has been the power of each Provincial Government to pay. One Government may have spent large balances in productive works, or in civil buildings, or in increase of establishment; another, with smaller balances at its disposal, may have allowed them to accumulate; a third may find its revenues barely equal to its current expenditure. When the pressure comes, it is from those who have balances to hand that assistance must be taken; and no arrangement can be devised which, in the contract term of five years, could equitably give relief to those who contribute, by a transfer of a share of the liability discharged by them to those who, from whatever cause, have been exempted. But the alternative to which at present recourse must be had is obviously inequitable. Whatever arrangement might be established, nothing is more to be regretted than the necessity of applying to Local Governments, during the term of the current contract, for aid from their accumulated revenues. The step is inconsistent with that sense of security during the term of the contracts which is no less essential to the success of the system than the growth of what may be termed mesne revenue. It has seemed therefore a lesser evil that large balances should not accrue than that the accumulation of large balances should expose provincial finances to claims for contributions. The Government has not modified the conditions in which it reserves to itself the right to claim assistance from Local Governments; but it has endeavoured, with the aid of the Finance Committee, to adjust more closely than has been hitherto possible the revenues assigned to the requirements of each Province; and further so to re-arrange the apportionment of the increase of revenue during the term of settlement between itself and Provincial Governments as to leave them a fair share in the increase of the revenues, but to lessen the probabilities of their being called upon for exceptional assistance.

52. In the new Provincial contracts, each Local Government will receive three-fourths of the increase in Stamp Revenue, and one-fourth of that in the Excise Revenue, the Government of India receiving one-fourth of the Stamp and three-fourths of the Excise Revenue, and the expenditure under the heads of Excise and Stamps will be divided between the Local Government and the Imperial Government in the same proportion in which the revenue is divided. In the case of the Land Revenue, in the four larger Governments, one-fourth of the future increase will be received by the Local Government and three-fourths by the Government of India. The shares assigned to Provincial Governments at the last contract varied somewhat; but broadly it may be said that Stamps and Excise were divided in equal proportions between the Imperial and the Local Governments, and that the Land Revenue was divided in proportions which were different in the different Provinces, and which were not fixed with reference to the necessity of securing each Province a particular share of the increase. It will be seen presently that, in the case of most of the Provincial Governments, substantial balances still exist at their credit; these balances have not been interfered with on the occasion of the present revision.

Share reserved to Provincial Governments in Stamp, Excise, and Land Revenue, in the new contracts.

53. Reference has been already made to the Resolution of 28th January 1887, here quoted, and before leaving the subject attention may be called to paragraph 15 of that Resolution, dealing, as it does, with the second of the two points spoken of in paragraph 45 as remaining to be disposed of. Exception has been taken in 1886, as, in 1881, exception had previously been taken, to the fact that sums not provided in the Provincial Estimates of a given year cannot, without the sanction of the Government of India, be expended during that year. The balances are the balances of the Local Governments, it is said; why should they not spend them when they desire to spend them? The balances, it is true, are the balances of the Local Governments. But they are balances standing at their credit upon an account in which the payments have to be carefully and with great labour adjusted to the incomings. The Government of India relieves the Local Governments entirely of all responsibility for resource operations: of all concern in finding, at the time and place where they are wanted, the actual funds for carrying on their expenditure; and it is necessary to impose upon them the condition that notice shall be given before it is demanded that these balances be produced in hard cash at any given place. At the commencement of each financial year the Government of India ascertains the requirements of each Province as entered in its Estimates; it reckons up its own requirements for the coming year, and it makes provision for ways and means accordingly. But, if a Local Government has neglected to enter in its Estimates considerable sums which, during the currency of the year, it finds that it desires to expend, it is obvious that the calculations of the Government of India, which were made on the data furnished to it in the Estimates, may be very seriously vitiated, and its ways and means may be subjected to no little derangement. All that is asked of Provincial Governments is, that they should forecast and enter their requirements in their Estimates, and this is merely requiring them to observe a well-known rule of public finance, a rule the importance of which local authorities may be led to overlook in consequence of their freedom from the responsibilities involved in providing for ways and means. All that is reserved by the Government of India is, that, in the event of Provincial Governments failing to give the intimation required, it will not undertake, as a matter of course, to find supplementary ways and means wherewith to meet, during the currency of a given year, the requirements of which it was not warned at the prescribed time.

Question as to the powers of Local Governments to dispose during the currency of a year of balances, expenditure from which has not been entered in their Estimates.

54. I pass to an examination of the results of the recent revision. It should be premised that this revision has been preceded by inquiries on the part of the Finance Committee of a far more searching nature than those which accompanied previous settlements. The Committee had time and opportunities for inquiry which were beyond the reach of the Government of India on previous occasions, and the ability and local knowledge of the members of the Finance Committee enabled them to make the fullest use of the opportunities furnished them, and to throw light upon the details of provincial administration, which, in the interests of efficient and economical government, will be of the greatest use in future. If any of the new contracts prove difficult to work, there should be no

Results of the recent revision of the Provincial Contracts.

FINANCIAL STATEMENT OF THE

difficulty in ascertaining where the weak point lies, and in disposing of it more summarily and effectively than was possible under former contracts.

55. The principal heads of revenue, under which increases have accrued to the Local Governments, are Land Revenue, Stamps, and Excise. The following figures compare the standard at which the Land Revenue was calculated in 1882, and the standard which it is now estimated to have reached:—

Comparative
Statement of Land
Revenue in 1882
and 1887.

	Amount in 1882.	Amount in 1887.	Increase.	Provincial Proportion of Assigned Revenue.	Provincial Increase.
	£.	£.	£.		£.
Central Provinces - - -	607,300	611,800	4,500	49	2,200
Burma - - - - -	1,140,000	1,154,200	14,200	33	4,700
Assam - - - - -	387,600	423,000	35,400	63	22,300
Bengal - - - - -	3,765,000	3,825,000	60,000	32	19,200
North-Western Provinces - -	5,765,000	5,797,000	32,000	25	8,000
Punjab - - - - -	2,100,000	2,180,000	80,000	41	32,800
Madras - - - - -	4,510,000	4,536,700	26,700 (a)	29	7,750
Bombay - - - - -	3,115,000	3,280,000	165,000	60	99,000
TOTAL - - - £.	21,389,900	21,807,700	417,800	- -	195,950

(a) This cannot be taken as an accurate statement of the increase of Land Revenue in Madras, as the estimate 4,510,000 l. for 1882 includes at least 50,000 l. a year of arrears of which the collection has now come to an end.

56. Under Stamps and Excise, the following figures compare the totals of the revenue of 1881-82 and of 1886-87:—

Comparative
Statement of
Stamps and
Excise, 1882 and
1887.

	1881-82.			1886-1887.			Improvement.	
	Stamps.	Excise.	Total.	Stamps.	Excise.	Total.	Total.	Provincial Share.
	£.	£.	£.	£.	£.	£.	£.	£.
Central Provinces - - -	113,505	185,748	299,253	140,000	250,000	390,000	91,000	45,500
Burma - - - - -	78,456	218,525	296,981	93,800	221,600	315,400	18,400	9,200
Assam - - - - -	62,250	195,634	257,884	77,500	223,000	300,500	42,600	21,300
Bengal - - - - -	1,139,164	855,278	1,994,442	1,345,000	992,600	2,337,600	343,100	171,550
North-Western Provinces -	535,570	369,114	904,684	625,000	540,000	1,165,000	260,300	130,150
Punjab - - - - -	326,526	110,721	437,247	347,500	136,000	483,500	46,200	23,100
Madras - - - - -	546,990	627,888	1,174,878	580,000	880,000	1,460,000	285,100	142,550
Bombay - - - - -	421,536	549,839	971,375	458,000	910,500	1,368,500	397,100	198,550
TOTAL - - - £.	3,223,997	3,112,747	6,336,744	3,666,800	4,153,700	7,820,500	1,483,800	741,900

57. Under other heads there are similar though smaller increases of revenue, of which it is not necessary to give any detail; but, of the whole increased resources of the Local Governments, a considerable amount has been appropriated during the currency of the expiring contracts to growing provincial demands, and there remained to be dealt with only the balance which, on investigation, was deemed to be not required for local needs. Leaving out of consideration the special contributions in 1886-87 from the Governments of the Central Provinces, Assam, Madras, and Bombay, the amount resumed is, in all, the annual

annual sum of 640,100 *l.*, and the following statement compares the resumption with the increase coming in under the main heads of Revenue:—

	Increase of Annual Resources under the Principal Revenue Heads, as estimated on comparison of 1882 and 1887.			Amount by which Annual Provincial Resources are reduced by Revision.	Comparative Statement of Annual Revenue, 1882-87, and effect of the recent revision on Provincial resources.
	Land Revenue.	Stamps and Excise	Total.		
	£.	£.	£.	£.	
Central Provinces - - - - -	2,200	45,500	47,700	15,600	
Burma - - - - -	4,700	9,200	13,900	—	
Assam - - - - -	22,300	21,300	43,600	24,600	
Bengal - - - - -	19,200	171,550	190,750	103,600	
North-Western Provinces - - - - -	8,000	130,150	138,150	100,000	
Punjab - - - - -	32,800	23,100	55,900	—	
Madras - - - - -	7,750	142,550	150,300	174,400	
Bombay - - - - -	99,000	198,550	297,550	221,900	
TOTAL - - - £.	195,950	741,900	937,850	640,100	

58. The figure of 174,400 *l.* resumed in the case of Madras should be reduced, for purposes of comparison, by 50,000 *l.*, which represents the resumption in the present arrangements, according to agreement between the Government of India and the Madras Government, of a special grant made to the latter for special purposes and for a limited time, some time after the first contract was concluded. Besides this, as explained in the note under the first of the two statements on the preceding page, the annual increase of the Provincial share of Land Revenue in Madras is itself much understated in the above figures. Of the total increase, therefore, it may be said that less than two-thirds have gone to the Imperial and the rest to Provincial Governments.

Assignment of increase of annual resources between 1882 and 1887 between Imperial and Provincial Governments.

59. It will be observed that no resumption has been made in the case of Lower Burma or of the Punjab. In the last case the revenues, for reasons which need not be dwelt upon here, but which have been pressed on the attention of the local Government, have not made the same advance as in other Provinces, and the Government of India has conceded during the term of the late contract an increase of about 30,000 *l.* to the original assignment. In Burma the contract of 1882 has not worked successfully; the expenditure soon began to overpass the limits of the revenue; and during the last three or four years the Government of India has had to supplement the provincial resources by grants of four or five lakhs a year. No new contract is made with Burma in the same sense as with other provinces, its present somewhat abnormal condition rendering it inadvisable to conclude at this time financial arrangements which will necessarily affect the administration for the next five years. The Government of India has added to the existing provincial resources of Burma a grant of four lakhs, which may be considered to represent its present condition of deficit, and another lakh out of the surplus it has obtained from the revision of the contracts of other Provinces. During the ensuing year, it is hoped that the terms of a new contract, to commence from 1888-89, may be concluded.

No resumption of Revenue in the case of Lower Burma and the Punjab.

60. By the revision of the Provincial Contracts, therefore, the financial position of the Government of India has been improved by 640,100 *l.*, subject to the deduction of 10,000 *l.* conceded to Burma, and also to some other reservations, which will not, however, greatly diminish the ultimate measure of the gain. Local Governments, on the other hand, will have the benefit of their allotted share in the increase of revenue during the term of the contract above the amounts estimated above, and, with some reserves, of the retrenchments of expenditure which have been suggested to them by the Finance Committee.

Amount of increase to Imperial Revenues through revision of Provincial Contracts.

Deductions from
the above increase.

61. The reservations to which, as just observed, the amount of 630,000 £. is subject, are as follows. First of all, the break-down of an important aqueduct in the canals of the North-Western Provinces at present diminishes the irrigation revenue of that province of about 60,000 £. a year, and two years more will pass before, by restoration of the aqueduct, the revenue of the provinces reaches its proper standard. For the first year of the contract therefore the Government of India has to forego 60,000 £., for the second 50,000 £., and for the third 10,000 £., of the full demand of 630,000 £. To Bengal also special grants have to be made of 30,000 £. for the completion of the Orissa Coast Canal, and a further amount for the purchase of a new Pilot Brig. On these and other accounts therefore the gross amount of 630,000 £. may be said to be liable to deduction of an amount which, spread over the five years of the contract, may average 60,000 £. or 70,000 £. a year.

Comparative
expenditure under
certain heads,
1882-83 and
1887-88.

62. The comparative statement of the results under the principal heads of Provincial expenditure which I now give will show what is the amount at which under those heads expenditure has been calculated for the purposes of the new Provincial Contracts, and what was the scale in previous years. The comparison proves that, except as regards Public Works, there has been no reduction. It is obvious that if, as cannot be questioned, a revised scale of expenditure is necessary under the new contracts, it is in Original Public Works that it may, in the first place, be sought with the least inconvenience to administration.

In Land Revenue (District administrative charges)—

1882-83.	1883-84.	1884-85.	1885-86.	1886-87. (Revised).	New Contract.
£, 2,464,946	£, 2,670,234	£, 2,688,012	£, 2,691,676	£, 2,712,400	£, 2,789,100

This last figure includes Survey charges, aggregating 110,000 £., which have been transferred to Provincial Governments, and, deducting these, the scale of expenditure under the new contracts, stated for comparison with the former scale, would be 2,679,100 £.

Under the general administrative heads, viz., Administration, Law, Justice, Police, and Marine, the figures are as follows:—

1882-83.	1883-84.	1884-85.	1885-86.	1886-87 (Revised).	New Contract.
£, 6,232,766	£, 6,351,171	£, 6,473,199	£, 6,496,452	£, 6,578,300	£, 6,534,600

In Medical, Scientific, and Minor Departments, we have—

1882-83.	1883-84.	1884-85.	1885-86.	1886-87 (Revised).	New Contract.
£, 694,111	£, 710,485	£, 718,503	£, 724,810	£, 702,000	£, 729,400

In Education—

1882-83.	1883-84.	1884-85.	1885-86.	1886-87 (Revised).	New Contract.
£, 733,579	£, 757,997	£, 801,202	£, 795,089	£, 840,800	£, 803,600

But

But, in addition to this last grant of 803,600*l.*, a further assignment has been made, in the case of Bombay, which enables it to increase its educational grants to Local Funds from 22,000 *l.* to 30,700 *l.*; so that the grants under the new Contract should, for purposes of comparison with former figures, be stated at 812,300 *l.*, rather than at 803,600 *l.*

The expenditure under Public Works shows considerable contemplated reduction. But, in judging of these reductions, it must be borne in mind that the first years of the late contract were those in which the refunds to Provincial Governments of the contributions made to the Government of India during the Afghan war, and the balances which had accumulated during the period of enforced economy necessitated by the continuance of that war, permitted a scale of expenditure very largely beyond what the normal annual Provincial resources could have provided. On the other hand, 1885-86 was a year of restricted expenditure, and was the commencement of the time of retrenchment in which we are likely for some time to find ourselves. For comparison, therefore, with the circumstances of the present time it gives a more appropriate standard than earlier years. The expenditure of the past five years and the assignment on which the new contract has been based are shown below; but the latter amount takes no account of the further resources available from balances which, as I shall explain, stand to the credit of the majority of the Local Governments:—

1882-83.	1883-84.	1884-85.	1885-86.	1886-87 (Revised).	New Contract.
£.	£.	£.	£.	£.	£.
2,304,798	2,131,812	2,001,168	1,708,305	1,963,900	1,604,100

63. The following statement shows the balances of unspent revenue of past years which the various Provincial Governments will have at their credit on 1st April, 1887, and which are available for expenditure subject to the orders quoted in the Financial Statement for 1884-85, paragraph 109, requiring them not to reduce their available balances below a certain prescribed minimum:—

Balances remaining to credit of Local Governments.

	Estimated Balance on 1 April 1887.	Prescribed Minimum.	Available Excess.
	£.	£.	£.
Central Provinces - - - -	162,600	80,000	82,600
Burma - - - - -	-	60,000	-
Assam - - - - -	60,400	50,000	10,400
Bengal - - - - -	126,300	200,000	-
North-Western Provinces - - - -	330,400	200,000	130,400
Punjab - - - - -	134,700	100,000	34,700
Madras - - - - -	387,800	200,000	187,800
Bombay - - - - -	496,800	200,000	296,800

64. We have also, in connexion with these proceedings, made a supplementary contract with the Central Provinces for the conduct of its settlement operations, a new and productive kind of expenditure which we should have had to provide for in any case. The grant is 40,000 *l.* the first year, and 25,000 *l.* the last year, and averages 30,000 *l.*

Special grant to Central Provinces for settlement operations.

Amount resumed during first year of contract.

65. The amount resumed during the first year of the contract may therefore be taken as follows:—

	£.	£.
Total Amount - - -	-	630,000
Deduct Grants, as follows:—		
To Bengal for Orissa Coast Canal - - -	30,000	
For new Pilot Brig - - - - -	10,000	
To North Western Provinces, for deficiency of Irrigation Revenue.	60,000	
To Central Provinces for Settlement - - -	40,000	
		140,000
Net Amount - - -	- £.	490,000

66. The following statement showing an Imperial gain under Revenue heads of 215,000 £., and under Expenditure heads of 395,000 £. (Total 610,000 £.) may be set forth as the general effect of the revision upon the Imperial column in the Budget Account of 1887-88; the omission of some smaller items accounts for the difference between this total and the whole amount of 630,000 £.

Detail of Imperial gain under Revenue and Expenditure.

	IMPERIAL SHARE.	
	Increased.	Decreased.
REVENUE:		
	£.	£.
Land Revenue - - - - -	437,500	—
Stamps (share reduced from one-half to one-quarter)	-	810,000
Excise (share increased from one-half to three-quarters).	947,500	—
Salt Revenue of Burma Imperialised - - -	5,000	—
Customs Revenue of Burma Imperialised - - -	155,000	—
Assessed Taxes—divided in moieties - - -	-	290,000
State Railway Gross Earnings:		
Nagpur-Chhattisgarh - - - - -	310,000	—
Patna-Gya - - - - -		
Cawnpore-Achneyra - - - - -		
Eastern Bengal, Provincialised - - - - -		
TOTAL - - - £.	1,855,000	1,640,000
Net Gain of Imperial Revenue - - -	£. 215,000	
EXPENDITURE:		
	£.	£.
Land Revenue, entire provincialisation of Survey and Settlement.	-	145,000
Salt in Bombay Imperialised - - - - -	90,000	—
Customs in Bombay ditto - - - - -	50,000	—
State Railways:		
Working Expenses:		
Provincialised - - - - -	-	305,000
Imperialised - - - - -	215,000	—
Interest:		
Provincialised - - - - -	-	70,000
Imperialised - - - - -	65,000	—
Irrigation Provincialised:		
Bengal - - - - -	-	65,000
Madras - - - - -	-	230,000
	420,000	815,000
Net gain to Imperial Account - - -	£. 395,000	

67. It has, I trust, been made clear, in the course of these pages, that in the recent settlement of the contracts the Government of India has scrupulously maintained itself within the lines laid down in 1870, 1877, and in 1882. It has exercised no powers which were not then indicated; it has claimed no concession which it then abandoned. At a time of financial difficulty, it has been compelled to use its powers with more discretion than was necessary on the last occasion; but it has not had recourse to any which at that time were not exercised. If it has apportioned the assignments of revenue to the several Provinces on the basis of past experience, and on an estimate of their immediate requirements rather than on a review of what are believed by local authorities to be the special claims or conditions or future needs of each Province, it has done so upon grounds laid down on previous occasions as being those only which the limits of its finances permit. The words of Lord Mayo and Sir John Strachey, in their speeches of 6th April 1871, and 27th July 1872, are as applicable now as they were at the time they were spoken. "Had we entered on a minute inquiry," Lord Mayo said, "as to the precise amount which should be given to each Government in proportion to their revenue and population, or in respect to the area or requirements of each Province, such an inquiry must last for a considerable time; and we were not at all convinced that, if even such an inquiry had been entered upon, the result would be more satisfactory than the basis which we adopted, viz., that of grants for the past year. These grants have ever been made on the consideration only of our power to give, and of the wants of each Province; and I believe that any more minute inquiry than that would have only led to failure." "The Empire," Sir John Strachey added, "must be treated as a whole; not as a collection of separate and semi-independent States." It was necessary that, on the present occasion, the past history of the whole question should be traced and made clear, because it may be held, in view of the measures of economy associated with the late settlements, that in some indefinite way the Government of India has, on the present occasion, entered on a retrograde policy. So far is this from being the case, that the Government has sought, and is still engaged in the effort, further to increase the number of the branches of the administration, the revenues and expenditure of which are assigned to Provincial Governments. The Government of India has dealt with the present occasion under the influence wholly of the considerations explained in the foregoing pages. One direction in which it seems possible that the system might with advantage be modified, should experience show that the new contracts work well, is in extending the term of five years, which at present prevails. It would be premature to express as yet any very positive opinion upon this point. It is one on which the experience gained during the contracts should enable definite conclusions to be formed, to which effect can be given at any time during the next five years.

68. The second measure, to which we have had recourse in order to maintain the equilibrium of our finances, has been the debiting to loan, either wholly or in part, of that portion of the expenditure incurred in the direct construction of railways, which in late years has ordinarily been charged to our revenues; and the withholding of the grant, which has been similarly assigned from revenues in reduction of the sum which it is necessary for us annually to borrow for the construction of railways. The entry under the head of Famine Insurance Grant has been greatly reduced, both in the Revised Estimates of 1886-87, and in the Budget Estimates of 1887-88; in the former it has not been necessary to devote to other expenditure the entire sum available under the head of Railways, but in the latter year (excepting the portion allotted to irrigation) the grant has been entirely absorbed.

69. It is necessary, in the first place, to show what has been effected by the operation of the funds assigned from revenues to the construction of railways and the extinction of loan. The following paragraphs are repeated from the Financial Statement for 1886-87, the figures being altered so as to be brought up to date:

"The portion of the revenue set aside to meet the cost, direct and indirect, of famine was first devoted to specific purposes, and shown separately in the accounts, in the year 1881-82. From 1881-82 to the close of the current financial year 1886-87 the aggregate

FINANCIAL STATEMENT OF THE

of the sums spent under Famine Relief and Insurance, comes to 7,946,928 £, which has been devoted to the following objects:—

	£.
Famine Relief - - - - -	114,836
Protective Railways - - - - -	2,933,979
„ Irrigation - - - - -	1,233,268
Reduction of Debt - - - - -	3,664,845
TOTAL - - - £.	7,946,928

“ A more important question, however, than the specific allotment of the grant in recent years is the extent to which the Government has in practice succeeded in reducing the charge for debt since the policy of increasing the revenues for the purpose of meeting the cost of famine was first originated. The increase of the revenues necessarily improves the position of the finances *pro tanto*, but in judging of the general effect of the policy of Government many other considerations require to be taken into account. A deficit sooner or later increases the charge for debt, a surplus reduces it.

“ The fall in exchange has tended steadily to increase the burden of the gold debt on the revenues of India; the construction of Productive Railways and Irrigation Works from Revenue practically reduces the burden of the ordinary debt. The vital question is whether the burden of the debt, to balance which great Public Works of a permanent nature cannot be shown, has increased or diminished. The publication of the accounts of past years in the new form enables us to answer this question with comparative ease.

“ In 1877-78 the total interest charge on debt of all kinds stood as follows, including exchange:—

	£.
Interest on Ordinary Debt uncovered by Public Works -	4,799,448
„ on Debt balanced by Capital Expenditure of a corresponding amount on Railways - -	703,753
„ on Debt balanced by Capital Expenditure of a corresponding amount on great Irrigation Works - - - - -	621,822
TOTAL - - - £.	6,125,023

“ For 1886-87 the account is as follows:

	£.
Interest on Ordinary Debt uncovered by Public Works -	3,943,600
„ on Debt balanced by Capital Expenditure of a corresponding amount on Railways - -	3,189,200
„ on Debt balanced by Capital Expenditure of a corresponding amount on great Irrigation Works - - - - -	994,300
TOTAL - - - £.	8,127,100

“ These figures show that, notwithstanding the fact that the fall in exchange has added largely to the burden of the interest charge on the gold debt of India, the charge for debt, which is uncovered by great Public Works, has been reduced since 1877-78 by 855,848 £.”

70. It will in the next place be seen from the figures in the margin that since the commencement of the year 1877, when the Famine Insurance Scheme was introduced, there have been completed (apart from frontier lines, and from railways in Burmah) either by the Imperial or Local Governments directly, or through the agency of construction and working companies, 4199½ miles of State Railway, for the most part running through provinces exposed to famine. Of this mileage, 2,924½ are under the control of the Central Government; 1,275½ miles have been constructed in whole or in part from Imperial funds, and made over to the control of Provincial Governments, or have been constructed by the aid of provincial balances. Besides this length actually completed, 1,354½ are in course of active construction on behalf of the State by companies, including 361 which will be opened within a few months. The total mileage, therefore, for construction of which, in one form or another, obligations have been incurred in pursuance of the policy of protection of the country against the risk or effects of famine since 1877, is 5,554. The years in which the Famine Insurance Grant has been employed

Extension of Famine Railways since 1877.

	STATE RAILWAYS.	31st December 1870.	31 March 1887.	Opened during the Ten Years.
	Mileage Completed:			
	(a.)—Imperial.			
Worked by State	North-Western	760½	1,567½	1,067
	Eastern Bengal	159	234½	
	Wardha Coal	18½	46½	
	Bilaspur-Etawah	-	37	
	Bengal Central*	-	125½	
	TOTAL	944½	2,011½	
Worked by Companies	East Indian	1,603½	1,518½	1,857½
	Rajputana-Malwa	507½	1,413½	
	Sindia	-	74½	
	Dhond-Manmad	-	146½	
	Southern Mahratta-India-Midland	-	673½	
	TOTAL	2,010½	3,868	
	(b.)—Provincial.			
Worked by State	Tirhoot	45	246	562½
	Northern Bengal	-	286	
	Dacca	-	85½	
	Assam-Behar	-	37	
	Nagpur-Chhatisgarh	-	149	
	Amritsar-Pathankote	-	65	
	Cherra-Companygunj Jorehaut	-	7½	
	TOTAL	45	907½	
Worked by Companies	Patna-Gya	-	57	412½
	Dildarnagar-Ghaziपुर	-	12	
	Bareilly-Phillibhit	-	36	
	Cawnpore-Achnera	29	258½	
	Lucknow-Sitapur	-	83½	
	TOTAL	29	441½	
	Mileage under Construction:—			
	(a.)—Imperial.			
State	Eastern Bengal	-	2½	278
	Bellary-Kistna	-	278	
	Cuddapah-Nellore	-	83	
	Will open early in 1887-88			
Companies	Southern Mahratta	-	92½	1,354½
	India-Midland	-	562½	
	Nagpur-Bengal, excluding conversion of Nagpur-Chhatisgarh.	-	110	
	Bezwada to Frontier	-	32	
	(b.)—Provincial.			
State	Tirhoot	-	27	118½
	Assam-Behar	-	118½	
	Cherra-Companygunj	-	8	
	Lucknow-Sitapur	-	40½	
	TOTAL			

* Worked by State on behalf of Company.

in furthering the construction of Famine railways, whether directly or indirectly, have contributed from that source the amount shown in paragraph 69, viz., 6,598,824 l. to the results above exhibited.

71. We are now in a position to approach the immediate question before us with adequate information as to the results achieved since 1877 with the aid of the Famine Insurance Grant. The decision to which we have come has, from a purely resource point of view, no importance whatever. Apart from peculiar considerations to which I will refer, it is admittedly a mere question of account. This is obvious on a moment's consideration. If, for example, in 1886-87 we maintain the contribution from our revenues towards the construction of railways, our expenditure on account of administrative requirements exceeds our receipts by 1,049,400 l., and that is the deficit which we must provide from borrowed money. If, on the other hand, we omit from the charges against revenue this sum of 1,049,400 l. on account of railways, we have an equivalent sum available to meet administrative charges, and we have no deficit; but, in such case, we must debit an equivalent charge for construction of railways to loan. In either case it will be seen that the amount which we have to borrow is precisely the same; whether on the one hand we borrow on account of our railways, or, on the other hand, to make good

Nature of the question.

the sum of a deficit. We have had to ask ourselves therefore—Is it more expedient to enter in our accounts under the head of Famine Insurance Grant the expenditure of late years customarily so shown, and thereby to encounter the risk of exhibiting a deficit; or is it better to avoid or to lessen the amount of deficit, by debiting to loan the amounts hitherto debited to revenue under the head of Famine Insurance Grant? I do not think that, in ordinary circumstances, there could have been any hesitation in excluding grants for railway construction from charges against our revenues, when we have no surplus of revenue wherewith to meet them. But there are considerations connected in the present instance with this particular question, to which I have referred above, and which may lead some to think that, in following on the present occasion the more obvious course, we are evading obligations which were formerly undertaken, and are breaking faith with the public in the matter which preceding Governments have surrounded with certain pledges and guarantees. It is necessary that I should explain why the Government has come to the decision which I have stated, and the reasons for which it believes that any other would have been inconsistent with the public interests.

72. No useful end would be gained for our present purpose by entering into a discussion of the views and objects with which the famine insurance scheme was originally launched in 1877. During the nine years which have elapsed, experience has thrown its light on the merits of the scheme, which has passed through various phases. A variety of explanations have been given as to the modes in which it might be considered to be effective; but our immediate business is with that form alone in which we now find it, and in which, for the last five years, it has existed. The scheme aims at present (apart from the question of funds devoted to irrigation, with which we do not propose to interfere) at providing from surplus revenues 500,000*l.* annually for the construction of what are known as famine railways, and a further annual sum of 750,000*l.* in reduction of the total sum which, under existing arrangements, we annually borrow for the completion of our famine railways. The scheme is therefore based on the assumption that we have a surplus. But a surplus cannot be used unless it exists; and if our current expenditure exceeds our revenue, the surplus is wanting. We have then before us the choice of three courses; we may impose fresh taxation or enforce retrenchments, in order to reproduce the required surplus; or we may put a stop altogether to the expenditure to which we have been devoting the surplus; or we may debit to loan the expenditure which has been met from our surplus. So far as the first of these courses is concerned, it is well known that we have used and are likely for some considerable time to be engaged in every effort of which we are capable. What we have done in regard to provincial finance has been explained in this statement. A great body of enquiry and suggestion emanating from the Finance Committee and connected with expenditure in the departments of the Government of India is before us, and will continue throughout at least the ensuing financial year to occupy our best attention. But whatever effort we may have made or may make in this direction will not produce the requisite surplus, either in 1886-87 or in 1887-88, and, if it is considered necessary to provide the revenues required for the Famine Insurance Grant, there is no way of providing them other than by increase of taxation. It is very desirable that we should have a surplus which we may employ in railway construction; but to raise fresh taxes at present in order to create a surplus, with the especial object of granting it to railway construction, is a course to which there is obviously great objection. On whatever other points difference of opinion may exist, on the expediency of increasing taxation there is probably little or no disagreement. Whatever strength, moreover, there might be in the arguments for increase of taxation may be said to disappear before the consideration that loss of the requisite surplus does not arise from circumstances inherent in or inseparable from the condition of our finances themselves. We may, on the contrary (with all necessary reserves as to the course of exchange), hope that, when the necessity ceases for making extraordinary provision for the operations in Upper Burma now on our hands, the surplus from which we desire to continue, directly or indirectly, to furnish funds in aid of railway construction will re-appear. In the circumstances inseparable from British rule in India, it will be probably admitted by all to be inexpedient to impose fresh taxation solely with the object of providing the surplus contemplated

Present form of the Famine Insurance Grant alone to be dealt with.

Surplus necessary to the assignment of the grant.

Provision of surplus by taxation inexpedient, and impracticable from retrenchment.

templated by the Famine Insurance scheme, during a period of deficit which may in great measure be traced to temporary war expenditure.

73. Assuming, therefore, that neither by retrenchment nor taxation is it practically possible for us to provide the desired surplus, there is the alternative of putting a stop altogether to expenditure to which that surplus has been applied. The expenditure, it is well known, is incurred in the construction of railways, having for their primary and special object the prevention of famine, or the mitigation of the disastrous consequences both to human life and to the public revenues arising from famine. To have checked the works in progress in 1886-87 and in 1887-88, because we could not furnish the necessary sums from revenue, and must in a corresponding measure have recourse to loan, would have been to subordinate our end to our means; and in the event of our being overtaken by a fresh famine such a decision would contribute to bring about, in greater measure, the evils which we are seeking to avoid. I have shown that considerable progress has been of late years made in the construction, whether directly by Government or under guarantee, of famine railways. The necessity imposed, however, on the Government of vigorously pushing forward its scheme of frontier railways has in a measure interfered with the prosecution of famine lines; and it is the more important that the work now in course of execution on these lines should not be interrupted. There remains the third course, viz., to debit temporarily to loan, until our surplus is reassured, the expenditure which, under the head of Famine Insurance, has been met from our surplus revenues. This is the alternative which the Government, on a careful review of all the circumstances of the case, has decided to adopt. Rejecting, for the reasons above given, the two former of the courses which have been indicated, the Government has decided to debit to loan, during the years 1886-87 and 1887-88, so much of the sums which, under the ordinary operation of the Famine Insurance scheme, would be provided from revenue for purposes of railway expenditure, as it required to meet charges of administration. But it is not on that account prepared to delay the execution of the projects in which it is at this time engaged. In 1886-87 we have taken 1,049,400*l.* from the Famine Insurance Grant, and in 1887-88, 1,248,000*l.*, which amounts will practically be added to the annual borrowings otherwise necessary.

Discontinuance of railway construction to the amount furnished by the Famine Insurance Grant; why inadvisable.

Course actually adopted, and reasons for adoption thereof.

74. There is a point of view from which it has been urged that the scheme of famine insurance continues to be in force, although we have no surplus, but a deficit. If we have not, for example, the surplus sum necessary for the direct operation of the scheme, we have at least the sums which, if they no longer provide surplus, diminish *pro tanto* our deficit, and therefore the amount which at the end of the year we should require to make good from loan. It may, in accordance with this line of reasoning, be contended that, although financially considered it makes no difference what course we pursue, it would be desirable, although at the cost of a deficit, to continue to show in our accounts the customary charges under the head of Famine Insurance Grant. The revenues especially raised in a state of surplus with the object of providing for the extinction of debt are, it may be said, although we are in deficit, still operating to diminish the increase of debt; by preserving, therefore, the entry in our accounts we obviate the charge of seeking to evade our engagements. If we examine carefully, however, this way of looking at the matter, we find that we gain no practical end by maintaining the Famine Insurance Grant on the grounds indicated, other than that of being in a position to affirm that, because the Famine Insurance Grant, though not directly operative, operates indirectly in reduction of debt, it is retained in our Estimates. The question is whether, although no financial gain is to be got by so doing, it is desirable, under pain of showing deficit, to prove that we may be considered as holding to the letter of what is believed to be our engagements. There are circumstances in which a bolder and more direct course of action, although it may at first sight expose us to misapprehension, is, in the interests of the taxpayer himself, preferable; among them, for example, the circumstances in which we now find ourselves. The more we become involved in deficit, the greater becomes the pressure on us for adopting means of putting an end to it; and it seems, to say the least, doubtful whether, in the absence of any financial gain, we shall be held by the taxpayer rigorously to that method of account which may be thought most con-

Examination of argument for maintaining the Famine Insurance Grant in the Estimates, though there is no surplus.

sistent with our engagements, if the first result of our complying with his wishes is to bring him within appreciable distance of further taxation. The conclusion of the whole matter seems to be that, when we have surplus revenues to devote to railway construction, we should so employ them; but that, when we have no surplus revenues, and do not consider it desirable to adopt measures to procure them, we have, as a matter of fact, to fall back upon loan for the construction of new railways, if we determine to proceed with them; and we show the facts more accurately by removing the charge to the debt or capital part of our accounts, than by exhibiting it as actually met out of our revenue. The aim of the Government will be to obtain again as soon as possible the necessary surplus, or so much of it as may be available, and to devote it to the purposes to which, under the Famine Insurance scheme, it is assigned.

Reasons for not adopting in 1885-86 the decision now taken.

75. The Government of India, towards the close of 1885-86, when it was evident that a considerable deficit was impending in consequence of the war preparations which had been made in the course of that year, had occasion to consider the expediency of adopting the decision which it has since thought necessary to take. But it could not foresee, when the Revised Estimates of 1885-86 were framed, that the course of events would materially add, during two succeeding years, to our expenditure. Considerations, therefore, which apply to the circumstances of the present time were of less force when considered in connection with the situation as it appeared in 1885-86. It would have been inconvenient, because it would have exposed us to misconception, if we had hastened, on the circumstances of a single exceptional year, to make a change in our accounts. An important element in the treatment of this question has been the greater or less period during which we might expect to be in deficit. Arrangements, therefore, which it was decided not to adopt in the presence of what seemed the temporary difficulties in 1885-86, required to be reviewed and modified, when the strain upon our finances becomes, from circumstances at that time unforeseen, more prolonged. To have left matters alone for a succession of two or three years might have led, as has been explained, to misconception as to the true nature of our financial position, and to the probability of the extent and importance of its difficulties being exaggerated.

Income tax.

76. The following figures give the results, so far as the Revised Estimates show, of the assessment of the income tax, to which I now turn:—

	1885-86.	1886-87, Budget.	1886-87, Revised.	1887-88.
	£.	£.	£.	£.
India - - - - -	106	274,200	197,000	200,400
Central Provinces - - - - -	23,207	38,400	38,400	40,000
Burma - - - - -	—	—	—	—
Assam - - - - -	5	18,000	19,000	20,000
Bengal - - - - -	153,385	360,000	361,400	379,600
North Western Provinces - - - - -	119,326	205,000	220,000	231,600
Punjab - - - - -	37,999	90,000	93,900	99,000
Madras - - - - -	43,368	130,000	123,400	126,000
Bombay - - - - -	125,638	342,500	295,000	310,000
TOTAL - - - - £.	503,034	1,458,100	1,348,100	1,406,000

77. It will be seen that the receipts are 1,348,100 *l.* against an estimate of 1,458,100 *l.*, the difference being mainly due to a decision of the Secretary of State, by which income tax is assessed on the surplus profits of guaranteed railways, and not on their net earnings. The Budget Estimate for 1886-87 included 185,600 *l.* under Assessed Taxes for income tax on net earnings of guaranteed and other railways, but in the Revised Estimates 14,800 *l.* only are taken as income tax on surplus profits of guaranteed railways; the difference, 170,800 *l.*, may therefore be said to have been written off in 1886-87. As, however, the share of the Government in the income tax on the net earnings of the guaranteed and State railways is 131,980 *l.*, the loss on account of income tax, as the figures below show, is merely nominal to this extent; the real loss is merely the excess of 53,620 *l.*, the share of income tax falling upon companies, over the 14,806 *l.* which they have had to pay.

	Government.	Company.	TOTAL.
	£.	£.	£.
East Indian - - - - -	63,200	15,800	79,000
Oudh and Rohilkhand - - - - -	5,000	-	5,000
Madras - - - - -	8,500	-	8,500
South Indian - - - - -	4,000	-	4,000
Great Indian Peninsula - - - - -	23,500	23,500	47,000
Bombay, Baroda, and Central India - - - - -	10,000	10,000	20,000
Rajputana-Malwa - - - - -	16,000	4,000	20,000
Patna and Gya - - - - -	688	172	860
Sindia - - - - -	528	132	660
Ghazipur-Dildarnagar - - - - -	64	16	80
Southern Mahratta - - - - -	500	-	500
TOTAL - - - £.	131,980	53,620	185,600

78. No further particulars can be given at present as to the working of the tax, but care will be taken to obtain full reports during the ensuing year. It will be seen that in Bombay and Madras the decrease is rather considerable, but in the case of Bombay it is due to the ruling about railways above referred to. There will be some reduction next year in the expenditure on account of the working of the tax, which is shown in the Budget Estimate of 1887-88 at 19,100 *l.*, the total estimated cost being 33,600 *l.* against 52,700 *l.*

79. In the following statement are shown the net gain and loss on State and guaranteed railways from 1885-86 to 1887-88, and the expenditure on railways on State responsibility during the same period.

State and guaranteed railways.

NET GAIN and LOSS on STATE and GUARANTEED RAILWAYS from 1885-86 to 1887-88.

	Actuals, 1885-86.	Budget Estimate, 1886-87.	Revised Estimate, 1886-87.	Budget Estimate, 1887-88.
	£.	£.	£.	£.
STATE RAILWAYS.				
Net Revenue - - - - -	5,252,756	5,489,900	5,681,400	5,729,000
<i>Less,—</i>				
Interest and Annuity - - - - -	4,661,916	5,840,800	5,922,000	6,145,900
Surplus Profits, - - - - -	195,957	217,500	245,000	241,500
NET GAIN - - - £.	391,883	—577,400	—485,600	—658,400
GUARANTEED RAILWAYS.				
Net Revenue - - - - -	3,725,075	3,133,500	3,552,500	3,515,000
<i>Less,—</i>				
Interest and Surplus Profits - - - - -	4,628,836	4,008,400	4,244,800	4,240,300
NET LOSS - - - £.	903,761	874,900	692,300	725,300
NET LOSS TO STATE - - - £.	508,878	1,452,300	1,177,000	1,383,700

Note.—Excludes Mysore Railway.

EXPENDITURE ON RAILWAYS from 1885-86 to 1887-88 on State Responsibility.

	Actuals, 1885-86.	Revised Estimate, 1886-87.	Budget Estimate, 1887-88.
(1.) DIRECTLY EXPENDED BY GOVERNMENT:			
Expenditure on Railways not charged against Revenue - - - - -	Rs. 4,71,28,261	Rs. 5,17,15,000	Rs. 4,29,42,000
Construction of Protective Railways - - - - -	50,00,000	20,00,000	*
Construction of Railways (charged against Revenue in addition to that under Famine Insurance) - - - - -	63,20,555	18,79,000	7,50,000
TOTAL - - - Rs.	5,84,48,816	5,55,94,000	4,36,92,000
(2.) EXPENDITURE BY COMPANIES ON THE RESPONSIBILITY OF GOVERNMENT: †			
Guaranteed Railways - - - - -	1,07,25,362	59,61,000	1,66,97,000
Southern Mahratta Railway - - - - -	1,22,43,684	1,65,09,000	78,23,500
Indian Midland Railway - - - - -	80,98,585	1,63,27,000	2,32,42,500
Nagpur-Bengal Railway - - - - -	-	-	75,00,000 ‡
TOTAL - - - Rs.	3,70,67,631	3,87,97,000	5,52,63,000
GRAND TOTAL - - - Rs.	9,55,16,447	9,43,91,000	9,89,55,000

Note.—This statement excludes the Mysore Railway.

* The grant under this head has been suspended for 1887-88, a corresponding increase being allowed under the head. "Capital Expenditure on Railways not charged against Revenue."

† The final Estimates of expenditure in England received from the India Office give the estimated outlay in a lump sum. An approximate distribution has been made here.

‡ This is a rough estimate of the outlay likely to be incurred by the company during the year. It does not provide for the refund to the State of the outlay incurred to close of 1886-87, as it is not known on what terms the company will take over the existing line.

Sterling has been converted at the rates used in the Estimates in all the above figures.

80. The net loss of 485,600 *l.* in the Revised Estimates of 1886-87 has, in the Budget Estimate of 1887-88, increased to 658,400 *l.* on account of State railways, the net loss on guaranteed railways being slightly increased also. As long as State railways are being actively constructed, net loss must be expected; this formed the subject of remarks in the Financial Statement of last year, which it is unnecessary to repeat. It may be hoped, however, that, with the opening of fresh railways and the gradual completion of those which it is desired to construct, each year will, in future, diminish the ratio of loss.

81. The Estimates for the Army Services in India are as follows :—

Army.

	Revised.	Budget.
	£.	£.
Ordinary effective - - - - -	12,047,930	12,423,697
Non-effective - - - - -	860,770	866,303
	12,908,700	13,290,000
Add Burma - - - - -	1,160,000	720,000
£.	14,068,700	14,010,000

The total Army Estimates, including English charges and exchange, are 19,197,000 *l.*, against 19,070,600 *l.* in the Revised Estimates of 1886-87.

The Budget shows increase under the first head (effective) of 375,767 *l.*, and under the second (non-effective) of 5,533 *l.* Of this increase the sum of 344,984 *l.* is part of the 656,900 *l.* mentioned in paragraph 36 of the Financial Statement for 1886-87, as being the sum then remaining to be provided for in connection with the increase to the Army.

82. In respect to opium, there is little to be said beyond the fact that the crop this year, although apparently a good average, does not promise to be so exceptional as was the case last year, and the expenditure in India on account of opium has accordingly been reduced from 2,782,400 *l.* in the Revised Estimates to 2,504,000 *l.* in the Budget Estimate of the ensuing year. The reserve at the close of 1887 is expected to stand at 36,705 chests. The price during the ensuing year has been taken at 1,100 rupees per chest; 4,750 chests will be sold each month during 1887; the amount to be sold in the first three months of 1888 will be notified hereafter.

Opium.

83. It is needless to dwell on the subject of silver. At the present time a Royal Commission is appointed to inquire into the question, and, among other matters connected therewith, into the difficulties which the uncertainty in the ratio of silver to gold causes to the Indian Government. During the course of the year the instability of exchange was forcibly illustrated. From 1 *s.* 6 *d.*, the rate taken in the Budget, it had fallen, five months later, to 1 *s.* 4½ *d.*, since when it rose to 1 *s.* 6 *d.*, and is now below 1 *s.* 5½ *d.* It was estimated in the Budget of 1886-87 that 4,778,000 *l.* would be the net additional charge on account of exchange. It seemed probable, shortly before the six months' Estimates were prepared, that little less than 1,750,000 *l.* would be added. The amount which has actually been charged is 5,252,600 *l.*, an increase of 474,600 *l.* The rate of exchange taken for 1887-88 is 1 *s.* 5½ *d.*

Oscillations of exchange during 1886-87. Rate of exchange taken in 1887-88.

84. The following passage, from a memorandum on the loss to the Government of India from a fall in the rate of exchange, prepared last year at my request by Mr. Barbour, Secretary to the Government of India in the Financial Department, explains what would have been the direct effect upon the Estimates of 1886-87 of a fall in exchange from 1 *s.* 6 *d.* to 1 *s.* 5 *d.* It will be seen that the conclusion is that the additional burden amounts to not less than 1,11,00,783 rupees. The calculation does not in any way whatever deal with the consideration of what may or may not be held to be the direct advantage or disadvantage to the Indian revenue of a fall in exchange, but confines itself to

the direct effect upon the expenditure shown in the Estimates of a fall of from 1 s. 6 d. to 1 s. 5 d.

Direct effect on the Estimates of the fall of 1 d. in exchange.

“ If the Government of India incurs an obligation to pay away every year a certain amount of gold, the extra number of rupees which it may have to give for this gold on any particular date, as compared with the number of rupees it would have had to give if exchange had remained the same as when the obligation was incurred, appears to me to be the true measure of the loss by exchange. The Government of India contracts an obligation to find so much gold when that amount of gold can be procured for so many rupees. The relative value of gold and silver alters, and it finds that it takes a larger number of rupees to purchase the gold. The increase in the number of rupees required to meet an obligation contracted under different circumstances is the true measure of the real loss by exchange. To ascertain the total real loss in any year from the fall in exchange, it would be necessary to deal separately with each permanent gold obligation of the Government of India, and to ascertain the additional number of rupees required to meet it, as compared with the number of rupees required for that purpose when the obligation was first contracted. A calculation of this nature would be extremely elaborate and complicated, if not impossible; but we know that the loss by exchange must be very large, as the permanent gold obligations of the Government of India are of great magnitude, and the fall in the rate of exchange has been very great.

“ There is, however, no special difficulty in calculating the additional burden imposed on the finances of India by any further fall in the rate of exchange, and, if we know what the additional burden is when the rupee falls from (say) 1 s. 6 d. to 1 s. 5 d., we shall have a sufficiently accurate means of determining the disturbing effect on Indian finance of fluctuations in the value of the rupee. For the purposes of the calculation in question it is only necessary to ascertain the total net amount of the permanent gold obligations of the Government of India on any date, and to calculate the extra number of rupees required to meet them when the rupee is worth 1 s. 5 d., as compared with the number required when exchange is at 1 s. 6 d. As the basis of the calculation, the Estimates of the current financial year 1886-87 may conveniently be taken, but in the first instance a few remarks may be made regarding the cost of stores purchased in England. When the rate of exchange is two shillings for the rupee, the Government of India can purchase stores for fewer rupees than it has to pay when the rate of exchange is 1 s. 6 d., provided always that the price of stores does not vary with the rate of exchange. If it be the fact that the prices of English stores vary with the rate of exchange, the lower gold price of commodities in England is *pro tanto* a compensation for the fall in exchange. We know, as a fact, that the gold prices of commodities have fallen more than exchange has fallen, and that the Government of India now obtains English stores for fewer rupees than it used to pay when the rate of exchange was two shillings for the rupee. On the hypothesis that the same cause which has produced the fall in exchange has also produced the fall in gold prices, we may balance the gain from low gold prices against the loss by low exchange, and omit from our calculation the question of loss by exchange in the case of stores.

“ The gold expenditure of the Government of India is shown in the Estimates of 1886-87 at 14,512,900 l., and, deducting the gold receipts (178,900 l.), we get a balance of 14,334,000 l. payable in gold. Before calculating the additional number of rupees that must be paid when a fall in the value of the rupee takes place, there should be deducted from this sum the amount payable on account of leave allowances and pensions fixed in rupees, as there is no increase to the number of rupees paid on account of them, no matter what the exchange value of the rupee may be. The cost of stores should also be deducted, if it be assumed that the fall in exchange is balanced by a fall in the gold price of stores. In some instances stores (*e.g.*, stamps) are provided under a contract extending over several years, and during the period of such contract there can be no reduction in the cost of these stores to Government. We will not, however, include loss by exchange on these stores, because it may be held that, on the assumption as to gold prices already made, there will be a reduction in the gold payments under any new contract which may hereafter be made.

“ The

“ The statement in the margin shows that, excluding the expenditure shown under the Railway Revenue Account, the total sum to be deducted on these two accounts is 1,636,400 £., and the expenditure on which loss is incurred is thereby reduced to 12,697,600 £. Of this amount no less than 5,270,800 £. appears under the Railway Revenue Account, and the loss by exchange on it must, owing to the contract relations that exist between the Government and the different railway companies, be calculated separately. There remains the sum of 7,426,800 £. on which loss by exchange may be directly calculated. The loss on this amount, due to a fall in the rate of exchange from 1s. 6d. to 1s. 5d. per rupee, is 58,24,941 rupees. The loss on the Railway Revenue Account by this fall of 1d. in the rupee has been separately calculated; the details are given below.* The additional cost in rupees comes to 41,39,030 rupees, or to 45,85,230 rupees if English gold prices do not fall in proportion to the fall in exchange.

STORES (excluding Stores purchased on account of the Working and Maintenance of Railways).

Land Revenue	£. 200
Opium	1,600
Stamps	51,900
Forest	100
Post Office	46,100
Telegraph	100,000
Mint	6,800
General Administration	16,100
Law and Justice	300
Marine	140,500
Political	300
Scientific and other Minor Departments	9,200
Stationery and Printing	88,200
Irrigation	2,100
Military Works	2,300
Public Works Stores	800
Army Stores	714,100
TOTAL	£. 1,180,400

LEAVE ALLOWANCES and PENSIONS.
(Approximate Figures.)

Telegraph Department	7,000
Leave Allowances fixed in rupees	180,000
Superannuation Allowances and Pensions	90,000
Public Works Leave Allowances	89,000
Army Leave Allowances	140,000
TOTAL	£. 456,000

GRAND TOTAL - - - £. 1,636,400

“ The pay of the European troops serving in India is fixed in sterling by Royal Warrant, but is paid in rupees, the amount of each sterling payment being converted into rupees at, approximately, the current rate of exchange. The calculation below † shows that the loss on this account due to a fall in exchange from 1s. 6d. to 1s. 5d. amounts to 11,36,812 rupees.

“ There

* Taking the items first on the Expenditure side of the Budget for the year 1886-87 *seriatim*, and revising the figures in accordance with a supposed fall of 1d., the consequent loss is shown as follows:—

	Original Figures.	Revised Figures.	Loss.
State Railways, Working Expenses :	£.	£.	£.
Imperial	4,868,500	4,911,920	(a) 43,420
Provincial	700,600	701,800	(a) 1,200
State Railways, Interest :			
Imperial	2,019,400	2,022,223	(b) 2,823
Exchange	172,600	213,253	(c) 40,653
Annuities in purchase of Railways (Exchange)	575,300	710,624	135,324
Interest on Capital deposited by Companies (Exchange)	103,000	127,235	24,235
Guaranteed Companies, Surplus Profits, &c.	497,500	495,150	(d) 2,350
Guaranteed Companies, Interest (Exchange)	198,900	1,107,894	210,994
Subsidised Companies, Interest (Exchange)	9,100	11,324	(e) 2,224
TOTAL LOSS	- - - £.	- - - £.	458,523

Turning to the Receipts, the only alteration is in—

XXVII.—*Guaranteed Companies' Net Traffic Receipts*, under which the figure 3,133,500 £. becomes 3,107,200 £.; loss 26,300 £.

The loss is due to the increased rupee price of stores issued to revenue, but, as it is calculated on the difference between the actual rate of exchange and the contract rate, and as the difference is paid into the Civil Department, the loss is nominal only.

The total loss caused by a fall of exchange of 1d. below 1s. 6d. is therefore 458,523 £.

But of this, 44,620 £. under working expenses represents increased loss by exchange on English stores consumed during the year.

This loss is to a certain extent compensated by the greater purchasing value of the £. sterling.

If we may assume that prices fall sufficiently in England to cover the fall in exchange, the real loss would be reduced to 413,903 £.

† The pay of British soldiers in India is now issued at the rate of exchange fixed annually by Her Majesty's Government for the payment of troops serving in the colonies. For the year 1884-85 this rate of exchange was fixed at 1s. 8d. the rupee, which involved an addition of 12½ per cent. to the soldiers' pay, and an estimated increase of 18,43,000 rupees per annum to the military expenditure in India.

The rate of exchange for the conversion of the pay of British soldiers in India for 1885-86 was fixed at

- (a) The increase represents the increased rupee value of stores issued on Revenue Account.
- (b) The loss of 2,823 £. is due to the larger rupee debit to the Capital Account during the year calculated on outlay in England.
- (c) The loss of 40,653 £. is due to the larger remittances to cover interest on the debentures of the East Indian Railway, the Eastern Bengal Railway, and the Sind, Punjab, and Delhi Railway.
- (d) This gain is consequent on the increased charge to working expenses.
- (e) This loss may eventually be recovered from the companies.

“There will also be found in the Estimates of 1886-87, under the head ‘31, Exchange,’ an item of expenditure amounting to 13,77,000 rupees. This item represents the net result in connection with exchange transactions on account of (1) capital of guaranteed railways; (2) capital of the Southern Mahratta and Indian Midland Railways; (3) remittance on account of railway stores, and civil and military transactions; and (4) the 4 per Cent. Loan of 1854. The gain by exchange under (1) and (2) arises from the fact that capital provided in sterling by the companies concerned is brought to account in rupees at certain contract rates, instead of the actual rate of the year. The capital has also to be repaid at, practically, the contract rates, and the gain on the capital when received may be balanced against the probable loss when repaid, and the item omitted altogether from the calculation.

“The same course may be followed as regards (3). The loss or gain is mainly due to the actual rate of the year differing from the rate taken at the beginning of the year, and in a series of years we may take the loss to balance the gain. The loss under (4) is of a special nature, and arises from the fact that a loan of 1,18,81,000 rupees raised in 1854 was, under the conditions on which it was raised, repayable in England at a fixed rate of exchange. The loss by exchange on the repayment is increased by the fall in the rate of exchange that has occurred this year, but similar transactions will not recur in the future, and it might be misleading to show any loss on this account in a calculation which is intended to bring out the permanent yearly loss to the Government of India by a fall in the rate of exchange from 1 s. 6 d. to 1 s. 5 d. per rupee.

“Taking the sum of the items given in paragraphs 9 and 10, it will be seen that the additional burden imposed on the finances of India by the fall in exchange from 1 s. 6 d. to 1 s. 5 d. in the present day amounts to 1,11,00,783 rupees. If the gold price of stores should not fall, as assumed in the above calculation, a further sum of 13,72,004 rupees would have to be added to the loss by exchange. It may be mentioned that no account has been taken of any possible loss, from a fall in exchange, on the purchase of stores used on Railway Capital Account.

“A further fall in exchange from 1 s. 5 d. to 1 s. 4 d. per rupee would more than double the loss, as the loss due to a fall from 1 s. 5 d. to 1 s. 4 d. is about one-eighth more than the loss due to a fall from 1 s. 6 d. to 1 s. 5 d.”

85. Passing to Salt, we find that the consumption during the eleven months ending

1 s. 7½ d. the rupee. The expense thus caused [i. e., by the fall of one halfpenny the rupee] amounts to 4,00,000 rupees.

The continued fall in 1886-87 to 1 s. 7 d. the rupee, being the rate fixed for the conversion of the soldiers' pay, resulted in a further increase of 5,15,000 rupees to the Military Estimates in India, a portion of which, however, is due to an increase in the establishment of British troops.

The addition made to the Military Estimates in India in consequence of falling rates of exchange has been as follows:—

Y E A R.	Rate of Exchange fixed for issue of Soldiers' Pay.	Increase to Military Estimates.
	<i>Per Rupee.</i> s. d.	<i>Rupees.</i>
1874-75	1 10½	6,40,000
1884-85	1 8	18,43,000
1885-86	1 7½	4,00,000
1886-87	1 7	5,15,000
	TOTAL - - Rs.	33,98,000

The rate of exchange for next year, 1887-88, is not yet known, but, judging from the present market rates of exchange, a further increase to the Military Estimates on this account must be anticipated.

The total amount to be converted into rupees in 1886-87 was 1,449,437 l. sterling, which, at 1 s. 7 d. per rupee, came to 1,83,08,678 rupees. At 1 s. 6 d. the total rupee payment would have come to 1,93,25,826 rupees, and at 1 s. 5 d. to 2,04,62,638 rupees.

ending with 31st January 1887 compares as follows with the corresponding figures of the previous year:—

	Consumption, 1 March 1885 to 31 January 1886.	Consumption, 1 March 1886 to 31 January 1887.	Increase+ Decrease—.	
	<i>Maunds.</i>	<i>Maunds.</i>	<i>Maunds.</i>	
Bengal - - - -	9,382,000	9,374,000	— 8,000	Salt. Increase in consumption in 1886-87.
Northern India - - -	4,996,000	6,213,000	+1,217,000	
Bombay - - - -	6,282,000	5,878,000	— 404,000	
Sind - - - -	206,000	210,000	+ 4,000	
Madras - - - -	6,065,000	7,097,000	+ 132,000	
TOTAL - - - -	27,831,000	28,772,000	+ 941,000	

The increase in the 11 months of the last four years has been—

	<i>Maunds.</i>
Eleven months from 1st March 1882 to 31st January 1883 -	1,603,000
Ditto - - - ditto - - - - 1883-84 -	973,000
Ditto - - - ditto - - - - 1884-85 -	693,000
Ditto - - - ditto - - - - 1885-86 -	64,000
Ditto - - - ditto - - - - 1886-87 -	941,000

86. The Provincial figures for the last four years are as follows:—

	1 March 1882 to 31 January 1883.	Increase+ Decrease—.	1 March 1883 to 31 January 1884.	Increase+ Decrease—.	1 March 1884 to 31 January 1885.	Increase+ Decrease—.	1 March 1885 to 31 January 1886.	Increase+ Decrease—.	1 March 1886 to 31 January 1887.	Increase+ Decrease—.
	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>	<i>Mds.</i>
Bengal - - -	8,721,000	+516,000	8,860,000	+127,000	9,398,000	+548,000	9,382,000	—16,000	9,374,000	—8,000
Northern India -	6,112,000	—66,000	6,459,000	+347,000	6,681,000	+122,000	4,996,000	—1,685,000	6,213,000	+1,217,000
Bombay - - -	4,695,000	+334,000	4,789,000	+94,000	4,810,000	+21,000	6,282,000	+1,472,000	5,878,000	—404,000
Sindh - - -	166,000	+18,000	178,000	+10,000	189,000	+11,000	206,000	+17,000	210,000	+4,000
Madras - - -	6,405,000	+801,000	6,800,000	+395,000	6,789,000	—11,000	6,065,000	—176,000	7,097,000	+132,000
TOTAL - - -	26,101,000	+1,603,000	27,074,000	+973,000	27,767,000	+693,000	27,831,000	+64,000	28,772,000	+941,000

87. It will be seen that the check in the consumption of salt which was pointed out in the Financial Statement last year, has proved to be, as was at the time surmised, temporary. The total increase in the period of four years from the year 1882 when the salt duty was lowered has been for the 11 months from 1st March to 31st January from 26,101,000 in 1882-83 to 28,772,000 maunds in 1886-87; an increase of 2,671,000 maunds for the 11 months, or (at 2 rupees per maund) of 53,42,000 rupees, or 534,200 l. conventional sterling, or, say, 583,000 l. for 12 months. The annual amount of Revenue abandoned when the Salt Tax was lowered was estimated, it will be remembered, at 1,400,000 l.

88. The net import of gold into India has continued to fall off very greatly in 1886-87,

FINANCIAL STATEMENT OF THE

1886-87, silver also showing decrease, even compared with ordinary preceding years :—

Imports of gold and silver.

YEAR.	GOLD.		
	Imports.	Exports.	Net Imports.
	Rs.	Rs.	Rs.
1881-82 - - - - -	4,85,63,920	1,24,078	4,84,39,842
1882-83 - - - - -	5,09,51,354	16,42,639	4,93,08,715
1883-84 - - - - -	5,46,94,508	69,517	5,46,25,051
1884-85 - - - - -	4,77,81,724	10,62,359	4,67,19,365
1885-86 - - - - -	3,09,15,409	32,86,062	2,76,29,347
1886-87 (10 months) - - -	1,99,48,181	63,63,771	1,35,84,360

YEAR.	SILVER.		
	Imports.	Exports.	Net Imports.
	Rs.	Rs.	Rs.
1881-82 - - - - -	6,46,63,889	1,08,73,890	5,37,90,499
1882-83 - - - - -	8,35,80,218	87,77,949	7,48,02,269
1883-84 - - - - -	7,40,85,065	1,00,33,554	6,40,51,511
1884-85 - - - - -	9,11,00,254	1,86,43,941	7,24,56,313
1885-86 - - - - -	12,38,62,599	77,96,314	11,60,66,285
1886-87 (10 months) - - -	6,27,47,044	1,01,98,011	5,25,49,033

Savings Banks.

89. On the 31st of March 1886, the number of depositors in District and Presidency Savings Banks was 80,718, with 2,471,180 *l.* at their credit. On the corresponding date of the previous year there were 95,366 depositors, the balance at whose credit was 3,058,998 *l.*, or showing a decrease on 31st March 1886 of 14,648 depositors, and 587,818 *l.* in the balance at their credit. The decrease in the number of depositors occurred as under :—

	Europeans and Eurasians.	Natives.	TOTAL.
	No.	No.	No.
31st March 1885 - - -	20,330	75,036	95,366
31st March 1886 - - -	17,270	63,448	80,718
	3,060	11,588	14,648

and was due to the abolition, under the orders of Government,* of the District Savings Banks at the close of the year 1885-86, with a view to their absorption in the Post Office Banks. To facilitate this measure, it was arranged that from the date of the order no new accounts should be received in the District Savings Banks, and that depositors who had accounts therein should be encouraged to transfer their balances to the Post Office Banks as soon as possible. Many depositors availed themselves of this offer, and sums held in District Savings Banks were gradually made over to the Post Office Banks.

* Financial Department Resolution No. 33, dated 4 January 1886.

90. From the statement below it will be noticed that the number of accounts and the balance at credit of depositors rose from 122,599 accounts, and 1,344,200 *l.* on the 31st March 1885, to 155,009 accounts and 2,254,590 *l.* on the same date of the following year, or more by 32,410 accounts and 910,390 *l.* at their credit. The proportion in which this increase occurred among Europeans and Eurasians and Natives of the country is shown below:—

Post Office Savings Banks.

	Number of Accounts.			Balance at Credit of Depositors.		
	Europeans and Eurasians.	Natives.	TOTAL.	Europeans and Eurasians.	Natives.	TOTAL.
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>£.</i>	<i>£.</i>	<i>£.</i>
On 31st March 1885 - -	13,855	100,244	122,599	233,500	1,110,700	1,344,200
On 31st March 1886 - -	20,213	134,796	155,009	441,856	1,812,734	2,254,590
Increase - - -	6,858	25,552	32,410	208,356	702,034	910,390

The above improvement was due partly to the transfer from the District Banks, as explained previously, and to the Postal Department having begun to receive deposits at the rural Post Offices, thereby extending operations into parts of the country where heretofore the people had no facilities for investing their small earnings.

The balances in the Presidency Savings Banks have been declining for some years, in consequence probably of the greater convenience offered by the Post Office; and it has been decided that, while in the Presidency towns they may be continued, the Banks opened in the interior of Madras and Bombay should be superseded from June 1886 by those belonging to the Post Office.

The total balances in Savings Banks of all classes on the 31st March 1886 was 5,081,183 *l.*

91. The Director General of the Post Office's report on the operations of the Postal Life Insurance scheme for the year 1885-86, which is the second complete year of its existence, shows that 170 new policies were issued, representing a total assured amount of 1,91,850 rupees, as compared with 398 policies, aggregating 5,63,225 rupees, taken out during the 14 months ending with the 31st March 1885.

Post Office Life Insurance.

The abstract below contrasts the progress of the scheme in the years 1884-85 and 1885-86:—

	To 31 March 1885.	To 31 March 1886.
Number of lives insured - - -	398	568
	<i>Rs.</i>	<i>Rs.</i>
Amount of insurance - - -	5,63,225	7,55,075
Amount received in premia - -	14,890	39,567
Amount of claims met - - -	1,500	5,773

The statement shows that the total number of policies effected up to 31st March 1886 was 568, of the total value of 7,55,075 rupees, or an average of 1,330 rupees for each policy. Deducting lapses or policies surrendered or cancelled, the aggregate amount assured stood at 7,04,125 rupees. Of the total number of policies effected, 56 were for Europeans and Eurasians and 512 for Natives of the country. The scheme continued to make progress in the Postal Circles of Bengal, Madras, Bombay, and Assam. The number of policies

policies taken out in these circles during, and to the end of, the year 1885-86 is as under:—

	Bengal.	Madras.	Bombay.	Assam.
In 1885-86 - - - - -	40	35	36	15
To end of 1885-86 - - - - -	131	108	88	58

The Table in the margin shows the distribution of policies among the principal classes of postal officials since the scheme was introduced, with the percentage of lives insured in each class. Out of a total of 38,829 employes, 568, or a little less than 1½ per cent., have availed themselves of the advantages of State Life Insurance, and more than 26,000 of these employes belong to the poorly paid class of postmen, runners, and boatmen.

	Number on 31 March 1886.	Number of Life Insurance Policies taken out.			Percentage of Lives Insured.
		Up to 31 March 1886.	During 1885-86.	Total.	
Superintendents and Inspectors	346	38	7	45	13
Postmasters, Sub-Postmasters, and Village Postmasters	4,677	123	61	187	399
Schoolmasters and Extraneous Agents	1,969	-	1	1	05
Clerks - - - - -	5,998	177	63	242	475
Postmen and Village Postmen	14,826	44	23	67	18
Road Establishment - - -	12,571	11	6	17	13
Signallers, &c. in Combined Offices - - - - -	654	5	4	9	137
	38,829	398	170	568	146

From 1st April 1886 to 31st December 1886, 106 additional policies were issued, of the aggregate value of 92,400 rupees.

92. The following explanations cover the main causes of increase or decrease in 1886-87 and in the ensuing year. In the former case the comparison is between the Budget Estimates and the Revised Estimates of 1886-87; in the latter between the Budget Estimates of 1887-88 and the Revised Estimates of 1886-87:—

Comparison of Revised with Budget Estimates of 1886-87.

Revenue.	Increase.		Decrease.	Expenditure.	Increase.		Decrease.
	£.	£.			£.	£.	
Land Revenue - - - - -	—	149,800	Opium - - - - -	134,800	—		
Opium - - - - -	—	328,700	Police - - - - -	233,600	—		
Salt - - - - -	146,100	—	Marine - - - - -	159,300	—		
Excise - - - - -	130,800	—	State Railways (Working Expenses) - - - - -	—	291,100		
Assessed Taxes - - - - -	—	110,000	Guaranteed Companies - - - - -	109,500	—		
State Railways:—			Army - - - - -	804,600	—		
Gross Earnings - - - - -	—	127,100					
Guaranteed Companies:—							
Net Traffic Receipts - - -	419,000	—					

REVENUE.

93. *Land Revenue (I.)*; decrease 149,800 *l.* In Upper Burma alone the decrease is 304,600 *l.*, and is due partly to the defective information on which the first estimates were based, and partly to the unsettled state of the country. In other provinces, the Land Revenue was, as will be seen from the Provincial figures, better than the Estimate.

Opium (II.); decrease 328,700 *l.* There is a decrease of 522,100 *l.* in the receipts from Bengal opium, and an increase of 197,500 *l.* in those from Malwa opium; besides small differences in the receipts from excise opium in other provinces. The Budget Estimate provided for a sale of 55,500 chests of Bengal opium at 1,200 rupees a chest = 6,660,000 *l.*, plus excise opium and miscellaneous receipts, 70,000 *l.*, or a total of 6,730,000 *l.* The total number of chests sold during the year was 54,750, which resulted in a decrease of 513,000 *l.*, owing to an average rate of Rs. 1,122. 11 a. 9 p. a chest having been realised.

realised. There is, besides, a net decrease of 9,100 *l.* on account of excise opium and miscellaneous receipts. The increase in Bombay is due to the number of chests of Malwa opium exported during the year having been somewhat larger than was anticipated in the Budget.

Salt (III.); increase 146,100 *l.* This occurs chiefly in Bombay and the Central Provinces, and is due to the more extended sale of Baragora salt during the first three months of the year, during which a high price was maintained on the Sambhar salt, as explained in paragraph 47 of last year's Statement.

Excise; increase 130,800 *l.* The increase of Excise Revenue is general.

Assessed Taxes; decrease 110,000 *l.* The decrease of 110,000 *l.* is chiefly due to the decision to levy income-tax upon the surplus profits, and not upon the net earnings, of the Guaranteed Railways. As explained in paragraph 77, the effect on the Government account was more nominal than real.

Railways. Under this head, State Railways show a decrease of 127,100 *l.*, and Guaranteed an increase of 419,000 *l.*

The main factors of the first of these figures are:—

	£.
East Indian Railway—Decrease - - - -	55,000
North Western Railway—ditto - - - -	164,500
Rajputana-Malwa Railway, Imperial portion—Increase	32,500
Southern Mahratta Railway—Increase - - - -	22,500
Provincial Railway—Increase - - - -	44,400

The decrease in the East Indian Railway receipts is due to the grain traffic during the earlier months of the year having been below the expectations formed when the Budget Estimates for the year were framed. The large decrease in the North Western Railway is due to the falling off in the receipts from the carriage of materials for frontier railways, and to a great falling off in the usual export wheat traffic from the Punjab. In the Southern Mahratta Railway, the increase is due to an increase in the open mileage.

Under Provincial State Railways the principal contributors to the increase are Burma Railway, 25,000 *l.*; Northern Bengal, 30,000 *l.*; Tirhoot, 17,500 *l.*

In the Burma Railway the increase is due to the country having become quieter, and to movement of troops to Upper Burma, and in the Northern Bengal Railway to general increase of traffic. The increase in the Tirhoot line is the result of the reduction of third-class fares, the benefit of which is being gradually appreciated, and of the opening for traffic of a portion of the Kosi extension.

The increases under Guaranteed Railways (Net Traffic Receipts) are as follow:—

	Increase.
	£.
Madras Railway - - - - -	55,000
South Indian Railway - - - - -	6,500
Bombay, Baroda, and Central India Railway - -	25,000
Great Indian Peninsula Railway - - - - -	270,000
Oudh and Rohilkhand Railway - - - - -	62,500
TOTAL - - - £.	419,000

84,500 *l.* of this is due to the exclusion from working expenses of the charge for payment of income-tax; the rest arises from improved traffic.

94. On the Expenditure side, the first noteworthy difference is—

EXPENDITURE.

Opium (4); increase 134,800 *l.* This increase occurs almost wholly in Bengal, and is due to the outturn of the Benares Agency for the season 1885-86 having proved larger than was anticipated when the Budget Estimate was framed.

Police (20) and *Marine* (21). The principal items here included are 195,000 *l.* on account of increased Police charges in Upper Burma, 139,000 *l.* under Marine on account of transport charges connected with operations in Upper Burma.

Famine Relief and Insurance; decrease 1,049,000 *l.* It has been explained, in paragraph 73, that the absence of a surplus has prevented our carrying out the intention, provided for in the Budget, of setting apart 749,000 *l.* for reduction of debt; and that, for the same reason, of the original grant of 500,000 *l.* for the construction of Protective Railways, we can afford to give only 200,000 *l.* from Revenue.

State Railways Working Expenses (38), 291,100 *l.*, counterbalanced by an increase, 109,500 *l.*, for payments of surplus profits to guaranteed railway companies, the necessary accompaniment of increased earnings. The principal items of the first are, East Indian Railway, 185,000 *l.*, and North Western Railway, 54,000 *l.* Of the first of these decreases, about 79,000 *l.* is in consequence of the decision to levy income tax on the surplus profits, instead of basing it on the net earnings and including the amount in working expenses; 50,000 *l.* is due to the write-back to capital of the value of stores issued to revenue, but not used; and the balance to renewals of way and stock not having been carried out to the extent anticipated.

The decrease on the North Western Railway is accounted for by the reduced traffic during the year already noticed on the receipt side.

Against the foregoing decreases there is a large increase of 34,000 *l.* in the working expenses of the Eastern Bengal Railway, caused by extensive renewals of permanent way and repairs to rolling stock, &c.

The provincial State Railways also show a small decrease in working expenses which occurs mostly on the Nagpur-Chhatisgarh Railway. This is due to a large provision for ballast not being required, as the expenditure on this head has been charged to capital, to less outlay in repairing culverts, and to the return of materials to store.

Army, Effective (46); increase 673,700 *l.* This increase arose in consequence of the necessity for adding, during the year, to the garrison to be maintained in Upper Burma, and to the movements of troops there. The other principal items which have contributed to this increase are (1) the raising of two additional Goorkha Battalions; (2) purchase of mules for the Artillery; (3) provision of a greater number of medical officers and subordinates; and (4) additional purchases of land to meet military requirements. On the other hand, there have been savings due to the postponement of the arrival of a portion of the sanctioned additional number of British troops, and also to the instructions issued in the early part of the year to ensure the observance of strict economy in all branches of the army.

95. The principal items of difference between the Budget Estimates of 1887-88 and the Revised Estimates of 1886-87 are:—

	Revenue.		Expenditure.		
	Increase.	Decrease.	Increase.	Decrease.	
	£.	£.	£.	£.	
Land Revenue - - - -	327,100	—	Land Revenue - - - -	153,200	—
State Railways (gross earnings) -	604,400	—	Opium - - - - -	—	279,200
Military Works - - - -	—	152,400	Police - - - - -	463,800	—
			Political - - - - -	—	120,200
			Construction of Railways - -	—	112,900
			Railways:—		
			State Railways (working ex-	553,300	—
			penses) - - - - -		
			Military Works - - - -	170,000	—

96. *Land Revenue* (I).—Increase 327,100 *l.* Of this increase, a sum of **REVENUE.** 209,900 *l.* is anticipated from Upper Burma, and the balance from Bombay. The increase in the latter case is due, to a considerable extent, to the postponement, till next year, of 50,000 *l.* due in 1886-87.

State Railways (Gross Earnings) (XXVI).—Increase 604,400 *l.* This increase is general, and is due in many cases to increased open mileage. With the exception of the Northern Bengal Railway and a few other minor lines, all the railways are expected to earn more in 1887-88 than in the previous year. The main increases are—

	£.
Rajputana-Malwa Railway - - - - -	50,000
Umeria Colliery - - - - -	21,500
Indian Midland Railway - - - - -	23,100
Lucknow-Sitapur-Kheri Railway (Provincial) - - - - -	26,200
Cuddapah-Nellore and Bellary-Kistna (new lines) - - - - -	35,000
North Western Railway - - - - -	335,000
Southern Mahratta Railway - - - - -	117,500
TOTAL - - - - -	£. 608,300

The largest of these, that on the North Western Railway, is principally a recovery from the low figures of the current year, but is also partly due to the opening of the frontier lines.

It has already been explained that there is a considerable alteration in the distribution of the railways between Imperial and Provincial, and that the Provincial share of the increase under this head, which is 282,700 *l.*, arises not from improvement of revenue upon Provincial Railways, but from the transfer to Provincial of the Eastern Bengal Railway, and the transfer to Imperial of some lines that have hitherto been Provincial.

The decrease of receipts under Military Works (XXXI) is due to the exceptional recovery in 1886-87 of 150,000 *l.* from his Highness the Maharaja Sindia, on account of the Morar Cantonment and the Gwalior Fort.

97. On the expenditure side there is under *Land Revenue* (3) a net increase of **EXPENDITURE.** expenditure of 153,200 *l.*

The chief increases occur in the following Provinces:—

	£.
Central Provinces - - - - -	21,600
Upper Burma - - - - -	48,700
Punjab - - - - -	13,200
Madras - - - - -	43,700

In the Central Provinces and Punjab the increases are on account of extended settlement operations. In Madras it is due to the proposed revision of subordinate revenue establishments. In Upper Burma the increase has been provided for in view of the anticipated realisation of revenue on the pacification of the province. As a good deal of expenditure under this head, which was formerly partly Imperial, has in the new contracts been made wholly Provincial, the result on the whole is a diminution of Imperial expenditure, but an increase of Provincial by more than the whole 153,600 *l.*

Under *Opium* (4) we estimate for smaller expenditure by 279,200 *l.* than that of this year, as we do not anticipate the recurrence of the recent very favourable crops.

The changes in the expenditure under the remaining revenue heads are mostly transfers of expenditure between Imperial and Provincial.

Under *Civil Departments*, we have a gross increase of expenditure in India, 407,400 *l.*, which comes mainly under two heads, namely, Police (20), increase 463,800 *l.*, almost entirely in Upper Burma (where the police is estimated to cost 737,000 *l.* altogether), and Political (25), decrease 120,200 *l.*, owing to cessation of charges for the Afghan Boundary Commission and the Thibet Mission.

Under *Railway Revenue Account* we provide for a gross increase of 553,300 *l.* in State railway working expenses (38), and 147,700 *l.* under State railway interest account.

Of the former the principal increases are as follow:—East Indian Railway 70,000 *l.* (This apparent increase is explained by the write-back in 1886-87.)

North Western Railway, 380,000 *l.* (This is to provide for extensive renewals of permanent way chiefly on the late Sind, Punjab, and Delhi Railway, and for working the Sind-Sagar State Railway and the Bolan and Sind-Pishiu lines, which will be opened during the year.)

Southern Mabratta Railway, 52,500 *l.* (In 1887-88 the line will probably be opened throughout.)

The increase, 170,000 *l.*, on account of Military Works, is entirely on account of Upper Burma, where the expenditure is estimated at 300,000 *l.*

Ways and Means.

98. In the Financial Statement for 1886-87, it was estimated that the year would open with a balance on the Indian Treasuries of 12,401,932 *l.*, that the Secretary of State would draw (true sterling) 13,331,400 *l.* during the year, and that the balance of 31st March 1887, would be 10,617,432 *l.* The actual opening balance was 12,754,478 *l.* Council bills have fallen short considerably, the total for the year being now put down at 12,000,000 *l.*, and the closing balance at 13,016,578 *l.*

Commencing with this balance on 31st March 1887, we find that, after providing for the contemplated amount of drawings, 16,250,000 *l.*, we are left at the end of the year with an estimated balance of only 11,104,678 *l.* This is due to the heavy expenditure on Capital outlay, 3,135,900 *l.*, and special defence works, 383,700 *l.*, not charged to Revenue, and to the heavy payments (net 1,673,200 *l.*) we have to make to Railway Companies, against their payments into the Home Treasury.

We have been assisted in meeting the demands which will fall upon the Indian Treasuries next year, by the circumstance that the Gwalior Council of State has intimated its desire, through the Agent to the Governor General, Sir Lepel Griffin, to invest three and a-half crores of the late Maharaja's hoarded treasure in Government securities. We also propose to place in the market a loan of 200 lakhs; but it will be understood that, according to the usual custom, no pledge is, or can be, given regarding the time or the amount of borrowing. It has been decided not to raise any sterling loan for Public Works during the year.

With these loans our balance at the end of the year is estimated at 11,104,678 *l.*

Of our other transactions, under the head of Ways and Means, it remains only to note that we expect to get 660,000 *l.* by Savings Banks' deposits, but about the same amount will be required on the disbursement side, for the advance promised to the Calcutta and Bombay Port Trusts, out of the last year's loan of 1,200,000 *l.*

99. The following is a summary of the chief points in the foregoing Statement.

Recapitulation.

The Accounts for 1885-86 show the following:

Receipts - - - - -	£.	74,464,197
Expenditure - - - - -		77,265,923
Deficit - - - - -	£.	2,801,726

The Revised Estimates of 1886-87 show—

Revenue - - - - -		76,071,700
Expenditure - - - - -		76,071,200
Surplus - - - - -	£.	500

The Estimates for 1887-88 show—

Revenue - - - - -		77,460,200
Expenditure - - - - -		77,443,500
Surplus - - - - -	£.	16,700

The deficit which would have otherwise occurred in the Revised Estimates of 1886-87 and the Estimates of 1887-88 has been met by transferring to loan charges against the Famine Insurance Grant the sum of 1,049,400*l.* and 1,248,000*l.* in those two years respectively.

The net charge in 1886-87, on account of Upper Burma civil and military expenditure, is 1,741,400*l.*, and in 1887-88, 1,770,500*l.*

The ultimate gain to the Imperial Government on the Provincial Contracts is 640,100*l.*, the gain on the Estimates for the ensuing year, however, being 490,000*l.* only. The recommendations of the Finance Committee in other directions cover a very wide field, and must for some considerable time continue to occupy the attention of the Government.

The income tax receipts in the Revised Estimates of 1886-87 are put at 1,348,100*l.*, against 1,458,100*l.* in the Budget of that year; the difference being mainly due to a decision to assess the income tax on the surplus profits of guaranteed railways, and not on their net earnings. As the share of the Government in the income tax on the net earnings of the guaranteed and State railways is 131,980*l.*, the loss on account of income tax is merely nominal to this extent. The estimate for the next year on account of income tax is 1,406,000*l.*

The net loss to the State on State and Guaranteed Railways in the Revised Estimates of 1886-87 is 1,177,900*l.*, and in the Budget Estimates of 1887-88 1,383,700*l.*

The Army Estimates for 1887-88, including Burma, amount to 19,197,000*l.*, against 19,070,600*l.* in the Revised Estimates of the preceding year; 344,984*l.* are included in the Estimates of 1887-88 as increased expenditure on account of additions to the strength of the Army.

The opium prospects are good, but, as they are not so exceptional as last year, the expenditure on account of opium has been reduced from 2,785,300*l.* in the Revised Estimates to 2,506,100*l.* in the Budget Estimates for next year. The reserve at the close of 1886-87 is expected to stand at 36,705 chests. The price during the ensuing year has been taken at 1,100 rupees per chest; 4,750 chests will be sold each month during 1887; the amount to be sold in the first three months of 1888 will be notified hereafter.

The additional charge in the Revised Estimates of 1886-87 on account of exchange is 474,600*l.* Exchange for 1887-88 has been taken at 17½*d.*

The consumption of salt has increased, in the 11 months ending with 31st January 1887, by 941,000 maunds.

The import, both of gold and silver, has decreased, the former having fallen to 1,35,84,360 rupees for 10 months of 1886-87 from 2,76,29,347 rupees in 1885-86 (12 months), 4,67,19,365 rupees in 1884-85 (12 months), and 5,46,25,051 rupees in 1883-84 (12 months).

The District and Post Office Savings Banks have been amalgamated. The total balance in savings banks of all classes on 31st March 1886 was 5,081,183*l.*

The Post Office Life Insurance scheme makes progress.

The opening balance of 1887-88 in India is expected to be 13,016,578*l.*, and the closing balance 11,104,678*l.* Provision has been made for drawings by the Secretary of State to the amount of 16,250,000*l.* (true sterling).

The annual loan for Public Works will amount to 5½ crores, and will be raised in India. Of this amount 3½ will be obtained by the investment in Government securities, at the desire of the Gwalior Council of Regency, of treasure hoarded by the late Maharaja Scindiah. No Public Works Sterling Loan will be raised this year.

26 March 1887.

A. Colvin.

A P P E N D I C E S.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

ACCOUNTS - - - - -	1885-86.
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BUDGET ESTIMATES - - - - -	1887-88.

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GENERAL STATEMENT of the ACCOUNTS and ESTIMATES of the
GOVERNMENT of INDIA,

[£. 1 is recorded for every 10 rupees, in respect of

	For Detail, vide Statement.	R E C E I P T S.			
		Accounts, 1885-86.	Budget Estimate, 1886-87.	Revised Estimate, 1886-87.	Budget Estimate, 1887-88.
REVENUE:		£.	£.	£.	£.
Principal Heads of Revenue:					
Land Revenue - - - - -	-	22,592,371	22,760,300	22,610,500	22,937,600
Opium - - - - -	-	8,942,515	9,227,600	8,898,900	8,893,300
Salt - - - - -	-	6,345,128	6,392,500	6,538,600	6,604,600
Stamps - - - - -	-	3,663,174	3,694,400	3,721,100	3,716,200
Excise - - - - -	-	4,152,136	4,134,800	4,265,600	4,225,400
Other Heads - - - - -	A.	6,747,001	7,715,500	7,631,000	7,751,600
TOTAL, PRINCIPAL HEADS - - -	"	52,442,325	53,925,100	53,665,700	54,128,700
Interest - - - - -	"	698,982	644,200	680,900	686,500
Post Office, Telegraph, and Mint - - - - -	"	1,965,860	1,914,100	1,976,700	2,025,300
Receipts by Civil Departments - - - - -	"	1,427,406	1,433,800	1,454,200	1,425,300
Miscellaneous - - - - -	"	1,077,809	763,100	831,400	1,177,000
Railways - - - - -	"	13,684,084	13,975,000	14,266,900	14,892,500
Irrigation - - - - -	"	1,588,278	1,621,600	1,594,800	1,688,000
Buildings and Roads - - - - -	"	615,581	680,100	690,800	539,500
Receipts by Military Departments - - - - -	"	963,872	841,700	910,300	897,400
TOTAL REVENUE - - - - -	-	74,464,197	75,798,700	76,071,700	77,460,200
Extraordinary Receipts:		£.			
Assets of the Bengal Civil Fund credited to Government by charge to Unfunded Debt in accordance with Act 45 & 46 Vict. c. 45 - - - - -	-	1,908,469			
Ditto Madras Civil Fund, ditto - - - - -	-	2,257,000			
Ditto Bombay City Police Supervision Fund, ditto - - - - -	-	30,930			
	-	4,196,399			
DEBT, DEPOSITS, AND ADVANCES:					
Permanent Debt (net incurred) - - - - -	C.	3,584,979	9,415,400	9,737,700	2,000,500
Unfunded Debt (net incurred) - - - - -	"		478,200	710,600	4,213,100
Deposits and Advances (net) - - - - -	"	3,392,767	733,500	628,200	
Loans to Municipalities, Native States, &c. (net Recoveries). - - - - -	"	102,720		72,500	
Capital of Railway Companies (net Receipts) - - - - -	"	4,150,924			
Remittances (net) - - - - -	"	410,512		1,078,300	
Secretary of State's Bills drawn - - - - -	"	10,292,692	13,331,400	12,000,000	16,250,000
TOTAL RECEIPTS - - - - -	-	100,595,190	99,757,200	100,299,000	99,923,800
Balance on 1st April—India - - - - -	-	12,540,532	12,401,932	12,754,478	13,016,578
England - - - - -	-	2,249,378	4,777,978	4,726,585	2,077,085
GRAND TOTAL - - - - -	-	115,385,100	116,937,110	117,780,063	115,017,463

REVENUE and EXPENDITURE, and RECEIPTS and DISBURSEMENTS, of the
in INDIA and in ENGLAND.

Transactions in India, including those of "Exchange."]

Figures nearest to 100 in columns for Estimates.

	For Detail, vide Statement.	DISBURSEMENTS.			
		Accounts, 1885-86.	Budget Estimate, 1886-87.	Revised Estimate, 1886-87.	Budget Estimate, 1887-88.
EXPENDITURE:		£.	£.	£.	£.
Direct Demands on the Revenues - - -	B.	9,805,278	9,675,200	9,786,000	9,650,600
Interest - - - - -	"	4,330,861	4,250,300	4,307,700	4,412,200
Post Office, Telegraph, and Mint - - -	"	2,292,961	2,227,500	2,171,800	2,261,500
Salaries and Expenses of Civil Departments -	"	12,243,689	12,354,900	12,650,100	13,179,700
Miscellaneous Civil Charges - - - - -	"	4,634,598	4,848,600	4,723,000	4,856,200
Famine Relief and Insurance - - - - -	"	1,500,000	1,361,300	311,900	94,500
Construction of Railways (charged against Revenue, in addition to that under Famine Insurance).	"	632,055	109,200	187,900	75,000
Railway Revenue Account - - - - -	"	14,415,797	15,696,700	15,700,600	16,481,900
Irrigation - - - - -	"	2,303,747	2,352,900	2,396,400	2,441,300
Buildings and Roads - - - - -	"	4,485,276	5,449,300	5,342,500	5,553,200
Army Services - - - - -	"	20,097,779	18,266,000	19,070,600	19,197,000
TOTAL EXPENDITURE, IMPERIAL and PROVINCIAL - - - - -	-	76,742,041	76,591,900	76,648,500	78,203,100
<i>Add.</i> —Provincial Surpluses, that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B.	731,242	—	+ 54,800	—
<i>Deduct.</i> —Provincial Deficits, that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	—207,360	—975,400	—632,100	—759,600
TOTAL EXPENDITURE charged against REVENUE - - - - -	-	77,265,923	75,616,500	76,071,200	77,443,500
EXPENDITURE NOT CHARGED TO REVENUE:					
Capital Outlay on Railways and Irrigation Works	End of B.	5,275,364	5,427,100	5,802,500	4,994,200
Special Defence Works - - - - -	"	—	441,700	305,200	474,600
Capital Charge involved in Redemption of Liabilities	-	1,086,045	4,844,200	4,914,500	—
DEBT, DEPOSITS, AND ADVANCES:					
Unfunded Debt (net discharged) - - -	C.	3,283,959	—	—	—
Deposits and Advances (net) - - - - -	"	—	—	—	1,160,800
Loans to Municipalities, Native States, &c. (net Payments).	"	—	897,600	—	677,200
Capital of Railway Companies (net Payments) -	"	—	3,162,000	3,644,900	656,200
Remittances (net) - - - - -	"	—	135,400	—	85,000
Secretary of State's Bills paid - - - - -	"	10,992,746	13,331,400	11,948,100	16,250,000
TOTAL DISBURSEMENTS - - - - -	-	97,004,037	103,855,900	102,686,400	101,741,500
Balance on 31st March—India - - - - -	-	12,754,478	10,617,432	13,016,578	11,104,678
England - - - - -	-	4,726,585	2,463,778	2,077,085	2,171,285
GRAND TOTAL - - - - -	-	115,385,100	116,937,110	117,780,063	115,017,463
Revenue - - - - -		74,464,197	75,798,700	76,071,700	77,460,200
Expenditure chargeable thereon - - - - -		77,265,923	75,616,500	76,071,200	77,443,500
Surplus + or Deficit - - - - -		—2,801,726	+ 182,200	+ 500	+ 16,700

E. Gay,
Officiating Comptroller General.

J. Westland,
Officiating Secretary to the Government of India.

A.—STATEMENT of the REVENUE of INDIA, in INDIA and in ENGLAND.

[£. 1 is recorded for every 10 rupees, in respect of

HEADS OF REVENUE.	ACCOUNTS, 1885-86.					REVISED	
	India.		England.	Exchange.*	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
PRINCIPAL HEADS OF REVENUE :	£.	£.	£.	£.	£.	£.	£.
I.—Land Revenue	13,450,572	9,141,799	-	-	22,592,371	13,964,600	8,645,900
II.—Opium	8,942,515	-	-	-	8,942,515	8,898,900	-
III.—Salt	6,317,754	27,374	-	-	6,345,128	6,505,000	33,600
IV.—Stamps	1,851,387	1,811,787	-	-	3,663,174	1,883,500	1,837,600
V.—Excise	2,105,266	2,046,870	-	-	4,152,136	2,164,900	2,100,700
VI.—Provincial Rates	1,632	2,958,683	-	-	2,960,315	1,300	2,942,300
VII.—Customs	1,020,624	179,352	-	-	1,199,976	1,043,700	168,200
VIII.—Assessed Taxes	251,599	251,435	-	-	503,034	1,095,000	253,100
IX.—Forest	490,983	594,015	832	262	1,086,092	525,500	613,100
X.—Registration	154,697	153,309	-	-	308,006	149,900	148,000
XI.—Tributes from Native States	689,578	-	-	-	689,578	690,900	-
Total	£. 35,276,607	17,164,624	832	262	52,442,325	36,923,200	16,742,500
XII.—Interest	654,146	32,324	9,136	2,876	698,982	593,300	32,800
POST OFFICE, TELEGRAPH, AND MINT :							
XIII.—Post Office	1,108,849	4,237	-	-	1,113,086	1,161,700	4,600
XIV.—Telegraph	581,357	374	35,560	11,193	628,484	640,700	300
XV.—Mint	224,290	-	-	-	224,290	156,400	-
Total	£. 1,914,496	4,611	35,560	11,193	1,965,860	1,958,800	4,900
RECEIPTS BY CIVIL DEPARTMENTS :							
XVI.—Law and Justice { Courts	14,858	273,608	-	-	288,466	20,300	281,800
{ Jails	40,141	249,102	-	-	289,243	45,900	256,200
XVII.—Police	6,331	314,680	-	-	321,011	10,700	311,200
XVIII.—Marine	86,040	114,392	-	-	200,432	57,600	112,900
XIX.—Education	1,030	199,710	-	-	200,740	1,300	203,700
XX.—Medical	1	50,978	2,537	799	54,315	100	55,000
XXI.—Scientific and other Minor Departments.	13,254	59,765	137	43	73,199	35,800	57,500
Total	£. 161,635	1,262,235	2,674	849	1,427,406	171,700	1,278,300
MISCELLANEOUS :							
XXII.—Receipts in aid of Superannuation, &c.	221,587	30,146	125,330	39,450	416,513	231,300	32,800
XXIII.—Stationery and Printing	7,121	48,569	-	-	55,690	53,900	44,000
XXIV.—Exchange	264,378	-	-	-	264,378	-	-
XXV.—Miscellaneous	69,673	263,276	6,297	1,982	341,228	78,300	247,700
Total	£. 562,759	341,991	131,627	41,432	1,077,809	369,500	324,500
RAILWAYS :							
XXVI.—State Railways (Gross Earnings)	8,988,903	969,686	230	72	9,958,890	9,627,000	1,087,100
XXVII.—Guaranteed Companies (Net Traffic Receipts).	3,725,075	-	-	-	3,725,075	3,552,500	-
XXVIII.—Subsidized Companies (Repayment of Advances of Interest).	-	119	-	-	119	-	-
Total	£. 12,713,977	969,805	230	72	13,684,084	13,179,500	1,087,100
IRRIGATION :							
XXIX.—Major Works: Direct Receipts	267,902	596,871	-	-	864,773	313,700	577,400
Portion of Land Revenue due to Irrigation.	562,607	-	-	-	562,607	558,300	-
XXX.—Minor Works and Navigation	29,956	130,942	-	-	160,898	31,600	113,800
Total	£. 860,465	727,813	-	-	1,588,278	903,600	691,200
BUILDINGS AND ROADS :							
XXXI.—Military Works	41,158	-	-	-	41,158	188,800	-
XXXII.—Civil Works	7,238	541,217	19,751	6,217	574,423	9,500	462,300
Total	£. 48,396	541,217	19,751	6,217	615,581	198,300	462,300
RECEIPTS BY MILITARY DEPARTMENTS :							
XXXIII.—Army: Effective	838,810	-	56,168	17,680	912,658	797,200	-
Non-effective	47,143	-	3,096	975	51,214	41,500	-
Total	£. 885,953	-	59,264	18,655	963,872	838,700	-
TOTAL REVENUES	£. 53,078,454	21,045,120	259,074	81,549	74,464,197	55,130,600	20,623,600

* The columns headed "Exchange" show, under the several heads of Revenue and Expenditure which include transactions in England, the Exchange thereon calculated in accordance with the average rate obtained for Bills and Telegraphic Transfers sold during the year.

A.—STATEMENT of the REVENUE of INDIA, in INDIA and in ENGLAND.

Transactions in India, including those of "Exchange."]]

Figures nearest to 100 in columns for Estimates.

ESTIMATE, 1886-87.			Increase + Decrease — of Revised as compared with Budget Estimates, 1886-87.	BUDGET ESTIMATE, 1887-88.					Increase + Decrease — of Budget, 1887-88, as compared with Revised Estimates, 1886-87.
England.	Exchange. 1 s. 5½ d.	TOTAL.		India.		England.	Exchange. 1 s. 5½ d.	TOTAL.	
				Imperial.	Provincial and Local.				
£.	£.	£.	£.	£.	£.	£.	£.	£.	
-	-	22,610,500	-149,800	14,156,000	8,781,600	-	-	22,937,600	+ 327,100
-	-	8,898,900	-323,700	8,893,300	-	-	-	8,893,300	- 5,600
-	-	6,538,600	+ 116,100	6,577,800	26,800	-	-	6,604,600	+ 66,000
-	-	3,721,100	+ 26,700	1,074,200	2,642,000	-	-	3,716,200	- 4,900
-	-	4,265,600	+ 130,800	3,096,000	1,129,400	-	-	4,225,400	- 40,200
-	-	2,943,600	+ 34,500	800	2,956,700	-	-	2,957,500	+ 13,900
-	-	1,211,900	+ 38,700	1,217,600	15,100	-	-	1,232,700	+ 20,800
-	-	1,348,100	-110,000	893,700	572,300	-	-	1,406,000	+ 57,900
-	-	1,138,600	- 14,700	521,800	609,900	-	-	1,130,700	- 7,900
-	-	297,900	-11,900	152,100	150,600	-	-	302,700	+ 4,800
-	-	690,900	- 21,100	722,000	-	-	-	722,000	+ 31,100
-	-	53,665,700	-259,400	37,245,300	16,883,400	-	-	54,128,700	+ 463,000
40,000	14,800	680,900	+ 36,700	640,900	31,900	10,000	3,700	686,500	+ 5,600
-	-	1,166,300	+ 9,200	1,210,900	5,400	-	-	1,216,300	+ 50,000
9,500	3,500	654,000	+ 78,100	628,700	300	7,000	2,600	638,600	- 15,400
-	-	156,400	- 24,700	170,400	-	-	-	170,400	+ 14,000
9,500	3,500	1,976,700	+ 62,600	2,010,000	5,700	7,000	2,600	2,025,300	+ 48,600
-	-	302,100	+ 6,100	22,200	275,700	-	-	297,900	- 4,200
-	-	302,100	+ 22,100	40,500	253,000	-	-	293,500	- 8,600
-	-	321,900	- 300	11,900	312,000	-	-	323,900	+ 2,000
-	-	170,500	- 14,300	57,700	115,600	-	-	173,300	+ 2,800
-	-	205,000	+ 1,200	1,300	197,400	-	-	198,700	+ 6,300
2,500	900	58,500	+ 700	-	53,500	2,200	800	56,500	- 2,000
600	200	94,100	+ 4,900	23,100	56,600	1,300	500	81,500	- 12,600
3,100	1,100	1,454,200	+ 20,400	156,700	1,263,800	3,500	1,300	1,425,300	- 28,900
102,600	38,100	404,800	+ 11,700	228,500	31,700	96,400	35,800	392,400	- 12,400
-	-	97,900	+ 26,400	54,600	42,600	-	-	97,200	- 700
2,000	700	328,700	+ 30,200	365,400	-	-	-	365,400	+ 365,400
-	-	-	-	74,100	244,500	2,500	900	322,000	- 6,700
104,600	38,800	831,400	+ 68,300	722,600	318,800	98,900	36,700	1,177,000	+ 345,600
200	100	10,714,400	-127,100	9,948,700	1,369,800	200	100	11,318,800	+ 604,400
-	-	3,552,500	+ 419,000	3,515,000	-	-	-	3,515,000	- 37,500
-	-	-	-	58,700	-	-	-	58,700	+ 58,700
200	100	14,266,900	+ 291,900	13,522,400	1,369,800	200	100	14,892,500	+ 625,600
-	-	891,100	- 30,200	374,900	584,300	-	-	959,200	+ 68,100
-	-	558,300	+ 2,800	576,500	-	-	-	576,500	+ 18,200
-	-	145,400	+ 800	27,700	124,600	-	-	152,300	+ 6,900
-	-	1,594,800	- 26,800	979,100	708,900	-	-	1,688,000	+ 93,200
-	-	188,800	+ 700	36,400	-	-	-	36,400	- 152,400
22,000	8,200	502,000	+ 10,000	9,700	462,300	22,700	8,400	503,100	+ 1,100
22,000	8,200	690,800	+ 10,700	46,100	462,300	22,700	8,400	539,500	- 151,300
48,000	17,800	863,000	+ 74,100	800,900	-	30,000	11,200	842,100	- 20,900
4,200	1,600	47,300	- 5,500	49,100	-	4,500	1,700	55,300	+ 8,000
52,200	19,400	910,300	+ 68,600	850,000	-	34,500	12,900	897,400	- 12,900
231,600	85,900	76,071,700	+ 273,000	56,173,100	21,044,600	176,800	65,700	77,460,200	+ 1,388,500

B.—STATEMENT of the EXPENDITURE Chargeable on the

[£. 1 is recorded for every 10 rupees, in respect of

HEADS OF EXPENDITURE.	ACCOUNTS, 1885-86.					REVISED	
	India.		England.	Exchange.†	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
DIRECT DEMANDS ON THE REVENUES :	£.	£.	£.	£.	£.	£.	£.
1.—Refunds and Drawbacks - - - - -	128,715	77,459	-	-	206,174	136,600	72,800
2.—Assignments and Compensations - - -	584,567	811,970	-	-	1,396,537	550,200	813,300
Charges in respect of Collection, viz. :							
3.—Land Revenue - - - - -	277,760	3,136,095	332	105	3,414,292	338,400	3,175,800
4.—Opium (including cost of production)	3,051,481	-	4,710	1,483	3,057,674	2,782,400	-
5.—Salt (including cost of production) -	307,341	92,013	1,722	542	401,618	388,500	94,500
6.—Stamps - - - - -	21,907	62,150	48,543	15,280	147,970	21,300	65,100
7.—Excise - - - - -	61,464	61,743	880	279	124,372	58,600	58,700
8.—Provincial Rates - - - - -	-	47,057	-	-	47,057	-	47,000
9.—Customs - - - - -	-	130,719	-	-	130,719	-	133,400
10.—Assessed Taxes - - - - -	6,379	6,092	-	-	12,471	46,200	6,500
11.—Forest - - - - -	301,559	375,550	2,950	929	680,988	317,500	415,100
12.—Registration - - - - -	93,011	92,395	-	-	185,406	93,200	92,200
TOTAL - - -	4,834,274	4,893,243	59,143	18,618	9,805,278	4,741,900	4,974,400
INTEREST :							
13.—Interest on Debt* other than that charged to Railways and Irrigation Works.	663,650	-	2,428,948	764,563	3,857,161	381,700	-
14.—Interest on other Obligations - - -	470,498	2,814	295	93	473,700	361,000	2,700
TOTAL - - -	1,134,148	2,814	2,429,243	764,656	4,330,861	742,700	2,700
POST OFFICE, TELEGRAPH, AND MINT :							
15.—Post Office - - - - -	1,056,829	107,541	105,139	33,095	1,302,604	1,079,500	109,400
16.—Telegraph - - - - -	520,011	574	267,861	84,315	872,761	573,700	500
17.—Mint - - - - -	88,327	-	22,262	7,007	117,596	70,300	-
TOTAL - - -	1,665,167	108,115	395,262	124,417	2,292,961	1,723,500	109,900
SALARIES AND EXPENSES OF CIVIL DEPARTMENTS :							
18.—General Administration - - - - -	626,710	760,964	262,582	82,653	1,732,909	621,800	772,700
19.—Law and Justice { Courts - - - - -	25,328	2,435,143	1,109	349	2,461,929	56,500	2,581,900
{ Jails - - - - -	140,441	749,914	-	-	890,355	136,300	641,100
20.—Police - - - - -	95,142	2,757,582	-	-	2,852,724	417,700	2,893,800
21.—Marine (including River Navigation) -	200,268	127,201	143,166	45,065	524,700	374,500	128,800
22.—Education - - - - -	16,219	1,226,377	381	120	1,243,097	15,200	1,276,500
23.—Ecclesiastical - - - - -	163,045	-	609	192	163,846	160,600	-
24.—Medical - - - - -	16,091	720,082	8,667	2,728	747,568	21,900	724,600
25.—Political - - - - -	1,107,387	134	32,859	10,343	1,150,723	709,300	200
26.—Scientific and other Minor Departments	265,814	188,316	16,511	5,197	475,838	280,700	153,200
TOTAL - - -	2,665,445	8,965,713	465,884	146,647	12,243,689	2,794,500	9,112,800
MISCELLANEOUS CIVIL CHARGES :							
27.—Territorial and Political Pensions -	623,736	-	22,062	6,944	652,742	634,500	-
28.—Civil Furlough and Absentee Allowances	4,589	-	196,191	61,755	262,535	4,100	-
29.—Superannuation Allowances and Pensions	347,213	574,460	1,506,051	474,062	2,901,786	93,300	599,500
30.—Stationery and Printing - - - - -	28,329	384,368	74,537	23,462	510,696	47,100	381,600
31.—Exchange - - - - -	-	-	-	-	-	48,000	-
32.—Miscellaneous - - - - -	50,802	214,782	31,378	9,877	306,839	83,800	206,800
TOTAL - - -	1,054,669	1,173,610	1,830,219	576,100	4,634,598	910,800	1,187,900
FAMINE RELIEF AND INSURANCE :							
33.—Famine Relief - - - - -	37	40,658	-	-	40,695	-	600
34.—Construction of Protective Railways -	589,000	-	-	-	589,000	200,000	-
35.—Construction of Protective Irrigation Works	186,807	-	-	-	186,807	111,300	-
36.—Reduction of Debt - - - - -	683,498	-	-	-	683,498	-	-
TOTAL - - -	1,459,342	40,658	-	-	1,500,000	311,300	600
Carried forward - - £.	12,813,045	15,184,153	5,179,751	1,630,438	34,807,387	11,224,700	15,388,300

* The "Interest on Debt" is distributed as follows:—
Interest on Debt (other than that charged to Railways and Irrigation Works) as above 663,650
Under Railway Revenue Account 2,181,875
Under Irrigation 964,847

TOTAL - - - £.

ACCOUNTS, 1885-86.			
India.	England.	Exchange.	TOTAL.
£.	£.	£.	£.
663,650	2,428,948	764,563	3,857,161
2,181,875	366,155	116,255	2,663,285
964,847	-	-	964,847
TOTAL - - -	3,810,372	2,795,103	879,818

REVENUES of INDIA, in INDIA and in ENGLAND.

Transactions in India, including those of "Exchange."]

Figures nearest to 100 in columns for Estimates.

ESTIMATE, 1886-87.			Increase+ Decrease— of Revised as compared with Budget Estimates, 1886-87.	BUDGET ESTIMATE, 1887-88.					Increase+ Decrease— of Budget, 1887-88, as compared with Revised Estimates, 1886-87.
England.	Exchange, 1 s. 5½ d.	TOTAL.		India.		England.	Exchange, 1 s. 5½ d.	TOTAL.	
£.	£.	£.	£.	Imperial.	Provincial and Local.	£.	£.	£.	£.
-	-	209,400	+ 2,400	135,300	66,900	-	-	202,200	- 7,200
-	-	1,372,500	+ 71,500	552,500	815,100	-	-	1,367,600	- 4,900
1,000	400	3,515,600	- 73,200	265,300	3,402,500	700	300	3,668,800	+ 153,200
2,000	000	2,785,300	+ 134,800	2,504,000	-	1,500	600	2,506,100	- 279,200
100	-	483,100	- 13,500	467,500	1,500	100	-	469,100	- 14,000
44,900	16,700	148,000	- 5,300	- 6,800	91,600	67,700	25,100	177,800	+ 29,800
200	100	117,600	+ 11,800	86,600	32,000	200	100	118,900	+ 1,300
-	-	47,000	+ 400	-	47,200	-	-	47,200	+ 200
-	-	133,400	-	49,800	85,300	-	-	135,100	+ 1,700
-	-	52,700	- 6,000	18,600	15,000	-	-	33,600	- 19,100
2,500	900	736,000	- 6,300	326,000	409,000	1,900	700	737,600	+ 1,600
-	-	185,400	- 5,800	93,800	92,800	-	-	186,600	+ 1,200
50,700	19,000	9,786,000	+ 110,800	4,492,800	5,058,900	72,100	26,800	9,650,600	- 135,400
2,597,200	964,700	3,943,600	+ 57,500	418,100	-	2,630,100	976,900	4,025,100	+ 81,500
300	100	364,100	- 100	383,800	2,600	500	200	387,100	+ 23,000
2,597,500	964,800	4,307,700	+ 57,400	801,900	2,600	2,630,600	977,100	4,412,200	+ 104,500
118,200	43,900	1,351,000	- 3,000	1,100,200	112,300	110,800	41,200	1,364,500	+ 13,500
121,300	45,100	740,600	- 39,300	622,900	500	136,700	50,800	810,900	+ 70,300
7,200	2,700	80,200	- 13,400	79,000	-	5,200	1,900	86,100	+ 5,900
246,700	91,700	2,171,800	- 55,700	1,802,100	112,800	252,700	93,900	2,261,500	+ 89,700
249,600	92,700	1,736,800	- 7,300	604,000	768,000	246,700	91,600	1,710,300	- 26,500
1,200	500	2,640,100	- 24,700	88,300	2,608,500	2,000	700	2,699,500	+ 59,400
-	-	777,400	- 28,000	158,200	657,400	-	-	815,600	+ 38,200
-	-	3,251,500	+ 233,600	833,900	2,881,400	-	-	3,715,300	+ 463,800
229,600	85,300	818,200	+ 159,300	278,500	138,000	326,700	121,300	864,500	+ 46,300
400	100	1,292,200	- 34,300	14,800	1,303,300	900	300	1,319,300	+ 27,100
300	100	161,000	- 11,800	171,500	-	300	100	171,900	+ 10,900
7,200	2,700	756,400	- 32,200	44,700	748,300	7,400	2,800	803,200	+ 46,800
30,100	11,200	750,800	+ 68,900	592,800	400	27,300	10,100	630,600	- 120,200
23,200	8,600	465,700	- 28,300	268,200	154,500	19,500	7,300	449,500	- 16,200
541,600	201,200	12,650,100	+ 295,200	3,054,900	9,259,800	630,800	234,200	13,179,700	+ 529,600
18,400	6,900	659,800	- 14,500	638,200	-	27,200	10,100	675,500	+ 15,700
189,000	70,200	263,300	- 36,300	5,400	-	217,000	80,600	303,000	+ 39,700
1,587,000	589,500	2,869,300	+ 30,500	93,400	619,600	1,608,000	597,300	2,918,300	+ 49,000
90,700	33,500	552,900	- 3,300	51,200	391,500	109,700	40,700	593,100	+ 40,200
-	-	48,000	- 89,700	-	-	-	-	-	- 48,000
28,500	10,600	329,700	- 12,300	129,300	197,900	28,500	10,600	366,300	+ 36,600
1,913,600	710,700	4,723,000	- 125,600	917,500	1,209,000	1,990,400	739,300	4,856,200	+ 133,200
-	-	600	- 400	-	2,000	-	-	2,000	+ 1,400
-	-	200,000	- 300,000	-	-	-	-	-	- 200,000
-	-	111,900	-	92,500	-	-	-	92,500	- 18,800
-	-	-	- 749,000	-	-	-	-	-	-
-	-	311,900	- 1,049,400	92,500	2,000	-	-	94,500	- 217,400
5,350,100	1,987,400	33,950,500	- 767,300	11,161,700	15,645,100	5,576,600	2,071,300	34,454,700	+ 504,200
REVISED ESTIMATE, 1886-87.				BUDGET ESTIMATE, 1887-88.					
India.	England.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.		
£.	£.	£.	£.	£.	£.	£.	£.		
381,700	2,597,200	961,700	3,940,600	418,100	2,634,100	976,900	4,029,100		
2,413,000	566,000	210,200	3,189,200	2,560,700	552,500	206,200	3,319,400		
934,300	-	-	934,300	1,024,900	-	-	1,024,900		
3,789,000	3,163,200	1,174,900	8,127,100	4,003,700	3,182,600	1,182,100	8,368,400		

B.—STATEMENT of the EXPENDITURE Chargeable on the

[£. 1 is recorded for every 10 rupees, in respect of

HEADS OF EXPENDITURE.	ACCOUNTS, 1885-86.					REVISED	
	India.		England.	Exchange.*	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	£.	£.	£.	£.	£.	£.	£.
Brought forward - - -	12,813,045	15,184,153	5,179,751	1,630,438	34,807,387	11,224,700	15,388,300
37.—CONSTRUCTION of RAILWAYS (charged against Revenue in addition to that under Famine Insurance).	500,000	132,055	- - -	- - -	632,055	- - -	187,900
RAILWAY REVENUE ACCOUNT :							
38.—State Railways : Working Expenses - - -	4,212,521	689,571	- - -	- - -	4,902,092	4,608,000	670,000
Interest on Debt - - -	1,800,820	331,055	366,155	115,255	2,663,285	2,017,100	395,900
Annuities in purchase of Railways - - -	- - -	- - -	1,324,081	416,767	1,740,798	- - -	- - -
Interest on Capital deposited by Companies - - -	289	- - -	195,886	61,659	257,834	400	- - -
39.—Guaranteed Companies : Surplus Profits, Land, and Supervision.	476,682	- - -	- - -	- - -	476,682	607,000	- - -
Interest - - -	49,767	- - -	3,180,735	1,001,203	4,231,707	11,000	- - -
40.—Subsidised Companies : Land, &c. - - -	27,276	16,849	- - -	- - -	44,125	33,100	14,900
Advances of Interest - - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
41.—Miscellaneous Railway Expenditure - - -	91,235	8,039	- - -	- - -	99,274	82,500	13,700
Total - - -	6,658,590	1,095,514	5,066,807	1,594,886	14,415,797	7,359,100	1,094,500
IRRIGATION :							
42.—Major Works : Working Expenses - - -	206,014	327,136	- - -	- - -	593,150	287,400	355,200
Interest on Debt - - -	486,553	478,289	- - -	- - -	964,847	507,400	486,900
43.—Minor Works and Navigation - - -	512,471	232,689	449	141	745,750	561,500	195,500
Total - - -	1,265,048	1,038,114	449	141	2,303,747	1,356,300	1,037,600
BUILDINGS AND ROADS :							
44.—Military Works - - - - -	960,415	- - -	6,469	2,036	968,920	1,127,700	- - -
45.—Civil Works - - - - -	350,452	3,071,402	71,877	22,625	3,516,356	599,600	3,492,600
Total - - -	1,310,867	3,071,402	78,346	24,661	4,485,276	1,727,300	3,492,600
ARMY SERVICES :							
46.—Army : Effective - - - - -	14,414,290	- - -	1,996,069	628,305	17,038,664	13,207,900	- - -
Non-Effective - - - - -	832,798	- - -	1,693,311	533,006	3,059,115	860,800	- - -
Total - - -	15,247,088	- - -	3,689,380	1,161,311	20,097,779	14,068,700	- - -
TOTAL EXPENDITURE, IMPERIAL and PROVINCIAL - - - - -	37,794,633	20,521,298	14,014,733	4,411,437	76,742,041	35,736,100	21,200,900
Add.—Portion of Allotments to Provincial Governments not spent by them in the Year - - - - -	- - -	+ 731,242	- - -	- - -	+ 731,242	- - -	+ 54,800
Deduct.—Portion of Provincial Expenditure defrayed from Provincial Balances - - - - -	- - -	- 207,300	- - -	- - -	- 207,360	- - -	- 632,100
TOTAL EXPENDITURE CHARGED AGAINST REVENUE - - - - -	£. 37,794,633	21,045,120	14,014,733	4,411,437	77,265,923	35,736,100	20,623,600

	ACCOUNTS, 1885-86.			
	India.	England.	Exchange.	TOTAL.
EXPENDITURE NOT CHARGED TO REVENUE :	£.	£.	£.	£.
Capital Outlay on Railways and Irrigation Works :				
47.—State Railways : Construction - - - - -	2,363,102	1,787,175	562,551	4,712,828
48.—Irrigation Works - - - - -	553,866	6,594	2,076	562,536
TOTAL - - - - -	2,916,968	1,793,769	564,627	5,275,364
49.—SPECIAL DEFENCE WORKS - - - - -	- - -	- - -	- - -	- - -
50.—CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES.	- - -	1,086,045	- - -	1,086,045

* See foot-note to Statement, A., p. 54.

REVENUES of INDIA, in INDIA and in ENGLAND—*continued.*

Transactions in India, including those of "Exchange."] Figures nearest to 100 in columns for Estimates.

ESTIMATE, 1886-87.				BUDGET ESTIMATE, 1887-88.					Increase + Decrease — of Budget, 1887-88, as compared with Revised Estimates, 1886-87.
England.	Exchange.* 1 s. 5½ d.	TOTAL.	Increase + Decrease — of Revised as compared with Budget Estimates, 1886-87.	India.		England.	Exchange.* 1 s. 5½ d.	TOTAL.	
				Imperial.	Provincial and Local.				
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
5,350,100	1,987,400	33,050,500	— 767,300	11,161,700	15,645,100	5,576,600	2,071,300	34,454,700	+ 504,200
-	-	187,900	+ 78,700	-	75,000	-	-	75,000	— 112,900
-	-	5,278,000	— 291,100	5,020,300	811,000	-	-	5,831,300	+ 553,300
566,000	210,200	3,189,200	+ 89,600	2,117,700	443,000	552,500	205,200	3,318,400	+ 129,200
1,677,700	623,100	2,300,800	— 300	-	-	1,683,000	625,100	2,308,100	+ 7,300
343,700	127,600	471,700	+ 59,300	400	-	426,400	158,400	585,200	+ 113,500
-	-	607,000	+ 109,500	573,000	-	-	-	573,000	— 34,000
2,607,000	1,001,700	3,709,700	+ 118,900	29,400	-	2,700,000	1,002,900	3,732,300	+ 22,600
-	-	48,000	— 21,500	40,500	19,500	-	-	60,000	+ 12,000
-	-	-	— 36,600	-	-	-	-	-	-
-	-	96,200	— 23,800	70,000	3,600	-	-	73,600	— 22,600
5,284,400	1,962,600	15,700,600	+ 3,900	7,851,300	1,277,100	5,361,900	1,991,600	16,481,900	+ 781,300
-	-	642,600	+ 30,900	291,700	354,200	-	-	645,900	+ 3,300
-	-	994,300	— 3,500	513,700	511,200	-	-	1,024,900	+ 30,600
1,800	700	759,500	+ 16,100	271,400	498,800	200	100	770,500	+ 11,000
1,800	700	2,396,400	+ 43,500	1,076,800	1,364,200	200	100	2,441,300	+ 44,900
2,200	800	1,130,700	— 24,700	1,298,100	-	1,900	700	1,300,700	+ 170,000
87,200	32,400	4,211,800	— 82,100	691,600	3,442,800	86,100	32,000	4,252,500	+ 40,700
89,400	33,200	5,342,500	— 106,800	1,989,700	3,442,800	88,000	32,700	5,553,200	+ 210,700
1,852,400	688,000	15,748,300	+ 673,700	13,143,700	-	1,886,200	700,600	15,730,500	— 17,800
1,794,900	666,600	3,322,300	+ 130,900	866,300	-	1,896,000	704,200	3,466,500	+ 144,200
3,647,300	1,354,600	19,070,600	+ 804,600	14,010,000	-	3,782,200	1,404,800	19,197,000	+ 126,400
14,373,000	5,333,500	76,648,500	+ 56,600	36,089,500	21,804,200	14,808,900	5,500,500	78,203,100	+1,554,600
-	-	-577,300	+ 398,100	-	-	-	-	-	-
-	-	-	-	-	-759,600	-	-	-759,600	- 182,300
14,373,000	5,333,500	76,071,200	+ 454,700	36,089,500	21,044,600	14,808,900	5,500,500	77,443,500	+1,372,300
REVISED ESTIMATE, 1886-87.				BUDGET ESTIMATE, 1887-88.					
India.	England.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.		
£.	£.	£.	£.	£.	£.	£.	£.		
3,928,300	1,344,000	490,200	5,171,500	2,435,900	1,355,000	503,300	4,294,200		
625,500	4,000	1,500	631,000	700,000	-	-	700,000		
3,953,800	1,348,000	500,700	5,802,500	3,135,900	1,355,000	503,300	4,994,200		
130,300	127,500	47,400	305,200	383,700	66,300	24,600	474,600		
-	4,914,500	-	4,914,500	-	-	-	-		

C.—STATEMENT of RECEIPTS and DISBURSEMENTS other than REVENUE

[£. 1 is recorded for every 10 rupees, in respect of

	ACCOUNTS, 1885-86.			REVISED ESTIMATE, 1886-87.			BUDGET ESTIMATE, 1887-88.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
REVENUE (from Statement A.) -	74,123,574	259,074	74,382,648	75,754,200	231,600	75,985,800	77,217,700	176,800	77,394,500
Exchange added to Revenue -	81,549	-	81,549	85,900	-	85,900	65,700	-	65,700
Extraordinary Receipts -	4,196,399	-	4,196,399	-	-	-	-	-	-
Total - - - £.	78,401,522	259,074	78,660,596	75,840,100	231,600	76,071,700	77,283,400	176,800	77,460,200
PERMANENT DEBT INCURRED :									
<i>Sterling Debt :</i>									
3½ per Cent. India Stock -	-	1,086,045	-	-	4,914,500	-	-	-	-
3 per Cent. India Stock -	-	2,984,986	-	-	5,207,500	-	-	-	-
Debenture and Debenture Stock -	-	-	-	-	-	-	-	-	-
Proposed Loan - - -	-	-	-	-	-	-	-	-	-
<i>Rupee Debt :</i>									
4 per Cent. Rupee Loan -	12	-	-	1,200,000	-	-	-	-	-
Stock Notes - - - -	2,307	-	-	1,500	-	-	1,500	-	-
Miscellaneous - - - -	-	-	-	-	-	-	-	-	-
Proposed Loan - - - -	-	-	-	-	-	-	2,000,000	-	-
Total - - - £.	2,319	4,071,031	4,073,350	1,201,500	10,122,000	11,323,500	2,001,500	-	2,001,500
Net - - - £.	-	-	3,584,979	-	-	9,737,700	-	-	2,000,500
UNFUNDED DEBT :									
Temporary Loans - - -	-	1,000,000	-	-	-	-	-	-	-
Special Loans - - - -	-	-	-	-	-	-	3,500,000	-	-
Treasury Notes - - - -	136,229	-	-	800	-	-	-	-	-
Deposits of Service Funds -	626,701	-	-	123,300	-	-	123,800	-	-
Savings Bank Deposits -	3,792,746	-	-	5,309,500	-	-	3,953,300	-	-
Total - - - £.	4,555,675	1,000,000	5,555,675	5,433,600	-	5,433,600	7,577,100	-	7,577,100
Net - - - £.	-	-	0	-	-	710,600	-	-	4,213,100
DEPOSITS AND ADVANCES :									
Balances of Provincial Allotments	731,242	-	-	54,800	-	-	-	-	-
Commission for the Reduction of Debt.	683,498	-	-	-	-	-	-	-	-
Excluded Local Funds - -	829,812	-	-	630,500	-	-	632,500	-	-
Political, Railway, and Military Prize Funds.	56,997	-	-	36,600	-	-	37,200	-	-
Departmental and Judicial Deposits.	16,119,439	-	-	14,472,800	-	-	14,241,300	-	-
Advances - - - - -	12,249,963	3,795	-	6,544,600	6,800	-	6,252,500	70,900	-
Suspense Accounts - - - -	136,031	-	-	21,600	-	-	9,300	-	-
Exchange on Remittance Accounts, net.	1,585,806	-	-	1,380,200	-	-	-	-	-
Miscellaneous - - - - -	40,588	250,285	-	70,700	9,800	-	30,100	-	-
Total - - - £.	32,433,376	254,080	32,687,456	23,211,800	16,600	23,228,400	21,211,900	70,900	21,282,800
Net - - - £.	-	-	3,392,767	-	-	628,200	-	-	0
Carried forward - - - £.	115,392,892	5,584,185	-	105,687,000	10,370,200	-	108,073,900	247,700	-

and EXPENDITURE of the GOVERNMENT of INDIA, in INDIA and in ENGLAND.

Transactions in India, including those of "Exchange."]

Figures nearest to 100 in columns for Estimates.

	ACCOUNTS, 1885-86.			REVISED ESTIMATE, 1886-87.			BUDGET ESTIMATE, 1887-88.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
EXPENDITURE, IMPERIAL and PROVINCIAL (from Statement B.).	58,315,871	14,014,733	72,330,604	56,937,000	14,373,000	71,310,000	57,893,700	14,808,900	72,702,600
Exchange, charged as Expenditure	4,411,437	-	4,411,437	5,338,500	-	5,338,500	5,500,500	-	5,500,500
Add.—Provincial Surpluses, transferred to "Deposits."	731,242	-	731,242	54,800	-	54,800	-	-	-
Deduct.—Provincial Deficits charged against "Deposits."	-207,360	-	-207,360	-632,100	-	-632,100	-759,600	-	-759,600
Total - - - £.	63,251,190	14,014,733	77,265,923	61,608,200	14,373,000	76,071,200	62,634,600	14,808,900	77,443,500
EXPENDITURE NOT CHARGED TO REVENUE.									
Capital Outlay on Railways and Irrigation Works	2,916,968	1,793,769	-	3,953,800	1,348,000	-	3,135,900	1,355,000	-
Special Defence Works - -	-	-	-	130,300	127,500	-	383,700	66,300	-
Capital Charge involved in Redemption of Liabilities.	-	1,086,045	-	-	4,914,500	-	-	-	-
Add.—Exchange on Expenditure not charged to Revenue.	564,627	-	-	548,100	-	-	527,900	-	-
Total - - - £.	3,481,595	2,879,814	6,361,409	4,632,200	6,390,000	11,022,200	4,047,500	1,421,300	5,468,800
PERMANENT DEBT DISCHARGED:									
Sterling Debt:									
East India Bonds - - -	-	-	-	-	-	-	-	-	-
India 5 per Cent. Stock	-	5,000	-	-	-	-	-	-	-
India 4 per Cent. Debentures	-	1,000	-	-	-	-	-	-	-
India 4 per Cent. Stock	-	-	-	-	-	-	-	-	-
East Indian Railway Debentures.	-	-	-	-	-	-	-	-	-
East Indian Railway Debenture Stock.	-	-	-	-	-	-	-	-	-
Eastern Bengal Railway Debentures.	-	200	-	-	409,700	-	-	-	-
Eastern Bengal Railway Debenture Stock.	-	-	-	-	-	-	-	-	-
Rupee Debt:									
4½ per Cent. Loans - - -	40,000	-	-	-	-	-	-	-	-
4 per Cent. Loans - - -	384,034	-	-	2,100	-	-	-	-	-
Loans under discharge - -	10,439	-	-	1,130,800	-	-	1,000	-	-
Provincial Debentures - -	-	-	-	43,200	-	-	-	-	-
Stock Notes - - -	47,698	-	-	-	-	-	-	-	-
Miscellaneous - - -	-	-	-	-	-	-	-	-	-
Total - - - £.	482,171	6,200	488,371	1,176,100	409,700	1,585,800	1,000	-	1,000
Net - - - £.	-	-	0	-	-	0	-	-	0
UNFUNDED DEBT:									
Temporary Loans - - -	-	1,000,000	-	-	-	-	-	-	-
Special Loans - - -	16,953	-	-	200	-	-	200	-	-
Treasury Notes - - -	2,970,141	-	-	3,000	-	-	-	-	-
Deposits of Service Funds	1,423,197	30,712	-	70,500	-	-	70,700	-	-
Savings Bank Deposits - -	3,398,631	-	-	4,649,300	-	-	3,293,100	-	-
Total - - - £.	7,808,922	1,030,712	8,839,634	4,723,000	-	4,723,000	3,364,000	-	3,364,000
Net - - - £.	-	-	3,283,959	-	-	0	-	-	0
DEPOSITS AND ADVANCES:									
Balances of Provincial Allotments	207,360	-	-	632,100	-	-	759,600	-	-
Commission for the Reduction of Debt.	150	-	-	-	-	-	-	-	-
Excluded Local Funds - -	790,247	-	-	666,900	-	-	613,800	-	-
Political, Railway, and Military Prize Funds.	145,093	-	-	46,400	-	-	49,600	-	-
Departmental and Judicial Deposits.	16,052,409	-	-	14,443,700	-	-	14,210,200	-	-
Advances - - -	11,744,659	7,453	-	6,686,900	8,100	-	6,366,800	65,900	-
Suspense Accounts - - -	73,140	-	-	72,600	-	-	59,800	-	-
Exchange on Remittance Accounts (net).	-	-	-	-	-	-	276,500	-	-
Miscellaneous - - -	271,078	3,100	-	43,500	-	-	42,300	-	-
Total - - - £.	29,284,136	10,553	29,294,689	22,592,100	8,100	22,600,200	22,378,600	65,900	22,443,600
Net - - - £.	-	-	0	-	-	0	-	-	1,160,800
Carried forward - - - £.	104,308,014	17,942,012	-	94,821,600	21,180,800	-	92,425,700	16,295,200	-

C.—STATEMENT of RECEIPTS and DISBURSEMENTS other than REVENUE and

[£. 1 is recorded for every 10 rupees, in respect of

	ACCOUNTS, 1885-86.			REVISED ESTIMATE, 1886-87.			BUDGET ESTIMATE, 1887-88.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - - -	115,892,892	5,584,185	-	105,687,000	10,370,200	-	108,073,000	247,700	-
Loans to Municipalities, Native States, &c.	307,413	-	307,413	1,085,200	-	1,085,200	162,600	-	162,600
Net - - - £.	-	-	102,720	-	-	72,500	-	-	-
Capital Receipts from Railway Companies:									
On account of Subscribed Capital.	1,675	7,327,007	-	600	1,293,600	-	-	5,790,100	-
Repayments - - -	1,865,766	19,406	-	1,768,900	4,500	-	1,396,100	-	-
Total - - - £.	1,867,441	7,346,413	9,213,854	1,769,500	1,298,100	3,067,600	1,396,100	5,790,100	7,186,200
Net - - - £.	-	-	4,150,924	-	-	0	-	-	0
Remittances:									
Inland Money Orders - - -	9,812,382	-	-	10,186,800	-	-	11,200,000	-	-
Other Local Remittances (net)	59,591	-	-	9,900	-	-	8,500	-	-
Other Departmental Accounts	1,082,012	-	-	582,200	-	-	778,000	-	-
Net Receipts by Civil Treasuries from—									
Post Office - - - - -	927,652	-	-	2,193,200	-	-	844,400	-	-
Guaranteed Railways - - -	4,600,937	-	-	3,980,300	-	-	3,663,500	-	-
Net Receipts from Civil Treasuries by—									
Telegraph - - - - -	50,914	-	-	53,000	-	-	127,100	-	-
Marine - - - - -	429,318	-	-	349,900	-	-	265,200	-	-
Military - - - - -	13,589,210	-	-	12,701,800	-	-	12,769,300	-	-
Public Works - - - - -	5,597,820	-	-	6,663,600	-	-	5,167,200	-	-
Remittance Account between England and India.	1,848,840	1,070,194	-	2,254,300	228,400	-	1,193,700	153,500	-
Total - - - £.	37,498,676	1,070,194	38,568,870	38,975,000	228,400	39,203,400	36,016,900	153,500	36,170,400
Net - - - £.	-	-	410,512	-	-	1,078,300	-	-	0
SECRETARY OF STATE'S BILLS DRAWN.	-	10,292,692	10,292,692	-	12,000,000	12,000,000	-	16,250,000	16,250,000
TOTAL RECEIPTS - - - £.	155,066,422	24,293,484	-	147,516,700	23,896,700	-	145,649,500	22,441,300	-
Opening Balance - - -	12,540,532	2,249,378	-	12,754,478	4,726,585	-	13,016,578	2,077,085	-
GRAND TOTAL - - - £.	167,606,954	26,542,862	-	160,271,178	28,623,285	-	158,666,078	24,518,385	-

Fort William, Department of Finance and Commerce,
26 March 1887.E. W. Kellner,
Deputy Comptroller General.

D.—ACCOUNT of PROVINCIAL and LOCAL SAVINGS charged to REVENUE, and held

PROVINCIAL AND

Note.—These Balances do not include the Balances

	India.	Central Provinces.	Burmah.	Assam.
	£.	£.	£.	£.
ACCOUNTS, 1885-86.				
Balance at end of 1884-85 (a) - - -	8,336	348,125	30,800	77,011
Added in 1885-86 - - - - -	3,135	33,141	-	24,863
Spent in 1885-86 - - - - -	-	-	11,935	-
Balance at end of 1885-86 - - - £.	11,471	381,266	18,865	101,874
REVISED ESTIMATE, 1886-87.				
Balance at end of 1885-86 (by Accounts)	11,471	381,266	18,865	101,874
Added in 1886-87 - - - - -	-	-	2,100	-
Spent in 1886-87 - - - - -	900	159,500	-	36,700
Balance at end of 1886-87 - - - £.	10,571	221,766	20,965	65,174
BUDGET ESTIMATE, 1887-88.				
Balance at end of 1886-87 (by Revised Estimate).	10,571	221,766	20,965	65,174
Added in 1887-88 - - - - -	-	-	-	-
Spent in 1887-88 - - - - -	200	94,000	9,100	51,200
Balance at end of 1887-88 - - - £.	10,371	126,866	11,865	13,974

Fort William, Department of Finance and Commerce,
26 March 1887.

(a) See Appropriation Report, Abstract D.

E. W. Kellner,
Deputy Comptroller General.

EXPENDITURE of the GOVERNMENT of INDIA, in INDIA and in ENGLAND—continued.

Transactions in India, including those of "Exchange."]

Figures nearest to 100 in columns for Estimates.

	ACCOUNTS, 1885-86.			REVISED ESTIMATE, 1886-87.			BUDGET ESTIMATE, 1887-88.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
Brought forward - - -	£. 104,308,014	£. 17,942,012	£. -	£. 94,821,800	£. 21,180,800	£. -	£. 92,425,700	£. 16,295,200	£. -
Loans to Municipalities, Native States, &c.	204,693	-	204,693	1,012,700	-	1,012,700	839,800	-	839,800
Net - - - £.	-	-	0	-	-	0	-	-	677,200
Payments to Railway Companies on Capital Account:									
For discharge of Debentures	-	285,500	-	-	1,417,800	-	-	2,017,300	-
For Expenditure	2,868,054	1,000,376	-	3,616,200	1,678,500	-	3,069,300	2,755,800	-
Total - - - £.	2,868,054	2,194,876	5,062,930	3,616,200	3,096,300	6,712,500	3,069,300	4,773,100	7,842,400
Net - - - £.	-	-	0	-	-	3,644,900	-	-	656,200
Remittances:									
Inland Money Orders - - -	9,258,305	-	-	10,186,800	-	-	11,200,000	-	-
Other Local Remittances (net)	-	-	-	-	-	-	-	-	-
Other Departmental Accounts.	1,072,706	-	-	581,700	-	-	778,200	-	-
Net Payments into Civil Treasuries by—									
Post Office - - - -	912,521	-	-	2,193,200	-	-	844,400	-	-
Guaranteed Railways - -	4,600,937	-	-	3,980,300	-	-	3,663,500	-	-
Net Issues from Civil Treasuries to—									
Telegraph - - - -	51,060	-	-	53,000	-	-	127,100	-	-
Marine - - - -	434,108	-	-	349,900	-	-	265,200	-	-
Military - - - -	13,632,498	-	-	12,701,800	-	-	12,769,300	-	-
Public Works - - - -	5,600,561	-	-	5,618,300	-	-	5,167,200	-	-
Remittance Account between England and India.	876,185	1,679,389	-	191,000	2,269,100	-	161,700	1,278,800	-
Total - - - £.	36,478,909	1,679,389	38,158,358	35,856,000	2,269,100	38,125,100	34,976,600	1,278,800	36,255,400
Net - - - £.	-	-	0	-	-	0	-	-	85,000
SECRETARY OF STATE'S BILLS PAID.	10,992,746	-	10,992,746	11,948,100	-	11,948,100	16,250,000	-	16,250,000
TOTAL DISBURSEMENTS - £.	154,852,476	21,816,277	-	147,254,600	26,546,200	-	147,561,400	22,347,100	-
Closing Balance - - -	12,754,478	4,726,585	-	13,016,578	2,077,085	-	11,104,678	2,171,285	-
GRAND TOTAL - - - £.	167,606,954	26,542,862	-	160,271,178	28,623,285	-	158,666,078	24,518,385	-

E. Gay,
Officiating Comptroller General.

J. Westland,
Officiating Secretary to the Government of India.

at the disposal of PROVINCIAL GOVERNMENTS under their PROVINCIAL CONTRACTS.

LOCAL BALANCES.

of Deposits and Advances upon Local Fund Accounts.

Bengal.	North Western Provinces and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.
£. 302,380	£. 655,532	£. 297,594	£. 612,095	£. 527,336	£. 2,859,209
62,672	-	35,101	212,774	359,556	731,242
-	195,425	-	-	-	207,360
305,052	460,107	332,695	824,869	886,892	3,383,091
305,052	460,107	332,695	824,869	886,892	3,383,091
-	-	-	52,700	-	54,800
82,200	139,900	22,400	-	190,500	632,100
282,852	320,207	310,295	877,569	696,392	2,805,791
282,852	320,207	310,295	877,569	696,392	2,805,791
-	-	-	-	-	-
124,100	170,000	85,600	40,800	183,700	759,600
158,752	150,207	224,695	836,769	512,692	2,046,191

B. Gay,
Officiating Comptroller General.

J. Westland,
Officiating Secretary to the Government of India.

E.—STATEMENT of NET REVENUE and EXPENDITURE.—ENGLAND and INDIA.

NET REVENUE. - - - - -

	ACCOUNTS, 1885-86.				
	Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.
	£.	£.	£.	£.	£.
Land Revenue - - - - -	22,592,371	47,772	22,544,599	3,414,292	19,130,307
Opium - - - - -	8,942,515	216	8,942,299	3,057,674	5,884,625
Salt - - - - -	6,345,128	27,315	6,317,813	401,618	5,916,195
Stamps - - - - -	3,663,174	45,449	3,617,725	147,070	3,469,755
Excise - - - - -	4,152,136	26,099	4,126,037	124,372	4,001,665
Provincial Rates - - - - -	2,960,315	5,600	2,954,715	47,057	2,907,658
Customs - - - - -	1,199,976	32,406	1,167,570	130,719	1,036,851
Assessed Taxes - - - - -	503,034	17,763	485,271	12,471	472,800
Forest - - - - -	1,086,092	2,544	1,083,548	680,988	402,560
Registration - - - - -	308,006	1,007	306,999	185,406	121,593
Tributes from Native States - - - - -	689,578	3	689,575	-	689,575
	52,442,325	206,174	52,236,151	8,202,567	44,033,584
<i>Deduct</i> ,—Assignments and Compensations - - - - -	-	-	-	-	1,396,537
TOTAL NET REVENUE - - - - - £.	-	-	-	-	42,637,047

NET EXPENDITURE. - - - - -

	ACCOUNTS, 1885-86.		
	Gross Expenditure.	Receipts.	Net Expenditure.
	£.	£.	£.
Interest - - - - -	4,330,861	698,082	3,631,879
Post Office, Telegraph, and Mint - - - - -	2,292,961	1,965,860	327,101
Civil Departments - - - - -	12,243,689	1,427,406	10,816,283
Miscellaneous Civil Charges - - - - -	4,634,598	1,077,809	3,556,789
Famine Relief and Insurance - - - - -	1,500,000	-	1,500,000
Construction of Railways (charged against Revenue in addition to that under Famine Insurance). - - - - -	632,055	-	632,055
Railways Revenue Account - - - - -	14,415,797	13,684,084	731,719
Irrigation - - - - -	2,303,747	1,588,278	715,469
Buildings and Roads - - - - -	4,485,276	615,581	3,869,695
Army Services - - - - -	20,097,779	963,872	19,133,907
	66,936,763	22,021,872	44,914,891
Provincial and Local Surpluses and Deficits - - - - -	Surplus. + 731,242	Deficit. — 207,360	+ 523,882
TOTAL NET EXPENDITURE - - - - - £.	-	-	45,438,773
Surplus (+) or Deficit (—) - - - - -	-	-	— 2,801,726
			42,637,047

E.—STATEMENT of NET REVENUE and EXPENDITURE.—ENGLAND and INDIA.

NET REVENUE.

Rs. 10 = £. 1. Figures to nearest 100.

REVISED ESTIMATE, 1886-87.					BUDGET ESTIMATE, 1887-88.				
Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.	Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
22,610,500	37,800	22,572,700	3,515,600	19,057,100	22,937,600	44,600	22,893,000	3,668,800	19,224,200
8,898,900	200	8,898,700	2,785,300	6,113,400	8,893,300	400	8,892,900	2,506,100	6,386,800
6,538,600	29,500	6,509,100	483,100	6,026,000	6,604,600	28,300	6,576,300	469,100	6,107,200
3,721,100	48,100	3,673,000	148,000	3,525,000	3,716,200	44,900	3,671,300	177,800	3,493,500
4,265,600	29,200	4,236,400	117,600	4,118,800	4,225,400	24,800	4,200,600	118,900	4,081,700
2,943,600	5,600	2,938,000	47,000	2,891,000	2,957,500	4,400	2,953,100	47,200	2,905,900
1,211,900	30,300	1,181,600	133,400	1,048,200	1,232,700	30,600	1,202,100	135,100	1,067,000
1,348,100	24,900	1,323,200	52,700	1,270,500	1,406,000	20,700	1,385,300	33,600	1,351,700
1,138,600	2,800	1,135,800	736,000	399,800	1,130,700	2,600	1,128,100	737,600	390,500
297,900	1,000	296,900	185,400	111,500	302,700	900	301,800	186,600	115,200
690,900	-	690,900	-	690,900	722,000	-	722,000	-	722,000
53,665,700	209,400	53,456,300	8,204,100	45,252,200	54,128,700	202,200	53,926,500	8,080,800	45,845,700
-	-	-	-	1,372,500	-	-	-	-	1,367,600
-	-	-	-	43,879,700	-	-	-	-	44,478,100

NET EXPENDITURE.

REVISED ESTIMATE, 1886-87.			BUDGET ESTIMATE, 1887-88.		
Gross Expenditure.	Receipts.	Net Expenditure.	Gross Expenditure.	Receipts.	Net Expenditure.
£.	£.	£.	£.	£.	£.
4,307,700	680,900	3,626,800	4,412,200	686,500	3,725,700
2,171,800	1,976,700	195,100	2,261,500	2,025,300	236,200
12,650,100	1,454,200	11,195,900	13,179,700	1,425,300	11,754,400
4,723,000	831,400	3,891,600	4,856,200	1,177,000	3,679,200
311,900	-	311,900	94,500	-	94,500
187,900	-	187,900	75,000	-	75,000
16,700,600	14,266,900	1,433,700	16,481,900	14,892,500	1,589,400
2,306,400	1,594,800	801,600	2,441,300	1,688,000	753,300
5,342,500	690,800	4,651,700	5,553,200	539,500	5,013,700
19,070,600	910,300	18,160,300	19,197,000	897,400	18,299,600
66,862,500	22,406,000	44,456,500	68,552,500	23,331,500	45,221,000
Surplus. + 54,800	Deficit. - 632,100	- 577,300	-	Deficit. - 759,600	- 759,600
-	-	43,879,200	-	-	44,461,400
-	-	+ 500	-	-	+ 16,700
-	-	43,879,700	-	-	44,478,100

E. Gay,
Officiating Comptroller General.

J. Westland,
Officiating Secretary to the Government of India.

APPENDIX II.

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APPENDIX II.
COMMERCIAL AND FINANCIAL STATISTICS.

TABLE I.—MISCELLANEOUS.

	1878-79.	1879-80.	1880-81.	
	£.	£.	£.	
Deficit of recorded Revenue compared with whole recorded Expenditure.	2,337,507	4,547,279	7,700,644	1
Capital Expenditure on Public Works not charged against Revenue.	4,381,898	3,364,330	3,656,505	2
Recorded Revenue compared with the recorded Expenditure, excluding Capital Expenditure on Public Works not charged against Revenue:				
Surplus	2,044,391	-	-	3
Deficit	-	1,182,949	4,044,139	4
Net Public Debt incurred	4,199,268	* 5,105,160	5,679,815	5
Net Public Debt incurred, including capital transactions with Guaranteed Railway and other Companies.	3,209,100	5,756,708	5,339,444	6
Value of commodities exported, excluding Gold and Silver	60,937,000	67,212,000	74,581,000	7
Value of commodities imported, excluding Gold and Silver	37,800,000	41,166,000	53,117,000	8
Excess of Exports over Imports, excluding Gold and Silver	23,137,000	26,046,000	21,464,000	9
Net Imports of Gold	(Exports) 896,000	1,750,000	3,655,000	10
Net Imports of Silver	3,970,000	7,870,000	3,893,000	11
TOTAL Net Imports of Gold and Silver	3,074,000	9,620,000	7,548,000	12
Excess of Exports over Imports, including Gold and Silver	20,063,000	16,426,000	13,916,000	13
Grand Total Value of Imports and Exports of all kinds	109,777,000	122,069,000	138,126,000	14
Secretary of State's Bills sold (rupees)	Rs. 18,78,21,000	Rs. 18,95,71,000	Rs. 18,32,77,000	15
Sterling equivalent received	£. † 15,463,000	£. † 15,749,000	£. 15,239,677	16
Silver coined at the Indian Mints	7,210,770	10,257,093	4,249,676	17
Gold coined in Germany	5,475,340	1,509,877	-	18
Silver coined in Germany	88,498	-	-	19
Maximum price of an oz. Troy standard silver in London	54½ d. (2nd April)	53½ d. (Nov.)	52½ (July)	20
Minimum - ditto	48½ d. (21st Dec.)	49½ d. (April)	51 (Jan.)	21
Maximum price of a sovereign in Calcutta	Rs. a. 12 11 (March)	Rs. a. 12 11 (May)	Rs. a. 12 6 throughout	22
Minimum - ditto	11 11 (11th June)	11 15 (Jan.)	the year.	23
Average exchange upon Secretary of State's Bills sold per rupee	1s. 7-761 d.	1s. 7-94 d.	1s. 7-956 d.	24
Fixed rate of exchange for the adjustment of transactions between the Indian and Imperial Treasuries.	1s. 9 d.	1s. 7½ d.	1s. 8½ d.	25
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.	9 (1st April)	9 (April)	7 (April)	26
Minimum - ditto	3 (7th Nov.)	3 (Jan.)	3 (Nov. to Jan.)	27
Maximum rate of discount at the Bank of England	6 (Oct. and Nov.)	3 (April to Oct.)	3 (April)	28
Minimum - ditto	2½ (30th May)	2 (Nov. to Feb.)	2½	29
Maximum Money Balances of the three Presidency Banks	£. 6,978,500 (July)	£. 7,793,500 (Feb.)	£. 7,472,500 (Feb.)	30
Minimum - ditto	4,589,300 (Jan.)	4,150,400 (April)	4,442,700 (March)	31
Maximum price in Calcutta of Government 4 per cent. Rupee Securities.	97 (July and Aug.)	95½ (July)	102½ (March)	32
Minimum - ditto	91½ (March)	91½ (May)	93-10 (May)	33
Maximum amount outstanding on London Register of Rupee Securities encased for interest drafts.	£. 15,950,002 (Feb.)	£. 19,431,239 (Mar.)	£. 19,739,473 (June)	34
Minimum - ditto	13,826,493 (Oct.)	15,908,182 (May)	18,719,445 (Jan.)	35
Maximum price in London of 4 per cent. Securities (in gold)	81½ (1st April)	80½ (Oct.)	84½ (Feb.)	36
Minimum - ditto	72 (23rd Oct.)	71½ (May)	78 (May)	37
Maximum price in London of Secretary of State's 4 per cent. Sterling Bonds.	104½ (July and Aug.)	105½	105½ (Jan.)	38
Minimum - ditto	97 (Oct.)	100½	101 (Sept.)	39
Maximum Government Paper Currency outstanding	£. 14,584,900 (Sept.)	£. 14,329,700 (Jan.)	£. 14,513,100 (Dec.)	40
Minimum - ditto	11,423,600 (March)	11,113,800 (June)	12,528,400 (April)	41
Number of Savings Banks	898	371	388	42
Number of Depositors in Savings Banks	84,508	91,288	107,778	43
Amount deposited in Savings Banks	£. 1,912,401	£. 2,282,823	£. 3,213,671	44
Average of each deposit	22	25	29	45
Net addition to deposits	12,984 (Decrease)	370,422	930,848	46
Cash Reserve at the Bank of France in December of each year, in 000's of francs.	Frs. 2,041,700	Frs. 1,979,017	Frs. 1,786,373	47
Silver - ditto	1,058,100	1,220,501	1,222,604	48
Per-centage of Silver on the Total Reserve	52	62	68	49

* Exclusive of 9,730,862 L., debt incurred for the purchase of the East Indian Railway.

† Includes 1,516,193 L., amount remitted by Bills of Exchange on India.

‡ Includes 486,947 L., Gold Remittances from India.

APPENDIX II.
COMMERCIAL AND FINANCIAL STATISTICS.

TABLE I.—MISCELLANEOUS.

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
	£.	£.	£.	£.	£.	£. Revised Estimate.	£. Budget Estimate.
1	728,696	9,043,265	2,604,533	5,542,033	8,077,090	6,107,200	5,452,100
2	3,311,423	4,640,898	3,992,029	5,302,898	5,275,364	6,107,700	5,468,800
3	2,582,727	706,633	1,387,496	-	-	500	16,700
4	-	-	-	149,735	2,801,726	-	-
5	- 409,636	2,509,150	9,062,953	1,193,924	3,584,979	9,737,700	2,000,500
6	- 773,867	4,105,769	2,219,364	801,966	7,735,903	6,092,800	1,344,300
7	81,968,000	83,485,000	88,176,000	83,255,000	83,881,000	-	-
8	49,113,000	52,096,000	55,279,000	55,703,000	55,656,000	-	-
9	32,855,000	31,389,000	32,897,000	27,552,000	28,225,000	-	-
10	4,844,000	4,931,000	5,463,000	4,672,000	2,763,000	-	-
11	5,379,000	7,480,000	6,405,000	7,246,000	11,607,000	-	-
12	10,223,000	12,411,000	11,868,000	11,918,000	14,370,000	-	-
13	22,632,000	18,978,000	21,029,000	15,634,000	18,855,000	-	-
14	143,504,000	150,076,000	157,344,000	154,817,000	156,123,000	-	-
	Rs.	Rs.	Rs.	Rs.	Rs.		
15	22,21,09,350	18,58,56,593	21,62,15,462	17,10,22,119	19,53,23,369	-	-
16	£ 18,412,429	£ 15,120,521	£ 17,509,805	£ 13,758,909	£ 10,292,692	-	-
17	2,186,275	6,508,457	3,663,400	5,794,200	10,285,566	-	-
18	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-
20	52½	52½ (June)	51½ (Feb.)	51 (April)	50½ (May)	47 (Nov.)	-
21	50½ (July)	50 (Dec.)	50½ (May and June).	48½ (Feb.)	46½ (Jan.)	42 (Aug.)	-
22	Rs. a. p.						
23	12 G 4 through-	-	-	-	-	-	-
24	out.						
25	1 s. 7-895 d.	1 s. 7-525 d.	1 s. 7-596 d.	1 s. 7-308 d.	1 s. 6-2541241 d.	1 s. 5½ d.	1 s. 5½ d.
26	1 s. 8 d.	1 s. 8 d.	1 s. 7½ d.	1 s. 7½ d.	1 s. 7½ d.	1 s. 6½ d.	1 s. 6 d.
27	9 (Feb.)	10 (April)	9 (Mar.)	11 (April and May)	9 (May)	8 (June)	-
28	4 (June)	4 (Sept.)	5	3 (Nov. and Dec.)	4 (From July to Jan.)	5 (Nov. to Jan.)	-
29	6 (Feb.)	5 (Sept.)	4	5 (Nov., Dec. & Jan.)	4 (Dec.)	5 (Dec.)	-
30	2½ throughout first	3 (March)	3	2 (June to Sept.)	2 (May to Nov.)	2 (April & May)	-
31	half-year.						
32	£.	£.	£.	£.	£.	£.	
33	6,097,600 (July)	6,712,300 (Oct.)	5,556,700 (Aug.)	5,731,200 (Nov.)	6,486,800 (Dec.)	5,225,600 (Sept.)	
34	3,546,700 (Dec.)	3,424,200 (April)	3,167,100 (Jan.)	2,991,900 (May)	3,638,800 (May)	3,556,700 (May)	
35	106-6 (July)	102-4 (Feb.)	101-1 (April)	101-12 (June)	99-14 (July)	98-1 (Sept.)	
36	99-8 (Aug.)	99 (Oct.)	94-8 (Feb.)	94-12 (Mar.)	91-12 (May)	95 (Feb.)	
37	£.	£.	£.	£.	£.	£.	
38	21,525,400 (Feb.)	21,420,700 (Feb.)	21,405,500 (May)	21,008,000 (May)	20,562,400 (April)	** 19,709,000 (Oct.)	
39	10,013,600 (April)	21,059,000 (Aug.)	20,626,200 (Aug.)	20,594,300 (Feb.)	19,179,300 (Jan.)	** 19,264,800 (Feb.)	
40	87 (July)	85½ (May)	81½ (April)	82½ (May)	78½ (July)	78½ (Nov.)	
41	82½ (Sept.)	79½ (Dec.)	77½ (Jan.)	74 (Mar.)	71½ (Jan.)	65½ (Aug.)	
42	106½ (July)	105 (Jan.)	103½ (Jan.)	104½ (Aug.)	103½ (Feb.)	-	
43	103½ (Sept.)	102½ (Oct.)	101½ (Sept.)	98 (Mar.)	97½ (April)	-	
44	£.	£.	£.	£.	£.	£.	
45	14,422,600 (Sept.)	16,412,200 (Dec.)	14,517,800 (Nov.)	15,762,700 (Nov.)	15,713,500 (Oct.)	14,678,200 (Nov.)	
46	12,692,200 (April)	13,534,700 (April)	12,023,300 (Feb.)	12,342,500 (April)	13,017,900 (April)	13,779,400 (April)	
47	372	349	354	360	¶ 364	-	
48	114,942	109,349	110,053	120,438	¶ 107,874	-	
49	£.	£.	£.	£.	£.	£.	
50	3,272,649	3,356,247	3,273,242	3,358,203	¶ 2,798,659	-	
51	28	30	27	28	¶ 26	-	
52	58,978	83,598	-83,005	+80,996	-559,544	-	
53	Fr.						
54	1,817,164	-	-	-	-	-	
55	1,161,468	-	-	-	-	-	
56	64	-	-	-	-	-	

§ Includes 85,000 l. Hong Kong Bills.
¶ Includes 250,000 l. Hong Kong Bills.

¶ Excludes Post Office Banks and Civil Engineers' Provident Fund.
** Eleven months' figures.

APPENDIX II.—continued.

TABLE II.—SEA-BORNE TRADE for the YEAR. (Principal ARTICLES arranged in Order of their DECLARED VALUE.)

No.	EXPORTS.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.
1	Cotton—					
	Raw:					
	Quantity - - - - - Cwt.	5,627,453	6,168,278	5,979,494	5,066,057	4,189,718
	Value - - - - - £.	14,935,959	16,049,017	14,383,728	13,286,367	10,777,204
	Average declared value of Annas per lb. - - - - - { Pence, at average exchange	As. 3 9 4 66	As. 3 9 4 58	As. 3 5 4 17	As. 3 9 4 53	As. 3 8 4 18
	Twist and Yarn:					
	Quantity - - - - - Lbs.	30,786,304	45,378,040	49,876,606	65,897,183	78,241,771
	Value - - - - - £.	1,368,896	1,816,818	1,926,162	2,441,101	2,755,252
	Average declared value per lb. - - - - - Annas	As. 7 1	As. 6 5	As. 6 2	As. 5 11	As. 5 8
	Other manufactures:					
	Value - - - - - £.	641,680	761,564	927,008	896,929	880,258
	Average declared value of Grey or unbleached per yard - - - - - { Coloured, printed, or dyed	As. 2 - 5 1	As. 1 10 4 10	As. 1 9 4 7	As. 1 9 4 10	As. 1 9 3 9
	Percentage of manufactures on whole value exported - - - - - "	11 86	13 84	16 55	20 08	25 22
2	Opium:					
	Quantity - - - - - Chests	89,338	91,798	91,963	86,578	87,956
	Value - - - - - £.	12,432,142	11,481,376	11,294,460	10,882,606	10,735,518
	Average declared value per chest, in rupees - - - - - Rupees	1,392	1,251	1,228	1,257	1,221
3	Seeds:					
	Quantity - - - - - Cwt.	10,466,098	13,139,206	17,355,588	18,250,688	17,280,147
	Value - - - - - £.	6,054,099	7,200,336	10,083,758	10,745,203	9,948,350
	Average declared value of linseed, per cwt. - - - - - { Rupees Shillings, at average exchange	5 13 7 9 70	5 3 10 8 52	5 5 10 8 73	5 9 10 9 03	5 13 1 8 85
4	Rice and Paddy:					
	Quantity - - - - - Cwt.	28,888,421	31,258,288	27,039,859	22,051,532	28,222,595
	Value - - - - - £.	8,308,167	8,476,327	8,362,080	7,192,198	9,247,126
	Average declared value of husked rice, per cwt. - - - - - { Rupees Shillings, at average exchange	2 14 3 4 79	2 11 6 4 42	3 1 8 5 05	3 4 6 5 28	3 4 9 5 01
5	Wheat:					
	Quantity - - - - - Cwt.	19,863,520	14,144,407	20,956,495	15,830,754	21,060,519
	Value - - - - - £.	8,604,081	6,068,934	8,877,561	6,309,140	8,002,350
	Average declared value per cwt. - - - - - { Rupees Shillings, at average exchange	4 5 4 7 13	4 4 8 6 98	4 3 9 6 89	3 15 9 6 41	3 12 9 5 78
6	Jute:					
	Raw and manufactured—Value - - - - - £.	6,127,891	7,334,757	5,926,780	6,205,238	5,486,171
	Average declared value of raw jute per cwt. - - - - - { Rupees Shillings, at average exchange	6 11 2 11 11	5 10 5 9 19	6 8 8 10 65	5 9 1 8 96	5 9 6 8 50
	Percentage of manufactures on whole value exported - - - - - "	17 91	20 28	22 51	24 88	20 61
7	Hides and Skins:					
	Quantity - - - - - No.	24,796,719	26,534,068	28,153,063	29,164,677	32,376,309
	Value - - - - - £.	3,948,792	4,443,770	4,663,736	4,934,340	5,334,602
	Percentage of dressed or manufactured on whole value - - - - - "	48 60	49 97	46 90	42 07	43 91
8	Tea:					
	Quantity - - - - - Lbs.	48,691,725	57,766,225	59,911,703	64,162,055	68,784,249
	Value - - - - - £.	3,009,136	3,699,496	4,083,880	4,044,759	4,306,133
	Average declared value per lb. - - - - - { Annas Shillings, at average exchange	As. 11 10 1 23	As. 10 3 1 04	As. 10 11 1 11	As. 10 1 1 01	As. 10 - 95
9	Indigo:					
	Quantity - - - - - Cwt.	150,363	141,041	168,590	154,629	132,495
	Value - - - - - £.	4,508,080	3,912,997	4,640,991	4,068,900	3,783,160
	Average declared value per cwt. - - - - - { Rupees Sterling, at average exchange	299 14 1 24 86	277 7 - 22 57	275 4 6 22 40	263 2 3 21 17	285 8 6 21 72
10	Coffee:					
	Quantity - - - - - Cwt.	346,364	353,324	340,025	328,317	371,027
	Value - - - - - £.	1,447,465	1,392,204	1,438,863	1,245,506	1,348,395
	Average declared value per cwt. - - - - - { Rupees Shillings, at average exchange	41 12 8 69 29	39 6 5 64 11	42 5 1 68 87	37 15 - 61 05	36 5 6 55 28
11	Wool:					
	Raw and manufactured—Value - - - - - £.	1,011,234	948,755	876,541	831,919	953,069
	Average declared value of raw wool per lb. - - - - - { Annas Pence, at average exchange	As. 6 - 7 46	As. 5 10 7 12	As. 6 - 7 32	As. 6 - 7 24	As. 6 - 6 85
12	Silk:					
	Raw and manufactured—Value - - - - - £.	609,880	820,719	918,345	792,354	661,835
	Average declared value of raw silk per lb. - - - - - { Rupees Shillings, at average exchange	3 7 7 5 76	4 - 1 6 52	3 14 8 6 37	2 15 4 4 76	2 4 11 3 51
13	Lac:					
	Value - - - - - £.	719,528	699,016	556,739	599,309	588,286
14	Teak Wood:					
	Quantity - - - - - Cubic Tons	56,377	59,187	46,471	47,556	50,076
	Value - - - - - £.	506,792	611,260	525,447	532,129	550,515
	Average declared value per cubic ton - - - - - { Rupees Sterling, at average exchange	89 14 4 7 45	103 4 5 8 40	113 1 1 9 20	111 14 4 9 00	109 15 - 8 36
15	Sugar:					
	Value - - - - - £.	598,232	808,776	943,218	546,069	525,412
16	Oils:					
	Value - - - - - £.	468,227	416,277	495,977	534,041	395,563
17	Saltpetre:					
	Quantity - - - - - Cwt.	354,860	399,565	491,668	451,917	402,174
	Value - - - - - £.	359,437	388,766	464,410	425,000	370,200
	Average declared value per cwt. - - - - - { Rupees Shillings, at average exchange	10 2 1 16 80	9 11 8 15 83	9 7 2 15 36	9 6 6 15 14	9 3 3 14 00

APPENDIX II.—continued.

TABLE III.—Sea-borne Trade for the first Ten Months of the Year, &c.—continued.

No.	EXPORTS.	TEN MONTHS, 1ST APRIL TO 31ST JANUARY.				
		1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
1	Cotton, Raw:					
	Quantity - - - - - Cwts.	4,651,431	4,595,435	4,112,165	2,832,544	3,956,404
	Value - - - - - £.	12,242,440	11,010,168	10,613,188	7,460,378	9,846,248
	Average value per lb. - - - Rs.	- 3 9	- 3 5	- 3 9	- 3 9	- 3 7
	Cotton Manufactures—					
	Twist and Yarn:					
	Quantity - - - - - Lbs.	38,178,298	41,658,492	54,767,258	64,248,483	76,306,559
	Value - - - - - £.	1,534,742	1,608,689	2,038,178	2,256,315	2,752,505
	Average value per lb. - - - Rs.	- 6 5	- 6 2	- 5 11	- 5 7	- 5 9
	Other Manufactures—Value - - - £.	639,720	764,580	717,264	736,442	801,461
	TOTAL COTTON (Raw and Manufactured) } £.	14,406,902	13,383,437	13,568,580	10,453,135	13,400,214
2	Opium:					
	Quantity - - - - - Chests	75,792	77,268	72,216	72,904	80,522
	Value - - - - - £.	9,531,439	9,468,546	9,086,327	8,920,583	9,348,398
	Average value per chest - - - Rs.	1,257 9 3	1,225 6 8	1,258 3 5	1,223 9 9	1,160 15 7
3	Seeds:					
	Quantity - - - - - Cwts.	11,161,413	14,934,300	15,195,625	15,053,887	14,181,032
	Value - - - - - £.	6,052,491	8,598,302	8,883,008	8,589,326	8,190,089
	Average value per cwt. - - - Rs.	5 6 9	5 12 1	5 13 6	5 11 3	5 12 5
4	Wheat:					
	Quantity - - - - - Cwts.	11,827,496	19,479,869	13,097,578	19,416,817	21,172,292
	Value - - - - - £.	5,089,329	8,220,783	5,271,635	7,372,542	8,171,651
	Average value per cwt. - - - Rs.	4 4 10	4 3 6	4 - 5	3 12 9	3 13 9
5	Rice and Paddy:					
	Quantity - - - - - Cwts.	10,496,126	17,593,512	12,883,218	16,970,848	15,350,284
	Value - - - - - £.	5,295,699	5,351,060	4,486,014	5,679,548	5,357,245
	Average value per cwt. - - - Rs.	2 11 5	3 - 10	3 7 9	3 5 7	3 7 10
6	Jute (Raw and Manufactured)—Value £.	5,972,915	4,995,786	5,404,182	4,410,018	4,622,828
7	Tea:					
	Quantity - - - - - Lbs.	51,904,426	55,085,039	58,361,667	63,887,783	73,339,027
	Value - - - - - £.	3,295,322	3,768,115	3,693,835	4,000,751	4,417,878
	Average value per lb. - - - Rs.	- 10 3	- 10 11	- 10 2	- 10 -	- 9 8
8	Hides and Skins:					
	Quantity - - - - - Cwts.	699,590	734,434	774,187	833,456	784,885
	Value - - - - - £.	3,561,480	3,768,614	3,827,329	4,095,575	4,107,872
	Average value per cwt. - - - Rs.	50 14 6	51 5 -	49 7 -	49 2 3	52 5 5
9	Indigo:					
	Quantity - - - - - Cwts.	109,609	143,141	113,007	109,578	98,786
	Value - - - - - £.	3,061,912	3,989,208	3,011,763	3,167,612	2,613,545
	Average value per cwt. - - - Rs.	279 5 7	278 11 1	266 8 2	289 1 2	264 9 1
10	Coffee:					
	Quantity - - - - - Cwts.	221,311	193,728	206,220	211,407	245,331
	Value - - - - - £.	849,037	792,383	745,514	726,344	879,689
	Average value per cwt. - - - Rs.	38 4 5	40 14 5	36 2 5	34 5 9	35 13 9
11	Wool (Raw and Manufactured)—Value £.	803,094	749,311	701,724	747,306	857,616
12	Silk (Raw and Manufactured)—Value £.	633,368	782,498	651,515	585,157	627,147
13	Sugar - - - - - £.	732,547	891,626	531,412	457,191	449,101
14	Lac - - - - - £.	543,035	466,009	464,958	470,078	394,138
15	Oils - - - - - £.	326,609	377,477	407,750	317,164	377,426
16	Saltpetre:					
	Quantity - - - - - Cwts.	339,392	399,965	350,522	349,200	322,155
	Value - - - - - £.	329,377	380,631	332,259	320,149	302,314
	Average value per cwt. - - - Rs.	9 11 3	9 8 3	9 7 8	9 2 8	9 6 2
17	Teak:					
	Quantity - - - - - Cubic Tons	47,367	35,328	40,498	45,508	18,227
	Value - - - - - £.	481,936	396,684	454,285	503,006	171,863
	Average value per cubic ton - - - Rs.	101 11 11	112 4 7	112 2 10	110 8 6	94 4 8

APPENDIX II.—continued.

TABLE III.—Sea-borne Trade for the first Ten Months of the Year, &c.—concluded.

No.	IMPORTS.	TEN MONTHS, 1ST APRIL TO 31ST JANUARY.				
		1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
1	COTTON—					
	Twist and Yarn :					
	Quantity - - - - Lbs.	38,302,359	37,788,920	39,868,937	36,943,471	38,958,855
	Value - - - - - £.	2,909,330	2,873,305	2,938,826	2,564,598	2,659,756
	Average value per lb. - - Rs.	- 12 2	- 12 2	- 11 10	- 11 1	- 10 11
	Ditto - in sterling, at average exchange.	1 s. 3 d.	1 s. 3 d.	1 s. 2½ d.	1 s. -¼ d.	1 s. - d.
	Other Manufactures—Value - £.	18,147,253	18,609,096	17,720,147	17,095,757	21,477,494
	TOTAL COTTON GOODS—					
	Gross Imports - - } £.	21,056,589	21,476,401	20,650,033	19,660,355	24,137,250
	Re-exports—					
	Twist and Yarn :					
	Quantity - - - - Lbs.	708,175	1,086,992	771,442	950,939	1,179,801
	Value - - - - - £.	48,339	68,011	52,844	57,896	72,177
	Average Value per lb. - - Rs.	- 10 11	- 10 -	- 10 11	- 9 9	- 9 9
	Other Manufactures—Value - £.	1,066,632	1,159,872	949,263	1,126,931	1,196,375
	Total Re-exports - - - £.	1,114,971	1,227,863	1,002,107	1,184,827	1,268,552
	TOTAL COTTON GOODS—					
	Net Imports - - - } £.	19,941,618	20,248,518	19,656,926	18,475,528	22,868,698
2	Metals - - - - - Value £.	4,004,558	4,402,987	4,212,882	4,099,593	3,769,873
3	Railway Plant and Rolling Stock.	1,610,244	2,344,819	2,259,278	3,507,540	2,855,739
4	Silk (Raw and Manufactured) - "	1,813,882	1,871,627	1,762,895	1,606,643	1,859,129
5	Sugar - - - - - "	841,985	908,970	1,675,814	1,242,410	1,774,807
6	Woollen Manufactures - - "	938,474	1,220,713	1,181,190	1,299,423	1,518,116
7	Liquors - - - - - "	1,189,247	1,266,500	1,110,379	1,146,706	1,177,757
8	Machinery and Millwork - "	1,090,309	1,425,642	1,319,618	896,139	1,115,247
9	Oils - - - - - "	946,164	526,582	1,083,189	788,959	1,097,926
10	Provisions - - - - - "	925,256	885,372	923,718	1,018,777	985,463
11	Coal (excluding Coke and Patent Fuel) :					
	Quantity - - - - - Tons	465,909	499,696	521,276	626,449	577,999
	Value - - - - - £.	740,092	795,663	872,549	1,002,423	925,628
	Average Value per Ton - - Rs.	15 14 2	15 14 9	16 11 10	16 - -	16 - 3
12	Apparel - - - - - Value £.	676,078	773,366	769,191	801,673	851,454
13	Salt :					
	Quantity - - - - - Tons	287,131	313,132	364,540	305,749	340,507
	Value - - - - - £.	426,616	506,896	569,967	497,530	613,486
	Average Value per Ton - - Rs.	14 13 9	16 3 -	15 10 2	16 4 4	18 - 3
14	Spices - - - - - Value £.	441,471	485,603	499,934	590,558	555,094

APPENDIX II.—continued.

TABLE IV.—WHOLESALE PRICES OF TYPICAL COMMODITIES IN GOLD AND SILVER in London and Calcutta in December in each Year.

(Prices of March 1873 = 100.)

In LONDON— (Prices quoted from the London "Economist"):	Measured in Gold.								Measured in Silver.*							
	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.
Scotch pig-iron (warrants)	55	43	44	41	36	36	35	37	63	50	51	49	42	43	45	48
Coals, Hetton, Wallsend (London).	50	52	51	54	54	52	51	51	57	60	59	65	63	62	66	67
Copper, Chili bars - -	74	68	79	73	65	54	45	43	85	78	91	87	76	64	58	56
Straits tin - - - -	62	63	76	64	58	52	64	69	71	73	88	76	68	62	81	89
Wheat - - - - -	85	77	80	74	70	57	55	61	97	89	92	88	82	68	69	80
Flour, town-made - -	86	81	91	71	67	54	53	56	98	93	105	85	78	65	68	71
Beef, inferior - - - -	85	100	97	97	97	98	75	75	97	116	112	116	113	117	95	97
Cotton, No. 40, mule twist	77	75	77	70	69	70	64	60	87	87	89	84	81	83	82	77
Wool, Southdown hogs -	71	76	68	59	61	52	51	59	81	87	78	71	71	63	65	76
Sugar, foreign Muscovado	95	80	71	62	64	44	60	42	108	92	82	74	75	52	77	55
Coffee - - - - -	83	71	64	74	83	66	65	86	94	81	74	88	97	79	83	111
Saltpetre - - - - -	96	102	105	90	87	81	78	77	110	118	121	108	102	97	100	99
Gold - - - - -	-	-	-	-	-	-	-	-	114	115	115	119	117	119	127	130
Silver - - - - -	88	86	87	84	85	84	79	77	-	-	-	-	-	-	-	-
IN CALCUTTA—(Prices quoted from the "Calcutta Price Current"):																
Grey shirtings (8½ lbs.) -	-	-	-	-	-	-	-	-	81	80	78	75	74	76	80	81
Mule twist, white, good, No. 40	-	-	-	-	-	-	-	-	88	83	81	75	75	72	71	62
" " Turkey red, No. 40 (12 lbs.)	-	-	-	-	-	-	-	-	77	69	69	55	65	58	57	58
" " Orange, No. 40—60	-	-	-	-	-	-	-	-	87	88	85	80	82	78	73	75
Copper, sheathing - - - -	-	-	-	-	-	-	-	-	87	80	87	79	77	65	58	65
Iron, flat, bolt, bar, and square -	-	-	-	-	-	-	-	-	76	56	65	60	62	54	50	59
Spelter, hard - - - - -	-	-	-	-	-	-	-	-	121	95	96	125	79	84	97	109
Hides, buffalo, slaughtered	-	-	-	-	-	-	-	-	96	93	88	87	72	71	77	80
Indigo, good - - - - -	-	-	-	-	-	-	-	-	119	105	113	101	116	103	110	72
Jute, picked - - - - -	-	-	-	-	-	-	-	-	169	148	140	96	164	110	118	131
Lacdyé, fine - - - - -	-	-	-	-	-	-	-	-	73	49	36	27	-	-	-	-
Shell lac, fine orange	-	-	-	-	-	-	-	-	153	122	93	80	98	56	59	56
Linseed, fine bold clean	-	-	-	-	-	-	-	-	120	104	93	86	95	95	101	98
Rice, Ballam - - - - -	-	-	-	-	-	-	-	-	153	103	97	100	138	139	176	106
Silk, raw, Cossimbazar	-	-	-	-	-	-	-	-	87	80	86	78	66	60	73	89
Tea, good Souchong - -	-	-	-	-	-	-	-	-	82	64	82	59	64	55	64	55
Wheat, Doodiah - - - -	-	-	-	-	-	-	-	-	109	92	92	84	85	66	72	81
Gold - - - - -	-	-	-	-	-	-	-	-	110	112	112	115	112	119	127	130

* The values measured in silver in London have been calculated from the values in gold on the basis of the price of standard silver in London.

APPENDIX II.—continued.

TABLE V.—STATEMENT showing the true Financial Results to the REVENUES of India of the Guarantee of Interest upon the Capital of GUARANTEED RAILWAY COMPANIES, excluding the East Indian Railway Company.

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.		1887-88. Budget Estimate.
						Budget Estimate.	Revised Estimate.	
Open mileage at end of official year.	Miles. 4,616	Miles. 4,611	Miles. 4,636	Miles. 4,528	Miles. * 3,921	Miles. 3,922½	Miles. 3,895	Miles. 3,910½
Gross Traffic Receipts - - -	£. 7,632,877	£. 7,784,881	£. 7,836,035	£. 7,606,685	£. 7,828,160	£. 6,740,000	£. 7,182,500	£. 7,110,000
Working Expenses - - -	£. 4,017,052	£. 4,202,835	£. 4,147,892	£. 4,128,385	£. 4,103,665	£. 3,606,500	£. 3,630,000	£. 3,595,000
Percentage of Working Expenses on Receipts.	52.63	53.94	52.86	54.27	52.42	53.50	50.54	50.56
Net Traffic Receipts - - -	£. 3,615,625	£. 3,582,046	£. 3,688,143	£. 3,478,300	£. 3,724,495	£. 3,133,500	£. 3,552,500	£. 3,515,000
Net gain by the remittance to England of Capital Receipts and Disbursements in India at the Contract Rates of Exchange, instead of at the average yearly rates obtained for the Secretary of State's bills - - -	-	-	-	1,086	-	-	-	-
TOTAL Revenue - - £.	3,615,625	3,582,046	3,688,143	3,479,386	3,724,495	3,133,500	3,552,500	3,515,000
Gross Guaranteed Interest paid in India.	6,058	8,038	12,521	29,650	49,767	3,400	11,000	29,400
Gross Guaranteed Interest paid in London. †	3,264,813	3,309,894	3,284,241	3,217,240	3,180,785	2,600,600	2,697,000	2,700,000
Total Guaranteed Interest (Sterling Payments converted at the average exchange of the year).	3,945,306	4,077,125	4,047,246	4,028,654	4,231,707	3,590,900	3,709,700	3,732,300
Surplus Paid to Railway Companies.	333,330	486,591	569,948	431,495	397,129	417,500	535,100	508,000
Land and Supervision - - -	74,748	72,181	67,326	61,457	70,553	80,000	71,900	65,000
Interest on Revenue Balances -	1,750	1,647	1,872	1,865	1,419	2,000	2,000	2,500
Net Loss on Receipts and Disbursements of Capital in India, calculated in the same way as the gain.	77,933	66,305	86,675	-	48,006	58,400	94,300	10,000
TOTAL Expenditure - - £.	4,432,465	4,703,849	4,773,065	4,523,471	4,757,814	4,148,800	4,413,000	4,317,800
Net Expenditure from the Public Treasury.	816,840	1,121,803	1,084,022	1,044,135	1,033,319	1,015,300	860,500	802,800

* The Sind, Punjab, and Delhi Railway, 691 miles, was purchased by the State on 1st January 1886, and the mileage is shown under State Railways.

† With the exception of the figures in this line which are true sterling figures, all the amounts in this table have been converted into English currency at the rate of Rs. 10 = £. 1.

APPENDIX II.—continued.

TABLE VI.—ACTUAL CAPITAL EXPENDITURE on STATE RAILWAYS in 1885-86, and ESTIMATED EXPENDITURE on such Works in 1886-87 and 1887-88, and to End of 1887-88.

RAILWAYS.	Accounts, 1885-86.	Revised Estimate, 1886-87.	Budget Estimate, 1887-88.	To End of 1887-88.	Sanctioned Outlay.	Balance remaining Unspent.
OPEN LINES.						
	£.	£.	£.	£.	£.	£.
East Indian	792,509	152,900	105,000	14,234,565	14,234,565	—
Rajputana-Malwa	130,187	74,600	77,500	9,226,130	9,226,130	—
Holkar	4,603	—3,000	3,000	1,299,658	1,299,658	—
Rewari-Ferozepore	44,370	5,500	7,500	1,282,087	1,282,087	—
Sindia	4,819	1,200	—	921,349	921,349	—
Bhopal	—	—	—	131,057	131,057	—
Wardha Coal	20,049	28,450	5,150	731,676	731,676	—
Nagpur-Chhattisgarh *	45,346	68,300	—	1,210,916	1,210,916	—
Katni-Umaria	293,130	84,520	—1,000	472,758	472,758	—
Umaria Colliery	16,216	33,880	22,100	81,579	81,579	—
Burma	108,745	9,000	21,320	2,884,022	2,884,022	—
Jorhat	6,197	10,000	4,500	67,915	67,915	—
Cherra-Companygunj	23,982	10,100	11,500	74,213	74,213	—
Eastern Bengal	779,227	176,750	197,400	3,457,490	3,457,490	—
Northern Bengal	20,289	6,020	40,300	2,323,541	2,323,541	—
Tirhoot (open line)	—40,035	17,600	21,400	1,566,070	1,566,070	—
Patna-Gya	8,381	7,800	10,000	435,972	435,972	—
Nalhati	—354	—630	—300	34,559	34,559	—
Dacca	111,765	33,675	2,500	667,831	667,831	—
Kaunia-Dhurla	2,158	500	—1,000	97,577	97,577	—
Dildarnagar-Ghazipur	—402	—	—	70,311	70,311	—
Cawnpore-Achnera	78,886	—19,300	5,000	1,170,873	1,170,873	—
Bareilly-Pilibhit	6,734	1,500	2,000	152,558	152,558	—
North-Western	374,501	5,377,600	528,800	22,933,811	22,933,811	—
Amritsar-Pathankot	518	4,000	—	564,740	564,740	—
Dhond and Manmad	196	2,870	4,000	1,099,019	1,099,019	—
TOTAL	£. 2,832,017	6,083,235	1,068,670	67,192,277	67,192,277 †	—
LINES UNDER CONSTRUCTION.						
Toung-hoo-Mandalay Extension	—	231,900	1,095,000	1,326,900	2,500,000 ‡	1,173,100
Assam-Bihar	434,464	240,460	192,691	1,202,917	1,621,211 §	418,294
Lucknow-Sitapur-Kheri	99,718	167,300	58,000	370,020	512,690	142,670
Sindh-Sagar —Eastern Section	107,098	75,020	31,050	234,434	241,333	6,899
„ —Western „	656,205	1,043,650	377,780	2,095,655	2,509,867	414,212
Sindh-Pishin —Nari-Quetta „	1,684,851	1,437,700	397,700	4,367,766	4,603,809	236,043
„ —Bosten-Gulistan „	12,805	360,750	84,400	457,955	457,955	—
„ —Durwaza-Quetta „	47,393	178,200	40,300	265,893	272,294	6,401
„ —Killa-Abdulla Branch	—	38,500	19,400	51,900	51,900 ‡	—
Bolan	251,533	34,600	28,100	314,233	314,233 ‡	—
Sutlej Bridge (Ferozepore)	163,878	275,550	100,500	551,141	561,033	9,892
Kandabar Reserve Material	230,038	119,620	55,700	405,358	405,358 ‡	—
Cuddapah-Nellore	158,680	206,100	53,040	595,562	608,722	13,220
Bellary-Kistna	408,538	327,300	472,000	1,676,843	1,880,000	203,157
Bezawada to Hyderabad Frontier	—	1,000	140,400	141,400	168,086 ‡	26,686
TOTAL	£. 4,255,201	4,737,650	3,140,061	14,057,977	16,708,551	2,650,574
Carried forward	£. 7,087,218	10,820,885	4,208,731	81,250,254	88,900,828	2,650,574

* Will probably be transferred to a Company from 1st April 1887.

† Represents authorised outlay to end of 1887-88.

‡ Approximate Estimates.

§ Includes exchange amounting to 100,000 l.

|| Approximate Estimates. Revised Project Estimates under preparation.

APPENDIX II.—*continued.*TABLE VI.—CAPITAL EXPENDITURE ON STATE RAILWAYS, &c.—*continued.*

RAILWAYS.	Accounts, 1885-86.	Revised Estimate, 1886-87.	Budget Estimate, 1887-88.	To End of 1887-88.	Sanctioned Outlay.	Balance remaining Unspent.
	£.	£.	£.	£.	£.	£.
Brought forward - - -	7,087,218	10,820,885	4,208,731	81,250,254	83,900,828	2,650,574
LINES UNDER SURVEY.						
Bilaspur-Etawah - - - - -	—510	- - -	- - -	18,088	18,088	—
Dharmavaram Extension Survey - - -	8,489	2,050	680	17,327	17,327	—
Hindupur Extension Survey - - - - -	- - -	50	100	3,602	3,602	—
Pakal-Villupuram Survey - - - - -	6,783	5,400	520	14,939	14,939	—
Vizagapatam-Raipur - - - - -	- - -	- - -	- - -	24,504	24,504	—
TOTAL - - - £.	14,762	8,400	1,300	78,460	78,460	—
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES.						
Nagpur-Bengal - - - - -	54,888	7,500	- - -	170,652	170,652	—
Ranaghat-Bhagwangola - - - - -	76	800	- - -	30,165	30,165	—
Southern Mahratta - - - - -	- - -	- - -	- - -	52,707*	52,707	—
Cawnpore-Kalpi - - - - -	—155,631 †	—	—	—	—	—
Jhansi-Manickpur - - - - -	—314,232 †	—	—	—	—	—
TOTAL - - - £.	—414,899	8,300	- - -	253,524	253,524	—
Stores and Reserve - - - - -	332,848	—363,685	159,169	483,935	486,201	—
GRAND TOTAL - - - £.	7,019,929	10,473,900	4,369,200	82,066,173	84,719,013	2,650,574
Distributed as under :—						
Capital Expenditure on Public Works (not charged against Revenue) :						
State Railways—Construction -	5,798,874	10,086,000	4,294,200	72,768,856	—	—
Famine Relief and Insurance :						
Protective Railways - - - - -	589,000	200,000	- - -	2,733,979	—	—
Construction of Railways (charged against Revenue in addition to that under Famine Insurance) - - -						
	632,055	187,900	75,000	6,563,338	—	—
TOTAL as above - - - £.	7,019,929	10,473,900	4,369,200	82,066,173	—	—

* Represents depreciation on works and stores allowed by Government on transfer to the Company.
† Represents refunds by the Indian Midland Railway Company.

APPENDIX II.—continued.

TABLE VII.—CAPITAL EXPENDITURE on IRRIGATION—MAJOR WORKS, in 1885-86, and ESTIMATED EXPENDITURE on such Works in 1886-87, 1887-88, and to the End of 1887-88, &c.

	Accounts, 1885-86.	Revised Estimate, 1886-87.	Budget Estimate, 1887-88.	TOTAL to End of 1887-88.	Sanctioned Estimate.	Balance of sanctioned Estimate remaining to be Spent.
IRRIGATION WORKS:						
CAPITAL EXPENDITURE NOT CHARGED AGAINST REVENUE.						
	£.	£.	£.	£.	£.	£.
Orissa Canals	46,773	54,800	65,000	2,327,103	3,110,213	783,110
Midnapore Canal	1,008	1,200	1,200	828,110	824,900	—
Tidal Canal	—	—	—	179,549	177,270	—
Sone Canals	16,070	19,000	16,500	2,521,635	2,788,870	267,235
Ganges Canal	2,327	12,400	16,300	2,671,985	2,923,442	251,457
Lower Ganges Canal	87,481	169,100	224,500	3,026,657	2,772,451	—
Agra Canal	1,839	8,500	5,300	837,936	871,670	33,734
Eastern Jumna Canal	3,802	5,100	3,800	300,801	344,191	43,390
Western Jumna Canal	18,874	27,100	42,000	1,050,017	1,079,050	29,033
Bari Doab Canal	11,929	7,100	9,000	1,560,529	1,579,860	19,331
Sirhind Canal (State outlay)	89,797	96,500	74,000	2,202,010	2,226,440	24,430
Chenab Canal	55,154	41,000	63,000	238,489	293,559	55,070
Godavari Delta System	30,861	23,500	24,500	1,079,996	1,108,869	28,873
Kistna Delta System	36,238	45,000	57,700	807,137	1,389,978	582,841
Sangam Anicut System	49,095	34,700	6,100	286,624	289,644	3,020
Desert Canal	1,748	4,400	8,000	121,822	126,684	4,862
Bogari Canal	4,258	2,000	—	162,091	162,885	794
Eastern Nara Works	26,405	17,700	18,400	499,193	527,670	28,477
Mutha Canals	6,169	5,200	6,100	597,310	605,323	8,013
Other projects	84,378	74,200	65,800	3,271,676	—	—
	574,004	648,500	708,200	24,570,670	—	—
<i>Deduct,—Outlay incurred from Ordinary Funds</i>	11,468	17,500	8,200	5,446,785	—	—
TOTAL	562,536	631,000	700,000	19,123,885	—	—
FAMINE RELIEF AND INSURANCE:						
PROTECTIVE IRRIGATION WORKS:						
Betwa Canal	52,801	10,900	8,900	389,559	425,141	35,532
Swat River Canal	11,964	11,200	10,000	336,367	354,581	18,214
Rushikulya project	8,320	23,900	28,500	85,188	200,139	174,951
Nira Canal	49,467	32,200	35,100	390,114	397,736	7,622
Other projects (including Grants-in-aid)	64,255	33,100	10,000	410,134	—	—
	186,807	111,300	92,500	1,611,362	—	—
<i>Deduct,—Outlay incurred from Ordinary Funds</i>	—	—	—	285,594	—	—
TOTAL	186,807	111,300	92,500	1,325,768	—	—
GRAND TOTAL	749,343	742,300	792,500	20,449,653	—	—

APPENDIX II.—continued.

TABLE VIII.—GROSS RECEIPTS, WORKING EXPENSES, and NET TRAFFIC RECEIPTS, of GUARANTEED and STATE RAILWAYS, for Five Years ending 1885-86, with REVISED ESTIMATES for 1886-87, and BUDGET ESTIMATES for 1887-88.

	ACCOUNTS.					Revised Estimate, 1886-87.	Budget Estimate, 1887-88.
	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.		
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	Miles. 4,600	Miles. 4,616	Miles. 4,611	Miles. 4,636	Miles. 4,528	Miles. * 3,921	Miles. † 3,895
<i>Gross Receipts.</i>	£.	£.	£.	£.	£.	£.	£.
East Indian	29,635	—	—	—	—	—	—
Eastern Bengal	584,879	642,331	488,951	82,325	—	—	—
Madras	641,334	682,571	691,041	716,965	760,952	795,000	800,000
South Indian	376,036	376,278	400,362	423,774	450,440	502,500	510,000
Bombay, Baroda, and Central India	976,455	1,075,380	1,211,703	1,221,595	1,328,203	1,310,000	1,330,000
Great Indian Peninsula	3,483,259	3,496,761	3,342,850	3,514,397	3,654,191	3,910,000	3,750,000
Oude and Rohilkund	531,986	479,398	578,859	517,633	571,518	665,000	720,000
Scinde, Punjab, and Delhi	1,009,693	1,032,172	1,122,269	1,129,996	1,062,856	—	—
TOTAL	£. 7,632,677	£. 7,784,881	£. 7,836,035	£. 7,606,685	£. 7,928,160	£. 7,182,500	£. 7,110,000
<i>Working Expenses.</i>							
East Indian	29,489	—	—	—	—	—	—
Eastern Bengal	237,278	266,346	262,305	85,153	—	—	—
Madras	426,289	433,274	404,655	424,121	439,380	480,000	475,000
South Indian	248,467	240,198	252,836	281,515	297,325	350,000	350,000
Bombay, Baroda, and Central India	419,097	533,807	497,846	550,449	553,498	560,000	550,000
Great Indian Peninsula	1,638,756	1,725,000	1,751,373	1,779,690	1,850,110	1,870,000	1,830,000
Oude and Rohilkund	325,890	324,210	303,145	307,793	367,054	370,000	390,000
Scinde, Punjab, and Delhi	691,786	660,000	675,932	699,664	596,298	—	—
TOTAL	£. 4,017,052	£. 4,202,835	£. 4,147,892	£. 4,128,385	£. 4,103,665	£. 3,630,000	£. 3,595,000
<i>Net Traffic Receipts.</i>							
East Indian	146	—	—	—	—	—	—
Eastern Bengal	347,601	375,985	226,646	—2,828	—	—	—
Madras	215,045	249,297	286,386	292,844	321,572	315,000	325,000
South Indian	127,569	136,080	147,526	142,259	153,115	152,500	160,000
Bombay, Baroda, and Central India	557,358	521,573	714,057	671,146	774,705	750,000	780,000
Great Indian Peninsula	1,844,503	1,771,761	1,591,477	1,734,707	1,804,081	2,040,000	1,920,000
Oude and Rohilkund	205,496	155,178	275,714	209,840	204,464	295,000	330,000
Scinde, Punjab, and Delhi	317,907	372,172	446,337	430,332	466,558	—	—
TOTAL	£. 3,615,625	£. 3,582,046	£. 3,688,143	£. 3,478,300	£. 3,724,495	£. 3,552,500	£. 3,615,000
STATE RAILWAYS.							
Open mileage at beginning of year	Miles. 4,534	Miles. 4,821	Miles. 5,159	Miles. 5,632	Miles. † 6,966	Miles. ‡ 7,227	Miles. § 8,012
<i>Gross Receipts.</i>	£.	£.	£.	£.	£.	£.	£.
East Indian	4,710,555	4,601,341	4,999,462	4,310,425	4,703,587	4,695,274	4,695,270
Rajputana-Malwa	1,012,348	1,113,335	1,319,710	1,306,991	1,665,023	1,750,000	1,800,000
Rewari-Ferozepore	—	—	45,140	92,401	—	—	—
Sindia	32,863	32,030	25,155	36,833	39,408	39,100	39,500
Bhopal	—	1,438	2,557	1,281	2,643	3,500	4,000
Wardah Coal	52,980	67,287	76,529	67,823	64,820	73,500	67,500
Nagpur-Chhattisgarh	41,870	85,890	120,505	136,239	147,349	128,500	140,000
Katni-Umaria	—	—	—	—	—	3,500	17,500
Umaria Colliery	—	—	—	1,572	2,224	6,000	27,500
Burma	—	—	—	—	—	—	—
Jorhat	152,933	158,688	167,717	216,640	233,585	285,000	290,000
Cherra Companygunj	—	—	—	383	3,624	4,000	4,500
Eastern Bengal	—	—	—	—	—	500	2,500
Bengal Central	—	—	—	453,881	455,588	537,500	550,000
Northern Bengal	—	—	—	—	54,129	56,200	60,000
Tirhoot	192,741	227,991	213,274	216,628	233,920	260,000	250,000
Assam-Bihar	57,878	70,981	98,167	124,972	128,026	155,000	165,000
Patna-Gya	—	—	—	—	—	—	—
Nalhati	53,636	39,834	47,019	51,793	51,750	53,500	51,500
Calcutta and South Eastern	6,787	7,406	8,063	7,638	7,880	8,200	7,800
Dacca	15,962	22,007	31,806	9,465	—	—	—
Kaunia-Dhurla	—	—	—	2,559	12,723	28,000	31,000
Indian Midland	—	10,627	14,080	15,676	12,981	13,000	13,000
Dildarnagar-Ghazipur	—	—	—	—	—	9,400	32,500
Cawnpore-Achnera	4,113	4,847	3,480	4,673	4,650	4,800	4,700
Bareilly-Pilibhit	48,785	54,333	57,736	92,930	95,819	60,300	—
Lucknow-Sitapur-Kheri	—	—	—	899	8,393	10,000	11,000
North Western:						1,800	28,000
Punjab Northern, including Northern Section	327,018	304,758	319,015	336,908	1,808,224	2,315,000	2,650,000
Indus Valley and Sind-Pishin	542,580	567,669	691,048	789,493	—	—	—
Amritsar-Pathankote	—	—	—	19,958	28,985	7,000	7,000
Cuddapah-Nellore	—	—	—	—	—	—	17,500
Bellary-Kistna	—	—	—	—	—	—	17,500
Dhond and Maunad ¶	14,047	15,998	19,165	20,427	22,062	23,300	24,000
Southern Mahratta	—	—	77	33,244	102,818	182,500	300,000
TOTAL	£. 7,267,096	£. 7,386,460	£. 8,208,765	£. 8,351,931	£. 9,890,211	£. 10,714,374	£. 11,318,770

* The Scinde, Punjab, and Delhi Railway, 691 miles, was purchased by the State on 1st January 1886, and the mileage is shown under State Railways.
 † The Bellary Branch of the Madras Railway, 33 miles in length, having been transferred to the Southern Mahratta Railway, the mileage is shown under State Railways.
 ‡ Includes one-fifth the length of the Bhopal Railway and the whole length of the Scinde, Punjab, and Delhi Railway.
 § Includes one-fifth the length of the Bhopal Railway.
 ¶ The working of this line has been transferred to the Great Indian Peninsula Railway from 1st January 1881; the Government of India only receives a percentage of the gross receipts.

APPENDIX II.—*continued.*TABLE VIII.—RECEIPTS AND EXPENSES OF RAILWAYS—*continued.*

	ACCOUNTS.					Revised Estimate, 1886-87.	Budget Estimate, 1887-88.
	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.		
STATE RAILWAYS—<i>continued.</i>							
<i>Working Expenses.</i>							
	£.	£.	£.	£.	£.	£.	£.
East Indian	1,646,959	2,000,308	1,906,842	1,829,235	1,882,260	1,770,000	1,840,000
Rajputana-Malwa	581,520	588,001	607,384	708,222	897,238	917,500	952,500
Rewari-Ferozepore	-	-	31,326	63,947			
Sindia	23,792	23,820	11,361	19,572	19,440	19,300	19,500
Bhopal	-	1,978	2,984	1,746	3,731	2,300	3,500
Wardha Coal	44,743	45,442	21,620	47,603	51,594	60,000	57,500
Nagpur-Chhattisgarh	24,602	49,134	64,572	80,480	94,705	81,500	90,000
Katni-Umaria	-	-	-	-	-	3,000	12,500
Umaria Colliery	-	-	-	1,379	9,265	12,000	21,500
Burma	89,676	98,816	102,117	134,468	174,769	175,000	173,000
Jorhat	-	-	-	725	4,229	5,000	5,000
Cherra-Companygunj	-	-	-	-	-	2,400	4,000
Eastern Bengal	-	-	-	188,662	298,637	317,500	307,500
Bengal Central	-	-	-	-	54,713	59,000	62,000
Northern Bengal	98,046	107,153	123,543	152,031	149,034	142,000	142,500
Tirhoot	34,904	44,052	67,863	96,847	91,558	100,000	100,000
Assam-Bihar	-	-	-	-	-	-	7,500
Patna-Gya	34,117	27,100	23,356	29,825	27,179	28,000	23,500
Nalhati	5,500	5,059	5,632	7,213	6,678	6,500	6,500
Calcutta and South Eastern	19,693	11,623	19,513	8,600	-	-	-
Dacca	-	-	-	707	18,458	27,000	27,000
Kaunia-Dhurla	-	9,039	10,075	11,980	11,019	11,500	11,500
Indian Midland	-	-	-	-	-	6,400	22,500
Dildarnagar-Ghazipur	3,580	4,169	1,222	2,727	2,436	2,500	2,300
Cawnpore-Achnera	35,503	36,578	36,802	68,492	79,222	43,300	-
Bareilly-Pilibhit	-	-	-	1,325	6,113	7,500	8,000
Lucknow-Sitapur-Kheri	-	-	-	-	-	1,300	18,500
North Western:							
Punjab Northern, including Northern Section	286,751	261,124	252,260	235,918	845,651	1,320,000	1,700,000
Indus Valley and Sindh-Pishin	405,965	370,542	391,727	361,337			
Amritsar-Pathankot	-	-	-	17,535	24,171	-	-
Cuddapah-Nellore	-	-	-	-	-	-	15,000
Bellary-Kistna	-	-	-	-	-	-	16,000
Dhond and Mamnad*	-	-	172	33,183	-	-	-
Southern Mahratta	-	-	29,752	38,795	-	127,500	180,000
Exchange	31,793	14,618	-	-	-	-	-
TOTAL	£. 3,305,144	3,768,314	3,890,123	4,145,614	4,833,411	5,278,000	5,831,300
<i>Net Traffic Receipts.</i>							
East Indian	3,061,596	2,531,943	3,002,620	2,481,190	2,821,318	2,925,274	2,855,270
Rajputana-Malwa	430,828	524,674	622,326	598,769	767,785	802,500	847,500
Rewari-Ferozepore	-	-	13,814	28,654			
Sindia	9,071	8,200	13,794	17,261	19,968	19,800	20,000
Bhopal	-	538	427	465	1,088	1,200	500
Wardha Coal	8,237	21,845	54,909	20,219	13,226	13,500	10,000
Nagpur-Chhattisgarh	17,268	36,750	64,993	55,759	52,644	47,000	50,000
Katni-Umaria	-	-	-	-	-	500	5,000
Umaria Colliery	-	-	-	193	7,041	6,000	6,000
Burma	63,257	59,872	65,600	82,172	58,816	110,000	117,000
Jorhat	-	-	-	342	605	1,000	500
Cherra-Companygunj	-	-	-	-	-	1,900	1,500
Eastern Bengal	-	-	-	265,219	156,951	20,000	24,500
Bengal Central	-	-	-	-	584	2,800	2,000
Northern Bengal	96,695	120,838	89,731	64,597	84,886	118,000	107,500
Tirhoot	22,974	26,929	30,304	28,125	36,468	55,000	65,000
Assam-Bihar	-	-	-	-	-	-	2,500
Patna-Gya	19,519	12,734	23,663	21,968	24,571	25,500	26,000
Nalhati	1,227	2,347	2,431	425	1,202	1,700	1,300
Calcutta and South Eastern	3,731	10,384	12,293	865	-	-	-
Dacca	-	-	-	1,852	5,735	1,000	4,000
Kaunia-Dhurla	-	1,588	4,005	3,696	1,962	1,500	1,500
Indian Midland	-	-	-	-	-	3,000	10,000
Dildarnagar-Ghazipur	533	678	2,253	1,946	2,214	2,300	2,400
Cawnpore-Achnera	13,282	17,755	20,934	24,438	16,597	17,000	-
Bareilly-Pilibhit	-	-	-	486	2,380	2,500	3,000
Lucknow-Sitapur-Kheri	-	-	-	-	-	500	9,500
North Western:							
Punjab Northern, including Northern Section	40,267	43,634	66,755	100,990	962,573	995,000	950,000
Indus Valley and Sindh-Pishin	186,615	197,127	299,321	425,156			
Amritsar-Pathankot	-	-	-	2,423	4,814	7,000	7,000
Cuddapah-Nellore	-	-	-	-	-	-	2,500
Bellary-Kistna	-	-	-	-	-	-	1,500
Dhond and Mamnad*	14,047	15,998	19,165	20,427	22,062	23,300	24,000
Southern Mahratta	-	-	95	61	21,516	55,000	120,000
Exchange	31,793	14,618	29,752	38,795	-	-	-
TOTAL	£. 3,901,932	3,618,146	4,378,642	4,206,317	5,056,800	5,436,374	5,487,470

* The working of this line has been transferred to the Great Indian Peninsula Railway from 1st January 1881; the Government of India only receives a percentage of the gross receipts.

APPENDIX II.—continued.

TABLE IX.—GROSS EARNINGS, WORKING EXPENSES, and NET EARNINGS, of IRRIGATION, MAJOR WORKS, for Five Years ending 1885-86, with REVISED ESTIMATE for 1886-87, and BUDGET ESTIMATE for 1887-88.

	ACTUALS.					Revised	Budget
	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	Estimate,	Estimate,
	£.	£.	£.	£.	£.	£.	£.
DIRECT RECEIPTS :							
Orissa Canals - - - - -	22,315	32,001	23,787	14,358	20,735	24,000	21,600
Midnapore Canal - - - - -	25,007	26,801	26,457	25,796	26,249	22,000	24,000
Tidal Canal - - - - -	4,729	4,503	6,359	4,351	5,245	5,500	4,900
Sone Canals - - - - -	73,629	68,468	60,381	86,247	106,264	81,500	85,300
Ganges Canal - - - - -	193,048	234,125	242,697	291,662	184,967	212,900	202,800
Lower Ganges Canal - - - - -	141,379	157,833	151,441	169,434	135,638	102,100	118,000
Agra Canal - - - - -	59,084	52,793	64,373	79,190	46,689	60,000	54,500
Eastern Jumna Canal - - - - -	73,918	83,545	76,452	79,374	61,034	69,400	73,200
Betwa Canal - - - - -	-	-	-	-	-	2,100	6,400
Western Jumna Canal - - - - -	120,125	115,949	139,240	160,237	82,635	86,000	115,600
Chenab Canal - - - - -	-	-	-	-	-	-	600
Bari Doab Canal - - - - -	112,869	109,429	100,354	105,421	118,887	129,500	118,000
Sirhind Canal - - - - -	-	-	22	3,249	13,467	35,500	61,500
Swat River Canal - - - - -	-	-	-	-	25	2,700	6,700
Godavari Delta System - - - - -	9,995	7,675	7,560	9,601	10,738	10,200	10,200
Kistna Delta System - - - - -	3,956	4,973	3,356	3,300	3,522	3,000	3,500
Desert Canal - - - - -	1,010	1,566	1,519	2,865	2,158	3,300	3,900
Begari Canal - - - - -	1,850	3,531	3,117	3,456	3,131	4,200	3,400
Eastern Nara Works - - - - -	2,012	2,057	2,193	1,894	1,872	2,400	2,400
Mutha Canals - - - - -	14,160	12,461	15,834	14,069	15,055	14,300	15,300
Nira Canal - - - - -	-	-	-	-	24	200	1,800
Other projects - - - - -	6,713	13,272	11,439	20,612	16,388	20,300	25,700
TOTAL - - - £.	865,799	930,982	936,581	1,075,026	864,773	891,100	959,200
PORTION OF LAND REVENUE DUE TO IRRIGATION :							
Ganges Canal - - - - -	44,301	44,302	44,301	44,301	44,301	44,300	44,300
Lower Ganges Canal - - - - -	20,783	20,783	20,783	20,783	20,783	20,800	20,800
Eastern Jumna Canal - - - - -	22,153	22,153	22,154	22,154	22,153	22,100	22,100
Western Jumna Canal - - - - -	3,809	5,836	6,265	5,832	5,833	5,500	5,500
Bari Doab Canal - - - - -	29,523	27,997	66,189	27,557	34,250	38,500	33,500
Godavari Delta System - - - - -	157,072	146,845	153,262	160,678	173,695	163,400	173,800
Kistna Delta System - - - - -	93,190	81,761	94,929	101,609	110,592	100,100	109,400
Sangam Anicut System - - - - -	-	-	-	-	3,970	4,000	4,900
Desert Canal - - - - -	10,026	8,645	8,534	10,834	9,389	10,300	10,100
Begari Canal - - - - -	10,305	14,440	15,163	20,386	23,651	27,300	28,800
Eastern Nara Works - - - - -	15,376	10,515	14,236	17,880	19,039	27,900	29,300
Mutha Canals - - - - -	-	-	-	-	345	-	-
Other projects - - - - -	84,682	85,804	88,310	83,804	95,296	94,100	94,000
TOTAL - - - £.	491,220	469,081	534,126	465,818	562,607	558,300	576,500
TOTAL REVENUE :							
Orissa Canals - - - - -	22,315	32,001	23,787	14,358	20,735	24,000	21,600
Midnapore Canal - - - - -	25,007	26,801	26,457	25,796	26,249	22,000	24,000
Tidal Canal - - - - -	4,729	4,503	6,359	4,351	5,245	5,500	4,900
Sone Canals - - - - -	73,629	68,468	60,381	86,247	106,264	81,500	85,300
Ganges Canal - - - - -	237,349	278,427	286,998	336,963	239,268	257,200	247,100
Lower Ganges Canal - - - - -	162,162	178,616	172,224	190,217	156,471	122,900	138,800
Agra Canal - - - - -	59,084	52,793	64,373	79,190	46,689	60,000	54,500
Eastern Jumna Canal - - - - -	96,071	105,698	98,606	101,528	83,187	91,500	95,300
Betwa Canal - - - - -	-	-	-	-	-	2,100	6,400
Western Jumna Canal - - - - -	123,934	121,785	145,505	160,069	88,468	91,500	121,000
Chenab Canal - - - - -	-	-	-	-	-	-	600
Bari Doab Canal - - - - -	142,392	137,426	166,543	132,978	153,137	168,000	151,500
Sirhind Canal - - - - -	-	-	22	3,249	13,467	35,500	61,500
Swat River Canal - - - - -	-	-	-	-	25	2,700	6,700
Godavari Delta System - - - - -	167,067	154,520	160,822	170,279	184,439	173,600	184,000
Kistna Delta System - - - - -	97,146	86,734	98,285	104,909	114,114	103,100	112,900
Sangam Anicut System - - - - -	-	-	-	-	3,970	4,000	4,900
Desert Canal - - - - -	11,036	10,211	10,053	13,699	11,547	13,600	14,000
Begari Canal - - - - -	12,155	17,971	18,280	23,842	26,782	31,500	32,200
Eastern Nara Works - - - - -	17,388	12,572	16,429	19,684	20,911	30,300	31,700
Mutha Canals - - - - -	14,160	12,461	15,834	13,752	14,710	14,300	15,300
Nira Canal - - - - -	-	-	-	-	24	200	1,800
Other projects - - - - -	91,395	99,070	90,749	54,733	111,684	114,400	119,700
TOTAL - - - £.	1,357,019	1,400,063	1,470,707	1,540,844	1,427,380	1,440,400	1,535,700

APPENDIX II.—*continued.*TABLE IX.—EARNINGS AND EXPENSES OF WORKS OF IRRIGATION, &c.—*continued.*

	ACTUALS.					Revised	Budget
	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	Estimate, 1886-87.	Estimate, 1887-88.
	£.	£.	£.	£.	£.	£.	£.
WORKING EXPENSES:							
Orissa Canals - - - - -	32,866	34,154	29,313	31,573	34,258	52,600	48,000
Midnapore Canal - - - - -	22,847	23,808	21,565	22,317	20,985	20,500	25,000
Tidal Canal - - - - -	2,868	4,057	4,658	3,689	4,862	4,100	5,000
Sone Canals - - - - -	45,732	52,984	51,447	60,396	55,237	61,300	67,000
Ganges Canal - - - - -	80,833	82,049	86,108	92,609	80,026	87,000	90,300
Lower Ganges Canal - - - - -	50,101	63,215	64,751	82,154	81,327	79,100	73,300
Agra Canal, - - - - -	22,638	21,761	23,859	26,565	26,313	30,100	26,100
Eastern Jumna Canal - - - - -	17,287	19,917	19,564	19,164	18,128	20,500	19,500
Betwa Canal - - - - -	-	-	-	-	208	8,800	11,300
Western Jumna Canal - - - - -	39,143	44,655	44,284	44,177	47,834	46,900	50,000
Chenab Canal - - - - -	-	-	-	-	-	-	2,800
Bari Doab Canal - - - - -	46,114	51,897	52,960	47,289	52,014	57,300	47,000
Sirhind Canal - - - - -	-	-	1,653	14,022	21,276	23,100	32,000
Swat River Canal - - - - -	-	-	-	-	2,372	4,700	4,000
Godavari Delta System - - - - -	29,710	31,583	38,243	50,476	56,486	50,700	45,000
Kistna Delta System - - - - -	24,307	27,217	27,922	27,691	29,413	32,400	30,000
Sangam Anicut System - - - - -	-	-	-	-	468	2,800	2,900
Desert Canal - - - - -	1,266	1,173	2,040	3,149	2,848	2,700	2,900
Begari Canal - - - - -	4,936	7,066	5,549	5,835	5,042	6,000	6,400
Eastern Nara Works - - - - -	5,143	5,602	5,903	6,488	6,467	7,200	6,500
Mutha Canals - - - - -	6,224	5,795	5,961	6,831	6,120	6,900	6,600
Nira Canal - - - - -	-	-	-	-	1,256	2,800	3,200
Other projects - - - - -	23,620	24,103	28,967	26,998	34,210	35,100	41,100
TOTAL - - - £.	455,635	501,936	514,837	571,423	593,150	642,600	645,900
NET REVENUE:							
Orissa Canals - - - - -	-10,551	-2,153	-5,526	-17,215	-13,523	-28,600	-26,400
Midnapore Canal - - - - -	2,160	2,993	4,892	3,479	5,264	1,500	-1,000
Tidal Canal - - - - -	1,861	446	1,701	662	383	1,400	-100
Sone Canals - - - - -	27,897	15,484	8,934	25,851	51,027	20,200	18,300
Ganges Canal - - - - -	156,516	195,478	200,800	243,354	159,242	170,200	156,800
Lower Ganges Canal - - - - -	112,061	115,401	107,473	108,063	75,144	43,800	65,500
Agra Canal - - - - -	36,446	31,032	40,514	52,625	20,376	29,900	28,400
Eastern Jumna Canal - - - - -	78,784	85,781	79,042	82,364	65,059	71,000	75,800
Betwa Canal - - - - -	-	-	-	-	-208	-6,700	-4,900
Western Jumna Canal - - - - -	84,791	77,130	101,221	121,892	40,634	44,600	71,000
Chenab Canal - - - - -	-	-	-	-	-	-	-2,200
Bari Doab Canal - - - - -	96,278	85,529	113,583	85,689	101,123	110,700	104,500
Sirhind Canal - - - - -	-	-	-1,631	-10,773	-7,809	12,400	29,500
Swat River Canal - - - - -	-	-	-	-	-2,347	-2,000	2,700
Godavari Delta System - - - - -	137,957	122,937	122,579	119,803	127,947	122,900	139,000
Kistna Delta System - - - - -	72,839	59,517	70,363	77,218	84,701	70,700	82,900
Sangam Anicut System - - - - -	-	-	-	-	3,502	1,200	2,000
Desert Canal - - - - -	9,770	9,038	8,013	10,550	8,699	10,900	11,100
Begari Canal - - - - -	7,219	10,905	12,731	18,007	21,740	25,500	25,800
Eastern Nara Works - - - - -	12,245	6,970	10,526	13,196	14,444	23,100	25,200
Mutha Canals - - - - -	7,936	6,666	9,873	6,921	8,590	7,400	8,700
Nira Canal - - - - -	-	-	-	-	-1,232	-2,600	-1,400
Other projects - - - - -	67,775	74,973	70,782	27,735	77,474	79,300	78,600
TOTAL - - - £.	901,384	898,127	955,870	969,421	834,230	806,800	889,800

CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

TABLE X.—ABSTRACT OF BUDGET ESTIMATES OF CAPITAL TRANSACTIONS OF GUARANTEED AND SUBSIDIZED RAILWAYS, 1886-87 AND 1887-88.

RAILWAYS.	AMOUNT IN RUPEES.			AMOUNT OF EXCHANGE.			AMOUNT IN POUNDS STERLING.		
	1886-87.		Budget, 1887-88.	1886-87.		Budget, 1887-88.	1886-87.		Budget, 1887-88.
	Budget.	Revised.		Budget.	Revised.		Budget.	Revised.	
GUARANTEED RAILWAYS.									
RECEIPTS.	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>£.</i>	<i>£.</i>	<i>£.</i>
Madras - - - - -	50,50,000	53,00,000	20,00,000	4,21,000	4,42,000	1,66,000	462,900	485,800	183,400
South Indian - - - - -	12,75,000	17,00,000	15,50,000	53,000	71,000	64,000	122,200	162,900	148,600
Bombay, Baroda, and Central India - - - - -	27,50,000	29,75,000	26,00,000	2,29,000	2,48,000	2,17,000	252,100	272,700	238,300
Great Indian Peninsula - - - - -	75,00,000	75,00,000	71,00,000	6,25,000	6,25,000	5,92,000	687,500	687,500	650,800
Oude and Rohilkund - - - - -	16,00,000	16,00,000	17,50,000	-	-	-	160,000	160,000	175,000
TOTAL - - - - -	1,81,75,000	1,90,75,000	1,50,00,000	13,28,000	13,86,000	10,39,000	1,684,700	1,768,900	1,396,100
ADVANCES.									
Madras - - - - -	18,90,000	16,00,000	19,00,000	1,58,000	1,34,000	1,58,000	173,200	146,600	174,200
South Indian - - - - -	10,25,000	11,50,000	13,50,000	43,000	48,000	56,000	98,200	110,200	129,400
Bombay, Baroda, and Central India - - - - -	24,00,000	18,50,000	22,00,000	2,00,000	1,54,000	1,83,000	220,000	169,000	201,700
Great Indian Peninsula - - - - -	45,00,000	45,00,000	50,00,000	3,75,000	3,75,000	4,17,000	412,500	412,500	458,300
Oude and Rohilkund - - - - -	44,00,000	40,00,000	33,50,000	-	-	-	440,000	400,000	335,000
TOTAL - - - - -	1,42,15,000	1,31,00,000	1,38,00,000	7,76,000	7,11,000	8,14,000	1,349,900	1,238,900	1,298,600
NET RECEIPTS.									
Madras - - - - -	31,60,000	37,00,000	1,00,000	2,63,000	3,08,000	8,000	289,700	339,200	9,200
South Indian - - - - -	2,50,000	5,50,000	2,00,000	10,000	23,000	8,000	24,000	52,700	19,200
Bombay, Baroda, and Central India - - - - -	3,50,000	11,25,000	4,00,000	29,000	94,000	34,000	32,100	103,100	86,600
Great Indian Peninsula - - - - -	30,00,000	30,00,000	21,00,000	2,50,000	2,50,000	1,75,000	275,000	275,000	192,500
Oude and Rohilkund - - - - -	28,00,000	24,00,000	16,00,000	-	-	-	280,000	240,000	160,000
TOTAL - - - - -	39,80,000	59,75,000	12,00,000	5,52,000	6,75,000	2,25,000	340,300	530,000	97,500
SUBSIDIZED RAILWAYS.									
RECEIPTS.									
Capital received in India :									
Southern Mahratta - - - - -	27,000	7,200	-	4,500	1,200	-	2,250	600	-
Indian Midland - - - - -	-	-	-	-	-	-	-	-	-
Gain on Remittances to India :									
Southern Mahratta - - - - -	-	-	-	2,67,000	4,21,000*	4,94,000	26,700	42,100	49,400*
Indian Midland - - - - -	-	-	-	3,33,300	4,63,000	7,88,000	33,330	46,300	78,800
Nagpur-Bengal - - - - -	-	-	-	-	-	90,000	-	-	3,000
TOTAL - - - - -	27,000	7,200	-	6,04,800	8,85,200	13,12,000	57,780	87,800	131,200
WITHDRAWALS.									
Southern Mahratta - - - - -	93,43,000	1,29,70,000	44,80,000	15,57,000	21,61,000	7,47,000	778,600	1,080,900	373,300
Mysore - - - - -	-	70,36,500†	21,45,000	-	19,06,000	5,81,500	-	513,050	156,450
Indian Midland - - - - -	1,62,30,000	97,93,000	1,10,25,000	32,46,000	19,59,000	22,05,000	1,298,400	783,400	882,000
Nagpur-Bengal - - - - -	-	-	47,86,000	-	-	11,96,500	-	-	358,950
TOTAL - - - - -	2,55,73,000	2,97,99,500	2,24,36,000	48,03,000	60,26,000	47,30,000	2,077,000	2,377,350	1,770,700
Net Withdrawals - - - - -	2,55,46,000	2,97,92,300	2,24,36,000	41,98,200	51,40,800	34,18,000	2,134,780	2,465,150	1,901,900
GUARANTEED AND SUBSIDIZED RAILWAYS.									
Net Withdrawals - - - - -	2,15,86,000	2,38,17,300	2,12,36,000	36,46,200	44,05,800	31,93,000	1,793,980	1,935,150	1,804,400

* Includes Mysore Railway.

† Includes refund to the Mysore State of past outlay incurred by it on the Mysore State Railway up to 30th June 1886.