



**EAST INDIA: ACCOUNTS AND ESTIMATES
1925-1926.**

EXPLANATORY MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

Presented to Parliament by Command of His Majesty

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MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

**ACCOUNTS of the GOVERNMENT OF INDIA (Central Government)
for 1923-24 and the ESTIMATES for 1924-25 and 1925-26.**

I.—INTRODUCTORY.

SEPARATION OF CENTRAL AND PROVINCIAL FINANCES.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government, as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine "Governors' Provinces" viz.: Bengal, Madras, Bombay, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a "central" source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920-21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy which it is intended to pursue in the matter is a progressive reduction of provincial contributions with a view to their ultimate cessation.*

* As special measures, the annual contribution of Rs. 63 lakhs by the Province of Bengal has been remitted for a total period of six years with effect from 1922-23, and for the year 1925-26 a reduction of Rs. 50 lakhs in the aggregate has been made in favour of certain provinces. (See also page 28).

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all "provincial" revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the "Finance and Revenue Accounts of the Government of India," commencing with that for 1921-22, exhibit in separate tables the revenue and expenditure of each of the Provincial Governments as well as that of the Central Government. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

SEPARATION OF RAILWAY FINANCE FROM GENERAL FINANCE.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924 (*see* Appendix IIIa), Railway Finance has been separated from the general finances of Government with effect from the year 1924-25.

EXCHANGE ACCOUNTING.

The Government of India's accounts are now kept in rupees. Since the 1st April, 1920, sterling transactions have, for the purpose of the Accounts and Estimates, been converted into rupees on a uniform basis of 2s. to the rupee, equivalent to Rs.10 to the £. The actual market value of the rupee, however, has varied considerably from that rate. As a result, the rupee figure shown for any item of English expenditure (as converted at Rs.10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 is made in England, the amount shown in rupees in the accounts as a disbursement in England will be Rs.10,000. But (at the rate of 1s. 6d. to the rupee assumed for the budget estimate of 1925-26) a disbursement of £1,000 represents a real charge of Rs.13,333. The balance of Rs.3,333 is treated as a disbursement on account of "exchange." The procedure by which this is effected is described in the following paragraph.

All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional "conversion rate," are recorded in the first instance under a suspense head. The exchange credits or debits arising from outlay incurred in England in respect of the various heads of the revenue and capital accounts are included in the respective accounts, being calculated monthly on the basis of the average telegraphic transfer rates (Calcutta on London); and those relating to Provincial Governments are charged against those Governments. The suspense head of account referred to above is then reduced by the totals of these exchange adjustments arising from outlay in England; and it is considered with reference to the circumstances of each year whether the resulting balance should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. It was estimated that at the end of 1924-25 a net credit balance of Rs.5,83 lakhs would be held in suspense on this account.

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1923-24 was Rs.14,5808 to the £. The respective rates assumed for the purpose of compiling the Estimates have been:—

For the Budget Estimate of 1924-25, Rs. 14,3284 to the £ (1s. 4 $\frac{3}{4}$ d. to the rupee).

For the Revised Estimate of 1924-25, Rs.13,7143 to the £ (1s. 5 $\frac{1}{2}$ d. to the rupee).

For the Budget Estimate of 1925-26, Rs.13,3333 to the £ (1s. 6d. to the rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

GROSS REVENUE AND EXPENDITURE.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.
Revenue	1,33,16,63,305	1,34,82,26,000	1,30,67,97,000
Expenditure	1,30,77,63,547	1,30,82,68,000	1,30,43,84,000
Surplus	2,38,99,758	3,99,58,000	24,13,000

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

NET REVENUE AND EXPENDITURE.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1923-24.		Budget Estimate, 1924-25.		Revised Estimate, 1924-25.		Budget Estimate, 1925-26.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Principal Heads of Revenue :—								
1. Customs ..	39,69,64,296		45,01,82,000		44,76,44,000		46,35,00,000	
2. Taxes on Income ..	18,23,55,516		18,21,97,000		16,47,26,000		17,34,87,000	
3. Salt ..	10,01,50,870		9,04,62,000		7,73,78,000		6,95,00,000	
4. Opium ..	1,66,02,095		2,24,52,000		1,30,73,000		1,75,56,000	
5. Other Heads ..	2,28,56,225		2,22,32,000		2,08,21,000		2,23,14,000	
		71,89,29,002		76,75,25,000		72,36,42,000		74,63,57,000
II. Commercial Undertakings :—								
1. Railways ..	6,44,20,935		4,58,14,000		5,64,35,000		5,23,86,000	
2. Irrigation ..	-5,88,075		-10,38,000		-13,03,000		-7,37,000	
3. Posts and Telegraphs ..	70,75,045		1,18,41,000		91,76,000		96,28,000	
		7,09,07,905		5,66,17,000		6,43,08,000		6,12,77,000
III. Currency, Mint and Exchange :—								
1. Currency ..	2,11,87,223		2,85,93,000		2,99,05,000		3,26,42,000	
2. Mint ..	1,79,370		62,000		22,68,000		8,18,000	
		2,13,66,593		2,86,55,000		3,21,73,000		3,34,60,000
IV. Provincial Contributions and Adjustments		8,83,55,940		8,99,46,000		8,68,84,000		6,06,40,000
V. Miscellaneous Civil Receipts ..		45,89,363		34,10,000		3,67,000		12,24,000
VI. Extraordinary Items ..		-81,30,356		—		2,55,89,000		13,33,000
Total Net Revenue ..		89,60,18,444		94,61,53,000		93,29,63,000		90,42,91,000

Net Expenditure

	Accounts, 1923-24.		Budget Estimate, 1924-25.		Revised Estimate, 1924-25.		Budget Estimate, 1925-26.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Debt Services ..		14,16,85,351		15,15,26,000		14,12,45,000		14,57,62,000
II. Military Services :—								
1. Army ..	52,18,34,253		55,48,72,000		51,84,75,000		52,45,53,000	
2. Marine ..	71,81,058		76,76,000		64,57,000		73,67,000	
3. Military Engineer Services	3,32,60,052		3,99,52,000		3,83,68,000		3,05,80,000	
		56,22,75,363		60,25,00,000		56,33,00,000		56,25,00,000
III. Collection of Revenue		2,85,24,555		3,45,04,000		3,08,05,000		3,48,62,000
IV. Civil Administration		8,65,46,016		9,08,27,000		9,56,17,000		10,25,38,000
V. Miscellaneous Civil Charges ..		3,97,61,056		4,55,35,000		4,18,12,000		3,70,94,000
VI. Civil Works ..		1,33,26,345		1,94,14,000		1,81,15,000		1,58,29,000
VII. Forest and other Capital Outlay charged to Revenue ..		—		—		21,11,000		32,93,000
Total Net Expenditure charged against Revenue		87,21,18,686		94,43,06,000		89,30,05,000		90,18,78,000
Surplus		2,38,99,758		18,47,000		3,99,58,000		24,13,000

ACCOUNTS, 1923-24.

It will be seen from the tables in pages 6 and 7 that the final accounts for 1923-24 show a surplus of Rs.2,33,99,758, which does not differ considerably from the Revised Estimate of Rs.2,06,07,000 of a year ago, which took into account profits from the control of enemy ships. There has, however, been a saving of Rs.3½ crores in the actual military expenditure as compared with the revised estimate. On the other hand, the whole of the discount charges (Rs.82 lakhs) on the 1923 Rupee Loan has been brought to charge against revenue in the accounts of 1923-24; and also certain items of loans and advances to the Persian Government incurred before and during the Great War, which have hitherto been kept in suspense under "Deposits and Advances." The liability of the Persian Government for the repayment of these loans and advances is not affected by this book adjustment.

REVISED ESTIMATE, 1924-25.

The Revised Estimate of 1924-25 shows a surplus of Rs.3,99,58,000 as compared with a budgetted surplus of Rs.18,47,000. This improvement is mainly attributable to the substantial savings in Military Expenditure, savings in Exchange, improved gross Customs receipts, the increase in the contribution of Railways to general revenues and a further windfall on enemy ships account. These improvements more than counterbalance reductions in revenue under Taxes on Income, Salt and Opium and the refunds of Customs duties to Company-managed Railways.

The increases and decreases as compared with the Budget Estimate were, in detail, as follows:—

Net Revenue.

<i>Increases.</i>		<i>Rs.</i>	<i>Decreases.</i>		<i>Rs.</i>
Extraordinary Items		2,55,89,000	Taxes on Income ..		1,74,71,000
Railways		1,06,21,000	Salt		1,30,84,000
Mint		22,06,000	Opium		93,79,000
Currency		13,12,000	Adjustments with		
			Provincial Govern-		
			ments		30,62,000
			Miscellaneous Civil		
			Receipts		30,43,000
			Posts and Telegraphs		26,65,000
			Customs		25,38,000
			Other Heads ..		16,76,000
Total		3,97,28,000	Total		5,29,18,000

Net Expenditure.

<i>Increases.</i>	<i>Rs.</i>	<i>Decreases.</i>	<i>Rs.</i>
Civil Administration	47,90,000	Military Services ..	3,92,00,000
Forest and other		Debt Services ..	1,02,81,000
Capital Outlay		Miscellaneous	
charged to Revenue	21,11,000	Civil Charges ..	37,23,000
		Collection of	
		Revenue	36,99,000
		Civil Works	12,99,000
Total	<u>69,01,000</u>	Total	<u>5,82,02,000</u>

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*see p. 22*).

BUDGET, 1925-26.

In framing the Budget for 1925-26 the Government of India estimated that, after taking into account minor Customs Tariff alterations and allowing for the continuance of the crediting to revenue of the interest on the securities in the Paper Currency Reserve and in the Gold Standard Reserve, and also making provision for the continued remission of Bengal's contribution, there would be a surplus of Rs.324 lakhs, of which Rs.268 lakhs was estimated to be a true recurring surplus. The Government of India have repeatedly announced that their financial policy will be directed to the reduction, and eventual extinction, of the provincial contributions at the earliest possible date, and they have therefore decided, after consulting the Legislature, to utilise Rs.250 lakhs of the true recurring surplus in the remission of provincial contributions, which will be allotted in accordance with the scheme laid down in the Devolution Rules, and also to allot Rs.50 lakhs of the non-recurring surplus among certain Provinces. The allocation of these amounts is detailed on page 28, and, in addition, Bengal's annual contribution of Rs.63 lakhs has been remitted for a further three years.

No additional taxation was proposed, and the rates of Salt duty, Postage, Income Tax and Super Tax remain unchanged. Certain minor amendments have been made in the Customs Tariff. They are not important from the revenue point of view, and are as follows:—The 2½% import duty on grain and pulse has been removed; the Excise and Customs duties on motor spirit have been reduced to a uniform rate of 4 annas per gallon; and healds, reeds, shuttles, and other component parts of looms, are to be charged with an import duty of 2½%, i.e., at the lower rate applicable to component parts of power machinery.

The following reductions were made by the Legislative Assembly in the course of the voting of the demands for grants:—

Expenditure charged to Revenue.

<i>Demand.</i>	<i>Rs.</i>
1. Railway Board	78,100
4. Working Expenses: Administration	39,00,100
5. Working Expenses: Operation and Maintenance ...	35,00,000
16. Customs	77,000
17. Taxes on Income	100
18. Salt	100
19. Opium	100
20. Stamps	17,00,000
28. Executive Council... ..	62,000

Expenditure charged to Capital.

<i>Demand.</i>	<i>Rs.</i>
8. Railways: Open line works ...	20,00,000

Of these, the Governor General in Council has, under section 67A(7) of the Government of India Act, decided to restore the reductions under demands Nos. 16 and 28 and also Rs.10,00,000 out of the reduction of Rs.20,00,000 under demand No. 8. For the rest it is considered that an allowance should be made for supplementary grants in respect of reductions under demands Nos. 1, 4, 5, 8 and 20 as follows:—

Expenditure charged to Revenue.

<i>Demand.</i>	<i>Rs.</i>
1. Railway Board	40,000
4. Working Expenses: Administration	39,00,000
5. Working Expenses: Operation and Maintenance ...	35,00,000
20. Stamps	17,00,000
	<hr/>
	91,40,000
	<hr/>

Expenditure charged on Capital.

<i>Demand.</i>	<i>Rs.</i>
8. Railways: Open line works ...	10,00,000

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows :—

				Rs.
Net Revenue	...	...	...	90,42,91,000
Net Expenditure	...	...	...	90,18,78,000
				24,13,000
				24,13,000

As compared with the Revised Estimate for 1924-25, these figures show a decrease of Rs.2,86,72,000 in net revenue, a decrease of Rs.3,75,45,000 in net expenditure, and an estimated surplus of Rs.24,13,000 as compared with a surplus of Rs.3,99,58,000 in 1924-25.

The increases and decreases in the Budget as compared with the Revised Estimate for 1924-25 in detail are as follows :—

Net Revenue.

<i>Increases.</i>		<i>Rs.</i>	<i>Decreases.</i>		<i>Rs.</i>
Customs .. ..	..	1,58,56,000	Adjustments with		
Taxes on Income ..	..	87,61,000	Provincial Govern-		
Opium .. ..	..	44,83,000	ments	2,62,44,000	
Currency .. ..	..	27,37,000	Extraordinary Items	2,42,56,000	
Other Heads .. ..	..	33,68,000	Salt	78,78,000	
			Railways	40,49,000	
			Mint	14,50,000	
Total .. ..	..	3,52,05,000	Total	6,38,77,000	

Net Expenditure.

<i>Increases.</i>		<i>Rs.</i>	<i>Decreases.</i>		<i>Rs.</i>
Civil Administration ..	..	69,21,000	Miscellaneous		
Debt Services .. ..	..	45,17,000	Civil Charges	47,18,000	
Collection of Revenue	..	40,57,000	Civil Works	22,86,000	
Forest and other			Military Services	8,00,000	
Capital Outlay					
charged to Reserve		11,82,000			
Total .. ..	..	1,66,77,000	Total	1,78,04,000	

Notes on the Heads under which the principal variations occur will be found in Appendix I. (See page 22.)

III.—BURDEN OF TAXATION.

	Accounts, 1923-24.	Budget Estimate, 1924-25.	Budget Estimate, 1925-26.
	Lakhs of Rs.	Lakhs of Rs.	Lakhs of Rs.
Salt	9,63·97	8,67·42	6,56·65
Stamps	12,71·06	12,92·92	13,24·88
Excise	19,20·47	19,37·49	20,13·82
Customs	39,64·41	44,96·17	46,28·35
Taxes on Income	18,49·12	18,36·58	17,60·37
Registration	1,22·82	1,27·83	1,30·37
Scheduled Taxes	33·13	35·48	31·50
Total (excluding Land Revenue) ..	101,24·98	105,93·89	105,45·94
Land Revenue	34,62·27	35,70·03	35,17·76
Total (including Land Revenue) ..	135,87·25	141,63·92	140,63·70
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—	Rs.	Rs.	Rs.
(i) exclusive of Land Revenue..	4·038	4·204	4·164
(ii) inclusive of Land Revenue..	5·419	5·621	5·553

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

DEBT TRANSACTIONS.

1924-25.

No Sterling Loan was issued in 1924-25.

In July, 1924, the Government of India issued a loan in India, subject to a maximum of Rs.15 crores, in the form of nine-year Bonds at Rs.98½ per cent. and long term loan, maturing in 1945-55, at Rs.99 per cent., both forms bearing interest at 5 per cent, free of Indian Income Tax.

Conversion facilities were provided for Indian War Bonds, 1925 and 1928, to the long-term loan only.

Arrangements were made for subscriptions to be received simultaneously in India, and in London, but no subscriptions were admissible through the Post Office in India.

The total receipts amounted to Rs.13,21,22,500; Rs.7,27,86,000 being for Nine-year Bonds and Rs.5,93,36,500 for long-term loan. War Bonds 1925 and 1928 included in the subscriptions to the long-term loan amounted to Rs.23,16,800.

In December, 1924, the East Indian Railway came under State management and the Secretary of State took over the liability for the £18,500,000 debenture stock of that Company.

Rs.1'84 lakhs of the Permanent Debt in India was discharged during the year, including Rs.23 lakhs War Bonds converted into the Rupee Loan, 1924.

There was no sale of Treasury Bills to the public in 1924-25. The amount of Bills outstanding on 31st March, 1925, was Rs.49,65 lakhs, which were held by Government on account of the Paper Currency Reserve.

The net receipts from Post Office Cash Certificates, was Rs.470 lakhs.

1925-26.

The Budget provides for a capital outlay of Rs.23 crores on the construction of State Railways, Rs.2'14 crores on Posts and Telegraphs, and Rs.1'55 crores on the new Capital at Delhi; for the discharge in India of:—

Rs.2,03,000 4 per cent. loans;

Rs.11,06,000 5½ per cent. War Bonds, 1920 to 1923, which were not presented for repayment on maturity;

Rs.3,45,00,000 5½ per cent War Bonds, 1925; and

Rs.43,39,000 5 per cent. War Loan 1929-47, and Rs.57,36,000 5 per cent. Income Tax free Loan, 1945-55, by the operation of the Depreciation Fund.

and for the discharge in England of:—

£625,000 Indian Railway debentures;

£2,575,000 Great Indian Peninsula Railway Company Capital Stock on the termination of the contract with the Company; and

£487,700 redemption of liabilities assumed in respect of British 5 per cent. War Loan, 1929-47.

The Budget did not provide for the issue of a Sterling Loan, but it assumed the receipt from a Rupee Loan in India of Rs.12 crores, and net receipts of Rs.5½ crores and Rs.4¼ crores from Savings Bank deposits and Post Office Cash Certificates respectively.

It has since been decided that the balances in India and England should be sufficient to enable the Government of India to dispense with new money from the issue of the Rupee Loan, which is therefore being issued for conversions of short-dated bonds only.

The Rupee Loan was opened on the 13th July, 1925, and will remain open for two months.

It provides for the conversion of 5½% War Bonds, 1925, and 6% Bonds, 1926, into either 5% Income-tax free Loan, 1945-55, or a new issue of 5% Ten-Year Bonds, 1935; and for the conversion of 6% Bonds, 1927, and 5½% War Bonds, 1928, into 5% Income-tax free Loan, 1945-55, only. In exchange for each Rs.100 (nominal value) of bonds converted, tenderers will be given Rs.100 of new loan or bonds, as the case may be, together with a small cash payment varying from Rs.1½ to Rs.7 according to form of conversion effected. Conversions may be effected in India or in London.

On 30th June, 1925, when the Great Indian Peninsula Railway came under State management, the Secretary of State took over the liability for the £3,500,000 Debenture Stock of that Railway Company.

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding, including debt incurred on behalf of Provincial Governments but excluding the capital value of liabilities undergoing redemption by way of terminable railway annuities is as follows:—

	In India‡	In England*
	Rs.	£
31st March, 1924.. .. .	4,10,58,29,109	263,800,652
31st March, 1925 (Revised Estimate) ..	4,19,83,37,109	340,514,739†
31st March, 1926 (Budget Estimate) ..	4,27,23,33,109	342,066,539§

‡Excludes Post Office Cash Certificates and includes Treasury bills issued to the Paper Currency Reserve.

*Includes liability for British Government 5 per cent. War Loan, 1929-47, taken over by India.

†Includes £18,500,000 debenture stock of the East Indian Railway, the liability for which was assumed by the Secretary of State within the year, and the outstanding capital portion of the terminable annuities in purchase of railways.

§Includes £3,500,000 debenture stock of the Great Indian Peninsula Railway, the liability for which will be assumed by the Secretary of State within the year.

The classification of the public debt of the Government of India and Provincial Governments combined is given on page 17.

RAILWAYS.

On the 31st of March, 1924, the length of railways in India open for traffic was 38,039 miles, of which 430 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 759 miles. (See also App. II. (b) (i) page 35.)

The capital expenditure on railways shown in the Government Accounts for 1923-24 and Estimates for 1924-25 and 1925-26, is as follows:

	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.
(A) Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State† ..	21,82,93,156	13,43,42,286	22,96,66,667
(2) From funds raised through companies or provided from other sources† ..	—1,02,94,684	—58,42,286	3,33,333
	20,79,98,472	12,85,00,000	23,00,00,000
(B) Deposits of branch line companies ..	1,40,303	17,05,000	10,000
Total ..	*20,81,38,775	*13,02,05,000	*23,00,10,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

† Excludes £18,500,000 East Indian Railway Debenture Stock in 1924-25 and £3,500,000 Great Indian Peninsula Railway Debenture Stock in 1925-26, the liability for which was taken over by Government on termination of Companies' contracts.

The following table shows the capital outlay on all State lines* up to the end of the year and the net return obtained. (See also Appendix II (b) (ii) page 36):—

	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.
Capital at charge at end of each year (Central Government)	5,80,54,53,333	5,93,95,93,403	6,16,94,76,953
Working profit from railways excluding interest charges ..	32,48,62,301	33,92,17,000	33,55,52,000
Percentage of same to capital at charge ..	5.60%	5.71%	5.44%
Final working profit after meeting interest charges	Rs. 6,44,20,935	Rs. 9,74,00,000	Rs. 8,52,55,000
Percentage of same to capital at charge ..	1.11%	1.64%	1.38%

POSTS AND TELEGRAPHS

In the Budget for 1925-26 provision has been made of Rs.213½ lakhs for capital outlay on the Indian Postal and Telegraph Department. The corresponding figures for 1924-25 were:—Budget Estimate, Rs.1,74 lakhs; Revised Estimate, Rs.1,65 lakhs.

EXPENDITURE ON THE NEW CAPITAL AT DELHI.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows :—

	Rs.
1923-24 (Accounts)	1,51,73,652
1924-25 (Revised Estimate)... ..	1,37,00,000
1925-26 (Budget Estimate)... ..	1,55,00,000

The total actual capital expenditure incurred up to 31st March, 1924, was Rs.9,56,80,242.

CLASSIFICATION OF PUBLIC DEBT.

Immediately prior to 1921-22 the debt of India was classified as (1) Railway Debt, (2) Irrigation Debt, (3) Initial Expenditure on the New Capital at Delhi, (4) Bombay Development Scheme, (5) Ordinary Debt, and (6) Treasury Bills and Short-term loans.

In the table below items (3) and (4) are included under Ordinary Debt.

With effect from 1921-22, the classification has been re-cast, owing to the application of borrowed funds to capital expenditure in the Telegraph Department, and to capital works undertaken by Provincial Governments in exercise of the borrowing powers conferred on them under the Reforms Scheme. The heads under which the debt has been re-cast are as follows :—

- (1) Debt debited to Commercial Departments, subdivided into (a) Railways, (b) Posts and Telegraphs, (c) Irrigation, and (d) Forests.
- (2) Ordinary debt, and
- (3) Floating Debt, *i.e.*, Treasury Bills and Short-term loans.

The portion of the Public Debt shown as incurred for Commercial Departments is determined with reference to the actual capital outlay in those departments provided from Government resources, irrespective of whether it has been financed by loans raised by Government or otherwise, *e.g.*, by appropriations from revenue*, deposits or miscellaneous funds. The funds devoted to capital expenditure in any year normally exceed the money raised by loan for the purpose. When this is the case, the adoption of the method explained above for calculating the amount of debt utilised for Commercial Departments results in the increase of the amount of this category of debt and affords *pro tanto* relief to the ordinary (or unproductive) debt, corresponding roughly to the extent to which funds raised otherwise than by borrowing are

* As regards budget provision for reduction or avoidance of debt see page 31.

devoted to capital outlay on commercial undertakings. The operation is reversed in any year in which, owing to unfavourable financial conditions, funds obtained by loans are used in the ordinary disbursements of Government.

In the following table, which includes the public debt of the Central and the Provincial Governments, the sterling and rupee debts of India have been combined at the rate of Rs. 10=£1.

	31, 3, 18.	31, 3, 19.	31/3, 20.	31/3, 21.
	Rs.	Rs.	Rs.	Rs.
Debt debited to Commercial Departments:—				
(1) Railways	3,30,63,50,600	3,37,55,63,850	3,50,85,85,130	3,77,45,54,938
(2) Irrigation	65,98,76,100	66,73,60,220	67,50,86,770	68,77,12,546
(3) Posts and Telegraphs				
(4) Fore t				
Ordinary Debt	42,16,11,910	56,73,55,070	51,12,72,870	31,74,49,724
§ Floating Debt	47,57,05,000	49,24,30,000	52,98,00,000	1,04,93,10,000
Total	4,86,35,43,610	5,10,27,09,140	5,22,47,44,770	5,82,99,27,208
	31, 3, 22	31, 3, 23.	31, 3, 24.	31/3, 25.†
	Rs.	Rs.	Rs.	Rs.
Debt debited to Commercial Departments:—				
(1) Railways	3,99,67,52,477	4,18,74,34,019	4,39,17,70,551	5,40,60,25,000
(2) Irrigation	78,00,79,612	81,26,69,476	85,80,79,254	89,74,47,000
(3) Posts and Telegraphs	15,23,64,560	15,89,26,566	16,64,48,126	17,88,34,000
(4) Fore t	3,09,239	8,73,542	14,75,175	30,18,000
Ordinary Debt	30,91,44,589	80,06,23,706	96,34,31,714	78,49,14,000
§ Floating Debt	1,11,85,70,000	71,23,90,000	51,77,20,000	49,65,40,000
Total	6,35,72,20,477	6,67,29,17,309	6,89,89,24,820	7,76,58,78,000

† Figures for 31/3/25 are provisional.

‡ The floating debt includes the Treasury Bills held on account of the Paper Currency Reserve, of which the amounts outstanding were as follows:—

31/3/18	Nil.	31/3/22	Rs. 57,89,00,000
31/3/19	Rs. 6,40,00,000	31/3/23	Rs. 49,65,00,000
31/3/20	Rs. 10,09,00,000	31/3/24	Rs. 49,65,00,000
31/3/21	Rs. 61,26,00,000	31/3/25	Rs. 49,65,00,000

MISCELLANEOUS LIABILITIES AND ASSETS. -

There are also other obligations of the Government of India, including Post Office Cash Certificates (which are treated in the Government of India's Accounts as unfunded debt), Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, etc., amounting on 31st March, 1925, to Rs.105½ crores.

On that date, also, the Government of India had lent Rs.10,10,03,073 (net) to Indian States, Corporations, Agriculturists, etc. Other assets included the Gold Standard Reserve, consisting of sterling securities of an estimated value of £39,996,814, and £3,186 in cash; the cash balances in India, Rs.31,73,62,000 and the Treasury balances in England, £13,513,639.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement.

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1923-24, 1924-25, and 1925-26.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Opening Balance, India	25,95,80,424	29,77,01,424	31,13,62,292	24,26,92,292
Opening Balance, England	(a)9,82,19,688	(b)7,63,05,688	(b)10,38,42,476	(b)11,86,64,476
Total Opening Balance	35,78,00,112	37,40,07,112	41,52,04,768	36,13,55,768
RECEIPTS—				
Revenue Surplus	2,38,99,758	18,47,000	3,99,58,000	24,13,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways ..	-1,02,94,684	-27,71,65,000	-27,65,45,000	-4,81,63,000
Permanent Debt (net incurred) ..	37,13,70,540	36,85,62,000	30,05,84,000	8,95,14,000
Unfounded Debt (net incurred) ..	9,80,06,571	7,51,45,000	9,67,35,000	9,80,21,000
Deposits and Advances (net)	7,19,17,040	15,42,67,000	2,48,33,000	8,81,41,000
Loans and Advances by Central Government (net Repayments) ..	—	6,70,000	—	—
Railway Depreciation and Reserve Funds	—	—	6,19,65,000	4,51,94,000
Remittances (net)	—	1,38,000	1,02,57,000	—
Balances of Provincial Governments (net)	3,67,86,092	—	—	31,82,000
Total Receipts	59,16,85,317	32,34,64,000	25,77,86,000	27,80,02,000
Total	94,94,85,429	69,74,71,112	67,29,90,768	63,93,57,768
DISBURSEMENTS—				
Construction of State Railways ..	20,79,98,472	30,00,00,000	12,85,00,000	23,00,00,000
Redemption of liabilities involved in the purchase of Railways	—	—	—	3,43,33,000
Capital Outlay on Indian Postal and Telegraph Department	75,21,580	1,73,95,000	1,64,98,000	2,13,53,000
Construction of Irrigation Works ..	13,104	—	16,000	27,000
Initial Expenditure on new Capital at Delhi	1,54,73,652	1,47,00,000	1,37,00,000	1,55,00,000
Floating Debt (net Discharged) ..	19,46,70,000	2,13,00,000	2,12,20,000	—
Loans and Advances by Central Government (net Advances)	3,24,930	—	1,17,01,000	14,79,30,000
Loans between Central and Provincial Governments (net Advances)	10,12,11,803	12,72,62,000	9,39,20,000	(c) —
Remittances (net)	70,67,140	—	—	9,65,000
Balances of Provincial Governments (net)	—	3,00,23,000	2,60,80,000	—
Total Disbursements	53,42,80,661	51,06,80,000	31,16,35,000	45,01,08,000
Closing Balance	41,52,04,768	18,67,91,112	36,13,55,768	18,92,49,768
Total	94,94,85,429	69,74,71,112	67,29,90,768	63,93,57,768
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	31,13,62,292	13,87,36,424	24,26,92,292	13,13,48,292
Closing Balance, England	(b)10,38,42,476	(b)4,80,54,688	(b)11,86,63,476	(b)5,79,01,476

(a) Of this amount, Rs. 36,584 represents the funds of the Gold Standard Reserve.

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

(c) Replaced from 1925-26 by Advances to Provincial Loans Fund, see previous item and page 30.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when he cannot conveniently arrange for remittance of funds from India by selling Council drafts on India or otherwise, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922-23. [Command Paper 1766 of 1922.]

In 1921-22 and 1922-23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency; but from 1923-24, the corresponding assets were appropriated to revenue, and a similar appropriation is proposed for 1925-26.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1925, were as follows:—

	£
Profits on Coinage—from 1900-01	28,573,606
Interest and discount... ..	19,744,778
Profit by exchange	194,917
	<u>48,513,301</u>

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities and £2,546,200 has been transferred to Revenue, has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1925:—

	£	£	
Profits on Coinage paid to Gold Standard Reserve—			£
Total Profits realized			
1st April, 1900, to			
31st March, 1925 ..	28,573,606		
Deduct amount used for Capital Expenditure on Railways ..	1,123,655		
		27,449,951	
Interest and discount received up to 31st March, 1925	19,744,778		
Profit by exchange ..	194,917		
Profit through appreciation	56,654		
		19,996,349	
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1925		47,446,300	
Deduct—			
Loss on Sale, Redemption, and Conversion of Securities ..	2,013,309		
Transferred to Paper Currency Reserve in reduction of created securities	2,866,217		
Transferred to Revenue ..	2,546,200		
Miscellaneous Charges ..	20,574		
		7,446,300	
Amount of Reserve on 31st March, 1925 ..	£40,000,000		£40,000,000

The Securities, estimated at £39,996,814 (as shown above), were as follows:—

Securities.	Nominal Value.	Cost Price.	Estimated Value on 31st March, 1925.
	£	£	£
Dominion of Canada Bills.. ..	1,000,000	980,164	983,021
National War Loan	1,991,352	1,958,963	1,962,024
National War Bonds	13,985,000	14,858,557	14,872,446
Treasury Bonds	12,100,000	12,200,289	12,198,968
Treasury Bills	10,040,000	9,942,187	9,980,355
Total	39,116,352	39,940,160	39,996,814

The net profit on the Gold Standard Reserve Investments up to 31st March, 1925, is shown below:—			£
Estimated value of securities on 31st March, 1925			39,996,814
Cost price of securities held on 31st March, 1925			39,940,160
Gain through Appreciation			56,654
Loss on sale and redemption of securities			2,013,309
Net loss			1,956,655
Miscellaneous charges			20,574
Total of losses and charges			1,977,229
Interest and Discount received up to 31st March, 1925		£	19,744,778
Profit by exchange			194,917
			<u>19,939,695</u>
Net profit on Investments			<u>£17,962,466</u>

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows:—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1915-16..	20,371,480	—	—	20,371,460	1 4-698
16-17..	33,021,429	—	—	33,021,429	1 4-148
17-18..	34,913,141	—	—	34,913,141	1 4-534
18-19..	22,539,438*	—	—	22,539,438	1 5-489
19-20..	27,524,437†	—	—	27,524,437	1 10-643
20-21..	nil	—	—	nil	—
21-22..	nil	—	—	nil	—
22-23..	2,570,026	70,000	2,126,210	4,766,236	1 4-200
23-24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4-632
24-25..	7,579,162	33,191,000	700,000	41,470,162	1 5-661

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4-164.

† In addition, £3,701,782 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4-524.

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows:—

1915-16 ..	£4,893,000	Deferred Transfers at 1s. 3 $\frac{1}{2}$ d.
1916-17 ..	<i>Nil.</i>	
1917-18 ..	<i>Nil.</i>	
1918-19 ..	£5,315,000	Transfers at average rate of 1s. 5 $\frac{1}{4}$ d. the rupee for immediates and 1s. 6 $\frac{3}{4}$ d. for deferreds.
1919-20 ..	£24,544,000	Transfers at average rate of 2s. 7·986d. the rupee for immediates and 2s. 6·009d. for deferreds.
1920-21 ..	£30,988,000	Transfers at average rate of 2s. 2·102d. the rupee for immediates and 2s. 2·038d. for deferreds.
1921-22 ..	<i>Nil.</i>	
1922-23 ..	<i>Nil.</i>	
1923-24 ..	<i>Nil.</i>	
1924-25 ..	<i>Nil.</i>	

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1922-23, 1923-24, and 1924-25, are given in Appendix II (c) on pages 37 to 42.

WINTERTON.

India Office,

August 12, 1925.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.

	<i>Rs.</i>
Accounts, 1923-24	39,69,64,296
Budget, 1924-25	45,01,82,000
Revised Estimate, 1924-25... ..	44,76,44,000
Budget, 1925-26	46,35,00,000

The gross receipts in 1924-25, are 2,72 lakhs more than the Budget.

Most of the tariff heads show an increase over the Budget Estimate; the largest increases are under sugar, cotton piece-goods, excise duty on cotton manufactures and yarn. Decreases have occurred under the heads, tobacco, mineral oils, cutlery and hardware.

The fact that the net revenue is 25 lakhs less than the Budget is mainly due to the refund of Customs Duty of 2,80 lakhs to Railway companies working State lines, the Privy Council having decided that stores imported by them came under the definition of Government Stores which were, previous to the passing of the Sea Customs Act, 1924, passed free of duty.

In framing the Estimates for 1925-26, it has been taken into account that the receipts under certain of the tariff heads were abnormally high in 1924-25. Considerable decreases are expected under import duty on sugar and cotton-piece goods and in the yield from protective duties on iron and steel as protection becomes increasingly effective.

Details of the receipts obtained or expected to be obtained under the respective heads are given in the table below.

SEA CUSTOMS.*	Accounts, 1923-24.	1924-25.		Budget, 1925-26.
		Budget.	Revised.	
Imports:—				
Non-protective Special Duties.				
1. Liquors—				
(a) Ale, Beer, Porter, Cider and other fermented Liquors	14,08,205	14,40,000	16,50,000	16,50,000
(b) Spirits and Liqueurs	2,00,87,898	2,22,00,000	2,20,00,000	2,20,00,000
(c) Wines	11,22,709	12,00,000	13,00,000	14,00,000
2. Sugar, all sorts	3,32,23,356	4,55,00,000	5,55,00,000	5,10,00,000
3. Tobacco	1,67,62,852	1,75,00,000	1,48,00,000	1,36,00,000
4. Coal, coke and patent fuel	3,02,436	3,00,000	2,50,000	3,00,000
5. Mineral oils	1,27,78,444	1,45,00,000	1,35,00,000	1,40,00,000
6. Arms, Ammunition and Military Stores	8,20,102	8,40,000	8,00,000	9,00,000
7. Opium	2,505	3,000	3,000	—
8. Cotton yarn and thread	42,74,318	48,00,000	53,00,000	53,00,000
9. Cotton piece-goods	6,16,12,209	6,60,00,000	7,70,00,000	7,30,00,000
10. Matches	1,38,01,105	1,67,00,000	1,30,00,000	1,20,00,000
11. Match Splints and Veneers	—	—	—	—
Duty at 2½ per cent.				
12. Machinery	55,82,634	67,00,000	41,00,000	45,00,000
13. Other articles	1,54,159	2,15,000	1,20,000	2,00,000
Duty at 10 per cent.				
14. Metals—Iron and Steel	1,72,10,679	1,80,00,000	85,00,000	60,00,000
15. Railway plant and rolling stock	62,55,778	1,30,00,000	47,00,000	55,00,000
16. Other articles	6,52,684	4,62,000	2,07,000	3,00,000
Duty at 15 per cent.				
17. Articles of Food and Drink (excluding sugar and vinegar)	1,27,44,091	1,40,00,000	1,45,00,000	1,40,00,000
18. Raw materials and articles mainly unmanufactured	65,77,579	71,35,000	64,62,000	66,00,000
19. Articles wholly or mainly manufac- tured—				
(a) Cutlery, hardware, implements and instruments	1,13,50,111	1,55,00,000	1,22,00,000	1,32,00,000
(b) Metals other than Iron and Steel	95,58,142	1,00,00,000	1,15,00,000	1,25,00,000
(c) Yarns and textile fabrics (other than cotton manufactures)	1,03,87,107	1,20,00,000	1,50,00,000	1,40,00,000
(d) All other articles wholly or mainly manufactured	3,76,32,288	4,00,00,000	4,10,00,000	4,20,00,000
20. Miscellaneous	53,07,068	60,00,000	58,00,000	60,00,000
Duty at 30 per cent.				
21. Motor cars and cycles	74,13,060	80,00,000	80,00,000	80,00,000
22. Silk piece-goods and other manufac- tures of silk	81,54,421	80,00,000	90,00,000	90,00,000
23. Pneumatic rubber tyres and tubes	29,32,782	33,00,000	28,00,000	30,00,000
24. Other articles	96,71,975	1,05,00,000	1,00,00,000	1,05,00,000
Protective Special Duties.				
25. Coal tubs	—	—	2,25,00,000	1,80,00,000
26. Iron and Steel	—	—	—	—
27. Railway Track material	—	—	—	—
Government Stores.				
28. Railway Plant and Rolling Stock imported by State Railways	—	53,50,000	65,00,000	85,00,000
29. Other Stores	—	—	—	—
Total Imports	31,77,80,697	36,71,45,000	38,79,92,000	37,69,50,000
30. Export duties—				
(a) Hides and skins, raw	25,33,111	25,00,000	25,00,000	25,00,000
(b) Jute (raw and manufactured)	3,57,80,056	3,60,00,000	3,75,00,000	3,75,00,000
(c) Rice	1,18,21,953	1,11,93,000	1,20,00,000	1,15,00,000
(d) Tea	50,06,089	49,04,000	50,00,000	50,00,000
(e) Government Stores	—	—	8,000	—
31. Sea Customs—Miscellaneous	11,10,286	12,00,000	13,18,000	14,00,000
32. Land Customs	18,67,010	23,00,000	22,00,000	24,00,000
33. Excise Duty on Cotton manufactures	1,56,51,902	1,75,00,000	2,10,00,000	2,15,00,000
34. Excise Duty on Motor Spirit	65,14,434	68,00,000	75,00,000	60,00,000
5. Excise Duty on Kerosene	95,15,917	98,00,000	98,35,000	1,00,00,000
6. Warehouse and wharf rents and Mis- cellaneous	5,29,335	8,38,000	5,54,000	5,50,000
Grand Total	40,81,10,790	46,01,80,000	48,74,07,000	47,53,00,000
Deduct—Refunds	1,11,46,494	99,98,000	3,97,63,000	1,18,00,000
Net Total	39,69,64,296	45,01,82,000	44,76,44,000	46,35,00,000

* The rates of duty shown in this column are those for 1925-26.

Taxes on Income.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Excess Profits Duty	19,256	nil	9,000	ni
Super Tax	6,17,13,819	5,71,54,000	4,98,63,000	5,23,29,000
Income Tax	14,10,79,881	13,64,63,000	12,89,84,000	13,33,24,000
TOTAL TAXES ON INCOME	20,28,12,946	19,36,20,000	17,88,56,000	18,56,53,000
<i>Deduct Refunds</i>	<i>1,79,00,688</i>	<i>99,62,000</i>	<i>1,20,04,000</i>	<i>96,16,000</i>
TOTAL REVENUE	18,49,12,358	18,36,58,000	16,68,52,000	17,60,37,000
<i>Deduct Share of Provincial Governments under Devolution Rules</i>	<i>25,56,843</i>	<i>14,61,000</i>	<i>31,26,000</i>	<i>25,50,000</i>
Revenue of Central Government	18,23,55,516	18,21,97,000	16,47,26,000	17,34,87,000

In 1923-24 the arrears outstanding were reduced by Rs.146 lakhs.

The revised estimate for 1924-25 falls short of the Budget estimate for that year by Rs.174 lakhs, due to decreases in Super Tax Rs.73 lakhs, and Income Tax Rs.75 lakhs, and increases in refunds and shares payable to Provincial Governments of Rs. 20 lakhs and 6 lakhs, respectively.

The Budget estimate for 1925-26 has been put at Rs.87 lakhs higher than the Revised Estimates for 1924-25 in consideration of the fact that the year 1924-25 on the income in which the assessments for 1925-26 are based, has been on the whole a more prosperous year for trade than the previous one.

	<i>Salt.</i>	<i>Rs.</i>
Accounts, 1923-24	10,01,50,870
Budget, 1924-25	9,04,62,000
Revised Estimate, 1924-25	7,73,78,000
Budget, 1925-26	6,95,00,000

The revised estimate for 1924-25 falls short of the Budget figures for that year by Rs.131 lakhs, owing to the fact that the reduction of the duty from Rs.2-8-0 to Rs.1-4-0 per maund as from 1st March, 1924, had a much more rapid effect than was anticipated. The collections in March, 1924, alone amounted to Rs.2,56 lakhs. Thus part of the increased revenue expected in 1924-25 accrued in the previous financial year.

For 1925-26 the rate of duty remains unaltered and no disturbing factors can be foreseen.

Opium.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Receipts—net revenue	4,24,81,654	4,33,60,000	3,68,30,000	3,55,85,000
Charges—including exchange	2,53,79,559	2,09,08,000	2,37,57,000	1,80,29,000
Net receipts	1,66,02,095	2,24,52,000	1,30,73,000	1,75,56,000

Opium is supplied at fixed prices to certain other Governments, principally Malaya, the Netherlands Indies, and Siam; the balance for export is sold by auction at Calcutta. In no case, however, are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

Excise opium is supplied to Provincial Governments from the opium factory at Ghazipur according to their indents. In accordance with a new accounts procedure introduced with effect from the 1st April, 1925, the Provincial Governments will pay for the opium when it is supplied to them and will also take over on payment all stocks in treasuries on that date. This change of procedure has resulted in the Excise opium revenue for 1925-26 being abnormally increased by about Rs. 20 lakhs.

Railways.

	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
REVENUE.			
State Railways—			
(1) Commercial Lines :—			
Gross Receipts	92,94,37,194	97,71,62,000	1,00,71,44,000
Deduct :—			
Working Expenses	59,15,60,135	62,00,75,000	65,79,37,000
Surplus Profits paid to Indian States and Railway Companies	1,14,46,008	1,49,00,000	1,33,50,000
Net Receipts	32,64,31,001	34,21,87,000	33,58,57,000
(2) Strategic Lines :—			
Gross Receipts	1,71,15,149	1,85,00,000	1,85,00,000
Deduct :—			
Working Expenses	1,89,67,892	2,17,00,000	2,17,25,000
Net Receipts	-18,52,743	-32,00,000	-32,25,000
Total Net Receipts—Commercial and Strategic Lines ..	32,45,78,258	33,89,87,000	33,26,32,000
Interest on Depreciation and Reserve Funds ..	—	—	32,35,000
Subsidized Companies: Government Share of Surplus Profits	23,64,135	29,50,000	30,77,000
Total Revenue	32,69,42,393	34,19,37,000	33,89,44,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	25,02,03,968	22,99,59,000	23,81,62,000
(2) Strategic Lines	1,02,37,398	1,18,58,000	1,21,15,000
Total Interest Charges (a)	26,04,41,366	24,18,17,000	25,02,97,000
Other Expenditure	20,80,092	27,20,000	33,92,000
Transferred to Reserve Fund (b)	—	4,09,65,000	3,28,69,000
Total Expenditure	26,25,21,458	28,55,02,000	28,65,58,000
Total Payment from Railways to General Revenues ..	6,44,20,935	5,64,35,000	5,23,86,000
Comprising (b) :—			
Contribution	—	5,09,52,000	5,09,52,000
One-third of Excess of Railway Surplus over three crores	—	54,83,000	14,34,000

(a) The annual provision for the repayment of capital through the railway annuities and sinking funds, amounting to £1,600,000 approximately, has been excluded from the Railway Revenue Account with effect from the Budget of 1924-25.

(b) See Appendix IIIa and remarks below.

In accordance with the resolution passed by the Legislative Assembly in September, 1924, (see Appendix IIIa) railway finance has been separated from the general finances of the Government of India with effect from 1924-25. The Railways have to meet all

working expenses, including interest charges of commercial lines, and after meeting these charges they have to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs.3 crores. It has, however, been specially arranged that the calculation of the contribution both in 1924-25 and 1925-26, of 1 per cent. on the capital at charge and one-fifth of surplus profits, shall be based on the actuals for 1923-24.

The net payments due from the Railways to general revenues of the Central Government in 1924-25 and 1925-26, calculated in the manner explained above, are as follows:—

	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
	Rs.	Rs.
1 per cent. on Capital at charge, commercial lines, 1923-24	5,40,42,520	5,40,42,520
One-fifth of surplus profit, 1923-24	89,99,725	89,99,725
	6,30,42,245	6,30,42,245
<i>Deduct Interest on capital and loss in working of strategic lines</i>	<i>1,20,90,141</i>	<i>1,20,90,141</i>
Contribution	5,09,52,104	5,09,52,104
One-third of excess of railway surplus over 3 crores	54,82,632	14,34,299
Total payment to general revenues ..	5,64,34,736	5,23,86,403

It will be seen from the foregoing tables and the Net Revenue table on page 6 that the net revenue of the Central Government from the Railways is as follows, viz:—

1923-24 Accounts, Rs.6,44,20,935; 1924-25 Budget, Rs.4,58,14,000; 1924-25 Revised Estimate, Rs.5,64,35,000; and for 1925-26 Budget, Rs.5,23,86,000.

The gains from Commercial lines in the same years are: 1923-24 Accounts, Rs.9,90,41,000; 1924-25 Revised Estimate, Rs.11,24,58,000; and 1925-26 Budget, Rs.10,05,57,000.

The new Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1926, of Rs.333½ lakhs and Rs. 738½ lakhs, respectively.

The East Indian Railway came under State management on the 31st December, 1924, and the Great Indian Peninsula Railway on the 30th June, 1925.

Posts and Telegraphs.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Indian Postal and Telegraph Department:—				
Gross Receipts	9,90,71,810	10,14,54,000	10,06,87,000	10,41,32,000
Expenditure.. .. .	9,36,51,587	9,03,05,000	9,16,00,000	9,46,51,000
Net Receipts	54,20,223	1,11,49,000	90,87,000	94,81,000
Indo-European Telegraph Department:—				
Gross Receipts	41,42,511	46,00,000	39,34,000	40,30,000
Expenditure.. .. .	24,87,689	39,08,000	38,45,000	38,83,000
Net Receipts	16,54,822	6,92,000	89,000	1,47,000
Total Net Receipts—Posts and Telegraphs	70,75,045	1,18,41,000	91,76,000	96,28,000

Indian Postal and Telegraph Department.—The revised estimate of gross receipts in 1924-25 is Rs.8 lakhs less than the original Budget figures. This decrease is, however, only apparent, as against Rs.19 lakhs provided in the Budget for payment to the Provincial Governments as their share of the revenue from unified stamps, 42 lakhs has been so included in the Revised figures, owing to it having been decided to give them additional assignments based on the growth in revenue from General Stamps since 1906, roughly estimated to amount to about Rs.23 lakhs. Excluding this increase in the assignment, the gross receipts are about Rs.15 lakhs better, due partly to trade recovery and partly to the enhancement of charges for certain services.

The increases under Working Expenses of the Postal and Telegraph Department are partly due to pensionary charges estimated on a liability basis and a specific provision for a depreciation fund.

Hitherto the accounts of the Indian Postal and Telegraphs Department have been kept mainly on a cash basis, no credit being taken in its Budget for the value of its services as the agent of Government in carrying out various essential services not directly connected with its primary activities, e.g., Savings Bank, Cash Certificates, Life Insurance, etc. With effect from 1st April, 1925, the accounts have been placed upon a commercial basis, and in the Budget for 1925-26 Rs.24½ lakhs has been credited to the Department in respect of the above services, while provision has also been made for depreciation of assets, interest on capital, pension liability, and similar charges which should legitimately be borne by any commercial concern.

	Currency.	Rs.
Accounts, 1923-24	2,11,87,223
Budget, 1924-25	2,85,93,000
Revised Estimate, 1924-25	2,99,05,000
Budget, 1925-26	3,26,42,000

The greater part of the net revenue receipts shown under Currency arises from the interest on the securities in the Paper Currency Reserve, and in respect of loans to the Imperial Bank against inland bills of exchange. Under the Indian Paper Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921-22 by legislation and the interest credited to revenue.

Provincial Contributions and Adjustments.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Contributions and Assignments	9,20,00,000	9,20,12,000	9,20,12,000	6,20,12,000
Miscellaneous adjustments (<i>net charges</i>) ..	-36,44,000	-20,66,000	-51,28,000	-13,72,000
Total (net receipts)	8,83,55,940	8,99,46,000	8,68,84,000	6,06,40,000

Contributions.—It was provided by the Devolution Rules, made under Section 45A of the Government of India Act, that in the year 1921-22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions were reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the proportion specified below of the smaller sum so determined as the total contribution; and any reduction so made should be proportionate to such excess.

The Government of India have, with the concurrence of the Legislature, made the following remissions of contributions with effect from 1st April, 1925; those of a non-recurring character, being shewn in column 3 of the table.

Name of Province.	Amount remitted (in lakhs of Rupees).		Contribution for 1925-26 (in lakhs of Rupees).
	Recurring.	For one year only.	
Madras	126	—	222
Bombay	—	22	34
Bengal	63*	—	Nil.*
United Provinces..	56	—	184
Punjab	61	—	114
Burma	7	13	44
Bihar and Orissa ..	—	—	Nil.
Central Provinces..	—	9	13
Assam	—	6	9
Total	313	50	620

* For temporary remission of Bengal contribution (Rs. 63 lakhs), see footnote on page 3.

In addition to the above Coorg contributes Rs.12,000 annually towards the pay of the Chief Commissioner and his establishment.

Assignments.—In 1924–25 provision was made for assignments to the Provincial Governments on account of customs duty on stores imported by them. In the Budget for 1925–26, similar provision has been made for assignments only to those Provincial Governments which do not receive a recurring remission in their contributions.

Miscellaneous Civil Receipts.

	Rs.
Accounts, 1923–24	45,89,360
Budget, 1924–25	34,10,000
Revised Estimate, 1924–25	3,67,000
Budget, 1925–26	12,24,000

The Accounts figure for 1923–24 includes £256,962 profit on the sale of £2 millions of gold from the Paper Currency Reserve.

The Rs.25 lakhs included in the Budget for 1924–25 on account of the profits from the control of enemy ships, reserved for payment of *ex gratia* grants to private individuals who suffered from enemy action during the war is included in the Revised Estimate of that year under the head of “Extraordinary Receipts.”

Extraordinary Receipts.

	Accounts 1923–24.	Budget 1924–25.	Revised Estimate 1924–24.	Budget 1925–26.
	Rs.	Rs.	Rs.	Rs.
Receipts	2,59,65,851	25,00,000	2,55,89,000	38,33,000
Payments	3,40,96,207	25,00,000	—	25,00,000
Net Receipts	—81,30,356	—	2,55,89,000	13,33,000

The major revenue head of account “Extraordinary Receipts and Payments” was opened for the first time in 1923–24 to record special receipts and charges of a non-recurring character, which it was considered desirable to distinguish from the ordinary revenue and expenditure of Government.

Of the Rs.259½ lakhs received in 1923–24, Rs.240¾ lakhs represents profits from the control of enemy ships and Rs.18¾ lakhs the sale proceeds, including profit, of German reparation dyes. The expenditure (Rs.341 lakhs) represents the amount of loans and advances to the Persian Government charged off against revenue instead of being kept in suspense under “Deposits and Advances.” This book adjustment does not in any way affect the liability of the Persian Government for repayment.

The receipts in the Estimates for 1924-25 and 1925-26 represent further profits from working enemy ships, and the Rs.25 lakhs of expenditure provided in the Budget for 1925-26 is the amount reserved from these profits for payment of *ex gratia* grants to private individuals who suffered from enemy action during the war; originally included in the 1924-25 Budget, it has been continued in the 1925-26 Budget as payment has not yet been made.

NET EXPENDITURE.

Debt Services.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Total payments for Interest on Debt ..	35,03,28,027	35,02,90,000	37,35,14,000	38,02,48,000
<i>Deduct amounts chargeable to—</i>				
Salt	—	—	2,76,000	3,38,000
Railways	17,56,90,137	19,00,69,000	21,51,50,000	23,36,66,000
Irrigation	11,92,750	12,41,000	12,41,000	12,50,000
Posts and Telegraphs	63,88,844	71,00,000	70,75,000	69,66,000
Provincial Governments	3,75,47,098	4,46,08,000	4,30,33,000	—
Provincial Loans Fund	—	—	—	4,95,34,000
<i>Total Deductions</i>	<i>22,08,18,829</i>	<i>24,30,18,000</i>	<i>26,67,75,000</i>	<i>29,17,54,000</i>
Interest on Ordinary Debt	12,95,09,198	10,72,72,000	10,67,39,000	8,84,94,000
Interest on other Obligations†	3,01,68,301	3,64,06,000	3,46,38,000	4,31,62,000
Reduction or Avoidance of Debt	1,36,67,472	3,95,73,000	3,78,27,000	5,01,50,000
<i>Total</i>	<i>17,33,44,971</i>	<i>18,32,51,000</i>	<i>17,92,04,000</i>	<i>18,18,06,000</i>
<i>Interest Receipts on loans, &c., in India and England</i>	<i>3,16,69,620</i>	<i>3,17,25,000</i>	<i>3,79,59,000</i>	<i>3,60,44,000</i>
Net Interest Payments (other than those chargeable to Railways, Irrigation, Posts and Telegraphs, and Provincial Governments)	14,16,85,351	15,15,26,000	14,12,45,000	14,57,62,000

† The nature of these "other obligations" is explained on p. 17.

The increased charges in the Revised Estimate for 1924-25 shewn under this head as compared with the Budget for that year are mainly due to the inclusion therein of the interest portion of the Railway annuities, which was previously debited to the Railways. Excluding this, the Indian portion shows an increase of Rs.13 lakhs over the Budget on account of higher rates of discount for renewal of Indian Treasury Bills in the Paper Currency Reserve and a decrease of Rs.64 lakhs in the English portion, the saving being due to Exchange.

The Revised Estimate for 1924-25 includes, for the first time, Rs.2½ lakhs as interest chargeable to the Salt Department on capital outlay on the Northern India Salt Works on commercialisation of the accounts.

Provincial Loans Fund.—In accordance with Government of India Resolution of 25th March, 1925 (see Appendix IIIb), a Provincial Loans Fund has been established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Governments. Advances to the Provincial Governments, which

were previously made direct to them by the Central Government, are now to be made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned prior to the constitution of the Fund, the latter will simply take the place of the Government of India *vis-à-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time. Interest so charged in the above table takes the place, as from 1925-26, of that previously charged direct to the Provincial Governments.

Interest on other obligations.—This includes, with effect from 1925-26, interest on the new Railway Depreciation and Reserve Funds and the Posts and Telegraphs Depreciation Fund and a provision (Rs.10 lakhs) for interest payable to Provincial Governments on their surplus balances.

Reduction or Avoidance of Debt.—Government of India Resolution of 9th December, 1924 (*see* Appendix IIIc), introduces, with effect from 1925-26 and for five years, a scheme to stabilise the annual provision from revenue for the reduction or avoidance of debt (which will include certain obligatory payments estimated to amount to Rs.384.42 lakhs in 1925-26) at Rs.4 crores, together with a sum representing one-eightieth of the net amount of new debt contracted since 31st March, 1923. Thus, for 1925-26 the amount so provided is Rs.4 crores plus one-eightieth of Rs.62,00 lakhs = Rs.477.5 lakhs. To this is added, as was done last year, the Customs revenue on State Railway Capital stores (Rs.24 lakhs), making a total provision for reduction or avoidance of debt in 1925-26 of Rs.501.5 lakhs.

Receipts.—The receipts include interest received in England on the balances of the Secretary of State, and in India on loans granted by the Central Government to Indian States and to Railway Companies.

Military Services.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Army	52,19,34,253	55,48,72,000	51,84,75,000	52,45,53,000
Marine	71,81,058	76,76,000	64,57,000	73,67,000
Military Engineer Services	3,32,60,052	3,99,52,000	3,83,68,000	3,05,80,000
Total	56,22,75,363	60,25,00,000	56,33,00,000	56,25,00,000

Since 1920-21 there has been a progressive reduction in military expenditure as evidenced by the following figures of net expenditure, the last three years' figures being adjusted on account of the utilization of stocks without replenishment.

	Crores.
1920-21	87.4
1921-22	69.8
1922-23	65.2
1923-24	59.2
1924-25 (Revised Estimate)...	57.4
1925-26 (Budget)	56.9

The accounts of years prior to 1923-24 were affected by abnormal conditions, such as operations on the North-West Frontier and in Waziristan, and have also been disorganised by miscellaneous adjustments of war expenditure, but from the year 1923-24, in which the recommendations of the Retrenchment Committee were carried out, the amounts may be taken as expressive of expenditure on a scale approaching that of a normal post-war establishment.

The details of the Army Charges, which form the most important part of the charges grouped together in the table above, are as follows:—

	Accounts, 1923-24.	1924-25.		Budget, 1925-26.
		Budget.	Revised.	
	Rs.	Rs.	Rs.	Rs.
EXPENDITURE.				
India—				
(A.) Standing Army.				
<i>Effective Services.</i>				
Maintenance of the Standing Army ..	28,59,49,583	28,40,46,320	26,95,37,000	27,37,35,369
Cost of Educational, etc., establishments and Working expenses of Hospitals, Depots, etc.	9,02,53,323	8,27,19,750	8,46,28,000	8,24,17,860
Army Headquarters, Staff of Com- mands, etc.	2,03,41,847	2,05,19,510	2,04,70,000	2,02,73,730
Stock Account	3,64,03,308	1,47,38,490	2,57,04,000	1,16,69,650
Special Services	1,88,49,069	57,94,780	49,81,000	58,85,280
Miscellaneous Charges	23,47,396	1,83,86,130	2,22,83,000	90,77,420
Unadjusted Expenditure	— 13,51,602	—	—	—
Total, Effective Services	37,99,86,308	39,67,28,000	37,61,98,000	37,97,20,000
<i>Non-Effective Services</i>				
Non-effective charges	5,74,71,540	5,38,86,000	5,29,51,000	5,11,09,000
(B.) Auxiliary and Territorial Forces				
Effective	1,05,41,555	1,11,95,000	1,05,45,000	1,09,32,000
(C.) Royal Air Force { Effective	1,46,13,236	1,29,97,000	1,27,27,000	1,41,11,000
Force .. { Non-Effective	3,479	5,000	1,000	21,000
Total	1,46,16,715	1,30,02,000	1,27,28,000	1,41,32,000
Total Expenditure, India { Effective	40,51,41,099	42,09,20,000	39,94,70,000	40,47,63,000
{ Non-effective	5,74,75,019	5,38,91,000	5,29,52,000	5,11,30,000
Total	46,26,16,118	47,48,11,000	45,24,22,000	45,58,93,000
England—				
(A.) Standing Army.				
<i>Effective Services.</i>				
Maintenance of the Standing Army ..	£ 2,875,730	£ 2,694,500	£ 2,490,000	£ 2,476,000
Cost of Educational, etc., establishments and working expenses of Hospitals, Depots, etc.	214,700	196,500	298,500	245,700
Army Headquarters, Staff of Com- mands, etc.	40,665	42,000	47,000	44,000
Stock Account	1,115,552	1,575,900	1,840,800	1,036,700
Special Services	611,573	1,050,000	820,000	1,200,000
Miscellaneous Charges	659,894	638,000	548,800	631,000
Total, Effective Services	£ 5,518,114	£ 6,196,900	£ 6,045,100	£ 6,633,400
<i>Non-Effective Services</i>				
Non-effective charges	3,646,984	3,748,200	3,721,000	3,695,300
(C.) Royal Air Force (Effective)	519,045	454,800	602,700	554,100
Total Expenditure, England {	9,684,143	10,399,900	10,368,800	9,882,800
{ Rs.	9,68,41,434	10,39,99,000	10,36,88,000	9,88,28,000
Total Expendi- ture in India and { Effective	46,55,12,895	48,74,37,000	46,59,48,000	46,89,38,000
in England .. { Non-effective	9,39,44,857	9,13,73,000	9,01,62,000	9,80,81,000
Total	55,94,57,552	57,88,10,000	55,61,10,000	55,47,21,000

		Accounts, 1923-24.	1924-25.		Budget, 1925-26.
			Budget.	Revised.	
RECEIPTS.					
		Rs.	Rs.	Rs.	Rs.
India ..	Effective	3,07,32,065	1,78,21,000	3,01,14,000	2,47,91,000
	Non-effective	20,91,011	14,47,000	14,93,000	13,09,000
	Total	3,28,23,076	1,92,68,000	3,16,07,000	2,61,00,000
England		£	£	£	£
		480,022	467,000	602,800	406,800
	Effective	36,00,935	35,85,000	49,63,000	29,93,000
	Non-effective	11,99,288	10,85,000	10,65,000	10,75,000
Total	48,00,223	46,70,000	60,28,000	40,68,000	
Total Receipts	Effective	3,43,33,000	2,14,06,000	3,50,77,000	2,77,84,000
	Non-effective	32,90,229	25,32,000	25,58,000	23,84,000
	Total	3,76,23,229	2,39,38,000	3,76,35,000	3,01,68,000
Total—Net Expenditure	India	42,97,93,042	45,55,43,000	42,08,15,000	42,97,93,000
	England	9,20,41,211	9,93,29,000	9,76,60,000	9,47,60,000
	Effective	43,11,79,695	46,60,31,000	43,08,71,000	43,88,54,000
	Non-effective	9,06,54,558	8,88,41,000	8,76,04,000	8,56,99,000
Total	52,18,34,253	55,48,72,000	51,84,75,000	52,45,53,000	

The large reduction Rs.5 crores in the actual net expenditure in 1923-24, as compared with the Budget Estimate of that year, is mainly due to the rapidity with which retrenchments were carried out.

The Revised Estimate for 1924-25 also shows a reduction (Rs.364 lakhs) in net Army expenditure as compared with the Budget provision. The principal items comprising it are as follows:— Shortage in authorised establishments and other economies and retrenchments 170 lakhs, Exchange 67 lakhs, Surplus stores consumed 45 lakhs, decreased payments of gratuities to surplus officers 28 lakhs, and decreased payments to the War Office 26 lakhs.

The Budget figure for 1925-26 contains heavy final charges on account of grants to demobilised officers amounting to Rs.170 lakhs, and three items totalling Rs.85 lakhs which have not hitherto been charged against Army Estimates.

Net Expenditure.	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
Military Services (Army, Marine and Air Force) <i>continued</i> —	£	£	£
Contribution to the expenses of His Majesty's Ships in Indian Seas.	100,040	100,000	100,000
Furlough Pay	578,843	598,900	566,600
Stores	1,607,623	2,322,160	1,447,200
Marriage Allowances and Allotments	496,880	444,300	491,000
Gratuities to Surplus Officers of Indian Army	618,939	521,900	1,200,000
Lump Sum Composition on account of War Liabilities	—	135,000	—
War Gratuities Exchange Concession	—	250,000	—
Other Effective Charges	157,896	184,000	175,200
Retired Pay of British Forces for Service in India	1,130,238	1,292,000	1,296,700
Retired Pay : Indian Services	2,037,539	1,910,000	1,889,700
Family and Miscellaneous Pensions	408,246	458,000	450,900
Extraordinary Receipts and Payments:—			
Earnings of Enemy Ships	1,675,000	1,860,000	287,500
Expenditure on account of Persia previously treated as recoverable, now written off to Revenue.	2,370,752	—	—
Total	28,120,818	25,532,800	24,981,000
Expenditure by Secretary of State	23,444,483	20,435,900	20,156,400
“ “ High Commissioner	4,676,335	5,096,900	4,824,600
Total	28,120,818	25,532,800	24,981,000

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
Capital outlay on State Railways	£ 9,897,765	£ 26,426,000*	£ 12,942,500 ^a
“ “ Irrigation Works	222	—	—
New Capital at Delhi	60,660	47,400	38,300
Posts and Telegraphs	—	—	140,100
Indo European Telegraph Dept... .. .	—	—	15,000
Total	9,958,647	26,473,400	13,135,900
Expenditure by Secretary of State	8,145,035	24,604,700	9,264,500
“ “ High Commissioner	1,813,612	1,868,700	3,871,400
Total	9,958,647	26,473,400	13,135,900

* Including £18,500,000 East Indian Railway Debenture Stock for which the Secretary of State incurred a liability on termination of the Company's contract.

^a Including £3,500,000 Great Indian Peninsula Railway Debenture Stock for which the Secretary of State incurred a liability on termination of the Company's contract and £2,575,000 Capital Stock of the Company to be paid off during the year.

APPENDIX II. (b).

RAILWAYS.

(i). Route Mileage and Traffic (including railways outside Government accounts).

Length of railways open in India on 31st March, 1923	37,617.91 miles
Additional mileage opened in 1923-24	430.12 "
Length of railways open in India on 31st March, 1924, after allowing for corrections due to realignments, etc.	38,038.52 "

	1923-23.	1923-24.
Number of passengers carried	572,621,400	584,508,900
Earnings from passengers carried	Rs. 37,59,22,000	38,07,15,000
Weight of goods traffic in tons	93,845,000	98,210,000
Earnings from goods tonnage	Rs. 58,02,32,000	60,28,94,000

(ii). Capital at Charge and Net Revenue Receipts.

Class and Name of Railway.	Capital at Charge on 31st March, 1924.	Net Revenue Receipts, 1923-24.	Percentage of Net Revenue Receipts on Capital at Charge.
<i>State Railways worked by the State :—</i>			
Aden Railway	15,03,715	—41,765	—2.78
Delhi New Capital Railway Works Scheme.. ..	68,70,685	—	—
Eastern Bengal	41,46,00,561	1,39,04,117	3.36
<i>North-Western :—</i>			
<i>Commercial —</i>			
Main Line	79,54,15,468	4,35,64,499	5.47
Laki Pezu Tank	35,28,632	—	—
<i>Military :—</i>			
Main Line	20,04,67,187	—18,52,743	—9.2
Kaur Khirgi	14,80,015	—	—
Tank Murtaza	17,93,369	—	—
Nushki Extension.. .. .	3,22,08,618	—	—
Frontier Railway Reserve	51,56,867	—	—
Khyber	2,11,51,706	—	—
Oudh and Rohilkhand	26,25,06,193	1,25,56,262	4.78
<i>State Railways worked by Companies or by Indian States :</i>			
Assam-Bengal	18,64,97,031	37,89,391	2.03
Bengal-Nagpur	60,51,97,855	2,59,65,944	4.29
Bezwada Extension	14,73,001	3,80,605	25.84
Bombay, Baroda and Central India (including Dholka-Dhanduka)	56,07,68,857	4,80,85,557	8.58
Burma Railways (including Extension)	26,03,69,341	1,59,11,709	6.11
East Indian	83,95,34,661	6,25,27,236	7.45
Great Indian Peninsula	78,73,44,574	4,69,17,775	5.96
Agra-Delhi Chord	1,50,83,968	15,08,979	10.00
Baran-Kotah	50,01,616	1,01,744	2.03
Bhopal	45,76,577	4,41,501	9.65
Cawnpore-Banda	83,06,161	1,31,803	1.59
Jodhpur-Hyderabad	51,54,997	3,16,508	6.14
Lucknow-Bareilly (Rohilkhand and Kumaon)	1,60,84,899	15,46,414	9.61
Madras and Southern Mahratta	42,62,32,872	3,04,44,238	7.14
Dhone-Curnool	10,18,342	89,645	8.80
South Indian	20,07,09,455	2,15,02,842	10.71
Coonoor Ootacamund	50,39,564	—	—
Tinnevely-Quilon (British Section)	44,53,692	—	—
Tinnevely-Quilon (Indian State Section)	1,35,64,188	7,28,548	4.04
Tinnevely Tiruchandur	—	—	—
Shoranur Nilambur	19,234	—	—
Tirhoot (Bengal and North-Western).. .. .	8,74,73,740	75,03,457	8.58
Abandoned projects and other miscellaneous items	5,78,05,87,641	33,60,24,266*	5.81
2,48,65,692	—	—	—
Total—Central Government	5,80,54,53,333	33,60,24,266*	5.79

* Differs from figure of "Working Profit" shown in table on page 15, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

**APPENDIX II. (c).
SEA-BORNE TRADE.**

(i). Summary of Sea-borne Trade.

	1922-23.	1923-24.	1924-25.
<i>On Private Account.</i>			
Exports of Merchandise	Rs. 314,32,52,589	Rs. 3,61,91,08,876	Rs. 3,98,35,59,523
Imports of Merchandise	232,70,76,893	227,61,13,390	246,64,88,815
Net Exports of Merchandise	81,61,75,705	134,29,95,486	151,70,70,708
Net Imports of Gold	41,18,05,774	29,18,64,015	73,77,50,586
Net Imports of Silver	18,17,66,295	18,38,13,902	20,05,71,566
Net Imports of Currency Notes	90,54,670	1,08,08,631	28,04,663
Net Imports of Treasure	60,26,26,739	48,64,86,743	94,11,26,835
Net Exports of Merchandise and Treasure on Private Account.	21,35,48,966	85,65,08,736	57,59,43,873
<i>Government Transactions.</i>			
Imports of Merchandise	13,48,47,216(a)	9,57,18,889	6,73,82,777
Exports of Merchandise	1,74,64,317	1,46,54,788	2,06,83,033
Net Imports of Merchandise	11,73,82,899	8,10,64,101	4,66,99,744
Net Imports of Gold	1,02,772	—	—
Net Imports of Silver	17,80,361	31,66,185	1,69,080
Net Imports or Exports of Currency Notes	11,14,379	55,55,123	25,07,690
Net Imports or Exports of Treasure	29,97,512	88,21,308	23,38,520

(a) Values for 1922-23 have been recalculated on basis of average rate of exchange, and values for 1923-24 and 1924-25 have been calculated uniformly at the current rate of exchange.

(ii). Sea-borne Trade—Analysis of Imports of Merchandise, showing the principal articles separately.

	1922-23.	1923-24.	1924-25.
<i>A. On Private Account.</i>			
I. Food, Drink and Tobacco :—	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
A. Fish (excluding canned fish)	24,29,949	29,66,906	31,26,899
B. Fruits and Vegetables	1,83,57,258	1,70,79,994	1,59,46,307
C. Grain, Pulse and Flour	54,32,031	43,89,626	10,41,247
D. Liquors	3,00,93,579	2,72,16,804	2,82,84,376
E. Provisions and Oilman's Stores	2,77,30,379	2,80,21,856	3,91,76,665
F. Spices	2,45,34,648	2,58,77,550	2,66,00,334
G. Sugar	15,48,89,968	15,45,06,762	20,90,23,769
H. Tea	45,52,265	82,26,291	62,82,922
I. Other Food and Drink	1,93,87,376	1,29,48,830	1,55,13,664
J. Tobacco	2,25,67,007	2,26,18,495	1,97,88,393
Total, Class I.	30,99,74,460	30,38,53,184	36,47,84,576
II. Raw Materials and Produce and articles mainly un-manufactured :—			
A. Coal	3,08,92,733	1,65,85,004	1,19,73,515
B. Other Non-metallic mining and quarry products and the like	2,62,69,383	2,19,80,062	1,59,58,198
C. Fodder, Bran and Pollards	98,798	72,559	36,064
D. Gums, Resins and Lac	57,93,251	51,74,969	34,67,203
E. Hides and Skins, raw or undressed	9,77,183	15,50,255	14,74,660
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	1,25,458	7,27,341	1,58,506
G. Oils—Vegetable, Mineral and Animal	7,00,15,689	8,65,17,988	9,69,49,025
H. Oilcakes of all kinds	10,446	12,522	13,560
I. Paper making materials	24,25,837	20,45,708	22,08,686
J. Rubber, raw or crude	421	45,811	1,08,695
K. Seeds, including nuts for oils	4,54,157	5,64,339	9,53,324
L. Tallow, Stearine and Wax	27,21,038	26,65,094	29,82,425
M. Cotton, raw and waste	1,73,41,612	2,50,82,208	4,24,73,347
N. Jute, raw	6,200	1,17,047	69,828
O. Silk, raw and waste	1,60,32,645	1,21,99,609	1,20,95,248
P. Wool, raw	13,04,629	40,54,840	78,93,506
Q. Other Textile Materials	5,65,291	6,62,042	7,71,264
R. Wood and Timber	49,18,264	38,69,575	40,82,926
S. Miscellaneous	58,06,491	53,71,028	65,57,382
Total, Class II.	18,57,59,526	18,92,95,021	21,02,46,932

(ii). *Sea-borne Trade—Analysis of Imports of Merchandise, showing the principal articles separately—continued.*

	1923-23.	1923-24.	1924-25.
A. On Private Account (continued).			
III. Articles wholly or mainly manufactured :—	Rs.	Rs.	Rs.
A. Apparel	1,27,14,290	1,66,69,495	1,83,65,781
B. Arms, Ammunition and Military Stores	62,82,839	64,63,449	91,92,116
C. Chemicals, Drugs and Medicines	3,92,04,651	4,12,37,482	4,21,05,973
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	6,73,48,356	5,91,02,532	6,75,21,906
E. Dyes and Colours	4,23,20,363	4,29,50,664	4,21,87,479
F. Electrical Goods and Apparatus (other than Machinery)	2,15,85,597	2,25,92,130	1,97,16,299
G. Furniture, Cabinetware and Manufactures of Wood and Timber	25,85,855	45,30,844	33,36,029
H. Glassware and Earthenware	3,37,82,077	3,17,27,228	3,35,39,876
I. Hides and Skins, tanned or dressed, and Leather	52,39,343	52,32,121	54,76,499
J. Machinery of all kinds, including Belting for Machinery	24,41,08,552	20,22,69,778	15,98,92,415
K. Metals, Iron and Steel, and Manufactures thereof	18,36,12,356	17,90,02,179	18,92,34,254
L. Metals, other than Iron and Steel, and Manufactures thereof	6,91,87,914	6,39,79,719	7,37,42,934
M. Paper, Pasteboard and Stationery	3,70,41,198	3,60,14,076	3,85,05,480
N. Railway Plant and Rolling Stock	11,05,80,847	11,72,46,081	6,07,55,481
O. Rubber Manufactures	1,80,19,646	1,67,96,394	1,54,97,429
P. Vehicles (excluding Locomotives, etc., for Railway)	3,42,56,501	4,34,09,478	4,43,50,972
Q. Cotton Yarns and Manufactures	70,13,02,032	67,48,45,756	82,32,51,509
R. Jute	16,79,300	20,81,959	27,74,730
S. Silk	3,16,54,472	3,40,16,996	3,71,19,455
T. Woolen	1,51,56,436	2,44,09,761	3,56,47,709
U. Other Yarns and Textile Fabrics	1,60,62,820	2,55,78,821	3,77,21,820
V. Miscellaneous	10,03,12,381	9,64,01,951	9,66,58,653
Total, Class III	179,40,37,824	174,65,58,894	1,85,55,94,829
IV. Living Animals.—			
A. Horses	24,53,585	17,98,194	26,13,554
B. Other Living Animals	1,29,046	1,88,799	2,15,024
Total, Class IV.	25,82,633	19,86,993	30,28,578
V. Postal Articles not specified	3,47,22,450	3,44,19,296	3,28,33,900
Total value of Imports of Merchandise on Private Account	232,70,76,893	227,61,13,390	2,46,64,68,815
B. Government Stores	(a)13,48,47,216	9,57,18,889	6,73,82,777
Grand Total, Imports of Merchandise	246,19,24,109	237,18,32,279	253,38,71,592

(iii). *Sea-borne Trade—Analysis of Exports of Merchandise, showing the principal articles separately.*

	1923-23.	1923-24.	1924-25.
INDIAN MERCHANDISE.			
A. On Private Account.			
L. Food, Drink and Tobacco :—	Rs.	Rs.	Rs.
A. Fish (excluding Canned Fish)	54,25,327	62,83,873	72,32,495
B. Fruits and Vegetables	63,11,819	71,78,497	71,63,692
C. Grain, Pulse and Flour	42,47,63,223	50,67,14,693	65,06,53,127
D. Liquors	49,418	17,595	8,155
E. Provisions and Oilman's Stores	60,91,640	60,34,850	58,87,401
F. Spices	1,09,79,949	1,10,86,076	1,08,74,737
G. Sugar	10,48,836	96,97,444	52,49,017
H. Tea	22,04,00,383	31,64,61,469	33,89,24,211
I. Other Food and Drink	1,24,74,230	1,57,64,597	2,09,24,587
J. Tobacco	82,67,812	1,02,97,301	1,25,03,894
Total, Class L	69,58,12,640	89,15,36,518	1,05,42,23,296

(a) Values recalculated vide note on p. 37.

(iii). Sea-borne Trade—Analysis of Exports of Merchandise, showing the principal articles separately—continued.

	1922-23.	1923-24.	1924-25.
INDIAN MERCHANDISE— <i>cont.</i>			
A. On Private Account.			
II. Raw materials and produce and articles mainly un-manufactured:—	Rs.	Rs.	Rs.
A. Coal	14,73,200	22,29,816	37,15,695
B. Other Non-Metallic mining and quarry products and the like	62,35,975	1,07,13,342	1,04,55,333
C. Fodder, Bran and Pollards	1,26,25,569	1,28,45,974	1,58,85,891
D. Gums, Resins and Lac	10,37,27,584	9,18,94,195	7,63,12,990
E. Hides and Skins, raw or undressed	5,70,60,201	6,93,24,529	6,77,41,366
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	2,27,09,592	2,37,57,130	2,18,96,676
G. Oils—Vegetable, Mineral and Animal	3,19,81,409	2,90,02,588	3,44,09,928
H. Oilcakes of all kinds	1,72,22,985	1,94,09,852	2,19,99,605
I. Paper-making Materials	1,251	790	55,561
J. Rubber, raw or crude	72,50,092	1,14,46,018	1,42,94,317
K. Seeds, including nuts for oils	27,35,38,382	29,81,71,643	33,16,84,666
L. Tallow, Stearine and Wax	8,75,505	22,42,030	11,34,787
M. Cotton, raw and waste	72,07,18,919	99,71,83,038	92,05,30,362
N. Jute	22,52,84,639	20,00,06,328	29,18,07,535
O. Silk	38,17,258	50,21,392	38,06,868
P. Wool	4,41,43,267	3,17,48,608	5,07,03,429
Q. Other Textile Materials	61,07,816	76,54,282	1,73,32,674
R. Wood and Timber	94,02,714	1,24,67,022	1,38,64,191
S. Miscellaneous	2,10,63,803	2,55,15,969	2,49,00,091
Total, Class II.	1,56,52,40,142	1,85,06,34,546	1,92,25,31,965
III. Articles wholly or mainly manufactured:—			
A. Apparel	37,52,933	29,94,494	34,08,167
B. Arms, Ammunition and Military Stores	3,532	10,961	325
C. Chemicals, Drugs and Medicines	3,07,51,884	3,25,29,085	2,14,65,705
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	9,28,322	14,50,983	15,20,501
E. Dyes and Colours	1,20,69,826	1,35,44,913	1,38,61,282
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	8,84,723	7,96,996	7,38,166
H. Glass and Earthenware	3,95,853	2,88,616	3,01,570
I. Hides and Skins, tanned or dressed, and Leather	5,16,07,178	6,00,76,699	7,28,85,593
J. Machinery of all kinds, including belting for machinery	47,038	1,20,951	1,25,166
K. Metals, Iron and Steel, and manufactures thereof	93,92,890	1,30,70,535	2,19,92,468
L. Metals, other than Iron and Steel, and manufactures thereof	1,62,66,200	2,09,96,970	2,80,02,404
M. Paper, Pasteboard and Stationery	1,03,188	1,14,000	1,21,461
N. Railway Plant and Rolling Stock	2,34,541	2,53,731	3,46,945
O. Rubber manufactures	9,331	45,944	9,676
P. Vehicles (excluding locomotives, etc., for Railways)	91,710	63,728	59,840
Q. Cotton, yarns and manufactures	13,06,21,869	10,95,49,068	11,27,47,895
R. Jute	40,49,41,510	42,28,35,890	51,77,05,438
S. Silk	2,42,956	4,27,054	2,94,801
T. Woollen	98,41,387	82,62,940	1,14,28,612
U. Other yarns and textile fabrics	6,29,599	7,05,406	5,32,843
V. Miscellaneous articles, wholly or mainly manufactured	3,16,54,491	3,07,15,730	3,46,61,997
Total, Class III.	70,44,70,961	71,88,54,694	84,22,10,855
IV. Living Animals:—			
A. Horses	1,10,785	55,510	75,910
B. Cattle	8,28,912	8,78,804	8,37,480
C. Sheep and Goats	11,25,513	13,92,741	18,22,674
D. Other living animals	2,63,334	3,32,789	4,05,913
Total, Class IV.	23,28,544	26,59,844	31,41,977

(iii). *Sea-borne Trade—Analysis of Exports of Merchandise, showing the principal articles separately—continued.*

	1922-23.	1923-24.	1924-25.
INDIAN MERCHANDISE (contd.).			
<i>A. Private Account.</i>			
Class V. Postal Articles	Rs. 2,37,67,035	Rs. 2,46,75,646	Rs. 2,63,60,068
Total Value of Exports of Indian Merchandise on private account	2,99,16,19,322	3,48,83,61,245	3,84,84,68,151
<i>B. Government Stores, Exports of Indian Merchandise</i>	1,19,01,479	1,27,69,768	1,53,64,647
Total Exports of Indian Merchandise	3,00,35,20,801	3,50,11,31,013	3,86,58,32,798
<i>C. Re-exports—On Private Account ..</i>	15,16,33,276	13,07,47,631	13,50,91,372
Government Stores	55,62,838	18,85,020	53,18,586
Total re-exports	15,71,96,114	13,26,32,651	14,04,09,758
Grand Total, Exports of Merchandise	3,16,07,16,915	3,63,37,63,664	400,42,42,556

(iv). *Sea-borne Trade—Analysis of Imports of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1922-23.	1923-24.	1924-25.
<i>Rs.</i>			
British Empire :—	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
United Kingdom	1,40,04,57,405	1,31,60,42,877	1,33,43,38,014
Aden and Dependencies	73,20,085	53,16,163	84,86,372
Mesopotamia	1,17,19,037	1,16,23,040	88,63,689
Ceylon	1,43,73,244	1,29,05,995	1,36,10,986
Straits Settlements (including Labuan)	4,48,12,596	4,92,75,068	4,84,83,668
Hong Kong	1,45,19,583	1,05,87,218	1,14,33,218
Egypt*	60,61,145	—	—
Union of South Africa	81,75,862	77,40,788	59,15,855
Mauritius and Dependencies (including Seychelles)	1,02,61,568	10,97,830	3,67,08,899
Zanzibar and Pemba	77,62,951	45,74,701	61,32,618
Kenya Colony	1,15,02,272	2,19,08,971	3,73,15,418
Canada	65,35,697	69,54,981	99,21,914
Australia	97,21,604	1,06,95,699	75,76,270
New Zealand	13,377	13,657	13,77,091
Other British Possessions	1,00,15,534	87,83,678	76,24,111
Total—British Empire	1,56,32,51,970	1,46,95,02,826	1,53,47,28,323

* Included in Foreign Countries from 1923-4.

(iv). *Sea-borne Trade—Analysis of Imports of Merchandise on Private Account, showing separately the principal countries of origin—continued.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1922-23.	1923-24.	1924-25.
Foreign Countries :—	Rs.	Rs.	Rs.
Russia	1,44,602	15,20,147	58,174
Sweden	1,12,64,960	1,32,73,496	1,19,65,126
Norway	81,79,095	67,65,849	65,04,387
Germany	11,88,68,146	11,89,19,019	15,47,86,217
Holland	2,21,94,945	2,27,74,391	2,97,63,160
Belgium	6,31,77,797	5,51,29,345	6,78,16,386
France	1,96,39,719	2,22,94,126	2,55,98,457
Spain	25,99,292	9,21,635	15,48,749
Switzerland	1,09,66,780	1,62,61,038	1,82,14,192
Italy	2,10,43,057	2,73,33,124	3,82,57,721
Austria	29,47,931	76,09,557	73,22,678
Hungary	11,770	41,60,059	31,30,073
Turkey, Asiatic	3,556	2,20,140	1,820
Arabia	75,88,990	75,98,401	55,29,777
Persia	1,75,29,869	1,75,80,744	2,21,25,142
Java	12,88,74,724	14,03,11,568	15,46,09,569
Borneo (Dutch)	59,18,514	1,07,36,816	80,74,413
Siam	33,85,023	23,49,785	20,43,030
China (exclusive of Hong Kong and Macao)	2,87,24,422	3,35,67,471	2,85,79,007
Japan	14,42,23,308	13,81,83,426	17,12,92,739
Egypt*	—	52,04,260	61,84,275
Portuguese East Africa	20,66,721	45,69,683	33,42,113
Italian East Africa	22,10,985	18,72,691	11,05,790
United States of America	13,17,97,441	12,83,34,663	14,08,62,771
Other Foreign Countries	1,04,53,376	1,91,19,130	2,29,84,726
Total—Foreign Countries	76,38,24,923	80,66,10,564	93,17,00,492
Grand Total	2,32,70,76,893	2,27,61,13,390	2,46,64,88,815

(v). *Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1922-23.	1923-24.	1924-25.
British Empire :—	Rs.	Rs.	Rs.
United Kingdom	65,91,43,990	86,44,84,222	92,52,12,783
Gibraltar	1,87,713	89,466	8,93,892
Aden and Dependencies	1,57,87,767	1,36,14,333	1,49,56,116
Mesopotamia	2,30,80,361	2,13,72,432	2,56,77,222
Ceylon	12,24,39,835	12,64,89,288	13,64,53,543
Straits Settlements (including Labuan)	7,52,21,256	8,29,54,101	8,02,11,872
Hong Kong	6,62,66,815	4,45,90,803	3,35,54,308
Egypt*	3,55,97,896	—	—
Union of South Africa	2,34,45,543	2,09,16,084	2,61,56,731
Mauritius and Dependencies (including Seychelles)	2,34,57,367	1,77,04,579	1,90,95,745
Zanzibar and Pemba	67,89,973	71,43,624	59,73,071
Kenya Colony	88,63,768	84,76,504	1,04,33,030
Canada	2,19,00,249	2,36,11,172	2,22,94,672
British West India Islands	43,09,161	57,74,704	58,89,766
Australia and New Zealand	6,05,85,144	6,58,89,832	7,88,35,131
Other British Possessions	2,71,36,439	2,23,44,125	2,64,26,511
Total—British Empire	1,17,42,13,277	1,32,54,55,269	1,41,21,04,393

* Included in Foreign Countries from 1923-24.

(v). *Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination—continued.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1922-23.	1923-24.	1924-25.
Foreign Countries :—	Rs.	Rs.	Rs.
Russia	99,000	26,287	18,36,877
Sweden	24,53,232	28,15,433	35,35,652
Norway	38,12,354	38,13,208	49,29,999
Germany	22,50,29,798	24,94,78,445	25,98,50,829
Holland	4,02,94,653	5,86,91,144	7,85,30,829
Belgium	11,30,03,740	13,79,57,594	14,23,45,551
France	15,39,16,716	19,85,27,108	20,37,22,920
Spain	3,14,25,661	3,77,69,340	5,82,76,957
Switzerland	1,49,427	96,331	50,007
Italy	10,15,26,499	21,69,20,208	23,28,57,238
Austria	1,25,63,267	1,52,44,502	84,04,455
Hungary	300	—	—
Turkey, European	14,18,646	26,96,071	24,59,768
" Asiatic	5,47,006	7,33,867	14,62,308
Arabia	2,79,69,287	2,32,19,461	1,52,57,789
Persia	2,23,17,254	2,06,77,095	2,59,74,621
Sumatra	1,05,99,859	85,31,944	1,32,59,552
Borneo and Java	3,13,32,119	3,68,12,140	2,92,38,924
Siam	1,47,33,337	1,71,44,295	1,74,62,159
Indo-China	1,86,90,864	2,38,73,777	1,78,94,428
China (exclusive of Hong-Kong and Macao)	13,63,57,078	10,52,81,496	9,55,32,881
Japan	40,19,90,342	50,16,43,249	55,14,31,443
Egypt*	—	2,82,16,743	15,17,13,117
Portuguese East Africa	82,65,056	89,25,064	1,14,11,333
Italian East Africa	10,14,055	11,56,835	12,44,718
Other East African Ports	5,46,247	15,73,163	17,82,413
United States of America	34,32,76,703	33,46,57,526	34,23,83,643
West Indies	4,34,53,556	3,06,13,204	5,14,46,822
South America	4,62,77,004	6,76,99,003	8,25,72,496
Oceania	33,87,387	33,87,541	38,54,975
Other Foreign Countries	2,09,53,598	2,47,23,904	2,58,56,054
Total—Foreign Countries	1,81,74,06,045	2,16,29,05,976	243,63,63,758
Grand Total	2,99,16,19,322	3,48,83,61,245	384,84,68,151

* Included in Foreign Countries from 1923-24.

APPENDIX III (A).

(See page 25.)

SEPARATION OF RAILWAY FINANCE FROM GENERAL FINANCE.

RESOLUTION PASSED IN THE INDIAN LEGISLATIVE ASSEMBLY,
20TH SEPTEMBER, 1924.

This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable railways to carry out a continuous railway policy based on the necessity of making a definite return to general revenues, on the money expended by the State on railways:

- (1) The railway finances shall be separated from the general finances of the country and the general revenues shall receive a definite annual contribution from railways which shall be the first charge on the net receipts of railways.
- (2) The contribution shall be based on the capital at charge and working results of commercial lines, and shall be a sum equal to one per cent. on the capital at charge of commercial lines (excluding capital contributed by companies and Indian States) at the end of the penultimate financial year *plus* one-fifth of any surplus profits remaining after payment of this fixed return, subject to the condition that, if in any year railway revenues are insufficient to provide the percentage of one per cent. on the capital at charge, surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good.

The interest on the capital at charge of, and the loss in working, strategic lines shall be borne by general revenues and shall consequently be deducted from the contributions so calculated in order to arrive at the net amount payable from railway to general revenues each year.

- (3) Any surplus remaining after this payment to general revenues shall be transferred to a railway reserve; provided that if the amount available for transfer to the railway reserve exceeds in any year three crores of rupees only two-thirds of the excess over three crores shall be transferred to the railway reserve and the remaining one-third shall accrue to general revenues.
- (4) The railway reserve shall be used to secure the payment of the annual contribution to general revenues; to provide, if necessary, for arrears of depreciation and for writing down and writing off capital; and to strengthen the financial position of railways in order that the services rendered to the public may be improved and rates may be reduced.
- (5) The railway administration shall be entitled, subject to such conditions as may be prescribed by the Government of India, to borrow temporarily from capital or from the reserves for the purpose of meeting expenditure for which there is no provision or insufficient provision in the revenue budget subject to the obligation to make repayment of such borrowings out of the revenue budgets of subsequent years.

- (6) A Standing Finance Committee for Railways shall be constituted consisting of one nominated official member of the Legislative Assembly who should be Chairman, and eleven members elected by the Legislative Assembly from their body. The members of the Standing Finance Committee for Railways shall be *ex-officio* members of the Central Advisory Council, which shall consist, in addition, of not more than one further nominated official member, six non-official members selected from a panel of eight elected by the Council of State from their body, and six non-official members selected from a panel of eight elected by the Legislative Assembly from their body.

The Railway Department shall place the estimates of railway expenditure before the Standing Finance Committee for Railways on some date prior to the date for the discussion of the demands for grants for railways and shall, as far as possible, instead of the expenditure programme revenue, show the expenditure under a depreciation fund created as per the new rules for charge to capital and revenue.

- (7) The railway budget shall be presented to the Legislative Assembly if possible in advance of the general budget and separate days shall be allotted for its discussion, and the Member in charge of railways shall then make a general statement on railway accounts and working.

The expenditure proposed in the railway budget, including expenditure from the depreciation fund and the railway reserve, shall be placed before the Legislative Assembly in the form of demands for grants. The form the budget shall take after separation, the detail it shall give and the number of demands for grants into which the total vote shall be divided shall be considered by the Railway Board in consultation with the proposed Standing Finance Committee for Railways with a view to the introduction of improvements in time for the next budget, if possible.

- (8) These arrangements shall be subject to periodic revision, but shall be provisionally tried for at least three years.

- (9) In view of the fact that the Assembly adheres to the Resolution passed in February, 1923, in favour of State management of Indian Railways, these arrangements shall hold good only so long as the East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to Government should enter on any negotiations for the transfer of any of the above Railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract for the transfer of any of the above Railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution.

Apart from the above convention this Assembly further recommends:—

- (i) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as members of the Railway Board as early as possible, and

- (ii) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India.

APPENDIX III (B).

(See page 30.)

INSTITUTION OF A PROVINCIAL LOANS FUND.

GOVERNMENT OF INDIA RESOLUTION.

Delhi, the 25th March, 1925.

No. D.1250-F.—The Government of India have had under consideration the question of systematising the arrangements for administering the advances made by the Central to Provincial Governments. After consultation with the latter it has been decided to establish a central Fund out of which all advances granted by the Government of India to Provincial Governments will in future be made and to standardise for all Provinces alike the terms on which advances granted for various purposes will be repaid to the Fund.

2. The Fund shall be constituted as from the 1st April, 1925, and shall be called the "Provincial Loans Fund." Rules governing the administration of this Fund will be promulgated by the Government of India.

3. All outstanding capital liabilities of Provincial Governments to the Government of India will be transferred to the Fund at the time of its constitution and this capital will be increased from time to time as required by further advances from the Government of India.

4. The rate of interest charged by the Government of India on advances to the Fund will be determined in the same manner as the rate of interest charged by the Government of India on advances to the Provinces is now determined, that is to say, on the basis of the cost of new borrowing to the Government of India from time to time.

5. If at any time there is a surplus in the capital of the Fund not required or not likely to be required at an early date for the purpose of new advances, the Fund shall be entitled to apply such surplus towards the reduction of advances previously made to it by the Government of India under such conditions as may be determined by the Government of India according to the circumstances of the case.

6. The terms already arranged between the Government of India and the Provinces in regard to any advances sanctioned prior to the constitution of the Fund will not be modified or affected in any way. The Fund will simply take the place of the Government of India as one of the parties to these contracts *vis-à-vis* the Provinces concerned.

7. The amount and the purpose of every advance which may be made by the Fund to a Provincial Government will be determined, as at present, by the Government of India in the Finance Department and the Assembly will be asked to vote the necessary supply under the head: "Advances to the Provincial Loans Fund." The receipts into, and disbursements from, the Fund will be recorded in the public accounts under a distinct head "Provincial Loans Fund."

8. Advances of less than Rs. 5 lakhs for any scheme or group of works will not normally be made from the Fund, as being excluded by the principle laid down in Rule 2 (a) of the Local Government (Borrowing) Rules which requires that the proposed expenditure shall be so large that it cannot reasonably be met from current revenues. The rules governing the grouping of individual works

for the purpose of this paragraph shall be the same as the rules which govern the grouping of works in order to determine the authority which is competent to sanction the total expenditure.

The limit of Rs. 5 lakhs, however, will not apply to capital expenditure (a) on productive works or (b) in a commercial department which is working at such a profit as to fulfil the test of productivity imposed by the Secretary of State or (c) on commercial undertakings whose accounts are maintained on a commercial basis.

9. No advances will be made out of the Fund to any Provincial Governments which do not provide annually out of their ordinary revenues sums sufficient to redeem within a period not exceeding 80 years from the date when they were originally borrowed any loans or advances which they may from time to time obtain or have obtained from any source other than the Fund. This condition, however, will not apply to the pre-Reform irrigation debt referred to in paragraph 12.

10. The standard rate of interest charged by the Fund on new advances will be so calculated, after taking into account the repayments due to the Fund on already existing advances, as to maintain the solvency of the Fund.

11. The standard rate of interest will be charged by the Fund to the Provinces on all advances required for capital expenditure which can be classed as productive under the rules on the subject approved by the Secretary of State. For all other advances, the rate will be $\frac{1}{4}$ per cent. above the standard rate.

12. All new advances made from the Fund and also all advances outstanding at present other than the debt relating to irrigation works constructed before the Reforms, the liability for which was transferred to Provincial Governments under the Reform Scheme, will be subject to eventual repayment. It will be for the Government of India in the Finance Department to determine whether in any particular case repayment shall be by equated instalments of principal and interest or otherwise, and whether due instalments may be postponed or other exceptional arrangements made without threatening the solvency of the Fund.

13. The Government of India in the Finance Department will maintain a schedule specifying the term of years appropriate to the repayment of advances required for various purposes and will communicate to all the Provinces any additions to or modifications of that schedule at the time when they are made.

14. In the event of its being necessary to write off any part of an advance as irrecoverable, the loss shall not fall on the Fund but shall be made the occasion of a special Demand Grant to be submitted to the Assembly.

15. The Government of India retain full power to refuse or suspend advances to the Fund and to modify the constitution of the Fund in any way, if the financial position of India makes it imperative that this should be done.

16. The existing rights of the Provinces to borrow otherwise than in the form of advances from the Government of India will not be impaired.

ORDERED that this Resolution be published in the *Gazette of India*.

A. C. McWATTERS,
Secy. to the Govt. of India.

APPENDIX III (c).

(See page 31.)

PROVISION FOR REDUCTION OR AVOIDANCE OF DEBT.

GOVERNMENT OF INDIA RESOLUTION.

Delhi, the 9th December, 1924.

No. F.-13-11-F.—The Honourable the Finance Member put forward in his last Budget speech a tentative programme of debt redemption giving the figures of total debt of the Government of India in a comprehensive form and using them to illustrate the adequacy of the provision for debt redemption proposed in the Budget. The subject thus introduced received a considerable amount of public attention at the time, both in the Legislature and in the press, and recently a resolution on the subject was moved by the Honourable Sir Maneckji Dadabhoj in the Council of State and adopted in the following form:—

“That this Council recommends to the Governor General in Council that the Government be pleased to take steps to introduce a considered programme at an early date to provide for an annual provision for the reduction or avoidance of public debt.”

2. During the interval that has elapsed since the first tentative proposals were made in connection with the last Budget, the Government of India have carefully considered the question and have now decided to introduce the scheme detailed in the enclosed memorandum with effect from the year 1925-26. The proposals embodied in the memorandum have been accepted by the Secretary of State and the amount of 4 crores mentioned in paragraph 2 of the memorandum is an amount which, having regard to all circumstances, can reasonably be taken as the minimum annual provision for the purpose of redemption during the next five years in respect of debt outstanding on the 31st March, 1923. In calculating the total of the debt charge in the schedule attached to the memorandum exchange has been taken at 1s. 4d. the rupee. If exchange stands above 1s. 4d., the amount of 4 crores proposed would help to amortise the debt at a more rapid pace.

MEMORANDUM.

This scheme shall be in force for the five years 1925-26 to 1929-30 inclusive.

2. There shall be charged against the revenues of India in each year during which this scheme is in force for the purpose of making provision for the reduction or avoidance of debt—

(a) a sum of 4 crores, and

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

3. The Governor General in Council shall apply the debt charge prescribed above towards meeting (a) the Railway sinking fund now in operation, (b) the depreciation funds of 1½ per cent. on the 5 per cent. Loans, (c) the capital portion of Railway annuities, and (d) the capital portion of the annual payment in redemption of India's outstanding liability in respect of the British War Loan, and the

balance, if any, towards the avoidance of new borrowing or the reduction or repayment of such other debt as the Governor General in Council may think fit. Should, however, the total of the first four items exceed, in any year, the amount prescribed, the balance shall be charged to capital.

4. Sums paid into the depreciation funds, if not applied within the year, shall be accumulated at interest until such time as opportunity arises for their application to the purposes of the depreciation funds.

5. For the purposes of this scheme, the total debt outstanding on the 31st of March, 1923, shall be taken as Rs. 8,46.73 crores, made up as shown below, and the total debt outstanding on the 31st of March of any year subsequent to 1923 shall be such total as may be certified by the Auditor General to be the total arrived at by applying similar calculations for subsequent years:—

(*Figures are in crores of rupees, sterling amounts being converted at Rs. 15 per £.*)

	Rs.	Rs.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61.42	
Sterling Debt	3,63.95	
Unfunded Debt	62.56	
Capital Value of the liabilities undergoing redemption by way of terminable Railway annuities	91.97	
	<hr/>	8,79.90
<i>Deduct</i> —Discount included above but separately provided for	8.23	
Advances to Provincial Governments other than those representing pre-Reform Irrigation Debt	24.89	
	<hr/>	33.12
		<hr/>
		8,46.73
		<hr/>

ORDERED that this Resolution be published in the *Gazette of India*.

A. C. MCWATTERS,
Secy. to the Govt. of India.