



Government of India
Finance Department

Budget for 1927-28

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GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

BUDGET FOR 1927-28.

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PART I.
RAILWAY BUDGET.

Speech of the Railway Member

introducing the

Railway Budget for 1927-28.

INTRODUCTORY.

I rise to present the Railway Budget for 1927-28 and I confess that I do so with a certain sense of embarrassment. For after having made one farewell speech on the Railway Budget, it is awkward to have to make another. I can only plead that my predicament is not one of my own seeking, and for that reason I feel that I can claim the sympathy of the House.

2. As usual, the Budget which I am presenting is not merely a departmental compilation. In preparing it we have had the assistance of the Standing Finance Committee for Railways; we were handicapped this year by the fact that the Standing Finance Committee for Railways naturally went out of existence when the last Assembly was dissolved, and that this House was not able to elect a new one until January 25th last. Thus, we were not able to spread the examination of the figures over a period of several weeks as was the case last year. But when the Committee was constituted, Mr. Parsons lost no time in placing the Budget before it, and I understand that at considerable sacrifice of personal convenience and by dint of much hard work, for which we owe them grateful thanks, the Committee was able to make a very thorough examination of the Budget. In the Budget papers which will shortly be circulated, Honourable Members will find some changes which I hope they will appreciate. In the first place, we have prepared the statement of railway revenue and expenditure in foolscap instead of octavo form. We have made this change because in the Budget debates of last year there was some complaint that the figures could not be studied without an undue strain on the eyes. Secondly, a feature of the Budget papers this year is the provision of maps and diagrams. We have appended to the explanatory memorandum a Railway map of India which will enable the Honourable Members to see at a glance what new lines we propose to construct, and what new lines we propose to survey. Then in the pink books will be found a sketch map of each Railway system showing exactly how we are developing and how we hope to develop the system. In addition, each book contains a diagram which gives full information as to the gauge of each extension, its length and cost and the progress we hope to make in each of the next 5 years. Our object of course is to enable Honourable Members readily to grasp what our programme is for the extension and development of the Indian Railway system and to see whether we have made provision for particular new lines in which they may be interested. I am also circulating with the budget papers a Memorandum explaining fully what we anticipate would be the effect on our railway finances of a reduction from 1s. 6d. to 1s. 4d. in the rupee ratio not only in the budget year but also by the time the full effect of the change would be felt.

As this Assembly is a new Assembly some Honourable Members may not be aware of the practice we have established in the last two years. It is the custom now for Honourable Members, when they give notice of motions for reductions, to add a few words to indicate the nature of the subject

they wish to bring up for discussion. This procedure is of great assistance to the House generally and to Government Members in particular, and I should be very grateful if it could be repeated this year.

3. Full explanations of the figures in the Budget are given in the Budget Memorandum, in the explanations attached to each of the Demands for Grants and in the pink books for individual railways. Following my usual custom, therefore, I propose to confine myself to a brief review of the more important figures, and to some account of the more important activities of the Railway Board and the Railway Administrations.

Financial Results of 1925-26.

4. I need not spend time over the actuals of 1925-26. It was a good year for Railways though not as good as 1924-25. In my Budget speech last year, I told the House that we expected to have a net surplus (that is, the gain from commercial lines *minus* the loss on strategic lines) of 877 lakhs, and that we expected that we should transfer 532 lakhs to General Revenues and 345 lakhs to Railway Reserves. Actually we did a little better than we anticipated. I will not go into the figures in detail, for they are given in the Administration Report for 1925-26. But in the result we transferred 549 lakhs to General Revenues and our Reserves benefited to the extent of 379 lakhs. The return on Budget lines in 1925-26 was 5·31 per cent., and if this figure is not quite so good as in the exceptionally prosperous year of 1924-25, when the return was as high as 5·85 per cent., it is better than any of the other post-war years and better than it was in 1913-14.

Revised Estimate for 1926-27.

5. I am sorry to say that I cannot give as favourable an account of the probable financial results of the current year. We budgetted on commercial lines for gross receipts amounting to 102·58 crores and gross expenditure, including interest charges, of 92·13 crores. That is, we counted on a gain from commercial lines of 10·45 crores, and deducting an anticipated loss on strategic lines of 174 lakhs, on a net surplus of Rs. 871 lakhs. On the basis of these figures, we expected not merely to be able to pay our net contribution of 601 lakhs to General Revenues but also to transfer 270 lakhs to our own Reserves. But we now know that our budget figures are not likely to be realised. We now estimate that our gross receipts will be 98·31 crores or 4½ crores less than our budget estimate, and that our total charges will be 90·56 crores, or 157 lakhs less than our estimate and that the gain from commercial lines will be 775 lakhs instead of 10·45 crores. The loss on strategic lines is now put at 181 lakhs instead of 174 lakhs, and the final result is that we now expect a net surplus of 594 lakhs instead of 871 lakhs. The net contribution payable under the Convention to General Revenues is, as I have said, 601 lakhs. We expect, therefore, to have to draw on our Reserves to the extent of 7 lakhs to enable us to pay our dues to General Revenues. As Clause 4 of the Convention shows, that is the primary purpose for which these Reserves exist.

6. These figures are disappointing, but I confess that I take a philosophical view of them. It seems at first sight a serious matter that we should have to cut 4½ crores off our budget estimate of gross receipts, but railway earnings depend so largely on factors outside railway, or rather I should say human control, that we can never be sure that our

budget estimates of gross receipts will not be falsified by the course of the season and the state of trade. And this is what has happened in the current year. Up to the end of July, in spite of reductions in passenger fares and coal freights, we were ahead of the earnings of last year. The monsoon seemed promising, and we had hopes of a really good year. The prospects took a turn for the worse, and now we expect our earnings from goods traffic to be worse than our estimate by $2\frac{1}{2}$ crores and our earnings from passenger traffic to be worse by nearly $1\frac{1}{2}$ crores. Two Railways, the Eastern Bengal and Assam Bengal Railways, have done better than we expected. The explanation is that they serve areas which have been favoured by an exceptionally abundant jute crop and a good tea crop. For the rest, the failure of gross earnings to come to our expectations is common to all Railways. As usual, we have suffered much from floods. They affected the Bengal-Nagpur Railway, the Great Indian Peninsula Railway and the Bombay, Baroda and Central India Railway, but they were particularly disastrous in Burma. The main line of the Burma Railways was so badly breached that communications could not be restored for several weeks with the result that earnings on this Railway are half a crore below our estimate. Again, the season proved unfavourable for the cotton crop. The final estimate for the year is nearly a million bales below last year's figure, and in addition the crop was abnormally late. Our earnings from raw cotton were less by 60 lakhs in the first 8 months of this year than in the corresponding period of last year. Cotton is now moving freely to Bombay, but the effect of the bad start is clearly seen in the figures of the two Bombay Railways, while the earnings of the North Western Railway have been similarly affected by a comparative failure of the crop in the Punjab. Between 1st September and the 29th January 1927, only 36,000 tons of cotton were exported from Karachi, compared with 61,000 tons last year. I have thought it worth while to take this one instance of cotton by way of illustration, but the drop in our gross earnings, especially in goods traffic reflects just the fact that trade has not been as good as we expected. Slackness of trade too has no doubt affected passenger earnings, but it is possible that we were a bit too optimistic in our estimate of the effect of the reductions of fares brought into force last year. We expected the immediate effect to be detrimental to our earnings, and for that reason pitched our estimate of gross receipts 2 crores lower than otherwise we would have done. But now we have to reduce our estimate by a further 137 lakhs. It is not that there has been no increase of passenger traffic, but it has fallen short of our estimate and in spite of the increase in traffic we expect to earn 57 lakhs less from passengers this year than we did in 1925-26. It is too early to assess the effect of the reductions we gave last year in long distance coal freights. Owing to the coal strike in England, the circumstances of the year have been quite abnormal in the matter of coal. At any rate, we have carried more coal, and I do not think that we have lost money by the reduction.

7. The drop in earnings is partially counterbalanced by considerable reductions in our working expenses. On commercial lines our revised estimate of working expenses is $1\frac{1}{2}$ crores below the budget estimate. Of this amount, nearly $1\frac{1}{2}$ crores is in the cost of operation. Our coal bill in particular should be about $\frac{1}{2}$ crore less than our estimate, partly of course because of the decrease in traffic and the lower cost at which we can now buy, but also as the result of vigorous measures taken by the Railway Board to secure great economy. The statistics given in Volume II of the Administration Report for 1925-26 show how consumption has

decreased relatively to the work done and bear testimony to the effectiveness of the measures taken by the Railway Board.

8. I have said that I take a philosophic view of the disparity between our revised and budget estimate. I go further. I think that the results of the current year illustrate the strength of the position Railways are now in. We have had a comparatively poor year marked by exceptional floods, partial crop failure amounting to scarcity in parts of the country and slackness of trade evidenced by the fact that up to the end of December last our total foreign trade was nearly 50 crores less than in 1925-26 and 60 crores less than in 1924-25. Nevertheless, we hope to earn this year a net return of 4.77 per cent. on the capital at charge enabling us to pay our interest charges and to pay all but 7 lakhs of our contribution to General Revenues. It has also to be remembered that the contribution payable this year is based on an exceptional prosperous year and amounts (leaving strategic railways out of account) to the big sum of 760 lakhs. In my view, having regard to the inevitable fluctuations in Railway receipts from one year to another, these results go far to justify the wisdom of the policy to which we are working.

Budget Estimate for 1927-28.

9. For the year 1927-28, we have adopted a more cautious estimate than last year. We are budgetting for gross receipts from commercial lines amounting to 100.40 crores and for a total expenditure of 91.47 crores. If our expectations are realised, the gain from commercial lines will amount to 8.93 crores and the net gain, after deducting the loss on strategic lines, will be 7.10 crores. Out of this sum, we shall have to pay 548 lakhs to General Revenues, that being the net contribution payable on the results of 1925-26, and we hope to strengthen our reserves by 162 lakhs.

10. I do not propose to comment on these estimates at length. The main feature of them is that we put our gross traffic receipts on commercial lines at 99.24 crores or 2 crores more than the revised estimate of the current year, and that we expect to earn these receipts at a working cost of only 8 lakhs or so in excess of the working expenses of this year.

On the whole I should describe these estimates as framed in a spirit of sober optimism,—in the hope that we shall on the whole be free from the misfortunes which have beset us this year, and that trade and traffic will pursue a more even course; and also in the hope that our continued efforts will result in further economies in our charges. For example, the House will notice that though we should ordinarily have to expect an increase of about 15 lakhs in the cost of administration on account of increments to salaries, we are actually budgetting for a reduction of 10 lakhs in the cost. This is because we hope that Agents will be able, by improvements in their administrative machinery, to cut down the existing scale of their expenditure by, perhaps, a quarter of a crore. We cannot of course be certain that we shall be able to get this reduction in full next year, part of which must be occupied in investigating the existing methods and procedure and seeing how they can be improved. But at least we shall do our best to do so. We have also been able

to place our contracts for coal at cheaper rates in the current year, and to this and further economies in consumption, look forward to a reduction of 38 lakhs in our coal bill.

Capital Expenditure.

11. The House will remember that the approved programme for capital expenditure in the current year authorised a total capital expenditure of 34.58 crores. This was the estimate given by railway administrations of the amount which they hoped to spend during the current year on approved works. I explained last year our principles with regard to fixing the capital budget. We do not wish to restrict the execution of sanctioned works nor to hamper in any way the Agents' efforts to carry to completion such works as rapidly as possible, and we accordingly authorised them to spend up to the full amount they thought they could spend during the year. We knew, however, from past experience that their actual expenditure would be very much lower, and we asked the Assembly to provide a sum of only 22 crores in addition to the 4 crores required for the purchase of the Delhi-Umballa-Kalka Railway. The actual expenditure during the current year is now expected to be 27 crores, or a crore more than was provided for, and we shall place a supplementary demand before this House in due course for the additional funds required. In the last few years, as indeed the House has noted on more than one occasion in the Budget debates, there have been considerable lapses in the amounts provided for capital expenditure, and this is the first year in which actual expenditure is likely to approximate closely to our estimate. We must, I think, congratulate the Railway Board on the success of its efforts to attain greater accuracy in estimates and to expedite the execution of sanctioned works. One of the methods adopted deserves a passing mention, for it represents a new and important departure. We are now beginning to make use of private contractors for important railway works. A number of important railway bridges are now being built for us by firms of contractors, the latest example being the rebuilding of the bridge over the Nerbudda on the Great Indian Peninsula Railway—main line which was washed away last summer. Another important work which has been entrusted to contractors is the elimination of the Bhoze Ghat Reversing station on the Great Indian Peninsula Railway, and we hope that we may shortly be able to devise a system which will allow us to hand over to contracting firms the entire construction of some new lines. Of the total expenditure of 27 crores, just over 4 crores represents the purchase price of the Delhi-Umballa-Kalka Railway. Twenty-one lakhs roughly is the expenditure incurred in taking up new issues of share capital of certain branch line companies in which Government are financially interested in order to replace loan capital by share capital. This method is directly remunerative to us in that it adds to our share of surplus profits or reduces our liability to pay rebates. As regards the balance, the expenditure on new lines is expected to be 6.47 crores, and on open lines 16.31 crores. The former figure represents a lapse of only 9 lakhs on the budget estimate. Progress on some projects has unfortunately been retarded by a variety of causes such as late receipt of imported material and unexpected delays in the acquisition of land, but on others it has been possible to accelerate the rate of expenditure. The principal sufferer has been the Raipur-Parvatipuram line where we now expect to spend less than a fifth of the 125 lakhs provided for the current year. On open lines, expenditure has proceeded at a more rapid pace than we expected when the Budget was framed and our latest anticipation

is that the budget estimate will be exceeded by a little over a crore. This however is partly counterbalanced by a reduction of 50 lakhs in our estimate of expenditure from the Depreciation Fund which is a counterpart of the programme of open line works.

12. For the year 1927-28 the total amount of funds asked for by railway administrations is 39.77 crores. As usual we propose to authorise them to spend up to the full amount they have included in their estimate, but we are asking the Assembly only to vote a sum of 25 crores as a whole, which we believe is at present about the limit of the administrations' capacity of spending. Of this total of 25 crores, we propose to distribute 7.62 crores to new lines (as against nearly 15 crores asked for by Agents) and to open line works the balance of 17.38 crores as against roughly 24½ crores demanded.

13. The full details of open line works are, as usual, given in the budget memorandum and in the various pink books dealing with the estimates of new railways and I think it unnecessary for me at present to deal with any of the details of these estimates. I need only say that of the total amount of 24.77 crores, which it is proposed to distribute among Agents as desired by them, 19.41 crores are for improving open line facilities. Sums amounting roughly to 3 crores each are provided for improvement of track, for remodelling of station yards and for the electrification of lines and stations. The provision for doubling and quadrupling tracks, strengthening of bridges, workshops and stores and station buildings, and staff quarters amounts to about 6 crores. I would specially emphasise the large share that electrification of lines and stations has of the total expenditure. The total provision made is over 3½ crores. The Great Indian Peninsula Railway alone accounts for nearly 2 crores of this. The projects include the electrification of the main line from Bombay to Igatpuri and Poona (costing altogether 5½ crores) for which a crore is provided and the construction of the power house at Kalyan costing altogether 97½ lakhs, for which 40 lakhs is provided in 1927-28. In this connection, I think that it would interest the House if I give them certain figures which I have extracted from a recent report on the Harbour Branch Railway of the Great Indian Peninsula Railway system. The section between Victoria Terminus and Kurla, a distance of 9½ miles, was electrified with effect from 5th February 1925. By January 1927, I am informed the train miles on the section had increased by seven times and passenger traffic and earnings were 20 times as great as in the period prior to February 1925. On 3rd February 1926 the electrification of the Mahim Chord, an addition of 2½ miles, was completed and the whole of the Harbour Branch Railway was operated by electric service. A comparison between the statistics of January 1926 with those of October 1925 shows that the train miles have increased four times, that passenger traffic has doubled and that earnings have trebled. I may also call attention to the provision of about 2½ crores made for amenities specially intended for lower class passengers as separate from such general improvements as remodelling and electrification of stations and yards and improved train services from which also they derive benefit in common with others. The special amenities include arrangements for water supply, the increased provision of waiting rooms and halls and refreshment rooms and the improvement of booking facilities and sanitary arrangements, but the main item on which expenditure is to be incurred is nearly 1½ crores under additions and improvements to lower class carriages. Under additions, the programme for

1927-28 contemplates 636 coaching vehicles and 552 of these are lower class carriages.

New Construction.

14. One of the most interesting parts of the Railway Budget is of course the programme of new construction. Our programme for next year will involve a total expenditure of 14½ crores in the case of commercial lines, but we have thought it necessary to provide only 7.41 crores. The programme for both commercial and strategic lines is set out in full in the Budget memorandum. It includes 48 lines covering 1,813 miles which are already in progress and 51 new lines extending to 2,827 miles. Thus, our immediate programme covers 4,640 miles. Only 338 miles of new line will be opened in the current year, but next year I hope that we shall see a more substantial return on the money we have spent on new construction in the last two or three years. For we hope to open in 1927-28 nearly 900 miles of new line. And my successor is likely to be more fortunate than I have been in his record of mileage added to the Indian Railway system. I am confident that the House will welcome this development, and will agree that we should press on with the construction of new lines. This is our policy. Each Railway Administration is charged with the duty of exploring every avenue that affords scope for the construction of remunerative lines of a standard suitable to the traffic that may be expected and of keeping in close touch with Local Governments in this important matter. In order to afford every facility for the achievement of this object, we do not propose to adhere to one rigid standard of construction. Obviously a standard that is suitable for a main line carrying heavy traffic may be needlessly expensive for a feeder line serving a comparatively small agricultural tract, and the Railway Board have now laid down varying standards of construction in order that branch lines and extensions may be built to whatever standard seems most suitable to the area to be served.

Rates and Fares.

15. I am sorry that I am not in the happy position of announcing any further reduction of rates and fares, but after what I have said earlier in my speech the House cannot have any expectation of boons of this kind. But it must not be thought that we have made merely the reductions in passenger fares announced last year. On the contrary, at the beginning of the current year we expressly invited Agents carefully to review their passenger fares in the light of statistics and we told them that we should be prepared favourably to consider further reductions. As the result of this letter, the Agents of the East Indian, North Western and South Indian Railways felt justified in proposing these further reductions and they have already been brought into force in one case from 1st January last and in the other two cases from 1st February. The reductions on the two State-managed lines are substantial, and third class passenger fares for ordinary trains are now down to 2 pies per mile for distances over 300 miles. The House may think that we have been unduly bold in sanctioning these reductions in view of the fact that the reductions previously sanctioned have not yet given any material stimulus to traffic. But the recommendations of the Agents were based on their considered opinion that ultimately it would pay them to bring down fares to the level suggested and we decided to take the risk. I would here emphasise the fact that it is only the existence of our Railway Reserves that enables us to

make experiments of this kind. For we have to remember that every year we are adding a sum of upwards of twenty crores to our capital at charge. Every twenty crores added to our capital means that we ought to obtain an increase in our net earnings of about a crore and twenty lakhs. For not only have we to pay our interest charges but in addition we have to pay one per cent. to General Revenues on our capital at charge. On the other hand, much of our new money goes into works which take time to become remunerative, and there is also the fact that we must expect large variations from year to year in Railway earnings in accordance with harvest results and trade fluctuations. All these considerations point to the need for prudent management, for unceasing strivings after economy and efficiency, and for a wise policy of building up reserves. But provided that we keep these essentials in mind, I think that we can face the future with confidence and that we need not hesitate to make such well considered experiments in the reduction of rates and fares as on the advice of our Agents we have so far embarked upon. But I have no doubt that the House will agree that the effect of such experiments must closely be watched and that if after a fair trial extended over a reasonable period they are found merely to involve us in a loss of revenue without bringing any compensating advantage in the shape of increased traffic, the matter may require reconsideration. But I hope that there is no fear of this result, and that we shall not merely be able to carry on the reductions that have been made but also to try further experiments, particularly in the way of reducing freights.

16. I have just referred to the need for unceasing striving after efficiency and economy, and I have done so quite deliberately. For I think that I may claim that however far we may have fallen short of our ideal, that has been our policy during the last five years. Some Members of the House, I know, think that we are too rigid in our adherence to this policy and they regard it merely as a rather soulless bureaucratic trait. But, believe me, it is not that. After all the Government of India and the Railway Board are responsible for what is, I suppose, one of the biggest commercial undertakings in the world. It is a business with a capital of something like 600 crores—say 450 million sterling. If we run it successfully, we provide India with a cheap and efficient system of transport. If we fail, the railways become a burden on the general revenues of the country. In some respects I think that we can claim already to have made satisfactory progress. I do not wish to repeat what I said last year, but every one will agree I think that our financial arrangements are on a much sounder basis than ever before and that we have made some progress in carrying out the recommendations of the Acworth and Inchcape Committees. But the Indian Railway system is a vast organisation, and recently in almost every year some new branch of our work has been brought under expert examination and review. This year it has been the turn of the workshops, and we have just published the report of the Raven Committee. Some people, I am told, call it an indictment of the Railway Workshops. It may be so, I am not particular about the word. But the plain fact is that the Railway Board thought that State Railway workshops required overhauling in the light of the most modern workshop practice. We entrusted the task to two of the best experts we could find, and we have obtained from them what we wanted, namely, a frank outspoken report containing many valuable suggestions for improvement of our methods and our equipment. The publication of the report may expose us to criticism, but from our point of view the important

thing is that we now know the directions in which to work for economy and efficiency, and we propose to follow up the suggestions which have been made. Similarly, an enquiry is now going on into our methods of railway accounting and into our workshop accounts, and another enquiry has just been made into the medical and sanitary arrangements of one of our most important railways. I do not propose to enter into greater detail into the many other directions in which economies are being effected in the administration of our railway property as these are dealt with in Sir Clement Hindley's speech in presenting the Budget in the Council of State.

In other respects too, I think we are making advances. Last year we brought into effect the new recruitment schemes for the Indian Service of Railway Engineers and for the Transportation and Commercial Department, which were elaborated with the help of the Central Advisory Council. The first competitive examinations under these two schemes were held in November last by the Public Service Commission and as the result of those schemes 13 officers all of them Indians were appointed.

Whatever complaints this House may have against the Railway Board—and we shall hear more of this matter next week—no one can accuse them now of sitting at Simla and Delhi and being entirely immersed in office work. Every year now every headquarters of a Railway Administration is visited by a Member of the Railway Board, and I who see their tour notes regularly know how valuable these visits are. The local Advisory Councils too are doing excellent work. They vary, of course, some being better than others, but from the personal testimony of Agents themselves, I am aware that they are most useful in bringing Railway Administrations into touch with public opinion.

17. And now, Sir, I propose to bring to an end this the last account I shall give of my stewardship of Indian Railways. I am conscious of its deficiencies, and there are many other things that I should like to say, but I am afraid of wearying the House. I am sorry that I end with a less prosperous year than some of its predecessors, but at any rate it is a much more satisfactory budget than the one I had to defend in this House 5 years ago. No one could have had more loyal and devoted assistance than I have had from Sir Clement Hindley, Mr. Sim, Mr. Parsons and from Railway Officers generally, and as for this House, Sir, though I have had much criticism, I like to think that it was kindly criticism and there is not one of us on these Government benches who does not realise the value of the close scrutiny to which our budgets are subjected by the Legislative Assembly. (Applause.)

BUDGET

OF THE

Railway Revenue and Expenditure of the Government of India,

February 1927

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1935-36.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	4,40,02,606	...	...	4,40,02,606	4,30,62,000	...
Lower class . . .	31,58,95,000	...	...	31,58,95,000	31,11,87,000	...
Other coaching traffic earnings.	5,93,99,354	...	...	5,93,99,354	5,84,57,000	...
Goods traffic earnings . .	60,75,19,123	...	...	60,75,19,123	60,14,46,000	...
Hire charges and other payments from Railways.	75,77,000	...	...	75,77,000	63,75,000	...
Sundry earnings . . .	1,67,47,255	4,82,355	1,57,929	1,73,87,539	1,77,49,000	2,63,000
TOTAL EARNINGS . . .	1,05,11,40,337	4,82,355	1,57,929	1,05,17,80,621	1,03,63,75,000	2,63,000
Deduct—Earnings of worked lines.	7,12,22,674	...	...	7,12,22,674	6,52,00,000	...
Earnings of State Railways.	97,99,17,668	4,82,355	1,57,929	98,05,57,947	97,30,75,000	2,63,000
Suspense	35,413	...	...	35,413	...	...
Gross receipts of State Railways.	97,99,58,076	4,82,355	1,57,929	98,05,93,660	97,30,75,000	2,63,000
Deduct—Working expenses of State Railways.*	62,47,48,455	10,78,991	8,55,014	62,61,82,460	62,98,67,000	86,65,000
Surplus profits paid to Indian States and railway companies.	1,77,41,943	...	...	1,77,41,943	1,61,80,000	...
Net receipts	33,74,62,678	-5,96,636	-1,97,085	33,66,68,957	32,70,83,000	-33,82,000
(b) Strategic lines—						
Gross receipts	1,64,06,980	...	...	1,64,06,980	1,49,35,000	...
Deduct—Working expenses	1,80,13,976	...	...	1,80,13,976	1,98,06,000	...
Net receipts	-16,06,996	...	...	-16,06,996	-47,25,000	...
Total net receipts, Commercial and Strategic lines.	33,58,55,682	-5,96,636	-1,97,085	33,50,61,901	32,23,63,000	-33,82,000
XII.—Subsidized Companies: Government share of surplus profits.	4,75,038	22,74,384	7,57,698	35,07,118	5,68,000	18,94,000
XII-A.—Miscellaneous Railway Receipts—						
Interest on Depreciation and Reserve Funds.	53,77,245	...	...	53,77,245	61,43,000	...
Dividend on investments in branch lines.	66,451	...	...	66,451	8,91,000	...
TOTAL RECEIPTS . . .	34,17,74,416	16,77,748	5,60,611	34,40,12,775	32,94,65,000	-14,88,000
Deficit in Railway Revenue transferred from Reserve to meet in full the contribution to General Revenue . .	...	...	...	...	7,06,000	...
TOTAL	34,17,74,416	16,77,748	5,60,611	34,40,12,775	33,01,71,000	-14,88,000

*For details see statement I (a).

J. M. HARTLEY,

Accountant General, Railways.

NEW DELHI,

RAILWAY DEPARTMENT;

The 18th February 1927.

Government from railways in India and England.

1926-27.		Increase (+) Decrease (-) as compared with the Budget Estimate, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with the Revised Estimate, 1926-27.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,30,62,000	-10,73,000	4,37,95,000	...	...	4,37,95,000	+7,33,000
...	31,11,87,000	-1,26,08,000	31,46,43,000	...	...	31,46,43,000	+34,56,000
...	5,64,67,000	-8,60,000	6,02,85,000	...	...	6,02,85,000	+18,28,000
...	60,14,45,000	-2,41,69,000	61,84,44,000	...	...	61,84,44,000	+1,49,99,000
...	63,75,000	-22,85,000	65,20,000	...	...	65,20,000	+1,45,000
96,000	1,61,28,000	+4,05,000	1,83,68,000	4,83,000	1,61,000	1,90,33,000	+9,04,000
96,000	1,03,66,64,000	-4,05,90,000	1,06,00,75,000	4,83,000	1,61,000	1,06,07,19,000	+2,20,65,000
...	6,62,00,000	+4,71,000	6,77,00,000	...	...	6,77,00,000	+25,00,000
96,000	97,34,64,000	-4,10,61,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	+1,95,65,000
...	...	+3,14,000	...	...	...	...	...
96,000	97,34,64,000	-4,07,47,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	+1,95,65,000
12,39,000	63,47,61,000	-1,71,33,000	63,09,03,000	34,85,000	11,62,000	63,65,50,000	+7,89,000
...	1,61,30,000	+10,30,000	1,41,25,000	...	...	1,41,25,000	-20,05,000
-11,43,000	32,25,63,000	-3,46,44,000	34,73,47,000	-30,02,000	-10,01,000	34,33,44,000	+2,07,81,000
...	1,49,25,000	-19,18,000	1,51,25,000	...	...	1,51,25,000	+2,00,000
...	1,96,60,000	-14,55,000	1,97,60,000	...	...	1,97,60,000	+1,00,000
...	-47,25,000	-3,63,000	-46,25,000	...	...	-46,25,000	+1,00,000
-11,43,000	31,78,38,000	-2,50,07,000	34,27,22,000	-30,02,000	-10,01,000	33,87,19,000	+2,08,81,000
6,40,000	31,02,000	-3,32,000	7,33,000	17,40,000	5,80,000	30,53,000	-49,000
...	61,43,000	-20,11,000	74,66,000	...	...	74,66,000	+13,23,000
...	3,91,000	+3,91,000	4,75,000	...	...	4,75,000	+64,000
-5,03,000	32,74,74,000	-2,69,69,000	35,13,96,000	-12,62,000	-4,31,000	34,97,13,000	+2,22,39,000
...	7,06,000	+7,06,000	...	...	...	...	-7,06,000
-5,03,000	32,61,80,000	-2,62,63,000	35,15,96,000	-12,62,000	-4,31,000	34,97,13,000	+2,15,33,000

A. A. L. PARSONS,
Financial Commissioner.

BUDGET FOR 1927-28.

1(a).—Statement of Working Expenses of State

	Accounts, 1925-26.				REVISED ESTIMATE	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	13,62,74,525	10,78,901	3,55,014	13,77,08,530	12,40,96,000	36,65,000
Repairs and maintenance	16,78,58,883	...	...	16,78,58,883	16,06,00,000	...
Operation	26,72,96,379	...	...	26,72,96,379	25,30,00,000	...
Refunds of Revenue . . . . .	...	...	...	...	32,00,000	...
Depreciation	10,31,69,999	...	...	10,31,69,999	10,64,61,000	...
Suspense	-9,73,473	...	...	-9,73,473	...	...
TOTAL	66,36,26,214	10,78,991	3,55,014	66,50,60,219	66,03,57,000	36,65,000
Deduct—Share of Worked -Lines.	3,88,77,759	...	...	3,88,77,759	3,55,00,000	...
Working Expenses	62,47,48,455	10,78,991	3,55,014	62,61,52,460	62,98,57,000	36,65,000

J. M. HARTLEY,
Accountant General, Railways.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

Railways—Commercial Lines.

1926-27.		Increase (+) Decrease (-) as compared with Budget, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with Revised, 1926-27.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
12,30,000	12,80,00,000	-19,99,000	12,33,53,000	34,65,000	11,62,000	12,80,00,000	-10,00,000
...	18,06,00,000	-18,50,000	18,16,00,000	...	...	18,16,00,000	+10,00,000
...	25,20,00,000	-1,44,51,000	24,99,00,000	...	...	24,99,00,000	-21,00,000
...	32,00,000	+2,00,000	32,00,000	...	...	32,00,000	...
...	10,04,61,000	+47,000	11,07,50,000	...	...	11,07,50,000	+42,89,000
...	...	+16,70,000	...	...	...	...	...
12,30,000	67,12,61,000	-1,63,63,000	66,88,03,000	34,65,000	11,62,000	67,34,50,000	+21,89,000
...	3,65,00,000	+7,50,000	3,79,00,000	...	...	3,79,00,000	+14,00,000
12,30,000	63,47,61,000	-1,71,33,000	63,09,03,000	34,65,000	11,62,000	63,55,50,000	+7,89,000

A. A. L. PARSONS,
Financial Commissioner.

2.—Statement of the expenditure on railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1925-26.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest: commercial lines:						
on Government capital at charge	12,17,08,771	7,27,10,080	2,38,99,465	21,83,18,316	13,30,57,000	7,42,11,000
on capital contributed by Indian States and Companies.	2,53,620	1,23,75,710	40,39,480	1,66,99,010	2,97,000	1,14,91,000
Total interest, commercial lines	12,19,62,391	8,50,85,790	2,79,38,945	23,60,17,326	13,33,54,000	8,57,02,000
Interest, strategic lines	1,30,94,198	...	...	1,30,94,198	1,53,32,000	...
TOTAL INTEREST	13,50,56,589	8,50,85,790	2,79,38,945	24,81,11,523	14,86,86,000	8,57,02,000
11. Subsidized Companies: Land and subsidy.	4,38,351	...	...	4,38,351	8,68,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	27,11,437	31,90,059	7,19,077	25,94,099	60,88,000	5,41,000
Strategic lines	83,861	...	...	83,861	75,000	...
Payments to general revenues—						
Contribution*	5,09,38,083	...	...	5,09,38,083	6,00,87,000	...
One-third of the excess of railway surplus over three crores.	39,65,486	...	...	39,65,486	...	...
Total payment to general revenues	5,49,03,569	...	...	5,49,03,569	6,00,87,000	...
12A—Surplus Railway Revenue transferred to Reserve	3,79,30,973	...	...	3,79,30,973	...	...
TOTAL	23,80,78,904	8,72,75,849	2,86,58,023	34,40,12,775	21,27,39,000	8,63,43,000

* For details see Statement 2 (a).

J. M. HARTLEY,
Accountant General, Railways.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

BUDGET FOR 1927-28.

17

the revenue of the Central Government in India and in England.

1926-27.			BUDGET ESTIMATE, 1927-28.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1926-27.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,50,81,000	23,13,43,000	+ 5,12,000	14,25,08,000	7,65,42,000	2,55,14,000	24,45,04,000	+1,32,15,000
38,54,000	1,56,72,000	-2,55,000	3,00,000	1,09,74,000	36,58,000	1,49,32,000	-7,40,000
2,89,65,000	24,70,21,000	+ 2,57,000	14,28,08,000	8,75,16,000	2,91,72,000	25,94,96,000	+1,24,75,000
...	1,33,22,000	+ 3,44,000	1,37,00,000	...	...	1,37,00,000	+ 3,63,000
2,89,65,000	26,03,53,000	+ 6,05,000	15,65,08,000	8,75,16,000	2,91,72,000	27,31,96,000	+1,28,43,000
...	8,53,000	+13,000	12,78,000	...	...	12,76,000	+ 4,28,000
1,63,000	68,12,000	+ 63,000	35,92,000	4,95,000	1,65,000	43,52,000	-25,60,000
...	75,000	+ 53,000	23,000	...	...	23,000	-52,000
...	6,00,67,000	...	5,48,08,000	...	...	5,48,08,000	-52,79,000
...
...	6,00,87,000	...	5,48,08,000	...	...	5,48,08,000	-52,79,000
...	...	-2,70,07,000	1,61,58,000	...	...	1,61,58,000	+1,61,58,000
2,91,48,000	32,81,80,000	-2,62,53,000	23,23,65,000	8,80,11,000	2,93,37,000	34,97,13,000	+ 2,15,33,000

A. A. L. PARSONS,
Financial Commissioner.

2 (a).—Contribution from Railway to general revenues, 1926-27.

(Based on actuals, 1924-25.)

	Rs.	Rs.
1. 1 per cent. on capital of 5,80,75,63,148 at charge, commercial lines . . . . .	...	5,80,75,631
2. (i) Receipts—		
Gross traffic receipts, commercial lines	69,44,69,321	
Interest on Depreciation and Reserve Fund balances	21,28,998	
Subsidised Companies, share of surplus profits	30,15,987	
		89,96,14,306
(ii) Charges—		
Working expenses, commercial lines	60,05,02,236	
Indian States and Railway Companies' share of surplus profits	1,42,37,580	
Interest—		
On capital at charge, commercial lines	20,00,21,401	
On capital contributed by Indian States and Companies	3,67,15,617	
Land and subsidy	3,00,285	
Miscellaneous Railway expenditure	13,00,997	
Contribution at 1 per cent. on capital at charge, commercial lines	5,80,75,631	
		91,01,61,617
(iii) Surplus . . . . .	...	8,04,52,489
(iv) Contribution of one-fifth of surplus . . . . .	...	1,78,00,498
2. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	...	7,59,66,129
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 26,86,77,078	1,22,77,065	
(ii) Loss in working	36,03,156	
		1,58,79,241
(ii) Net payment due from railway to general revenues in 1926-27 . . . . .	...	6,00,86,888

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

2 (a).—Contribution from Railway to General Revenues, 1927-28.

(Based on actuals, 1926-28.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,00,36,70,855 at charge, commercial lines	—	6,00,36,799
2. (i) Receipts—		
Gross traffic receipts, commercial lines	98,05,93,360	
Interest on Depreciation and Reserve Fund balances	53,77,245	
Dividend on investments in branch lines	66,451	
Subsidised Companies' share of surplus profits	35,07,118	
(ii) Charges—		
Working expenses, commercial lines	62,61,62,460	
Indian States and Railway Companies' share of surplus profits	1,77,41,043	
Interest—		
On capital at charge, commercial lines	21,83,15,816	
On capital contributed by Indian States and Companies	1,66,99,010	
Land and subsidy	4,38,351	
Miscellaneous railway expenditure	26,94,699	
Contribution at 1 per cent. on capital at charge, commercial lines	6,00,36,799	
		98,95,44,174
(iii) Surplus	—	4,75,32,596
(iv) Contribution of one-fifth of surplus	—	95,06,519
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
		6,95,43,318
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 30,94,68,993	1,30,94,196	
(ii) Loss in working	16,40,657	
		1,47,34,853
(ii) Net payment due from railway to general revenues in 1927-28	—	5,48,08,465

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,

RAILWAY DEPARTMENT;
The 18th February 1927.

BUDGET FOR 1927-28.

3.—Statement of receipts of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1925-26.				REVISED ESTIMATE,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways	...	55,65,000	21,50,537	77,15,537	...	...

NEW DELHI.

RAILWAY DEPARTMENT;
The 18th February 1927.J. M. HARTLEY,
Accountant General, Railways.

BUDGET FOR 1927-28.

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1926-27.			BUDGET ESTIMATE, 1927-28.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1926-27.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	-2,95,19,000	...	1,94,19,000	64,73,000	2,58,92,000	+2,58,92,000

A. A. L. PARSONS,
Financial Commissioner.

BUDGET FOR 1927-28.

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1925-26.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines						
Open Line Works—						
Rolling Stock . . . . .	...	...	...	5,80,47,000	...	...
Other Works . . . . .	...	...	...	11,49,68,325	...	...
New Lines . . . . .	...	...	...	3,93,14,000	...	...
Suspense . . . . .	...	...	...	—2,34,92,000	...	...
(b) Strategic Lines . . . . .	...	...	...	36,12,605	...	...
TOTAL	9,33,31,841	7,47,52,461	2,43,75,628	19,24,49,930	14,62,37,000	9,25,00,000
Deduct—Probable Savings . . . . .	...	...	...	...	...	...
Net	9,33,31,841	7,47,52,461	2,43,75,628	19,24,49,930	14,62,37,000	9,25,00,000
53-A.—Discharge of Debentures . . . . .	...	62,50,000	20,11,615	82,61,615	...	1,96,50,000
54.—Redemption of liabilities involved in purchase of Railways . . . . .	...	2,87,80,000	85,23,500	3,12,73,500	...	...

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

J. M. HARTLEY,
Accountant General, Railways.

BUDGET FOR 1927-28.

23

Central Government in India and England on Railways.

1926-27.			BUDGET ESTIMATE, 1927-28.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1926-27.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	5,11,18,000	-2,78,91,000	...	...	...	5,77,46,000	+66,38,000
...	16,65,23,000	-4,60,02,000	...	...	...	18,94,10,000	+2,28,87,000
...	6,25,00,000	-3,50,94,000	...	...	...	14,70,04,000	+8,45,04,000
...	-1,75,41,000	-54,76,000	...	...	...	-61,08,000	+1,14,33,000
...	74,00,000	+16,00,000	...	...	...	96,20,000	+22,20,000
3,12,63,000	27,00,00,000	-11,58,23,000	23,76,73,000	12,00,07,000	4,00,02,000	30,76,81,000	+12,76,81,000
...	...	-12,58,23,000	10,10,05,000	3,50,07,000	1,16,69,000	14,76,81,000	+14,76,81,000
3,12,63,000	27,00,00,000	+1,00,00,000	13,66,67,000	8,50,00,000	2,83,33,000	25,00,00,000	-2,00,00,000
68,54,000	2,63,43,000	-98,42,000	...	2,43,58,000	2,97,000	3,31,56,000	+68,43,000
...

A. A. I. PARSONS,
Financial Commissioner.

BUDGET FOR 1927-28.

A.—Railway Depreciation Fund.

	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance	3,05,98,501	6,70,98,501	6,74,48,866	8,78,57,866	Appropriation from Depreciation Fund.	7,98,39,034	8,50,00,000	8,00,00,000	9,00,00,000
Appropriation to Depreciation Fund.	10,68,57,809	11,65,00,000	11,64,11,000	11,50,00,000	Closing balance.	5,74,48,866	9,25,98,101	8,78,57,866	11,28,57,866
TOTAL	18,72,66,500	17,78,98,501	16,78,57,866	20,28,57,866	TOTAL	18,72,66,500	17,78,98,501	16,78,57,866	20,28,57,866

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

B.—Railway Reserve Fund.

	Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	5,90,78,400	9,44,99,400	9,79,09,373	9,72,03,373	Appropriation from Re- serve Fund to meet in full the contribution to General Revenues.	...	...	7,06,000	...
Appropri- ation to Reserve Fund.	3,79,30,373	2,70,07,000	...	1,61,58,000	Closing Balance.	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373
TOTAL	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373	TOTAL	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373

J. M. HARTLEY,

Accountant General, Railways.

NEW DELHI,

RAILWAY DEPARTMENT;

The 18th February 1927.

A. A. L. PARSONS,

Financial Commissioner.

Speech by the Hon'ble Sir Clement Hindley, Chief Commissioner for Railways, in presenting the Railway Budget for 1927-28 in the Council of State.

INTRODUCTORY.

I have the honour to present to the Council a statement on the estimated expenditure and revenue of the Governor General in Council for the year 1927-28 in respect of railways.

Before giving the Council an outline of the principal figures of the budget I think it may be advisable, in order to present the picture clearly, to describe shortly the railway property to which the figures relate.

2. At the end of March, 1926, we had altogether 38,579 miles of railway in India. Of this total the State owns 27,430, Companies and District Boards own 6,187 miles and Indian States 4,962 miles. The capital at charge of the State-owned railways on the same date was 652 crores out of a total capital at charge of 753 crores. As regards management, the four large State-managed railway administrations, namely, the North-Western Ry., East Indian Ry., Great Indian Peninsula Ry., and Eastern Bengal Ry., make up 15,543 miles, while 8 other large administrations owned mainly by the State but managed by Companies under contract with the Secretary of State account for 17,295 miles.

3. The Budget figures relate to the receipts and expenditure of the Governor General in Council, arising out of ownership, working and other contractual relations in connection with these railways, and while the size of the figures is in itself some criterion of the burden of financial control involved, it has to be remembered that the Railways Act also imposes on Government wide responsibilities of a technical nature in regard to safety and efficiency which extend beyond the field to which the financial figures relate.

4. The Railway Board, as the Department of Government entrusted with the subject of Railways, consequently bears a very heavy responsibility and the extent of that responsibility may be summed up briefly by saying that it directly administers 4 large railways aggregating 15,500 miles, while it exercises very wide powers of financial and technical control over nearly the whole of the remaining mileage excluding such railways as are entirely the concern of Indian States.

5. I am induced to make these preliminary remarks because it sometimes seems to be thought that the budget merely represents a skilful compilation of the figures relating to a number of different railway administrations with more or less independent managements, and that the Railway Board is a body which mainly concerns itself with collecting statistics and watching financial and technical results.

I am aware that the opposite view sometimes holds the field, namely, that the Railway Board directly manages all railways and should be cognisant of, and responsible for, all details of the work—even the affairs of every little outlying station throughout India. Both views, however, are equally fallacious, for while the Budget represents the State's financial operations

as principal owner and Manager, and is, therefore, a measure of the responsibility of the Railway Board, it stands to reason that an immense organisation or series of organisations such as is represented by Indian railways can only be controlled by successive delegations of power and responsibility, such as must necessarily exclude from the central organisation the detailed knowledge of many things which affect the service which railways render to the public and go to influence the character of public criticism.

6. But wide as their responsibilities are, and complex as the details of railway business must be, in a country as large as India, the Railway Board can claim to have used their powers and responsibilities so far as has been practically possible in directing the work of the railway administrations towards better and more efficient service in every direction, and in thus using available financial resources in the best interests of both the owners and users of the railways.

7. The papers which will shortly be placed in the hands of Members of this Council contain very complete information regarding the Budget and the financial position of the railways, and in particular I would draw attention to the Budget Memorandum to which we have this year attached a map of the railways to illustrate the construction programme. I may add in passing that the actual statement of the revenue of the Central Government from railways and the expenditure charged to that revenue has been printed in foolscap size in response to a suggestion made in this Council last year. With these papers and the recently issued Report by the Railway Board on the Railways of India for 1925-26 any one with sufficient leisure can make himself fully informed of the affairs of Indian Railways during last year, the present year and the coming year. But I can perhaps assist by mentioning the outstanding figures in the estimates.

ACCOUNTS, 1925-26.

8. The year 1925-26 did not come up to its predecessor, which was one of exceptional prosperity for Railways. Our net gain from commercial lines was only 10½ crores, 4 crores less than in 1924-25. But even so we contributed nearly 5½ crores to general revenues and placed 3½ crores to our Railway Reserves. These figures are a slight improvement on the estimates at this time last year, the contribution being 17 lakhs more and the reserve fund 34 lakhs more.

REVISED ESTIMATES, 1926-27.

9. While the year 1925-26 showed a falling off from the exceptional prosperity of 1924-25, the present year has unfortunately shown signs in recent months of a further contraction of earnings. The budget estimate of gross receipts for commercial lines was 102.58 and the estimate of total expenditure 92.13 crores, yielding a net gain of 10.45 crores. So far as we can foresee we shall fail to reach our budgetted figure of earnings by some 4½ crores, although we hope to counter this fall in earnings by effecting a saving of 1½ crores in working expenses as compared with our budget estimate. Our total net gain is likely to be therefore 2½ crores less than we budgetted for or 7.75 crores. Deducting the loss on strategic railways we have now to look forward to a net gain of 5.94 crores, compared with 8.71 budgetted for, and instead of being able to add 2.70 crores

to our reserves we shall have to withdraw 7 lakhs from those reserves for the purpose of paying the fixed contribution to general revenues.

10. In this connection may I remind the Council, of what I said last year as to the need for building up and maintaining adequate reserves. I pointed out that we have to learn by experience what amount should ultimately be required in our reserves having regard to the obligations of the Separation Convention and the unknown obligations of the future. I added "In a year for instance in which bad monsoon conditions might bring with it a heavy set back in earnings without an opportunity of bringing down working expenses to a corresponding degree it is conceivable that the payment of the contribution might make a very heavy call indeed on our reserves". We cannot say that we are having to make a heavy inroad into our reserves, but we have had experience of the combination of a set back in earnings coinciding with the incidence of a contribution based on the results of an exceptionally prosperous year, for the Council will remember that the contribution each year is based on the results of the penultimate year, in this case the bumper year 1924-25. And there is indeed a very slender margin on which to rely for making the necessary amount of net revenue. Our weekly figures of earnings vary from 226 lakhs at the peak period when we are carrying the main crops to 150 lakhs during the monsoon when there is little business. A late crop, a failure to market or the absence of rain at a critical period may easily affect the earnings of a week by a good many lakhs, while a cumulative loss of a few lakhs a week very soon mounts up to a heavy loss in the aggregate. Remembering that this is largely the result of carrying goods and passengers in small quantities and over short distances throughout the country, it will be realised that trifling local losses may become serious in the aggregate.

11. The falling off of about 4 per cent. in our gross earnings to which I have referred extends into almost every sub-division of our receipts. Passenger traffic is expected to bring in 137 lakhs less, of which 126 lakhs are due to lower class passengers. It is true that we had already forecasted and allowed for some decline owing to the reductions in fares which were made, but we have to admit that we under-estimated this decline, and that so far the stimulus applied by the reduction in fares has not counter-balanced the loss to the extent we expected.

12. Goods traffic is likely to bring in 2½ crores less than we estimated. Amongst the main reasons which may be assigned for this I may mention the heavy floods in Burma which dislocated traffic for a long period and caused a loss of some 30 lakhs in earnings, while floods in the Central Provinces and other parts of India also adversely affected traffic. Then we have had an unsatisfactory cotton crop, particularly in the Punjab and a late movement of cotton elsewhere. These causes are reflected in the earnings of the Great Indian Peninsula Railway, Bombay, Baroda and Central India Railway, and North-Western Railway. The groundnut crop has been severely damaged in some parts of South India owing to the failure of rain, and there are other crops in different parts of the country which have been adversely affected by unusual climatic conditions. The almost universal incidence of the decline in earnings has in fact given a somewhat depressing aspect to the latter part of what promised at one time to be a normal if not a good year.

13. We have, I am glad to say, been able to secure considerable reductions in expenditure as an off-set to the drop in our receipts. On commercial lines working expenses are $1\frac{1}{2}$ crores lower than the budget estimate, of which nearly $1\frac{1}{4}$ crores is in the cost of operation. Out of this, 64 lakhs represents a saving in the fuel bill partly as the result of cheaper prices and partly due to decrease in consumption. And in this connection I wish to claim some credit for the Railway Board for the efforts made to economise the use of fuel and get better use out of the fuel actually burned. Then we have a saving of about 20 lakhs in administration as compared with our estimates and a similar saving in repairs and maintenance. On the other hand, there is a slight increase in the surplus profits paid to the railway companies under their contracts and which depend upon the results of working of a previous year.

14. The point which I wish to emphasise in connection with this failure to reach our estimates is that there is no change in the amount received by General Revenue. Last year in presenting the Budget I referred to certain definite benefits that had resulted from the separation of Railway Finances, one of the outstanding measures of reform associated with the present railway policy of Government. Those were perhaps indirect benefits, but this year we have a clear illustration of the value of the main benefit for which separation was primarily designed. In a year where we have a severe contraction of earnings amounting to nearly 4 crores we are enabled to pay without any variation the exact contribution promised to Central Revenues under the Separation Convention, we have had to apply no retardation to the normal expenditure on renewals, replacements and improvements, and we have not had to take any special or emergent measures to reduce expenditure or to interfere with our settled programme of works.

15. As compared with former practice this represents a very material advantage, for in the past there are many instances of a falling off in railway earnings in the latter months of the year being followed by a sudden restriction of expenditure in the interests of general revenues. Such a restriction could generally only be put into practice by slowing down renewals, such as relaying or rebuilding of rolling-stock, or stopping improvement works, such as the remodelling of marshalling yards or strengthening of bridges. In such cases not only did the railways lose the benefit of such expenditure as had been planned, but there were secondary results in the inflation of stores balances and other temporary additions to unproductive capital. The cumulative effects of such interference with programmes of work were one of the causes of the former unsatisfactory conditions on railways and the public, the Railway Administrations and the general tax-payers have reason to be thankful for the deliverance from these conditions.

16. In a nutshell this is then our position this year. We expect to obtain a net gain of 594 lakhs, and, as this is not sufficient to meet the payment of 601 lakhs that we are to make to general revenues, we have to withdraw about 7 lakhs from our reserves. We should have been glad to have done better, but we have not had as good a year as we hoped, and no one likes to trench on his reserves. But I do not want the Council to think that I see any reason for despondency. What are the exact facts? In 1924-25, the year on whose working we are now paying the contribution of 601 lakhs, we were able to place over 658 lakhs to our reserve; in effect we are merely withdrawing a small sum

of about 7 lakhs from the amount then put in in order to meet a liability which we then incurred. But though fortune has not been too kind to us this year, we have not done by any means too badly. We have earned a profit of 594 lakhs, which is over a crore more than we shall have to pay to general revenues a couple of years hence on the results of the current year's working. I suggest to the House that is not an unsatisfactory result for a year which has not been too favourable.

BUDGET ESTIMATE, 1927-28.

17. For next year 1927-28, we estimate gross receipts on commercial lines at 100.40 crores and total expenditure at 91.47 crores. If these estimates prove correct, we shall have a gain from commercial lines of 8.93 crores, and after deducting the loss on strategic lines 7.10 crores. The contribution to general revenues based on the results of 1925-26 is 5.48 crores, and we therefore have the prospect of transferring 1.62 crores to railway reserves.

The traffic earnings for commercial lines have been estimated at about 2 crores more than in the current year, while we are budgetting for an increase in working expenses of only about 8 lakhs more. On the other hand, interest charges grow year by year and must be estimated at 1½ crores more next year than this

In the estimate for gross earnings allowance has been made for the further reduced fares recently announced as well as their probable effect in stimulating traffic, the additional mileage opened in the current year and to be opened next year, and, lastly, the expectation of a fair average year for goods traffic. Obviously such abnormal occurrences as the floods in Burma cannot be provided for in estimates, but such information as is available at present as to the probability of production does not lead to the view that there should be any serious falling off in traffic, and we are perhaps justified in assuming that the re-establishment of normal trade conditions in Great Britain will react favourably on business generally in India.

18. On the side of expenditure we are budgetting for a reduction of 10 lakhs in administration as compared with the current year's estimate. Although we have to meet increased charges due to the operation of time scales of pay and other normal increases and have to face certain additional expenditure in the reorganisation of the Stores and Medical Departments, we expect to be able to reduce expenditure appreciably by more economical methods of handling administrative subjects. The cost of operation, in spite of the increased mileage, is estimated at about a quarter of a crore less than in the current year, mainly because we have fortunately been able to place our contracts for coal at more favourable rates than last year. Maintenance charges will be more by 10 lakhs owing mainly to increased mileage, and depreciation has a normal increase due to the addition to capital assets in respect to which the fund is established.

Capital Expenditure, 1926-27.

19. We estimated our capital expenditure during the current year at 26 crores, and our latest advices indicate that we shall in all probability have to meet an additional crore on this account. This is the first time for a good many years that we have been able to make as rapid progress on approved schemes as we estimated and indicates both that

our methods of estimating have improved and that the organisation for carrying out these schemes has been brought into a more satisfactory condition. As I explained last year we did not propose to restrict expenditure on sanctioned works, and we accordingly authorised the Agents to spend as much on approved capital works as was economically possible during the year. This meant authorising a total capital expenditure of 34.58 crores during the year, while our estimate based on past experience of the vicissitudes and delays which accompany this work was placed at 26 crores only. Of the sum of 27 crores which we now expect to spend, just over 4 crores represents the purchase price of the Delhi Umballa Kalka Railway, 21 lakhs has been incurred in taking up new issues of share capital of certain branch line companies in which Government is financially interested in order to replace loans by share capital to our financial advantage. And of the balance 6.47 crores is the expected expenditure on new lines and 16.31 crores on open line works. The former is less by 9 lakhs than our estimate; the progress on some lines has been retarded due to certain unavoidable causes, such as the late supply of materials, delays in land acquisition, and in one case to the unhealthy conditions under which construction work had to be carried on. But we have been able to speed up the rate of construction on others. The progress on open line works has been somewhat more rapid than we expected, a fact which, in view of the earlier benefits to be derived from the works of improvement contained in the programme, is a matter for satisfaction.

Capital Expenditure, 1927-28.

20. The total expenditure included in the approved programme for next year is 39.77 crores. This amount as in previous years we propose to authorise in order that no avoidable delay may take place in any of the individual works which are considered necessary. But we have to consider the spending capacity of our organisation, and we do not, therefore, feel justified in asking for a larger actual grant than 25 crores which, disregarding the purchase price of the Delhi Umballa Kalka Railway, is an advance of 2 crores on our expected expenditure of this year. Of this amount, 7.62 crores is to be allotted to new lines and 17.38 crores for open line works.

The Budget Memorandum and the separate pink books for each railway administration give full details of the open line programme working up to 24.77 crores, against which we anticipate expenditure of 17.38 crores. Of this amount, 19.41 crores is for improvements of open line facilities. The larger items comprised in this sum are 3 crores for improvement of rails and sleepers, 2.87 for remodelling of station yards and marshalling yards and 3.58 crores for electrification. In addition to the more general improvement works having as their object the more expeditious and economical working of traffic I may add that no less than 2½ crores are allotted for the improvement of the standard of comfort for lower class passengers, such as water supply, waiting-rooms and halls, refreshment rooms, booking arrangements and sanitary arrangements, and improvements to coaching stock.

The expenditure to be authorised on rolling-stock amounts to 8½ crores, of which about 2½ crores will come from the depreciation fund. Of the capital portion about 2½ crores is for additional rolling-stock. The programme provides for the construction of 636 coaching vehicles, of which

552 are lower classes carriages and a small provision of 796 metre gauge wagons. For reasons which I will explain later we are making no provision for the purchase of new broad gauge general service wagons either as additions or on renewal account.

New Lines.

21. For new lines we are providing 7.62 crores although the amounts included in their programme by the Agents add up to nearly twice this figure. Last year I explained the measures we were taking in order to speed up the programme of new construction, and I gave an account of the construction work in progress and the lines under examination. During the current year we have been able to make a distinct advance in organising a programme of future work and have arrived at certain decisions of a technical nature which will simplify the preparation and execution of new construction projects. We have also had the benefit of the regular procedure devised for the periodical consultation with Local Governments regarding the local needs for new communications. Dates have been fixed for the receipt by Agents of the Local Governments' recommendations, for the submission of programmes to the Railway Board by Agents, for discussion with the Railway Board and for the final settlement of the programme and we have thus ensured a full and thorough annual re-examination and revision of the programme which covers the work of survey and construction over a period of five years.

22. In the documents accompanying the Budget we have made a special feature this year of the systematic presentation of all available information regarding various projects included in the programme. The Budget Memorandum is accompanied by a map of India showing in different colours the new lines under construction, the lines proposed for construction and the lines to be surveyed, and in the pink books for each railway will be found not only a map showing the area referred to in the programme, but also a diagram showing how it is proposed to tackle the various survey and construction jobs to be undertaken in the next few years.

23. In deciding whether a new line should be constructed or not it is necessary, as the Council will recognise, to be satisfied by careful estimates that the net earnings will be sufficient to pay interest charges on the capital invested. But whether this result is achieved depends a great deal on the standard of construction adopted and the correctness of the estimate of earnings. It has generally been the practice to vary the standard of construction to suit the expected traffic but, after a careful consideration of the possibility of reducing first costs by adopting lower standards, the Railway Board came to the conclusion that within certain limits it would be possible generally to adopt such a standard for any particular line as would give an adequate financial return on the capital cost. They have accordingly drawn up specifications for lines of different standards to suit different traffic requirements, and it is now possible after ascertaining the probable earnings to decide on the Standard of Construction to be adopted in order to ensure an adequate return on the capital cost.

In drawing up these specifications we have, after a very careful examination, relaxed to some extent the restrictions in regard to the loads which may be carried over certain sections of rails and have for branch lines permitted a lower standard of equipment and facilities to be adopted.

This has rendered it possible to undertake the construction of some branch lines which under the former rules would not have been possible.

24. And now as the result of this work of preparation, examination and consultation, we are able to put forward a concrete programme of construction work which has within it the promise not only of an early considerable addition to the mileage of railways, but of steady additions year by year for a good many years to come.

25. It is worthy of note that in this active policy of new construction we have been receiving the closest co-operation and assistance from the Local Governments. Evidence of the interest taken in our progress by these Governments is found in the many instances in which the commencement or completion of a new railway has been accompanied by a ceremony at which the Governor of the Province has presided at the invitation of the railway administration concerned. For instance, H. E. the Governor of the Punjab attended the commencement of the Kangra Valley Railway on May 3rd, 1926 and on December 21st, 1926 he opened the Shahdara Narowal Railway for traffic. This railway 49 miles long was built in about 10 months which constitutes an example which I hope will be followed elsewhere, in India. Then H. E. the Governor of Bengal opened the Krishnagar-Nabadwip Ghat Railway on 30th June 1926, and H. E. the Governor of Madras opened a portion of the Shoranur-Nilambur Railway on the 3rd February. Other instances of this interest and co-operation are to be found in the opening of Lucknow station by H. E. the Governor of the United Provinces on 13th December 1925, the opening of new Bassein Bridges on the Bombay, Baroda and Central India Railway by H. E. the Governor of Bombay on 22nd January 1927 and the opening of the new broad gauge line from Parbatipur to Silliguri by H. E. the Governor of Bengal on 1st October last year.

I should like to say how greatly the Railway Board value this assistance and recognition of the use of our work in the development of the Provinces of which this interest shewn by the Heads of the Provincial Governments is evidence. And in this connection I should like to mention specially the case of Burma where we have had the most valuable assistance from the Local Government in working out our programme and speeding up construction of lines primarily with the object of developing the backward areas of the Province. We shall have altogether in that province some 650 miles under construction during the ensuing year out of a total programme of 1,620 miles. We have also under special consideration proposals for an extension into the southern districts.

26. The position as regards construction during the coming years may be summarised as follows: After opening 338 miles of new railway in the current year we expect to have under construction during 1927-28 about 100 new projects costing about 60 crores and amounting to 4,640 miles. The completed mileage during the coming year is expected to be just over 900 miles of lines included in our budget and about 1,000 miles if other lines are taken into account if reasonable progress is assured and no serious drawbacks occur. It would perhaps be out of place to forecast any further, but if our present quinquennial programme does not come in for very drastic revision either for financial reasons or other difficulties, there is no reason to anticipate any serious dropping off from this figure of 1,000 miles as the rate of progress for several years to come.

27. We have been faced with the necessity for building up an organization of Engineers to take charge of this programme of construction and

the task has been rendered more difficult by the facts that for many years little or no construction has been undertaken and the number of men with experience of this kind of work was very few. Further, the improvement works on the open lines have been a sufficiently heavy burden for our permanent cadre and it has not been possible to take away many Engineers from it. We have however succeeded in making a beginning and special construction branches have been formed on the larger railways.

28. The graphic presentation of the programme in the budget papers will I hope prove of interest. One outstanding feature will no doubt strike those who study the plans and diagrams, and that is the absence of any very ambitious proposals for the building of new trunk lines. And this opens up an interesting study in railway geography which tempts me to take up more time than the Council would patiently allow me. India is however well served by main trunk lines, and the railway map shows that these trunk railways follow the outlines of India's railway system laid down in Lord Dalhousie's note of 1853. He foresaw a system of trunk lines connecting the interior of each Presidency with its outlying portions and the several Presidencies with each other. This scheme was to include a trunk line from Calcutta to Lahore, another from Bombay to the North West of India, another from Madras to Bombay and a fourth from Madras to the Malabar Coast. Building on that main skeleton a large number of subsidiary trunk lines have been added from time to time and there are now only a few gaps left in the main net work. The important gaps still to be filled are not in fact more than 4 or 5, and of these three are in progress, namely, the Central India Coal-fields Railway which will cross the gap lying between the East Indian and Bengal Nagpur Railways in Chota Nagpur and the Central Provinces, the Raipur Parvatipuram line which will complete the link between the Central Provinces and the East Coast, and the Kazipet Bellarshah Railway being built by H. E. H. the Nizam's Government which will effect a saving of some 200 miles in the journey between Madras and Northern India.

29. There are two other main trunk routes to be constructed before it can be said that the main net work of trunk lines is completed, one is the Bombay-Sind connection and the other is the Broad Gauge connection between Karachi and the United Provinces. The former because it is to some extent short-circuited by an easy sea-route has never been considered a very promising undertaking from the financial point of view, but I believe that its construction will become a matter of some importance as the effect of the contemplated extensive irrigation operations in Sind is felt in increased production. We are, therefore, having its financial prospects re-examined, and in order to complete our knowledge of the topography of some of the uninhabited country which has to be crossed we are having an aeroplane survey undertaken shortly.

As regards the broad gauge connection between Karachi and the United Provinces, we do not feel that the time is ripe for undertaking the expenditure involved. The two reasons are, firstly, that there is already a metre gauge connection, which is not seriously overstressed with traffic and secondly, that there is greater need for using such funds as are available for remunerative branch and feeder line elsewhere. I might perhaps add to this category of main lines the proposed connection between India and Burma regarding which a recent investigation of the possibility of a more favourable route through the Arakan mountains has proved unfruitful, and we are therefore left with the two routes formerly surveyed neither of which can be regarded as remunerative proposals.

30. The key note of the programme we are now working to is the filling in of the interstices of the net work of trunk lines with useful branches and feeders so that the benefits of railway service may be brought right to the doors of the agriculturist and the rural population. It will be seen that omitting the two main connections I have already referred to, namely, the Raipur-Parvatipuram line and the Central India Coalfields Railway, we have in our programme nearly 100 projects which average not more than 49 miles apiece and the longest of which is about 100 miles. These are in fact lines designed primarily to serve the interests of the agriculturist and to enable produce to be moved and marketted. Our programme may in fact be described as an agricultural railway programme. But to fulfil this character it has been necessary to devise cheaply constructed lines, because construction to the standards to which we have been accustomed would have meant either that we did not get a fair return on our capital or that we imposed an insupportable burden on the carriage of produce and passengers in the very places where we wished to encourage traffic. Whether these new lines with their low speeds and low standard of amenities will escape severe criticism remains to be seen, but if they are successful, they will pay for gradual improvement up to the standard of the older lines, and in the meantime we shall have to steel ourselves against criticism.

Standardisation.

31. One of the advantages of adopting lower standards for branch lines is that we are thereby enabled to utilise material such as rails, girders and rolling-stock released from renewals and improvement work on main lines and in some cases it may prove financially sound to expedite or even anticipate renewals with this object in view. But to be on safe financial grounds it is necessary to have definite criteria to work in regard to schemes of improvement and renewals on main lines. This is a matter to which the Railway Board have paid concentrated attention during the past few years, and it is intimately connected with the much wider subject of standardisation. The main object we have in view is to reduce operating costs, and it is recognised that we must therefore aim at heavier train loads and larger carrying capacity of individual vehicles. The efforts in this direction in the past have been hampered by a lack of co-ordination, for locomotives have been improved, larger wagons, stronger bridges and heavier rails adapted without any accurate scientific relation between the standards ultimately aimed at. We have now established permanent Standing Committees of our own expert officers to deal with Locomotive Standardisation, Carriage and Wagon Standardisation, Bridge standards, Track standards and Signalling and Interlocking standards.

The work already done by these Committees is of remarkable value and has enabled us to draw up with confidence the standard specifications I have already referred to. We now know with a certainty based on the most accurate scientific investigation that with locomotives to haul a certain load, with wagons of a certain carrying capacity we need rails of a certain section and bridges designed of a certain strength. We can consequently examine any particular section of the line and assess with accuracy the improvement works required to bring it up to a certain standard of carrying capacity.

Bridge Design.

32. The work of the Bridge Committee has perhaps been of the most importance and here we have been assisted by the results of many years' experiment and scientific work in India, Great Britain and America. The work of laying down the principles of bridge design in compatibility with the complicated stresses produced by a moving train is still far from complete, and an eminent Committee of scientists is still examining the problem in Great Britain. But for the present the Railway Board felt that the degree of fineness in these calculations already reached was sufficient, for present practical purposes, to enable us to adopt certain formulæ, and these have been embodied in revised rules for bridge design which we have just issued. The importance of this work lies in the fact that for our present loads and those we can foresee in the early future, not only can we design more cheaply but many of our existing bridges, which were thought not to be of sufficient strength, can remain without renewal or strengthening for many years. The investigation of existing bridges on the basis of the new formulæ will take some time, but it is safe to say that the expenditure on bridge renewals and strengthening in order to attain the same standards as we were aiming at will be substantially reduced in the long run.

Locomotives.

33. Last year I mentioned the steps taken towards standardisation of locomotives. The sample engines to the new standard types have been under construction in England during the year and the preparation of complete detailed drawings has proceeded side by side with manufacture under the supervision of our Consulting Engineers. It is expected that the first engines for trial will be received in May this year. To meet the requirements of certain railways a few additional engines of these types will be ordered during the coming year, but until the new models have been tried out it is not intended to order any large quantity, and in fact there are many factors operating which have the result of rendering surplus a certain number of engines of particular types on some of the railways. Amongst these factors are the reduction of the time taken for repairs in workshops which I shall refer to later and the gradual introduction of a system known as pooling or double crewing. Up till recently it was the practice in India as well as in most other countries to assign a particular driver and crew to a particular engine. It was found in fact that after an average turn of work while the crew needed rest the engine needed certain attention, such as minor repairs, cleaning, oiling and coaling with the result that the engine worked only those hours in the 24 of which a human being was capable. Improvements in design and in the methods of handling have led to the possibility of engines doing more continuous work than this, and during the last year many experiments have been made of changing the engine crew after certain lengths of run instead of changing the engine. There are certain practical difficulties to be overcome before this is universally adopted and it has yet to be ascertained what is the maximum distance which an engine can work over regularly without shed attention. But remarkable results have already been obtained. For instance it has been found possible to work the Lahore Karachi mail train, a distance of about 900 miles, with only one change of locomotive, whereas formerly there were six changes; and so we save 5 engines and effect a considerable economy in coal consumption. This

practice as it is gradually introduced will result in a saving of engine power and in the present requirements of traffic being met with fewer locomotives. We do not overlook the fact that more continuous use will mean a shorter effective life for the engine, but the balance of financial advantage appears to be in making more intensive use of the equipment with a possible earlier replacement. Until therefore we are in a position to demonstrate that the new standard engines give so much better service than the old that rapid replacement should take place we are not likely to require to purchase any large number of engines either as additions or renewals.

Wagons.

34. This line of thought brings me to the question of wagons. We were led early last year to make a scientific analysis of the problem of the number of wagons required normally to move a given volume of traffic in the year, and we found irrefutable evidence that the measures we have taken to speed up movement and improve methods of handling were beginning to have a much more rapid effect than we had ever been sanguine enough to hope for. For many years past one of the gravest criticisms of railway management in India was based on the complaint of "shortage of wagons". Public pressure brought to bear on Government and the managements had been directed towards greater allotments of funds for the purchase of wagons, and it was only slowly recognised that the inadequacy of wagon supply at consignment points was a symptom not of inadequate wagon stock but inadequate facilities for handling wagons and trains.

It has now become clear that if more money had been allotted for such work the shortage would have disappeared and in fact as soon as the effect of the more generous allotment since 1920-21 began to be felt in improved marshalling yards, line capacity and train speed, it was found that fewer complaints about shortage of wagons were heard. Although these works had been designed with this object in view and had been pressed on Government as of vital urgency for many years by various railways (a movement in which I myself in another capacity took a part), no one seems to have been bold enough to believe that their execution, or even partial execution in some cases, could have had so rapid effect as to produce an actual surplus of wagons at the period of peak traffic. Yet this is what has happened and we can only conclude that there has been at the same time a very extraordinary joint co-operative effort on the part of all those on the railways concerned in the movement of traffic.

35. The Railway Board perhaps cannot altogether escape criticism in that up to a comparatively recent period this new development was not expected to materialise so rapidly and that we were even a year ago contemplating some necessity for addition and renewals of wagon stock. The reason was, however, that our new reliable statistics, which help us to watch matters of this kind, had only been established in 1924 and there was insufficient accurate evidence on which to form conclusions. The fact, however, has now got to be faced that we shall not have to purchase any new general service broad gauge wagons either as additions or renewals for next year and most probably for the year after as well and perhaps for some years thereafter. With all due sympathy for the people who have been expecting orders to build wagons we should be rightly charged with hypocrisy if we did not regard this great saving of public money with considerable satisfaction.

36. I should perhaps mention that as in the case of locomotives our Standardisation Committee have designed certain improved types of wagons for general service which we shall adopt when and as it becomes profitable to renew some of our older stock, and samples of these new types are being built in England under the supervision of the Consulting Engineers who are also preparing the accurate working drawings of each type which are necessary in order to establish the principle of complete standardisation in regard to future supplies of these wagons.

Workshop Reorganisation.

37. In speaking of locomotives I mentioned the reduction in the time taken for heavy repairs. This also applies to wagons and coaching vehicles, and apart from its obvious effect on the numbers of locomotives and vehicles available for service the changes effected or which will shortly materialise will have an effect on costs which it is not yet possible to assess. Briefly it has been found possible by adopting certain methods to do the heavy repairs to a locomotive which formerly took on the average 140 days in something like 50. Whereas wagons were frequently in shops for 50 to 60 days it has been proved to be possible to do the necessary repairs in 6 days. Coaching vehicles which were formerly 70 days under repairs can, in some of our workshops, now be completely overhauled in 28 days. This is the result of better laid out and equipped workshops and of applying the principle of what is commonly known as "mass production" to repair work. As a method of manufacture this was evolved during the stress of war work, but its application to repairs is a new discovery, and if the Indian Railways cannot be credited with this discovery, we are at any rate amongst the earliest pioneers in putting it into practice. The method has for its objects:—

- (1) the correct sequence of repairs to component parts,
- (2) the balancing of workshop operations,
- (3) the concurrent working of the various labour gangs.

I cannot without becoming too technical go into further details, but I may say that it has rendered many of our time-honoured workshop methods completely out of date. It was a realisation of the possibilities of this method, already introduced into one of our workshops, which led the Railway Board to obtain the services of the expert Committee to inquire into State Railway Workshops last cold weather.

38. The report of that Committee in so far as it recommends the reorganisation of our workshops is now being made the basis of our workshop policy. It has led to the closing down of certain workshops which are both out of date and badly located, to the modification of the designs for remodelling some of the workshops and to the remodelling of others which require adaptation to the new methods and to fit them for the heavier vehicles we now use. I am aware that the report contains much severe criticism, and that this has been made, in some quarters, the text for an indictment of railway management in India generally. But all I have to say is that we asked for this criticism and were glad to get it and are not afraid of it. We knew that in the light of experience gained in Great Britain and other countries we required modernisation, and we were anxious to let that light into our operations. We should, I think, have been rightly charged with dereliction of duty if we had not had the courage to lay bare the whole of our business to the expert and critical eyes of those whose knowledge was greater and more extensive than ours could be.

39. To effect a universal improvement in all our workshops on the same scale as I have indicated will take time and the expenditure of some money, although the outlay will be considerably less than it was originally anticipated that we should have to spend on modernising some of our workshops. And although we have already begun to benefit from the new process, particularly in the time factor, it will be some time before the measures now in hand to obtain the full benefit of reduction in costs can be entirely productive. A beginning has been made, however, and as we have placed Mr. Wrench, a member of the Committee, on special duty in order to put the recommendation of the Committee into practice in the State Railway Workshops, we hope to make considerable progress in the coming year.

Recruitment of Staff.

40. The regulations for the recruitment in India of officers to most of the branches of railway service have been finally settled and were published in July last. For some of the less important branches regulations are nearly ready for issue and will be shortly published. The regulations are designed to carry out the decision of Government, adopted on the recommendation of the Lee Commission, to improve the facilities for training in India as rapidly as possible so as to permit of recruitment of 75 per cent. of vacancies in India. The publication, much to the relief of myself and my colleagues, marks the termination of such patronage as was exercised by the Railway Board in the past, for the preliminary selection of candidates for recruitment is now done by Provincial Committees, the final selection being made by the Public Service Commission as the result of a competitive examination. The regulations have been drawn up with the sole object of securing from the human material available the recruits best suited to the various branches of railway service, and the Railway Board hope that with the subsequent training which they will receive in practical work and at the Transportation School will result in the building up of a strong and efficient service in no way inferior to their predecessors.

41. Another aspect of recruitment is worthy of mention. I have referred to the difficulties involved in building up an organised staff to deal with the new programme of surveys and construction. Although we are planning construction for 5 years ahead and can in fact arrange our operations so as to employ a large staff continuously for that period, we should not be justified in looking further ahead than that nor in regarding a construction programme on this scale as a permanent feature of our future railway programme. We cannot, therefore, increase our permanent engineer staff by the number required to do this work, for we should thereby run the risk of having to terminate prematurely their services if at any time the programme had to be stopped or slowed down. To meet the difficulty we have had to do a considerable amount of recruitment on a temporary basis. We have engaged on one year's contracts such engineers as were available in India, after prolonged search and frequent advertisement, and we have also been able to obtain some trained engineers from England, both European and Indian, on 3 years' covenants. But we felt that the practical training which can be obtained on construction work is of great value to any engineer whether he is going to be a railway engineer hereafter or not, and we have therefore arranged with effect from last year to take on, on State Railways, 17 engineering graduates yearly for practical training for one year. Of these 9 were taken from engineering colleges in India and 8 from those who had gone to Great Britain for

their degrees. While we can offer to these men no definite hope of permanent employment, for recruitment to the permanent service must follow the lines laid down in the regulations I have referred to, we feel that they will be benefited by this training, and we shall be building up a reserve of practically trained men on whom either the railways or other public works may be able to draw in time of need.

Travelling without Tickets.

42. The question of fraudulent travelling has received concentrated attention during the past year. It was at first thought that no relief from this constant source of loss of revenue could be obtained without recourse to legislation in order to make travelling without a ticket a cognisable offence. It was decided, however, after consulting the Central Advisory Council for Railways to defer such action until all other possible remedies had been tried. Further efforts on improved lines have been made however resulting in the detection of large numbers of cases and the recovery of considerable sums of money which indicate the possibility of keeping the evil in check if it may not be possible to eliminate it altogether. The most promising of these efforts has been the introduction of a system whereby a ticket checker travels on every carriage, under the constant supervision of an Inspector, and prevents the entry of passengers into the carriage unless tickets are held. On one portion of the East Indian Railway where this has been tried there have been satisfactory results in improved bookings and the instances of passengers travelling without tickets have been reduced to negligible figures. The method involves some expenditure and at first came in for a good deal of criticism from the travelling public. We are awaiting a report from the Agent, East Indian Railway, before considering whether the system cannot be beneficially introduced more widely.

Compensation Claims.

43. The measures taken to reduce the large payments on account of claims for compensation for goods lost or damaged on railways have met with considerable success. The question of the heavy increase in the amounts of these claims during and after the war was one of those matters which engaged the attention of the Inchcape Committee. Both before and after this the Railway Board made very special efforts to reduce the amount of claims. The reorganisation and improvement in the watch and ward staff on railways, the improvement in the lighting of station yards and sheds, the adoption of a system of locking or rivetting wagons on all railways, surprise check of wagons at stations *en route* and, above all, stricter supervision over goods sheds and the loading and transhipping of goods, were among the methods adopted for reducing losses and thereby claims for compensation.

44. As a result of these measures the total bill has been steadily and rapidly decreasing. In the year 1922-23, the total payments amounted to 120 lakhs. It dropped to 79 lakhs in 1923-24 and 57 lakhs in the following year. In 1925-26, which is the latest year of which accounts are available, the total amounted only to 29 lakhs, while the estimated payments in 1926-27 and 1927-28 are only 19 and 20 lakhs, respectively. These figures are less than the total paid in 1913-14, namely, 26 lakhs, in spite of the fact that there has been a considerable increase in traffic-

carried as compared with 1913-14. The percentage of claims paid to goods earnings was about one-half of 1 per cent. in the pre-war period, but went up to more than 2 per cent. in 1922-23. It came down again to about one-half of 1 per cent. in 1925-26, while the percentage in 1926-27 and 1927-28 is expected to be only about 1/3rd of 1 per cent. and thus shows a substantial improvement over pre-war figures. Looked at as evidence of the increased care taken by Railways of property in their charge these figures I think show a satisfactory record.

Publicity.

45. The application of publicity work to the business of attracting new traffic to the railways has received increased attention during the current year, and we are planning to extend our operations in the near future. For some time past the Great Indian Peninsula Railway has been organising propaganda with a view to assisting and encouraging tourist traffic from abroad. This work was at first undertaken in Canada and the United States through the agency of the Canadian Pacific Railway, but has now been extended on behalf of all the State-managed railways, and we have been able to make mutual arrangements with the railways of Great Britain for the interchange of advertising space and material for advertisements and publicity work. No great expenditure is involved, but the success of the work depends on intelligent organisation. The traffic brought to the railways from these efforts is already considerable and has fully justified the efforts made. We are also taking up the more important side of this subject in publicity work in India itself, directed towards the encouragement of travelling and bringing to the notice of the public the services which the railways can render in the transportation of goods and produce. This work is being assisted by travelling cinemas on the State Railways which show films of Railway interest and attract large audiences. In addition to films of purely railway interest we have had films prepared on agricultural subjects, which it is hoped will have an educative effect on the cultivators and give them information about improved methods of agriculture. The connection of this work with railway business is through the stimulus which it is hoped will be given to railway traffic from improvements in methods of agriculture.

The organisation of all this publicity work takes the form of a publicity office on each State-managed railway co-ordinated by a Central office in Bombay, which is now being formed. The work is an essential part of the commercial side of railway business, and while many of our railways have reached a fairly high standard in the matter of advertising material produced, there is still a wide field of work in reaching the illiterate masses and enlightening them in regard to railway facilities. We hope to make a definite move forward in this direction with the organisation I have mentioned.

Accounts.

46. I mentioned last year that our railway accounts were to be subjected to expert examination with a view to adapting them on a commercial basis for the use of the administrative and executive officers engaged in the control of railways. This work is now in process, and Sir Arthur Dickinson, a very distinguished and experienced accountant, is engaged with his staff in visiting the various railways and investigating the present accounting system.

In dealing with statistics and accounts, greater use is continually being made of calculating machines, and an interesting development has been the experiment made during the past year on simplification of the division of freight accounts between different railways. The experiment has resulted in the discovery of a new and much simplified method of doing this work, and it has been decided to apply this method to the settlement of accounts between the various State Railways in a Clearing Accounts Office. This will result in considerable savings in expenditure as the new method is gradually introduced, but will also effect savings in time and is accompanied by great accuracy. It is probable that as the new method becomes established, the Company-managed railways will wish to have their accounts dealt with in the same way, and we, therefore, have the prospect in the early future of the establishment of a Clearing Office for all railways.

CONCLUSION.

47. I trust I have not wearied the Council with this recital of the railway position as viewed through the medium of our Budget papers. I have tried to give a review of our business in the short time available and have necessarily had to leave out a great many matters which are of public interest, and perhaps of particular interest to this Council. But I hope I have said enough to show that our general financial position is sound, that years of poor earnings like the present do not deter us from holding a sturdy optimism regarding the future, and that that optimism is a live factor in inducing us to look out for more business and to keep our costs down to the minimum compatible with efficiency. The record of the past few years has been one of great concentrated effort towards improvement, and although we have to acknowledge that in many directions we have not yet got the best out of our railways, memories must indeed be short if the changes that have taken place as the result of the combined effort on the part of all railway administrations are not recognised. At this stage perhaps I need only mention the facts that we have definitely overcome wagon shortage, we have been able to make substantial reductions in passenger fares, have met the normal demands of trade for transportation, have commenced an extensive construction programme and, lastly, we have been able to pay our fair interest charges and the agreed contribution to general revenues while making regular financial provision for the renewal of wasting assets. In the great work of steadily improving efficiency and introducing economies, the Railway Board have to acknowledge the wholehearted support and co-operation of the Agents, officers and men of the various railway administrations, and I take the opportunity of bringing to the notice of this Council the very valuable services which this large body of public servants is rendering to the country.

Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1927-28 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
A.—EXPENDITURE FROM REVENUE.		
<i>Commercial Lines—</i>		
		Rs.
1	Railway Board	9,43,000
2	Inspection	1,21,000
3	Audit	9,70,000
4	Working Expenses : Administration	12,30,00,000
5	Working Expenses : Repairs and Maintenance and Operation	39,67,00,000
6	Companies' and Indian States' share of surplus profits and net earnings.	1,41,25,000
9	Appropriation to Depreciation Fund	11,50,00,000
10	Appropriation from Depreciation Fund	9,00,00,000
11	Miscellaneous	20,56,000
12	Appropriation to the Reserve Fund	1,61,58,000
13	Appropriation from the Reserve Fund . . . . .	...
14	<i>Strategic Lines</i>	1,55,10,000
B.—EXPENDITURE CHARGED TO CAPITAL.		
<i>Commercial Lines—</i>		
7	New Construction	7,35,51,000
8	Open Line Works	16,82,29,000
15	<i>Strategic Lines</i>	74,39,000

Note.—As regards the demands refused by the Assembly, see paragraph 2 of Government of India, Finance Department, Resolution No. 4504-F., dated the 31st March 1927.

BUDGET

OF THE

Railway Revenue and Expenditure of the Government of India,

March 1927

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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* Published with Government of India, Finance Department Resolution No. 4504-F., dated the 31st March 1927

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1925-26.				REVISED ESTIMATE	
	India.	England.	Exchange.	TOTAL.	India.	England.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	4,40,03,000	...	...	4,40,03,000	4,30,03,000	...
Lower class . . .	31,58,95,000	...	...	31,58,95,000	31,11,87,000	...
Other coaching traffic earnings.	5,93,92,354	...	...	5,93,92,354	5,84,57,000	...
Goods traffic earnings .	60,75,19,122	...	...	60,75,19,122	60,14,46,000	...
Hire charges and other payments from Railways.	75,77,000	...	...	75,77,000	65,75,000	...
Sundry earnings . . .	1,67,47,355	4,82,355	1,57,929	1,73,87,539	1,77,49,000	2,83,000
TOTAL EARNINGS	1,05,11,40,337	4,82,355	1,57,929	1,06,17,80,621	1,03,59,75,000	2,83,000
Deduct—Earnings of worked lines.	7,12,22,674	...	...	7,12,22,674	6,52,00,000	...
Earnings of State Railways.	97,99,17,663	4,82,355	1,57,929	98,05,57,947	97,30,75,000	2,83,000
Suspense	85,413	...	...	85,413	...	...
Gross receipts of State Railways.	97,93,53,076	4,82,355	1,57,929	98,05,93,360	97,30,75,000	2,83,000
Deduct—Working expenses of State Railways.*	62,47,48,455	10,78,991	12,55,014	62,61,82,460	62,98,87,000	86,65,000
Surplus profits paid to Indian States and railway companies.	1,77,41,948	...	...	1,77,41,948	1,61,30,000	...
Net receipts	35,74,63,678	-5,96,636	-1,97,085	33,66,69,957	32,70,88,000	-33,52,000
(b) Strategic lines—						
Gross receipts	1,64,06,980	...	...	1,64,06,980	1,49,25,000	...
Deduct—Working expenses	1,80,13,976	...	...	1,80,13,976	1,96,80,000	...
Net receipts	-16,06,996	...	...	-16,06,996	-47,25,000	...
Total net receipts, Commercial and Strategic lines.	33,58,56,682	-5,96,636	-1,97,085	33,50,61,961	32,23,63,000	-33,82,000
XII.—Subsidized Companies:						
Government share of surplus profits.	4,75,038	22,74,384	7,57,696	25,07,118	5,06,000	18,94,000
XII-A. Miscellaneous Railway Receipts—						
Interest on Depreciation and Reserve Funds.	53,77,345	...	...	53,77,345	61,43,000	...
Dividend on investments in branch lines.	66,451	...	...	66,451	3,91,000	...
TOTAL RECEIPTS	34,17,74,416	16,77,748	5,60,611	34,40,12,775	32,94,65,000	-14,88,000
Deficit in Railway Revenue transferred from Reserve to meet in full the contribution to General Revenue . . .	...	...	...	...	7,06,000	...
TOTAL	34,17,74,416	16,77,748	5,60,611	34,40,12,775	33,01,71,000	-14,88,000

*For details see statement 1 (a).

J. M. HARTLEY,

Accountant General, Railways.

NEW DELHI,

RAILWAY DEPARTMENT;

The 24th March 1927.

BUDGET FOR 1927-28.

Government from railways in India and England.

1926-27.		Increase (+) Decrease (-) as compared with the Budget Estimate, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with the Revised Estimate, 1926-27.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,30,62,000	-10,73,000	4,37,95,000	...	...	4,37,95,000	+7,33,000
...	31,11,87,000	-1,26,08,000	31,46,43,000	...	...	31,46,43,000	+34,56,000
...	5,84,67,000	-8,00,000	6,02,66,000	...	...	6,02,66,000	+18,38,000
...	60,14,45,000	-2,41,09,000	61,64,44,000	...	...	61,64,44,000	+1,49,99,000
...	63,75,000	-22,85,000	65,20,000	...	...	65,20,000	+1,45,000
96,000	1,61,28,000	+4,05,000	1,83,68,000	4,83,000	1,61,000	1,60,33,000	+9,04,000
96,000	1,03,48,54,000	-4,05,90,000	1,06,00,75,000	4,83,000	1,61,000	1,06,07,19,000	+3,20,65,000
...	6,62,00,000	+4,71,000	6,77,00,000	...	...	6,77,00,000	+25,00,000
96,000	97,34,54,000	-4,10,61,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	+1,95,65,000
...	...	+3,14,000	...	...	...	...	...
96,000	97,34,54,000	-4,07,47,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	+1,95,65,000
12,39,000	63,47,61,000	-1,71,33,000	63,09,03,000	34,85,000	11,69,000	63,55,50,000	+7,89,000
...	1,61,30,000	+10,30,000	1,41,25,000	...	...	1,41,25,000	-80,05,000
-11,43,000	32,25,63,000	-2,46,44,000	34,73,47,000	-30,02,000	-10,01,000	34,33,44,000	+2,07,61,000
...	1,49,25,000	-19,16,000	1,61,25,000	...	...	1,61,25,000	+2,00,000
...	1,96,50,000	-14,55,000	1,97,60,000	...	...	1,97,60,000	+1,00,000
...	-47,25,000	-3,68,000	-46,25,000	...	...	-46,25,000	+1,00,000
-11,43,000	31,78,38,000	-2,50,07,000	34,27,22,000	-30,02,000	-10,01,000	33,87,19,000	+2,03,81,000
6,40,000	31,02,000	-3,32,000	7,33,000	17,40,000	5,60,000	30,33,000	-49,000
...	61,43,000	-20,11,000	74,66,000	...	...	74,66,000	+13,23,000
...	3,91,000	+3,91,000	4,75,000	...	...	4,75,000	+84,000
-5,03,000	32,74,74,000	-2,69,59,000	35,13,96,000	-12,62,000	-4,21,000	34,97,13,000	+2,22,69,000
...	7,06,000	+7,06,000	...	...	...	...	-7,06,000
-5,03,000	32,81,80,000	-2,62,63,000	35,13,96,000	-12,62,000	-4,21,000	34,97,13,000	+2,15,33,000

A. A. L. PARSONS,
Financial Commissioner.

BUDGET FOR 1927-28.

1(a).—Statement of Working Expenses of State

	ACCOUNTS, 1925-26.				REVISED ESTIMATE	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	12,63,74,525	10,78,991	3,55,014	12,77,08,530	12,40,96,000	26,65,000
Repairs and maintenance	16,78,58,883	—	—	16,78,58,883	18,06,00,000	—
Operation	26,72,96,379	—	—	26,72,96,379	28,30,00,000	—
Refunds of Revenue	—	—	—	—	32,00,000	—
Depreciation	10,31,69,999	—	—	10,31,69,999	10,64,61,000	—
Suspense	—9,73,473	—	—	—9,73,473	—	—
TOTAL	66,36,26,314	10,78,991	3,55,014	66,50,60,319	66,63,87,000	26,65,000
Deduct—Share of Worked Lines.	3,88,77,759	—	—	3,88,77,759	3,88,00,000	—
Working Expenses	62,47,48,555	10,78,991	3,55,014	62,81,82,400	62,96,87,000	26,65,000

J. M. HARTLEY,
Accountant General, Railways.

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

BUDGET FOR 1927-28.

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Railways—Commercial Lines.

1926-27.		Increase (+) Decrease (-) as compared with Budget, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with Revised, 1926-27.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
12,38,000	12,90,00,000	-19,99,000	12,33,53,000	34,85,000	11,62,000	12,80,00,000	-10,00,000
...	18,06,00,000	-18,50,000	18,16,00,000	...	...	18,16,00,000	+10,00,000
...	25,20,00,000	-1,44,51,000	24,99,00,000	...	...	24,99,00,000	-21,00,000
...	32,00,000	+2,00,000	32,00,000	...	...	32,00,000	...
...	10,64,61,000	+47,000	11,07,50,000	...	...	11,07,50,000	+2,89,000
...	...	+16,70,000	...	...	...	...	...
12,38,000	67,12,61,000	-1,63,63,000	66,88,03,000	34,85,000	11,62,000	67,34,50,000	+21,89,000
...	3,65,00,000	+7,50,000	3,79,00,000	...	...	3,79,00,000	+14,00,000
12,38,000	63,47,61,000	-1,71,33,000	63,09,03,000	34,85,000	11,62,000	63,55,50,000	+7,89,000

A. A. L. PARSONS,
Financial Commissioner.

2.—Statement of the expenditure on railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1925-26.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest on commercial lines:						
on Government capital at charge	12,17,08,771	7,37,10,060	2,38,99,468	21,83,16,316	13,30,67,000	7,42,11,000
on capital contributed by Indian States and Companies	2,68,830	1,23,75,710	40,38,4-0	1,66,99,010	2,97,000	1,14,91,000
Total interest, commercial lines	12,19,92,601	8,60,85,770	2,79,38,948	23,60,17,326	13,33,64,000	8,57,02,000
Interest, strategic lines	1,30,94,196	—	—	1,30,94,196	1,33,32,000	—
TOTAL INTEREST	13,50,86,797	8,60,85,770	2,79,38,948	24,81,11,522	14,66,96,000	8,57,02,000
11. Subsidised Companies; Land and subsidy.	4,38,361	—	—	4,38,361	6,63,000	—
12. Miscellaneous Railway expenditure—						
Commercial lines	—3,14,437	21,90,059	7,19,077	26,94,699	60,58,000	6,41,000
Strategic lines	33,661	—	—	33,661	75,000	—
Payments to general revenues—						
Contribution*	5,00,38,063	—	—	5,00,38,063	6,00,57,000	—
One-third of the excess of railway surplus over three crores	39,65,466	—	—	39,65,466	—	—
Total payment to general revenues	5,40,03,529	—	—	5,40,03,529	6,00,57,000	—
12A—Surplus Railway Revenue transferred to Reserve	3,70,30,973	—	—	3,70,30,973	—	—
TOTAL	22,60,78,904	8,73,75,749	2,86,57,022	34,40,12,775	21,27,60,000	8,62,43,000

* For details see Statement 3 (a).

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

J. M. HARTLEY,
Accountant General, Railways.

the revenue of the Central Government in India and in England.

1926-27.			BUDGET ESTIMATE, 1927-28.				
Exchange.	Total.	Increase (+) Decrease (-) as compared with Budget, 1926-27.	India.	England.	Exchange.	Total.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,50,81,000	23,18,40,000	+5,12,000	14,26,08,000	7,65,42,000	2,55,14,000	24,45,64,000	+1,32,15,000
86,64,000	1,56,72,000	-2,55,000	3,00,000	1,09,74,000	36,58,000	1,49,22,000	-7,40,000
2,69,65,000	24,70,21,000	+2,57,000	14,28,08,000	8,75,16,000	2,91,72,000	25,94,96,000	+1,24,75,000
...	1,33,32,000	+3,48,000	1,37,00,000	...	...	1,37,00,000	+3,63,000
2,69,65,000	26,03,53,000	+6,05,000	15,65,08,000	8,75,16,000	2,91,72,000	27,31,96,000	+1,28,43,000
...	6,58,000	+13,000	12,76,000	...	...	12,76,000	+4,23,000
1,63,000	68,12,000	+83,000	35,82,000	4,95,000	1,65,000	43,52,000*	-25,60,000
...	75,000	+53,000	23,000	...	...	23,000	-52,000
...	6,00,87,000	...	5,46,08,000	...	...	5,46,08,000	-52,79,000
...
...	6,00,87,000	...	5,46,08,000	...	...	5,46,08,000	-52,79,000
...	...	-2,70,07,000	1,61,58,000	...	...	1,61,58,000	+1,61,58,000
2,91,46,000	22,81,90,000	-2,62,58,000	23,23,65,000	8,80,11,000	2,93,37,000	34,97,13,000	+2,15,33,000

* Rupees two reduced by the Legislative Assembly has not been restored by the Governor General in Council but the figure has been shown in the statement in round thousands as usual.

A. A. L. PARSONS,
Financial Commissioner.

2 (a).—Contribution from Railway to general revenues, 1926-27.

(Based on actuals, 1926-26.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,80,78,631 at charge, commercial lines . . . . .	...	6,80,78,631
2. (i) Receipts—		
Gross traffic receipts, commercial lines	99,44,09,321	
Interest on Depreciation and Reserve Fund balances	21,28,908	
Subsidiary Companies, share of surplus profits	80,18,987	
		99,06,14,306
(ii) Charges—		
Working expenses, commercial lines	60,06,02,326	
Indian States and Railway Companies' share of surplus profits	1,48,27,560	
Interest—		
On capital at charge, commercial lines	20,00,21,461	
On capital contributed by Indian States and Companies	2,67,15,617	
Land and subsidy	8,00,265	
Miscellaneous Railway expenditure	12,09,997	
Contribution at 1 per cent. on capital at charge, commercial lines	6,80,78,631	
		91,01,61,617
(iii) Surplus . . . . .	...	8,94,52,489
(iv) Contribution of one-fifth of surplus . . . . .	...	1,78,90,498
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	...	7,80,66,120
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 28,88,77,078	1,22,77,065	
(ii) Loss in working	86,02,156	
		1,56,79,221
(ii) Net payment due from railway to general revenues in 1926-27 . . . . .	...	6,00,96,899

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 21st March 1927.

BUDGET FOR 1927-28.

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2 (a).—Contribution from Railway to General Revenues, 1927-28.

(Based on actuals, 1925-26.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,00,36,79,855 at charge, commercial lines	—	6,00,36,799
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2. (i) Receipts—		
Gross traffic receipts, commercial lines	98,05,93,390	
Interest on Depreciation and Reserve Fund balances	53,77,345	
Dividend on investments in branch lines	98,451	
Subsidised Companies' share of surplus profits'	35,07,118	
(ii) Charges—		98,95,44,174
Working expenses, commercial lines	62,61,62,460	
Indian States and Railway Companies' share of surplus profits	1,77,41,943	
Interest—		
On capital at charge, commercial lines	21,63,18,316	
On capital contributed by Indian States and Companies	1,66,99,010	
Land and subsidy	4,38,351	
Miscellaneous railway expenditure	25,94,699	
Contribution at 1 per cent. on capital at charge, commercial lines	6,00,36,799	
(iii) Surplus	—	94,20,11,578
(iv) Contribution of one-fifth of surplus	—	4,75,32,598
<hr/>		
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]	—	6,95,43,318
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 30,94,68,993	1,30,94,198	
(ii) Loss in working	12,40,657	
(ii) Net payment due from railway to general revenues in 1927-28	—	1,47,54,853
		8,48,08,465

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1925-26.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
52.—Construction of State Railways:—						
(a) Commercial Lines . . .						
Open Line Works:—						
Rolling Stock	—	—	—	5,90,47,000	—	—
Other Works	—	—	—	11,49,68,325	—	—
New Lines	—	—	—	3,93,14,000	—	—
Suspense	—	—	—	—3,24,92,000	—	—
(b) Strategic Lines	—	—	—	86,12,605	—	—
TOTAL	9,33,21,641	7,47,62,461	2,42,75,628	19,24,49,930	14,62,37,000	9,26,00,000
Deduct—Probable Savings	—	—	—	—	—	—
Net	9,33,21,641	7,47,62,461	2,42,75,628	19,24,49,930	14,62,37,000	9,26,00,000
53-A.—Discharge of Debentures	—	62,60,000	20,11,618	82,71,618	—	1,96,00,000
64.—Redemption of Liabilities involved in purchase of Railways	—	2,87,50,000	66,23,830	2,42,73,830	—	—

J. M. HARTLEY,
Accountant General, Railways.

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

BUDGET FOR 1927-28.

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Central Government in India and England on Railways.

1926-27.			BUDGET ESTIMATE, 1927-28.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1926-27.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
--	5,11,18,000	-2,75,91,000	--	--	--	5,77,46,000	+66,28,000
--	16,65,23,000	-4,89,62,000	--	--	--	18,94,10,000	+2,28,87,000
--	6,25,00,000	-3,50,94,000	--	--	--	14,70,04,000	+8,45,04,000
--	-1,75,41,000	-54,76,000	--	--	--	-61,08,000	+1,14,33,000
--	74,00,000	+16,00,000	--	--	--	94,20,000	+22,20,000
2,12,63,000	27,00,00,000	-11,58,23,000	23,76,73,000	12,00,07,000	4,00,02,000	39,76,81,000	+12,76,81,000
--	--	-12,58,23,000	10,10,05,000	2,50,07,000	1,16,69,000	14,76,81,000	+14,76,81,000
2,12,63,000	27,00,00,000	+1,00,00,000	13,66,67,000	8,50,00,000	2,83,33,000	25,00,00,000	-2,00,00,000
66,54,000	2,63,42,000	-68,42,000	--	2,48,82,000	82,97,000	2,31,86,000	+68,42,000
--	--	--	--	--	--	--	--

A. A. I. PARSONS,
Financial Commissioner.

BUDGET FOR 1927-28.

A.—Railway Depreciation Fund.

	Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance	2,04,96,501	4,70,96,501	4,74,45,806	4,73,57,566	Appropriations from Depreciation Fund.	7,26,38,634	8,50,00,000	8,00,00,000	8,60,00,000
Appropriation to Depreciation Fund.	10,06,57,879	11,04,00,000	11,04,11,000	11,50,00,000	Closing balance.	5,74,40,999	8,35,96,501	8,78,57,806	11,38,57,806
TOTAL	12,72,66,500	17,78,96,501	16,78,57,806	20,35,57,806	TOTAL	12,72,66,500	17,78,96,501	16,78,57,806	20,38,57,806

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

B.—Railway Reserve Fund.

	Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance,	5,99,78,400	9,44,99,400	9,79,09,373	9,72,03,373	Appropriation from Re- serve Fund to meet in full the contribution to General Revenue.	---	---	7,06,000	---
Appropriation to Reserve Fund.	3,79,30,373	2,70,07,000	---	1,61,58,000	Closing Balance.	9,79,09,373	12,15,06,400	9,72,03,373	11,33,61,373
TOTAL	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373	TOTAL	9,79,09,373	12,15,06,400	9,72,03,373	11,33,61,373

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

Explanatory Memorandum of the Railway Budget for 1927-28.

1. This memorandum is intended to explain the principal features of the revised estimate for 1926-27 and the budget estimate for 1927-28. The demands for grants for 1927-28 contain explanations for increased expenditure provided for.

2. The main budget, the subsidiary statements and the demands for grants have been prepared in the form accepted by the Standing Finance Committee for Railways in January 1925. The details of the estimate for each railway are given in the form of a self-contained book, which contains an explanatory memorandum dealing briefly with the more important features of the estimates. The main budget has this year been prepared in foolscap size in accordance with a desire expressed last year in the Legislative Assembly and the Council of State for exhibition of the figures in bolder type than it is possible to put them in an octavo volume.

3. The Standing Finance Committee for Railways elected by the last Assembly held meetings on the 14th and 15th June and the 13th August 1926. They approved, at these meetings, several proposals for the creation of additional appointments in the superior establishment, the construction of several new lines, the estimate for the provision of improved railway facilities at Cawnpore, the establishment of a separate audit and accounts office for the railway collieries, the permanent retention of the appointment of Director of Finance, Railway Board, and the policy to be adopted in the provision of quarters for railway staff. They also discussed the quinquennial programme of railways for rolling stock for 1927-28 to 1931-32.

The Committee recently elected by this Assembly held meetings on the 27th and 28th January and the 2nd and 4th February 1927, at which the estimates of receipts and expenditure for 1927-28 and the demands for grants were fully examined. The recommendations of the Committee are contained in the proceedings which are circulated to Hon'ble Members with the budget papers.

4. *Capital (Head of Account—"53—Construction of State Railways").*—The Railway programme for 1926-27, which was approved by the Legislative Assembly in February last, allowed for the distribution of 34·58 crores to the various railway administrations for capital expenditure, being the amount which Agents of Railways themselves considered that they would be able to spend during the year on approved works. The experience of recent years, however, suggested that the estimates of Agents would prove too optimistic, and the Railway Board accordingly provided for a probable saving of 12·58 crores, reducing the Agents' estimates to 22 crores. Adding 4 crores required for the purchase of the Delhi-Umballa-Kalka Railway the grant for the year was fixed at 26 crores. The latter figure, however, represented the estimated net addition to the capital at charge of railways, and, as provision was made for a reduction of 1·21 crores in the amount of capital locked up in stores balances, the total capital expenditure provided for works amounted to 27·21 crores.

5. The revised estimate of the net addition to railway capital is now put at 27 crores and with a reduction of capital locked up in stores balances by

1·60 crores, and a reduction in suspense transactions of 6 lakhs the estimated total expenditure on capital account on works amounts to 28·75 crores. Thus the anticipated expenditure for the year shows a marked advance over the expenditure of previous years (which was about 22 crores in 1923-24, 19 crores in 1924-25 and 21½ crores in 1925-26). The results of the current year indicate an improvement in the capacity of railways to execute the approved programme which is in a large measure due to the steps taken by the Railway Board to attain greater accuracy in estimating for the programme of works and to accelerate the progress of expenditure on the approved programme.

6. It is entirely on open lines that capital expenditure has proceeded at a more rapid pace than was anticipated last February. On new lines the expected expenditure of the year is practically the same as the budget estimate. Progress on new lines has unfortunately been retarded by a variety of causes beyond the control of railway administrations, chief among which may be mentioned the late receipt of imported material and unforeseen delays in the acquisition of land. In addition the commencement of work has sometimes been held up by the necessity for deciding problems of some complexity before sanction could be given to the project. The Raipur-Parvatipur Railway is the principal sufferer, and against the provision of 125 lakhs for this line expenditure of only 24·66 lakhs is now anticipated in 1926-27. Much of the money allotted for the Myingyan-Natogyi-Paleik Railway and the Nachoul-Rampur Boalia-Natore Railway will also not be used in the current year. The former was only sanctioned quite recently, and the latter has not yet been sanctioned for construction, owing to the difficulty of deciding upon the gauge to be adopted for it. On the other hand, it has been possible to make greater progress than was expected with the Shahdara-Narowal Railway, the Hindubagh-Qilla Saifullah Railway and the Pegu-Kayan Railway and the expenditure on these lines is expected to exceed the budget provision by 10, 11 and 8 lakhs respectively.

7. The programme of operations for the current financial year provided for an expenditure of 8·50 crores, by appropriation from the Depreciation Fund, on replacement and renewals of wasting assets. It is anticipated that the expenditure will fall short of the amount of the provision by 50 lakhs.

8. The programme for the year 1927-28 for capital expenditure and for the consequent expenditure from the Depreciation Fund on replacement and renewals of wasting assets provides for the amounts which, it is anticipated, will be spent on works approved by the Railway Board and the Standing Finance Committee for Railways. The Agents anticipate that on these approved works they will be able to spend 39·77 crores on capital account and 11·95 crores on replacement account. While it is proposed to authorise them to spend up to this amount, the Railway Board consider that the estimates framed by Agents are still very optimistic and are of opinion that, as far as can be foreseen at present, no more than 25 crores of capital expenditure and 9 crores of replacement expenditure will be incurred.

9. The Agents' figure of 39·77 crores of capital expenditure is distributed as follows between open lines and new lines:—

	Crores of Rs.
Open Lines	24·77
New Lines	15·00
	<hr/>
TOTAL	39·77
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BUDGET FOR 1927-28.

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The distribution of the figure of 25 crores of capital expenditure adopted by the Railway Board is as follows :—

	Crores of Rs.
Open Lines	17.33
New Lines	7.62
Total	25.00

10. The distribution of the total capital allotment on State Railways worked by the State and by Companies, under England and India, in each of the three years from 1925-26 to 1927-28, is as follows :—

ITEMS.	Actuals, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
England—				
Sterling payments £	7,475,246	14,518,900	9,250,000	12,000,700
Converted into rupees at 2s. to the rupee Rs.	7,47,52,461	14,51,89,000	9,25,00,000	12,00,07,000
Exchange Rs.	2,43,75,628	4,83,96,000	3,12,63,000	4,00,02,000
Total England Rs.	9,91,28,089	19,35,85,000	12,37,63,000	16,00,09,000
Probable savings . Rs.	...	4,26,72,000	...	4,66,76,000
Net Rs.	9,91,28,089	15,09,13,000	12,37,63,000	11,33,33,000
India Rs.	9,33,21,841	19,22,38,000	14,62,37,000	23,76,72,000
Probable savings . Rs.	...	8,31,51,000	...	10,10,05,000
Net Rs.	9,33,21,841	10,90,87,000	14,62,37,000	13,66,67,000
Total England and India Rs.	19,24,49,930	26,00,00,000	27,00,00,000	25,00,00,000

11. The following table compares the allotments made for open lines and lines under construction in 1927-28 with the actual expenditure of 1925-26 and the estimated expenditure of the current year.

(Figures in thousands of rupees.)

ITEMS.	Actuals, 1925-26.	Revised, 1926-27.	Budget, 1927-28.
1. Purchase of Delhi-Umballa-Kalka Railway . . . . .	...	4,01,39	...
2. Purchase of shares of Branch Line Companies . . . . .	...	20,86	...
3. Open Lines (including Rolling Stock)			
{ Commercial	14,95,24	15,78,75	24,10,48
{ Strategic	36,12	52,00	66,79
4. Lines under construction—			
(a) Started in previous years			
{ Commercial		4,63,82	9,14,81
{ Strategic		22,00	9,50
(b) Started in current year			
{ Commercial	3,93,14	1,61,18	5,55,23
{ Strategic			20,00
Total	19,24,50	27,00,00	39,76,81
Deduct—Probable savings . . . . .	...	...	14,76,81
Net Total	19,24,50	27,00,00	25,00,00

12. The details of the budget grant for 1927-28 are shown below:—

(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by the State—					
1. Eastern Bengal	56,91	1,03,47	1,62,38	...	...
Dacca Aricha	7,00	...
Baruipur-Lakshmikantapur	20,00	...
Faridpur-Charmaguria	30,00	...
Natore Rampur Boalia Nachoul	40,00	...
Santhia-Berhampur-Bhairamara	30,00	...
Dinajpur-Ruha	21,00	...
Rajbari Kamarkhali Jessore	3,00	...
2. Jodhpur (British Section)	7,98	7,98	...	...
3. North Western (Commercial)	98,90	1,98,08	2,96,98	...	...
Kangra Valley	60,00	...
Shabdara Narowal	71	...
Amritsar Narowal	25,00	...
Jessor-Shakargarh Chak Amru	4,26
Rohtak Gohana Panipat	14,59
Lyallpur-Jaranwala	8,00
Chak-Jumra Chiniot	17,40
Rohtak-Bhiwani	15,00
Khushab-Chiniot	40,00
Sind Left Bank feeder	30,00
Pakpattan-Montgomery or Wasawewala Okara	10,00
Montgomery Tandlianwala or Channanwala-Wasawewala	5,00
Lyallpur-Tandlianwala	1,00
Jhang-Gojra Tandlianwala	10,00
Fazilka-Malout or Fazilka Kot-Kapura	1,00
Dodapur-Jacobabad	11,00

BUDGET FOR 1927-28.

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(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by the State— <i>contd.</i>					
4. Strategic Lines (North Western Railway)	18,97	47,28	66,25	...	...
Hindubagh-Qilla Saifullah . . . . .	...	...	...	2,00	...
Qilla Saifullah-Fort Sandeman . . . . .	...	...	...	...	20,00
Khyber Railway . . . . .	...	...	...	7,50	...
Strategic Lines (Aden)	61	—7	54	...	...
5. East Indian	80,81	3,42,27	4,23,08	...	...
Central India Coalfields . . . . .	...	...	...	1,16,60	...
Paphund-Auriya . . . . .	...	...	...	...	2,00
Chandrapura Gomoh . . . . .	...	...	...	55	...
Calcutta Chord . . . . .	...	...	...	64,00	...
Rishikesh Road Rishikesh . . . . .	...	...	...	2,72	...
Kedla Colliery Branch . . . . .	...	...	...	...	4,75
Rajghat Jehangirabad Bulandshahr Branch . . . . .	...	...	...	...	5,00
Lucknow-Sultanpur . . . . .	...	...	...	...	10,00
Unso-Madhoganj Branch . . . . .	...	...	...	...	3,00
Sultanpur Jaunpur . . . . .	...	...	...	...	5,00
Chandpur Chandok Branch . . . . .	...	...	...	...	5,00
6. Great Indian Peninsula	1,13,07	4,14,47	5,27,54	...	...
Kartal Kamasin . . . . .	...	...	...	...	15,75
Agra Bah . . . . .	...	...	...	20,00	...
Dharawa Pusad . . . . .	...	...	...	...	11,41
Thand Mahad . . . . .	...	...	...	...	10,74
Nasik Belapur-Bodegaon . . . . .	...	...	...	...	26,40
State Railway Collieries . . . . .	...	13,35	13,35	...	...
Total State Railways worked by State	3,69,27	11,28,83	14,98,10	4,50,08	2,86,30
State Railways worked by Companies—					
7. Assam Bengal	13,72	24,63	38,35	...	...
Karinganj Longai . . . . .	...	...	...	17,48	...
Sibsagar Road Khawang . . . . .	...	...	...	3,40	...
Furkating Badulipara Jorhat . . . . .	...	...	...	10,02	...

(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies—contd.					
Nowgong-Dhing	5,00
Hobiganj-Begamkhan Balla	7,00
Feni Belonia	4,00
Chittagong-Fatikchari	5,00
Netrakona Mohanganj	9,00
8. Bengal Nagpur	46,21	1,45,51	1,91,72	...	...
Barkakana Chandil	13,00	...
Raipur Parvatipur	1,00,00	...
Tumsar Road Tirodi	15,66	...
Kedla Branch including sidings	4,00	...
9. Bengal and North Western (Tirhut)	2,11	5,38	7,49	...	...
Mashrak Tawe	2,00
Chakia Kurnowl	1,50
10. Bezwada Extension	2	2	...	...
11. Dhone (Dronachalam) Kurnool extension	7,84	...
12. Bombay, Baroda and Central India	33,40	2,44,00	2,77,40	...	...
Jambusar Kavi	2,21	...
Vasad Katana	15,09	...
Nadiad Kaira	5,01
Samni Debej	5,00	...
Malad Karodi quarry siding	2,00
Boravi Vadtal	5,06
Kapadvanj Meghraj	6,00
13. Burma	41,06	54,65	95,71	...	...
Moulmein-Ye	2,00	...
Pyinmana Taungwingyi	2,85	...
Alon Segyi Ye-U	61	...
Pegu Kayan	1,98	...
Bauktaw Mingaladon	8	...

(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies—contd.					
Heho Tayaw	6,50	...
Mandalay Madaya	2,00	...
Taungdingyi-Kyaukpadaung	25,00	...
Taungdingyi-Magwe	25,00
Myingyan Natogyi Paleik	25,00	...
Kayan Thongwa	3,00	...
Nyaunglebin Madauk	7,00	...
Ye Tavoy Sinbyubin	10,48
Minbu Pakkoku District	20,00
14. Madras and Southern Mahratta	49,92	1,33,56	1,83,48	...	...
Nidadavolu Narasapur	22,35	...
Cocanada Kotepalli	5,00
Gudivada Bhimavaram	12,00	...
Hotgi Sholapur	1,16	...
Kannivhalli Swamihalli	3,12	...
Guntur Gurrala Macherla	5,60
Hubli Saundatti Belgaum	8,00
Raibag Jamkhandi Bagalkot	4,72
15. Rohilkund and Kumaon (Lucknow-Bareilly Section).
Kashipur Kalagarh	5,00
16. South Indian	41,35	1,43,65	1,85,00	...	...
Shoranur Nilambur	48	...
Virudunagar Tenkasi	20,00	...
Mayavaram Tranquebar	12,50	...
Villupuram Trichinopoly	60,00	...
Dindigul Pollachi	28,57	...
Madura Bodinayakanur	31,83	...

(Figures in thousands of rupees.)

RAILWAYS.	OPEN LINES.			CONSTRUCTION OF	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies—conold.					
Vridhbachalam Cuddalore . . . . .	...	...	...	11,60	...
Trichinopoly Karaikudi Manamadurai Railway . . . . .	...	...	...	...	89,16
Salem Attur Vridhbachalam . . . . .	...	...	...	...	10,00
Pollachi Palghat . . . . .	...	...	...	...	25,00
Bodinayakanur Gudalur . . . . .	...	...	...	...	25,00
Theni Periyakulam . . . . .	...	...	...	...	5,00
Total State Railways worked by Companies	2,27,77	7,51,40	9,79,17	4,74,23	2,88,93
Total State and Company worked Railways	5,97,04	18,80,23	24,77,27	9,24,31	5,75,23
				14,99,54	
				39,78,81	
Deduct—Probable savings				14,78,81	
Net				25,00,00	

13. The distribution of the allotment of 24.77 crores over the Open Line Capital Programme is as follows:—

	Crores of Rs.
1. Open line facilities	19.41
2. Rolling stock	5.97
3. Reduction in stores balances and fluctuations in suspense	— .61
	24.77

14. *Open line facilities.*—The following shows the distribution of the proposed gross allotment of 19.41 crores among the various classes of Open Line Works:—

	Crores of Rs.
(a) Doubling and Quadrupling	1.59
(b) Improvement of Rails and Sleepers	3.01
(c) Strengthening of Bridges	1.47
(d) Remodelling of Station Yards	2.87
(e) Staff Quarters	1.15
(f) Workshops and Stores and Station Buildings	1.53
(g) Plant and Machinery . . . . .	.42
(h) Electrification of Lines and Stations	3.59
(i) Sidings, Diversions, Links, etc. . . . .	.81
(j) Miscellaneous Works	2.98
Total	19.41

15. (a) *Doubling and Quadrupling.*—The schemes for laying additional racks, for which provision has been made in the budget, fall under two heads : namely, those required in the neighbourhood of large cities for the improvement of suburban services and those designed to improve the capacity of main lines for carrying traffic in general.

Among the works falling under the former category particular mention may be made of the comprehensive programme of doubling and quadrupling included in the scheme of improvements in the Madras suburban area, for which as a whole a sum of 21 lakhs has been provided; and also of the quadrupling of the Bandra-Borivli and Bandra-Grant Road sections of the Bombay, Baroda and Central India Railway, work on which has now been practically completed.

The more important schemes of the latter category which deserve mention are the doubling of the Kyungon Myohla section of the Burma Railways and the Goikera Manharpur section of the Bengal Nagpur Railway for which provision has been made in the budget to the extent of 8 and 10 lakhs respectively.

(b) *Improvement of Rails and Sleepers, and*
(c) *Strengthening of Bridges* }.—The allotments under these heads are required for improving the standard of such sections of railways as are under existing conditions unsuited to meet the requirements of modern loads. For this purpose the programmes of track and bridge improvement on the various railways have been co-ordinated with each other; the policy which in general has been kept in view is to resort to strengthening where the condition of the road demands it, but at the same time the age of the track does not justify renewal.

The more important schemes on which expenditure is anticipated next are on the Great Indian Peninsula, East Indian, North Western, and Bombay, Baroda and Central India Railways. Particular mention may be made of the relaying work of the Khandwa-Itarsi-Jubbulpore-Allahabad section of the Great Indian Peninsula Railway for which a total provision of 29·83 lakhs has been made; also of the regirdering of the Lower Sone and Allahabad Jumna bridges, and the renewing of the Dufferin Bridge at Kashi, on the East Indian Railway, on which it is proposed to spend 21·96, 12·67 and 13, lakhs, respectively, during the next year.

(d) *Remodelling of Station Yards.*—The present-day policy of railway operation places the improvement of station yards at the forefront of the programme of railway betterment. For a systematic improvement of yards secures acceleration of goods traffic and a quicker turn-round of wagons and locomotives, with the result that less money is needed for the provision of these classes of stock and a better service is given to the public at a lower cost.

The following are the more important schemes for remodelling station yards and the amounts proposed to be spent thereon during the next year:—

	Lakhs.
Belghurriah (Eastern Bengal Railway)	12-00
Bhore Ghat (Great Indian Peninsula Railway)	15-00
Botataung (Burma Railways)	5-00
Cawnpore (East Indian Railway)	3-00
Erode (South Indian Railway)	2-00
Guntakal (Madras and Southern Mahratta Railway)	5-30
Kalka (North-Western Railway)	4-00
Lucknow (East Indian Railway)	4-30
Miraj (Madras and Southern Mahratta Railway)	6-30
Trichinopoly (South Indian Railway)	9-23
Victoria Terminus (Great Indian Peninsula Railway).	20-00

A brief description of two of the more important of these schemes, those for the remodelling of Victoria Terminus and the elimination of the reversing station at Bhore Ghat, was given in the explanatory memorandum on last year's budget.

Another important project is that for the improvement of railway facilities at Cawnpore, the execution of which at an estimated cost of 77 lakhs was approved by the Standing Finance Committee for Railways in August last, *vide* item No. 7 in Volume III, No. 2, of the Proceedings of the Committee. The existing arrangements for working the traffic of the various railways entering into Cawnpore have for some time past been found to be inadequate, and to lead to delay and inconvenience with much overlapping and duplication of work. A careful examination of the whole position was, therefore, undertaken, as a result of which a comprehensive scheme has been decided upon, involving the remodelling of the various station yards at Cawnpore and the construction of a central passenger station on the site of the (old) Oudh and Rohilkhand Railway station and goods sheds and yards. It is hoped that the scheme will lead to better centralised arrangements for broad gauge goods working, more convenient transhipment between the broad gauge and metre gauge and a better concentration of broad gauge and metre gauge engine sheds. The savings we expect to obtain from smaller detentions to stock, the employment of a smaller number of shunting engines, and lower establishment charges, should yield a return of about 8 per cent. on the estimated cost of the works.

(e) *Staff Quarters.*—While the growth of traffic in recent years has led to a considerable increase in staff, the provision of suitable quarters has, owing to a variety of reasons, fallen considerably into arrears. In consequence the Railway Board have had recently to deal with an increasing number of important and comprehensive housing projects on the various railways, and these brought into prominence the urgency of laying down a definite policy in the matter of the provision of quarters and the basis on which rents are to be

recovered therefor. The whole question was discussed with the Standing Finance Committee for Railways in June last and with its approval certain definite principles have now been laid down, *vide* item No. 10 in Volume III, No. 1 of the Proceedings of the Committee. Under these principles quarters are to be provided by railways only where conditions are such that private enterprise does not adequately meet the demand for housing the staff or where it is necessary for special reasons to provide quarters for certain classes of staff near to their work; the quarters are to be divided into separate classes for the purpose of assessment of rent according to the various classes of establishments for which they are intended; and the rent is to be so assessed that the total rents for all the quarters of each class taken together will yield a return of not less than 4 per cent. on the total capital spent excluding the cost of land. At the same time the rent charged to each individual will not exceed 10 per cent. of his emoluments. It is proposed to adopt these principles as a general policy to be aimed at by all railways and as a definite policy for State-managed railways.

The amounts which have been included in the budget for the provision of staff quarters on individual railways are summarised in the following table:—

(Figures in thousands of rupees.)

RAILWAYS.	OFFICERS' QUARTERS.		OTHER QUARTERS.	
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.
Assam Bengal . . . . .	...	...	1,09	6,04
Bengal Nagpur . . . . .	...	...	2,00	...
Bombay, Baroda and Central India . . . . .	...	...	94	8,87
Burma . . . . .	...	...	7,30	...
Eastern Bengal . . . . .	...	...	...	7,20
East Indian	27	1,86	12,54	15,37
Madras and Southern Mahratta	85	...	16,50	...
North Western . . . . .	...	1,00	2,48	5,24
Great Indian Peninsula . . . . .	...	73	4,51	17,29
South Indian	2,11	...	66	...
Total	3,23	3,59	49,02	60,01

(f) Workshops and Stores and Station Buildings, and
(g) Plant and Machinery.—

The whole question of the capacity of the workshops of the State Railways and the possibility of their reorganisation and improvement on co-ordinated lines was investigated during last cold weather by the State Railway Workshops Committee, an expert committee presided over by Sir Vincent Raven, formerly Chief Mechanical Engineer, North Eastern Railway, England. The results of this investigation have indicated the imperative necessity, at any rate for some time to come, for heavy expenditure on the remodelling and improvement of State Railway workshops in general; this was explained at length in the explanatory memorandum of the budget for 1925-26 and reiterated in last year's memorandum. The recommendations of the Committee as to the lines on which the reorganisation and improvement of the workshops should proceed have been examined and, in the main, accepted by the Railway Board. These recommendations, with the Railway Board's views, thereon, have recently been communicated to the Railway Administrations concerned and a special officer has also been appointed to see that effect is given to them as early as possible.

The important schemes of workshop construction and remodelling, provision for which is included in the programme for the ensuing year, are tabulated below. The explanatory memoranda on the last two years' budgets contained a brief description of all these projects :—

(Figures in thousands of rupees.)

	Estimated capital expenditure.	Amount likely to be spent to end of 1926-27.	Provision for 1927-28.
Kanchrapara—Remodelling of locomotive shops and machinery (Eastern Bengal Railway)	39,58	14,96	28,11
Dohad—New locomotive shops (Bombay, Baroda and Central India Railway)	1,42,48	54,44	50,00
Perambur—Remodelling of shops (Madras and Southern Mahratta Railway)	2,18,21	80,40	41,63
Charbagh—Extension to locomotive shops (East Indian Railway)	52,92	24,55	18,47
Trichinopoly—New Workshops (South Indian Railway)	3,16,51	2,64,27	32,79

(4) *Electrification of Lines and Stations.*—As stated in the explanatory memorandum on last year's budget, schemes have been under consideration for some time past for the electrification of the suburban lines in

and around the presidency towns of Bombay, Calcutta and Madras with a view to securing acceleration of suburban passenger traffic and thereby affording relief to congestion in the towns on the one hand and on the railway lines in their neighbourhood on the other. So far, however, the Bombay scheme is the only one which has been taken in hand; the other schemes are still under investigation.

The project now in hand for the electrification of the railway services in the Bombay area comprises on the Great Indian Peninsula Railway the electrification of the main and suburban lines to Kalyan and of the main lines to Igatpuri and Poona and on the B., B. & C. I. Railway the electrification of the suburban lines between Church Gate and Borivli and of the main lines between Grant Road and Bandra. The work on the G. I. P. Railway suburban electrification scheme has reached an advanced stage and electrified services have already been opened between Victoria Terminus and Kurla and Thana *via* the Harbour Branch and between Victoria Terminus and Bandra. These services have become highly popular and promise to be entirely successful. Provision has been made for a maximum of seven trains per hour between Victoria Terminus and Kurla and five trains per hour between Victoria Terminus and Bandra.

With a view to inaugurating electrified services on the whole of these sections as early as possible the work on the uncompleted portion of the schemes is being vigorously pushed forward. From the opening of these electrified services not only will Bombay derive a great benefit in that a better distribution of its vast population will be secured, but on the railways' side also a considerable reduction in the operating expenses will be effected as a result of the introduction of this more economical form of traction.

The estimated capital cost of all these schemes and the amounts provided therefor in the next year's budget are indicated below :—

(Figures in thousands of rupees.)

	Estimated capital cost.	Approximate expenditure to end of 1926-27.	Provision for 1927-28.
Great Indian Peninsula Railway—			
(i) Main line from Bombay to Igatpuri and Poona	5,52,84	25,00	1,00,00
(ii) Power House at Kalyan	97,40	7,40	40,00
(iii) Suburban lines	2,71,64	2,13,92	52,61.
Bombay, Baroda and Central India Railway—			
(i) Local tracks between Church Gate and Borivli	1,27,00	67,61	47,00
(ii) Through line between Grant Road and Mahim	4,21	...	4,21
(iii) Extension of Electrification to Virar	35,00	...	20,00

(i) and (j) *Sidings, Diversions and Miscellaneous Works.*—The allotments under these heads consist of the expenditure proposed on watering arrangements, overbridges, acquisition and improvement of collieries, telegraph lines, train control, lengthening and isolation of loops, etc.

The following are among the more important works for which provision has been made in the budget :—

	Lakhs of Rs.
Water supply scheme at Bhusawal (Great Indian Peninsula Railway)	6.98
Mahalakshmi overbridge (Bombay, Baroda and Central India Railway)	8.82
Talchir Colliery (Bengal Nagpur Railway)	8
Kedla Colliery (Bengal Nagpur and East Indian Railways)	7

16. *Amenities for 3rd class passengers.*—The question of providing amenities for lower class passengers with a view to improving the conditions of their travel is one which has for the last few years been receiving unremitting attention on the part of the Railway Board and Railway Administrations.

In general, since the lower class passengers share the facilities provided when general improvements such as remodelling of station yards, electrification of station yards, electrification of stations and improvement of train services are undertaken, an appreciable proportion of the amounts provided for expenditure on such works falls under this head. Quite apart from and in addition to this, provision has been made in the budget for 1927-28 to the extent of 219.58 lakhs for amenities which are specially intended for lower class passengers. The details of this provision are summarised below :—

	Lakhs.
1. Arrangements for water supply to passengers	7.11
2. Waiting sheds, waiting rooms and waiting halls	15.55
3. Indian refreshment rooms	3.83
4. Booking facilities	5.20
5. Latrines and sanitary arrangements	2.76
6. Raised platforms	8.21
7. Additions and betterments to lower class carriages	176.02
Total	<u>219.58</u>

17. *Rolling Stock.*—The approved programmes of Railway Administrations contemplate the following expenditure on account of rolling stock during 1927-28 :—

	Rs.
(a) Capital expenditure—	
(i) for additional stock	249.09
(ii) for additional electric stock	37.28
(iii) for improvements to existing stock	809.77
Total Capital	<u>597.04</u>
(b) Expenditure chargeable to the Depreciation Fund for re- newals of worn out stock	232.29
Total Expenditure	<u>829.33</u>

Specific allotments set apart for various items are shown below.

[Figures in thousands of rupees.]

	BROAD GAUGE.				METRE GAUGE.				NARROW GAUGE.				Grand Total Capital.	Grand Total Depreciation Fund.
	Additions Cap.	Renewals.		Total Cap.	Additions Cap.	Renewals.		Total Cap.	Additions Cap.	Renewals.		Total Capital.		
		Cap.	Depreciation Fund.			Cap.	Depreciation Fund.			Cap.	Depreciation Fund.			
I.—Locomotives—														
(a) Engines and tenders	14,76	60,30	20,21	65,08	28,23	24,73	26,46	52,98	...	6,08	2,94	6,08	1,24,10	68,61
(b) Boilers	6,52	2,04	9,20	8,56	86	1,77	4,79	2,63	...	...	14	...	11,10	14,13
(c) Electric headlights to locomotives . . . . .	...	5,39	8	5,39	...	1,77	3	1,77	...	...	...	...	7,16	6
(d) Superheating of locomotives . . . . .	...	33,69	34,63	33,69	...	3,31	99	3,31	...	...	...	...	37,60	35,63
II.—Coaching stock—														
(a) I and II class	21,45	5,34	4,84	26,79	5,19	1,77	2,28	6,96	18	6	5	24	33,90	7,17
(b) Inter and III class	47,45	81,66	31,20	79,31	25,03	5,16	10,92	83,10	28	25	48	53	1,13,03	42,60
(c) Miscellaneous	46,60	81,47	14,76	78,07	3,62	3,12	3,68	6,74	62	...	...	62	65,43	18,59
(d) Conversions from gas to electric . . . . .	...	25,03	1,41	25,03	...	11,31	80	11,31	...	...	...	...	36,34	2,21
III.—Goods stock—														
(a) General service . . . . .	...	...	...	...	24,95	6,63	18,23	31,58	2,26	48	17	2,74	34,32	18,40
(b) Miscellaneous	11,45	45,70	26,04	57,15	5,68	9,28	7,88	17,90	1,86	23	6	2,00	77,16	34,90
IV.—Additional electric stock . . . . .	...	...	...	...	...	...	...	...	...	...	...	...	87,28	...
Total	1,48,28	2,30,82	1,52,22	3,70,05	96,56	71,85	76,31	1,68,41	5,20	7,10	3,66	12,30	5,07,04	2,32,29

The programme authorised by the Railway Board at the time of the preparation of the budget for 1927-28 provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1928 :—

	BROAD GAUGE.			METRE GAUGE.			NARROW GAUGE.		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive engines	5	20	25	32	47	79	..	6	6
2. Coaching vehicles (in terms of four-wheelers)—									
(a) I and II class	52	30	82	32	26	58	...	2	2
(b) Inter and III class	278	340	618	274	206	4,80	...	18	18
3. Goods wagons (in terms of four-wheelers)	...	...	...	796	533	1,329	80	14	94

NOTE.—The figures in this paragraph are exclusive of III class composite coaches to be built with luggage, brakes, postal compartments, etc. The figures for goods stock are those intended to be utilised for the carriage of goods for the general public and exclude all special types of goods stock, such as oil tanks, rail and timber trucks, sheep-vans, ballast wagons, etc.

The following statement shows for the broad, metre and narrow gauge lines the details of the new units of coaching and goods stock in terms of four-wheeler units included in the programme for 1927-28 which will be constructed as additions to the authorised stock of the railways :—

RAILWAYS.	I & II CLASS COACHING VEHICLES.		INTER & III CLASS COACHING VEHICLES.		GOODS WAGONS.	
	Broad Gauge.	Metre Gauge.	Broad Gauge.	Metre Gauge.	Metre Gauge.	Narrow Gauge.
North Western	14	...	194	...	...	...
East Indian	...	...	...	...	...	...
Eastern Bengal	6	...	18	...	...	...
Great Indian Peninsula	8	...	44	...	...	...
Bengal Nagpur	16	...	16	...	...	80
Burma	...	16	...	164	200	...
Bombay, Baroda and Central India	8	16	...	74	...	...
South Indian	...	...	...	30	596	...
Madras and Southern Mahratta	...	...	6	6	...	...
Assam Bengal	...	...	...	...	...	...
Bengal and North Western	...	...	...	...	...	...
Rohilkund and Kumaon	...	...	...	...	...	...
Total	52	32	278	274	796	80

NEW LINES.

18. A complete list of new lines, whether under construction or expected to be commenced during the year 1927-28, is given in the demand for grants for new construction and strategic lines. The total mileage of the new lines detailed in the demand for grants excluding the mileage to be opened this year amounts to 4,640 miles. The additions to the several main systems are shown below :—

New Lines.

RAILWAY SYSTEM.	Lines in progress.	Lines the construction of which has been sanctioned but not yet commenced.	Unsanctioned lines.	TOTAL.
	Miles.	Miles.	Miles.	Miles.
Assam Bengal	128	17	93	238
Bengal Nagpur	269	...	...	269
Bengal and North-Western . . . . .	...	...	56	56
Bombay, Baroda and Central India	45	...	96	141
Burma	282	...	544	826
Eastern Bengal	66	...	326	392
East Indian	159	17	270	446
Great Indian Peninsula	45	...	346	391
Madras and Southern Mahratta	100	80	195	375
Nizam's Guaranteed State	5	...	...	5
North Western	324	30	452	806
Rohilkund and Kumson . . . . .	...	...	30	30
South Indian	390	...	275	665
	1,813	144	2,683	4,640

19. A map showing surveys and new lines proposed to be undertaken in 1927-28 is appended to this memorandum.

It is expected that 338 miles of railway will be opened in the current financial year and about 914 miles in 1927-28. The details are as follows:—

Opened and to be opened in 1926-27.

Name of Project.	Number of miles.
B. N. Railway—	
Barkakhana (Heala) Chandil	76
Talcher Coalfields	63
Burma Railways—	
Segyi-Ye-U	23
Pegu-Kayan	37
Mandalay-Madaya	17
E. B. Railway—	
Krishnagar-Nabadwipghat	9
E. I. Railway—	
Chandrapura Gomoh	10
Rishikesh Road Rishikesh	8
M. and S. M. Railway—	
Hotgi-Sholapur Railway	10
N. W. Railway—	
Shahdara-Narowal	49
S. I. Railway—	
Mayavaram Tranquebar	13
Shoranur Nilambur (Shoranur Angadiparam section)	18
Total	338

To be opened in 1927-28.

Name of Project]	Number of miles.
A. B. Railway—	
Sibsagar Road-Khawang	39
Furkating-Badulipara	43

To be opened in 1927-28—*contd.*

Name of Project.	Number of miles.
Burma—	
Kayan Thongwa	11
Heho Tayaw	9
E. B. Railway—	
Dinajpur-Ruhea	48
Baruipur-Lakshmikantapur	23
E. I. Railway—	
Daltonganj-Barwadih	17
Annupur-Karimati	40
G. I. P. Railway—	
Agra-Bah	45
M. and S. M. Railway—	
Nidadavolu-Narsapur	47
Gudivada-Bhimavaram	41
Hotgi-Sholapur	10
Kannivihalli-Swamihalli Extension	12
N. G. S. Railway—	
Dhone Kurnool Extension	5
N. W. Railway—	
Amritsar-Narowal (Verka-Dera-Baba Nanak Section)	23
Chak Jhumra-Chiniot	20
Jassar-Shakargarh-Chak Amru	26
Lyallpur-Jaranwala	21
Chiniot-Khrashab (Sargoda-Shahpur Section)	20
Rohtak-Gohana Panipat	45
Kangra Valley (Pathankot-Gulier Section)	45
Zhob Valley (Hindubagh-Qilla Saifullah Section)	38
S. I. Railway—	
Shoranur-Nilambur	41
Virudunagar-Tenkasi	75
Dindigul-Pollschi	75
Madura-Bodinayakanur	56
Cuddalore-Vriddhachalam	35
Total	914

20. Since the last budget was presented to the Assembly proposals for the construction of the following railways were placed before, and accepted by, the Standing Finance Committee for Railways :—

Name of Project.	Capital cost (including interest on Capital during construction).	Return expected.	Reference to Proceedings of Standing Finance Committee for Railways.
	Rs. (lakhs).		
Sarni Dehej Railway	11.28	9.9 per cent.	Item No. 5 in Volume III, No. 1.
Vriddhachalam Cuddalore Railway.	40.00	Detailed estimates are not yet ready, but the project is not expected to be remunerative and has been undertaken on the guarantee of the District Board of South Arcot.	Item No. 3 in Volume III, No. 2.
Lyalpur Jaranwala Railway.	14.05	5.48 per cent.	Item No. 4 in Volume III, No. 2.
Rohtak Gohana-Panipat Railway.	28.00	6.33 per cent.	Item No. 8 in Volume III, No. 2.
Jassar Shatargarh Chak Amru Railway.	14.97	6 per cent.	Item No. 9 in Volume III, No. 2.

21. In the interval between the close of the last Autumn session of the Assembly and the election by this Assembly of the members of the Standing Finance Committee for Railways, the construction of the following new lines was sanctioned by the Government of India. It was necessary to accord sanction urgently in order to gain a full working season :—

Nyaunglebin-Madauk Railway,
 Myingyan-Natogyi Paleik Railway,
 Dhonse-Kurnool Railway Extension,
 Khushab Chak Jumra (Sangla Hill) Railway,
 Cocanada-Kotepalli Railway,
 Guntur-Gurzala-Macherla Railway,
 Baruipur-Lashmikantapur Railway.

The Nyaunglebin-Madauk Railway.—Is a small branch, about 13 miles in length, taking off the main line of the Burma Railways at mile 90. It has been strongly recommended for construction by the Government of Burma from time to time for the last 20 years and is designed to serve the town of Schwegyin which contains a rocking pagoda that attracts many pilgrims every year. The country traversed is noted for its rubber cultivation, and although on a capital cost, including interest during construction, of 11.42 lakhs, a return of only 3.75 per cent. is expected immediately, it is anticipated that traffic will soon develop to an extent that will make the line a remunerative proposition.

The Mingyan-Natogyi Paleik Railway.—Will serve to open up an area full of possibilities both in regard to passenger traffic and in regard to goods traffic in cotton and dry grains, the production and export of which the new line is expected to stimulate very considerably. It will be about 72 miles in length and it is expected to yield a return of 5.5 per cent. on its estimated capital cost of 67.43 lakhs, including interest during construction.

The Dhone (Dronachalam)-Kurnool Extension.—Is an extension of the Dhone-Kurnool Railway up to the British Frontier adjoining the Hyderabad State. The following are among the terms agreed upon between the Government of India and His Exalted Highness the Nizam's Government and the Railway Administrations concerned, with regard to this line :—

- (i) The Government of India to build or allow the Nizam's Guaranteed State Railways Company to build at the cost of the Government of India the extension of the Dhone-Kurnool Railway up to the British Frontier, and then make over the existing Dhone-Kurnool Railway and the extension to the Nizam's Guaranteed State Railways Company to be worked as part of the Secunderabad-Gadwal Railway.
- (ii) The Nizam's Guaranteed State Railways Company to charge the Government of India 50 per cent. of the gross earnings of the British section (i.e., the Dhone-Kurnool Railway and the new extension) which will include 5 per cent. for the use of rolling stock and also include the ordinary maintenance of the permanent-way, provided that this charge shall be increased from 50 per cent. to 55 per cent. in any year in which the gross earnings of the British section exceed Rs. 3,19,000.

It was considered desirable that the extension should, under present conditions, be financed entirely from funds provided by the Government of India. The extension will be 4.89 miles in length and it is estimated to cost Rs. 13,14,214, the high figure of cost being mainly due to the necessity for bridging two large rivers in this short length. The gross earnings of the Dhone-Kurnool Railway and its extension have been estimated at the conservative figure of 2.50 lakhs (as against the 2.88 to 3.20 lakhs assumed by the Nizam's Guaranteed Railway Administration) and on this figure and allowing for working expenses at 50 per cent. of gross earnings and a further 1 per cent. on capital outlay to provide for renewals of permanent-way, the return works out to about 4.34 per cent. on a total outlay on the whole section of 23.40 lakhs. This return is actually less than the average return during the last 5 years of 5.90 per cent. earned by the Dhone-Kurnool Railway on its capital outlay of 10.25 lakhs. The Railway Board are, however, satisfied that the advantages to be secured from through communication on the metre gauge in this area will ultimately outweigh the slight loss in earnings as at present estimated.

The Khushab Chak Jumra (Sangla Hill) Railway.—Is a revised alternative proposal to a chord line from Khushab to Sangla Hill, which was surveyed in 1915-16 and for the construction of which there has been an insistent demand both from the Local Government and the inhabitants of the area to be traversed. It is an important chord connection which will serve the flourishing towns of Chiniot in the Jhang District, and Shabpur now without rail connection of any kind, and will traverse a rich agricultural area now under perennial irrigation. It will also provide a shorter

alternative route to Waziristan to the relief of the main line between Lahore and Lala Musa, thus deferring the necessity of doubling this section, and reducing the expenditure now being incurred on the carriage of military stores and personnel.

The line will involve the construction of two large bridges over the Chenab and the Jhelum rivers, which, when provided with roadways, as is the intention, will prove important works of considerable utility in an area which is rapidly developing and which stands in great need of additional inter-communication roads—an undoubted aid to the development of railway traffic.

The line will be about 80 miles in length and its estimated capital cost including interest during construction is put at 128·8 lakhs and the estimated return on this amounts to nearly 6 per cent. Sanction to the commencement of construction on the section between Chak Jumra and Chiniot, about 20 miles in length, has been accorded, and it is expected that sanction to the remaining portion will issue in the near future as soon as the question of financing the cost of roadways over the two large bridges has been settled with the Local Government.

Cocanada-Kotepalli Railway.—Is a broad gauge extension, about 27 miles in length, of the Samlakot-Cocanada branch of the Madras and Southern Mahratta Railway and runs throughout its length in the Godaveri District of the Madras Presidency, the opening up of which by railway communication has been advocated by the Godaveri District Board since 1916.

The country traversed by the projected line is densely populated and very fertile.

The financial aspect of the project is as follows :—

	Rs. lakhs.
Capital cost including interest during construction	39·77
Gross earnings including interchange traffic	5·27
Working expenses including hire of rolling stock	3·19
Net earnings	3·08
Return on capital cost	5·23 per cent.

It is considered that the estimate of gross earnings as stated above is what may be expected almost immediately after opening the line for traffic. In view of the nature of the country traversed and the location of the line it is expected that the yield on capital cost within 5 years of opening the line will increase to more than 6 per cent.

The line will be worked as an integral part of the Madras and Southern Mahratta Railway undertaking, except that the capital expenditure of the line will be treated as carrying interest at 5½ per cent. per annum instead of as profit sharing capital.

Guntur-Gursala-Macherla Railway.—This project first came under consideration on a representation from the District Board of Guntur in 1913, and at that time did not appear to be a remunerative proposition. The latest project estimate indicates the financial aspects of this metre gauge line, about 80½ miles in length, as follows :—

	Rs. lakhs.
Capital cost including interest during construction	51·20
Gross earnings including interchange traffic	6·80
Working expenses including hire of rolling stock	4·11
Net earnings	2·69
Return on capital cost	5·25 per cent.

For the first forty miles the line runs through open and well cultivated country, after which low hills and scrub jungle are encountered. The line will open up the country lying between the main line to Guntakal and the Kistna river, and, besides catering for the agricultural interests of the area traversed, will serve to alleviate the effects of the famines that periodically occur in the Taluks of Sattenapalle and Palnad.

The line has been recommended for construction by both the Madras Government and the Agent, Madras and Southern Mahratta Railway, and sanction has recently been accorded to this being undertaken by the Madras and Southern Mahratta Railway on terms similar to those for the Cocanada-Kotepalli Railway.

Baruipur-Lakshmikantapur Railway.—The construction of a railway line from Dhamuah to Lakshmikantapur was sanctioned by the Railway Board in January 1926 with the approval of the Standing Finance Committee for Railways. The Local Advisory Committee was, however, of opinion that Baruipur would be a more suitable point for a junction station with the main line than Dhamuah. A re-investigation of the project was, therefore, undertaken by the Eastern Bengal Railway Administration, the results of which indicated that the alternative alignment from Baruipur would be more suitable from the point of view of the traffic requirements of the area. Accordingly the Railway Board have recently sanctioned the construction of the Baruipur-Lakshmikantapur Railway in supersession of their sanction to the Dhamuah-Lakshmikantapur railway line.

The line from Baruipur to Lakshmikantapur will be about 23 miles in length. It is estimated to cost 37.38 lakhs and as regards its financial prospects the Railway Board are of opinion that the alignment from Baruipur will not be less remunerative than the one from Dhamuah.

22. Appendix I to this memorandum contains particulars of the more important projects which have not yet been sanctioned. Information regarding the less important projects is contained in the individual Budget Books for each Railway.

Revenue Receipts and Charges—Commercial Lines.

23. The following table compares the estimated results of the working of commercial lines in the current and the next financial year.

(Figures in lakhs of rupees.)

	Actuals, 1926-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Gross traffic receipts	98,00	1,01,36	97,31	99,24
Interest on balances of Depreciation and Reserve funds	54	82	61	75
Dividend on investment in branch lines	1	...	4	5
Government share of profits, etc., from Subsidised Companies	35	34	31	30
Miscellaneous receipts	6	6	4	6
Total Receipts	98,96	1,02,58	98,31	1,00,40

(Figures in lakhs of rupees.)

	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Working expenses	62,63	65,19	63,43	63,56
Surplus profits paid to Indian States and Railway Companies	1,78	1,51	1,61	1,41
Interest charges	23,50	24,67	24,70	25,95
Miscellaneous charges	30	76	77	55
Total Charges	88,20	92,13	90,56	91,47
Gain from commercial lines	10,76	10,45	7,75	8,93

These figures will show that the revised estimate for receipts for the current year is 427 lakhs less than the budget figure, the total charges are at the same time 157 lakhs less and that the net result is expected to be 270 lakhs worse than the budget estimate. In the budget year an increase of 209 lakhs is anticipated in the receipts, while expenditure is expected to go up by 91 lakhs and the gain is expected to be 118 lakhs more than in the current year. Explanations are given under each head below for the variations in the figures.

Gross Traffic Receipts—Commercial Lines.

24. The following statement compares the estimated receipts for the current and next year with the budget for the current year and the actual receipts for the year 1925-26 :—

(Figures in lakhs of rupees.)

	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Passenger earnings	35,99	36,79	35,42	35,84
Other coaching traffic	5,94	5,93	5,85	6,03
Total	41,93	42,72	41,27	41,87
Goods earnings	60,75	62,56	60,14	61,65
Other earnings	2,44	2,58	2,42	2,49
Total	1,05,12	1,07,86	1,03,83	1,06,01
<i>Deduct—Worked lines</i>	7,12	6,47	6,52	6,77
Suspense . . . . .	...	—3	...	...
Net Total	98,00	1,01,36	97,31	99,24

25. The budget estimate of gross traffic receipts for the current year was placed at Rs. 101.36 crores. As explained in the explanatory memorandum last year the estimate involved an increase of nearly Rs. 250 lakhs over the revised estimate for the previous year and was framed on the assumption of good trade conditions and favourable monsoons and took into account the earnings of the Delhi-Umballa-Kalka Railway. While the revised estimate for the year 1925-26 proved Rs. 86 lakhs too high the latest estimate of the current year's receipts is that it will be Rs. 4.05 crores below expectations.

26. This decrease occurs under every one of the main divisions into which the receipts are divided. The principal decreases are as follows :—

Passenger earnings	:	:	:	:	:	:	:	1.37 crores.
Goods earnings	.	:	:	:	:	:	:	2.42 „

As regards passenger traffic earnings a considerable portion of the decrease is accounted for by the reduction in fares introduced on many railways.

27. The very serious decrease in the earnings from goods traffic is a result of a number of untoward circumstances. The unprecedented floods in Burma and parts of India have seriously dislocated traffic. The late movement of cotton in Bombay and elsewhere and the partial failure of the cotton crop in the Punjab have also affected railway earnings to a great extent. The groundnut crop on the east coast has moreover been partly a failure owing to inadequate rain. It is practically only the jute crop that has exceeded expectations.

28. The budget estimate for 1927-28 is placed at Rs. 99.24 crores, or Rs. 1.98 crores higher than our latest estimate for the current year. It has been framed after taking into account the probable earnings from new lines to be opened during 1927-28 and those already opened during the current year. The effect of the recent reduction of fares on certain railways has also been taken into account in the estimate. In other respects it is hoped that the year 1927-28 will be free from such abnormal adverse factors as resulted in the large decrease this year and that the course of traffic will follow more normal lines.

COMMERCIAL LINES.

29. *Working Expenses.*—The following statement compares the estimated expenditure for the current and the next years with the budget for the current year and the actual expenditure for the year 1925-26 :—

(Figures in lakhs of rupees.)

	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Administration	12.77	13.10	12.90	12.80
Repairs and Maintenance	16.79	18.24	18.06	18.16
Operation	26.73	26.65	25.20	24.99
Depreciation	10.32	10.64	10.65	11.08
Refunds of Revenue . . . . .	...	30	32	32
Suspense	-10	-17	...	...
Total	66.51	68.76	67.13	67.35
<i>Deduct</i> —Worked lines	3.89	3.57	3.65	3.79
Net Working Expenses	62.62	65.19	63.48	63.56

WORKING EXPENSES—ADMINISTRATION.

30. The revised estimate for the current financial year is expected to fall short of the budget estimate by Rs. 20 lakhs. The principal reduction is in the estimate of the Traffic Department. This is due partly to an overestimate of the requirements of that Department and partly to general economies effected during the year. Small reductions have been secured under other heads as a result of efforts towards more economical working. The budget estimate for next year has been fixed at Rs. 10 lakhs less than the revised estimate of the current year. The Explanatory Note to Demand No. 4—Working Expenses explains the reasons for the figure adopted as the budget estimate.

REPAIRS AND MAINTENANCE.

31. *Revised Estimate, 1926-27.* The total under this head shows a reduction of Rs. 18 lakhs below the budget, which is partly due to larger credits to revenue on account of released materials. The estimate allows for increased expenditure on account of flood damages on the Burma Railways and elsewhere.

Budget Estimate, 1927-28.—The budget estimate is Rs. 10 lakhs higher than the revised estimate for the current year. The increase is mainly due to a larger amount being required for repairs to rolling stock and is fully explained in the Explanatory Note on Demand No. 5.

OPERATION.

32. *Revised Estimate, 1926-27.*—The total expenditure under this head is expected to be less than the budget by Rs. 1,45 lakhs. The decrease is made up of a saving of Rs. 81 lakhs under operation other than fuel and Rs. 64 lakhs under fuel. The latter is due mainly to the lower prices of coal but partly also to a reduction in the quantity required as a result of measures taken to effect economy in consumption, and of the decrease in the volume of traffic which has been reflected in the reduction in earnings. Of the savings under operation other than fuel, the most noteworthy feature is the large saving under compensation for goods lost or damaged where the actual expenditure for the year is expected to be about Rs. 19 lakhs against nearly Rs. 40 lakhs provided in the budget.

Budget Estimate, 1927-28.—The total charges under operation show a small decrease of 21 lakhs as compared with the current year's estimate. This is due to the fact that the total expenditure on fuel, including both the cost thereof and incidental charges such as freight and handling, shows a considerable decrease as compared with this year's figures. This decrease, which amounts to Rs. 38 lakhs, is accounted for mostly by a further reduction in the prices at which coal could be purchased. As regards the charges under operation other than fuel there is a total increase of Rs. 17 lakhs. This is the natural result of the opening of new lines and the general increase in traffic expected during the year.

33. *Strategic Lines.*—The table below compares the results of the working of the strategic lines in the current and the next year :—

(Figures in thousands of rupees.)

	1926-27 (Budget).	1926-27 (Revised).	1927-28. (Budget).
Gross receipts	1,67,43	1,49,25	1,51,25
<i>Charges—</i>			
Working Expenses	2,11,05	1,96,50	1,97,50
Interest charges	1,20,84	1,33,32	1,37,00
Miscellaneous	22	75	23
Net loss in working	1,73,68	1,81,32	1,83,48

The estimate of gross receipts during 1927-28 is placed higher by Rs. 2 lakhs than the revised estimates of 1926-27. This increase is entirely on the strategic lines of the North Western Railway, where an increase of Rs. 1 lakh is provided for under working expenses in 1927-28 over the revised estimate of working expenses of 1926-27. The decrease in working expenses during 1927-28 as compared with the budget estimate of 1926-27 is mainly due to reduction in the cost of fuel.

34. *Surplus profits paid to the Companies and the net earnings of the Indian States' Railways.*—The revised estimate exceeds the budget estimate of the current year by Rs. 10,30,000. The increase is due to the net earnings of the year 1925-26 of the majority of the Company-worked railways proving higher than was anticipated at the time of the preparation of the budget. The budget estimate for 1927-28 is Rs. 20.05 lakhs less than the revised estimate of the current year. The reason for the decrease is given in the Explanatory Note to Demand No. 6.

35. *Land and Subsidy.*—The anticipated expenditure of the current financial year under 'Land' is expected to be Rs. 1,65,000 less than the budget estimate, owing to delays in acquiring land for the Hardwar-Dehra and Sirhind Rupar Railways. Under 'Subsidy', the payments for the current financial year are expected to exceed the budget estimate by Rs. 1,78,000. Nearly half of this excess is due to the final payment of the guaranteed interest to the Arakan Light Railway Company under the terms of the contract with that railway company; the remainder is due to larger subsidy payments to the Bankura-Damoodar River, Guzerat and Kalighat Falta Railways, consequent on the falling off in the gross earnings of these lines. As regards 'Land', the budget estimate for next year is based on the accepted demands of the Branch Line Companies which, under the terms of their contracts, are entitled to the supply of land free of cost by Government, and in regard to the subsidy payments, the budget estimate for 1927-28 is framed on a forecast of the net earnings of the railways concerned.

36. *Surreys.*—The revised estimate of 1927-28 is Rs. 41,000 more than the budget estimate, the increase being due principally to several new surveys being undertaken which were not contemplated at the time the budget estimate was prepared. The reason for the increased provision in 1927-28 is given in the Explanatory Note to Demand No. 11.

37. *Miscellaneous establishments, etc.*—The anticipated expenditure of the current year is expected to approximate closely to the budget estimate. In Statement D of Demand No. 11 details are shown, for the first time, of the cost of the Rates Advisory Committee, the Technical Office, the Clearing Accounts Office and the Audit Office of the Railway Collieries. The increased provision for the Technical Office in the revised estimate is due to the grant to the subordinate staff employed in that office of compensatory allowance on account of the expensiveness of living in Simla and Delhi. The Clearing Accounts Office is a new institution that was established with effect from the 18th December 1926. A memorandum, Annexure A, is attached explaining the functions of the office and the economies which its creation will secure. The Audit Office of the Railway Collieries was approved by the Standing Finance Committee for Railways in November 1925, *vide* Volume II, No. 4. The net charges on account of the Clearing Accounts Office as well as of the Audit Office for Railway Collieries are transferred to appropriate heads under Revenue Working Expenses of the individual railway administration concerned.

In statement C will be found the details of expenditure of various miscellaneous committees, of which the investigation of the question of educational facilities for the children of railway employees is of some special interest. The object of the enquiry is to obtain complete information regarding the assistance given from railway funds for the education of the children of railway employees with a view to formulating in a concise form the future policy with regard to such assistance, having regard to the present commitments of the railways and the facilities given by Provincial Governments for education. The investigation has been entrusted to a senior officer of the Indian Educational Service whose services have been obtained by the Railway Board.

38. *Other charges.*—Hitherto leave salaries and deputation charges paid in England were debited, in the first instance, to the head '12—Miscellaneous Railway Expenditure' through the Home Accounts and subsequently cleared by transfer in the Indian accounts to appropriate minor heads in the Working Expenses and the Revenue Accounts. Beginning with the current financial year it has been possible to introduce an arrangement whereby such charges will be passed on direct to the appropriate final heads of account. This change in procedure explains the smaller figures in the revised and budget estimates against the minor head 'Other Miscellaneous Charges' in Demand No. 11 and the absence of any deduct entries on account of leave and deputation salaries at the foot of the Demand.

In the demand for grants for Miscellaneous Expenditure (Demand No. 11) the item 'Exchange' has been omitted and the charges on this account have been amalgamated with the direct expenditure under the other heads of classification included in this Demand.

39. *Railway Board's Establishment.*—Expenditure for the current year has been kept within the sanctioned grant. The only change that has been made in the organisation is the conversion of the temporary post of Deputy Secretary into a permanent one.

40. *Interest charges.*—The revised estimate is more by 6 lakhs than the budget estimate of 1926-27. This is the resultant of the increase in the capital expenditure counterbalanced by a small decline in the rate of interest. The budget estimate of 1927-28 is more than the revised estimate of 1926-27 by 128½ lakhs due to the increase in the capital at charge during the ensuing year.

41. *Financial results.*—Under the scheme of the separation of railway from general finance, the contribution payable during 1926-27 from railway to general revenues, determined on the capital at charge and one-fifth of surplus profits of the commercial lines in 1924-25, amounts to Rs. 601 lakhs. The net gain from the working of the railways during 1926-27 is Rs. 594 lakhs. This amount represents the balance of the revenue receipts of 1926-27 remaining after meeting all revenue expenditure including interest charges during the year. The statement below gives the details working to the net gain of the years 1926-27 and 1927-28.

(Figures in lakhs of rupees.)

	REVISED, 1926-27.			BUDGET, 1927-28.		
	Commercial (see para. 23).	Strategic (see para. 33).	Total.	Commercial (see para. 23).	Strategic (see para. 33).	Total.
Gross* Receipts including Miscellaneous	98,31	1,49	99,80	1,00,40	1,51	1,01,91
Working Expenses includ- ing Miscellaneous Charges	65,86	1,97	67,83	65,52	1,97	67,49
Interest	24,70	1,33	26,03	25,95	1,37	27,32
Gain	7,75	—1,81	5,94	8,93	—1,83	7,10

The net gain of Rs. 594 lakhs is less by Rs. 7 lakhs than the amount payable as contribution and has to be made good from the Railway Reserve Fund. The contribution payable during 1927-28, based on the actuals of 1925-26, is expected to amount to Rs. 548 lakhs, which, with the amount of Rs. 162 lakhs taken to the Railway Reserve Fund, will represent the net gain from the working of the State Railways during 1927-28.

The net gain on commercial lines alone amounts to 775 and 893 lakhs, respectively, during 1926-27 and 1927-28.

42. *Depreciation Fund.*—At the close of the year 1925-26 the balance in this fund was Rs. 5.75 crores. The payments into the fund during the current year are estimated to amount to Rs. 11.04 crores and the withdrawals to Rs. 8.00 crores leaving a balance of Rs. 8.79 crores in the fund at the end of the year. Next year the payments into the fund are estimated to amount to Rs. 11.50 crores and withdrawals to Rs. 9 crores, so that the balance at the end of the next financial year is estimated at Rs. 11.29 crores.

43. *Reserve Fund.*—The balance in this fund at the close of 1925-26 was Rs. 9.79 crores including Rs. 46.80 lakhs held in the securities of certain branch line and District Board railways. The revised estimates of 1926-27 disclose that the balances in the fund will have to be drawn on to the extent of 7.06 lakhs in order to meet in full the contribution payable to the general revenues in 1926-27. The anticipated credit to the fund during 1927-28 is Rs. 161.53 lakhs, so that the balance at the close of 1927-28 is expected to amount to over Rs. 11½ crores.

44. *Stores balances.*—When the budget estimates of 1926-27 were presented to the Legislative Assembly in February last, it was anticipated that the balances of stores held by railways would be reduced by Rs. 173 lakhs during 1925-26 and by Rs. 125 lakhs during 1926-27. The actual reduction during 1925-26 has amounted to Rs. 195 lakhs or, taking into account certain miscellaneous adjustments, to 227 lakhs. It is expected that the reduction during the current financial year will now amount to Rs. 169 lakhs. The reduction anticipated during the next year (1927-28) is about Rs. 60 lakhs. Thus at the end of 1927-28, it is anticipated that the balance of stores held by railways will be brought down to Rs. 13 crores.

C. D. M. HINDLEY,
Chief Commissioner for Railways.

A. A. L. PARSONS,
Financial Commissioner, Railways.

New Delhi;
The 24th March 1927:

APPENDIX-I.

Particulars of the more important new lines included in the budget but which have not yet been sanctioned.

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

The Vasad Katana Railway is a line for which there has been a considerable public demand. The line traverses a rich agricultural tract of the Borsad Taluka and will greatly stimulate trade and development therein. Under present conditions the local civil authorities encounter considerable difficulty in the collection of land revenue, and the control and detection of crime, and it is considered that the construction of this railway will tend to improve matters appreciably in this respect.

The proposed line on the broad gauge will be about 26 miles in length. Its capital cost, including interest during construction, is put at Rs. 21.34 lakhs and the return expected is 8 per cent.

The construction of the line was approved by the Standing Finance Committee for Railways in January 1926 in anticipation of the conclusion of negotiations with the Baroda Darbar in whose territory a portion of the line would lie, vide item No. 30 in Volume II, No. 6 of the Proceedings of the Committee. On a satisfactory settlement of the remaining outstanding question under reference with the Baroda Darbar in connection with an increase of the amount of the compensation previously decided on for the loss of traffic to the Anand Petland Tarapur Railway, commencement of construction work will immediately be made.

Kapadvanj-Meghraj Railway.—The survey of this line on the 2' 6" gauge, about 50 miles in length, was originally carried out by Messrs. Killick, Nixon and Company, and a report submitted in 1926. It was agreed that construction would be undertaken by the Company; but failure to raise the necessary capital resulted in the project remaining in abeyance. The estimates are now being revised by the Agent, Bombay, Baroda and Central India Railway.

The country traversed is well populated and several melas are held in places adjacent to the proposed line. The passenger traffic expected to develop is therefore very considerable, and with interchange traffic with existing lines there is every hope of the project being a remunerative proposition.

BURMA RAILWAYS.

The Ye-Taroy-Sinbuynin Railway.—This forms the initial portion of what may eventually become the important international railway connection between Burma and Siam, the estimates of and report on which are at present under the Railway Board's consideration.

The proposed line on the metre gauge will be about 125 miles in length. Besides traversing inhospitable territory frequently interspersed with mangrove swamps and thick forest growth, the line involves considerable engineering construction difficulties including a tunnel, over a mile and a quarter long, through the solid granite of the Mahlweadung Range, some 15 miles from Ye, and the bridging of the several tidal creeks that are encountered.

The estimated capital cost including interest during construction is put at Rs. 266.50 lakhs and the estimated return indicates an annual loss in working of Rs. 14.27 lakhs.

Negotiations will have to be conducted with the Government of Burma on the subject of the guarantee to be given by that Government to cover the estimated loss in working.

The country traversed possesses valuable forest resources and additional traffic is expected from fish curing industries that are carried on along the coast. The possibilities of producing rubber and extracting tin and other mineral products in the area passed through together with that along the remaining portion of the Burma-Siam Railway from Tavoy *via* Mergui to Prachuab, on the Siamese State Railways, are considered to be favourable enough to justify the Local Government in considering some form of contribution to cover the loss resulting from the working of the line.

It is also considered that many administrative advantages will undoubtedly result from the construction of this line, together with the extension into Siam; and for these reasons provision has been made for construction to commence towards the end of the year 1927-28.

The Tanngdwingyi-Magwe Railway is a connection required by the Government of Burma for administrative reasons to bring Magwe, on the east bank of the river Irrawaddy, into rail connection with the main line to Rangoon. The line, which will be about 56 miles in length, will also very likely form part of a possible future rail connection between India and Burma.

A project report and estimate for this line together with approaches for a suitable ferry crossing on the Irrawaddy river in the vicinity of Malun put the capital cost at Rs. 85.37 lakhs and the estimated yield at 2.9 per cent.;

The Agent has been asked to reconsider the alignment, make further modifications in order to reduce the capital cost, and link the project with that of the Minbu-Pakkoku District Railways referred to below, in order to assess the probable financial return on the total expenditure to be incurred on these projects as a whole.

The revised proposals are now awaited.

The Minbu-Pakkoku District Railways.—These consist of the following connections designed to open up the two districts named that are situated on the west bank of the Irrawaddy river between Minhla in the south and Yinmabin, about 15 miles south-west of Alon on the Chindwin river, in the north:—

	Miles.
Malun-Minbu-Myitche-Pakkoku	136
Pakkoku-Myaing-Yinmabin	61
Sagu-Aingma	12
Myitche-Pauk	41
Pakkoku-Yesagya	26
	<hr/>
	276
	<hr/>

The project is to be considered in combination with the Taungdingyi-Magwe Railway referred to above for the purpose of estimating the financial prospects of the two schemes.

Several large towns will be served by the connections mentioned as well as certain oilfields that exist in the area under consideration. It is also expected that traffic in local produce such as paddy, groundnuts and sessamum will develop considerably by the construction of these lines together with the Taungdingyi-Magwe Railway.

A survey was sanctioned in 1925 and the project report and estimates are awaited. Construction is contemplated towards the end of the year 1927-28.

EASTERN BENGAL RAILWAY.

The Nachoul-Rampur Boalia-Natore Railway, about 51 miles in length, is designed to serve a rich tract of country on the left bank of the Ganges river situated between the Katihar-Godagiri branch, and the main line section of the Eastern Bengal Railway between Ishurdi and Santahar. It will also serve to relieve the congestion that already exists on the Katihar-Parbatipur section—a congestion which is likely to increase on the completion of the Dinajpur-Ruha branch now under construction. This relief will be effected by diverting traffic for Calcutta from the route *via* Parbatipur because of the shorter lead the proposed line will give. As a metre gauge line the project was approved by the Standing Finance Committee for Railways in January 1926 when the estimated return on its capital cost was put as 6·4 per cent., *vide* item No. 23 in Volume II, No. 6, of the proceedings of the Committee. Recently, however, the Agent, Eastern Bengal Railway, has pointed out that the Government of Bengal are pressing for a railway from Amnura on the Katihar-Godagiri line to Nawabganj on the banks of the Mahananda river and the traffic considerations involved in this additional proposal are likely to be in favour of the connection under consideration to the Ishurdi-Parbatipur section being on the broad gauge.

A survey for the Amnura-Nawabganj branch was sanctioned in September last, and the results of this together with the views of the Agent, Eastern Bengal Railway, on the question of the gauge to be adopted for the through connection are awaited. It is intended to commence construction early in the year 1927-28.

The Sainthia-Berhampur-Bhairamara cross connection, in addition to opening out the country traversed, is designed to reduce considerably the lead on all coal from the coalfields consigned to the Eastern Bengal and the Assam Bengal Railways and to afford relief to the already congested yard at Naihati. The proposed chord will also serve to reduce any tendency of the Ganges to outflank the Hardinge Bridge at Sara.

The proposed line on the broad gauge will be about 92 miles in length. An important factor in the capital cost of the line is the heavy expenditure involved in bridging the many rivers collectively known as the Nadia rivers, six of which involve major bridges costing Rs. 18·5 lakhs approximately.

A detailed engineering survey was sanctioned in March last and the results of this together with those of a traffic survey are awaited.

Faridpur-Charmaguria-Barisal Railway.—The original proposal for serving Barisal was the Khulna-Barisal-Faridpur project of which the scheme under consideration formed part. The proposal was abandoned, however, in view of the objection of the Government of Bengal that the line, as projected, would prove to be a menace to the general health of the population by interfering with the natural flow of the flood water of the area traversed between Khulna and Barisal. Subsequent investigation has indicated that a line from Faridpur to Charmaguria is likely to be financially justified and at the same time to be unobjectionable from the point of view of interference with drainage; and the Government of Bengal have recently asked for an investigation of an extension of this proposal from Charmaguria to Barisal.

Besides giving the important town of Barisal a long needed railway connection, the line will serve to open out a richly cultivated area and is expected to get good traffic in rice, fish, building materials, jute, etc. It is also hoped to obtain a good ghat site at Charmaguria which is likely to be more permanent than, and take the place of, the ghat now existing at Goalundo where constant shifts involve heavy recurring expenditure.

An engineering reconnaissance and traffic survey of the line on the broad gauge from Faridpur to Barisal, about 81 miles long, were sanctioned in December last and the results are awaited.

GREAT INDIAN PENINSULA RAILWAY.

The Nasik Belapur Bodegaon Railway.—This project comprises the following:—

	Miles.
A line from Belapur to Nasik	75
A branch from Wavi to Sangamner	18
A line from Belapur to Shergaon with an extension to Bodegaon	60
	153

The proposal is one that has been strongly recommended by the Government of Bombay from time to time and will traverse country, most of which is rich in cultivation and well irrigated by the Godavari Right Bank and the Ojhar system of canals.

Rough preliminary estimates indicate that the capital cost will be Rs. 138.8 lakhs and the yield thereon over 4 per cent. It is expected that, when the full effect is felt of further supplementary irrigation in this area resulting from the recently completed Bhandhardara Dam, the prospects of the line will be considerably improved.

It is intended that the construction of this project should be undertaken as early as possible.

Thana-Mahad Railway.—The object of this line is to provide rail communication to the prosperous collectorate of Alibagh of the Bombay Presidency. The line forms part of a proposal which was surveyed by the Madras and Southern Mahratta Railway in 1922 for a line from Karad on the Miraj-Poona section to Ulva, a small port on the main land opposite Bombay. The result of this survey showed the line as a whole to be unremunerative, but the portion north of Mahad, if built to a light broad gauge standard, gave indications of being a sound commercial proposition.

The proposed line on the broad gauge will be about 90 miles in length. Thana has been selected as the junction with the main line in order to avoid the necessity of a tunnel through the Parsik Range and an expensive bridge over the Panvel Creek. The country to be traversed is generally open, and is prosperous and offers no engineering difficulties.

Preliminary calculations put the capital cost at Rs. 118·16 lakhs and the anticipated return at 6·9 per cent. A detailed survey of the line is in progress and it is intended to proceed with construction when the survey has advanced sufficiently to allow of construction.

MADRAS AND SOUTHERN MAHRATTA RAILWAY.

Hubli Saundatti Belgaum Railway.—In 1913 surveys were carried out of two alignments, one *via* Alogvadi and the other *via* Nargund. The latter was approved by both the Bombay Government and the Madras and Southern Mahratta Railway Administration and corresponds with the project now being considered.

Apart from the opening out of the country traversed, the line was considered as likely to afford valuable relief to the existing line between Belgaum and Hubli, proposals to double a part of which had already been mooted.

The result of the survey, however, showed that a return of only 3·5 per cent. could be expected and the project was consequently dropped.

On the recommendations of the Bombay Government, however, a fresh survey was sanctioned in 1925 and the results of this are awaited.

The country traversed produces dry crops of which cotton, wheat and oilseeds are the more important; it is also fairly well populated. Yellamas Hill, close to Saundatti, is a place of pilgrimage visited on an average by some 300,000 pilgrims every year.

The proposed line on the metre gauge will be about 91 miles in length and with a suitable standard of construction it has every prospect of being remunerative.

Raibag-Jamkhandi Bagalkot Railway.—This forms a portion of a line from Nipani to Ilkal *via* Raibag Bagalkot and Hungund parts of which have been under consideration since 1897, and were last surveyed in 1922.

The proposed line on the metre gauge will be about 77 miles in length and it will form a cross connection between the Hotgi-Gadag and Poona Miraj Belgaum sections of the Madras and Southern Mahratta Railway system and will traverse in parts the Jamkhandi and Sangli States, the Darbars of which were at one time prepared to take part in the construction of this line.

The main objects of the connection are to serve the important town of Jamkandi, to open out the country passed through which possesses good prospects for cotton cultivation and to mitigate the effects of famine which occurs on occasions when the normal rainfall is deficient. The construction of the line has frequently been urged by the local inhabitants, the Darbars of the States traversed, and by the Bombay Government, and before the war the Railway Board recognised the urgency of this line.

A re-investigation of the whole project for the Nipani-Bagalkot-Ikkal Railway was sanctioned in October 1925 and the results of this are awaited.

NORTH WESTERN RAILWAY.

Sind Left Bank Feeder Railway.—This proposal has been designed to provide light broad gauge feeder lines to serve the area in Sind situated on the left bank of the Indus which is to come under irrigation by the Rohri Canal portion of the Lloyd Barrage Project at Sukkur. The scheme consists of the following lines estimated to cost Rs. 90.20 lakhs in all:—

Name of line.	Length in miles.	Estimated cost in lakhs.
		Rs.
(i) A loop line from Mehrabpur to Pad Idan <i>vid</i> Tharushah	43.07	26.14
(ii) A loop line from Nawabshah to Tando Adam <i>vid</i> Sakrand	54.13	30.57
(iii) A chord line connecting Tharushah with Sakrand	64.90	33.49
	<hr/> 162.10 <hr/>	<hr/> 90.20 <hr/>

In itself the project is not a remunerative one, for it is calculated that for the first five years after opening, subsequent to which it is expected that the Rohri Canal will be fully functioning, a guarantee of Rs. 4 lakhs per annum is required, and that thereafter a maximum annual guarantee of Rs. 2 lakhs will be necessary.

The Local Government is most anxious for these lines to be built from many points of view, and the financial aspects in regard to the guarantee required have been communicated to them and a reply is awaited.

Rohtak Bhiwani Railway.—This line has been proposed for construction from time to time since 1902; but a decision has been complicated by the vested interests of the several railways concerned. In the cold weather of 1925-26 a special officer was appointed to investigate the general question of railway development in the area to the west and south-west of Delhi that would meet the reasonable requirements of all interests concerned. Amongst other schemes, this officer recommended the construction of a broad gauge connection by the North Western Railway from Rohtak to Bhiwani in order to improve railway communication between Bhiwani and the principal trade centres in the surrounding area which are all served by the broad gauge.

The proposed broad gauge line will be about 30 miles in length. The country traversed is rich and well irrigated and the construction of the railway is expected to stimulate trade and movement generally to a considerable extent and to be likely to yield a return of 5 per cent. very soon after opening.

SOUTH INDIAN RAILWAY.

Trichinopoly Karaikudi Manamadura Railway.—Besides opening out Pudukottai and a rich and well populated country, the construction of the line will provide a link in the proposed north and south through connection between Villupuram and Tuticorin, and will assist in relieving the congestion of the main line between Trichinopoly and Madura. The Madras Government and the local population have been insistent in their demands for the early construction of the line.

Salem Attur Vriddhachalam Railway.—The Salem Attur portion of this line was sanctioned as a District Board railway in 1915 but was deferred on account of the war. A traffic survey was carried out in 1925 and the result indicated that the line should be a remunerative one and would give a return of 5·6 per cent. on the estimated capital cost.

The line on the metre gauge will be about 87 miles in length. It will pass through an area capable of much development in the cultivation of dry grains, groundnuts and cotton and will serve several important villages with potential passenger traffic. It is also expected that ginning factories will be established at important centres and machines imported for decorticating groundnuts.

A project estimate for the line is under preparation.

BUDGET FOR 1927-28.

APPENDIX II.

Capital at charge on State Railways at end of 1924-25, capital expenditure during 1925-26 and estimated capital expenditure in 1926-27 and 1927-28.

RAILWAYS.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	REMARKS.
Open Lines.						
State Railways worked by State—						
Eastern Bengal	48,84,68,560	1,08,76,471	66,24,000	1,62,36,000	47,02,07,023	
East Indian (including South Bihar)	99,11,29,908	2,24,81,119	2,73,86,000	4,23,06,000	1,41,71,33,073	
Oudh and Rohilkhand	32,38,37,192	—				
Great Indian Peninsula	99,51,13,561	2,11,63,618	—	—	—	
Agra Delhi Chord	1,51,33,640	1,62,660	2,69,18,000	5,27,54,000	1,06,84,49,108	
Barua Kotah	80,62,379	—41,601				
Bhopal State	46,37,799	2,30,130				
Cawnpore Banda	83,24,330	—6,437				
Jodhpur Hyderabad	54,16,927	3,91,008	3,08,000	7,98,000	72,11,833	
North Western	82,80,94,542	1,72,10,348	3,38,63,000	2,96,98,000	90,78,68,686	
Strategic Lines (North Western)	27,33,04,651	36,12,605	51,98,000	66,28,000	38,67,37,238	
" " (Aden)	14,07,910	—907	5,000	84,000	18,86,008	
Stores transactions	2,27,61,000	—8,444	—	—	2,38,62,556	
Abandoned projects	37,78,478	—	—	—	32,26,416	
Total State Railways worked by State	3,85,47,68,575	5,60,81,163	9,85,95,000	14,84,78,000	4,18,79,39,728	
State Railways worked by Companies—						
Assam Bengal	16,77,57,251	13,77,076	20,47,000	38,36,000	19,60,46,337	
Bengal Nagpur	60,60,60,740	1,91,80,016	66,60,000	1,01,72,000	66,30,61,366	
Bengal and North-Western (Tirhut)	8,69,17,736	2,43,112	11,96,000	7,40,000	9,08,04,647	
Berwada Extension	16,99,776	11,014	5,000	2,000	17,17,790	
Bombay, Baroda and Central India	66,02,08,140	1,78,99,345	1,70,00,000	2,77,40,000	71,51,44,534	
Burma (Main Line)	23,18,28,340	59,52,169	80,18,000	96,71,000	27,38,96,269	
Burma Extensions		6,99,371				
Southern Shan States		41,628				
Madras and Southern Mahratta	49,86,98,803	1,26,63,952	1,30,80,000	1,68,48,000	54,38,78,636	
Dhone Kurnool	10,18,242	—800				
Guntur Tenali	140	—				
Rohilkhand and Kumaon (Lucknow Bareilly)	1,58,37,684	—1,67,808	—1,28,000	—	1,54,15,239	
South Indian	23,26,87,938	64,31,739	—	—	—	
Tinnevely Qullon (British Section)	46,16,674	5,11,540				
Carried over	2,83,73,47,461	6,70,17,151	5,04,31,000	7,94,17,000	3,48,66,84,018	

APPENDIX II—contd.

RAILWAYS.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	REMARKS.
Brought forward	3,85,47,88,575	8,60,61,153	9,55,95,000	14,64,75,000	4,18,79,39,726	
Open Lines—contd.	3,53,73,47,567	6,70,17,151	5,04,31,000	7,94,17,000	2,43,65,65,015	
State Railways worked by Companies—contd.						
South Indian—contd.						
Tinnevely Quilon (Indian State Section) . . .	1,36,60,218	-23,551	1,40,49,000	1,85,00,000	29,59,65,623	
Coonoor Ootacamund . . .	50,51,179	61,106				
Total State Railways worked by Companies	2,55,60,75,964	6,70,54,676	6,44,50,000	9,79,17,000	2,78,55,30,640	
State Railway Collieries . . . . .	...	...	...	13,35,000	13,35,000	
Total Open Lines	6,41,08,67,539	15,31,35,829	16,30,75,000	24,77,37,000	6,97,48,05,598	
Lines under construction.						
State Railways worked by State—						
Eastern Bengal—						
Krishnagar Navadwip . . . . .	...	...	98,000	...	98,000	
Barulpur Lakshmikantapur . . . . .	...	...	4,48,000	30,00,000	24,48,000	
Ferri pur Charmaguria . . . . .	...	...	...	30,00,000	30,00,000	
Na'ore Rampur-Boalia Nachoul . . . . .	...	...	44,000	40,00,000	40,44,000	
Dina'pur Raha . . . . .	...	...	4,66,000	21,00,000	25,86,000	
Sainthia-Berhampur-Bhairamara . . . . .	...	...	...	30,00,000	30,00,000	
Dacca Aricha . . . . .	...	...	...	7,00,000	7,00,000	
Bahadur-Kamarkhali Jessore . . . . .	...	...	...	3,00,000	3,00,000	
East Indian—						
Central Indian Coalfields	33,58,213	90,12,495	77,00,000	1,16,80,000	3,17,20,707	
Kedia Colliery . . . . .	...	...	...	4,75,000	4,75,000	
Bokaro Ramearh (Bermo-Dunera) Extension	20,71,134	97,260	...	...	21,68,414	
South Karanpura Extension	16,07,074	2,41,483	4,67,000	...	23,55,556	
Chandrapura Gomoh	9,67,006	5,37,791	2,13,000	55,000	17,62,797	
Calcutta Chord . . . . .	...	34,061	20,00,000	64,00,000	64,34,061	
Rishikesh Road Rishikesh	2,44,233	5,41,983	6,15,000	2,72,000	17,13,216	
Raighat Bulandshahr Branch . . . . .	...	...	...	5,00,000	5,00,000	
Lucknow Sultanpur . . . . .	...	...	...	10,00,000	10,00,000	
Sultanpur Jaunpur . . . . .	...	...	...	5,00,000	5,00,000	
Chandpur Chandok Branch . . . . .	...	...	...	5,00,000	5,00,000	
Unao-Madhoganj . . . . .	...	...	...	3,00,000	3,00,000	
Phaphund Auriya . . . . .	...	...	...	2,00,000	2,00,000	
Carried over	62,67,659	1,04,45,692	1,30,91,100	3,69,62,000	6,77,53,751	

APPENDIX II—*contd.*

RAILWAYS.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	REMARKS.
Brought forward	82,87,659	1,04,45,092	1,20,91,000	3,69,82,000	6,77,85,751	
Lines under construction— contd.						
State Railways worked by State —contd.						
Great Indian Peninsula—						
Itarsi Nagpur!	3,49,79,006	...	...	...	3,49,79,006	
Bombay Harbour Branch	82,00,776	1,47,357	...	...	83,49,133	
Majri Rajur	26,37,110	1,57,243	...	...	27,94,353	
Agra Bah . . . . .	...	27,749	52,08,000	2,20,00,000	32,35,749	
Kurla Trombay Line—						
Purchase and electrification of	...	...	4,59,000	...	4,59,000	
Darwha-Pushad . . . . .	...	...	...	11,41,000	11,41,000	
Thana Mahad . . . . .	...	...	...	10,74,000	10,74,000	
Kartal Kamasin . . . . .	...	...	...	15,75,000	15,75,000	
Nasik Belapur Bodegaon . . . . .	...	...	...	26,40,000	26,40,000	
North Western—						
Amritsar Narowal . . . . .	...	18,521	25,80,000	25,00,000	50,98,521	
Kangra Valley . . . . .	...	5,34,291	81,00,000	60,00,000	96,34,291	
Shabdara Narowal . . . . .	...	6,08,876	20,10,000	71,000	26,86,876	
Jassar-Shakargarh Chak Amru . . . . .	...	...	4,25,000	4,26,000	8,51,000	
Rohtak Panipat . . . . .	...	...	6,90,000	14,59,000	21,49,000	
Lyalpur Jaranwala . . . . .	...	...	5,95,000	8,00,000	13,95,000	
Chak Jhumra Chiniot . . . . .	...	...	2,90,000	17,40,000	20,30,000	
Rohtak Bhiwani . . . . .	...	...	...	15,00,000	15,00,000	
Kushab Chiniot . . . . .	...	...	...	40,00,000	40,00,000	
Pakpattan Montgomery . . . . .	...	...	...	10,00,000	10,00,000	
Montgomery Tandlianwala . . . . .	...	...	...	5,00,000	5,00,000	
Lyalpur Tandlianwala . . . . .	...	...	...	1,00,000	1,00,000	
Jhang Gojra Tandlianwala . . . . .	...	...	...	10,00,000	10,00,000	
Fazilka Malout . . . . .	...	...	...	1,00,000	1,00,000	
Sind Left Bank Feeders . . . . .	...	...	...	30,00,000	30,00,000	
Dodapur Jacobabad . . . . .	...	...	...	11,00,000	11,00,000	
Strategic Lines—						
Khyber Railway	2,53,72,447	...	5,00,000	7,50,000	3,66,22,447	
Hindubagh Qilla Saifullah . . . . .	...	...	17,00,000	2,00,000	19,00,000	
Qilla Saifullah Fort Sandeman . . . . .	...	...	...	20,00,000	20,00,000	
Total State Railways worked by State	7,94,76,999	1,19,36,129	2,49,48,000	7,36,38,000	18,99,99,127	

APPENDIX II—contd.

RAILWAYS.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	REMARKS.
Lines under construction—						
<i>contd.</i>						
State Railways worked by Com-						
panies—						
Assam Bengal—						
Sibsagar Road Khawang . . .	12,05,414	9,70,806	8,26,000	3,40,000	31,42,019	
Farkating Badulipara Jorhat . .	—	12,47,080	9,32,000	10,02,000	31,61,060	
Saracher Kishoreganj Athar- bari Branch Extension . . .	—	—	—	—	—	
Karimganj Longai Valley . . .	—	946	10,00,000	17,48,000	27,48,946	
Netrakona Mohanganj . . .	—	—	—	9,00,000	9,00,000	
Hobiganj Begamkhan Balla . . .	—	—	—	7,00,000	7,00,000	
Nowgong Dhing . . .	—	—	—	5,00,000	5,00,000	
Peal Belonia . . .	—	—	—	4,00,000	4,00,000	
Chittagong-Patikchari . . .	—	—	—	5,00,000	5,00,000	
Bengal Nagpur—						
Vizagapatam Harbour . . .	39,64,530	—39,54,531	—	—	—	
Raipur Parvatipur . . .	25,915	14,07,413	24,00,000	1,80,00,000	1,39,59,337	
Tumsar Road Tirodi . . .	—	53,355	4,71,000	15,04,000	20,90,355	
Amda Jamda . . .	1,35,30,133	—	—	—	1,35,30,133	
Talcher Coalfields . . .	51,33,151	29,56,446	14,79,000	—	96,70,597	
Barkakhana Chandil . . .	48,43,061	68,96,063	40,00,000	13,00,000	1,70,39,743	
Argala Branch . . .	2,01,105	1,55,564	—	—	2,56,669	
Guttitangar Branch . . .	21,862	63,137	1,25,000	—	2,36,509	
Barabil Branch . . .	29,016	2,35,463	—	—	2,64,479	
Botaro Ramgarh (Bermo- Duneya) Extension . . .	25,09,101	1,36,325	—	—	26,47,426	
South Karanpura Coalfields . .	30,47,166	3,33,568	—	—	33,70,733	
Kedla Colliery Branch . . .	—	—	1,00,000	4,00,000	5,00,000	
Bengal and North-Western—						
Mashrak Tawa . . .	—	—	—	2,00,000	2,00,000	
Chakia Kurnowl . . .	—	—	—	1,50,000	1,50,000	
Bombay, Baroda and Central India—						
Dholka Dhanduka . . .	27,67,196	—	—	—	27,67,196	
Jambuar Kavi . . .	—	1,06,360	2,32,000	2,31,000	5,59,360	
Vasad Katana . . .	—	—	—	15,09,000	15,09,000	
Nadiad Katra . . .	—	—	—	5,01,000	5,01,000	
Sanni Debej . . .	—	—	3,00,000	5,00,000	8,00,000	
Malad-Karodi quarry siding . .	—	—	—	2,00,000	2,00,000	
Boravi Vadtal . . .	—	—	—	5,06,000	5,06,000	
Kajadvanaj Mephranj . . .	—	—	—	6,00,000	6,00,000	
Carried over . . .	3,62,67,196	1,06,61,443	1,17,31,000	2,37,43,000	6,34,22,611	

BUDGET FOR 1927-28.

APPENDIX II—contd.

RAILWAYS.	To end of 1926-27.	Accounts, 1926-28.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	REMARKS.
Brought forward	3,62,67,1-0	1,68,81,4-3	1,17,31,0-0	2,27,65,0-0	6,54,32,6-11	
Lines under construction—contd.						
State Railways worked by Companies—contd.						
Burma—						
Bauktaw Mingaladon	3,62,622	1,87,626	63,000	4,000	7,00,146	
Pyin Oo San Taungdwingyi	70,82,600	2,76,000	-4,56,000	2,68,000	70,82,700	
Moulmein Ye	90,75,664	4,84,198	-4,30,000	2,00,000	90,99,863	
Aloa Saggi Ye U	9,10,798	64,303	1,61,000	61,000	12,18,000	
Pegu Kayah	18,37,040	12,17,798	12,05,000	1,98,000	44,44,847	
Heho Tayaw	—	2,73,773	10,74,000	6,80,000	21,08,773	
Mandalay Madaya	3,273	6,10,911	5,30,000	2,00,000	13,34,1-4	
Taungdwingyi Kyaukpadaung	—	9,30,011	26,67,000	28,00,000	70,17,011	
Taungdwingyi Magwe	—	—	—	28,00,000	28,00,000	
Myingyan Natogyi Paleik	—	—	2,00,000	28,00,000	28,00,000	
Kayah Theungwa	—	34,370	4,69,000	3,00,000	8,08,370	
Kyanglebin Madauk	—	—	20,000	7,00,000	7,20,000	
Ye-Tavey-Sinbyubin	—	—	—	10,48,000	10,48,000	
Minbu-Pakhoku District	—	—	—	20,00,000	20,00,000	
Aloa Saingbyin	19,89,078	2,00,000	-4,34,000	—	16,83,078	
Madras and Southern Mahratta—						
Kidavola Narasapur	—	1,37,401	28,00,000	22,58,000	49,73,401	
Ceranada Kotepalli	—	—	—	8,00,000	8,00,000	
Gudivada Bhimavaram	—	66,4-8	14,00,000	12,90,000	27,86,4-8	
Hoigi Shelapur	—	12,5-11	8,00,000	1,18,000	6,28,211	
Kanivthalli Swamihalli	—	—	2,00,000	3,12,000	5,12,000	
Gunter-Gursala-Macherla	—	—	—	8,00,000	8,00,000	
Hubi-Saundatti-Belgaum	—	—	—	8,00,000	8,00,000	
Raibag-Jamkhadi-Bagalpet	—	—	—	4,72,000	4,72,000	
South India—						
Vilupamam Trichinopoly	90,1-0	80,80,768	81,79,000	60,00,000	1,91,84,908	
Virudanagar Tenkad	2,23,314	26,64,198	23,04,000	20,00,000	72,84,510	
Sheravur Nilambar	13,00,652	29,91,761	16,80,000	48,000	60,00,768	
Dindigul Palachi	—	5,62,467	32,74,000	28,57,000	66,96,467	
Carried over	4,90,15,077	2,08,67,086	8,72,28,000	8,40,28,000	17,80,33,773	

BUDGET FOR 1927-28.

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APPENDIX II—concl'd.

RAILWAYS.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1926-27.	To end of 1927-28.	REMARKS.
Brought forward	5,90,15,077	2,68,67,086	3,72,28,000	4,40,23,000	17,80,32,773	
Lines under construction—concl'd.						
State Railways worked by Companies—concl'd.						
South Indian—concl'd.						
Trichinopoly Karaikudi Madamadura Railway	---	---	2,50,000	89,16,000	91,66,000	
Mayavaram Tranquebar	---	4,00,807	3,58,000	12,50,000	20,06,807	
Madura Bodinayakanur	---	44,019	10,98,000	31,83,000	43,26,019	
Vriddhachalam Cuddalore	---	65,450	6,80,000	11,60,000	18,86,450	
Salem-Vriddhachallam	---	---	---	10,00,000	10,00,000	
Pollachi Palghat	---	---	---	25,00,000	25,00,000	
Bodinayakanur-Gudalur	---	---	---	25,00,000	25,00,000	
Theni-Pertiyakulam	---	---	---	5,00,000	5,00,000	
Rohilkund and Kumaon (L. B. Railway)—						
Kashipur-Kalagarh	---	---	---	5,00,000	5,00,000	
Nizam's Guaranteed State Railways—						
Dhone (Dronachalam) Kurnool Extension.	---	---	1,80,000	7,94,000	9,44,000	
Total State Railways worked by Companies	5,90,15,077	2,73,77,973	3,97,52,000	7,63,16,000	20,33,61,049	
Total Lines under Construction	13,93,92,075	3,83,14,101	6,47,00,000	14,99,54,000	39,33,60,176	
Purchase of shares of Branch Line Companies	---	---	20,80,000	---	20,50,000	
Total Open Lines and Constructions	6,55,02,59,614	13,24,49,930	22,96,61,000	32,76,81,000	7,37,02,51,544	
Deduct—Probable savings	---	---	---	14,78,81,000	14,78,81,000	
Purchase price of D. U. K. Railway	---	---	4,01,39,000	---	4,01,39,000	
Net	6,55,02,59,614	13,24,49,930	27,00,00,000	25,00,00,000	7,26,37,69,544	

APPENDIX III.

Gross receipts, working expenses, and net receipts of State Railways for five years ending 1925-26, with Revised Estimates for 1926-27 and Budget Estimates for 1927-28.

(Omitting 000, except in Accounts.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.		
Open mileage at beginning of year	M. 26,700	M. 26,961	M. 27,163	M. 27,324	M. 27,430	M. 27,577	M. 28,007
Gross Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INDIA.							
STATE RAILWAYS WORKED BY THE STATE.							
Eastern Bengal	4,42,96,630	5,24,50,582	5,34,77,428	5,99,15,910	6,33,87,351	6,70,00	6,76,00
North Western Commercial Lines	11,34,80,066	12,96,24,443	13,46,96,286	15,39,75,526	15,42,30,224	14,25,00	14,04,00
Strategic Lines	1,64,34,780	1,55,26,295	1,71,15,140	1,59,86,617		1,48,00	1,50,00
East Indian	13,36,87,673	15,55,59,040	16,33,67,060	17,32,26,920	19,92,10,844	19,45,00	19,76,00
Oadh and Rohilkhand	2,31,34,460	2,94,92,942	2,63,06,360	2,68,29,506	...	}	}
Great Indian Peninsula including Indian Midland	12,61,70,646	14,11,38,133	13,84,75,334	15,29,07,804	14,79,60,910			15,00,00	15,26,00
Agra Delhi Chord	47,07,654	50,84,398	46,92,319	...	...	}	}
Bhopal	12,06,963	12,97,300	13,43,631	...	...
Baran Kotah	1,77,243	2,11,961	2,30,463	...	...
Cawnpore Banda	4,50,307	4,78,269	4,73,115	...	...
STATE RAILWAYS WORKED BY COMPANIES.							
Assam Bengal	85,15,264	1,20,66,460	1,28,90,323	1,44,14,006	1,84,51,380	1,73,50	1,75,00
Bengal Nagpur	6,67,91,163	7,70,71,210	7,70,68,623	8,29,15,778	8,29,99,215	8,40,04	8,40,04
Bombay, Baroda and Central India	10,25,31,934	11,75,19,333	11,95,42,139	12,39,82,925	12,25,96,379	11,80,00	11,80,00
Burma Railways including Extensions and Southern Shan States	2,51,73,283	4,06,96,058	4,11,37,616	4,29,88,754	4,98,81,777	4,45,00	4,73,00
Madras and Southern Mahratta Railway including Mysore State Ruses	6,55,06,989	7,25,12,554	7,37,33,996	7,50,46,298	8,16,45,610	} 2,21,78	} 2,76,40
Dhone-Kurnool	1,86,177	1,89,320	2,21,215	2,40,939	2,77,906		
South Indian including Tinnevely Quilon	4,59,62,938	5,10,28,796	5,27,06,168	5,14,78,082	5,44,11,576	5,26,00	5,42,00
Other Railways	1,83,11,264	2,10,74,318	2,01,80,376	2,25,53,553	2,24,09,971	2,21,50	2,24,00
Total Central	81,89,27,377	93,22,14,218	94,65,52,248	1,01,04,54,968	99,70,00,340	98,00,79	1,00,81,46
India	81,84,42,260	93,17,20,866	94,60,89,516	1,00,97,94,320	99,63,60,46	98,80,00	1,00,75,00
England	4,95,127	4,83,362	4,92,827	4,62,366	4,82,365	2,88	4,88
Exchange	---	---	---	1,76,276	1,57,929	98	1,61

BUDGET FOR 1927-28.

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APPENDIX III—contd.

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Working Expenses.							
STATE RAILWAYS WORKED BY THE STATE.							
Eastern Bengal	3,76,46,787	4,40,77,284	3,95,73,311	4,26,70,672	4,64,17,587	4,44,99	4,53,64
North Western—							
Commercial Lines	10,33,44,038	10,06,98,361	9,11,31,796	9,52,44,196	10,76,22,725	9,90,45	9,90,60
Strategic Lines	2,46,08,721	2,32,33,936	1,89,67,993	1,96,76,450		1,94,69	1,96,61
East Indian	6,57,40,108	10,01,22,354	9,98,39,844	10,30,54,022	12,22,71,404	13,05,41	12,13,61
Oudh and Rohilkhand	2,58,18,184	2,61,64,731	2,37,50,107	2,72,28,728	—		
Great Indian Peninsula including Indian Midland	11,80,71,791	10,58,31,167	9,15,57,559	9,11,90,404	10,68,02,783	10,75,86	10,41,44
Agra Delhi Chord	43,05,257	38,08,140	30,83,340	—	—		
Bhopal	11,03,748	9,71,658	9,02,130	—	—		
Baran-Kotah	1,16,928	1,14,479	1,18,733	—	—		
Cawnpore Banda	4,34,314	3,82,129	3,41,312	—	—		
STATE RAILWAYS WORKED BY COMPANIES.							
Assam Bengal	84,38,778	92,27,437	91,00,837	90,96,336	88,92,978	1,13,15	1,15,33
Bengal Nagpur	5,33,17,921	4,43,17,333	5,11,27,579	5,15,72,423	5,25,36,119	5,95,53	6,02,26
Bombay, Baroda and Central India	7,99,28,943	6,24,16,577	7,14,56,583	6,70,85,383	7,51,90,189	7,37,62	7,48,13
Burma Railways including Extensions and Southern Shan States	2,47,26,298	2,43,96,464	2,52,25,907	2,53,52,699	2,74,77,365	2,86,25	2,90,08
Madras and Southern Mahratta Railway including Mysore State lines	4,59,12,976	4,73,98,926	4,32,89,646	4,33,60,230	4,75,57,354	4,78,01	4,77,77
Dhone Kurnool	1,39,434	1,26,589	1,31,570	1,37,992	1,51,510		
South Indian including Tinnevely Quilon	3,34,02,158	3,59,08,883	3,04,74,778	2,82,56,836	3,16,50,718	3,03,76	3,12,20
Other Railways	96,19,025	1,14,19,698	1,04,55,157	1,10,44,157	1,07,61,290	1,19,39	1,12,41
Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund.	—	—	—	1,80,46,614	68,64,067	—	—
Deduct—Difference between book and market value of stores	—	—	—	—38,28,797	—	—	—
Total Central	65,66,78,003	65,96,16,125	61,05,29,077	62,90,78,686	64,41,96,436	65,44,11	65,53,00
India	65,66,78,003	65,96,16,125	61,05,29,077	62,90,78,686	64,27,62,431	64,95,07	65,06,53
England	—	—	—	—	10,78,991	36,65	34,85
Exchange	—	—	—	—	3,55,014	12,39	11,62

APPENDIX III—*concd.*

STATE RAILWAYS.	Accounts.					Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	1921-22.	1925-23.	1923-24.	1924-25.	1925-26.		
Net Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
STATE RAILWAYS WORKED BY THE STATE.							
Eastern Bengal	66,46,553	63,73,298	1,36,04,117	1,72,65,258	1,60,69,364	2,25,01	2,31,36
North Western—							
Commercial lines	1,01,46,628	2,86,26,062	4,35,64,679	5,46,91,320	4,69,16,469	4,34,55	4,73,40
Strategic lines	-81,93,833	-67,07,641	-18,52,743	-25,68,813	...	-61,69	-43,61
East Indian	4,91,47,565	5,54,36,698	6,25,27,236	6,91,72,400	7,60,30,440	7,30,69	7,61,29
Outh and Bobilkhand	72,16,263	1,23,28,111	1,25,56,263	65,99,860	...	...	...
Great Indian Peninsula including Indian Midland	80,99,154	2,53,06,966	4,60,17,775	...	4,11,47,117	4,34,14	4,61,56
Agra Delhi Chord	4,02,698	12,76,256	15,09,979	...	...	...	...
Bhopal	1,03,214	2,25,643	4,41,801	6,17,67,600	...	...	...
Barru Kotah	60,214	67,423	1,01,744	...	...	...	...
Cawnpore Banda	15,903	66,140	1,31,808	...	...	...	...
STATE RAILWAYS WORKED BY COMPANIES.							
Assam Bengal	76,609	28,29,033	37,69,391	53,17,760	78,56,492	60,35	60,68
Bengal Nagpur	1,24,73,242	2,27,53,988	2,69,65,944	3,21,47,356	3,14,63,096	2,44,51	2,47,79
Bombay, Baroda and Central India	2,24,02,903	3,51,02,756	4,90,85,557	5,66,66,643	4,74,06,192	4,12,38	4,31,88
Burma Railways including Burma Railway Extension and Southern Shan States	1,01,46,985	1,63,01,564	1,36,11,709	1,76,36,065	2,19,04,392	1,54,75	1,82,97
Madras and Southern Mahratta Railway including Mysore State lines	1,56,95,908	2,54,14,628	3,04,44,238	3,66,64,160	3,40,98,256	2,41,74	2,56,63
Dhone-Kurnool	45,743	62,660	80,645	1,02,947	1,26,204	...	...
South Indian including Tinnevely Quilon	1,25,60,799	1,51,19,914	2,22,31,390	2,32,21,260	2,27,61,156	2,31,24	2,30,60
Other Railways	66,92,359	96,54,618	97,06,219	1,18,00,306	1,26,44,691	1,12,11	1,21,59
Deduct—Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund . . . . .	...	...	...	-1,60,46,614	-66,64,067	...	...
Add—Difference between the book value and the market value of stores . . . . .	...	...	...	+36,26,797	...	...	...
Total Central	16,02,46,274	27,25,96,093	23,60,24,266	24,15,77,272	25,78,06,904	23,29,66	24,26,46
India	16,02,46,274	27,25,96,093	23,60,24,266	24,07,15,640	25,25,27,624	22,64,26	24,06,67
England	—	—	—	4,42,256	-2,98,698	-81,82	-20,02
Exchange	—	—	—	1,76,276	-1,27,065	-11,43	-10,01

ANNEXURE A.

Establishment of a Clearing Accounts Office in India.

1. The establishment of a Clearing House or Clearing Accounts Office in India has been under discussion at intervals during the past twenty years. The question was revived by the Railway Board in March 1925 and it was suggested that an officer should be placed on special duty to investigate the matter. At this stage it was represented by the then Accountant General, Railways, that the end in view was dependent upon a simplification of rates and could not be proceeded with until simplification had taken place. The matter was as a result dropped for the time being.

2. Meanwhile, Mr. Scott, a senior officer of the Indian Audit and Accounts Service, carried out an experiment on the North Western Railway with the object of demonstrating that grouped divisions of traffic could be effected on the basis of ton mileage carried on each railway under particular commodities or particular rates. The results of this experiment were placed before the Financial Commissioner, Railways, in July 1925. The Railway Board then decided that a more thorough investigation should be made of the possibilities of establishing a Central Office for the apportionment of through traffic between railways on grouped divisions of such traffic. And for this purpose, Mr. Scott was placed on special duty early in December 1925. The experiment was first carried out on the lines previously recommended by Mr. Scott, but in the course of his investigations, he discovered a new method of much greater simplicity for apportioning the traffic.

3. The new method consists of employing 'Cards' working first on them by means of a punching machine and subsequently working out the apportionment of the earnings among railways on the Hollerith or Powers Machine. Briefly, the detailed procedure is as follows:—

A separate card is prepared for each invoice and is 'Punched' to show *inter alia* the total weight, the rate mileage due to each railway, and the total freight of the invoice. By sorting these cards on a basis which expresses the factors of weight and rate mileage due to each railway in convenient units for purpose of multiplication, the Hollerith or Powers machines tabulate the freight due to each railway for the total traffic originating from each station or group of stations treated as one station. This process of multiplication by the machine is rendered possible by expressing the multiplier as one of the single digits 1 to 9. Thus, if the weight is 625 and the rate mileage due to a railway is 47, the factors on which the machine will work are—

Multiplier.		Multiplieand.
5	x	47
2	x	470
6	x	4700

That is to say, three sortings on the machine will be necessary to bring out the product.

All cards of the same single digit and relating to one station, or group of stations treated as one, are passed through the machine at one operation and the machine records the total number which is to be

multiplied by each single digit. Thus, if in regard to the single digit 5, there are 6 cards of the following multiplicands—215, 400, 20, 18, 700, 326—the machine will record 5×1679 ; the product of which 8395 represents the freight in pies due to the railway concerned on these invoices. Thousands of cards of the same single digit are often dealt with in one operation.

It will be seen that this method for the apportionment of freight charges on the machines is not affected by the existing complexity in rates on Indian Railways.

The new method has been designated 'The summary multiplication method' by the Hollerith Company.

4. The prescribed detailed procedure for the conduct of work under the revised method provides for information which secures reconciliation of the traffic apportioned in the Division Sheets prepared by the Clearing Accounts Office with the entries in the accounts statement rendered by stations. This enables the railway receiving Division Sheets to satisfy itself, should it wish to do so, that the entire traffic relating to the period to which the Division Sheets relate has been included in the Division.

5. The Clearing Accounts Office procedure has been applied in actual practice for some months and it has proved that results as accurate as those obtained under the existing procedure can be secured as expeditiously as at present and at less cost. Indeed greater efficiency is claimed for the new procedure owing to the following :—

- (a) the fact that all initial documents, *e.g.*, invoices, way bills, etc., are fully checked and test checked before they are used for apportionment;
- (b) a better qualified establishment is employed on rate checking work; and
- (c) the apportionment is done by a machine process which is proof against errors.

6. The working of the new method has been fully examined by the Financial Commissioner, Railways, the Auditor General and the Accountant General, Railways, who are convinced that the establishment of a Central Office for the check and apportionment of traffic under the revised method will make for increased efficiency and economy.

7. A demonstration of the working of the machines was witnessed by Members of the Standing Finance Committee for Railways in June 1926 who expressed themselves satisfied with the working of the machines—*vide* page 6 of Volume III, No. 1 of the Proceedings of the Committee.

8. The Clearing Accounts Office will undertake the internal check of the returns from stations of State-worked railways in respect of all through traffic of such railways. It will, in addition, undertake the apportionment of all traffic interchanged between State-worked railways. This apportionment will be done under the revised method. It will also be responsible for the apportionment of all traffic interchanged with the Company-worked railways which, under the existing procedure, the State-worked railways

are responsible to clear. All such work will, for the present, be performed under existing methods in order that the Company-worked railways may receive the same returns as they do at present. From enquiries that have been made it is hoped, however, that some at least of the Companies will agree to receive returns in the modified forms with the traffic apportioned under the new method.

9. As a matter of convenience the Clearing Accounts Office has been entrusted with all work relating to the check and apportionment of traffic on State-worked railways which is paid for by Government Departments and the recovery of all dues from such Departments.

10. The question of extending the functions of the Clearing Accounts Office to include the preparation of certain classes of statistics and the adjustments of certain classes of expenditure is under separate consideration.

11. A statement is appended (Table A) showing the present cost of the work transferred to the Clearing Accounts Office and of the cost of performing the same work in the latter office. It will be seen that an annual saving of Rs. 1,21,368 is secured immediately. As Company-worked railways agree to accept the application of the new method of apportionment of traffic, the saving in expenditure will increase.

12. In view of the probability that the Clearing Accounts Office will undertake work not entirely of an accounts nature—*vide* paragraph 10—the Auditor General agreed to the proposal that the new office should be under the administrative control of the Financial Commissioner, Railways. In this respect its constitution will be similar to the Accounts Department of the East Indian Railway. These arrangements will be considered experimental subject to a final decision on the general question of the desirability for separating Accounts from Audit on Indian Railways.

13. As a corollary to the arrangements referred to in the preceding paragraph, a temporary audit office has been constituted in order to conduct, on behalf of the Auditor General, an audit of the work performed in the Clearing Accounts Office. A statement (Table B) is attached showing the cost of this office. The cost of this office is more correctly a charge to the purpose of separating Accounts from Audit on Indian Railways than a necessary part of the introducing of the revised arrangements for apportioning through traffic in a Central Office by the employment of machines.

14. The new offices, *viz.*, the Clearing Accounts Office and the Statutory Audit offices attached thereto, were opened on the 18th December 1926.

TABLE A.

CLASS OF STAFF.	PRESENT COST.		Average monthly cost.	CLASS OF STAFF.	COST OF THE CLEARING ACCOUNTS OFFICE.		
	No.	Grade.			No.	Grade.	Average monthly cost.
		Rs.	Rs.			Rs.	Rs.
Officers	3	350-50-1,400		Officers—			
	3	500-35-650		Director	1	2,250-100-2,750	...
				Deputy Director	1	1,500-60-1,800	...
				Assistant Director I	1	350-50-1,400	...
				Assistant Director II	1	600-35-650	...
Total	6		5,840*	Total	4		7,304*
Subordinate staff	934	...	95,882*	Subordinate staff	803	...	82,207*
Servants	60	...	1,200	Servants	60	...	1,200
Travelling allowances and contingent charges, etc. . . . .	...	...	12,071	Travelling allowances and contingent charges, etc. . . . .	...	...	9,040
Total . . . . .	...	...	1,14,993	Hire of machines, cost of cards and other connected charges . . . . .	...	...	3,819
Deduct—Cost under revised system . . . . .	...	...	1,04,879	Interest, depreciation, etc., on the additional capital cost of New Buildings . . . . .	...	...	1,250
Net savings per month	133	...	10,114	Total . . . . .	...	...	1,05,729
Net saving per annum	133	...	1,21,368	Less reduction in cost of Forms . . . . .	...	...	850
					...	...	1,04,879

*These figures include provision for leave, provident fund, bonus and retiring gratuity.

TABLE B.

Statutory Audit Office attached to the Clearing Accounts Office.

	Annual cost. Rs.
Officers—	
1 Audit Officer (Rs. 1,800 to Rs. 2,200)	24,000
1 Assistant Audit Officer (Rs. 500 to Rs. 850)	6,500
Pay of Establishment—	
58 Accountants and Clerks (Rs. 45 to Rs. 550)	77,544
12 Servants (Rs. 12 to Rs. 28)	2,500
Contingent and other charges (Estimate)	10,700
Total	<u>1,21,244</u>
<i>Deduct</i> —Reduction in cost of the office of the Chief Auditor, East Indian Railway	32,000
Net	<u>89,244</u>

Memorandum by the Financial Commissioner, Railways, on the effect on Railway Finances of an alteration in the exchange value of the rupee from 1s. 6d. to 1s. 4d. gold.

I propose to attempt, in this memorandum, an estimate of the probable effect of a change in the ratio of the rupee from 1s. 6d. to 1s. 4d., first on Indian railway finances generally by the time the full results of the change are felt; and secondly on the railway budget for 1927-28.

In order to make an analysis of the position easier, I propose to ignore for the moment the possible effect of such an alteration in the ratio on the volume of goods and passenger traffic, the present level of rates and fares, the present programme of railway construction and development, and the rate of interest at which the Government of India can borrow.

Effect on Indian Railway Finances generally.

2. (a) *Sterling interest charges.*—The interest charges on sterling debt specifically incurred on account of railways amount to about £4,420,000 per annum. With the rupee at 1s. 4d. instead of 1s. 6d., an additional sum of Rs. 74,00,000 would be required to meet them.

(b) *Interest charges on sterling expenditure on stores for capital account.*—At present our sterling expenditure on capital stores is about £5,300,000 per annum. Our present quinquennial programme will require the purchase of at least this quantity of stores, if not more, during each of the next five years: but we may hope gradually, as Indian markets become better able to meet our needs, to reduce our purchases in sterling. An average of £5,000,000 a year, or £25,000,000 spread over the quinquennium is, I think, a reasonable estimate of our sterling expenditure on this account. With the rupee at 1s. 4d. instead of 1s. 6d., Rs. 4,17,00,000 more would be required for capital expenditure, and our annual interest charges would be increased by the end of the quinquennium by about 20 lakhs. Thereafter the extra charge would increase as further capital expenditure is incurred.

(c) *Appropriation from revenue for depreciation.*—The increased cost of capital stores would necessitate an increase in the sum set aside annually for renewals and replacements. 1½ per cent of the capital cost is a fair average to take; and on Rs. 4,17,00,000, this amounts to about Rs. 7,00,000.

With the rupee at 1s. 4d., instead of 1s. 6d., Rs. 7,00,000 more would, therefore, by the close of the quinquennium, be required annually as an appropriation from revenue to the depreciation fund. Thereafter the extra charge to revenue would increase, as further capital expenditure is incurred.

(d) *Revenue stores purchased abroad.*—At present our sterling purchases of these stores, which consist largely of engineering material, tools, spare parts, oils and paints, average about £1,750,000. The opening of new lines and development of existing lines must increase the volume of our purchases; but we should be able to secure, by improved methods, some economy in the consumption of these stores, and the development of Indian markets should also help to reduce our purchases in sterling. Balancing these factors, I think £1,500,000 a fair estimate of our average annual sterling purchases on this account a few years hence.

With the rupee at 1s. 4d. instead of 1s. 6d., an additional sum of Rs. 25,00,000 per annum would be required.

(e) *Salaries, allowances, pensions and sundry items payable in sterling.*—At present these sterling payments amount to about £500,000, as follows:—

	£
(i) Overseas pay	235,000
(ii) Leave salaries and pensions	230,000
(iii) Sundry items	35,000
	£500,000

With progressive Indianisation (i) and to a certain extent (ii) will decrease, though it will be some years before retirements will be sufficiently numerous to make the reduction appreciable, and the opening of new lines and a large programme of construction are bound to mean an increase of staff with a consequent increase of sterling expenditure on overseas pay and leave salaries. Balancing these opposing factors, I should expect the expenditure four or five years hence to remain at about the present figure of £500,000. After that it should gradually drop.

With the rupee at 1s. 4d. instead of 1s. 6d., an additional sum of Rs. 8,00,000 per annum would be required.

(f) *Sterling receipts.*—At present these amount to about £222,000. But of this sum £174,000, our share of the Southern Punjab and Rohilkhand and Kumaon Railways' surplus profits would not be directly affected by a change in the ratio.

With the rupee at 1s. 4d. instead of 1s. 6d., we should obtain an additional Rs. 80,000 on the balance of £48,000.

3. I therefore put the eventual net extra charge on railway revenues from the effect on our sterling transactions of an alteration from 1s. 6d. to 1s. 4d. in the ratio at one and a third crores per annum.

4. The effect of such a change in the ratio on our rupee expenditure is more debateable, at any rate as regards the period within which it will be fully experienced. For it depends on the time taken for prices including the wages of labour to adjust themselves. These are the data.

(a) *Wages of labour.*—Our total annual bill for labour is at present as follows. (The figures are the best approximation which I am able to make; they should be sufficiently accurate for the purposes of this memorandum.)

	Total bill.	12½ % of total bill. (crores)
(i) Up to Rs. 40 per mensem	12.50	1.56
(ii) Rs. 41—100	7.17	.90
(iii) Rs. 101—250	4.06	.54
(iv) Over Rs. 250	4.21	.53
(v) Gasetted officers (excluding overseas pay)	2.56	.32
	31.10	3.89

It is impossible to forecast with any accuracy the extent to which a change in the rupee price level would force us to make an equivalent change in our scales of pay: obviously the lower paid classes of labour would be those first demanding consideration, and it is not necessary to assume that a similar increase in the remuneration of the more highly paid employes would be inevitable. I should however be surprised if our wages bill were not ultimately increased by such a change in the ratio by at least two and a half crores.

(b) *Revenue stores purchased in India* (including payments to contractors).—The annual amount involved is at present about 20 crores; it is likely to increase as new lines are opened and purchases in India replace purchases abroad. An alteration from 1s. 6d. to 1s. 4d. in the ratio may mean an increase of 12½ per cent., or allowing for larger purchases, over 2½ crores per annum in our bill on this account; but, though we may quite well have to face the full 12½ per cent. increase eventually in view of the character of the payments in question, I prefer to be on the safe side and to estimate the additional annual cost to us from such a change in the ratio at two crores after allowing for increased purchases in India.

(c) *Interest charges on capital expenditure in India*.—The expenditure in question amounts at present to about 18 crores per annum, and is likely to remain at this, or, owing to increased purchases in India, a rather higher figure for the next five years, while our present quinquennial programme is being carried out. Of the eighteen crores, about two and a quarter crores represent direct payments of wages and salaries; the balance consists in the main of stores and payments to contractors. I think we must assume that there would be an increase of at least 10 per cent. in the total cost in rupees if the ratio were changed from 1s. 6d. to 1s. 4d., meaning an increase of Rs. 9,00,00,000 in the capital expenditure during the next five years. Our annual interest charges would therefore be increased by the end of the quinquennium by about 45 lakhs. Thereafter the additional charge would rise as further capital expenditure was incurred.

(d) *Appropriation from revenue for depreciation*.—At 1½ per cent. the increase of nine crores in capital expenditure will necessitate an increase of Rs. 16,00,000 in the sum set aside annually for renewals and replacements.

5. I therefore estimate the eventual net extra charge on railway revenues from the effect on our rupee transactions of an alteration from 1s. 6d. to 1s. 4d. in the ratio at Rs. 5,11,00,000 per annum.

6. The eventual increase in our annual revenue charges from such a change in the ratio, on account of our sterling and rupee transactions combined, is, therefore, estimated to be Rs. 6,44,00,000 per annum. In addition we have sterling liabilities for the repayment of debentures, and the share capital of companies, if their railways are taken over, amounting to nearly £30 millions. The extinction of these liabilities would cost us about 5 crores more with the rupee at 1s. 4d., than with the rupee at 1s. 6d., involving a further annual interest charge of about 25 lakhs.

EFFECT ON THE RAILWAY BUDGET FOR 1927-28.

Revenue account.

7. (a) With the rupee at 1s. 4d. instead of 1s. 6d. we should have to incur the following expenditure in addition to what is provided in the budget for 1927-28 in order to carry out our programme for that year.

	Rs.
(a) Sterling interest charges	74,00,000
(b) Interest charges on sterling expenditure on capital account for, on average, half a year	2,20,000
(c) Revenue stores, purchased abroad	29,00,000
(d) Salaries, etc., payable in sterling	8,00,000
Less—Sterling receipts	80,000
	1,12,40,000

I have estimated the eventual increase in our rupee expenditure on revenue account at Rs. 5,11,00,000 per annum, from which, in considering only the year 1927-28, the items aggregating 61 lakhs mentioned in paragraph 4(c) and (d) of this note can first be deducted since the extra cost on their account which would fall upon us before the following year would not be substantial probably not more than five lakhs. It is very difficult to prophesy with any certainty how much of the balance of 450 lakhs would be likely to fall on us next year. There would, I think, certainly be a substantial and almost immediate rise in the price of revenue stores purchased in India; but I am doubtful if our wages bill would be affected so rapidly or so severely. On the whole, we might, in my view, expect to get off with an increase of not more than one third of the total, or 150 lakhs, in 1927-28.

(b) I therefore place the extra expenditure from revenue which would be incurred next year, were the rupee at 1s. 4d. gold, at Rs. 2,62,40,000, or say in the neighbourhood of two and two third crores. But to gauge the total effect on our revenue budget, I have now to take into account those factors which, as I have explained, in paragraph 1 of this memorandum, I found it convenient initially to ignore. It is not improbable that a reduction in the ratio from 1s. 6d. to 1s. 4d. would tend at the outset to raise the rate at which the Government of India could borrow. The effect on our interest charges next year would not however be so substantial as to make any specific addition on this account to my figures necessary. It is the effect of a change in the ratio on the volume of traffic, particularly of course, goods traffic, that is of importance. The initial dislocation of trade which would follow a sudden disturbance of the existing ratio is bound to re-act adversely on the volume of traffic offered to us and until prices have settled down to the new level, to reduce our revenue receipts. We might, I think, well, have to face a reduction of one crore in 1927-28, but I prefer to take perhaps a rather optimistic view, and put the reduction at 50 lakhs.

Capital account.

8 (a) For the discharge of sterling debentures of £547,000, and for our expenditure of £5,300,000 abroad we should, with the rupee at 1s. 4d. gold, require an additional 97 lakhs for capital expenditure in 1927-28. We should also, on account of the rise in rupee prices (*vide* paragraph 4 (c) of this memorandum) require at least a crore more than we have provided for capital expenditure in India during the year. But in putting the extra capital expenditure in 1927-28, should the ratio be altered, at two crores, I am assuming that we should not have to curtail our programme of new construction and development. I return to this point in paragraph 10 (iii).

Depreciation Fund account.

9 (a) A reduction in the ratio from 1s. 6d. to 1s. 4d. would not affect the appropriation from revenue to the depreciation fund for renewals and replacements until 1929-29. It would, owing to the increased cost in rupees of materials, etc., replaced during 1927-28, add to the appropriation from the fund on account of renewals and replacements by an amount which I estimate at not less than half a crore.

SUMMARY.

10. I am now in a position to summarize the conclusions so far arrived at.

(i) An alteration in the ratio from 1s. 6d. to 1s. 4d. gold would reduce our net receipts in 1927-28, by rather over three crores (paragraph 7 (b)). Instead of being able, as our budget estimate anticipates to place a sum of 162 lakhs to the railway reserve, we should be faced with a deficit of about one and a half crores in 1927-28.

(ii) Eventually our net receipts would be reduced by about six and a half crores per annum. No account is taken in this figure of any possible effect of an alteration in the ratio on the rate of interest at which Government could borrow, or of a reduction in the volume of traffic; since these effects might prove merely transitory.

In order to cover the prospective deficit in 1927-28, it would be necessary for the Railway Board to consider whether rates and fares should not be raised from their present level. A further rise would of course have to be considered later in order to make up the much larger eventual loss, unless in the meantime it had been covered by the development of traffic. In that event, the result of the reduction in the ratio would be the maintenance of rates and fares at a higher level than would otherwise have been necessary.

(iii) The capital cost of our present programme of new construction and development would be increased by about two crores in 1927-28; and by about thirteen crores in the five years which the present programme covers. Since ordinarily new lines are not built, and new works of development are not undertaken, unless they are likely to yield a sufficient return on their capital cost, this increase in the capital cost would mean the omission of some of the new lines and other works from the programme, unless rates and fares had been raised so as to give a sufficiently increased return.

(iv) In addition our liabilities for the repayment of debentures and the share capital of companies would be increased by about five crores.

11. I have not attempted in this memorandum to discuss the probable effect of an alteration in the ratio on the contribution payable from railway to general revenues, or to estimate the loss to railway revenues from a reduction in their receipts on account of interest on diminished reserve and depreciation fund balances. For it must be assumed that rates and fares will, whatever the ratio, be pitched at a level that will enable railways to pay their dues to general revenues, and to set aside such sums as is prudent for depreciation and reserve.

A. A. L. PARSONS,

Financial Commissioner, Railways.

18th February 1927.

PART II.
GENERAL BUDGET.

Speech of the Finance Member

introducing the

Budget for 1927-28.

INTRODUCTORY.

Sir, looking backwards brings little solace to a new Assembly which is called upon to examine the outturn of past Budgets for which it was not itself in any way responsible. This is the first Budget of His Excellency Lord Irwin's Government: it is the first Budget which this Assembly will deal with, and it is the first to be introduced in this new and spacious Council House in New Delhi. Honourable Members will, therefore, be far more interested in the prospects for the year 1927-28 than in a retrospect of the years 1925-26 and 1926-27. Indeed, with the approaching completion of the first ten years of the Reforms, our eyes and the eyes of India are rightly straining forward to the vision of the future and there is neither need nor inclination for us to brood overmuch over the successes and still less over the failures of the past. I propose accordingly to be as brief as possible in what I have to say to-day about the Budgets for 1925-26 and 1926-27.

2. Not that we have any reason for dissatisfaction—quite the contrary—Actual outturn of 1925-26. with the financial story of those years. Once again, the final results of the year 1925-26 reveal over-caution in our revised estimates. The audited accounts show an improvement of just over 2 crores on the revised estimate of 1.30 crores. It is difficult to single out any particular head which accounts for this improvement. Customs produced 93 lakhs more than we expected when the revised figures were drawn up, the yield in the last two months of the year being exceptionally high. But this excess was to some extent counterbalanced by failure of other heads of revenue to fulfil anticipations. On the expenditure side, nearly every head contributed to the improved net surplus. The final result is a realised surplus of 3.31 crores. The usual comparative table showing the comparative outturn in each of the last ten years is attached to the printed Budget speech.

REVIEW OF THE YEAR 1926-27.

3. The visible balance of trade including private imports of treasure for the ten months ended 31st January, 1927, was General conditions. in India's favour by 27.16 crores as compared with 85.76 crores a year ago, this result being largely explained by the fall in the price of jute and cotton and the lateness of the season. Recent figures suggest that the delay will lead to a considerable expansion in the volume of exports in the last months of the financial year. Speaking at the Annual Meeting of the Bombay Stock Exchange on February 11th, the President, Mr. K. R. P. Shroff, correctly described the year as generally good for trade and business, though it continued depressed for the cotton trade. It would have been even more satisfactory, had conditions abroad not restricted business, for example, the coal strike in England and the Civil

War in China. The fall in the price of cotton, though overdue, has temporarily increased the difficulties of the cotton industry, but the ultimate effect of a larger demand following on cheaper production is already bringing its compensations. Uncertainty regarding the stability of exchange militated during the autumn against that feeling of security which is the surest foundation for sound business conditions and accentuated the effects of the lateness of the season. In the money market, the most notable feature of the calendar year 1926 was an exceptional absence of stringency, and it is only recently that the seasonal demands for money, combined with special reasons for hesitancy in the exchange market and concentrated into the first months of the new year instead of being spread over the period from October onwards have led to a rise in the Bank rate to 7 per cent., a figure which has been usual at this period of the year but was not touched between May 1925 and February 1927. Even now, the stringency is less marked than in the winters of 1923-24 and 1924-25.

REVENUE, 1926-27.

4. Customs receipts are expected to exceed the estimate by 1·30 crores, as a result of the buoyancy of the yield from sugar and protective duties. The proceeds in 1925-26 of the sugar duty were 71 lakhs more than for 1924-25 and nearly double those of 1923-24, and were thought to have been inflated owing to the heavy fall in the world price of sugar in that year. But our cautious estimate of 5·70 crores for 1926-27 has now to be raised by 1·25 crores. Protective duties on steel in spite of their success in giving protection have proved unexpectedly efficacious in bringing in revenue and are now expected to produce 2·85 crores as against an estimate of 2·35 crores. This represents of course, the total proceeds of these duties, not simply the excess over what the ordinary revenue duties would have brought in.

5. Taxes on Income are now estimated to bring in 29 lakhs less than the Budget estimate of 16·15 crores. But this is due almost entirely to an increase in refunds in connection with double income-tax relief consequent on the reduction in the standard rate of income-tax in Great Britain.

6. Our receipts from Salt were fully up to anticipations up to the end of December, but the hope, however slenderly buttressed, that the new Budget might bring a reduction of duty seems to spring eternal in the breast of the salt merchant and the most recent figures suggest that clearances have been retarded pending the opening of the Budget. If so, the March figures may show a substantial recovery, but I have felt it prudent to place the revised estimate at 6·70 crores, a reduction of 20 lakhs on the original estimate.

7. The net receipts from Opium are now estimated at 3·12 crores, an improvement of 86 lakhs on the Budget figure. We were unduly cautious in our forecast of the immediate effect of our new policy of restricting exports, while a poor crop succeeding three successive bumper years led to a saving of 48 lakhs in our payments to cultivators, etc.

8. There is no change in the figure of 6·01 crores for the Railway contribution, and among other revenue heads I need only mention a special receipt of 31 lakhs on account of German reparation which represents a payment in respect of the period

before 1st April 1926, and does not therefore go direct to reduction or avoidance of debt under the provisions of the Finance Act of 1926.

EXPENDITURE, 1926-27.

9. On the Expenditure side the most important variations are an excess of 67 lakhs in the net Military expenditure and a saving of 82 lakhs on interest on dead-weight debt. The latter is due to the reduction in the rate of interest paid on new borrowings. The excess on the Military Budget arises mainly from the necessity of increased expenditure on purchase and manufacture of ordnance and other stores amounting to 70 lakhs. Unfortunately this is not a non-recurrent but a recurrent increase explainable by the fact that we have come to the end of our power to draw on the surplus stores left over after the War.

10. The revised estimate of revenue comes to 130·25 crores and the revised estimate of expenditure to 127·15 crores as compared with the original estimate of 130·43 crores and 130·38 crores. Thus for the fourth year in succession we are left with a realised surplus. The revised Budget of 1926-27 shows a balance on the right side of 3·10 crores.

11 The following statement shows the main variations in the revised estimate in lakhs of rupees:—

	Better.	Worse.
Customs	1,30	...
Taxes on Income . . . . .	...	29
Salt . . . . .	...	20
Opium (net)	86	...
Interest receipts	34	...
Extraordinary receipts	36	...
Interest on dead-weight debt	82	...
Civil Administration	18	...
Military Expenditure (net) . . . . .	...	67
Other heads	35	...
	4,21	1,16
	} <hr style="width: 100%;"/>	
Total, better	3,05	
Budget surplus		5
	} <hr style="width: 100%;"/>	
Revised surplus		3,10
	} <hr style="width: 100%;"/>	

12. These figures are drawn up on the basis which has been customary for the purpose of the presentation of the Indian Budget for many years, but, as pointed out by the Public Accounts Committee in their Report on the Accounts of the year 1924-25, they do not, strictly speaking, represent either the gross or the net revenue and expenditure of the Government of India. A break of continuity is always to be deprecated and I have not thought it desirable to depart from the method of presentation sanctioned by past practice. There are indeed drawbacks in any form that might be adopted. But that the

present form is, in some ways, inconvenient and may even be misleading is illustrated by our experience in 1926-27. In spite of considerable improvements in the main Revenue heads, it is very surprising to discover that the revised estimate of revenue for 1926-27 actually shows a decline of 18 lakhs as compared with the original estimate. The explanation has to be found in the way in which the Railway figures are brought into the figures of the General Budget. Both the receipts and expenditure on Railway Account, which appear as items in the General Budget, are substantially lower in the revised Budget than in the original. Yet the Railway contribution is exactly as originally estimated and has undergone no change whatever. The revised surplus of 3·10 crores for 1926-27 is accounted for to the extent of rather over 2 crores by a real improvement in our revenue; yet the revised figure for revenue is less than the original. The figures of net revenue and expenditure referred to below give a truer picture in this respect. On the other hand, the net figures tend to obscure the magnitude of the Government of India's activities and of the expenditure which they and the Assembly control. We must turn to the gross figures to get an adequate conception of what these are.

13. The gross expenditure of the Government of India including the working expenses of the Railways and of the Posts and Telegraphs and Irrigation Departments aggregates well over 200 crores. The exact figure is 204·72 crores. Even this figure excludes certain small items of expenditure which are shown net—not gross—in our accounts. I have not imposed on the Finance Department, to whose loyal and exacting labours during the Budget season the Government and the Assembly and in a special degree the Finance Member are deeply indebted, the task of arriving at exact figures in this connection. For the purpose of presentation of the facts to the House and the country, the gross expenditure figure of 204·72 crores conveys a sufficiently true picture.

14. The task of working out accurate figures of our net revenue and expenditure requires preliminary decisions on many problematical points, for example, the question arises whether expenditure on the collection of taxes should appear as expenditure or as a deduction from the revenue raised by means of those taxes; or again, whether the interest received on our advances to the Provincial Loans Account should be treated as a deduction from our interest charges or as revenue. Statement D of the Budget sets out the figures of net revenue and expenditure on the same basis as last year. According to that Statement, our net expenditure amounts to 84·07 crores. One fact which the figures of net revenue and expenditure bring out with somewhat startling clearness is the extent to which under the reformed constitution the activities of the Government of India have been transferred to the Provincial Governments, the functions of the Central Government being limited in the main to the defence of India, her relations with the exterior and with the Indian Princes, major communications, the Public Debt and the Currency, some miscellaneous duties in connection with subjects such as surveys, archaeology and research, and the responsibility for general superintendence, direction and control of the Provincial Governments.

WAYS AND MEANS AND PUBLIC DEBT.

15. Before proceeding to set out the figures for 1927-28, I propose to turn next to the Ways and Means Budget and the Public Debt, the portion of the annual financial statement which enshrines the permanent tendencies

and results of financial policy. The Ways and Means position may be briefly summarised as follows:—

	(Crores).	
	Revised, 1926-27.	Budget, 1927-28.
<i>Liabilities.</i>		
Railway Capital Outlay	27.0	25.0
Other capital outlay (including Delhi, Posts and Telegraphs, Vizagapatnam Harbour, etc.)	2.0	2.2
Provincial Governments' transactions	8.9	6.4
Discharge of debt (net)	37.0	20.5
	74.9	54.1
<i>Resources.</i>		
Rupce loan (net)	26.0	27.0
Postal Cash Certificates	6.1	5.4
Other unfunded debt (including Postal Savings Bank)	6.6	6.2
Debt redemption	5.1	5.2
Depreciation and Reserve Funds	6.1	2.7
Exchange	10.4	—5
Miscellaneous (net)	4.4	—2.2
Reduction of cash balance	10.2	10.3
	74.9	54.1

16. Once again the position revealed by these figures is extremely gratifying. The net amount of the new market loan, 26 crores, in 1926-27 was less than the amount of our railway capital expenditure alone, and considerably less than the total figure of productive capital outlay. In 1926-27, against 26 crores borrowed in the open market, we shall have discharged debt amounting to 37 crores, including 8.18 crores of Treasury Bills held in the Paper Currency Reserve. The amount of debt which we expect to have to discharge in India in 1927-28 is about 18 crores, while the tentative figure for the money to be raised by a loan in the open market is 27 crores. We hope to finance practically the whole of our own programme amounting to some 27 crores of capital expenditure on reproductive enterprises in 1927-28 and the capital programmes of the Provincial Governments also, while asking the market for less than 10 crores of new money. In these circumstances, we have reason to hope that this sum together with the money which we need to replace maturing debt, including, if we so decide, conversion of some of the bonds maturing after 1927, will be forthcoming on favourable terms.

17. We have successfully avoided the issue of any new sterling loan since May 1923, and the Budget includes no provision for any external loan in 1927-28. On the contrary, it includes provision for repaying £2.7 million in London. In this connection, the House will be interested to know that since the end of the financial year 1923-24, the last year in which we issued a sterling loan, up to 31st March 1927, we have spent outside India £26.2 million for purposes of capital outlay and £9.9 million on reduction of sterling debt, a total of £36.1 million. The whole of this outlay has been financed without resort to external borrowing. We expect during 1927-28 to spend £8.7 million on capital account outside India, and £2.7 million on reduction of sterling debt, a total for 1927-28 of £11.4 million. If, therefore, as we hope, we avoid sterling borrowing in 1927-28,

we shall have covered about £48 million of capital disbursements outside India without borrowing abroad. Our remittance programme for 1927-28, for purposes of our outgoings both on capital and on revenue account, amounts to £33½ million, as compared with a revised estimate of £27½ million for 1926-27.

18. I am once again tempted to invite attention to the market prices of Indian Government securities in India which show how greatly India's credit has improved within recent years.

	Market price on				
	1st February 1923.	1st February 1924.	1st February 1925.	1st February 1926.	1st February 1927.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
5 per cent. Tax-free loan, 1945-55	85 4	96 10	97 15	100 12	107 3
3½ per cent. Indian Government rupee loan	57 0	66 0	66 9	70 8	77 7

The following further figures which compare the prices of India stock and other stock in London on certain dates are also very significant and support the conclusion which I drew last year, namely, that the credit of the Government of India stands considerably higher in the London market in relation to the British Government and other gilt-edged borrowers than it did either in 1914 or 1923, or, for the matter of that, in 1926. While the prices of British Government and other securities have actually gone down during 1926, those of India stock show an appreciable improvement:—

	30th April 1914.	30th April 1923.	1st February 1926.	31st December 1926.
India 3 per cent. loan	75½	60½	58	59½
India 3½ per cent. loan	88½	70½	68	71½
Local loans 3 per cent. stock	87	69½	64½	63½
London County Council :				
3½ per cent. stock	97	79½	73	72½
3 per cent. stock	81	68½	63	62

19. The fact which these figures bring out, that India 3½ per cent. rupee stock has been quoted for the last year at a figure appreciably higher than that at which India 3½ per cent. sterling stock has been obtainable in London, has led to very considerable transfers of money from India to London in order to take advantage of the higher yield of the sterling stock. In other words, in addition to the reduction of India's sterling debt due to direct Government action, individual Indian investors have been reducing India's external liabilities by themselves buying back the titles to some part of her sterling loans and transferring them into Indian hands. This process may legitimately be regarded as the first step towards India's becoming a creditor nation in the ordinary sense of that phrase. She is, of course already a creditor nation

in the sense that she regularly exports more commodities than she imports, but hitherto she has been content to take payment mainly in the precious metals. The process to which I have referred is one which offers great hopes for the future. It has not, however, been without some temporary inconveniences, and a major cause of comparative weakness of exchange during the year 1926-27 has undoubtedly been the movement of capital from India to London due to the higher rates for both long-term and short-term money which have prevailed in London for the greater part of the financial year. A fall in the rates for money in London is, I hope, within sight and will be of material assistance to India in helping to consolidate the improved market prices for Indian Government stocks in India.

20. The following statement carries on for a further year the figures regarding India's debt which I gave in my last Budget Speech:—

Statement showing the Debt of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924.	31st March 1925	31st March 1926.	31st March 1927.
<i>In India :</i>		(In crores of rupees)			
Loans	339.83	358.81	370.38	368.29	374.48
Treasury Bills in the hands of public	21.59	2.12	...	...	...
Treasury Bills in the Paper Currency Reserve	49.65	49.65	49.65	49.65	41.47
Other Obligations—					
Post Office Savings Banks	23.20	24.79	25.64	27.23	29.12
Cash Certificates	3.13	8.42	13.12	20.16	27.04
Provident Funds, etc.	36.17	39.00	42.39	46.36	51.03
Total Loans, etc.	411.07	410.58	420.03	417.94	415.95
Total Other Obligations	62.50	72.21	81.15	94.55	107.19
Total in India	473.57	482.79	501.18	512.49	523.14
<i>In England :</i>		(In millions of £)			
Loans	222.92	244.53	263.39	266.35	265.04
War Contribution	19.71	19.27	18.81	18.32	17.81
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61.31	60.10	58.84	57.53	56.18
Provident Funds, etc. . . . .	.04	.13	.16	.21	.27
Total in England	303.98	324.03	341.20	342.41	339.30
*Equivalent at 1s. 6d. to the Rupee	405.31	432.04	454.93	456.55	452.40
Total Debt	878.88	914.83	956.11	969.04	973.54
Productive { for Central Government	536.65	557.09	600.05	623.38	654.42
{ for Provinces	87.49	97.56	106.43	114.60	119.41
Total Productive	624.14	654.65	706.48	737.98	773.83
Unproductive	254.74	260.18	249.63	231.06	201.71
Total	878.88	914.83	956.11	969.04	973.54

At 1s. 4d. to the rupee the figures would be:—

455.57	485.04	511.80	513.61	508.95
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21. In the year 1926-27, while our total debt will have increased from 969.04 to 975.54 crores, our sterling debt will have decreased from 456.55 to 452.40 crores. Our productive debt will have increased from 737.98 crores to 773.83 crores, and our unproductive debt will have decreased from 231.06 to 201.71 crores. Satisfactory as these figures are in themselves, they are still more pleasing in their reaction on our Budget expenditure and on the rate of interest at which we borrow in India whether for new capital outlay for productive purposes or for repayment of maturing debt. Thanks mainly to our policy of making regular provision for reduction or avoidance of debt, we borrowed in the market in India at the rate of 4.69 per cent. subject to income-tax in 1926 as compared with 6 per cent. tax-free in 1922, and the charge on the Budget of 1927-28 for interest on dead-weight debt is about 5½ crores less than it was in 1923-24, a saving considerably larger than the total amount of our present provision for reduction or avoidance of debt.

BUDGET ESTIMATES FOR 1927-28.

Revenue.

22. The ground is now cleared for the presentation of the figures of revenue and expenditure of 1927-28. I put the net revenue from Customs at 49.15 crores, an increase of 2.75 crores over the original estimate and of 1.46 crores over the revised estimate for 1926-27. Allowance has been made for a reduction of about 40 lakhs in the revenue from protective duty on steel owing to the effect of the new Steel Industry Protection Bill. It is wise to anticipate some reduction in the imports of sugar as compared with the very high figures of the past two years. The reductions under these two heads should, however, be compensated for by the normal growth of revenue under other heads.

23. Under the head of 'Taxes on Income', I put our net receipts at 16.50 crores which is 35 lakhs more than the Budget figure for the current year and 65 lakhs more than the revised estimate. The improvement under this head is due in part to slightly more profitable trade generally and in part to the substitution of tax-subject for tax-free Government of India securities.

24. The original estimate of revenue from salt duty for 1926-27 was 6.90 crores and I put the figure for 1927-28 at 7 crores, the increase being justified on the basis of the normal growth in consumption.

25. Under the head 'Opium', we have to allow for a reduction of 10 per cent. in our exports in accordance with the policy announced last year. On the other hand, the considerable reduction which has been effected in the area of cultivation curtails our outgoings. I put the figure for gross revenue from Opium at 8.83 crores, which is 35 lakhs less than the revised figure for the current year, and the expenditure at 91 lakhs which is 16 lakhs less than the figure in the revised estimates for 1926-27. The net revenue will accordingly be 2.92 crores as compared with 3.12 crores in the current year.

26. The net receipts from Railways for 1925-26 were considerably below those for 1924-25 and in spite of the increased value of 1 per cent. on the capital charge, the contribution falls from 6.01 crores in 1926-27 to 5.48 crores in 1927-28.

27. Our receipts under other heads of revenue are estimated at 15.70 crores, being a reduction of 1.74 crores from the original estimate for 1926-27. This estimate assumes the continuance, pending the inauguration of the Reserve Bank, of the present practice of crediting to revenue the excess over £40 million in the Gold Standard Reserve and the income from investments of the Paper Currency Reserve. The amount of these receipts has, of course, been diminished as the result of the reduction both of the sterling and of the Government of India rupee securities in the latter Reserve.

28. Our total estimate of revenue for 1927-28 comes to 128.96 crores as compared with an original estimate of 130.43 crores for 1926-27 and a revised estimate of 130.25 crores.

Expenditure.

29. I estimate our net military expenditure for 1927-28 at 54.92 crores, or almost the same figure as the original military estimate for 1926-27, but 63 lakhs less than the revised figure for that year. The disappearance of post-war charges for demobilised officers accounts for a saving of 64 lakhs, but this is counterbalanced by the extra provision necessary for the expansion of the Air Force, by increased expenditure on improving the barrack accommodation for both British and Indian troops, and by the necessity for an additional outlay of 80 lakhs on ordnance and other stores to which I have already alluded. The following table exhibits the figures of net military expenditure for each year since 1921-22:—

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

Though the Army has still considerable stocks of surplus stores for disposal, it is clear that we have practically come to the end of our power to reduce military expenditure by living upon existing stocks. The true reduction of expenditure in 1926-27 and 1927-28 as compared with the three previous years is considerably larger than the bare figures suggest, if allowance be made for the value of the stocks consumed but not paid for in the earlier years. Only the sternest economy and the strictest vigilance can now prevent our military Budget from showing a tendency to rise rather than to fall, and the present level of expenditure seems to be very nearly the minimum absolutely essential to maintain in a state of full efficiency an army of the strength at present authorised. It will interest the House to know that the figure of 54.92 crores for 1927-28 includes an additional provision of 5 lakhs in consequence of the decision to create the Royal Indian Navy.

Of the savings the most important are 15 lakhs in pension charges and 13 lakhs in pay of British officers and troops.

30. The most significant variation in our civil expenditure from the figures of the current year occurs under the head *Civil expenditure.* 'Interest on dead-weight debt', which I put at 10.63 crores as compared with 12.53 crores in the Budget for the current year. I have already drawn attention to the way in which our steady adherence to the policy of making regular provision for reduction and avoidance of debt and confining new borrowings to productive purposes is bringing in an annual dividend to the tax-payer in the shape of a progressively increasing saving in the charge for interest on dead-weight debt. The saving in gross interest charges is not less striking and the people of India are securing year by year, in addition to the tax-payers' saving on interest on dead-weight debt, all the advantages of lower interest charges on the capital which is being newly invested in productive works of development. This benefit is felt alike by the Railways, the Irrigation and the Forest departments, and the Provincial Governments as a whole to whom an improvement in the credit of the Government of India brings a much-valued boon in bringing down the rate of interest they have to pay on the sums borrowed by them from the Provincial Loans Fund or direct from the market.

31. For the last two years, the Government of India have been seeking gradually to restore some of the cuts made on the *Beneficial services.* advice of the Retrenchment Committee in the Government of India's expenditure on beneficial services. It is no reflection on the Retrenchment Committee to say that some of the cuts were short-sighted. Temporary expedients had to be adopted in the then existing financial situation. It was absolutely essential that expenditure should be reduced and it is to the labours of that Committee that we owe our present ability to take a somewhat longer view. Among the new items of expenditure, which have been approved by the Standing Finance Committee, I would draw special attention to the five-year programme for the expansion of education in the Frontier Provinces and other territories directly administered by the Government of India. This programme was drawn up by the Department of Education, Health and Lands on the suggestion of the Finance Department and is, we hope, only the first of a series of programmes relating to the other activities of that Department which largely monopolises the privilege, so far as the Government of India is concerned, of watching over those comparatively few services which have not been transferred to the Provincial Governments, where expenditure is directly and obviously related to the advancement of the social well-being of the masses of the people. The programmes for additional expenditure on sanitation and other services are not yet ready, though individual items of new expenditure on these services are included in the estimates for 1927-28. The educational programme which extends up to 1931-32 involves, during the five years, an additional non-recurring expenditure of 29½ lakhs and a recurring expenditure, rising gradually from 4 lakhs in 1927-28 to 10½ lakhs in 1931-32. The total amount of additional expenditure for the year 1927-28 is just under 12 lakhs. So long as the Provincial contributions remain unliquidated, the Government of India have felt themselves precluded from embarking on ambitious projects of optional expenditure within their own domain. But they feel it only right that citizens of the territories directly administered by them

should not be required to forgo entirely their claim to a share in the surpluses which have enabled and are enabling the Government of India to effect a progressive reduction in the Provincial contributions. The educational schemes, on which the money will be spent, vary widely in character as do the areas for the administration of which the Government of India is responsible. These areas include places as remote from each other as Manipur and the Andaman Islands on the east and Aden on the west and as divergent in area and population as the Province of Delhi and Baluchistan. The five-year programme is entirely based on estimates received from the local authorities of their present and future requirements. By far the major part of the grants will be devoted to the expansion and improvement of vernacular education; and among the more important of the proposals included in the programme are the introduction of compulsory education in the Imperial Capital and the opening of three hundred new primary schools in the North-West Frontier Province. With the funds now placed at their disposal the local administrators will be able to raise and maintain the standard of education in the areas under their charge, so far as the peculiar character of those areas admit, up to the standard reached in the neighbouring Provinces of British India.

32. For the year 1926-27 the revised Budget points to a net loss of Posts and Telegraphs. 7 lakhs as compared with the original estimate of 10 lakhs on the working of the Indian Postal and Telegraph Department, to which must be added the loss of 2 lakhs as compared with an original estimate of 7 lakhs under the Indo-European Telegraph Department. In 1927-28 we expect to improve slightly on these results. The gross receipts of the Indian Postal and Telegraph Department are put at 10.80 crores, while working expenses, including 57 lakhs for interest on capital, amount to a slightly larger total resulting in a net loss of Rs. 76,000. Provision has been made under the head of 'Working Expenses' for additional expenditure amounting to 12½ lakhs for new measures specially designed to improve the pay and allowances of members of the subordinate staff of the Department whose grievances have been receiving the close and sympathetic attention of my Honourable Colleague Sir Bhupendra Nath Mitra.

33. The Indian Postal and Telegraph Department is, as the House is aware, treated not as a profit-earning institution but as an organisation whose energies are directed to supplying postal and telegraph facilities to the general public in as full a measure as is compatible with the fundamental principle that the Department should not be a burden on the general tax-payer. Under normal conditions, the working expenses and interest charges should be, as nearly as possible, the same as the gross revenue of the Department. With the gradual improvement in trade, it is permissible to hope that the revenues will grow to an extent sufficient to show a substantial surplus over working expenses and interest charges. But that happy state of affairs is not yet actually in sight. It is clear, therefore, that any important reduction in the present postal and telegraph rates cannot be secured without saddling the general tax-payer with the necessity of paying a heavy subsidy.

34. In the case of the Indo-European Telegraph Department, the estimated net results of working in 1927-28 show a small loss of 3 lakhs which is slightly more than the figure in the current year.

35. Our estimate of the aggregate expenditure of the Government for 1927-28 comes to 125.26 crores. Our estimate of revenue on the basis of existing taxation is, as already stated, 128.96 crores, resulting in a surplus of 3.70 crores.

36. The surplus of 3.70 crores for 1927-28 is arrived at on the assumption that there will be no departure during the year from the established rate of exchange of 1s. 6d. per rupee. The House will, I know, desire to be informed what effect a reduction of the rate of exchange from 1s. 6d. to 1s. 4d. would have on the Budget figures which I have presented. It is by no means easy to arrive at an accurate estimate. In a statement which is being circulated to-day, the many and various considerations which have to be taken into account in order to show the effect of a reduction to 1s. 4d. on the Budget for 1927-28 are set out in some detail. The effect on the Budgets for the following years is also considered in the same statement. The conclusion arrived at is that on the assumption that during the year 1927-28 it will be unnecessary to compensate any Government employees in any way for the loss of approximately 11 per cent. in the value of their wages, the reduction of the ratio to 1s. 4d. would result in 1927-28 in a total worsening of our position by 5.26 crores. I do not feel that it is my duty to-day on behalf of the Government to make suggestions how the resulting deficit of 1.56 crores should be provided for. The ratio controversy will be discussed on its merits next week and it will be time enough, when that controversy has been decided, to consider in detail the reactions of the decision on our Budget. Nor is it my intention to-day to enter into any discussion of the merits of the rival ratios. It is enough to observe that if the Government are correct in their contention that an arbitrary reduction in the exchange value of the rupee will bring no permanent benefit whatever to India while inevitably involving immediate and heavy sacrifices and losses, then surely the large sacrifice involved in the dislocation of the Budget, though not necessarily the most serious of the sacrifices that would be incurred, is an important and relevant consideration which it would have been folly for us to ignore or-obscure.

CHANGES IN TAXATION.

37. The surplus of 3.70 crores is arrived at on the basis of the existing level of taxation. With 5.45 crores of Provincial contributions (apart from Bengal's contribution of 63 lakhs) still unliquidated, it is obvious that we cannot afford to give away any important portion of the surplus in reductions of taxation if we are to live up to our declared intention of directing our financial policy to the reduction and eventual extinction of the Provincial contributions as soon as may be. We are, therefore, not yet in a position to make full use of the valuable report of the Taxation Enquiry Committee whose recommendations the Government and the country have been studying during the past year. I shall, I hope, have the approval of the House in saying that our general policy as regards taxation ought to be directed first towards a more equitable distribution of its incidence, so far as that may be attainable with due regard to the other canons of taxation, and the abolition of those imposts which are obnoxious in principle, such as some of the existing export duties, and that, when our finances permit, we should aim at a gradual reduction of taxation to a level which will give some relief to the tax-payer and leave a larger margin available for the Provincial Governments' needs. Once the

Provincial contributions have been extinguished, we shall find ourselves in a freer atmosphere in which we can consider the question of taxation entirely or almost entirely from the standpoint of the Central Administration. With a surplus of 3.70 crores, the House will, I think, not desire us to propose additional taxation for the purpose of increasing the surplus. In 1927-28, therefore, we clearly cannot do more than effect minor changes, the net result of which will not be seriously to modify the surplus of revenue over expenditure.

38. The first proposals which I have to put before the House in regard to taxation affect two of our existing export duties, the export duty on hides and the export duty on tea. The export duty on hides has been condemned by the Fiscal Commission and the Taxation Enquiry Committee as wrong in principle and dangerous in effects. The trade is at present in a depressed condition and the Government have for some years seen no justification for the retention of the duty except on purely revenue grounds. The export duty on skins, which is open to some of the same objections, is both more productive and less positively harmful than the export duty on hides, and we do not feel that we are in a position this year to propose its reduction or abolition. We do, however, propose the immediate abolition of the export duty on hides involving a loss of 9 lakhs of revenue.

39. The export duty on tea brings in approximately 50 lakhs a year. Our finances clearly do not permit of its abolition unless we can find some means of compensating ourselves for the loss involved. Fortunately, we are in a position to make a proposal which will secure the disappearance of the export duty on tea with no ultimate loss to the revenue and at the same time offer definite advantages to the producers of tea. The tea companies are now assessed to income-tax on 25 per cent. only of their total profits, the balance being regarded as agricultural income and therefore not liable to income-tax. The proportion of 25 per cent. was based on imperfect data and later enquiries show that the non-agricultural profits of the tea companies amount to at least 50 per cent. of the whole. The Government, therefore, propose that the export duty on tea should be abolished and that the tea companies should in future be assessed to income-tax at 50 per cent. of their total net income, subject to the proviso that where there is a market for green tea and the non-agricultural profits can be exactly ascertained, income-tax should be assessed on the total of such non-agricultural profits. The abolition of the export duty on tea costs us 50 lakhs. We expect to get an additional 45 lakhs from income-tax on the non-agricultural profits in 1927-28 rising to 50 lakhs in 1928-29.

40. The next proposal which the Government have to make is one which will, I hope, be universally popular. We propose that the import duty on motor cars should be reduced from 30 per cent. to 20 per cent. *ad valorem* and the import duty on tyres from 30 to 15 per cent. After making allowance for the stimulus to imports which this reduction of duty is expected to give, I estimate the cost of this proposal at 10 lakhs only. The reduction is in accordance with the views of the Taxation Enquiry Committee which rightly drew attention to the importance of encouraging the development of motor transport in India. Neither the Government nor, I think, the House would feel perturbed if the Provincial Governments seized the opportunity of this reduction of

the import duty to impose Provincial taxation on the users of motor cars for the improvement and development of their systems of road communication.

41. There will be found included in the Finance Bill a provision for removing to the list of articles which can be imported free of duty rubber seeds and rubber stumps which are at present subject to a duty of 15 per cent. *ad valorem*. The proceeds of this duty are inconsiderable but it is hampering an important adolescent industry in Burma, whose production promises to become an increasingly valuable item in our export trade. The Government of Burma have made a special representation to the Government of India in support of this concession. We are very glad to be in a position to meet their wishes.

42. I have one more proposal to make for reduction of taxation. The Government have decided to accept the recommendation made independently in several quarters and endorsed by the Currency Commission that the stamp duty on cheques should be abolished. With a view to the development of the banking habit in India, we propose at the same time to abolish the duty on other Bills of Exchange payable on demand. For the moment, we do not propose the abolition of the stamp duty on Bills of Exchange not payable on demand which requires further consideration and will involve a loss of about 25 lakhs of revenue. It will be desirable that the abolition of the stamp duty on cheques and other Bills of Exchange payable on demand should not come into force until the 1st of July next in order to give the banks time to make the necessary preparations. The cost of the abolition of the duty on cheques in a full year will be 7 lakhs but is estimated to amount for the nine months in 1927-28 to 5 lakhs only. This loss falls on the Provincial Governments but does not make any very material difference even to those Governments such as Bengal and Bombay, where the bulk of the duty is collected. In these circumstances, the Government do not think it necessary to compensate the Provincial Governments for the temporary loss of revenue involved, partly in view of the relief which will be given to those Governments in other directions, as the House will presently observe, and partly because we hope to be in a position a year hence to bring forward proposals for a division of the Stamps Head into Central and Provincial, coupled with a revision of the Devolution Rules which will fully make good to the Provinces what they will give up under the head 'Stamps'. The cost of abolishing the duty on other Bills of Exchange payable on demand will fall on Central Revenues, but will not be considerable, and I have felt it unnecessary to make any special provision for it.

43. Apart from the loss of 5 lakhs owing to the abolition of stamp duty on cheques which will not affect the Central Government's Budget, the proposed reductions and changes in taxation involve a diminution of our revenue by 24 lakhs. In order partially to cover this loss, the Government propose to increase the import duty on unmanufactured tobacco from Re. 1 to Re. 1.8 per lb., an increase which is fully justified on statistical grounds and while giving some additional protection to Indian grown tobacco, will not materially affect the Indian cigarette industry which is now in a strong position. I expect to obtain 18 lakhs from this source.

44. The net effect of these measures on our estimates for 1927-28 will be a reduction of 51 lakhs under the head 'Customs' and an increase of 45 lakhs from Taxes on Income, with the result that our surplus will then stand at 3.64 crores.

FINAL PROPOSALS.

45. Our surplus of 3.64 crores for 1927-28 can, I think, reasonably be regarded as a recurrent one. The year 1928-29 will no doubt present us with problems of its own with a further falling off in our Opium revenue and in our receipts from Railways, if the revised Railway estimate for the current year on which the contribution for 1928-29 will be based is not wide of the mark. Special provision will also be necessary in 1928-29 for the premium (which is really deferred interest) on the 5½ per cent. bonds redeemable at 105 in 1928 in so far as these are not converted in advance of maturity. The inauguration of the Reserve Bank too may entail a temporary diminution in our revenue in the first year or two of its existence. On the other hand, our Customs tariff should continue to show a progressively increasing yield and there is ample room for expansion in our income-tax receipts without any increase of rates, and our interest charges, apart from the special item mentioned, are likely to show a further appreciable shrinkage. We are not called upon to take special precautions against a bad monsoon in advance of that much-dreaded event.

46. The natural use of a recurring surplus is to reduce Provincial contributions. I propose,—and I am sure that the House will unanimously agree,—that our surplus should be devoted to a permanent reduction by 3½ crores of the Provincial contributions distributed in strict accordance with the provisions of the existing Devolution Rules. This will leave only 1.95 crores of the contributions unremitted, excluding the Bengal contribution. Bengal is entitled to a share in the recurring remission of 3½ crores to the extent of 9 lakhs, so that her contribution of 63 lakhs will be reduced to 54 lakhs. As, however, Bengal will not be paying any contribution during 1927-28, the actual cost to the Government of India of the permanent remission of 3½ crores of the Provincial contributions will amount only to 3.41 crores in 1927-28.

47. Unfortunately, the amount of our surplus is not sufficient to enable us to make a clean sweep of all the Provincial contributions. It falls short of the amount required by 1.81 crores. It is an interesting coincidence that the deficiency is approximately equal to the amount of revenue sacrificed a year ago when the Cotton Excise Duty was remitted. Even more unfortunate is the fact that the permanent remission of 3½ crores, while bringing welcome relief to every Province, leaves 37 lakhs out of Bombay's contribution of 56 lakhs still unliquidated. The Bombay Government's Budget is, I am sorry to say, in a very unsatisfactory state. Bombay is faced with a considerable realised deficit on the working of 1926-27 and is under the shadow of a further estimated deficit of 51 lakhs in 1927-28 on other than Development transactions, which will be reduced to 32 lakhs by the remission of 19 lakhs of her contribution, this being Bombay's share of the 3½ crores. The Bombay Government have made a very strong appeal for help to the Government of India. It is needless for us to embark upon a critical examination of the causes of Bombay's difficulties. Even though we might be inclined not to acquit Bombay altogether of responsibility in

the matter, we must in fairness recognise that the existing Devolution Rule 15 regarding the grant to the Provinces of an interest in the proceeds of Taxes on Income which was designed for the benefit of Bombay and Bengal in particular, has altogether failed in its purpose. Any special claims Bengal might have urged in this connection have been liquidated by the relief already accorded; she has been relieved from 1922-23 onwards of the payment of any part of her annual contribution of 63 lakhs, a gift of the aggregate value of 3.15 crores up to 31st March 1927. The only corresponding gift made to Bombay was a special non-recurring reduction of her contribution of 22 lakhs for the year 1925-26 only.

48. In these circumstances, the Government of India have been convinced that a very special effort ought to be made in 1927-28 on Bombay's behalf. We are equally convinced of the inexpediency of altering the existing Devolution Rule for the distribution of relief among the Provinces in a way which would help Bombay at the expense of other Provinces. Some other solution must be found and the Government of India propose to find it by having recourse to the realised surplus of 1926-27. This amounts, as I have already stated, to 3.10 crores. After careful consideration, we have decided that the best way out of our difficulty will be to use a part of this surplus for the purpose of remitting the whole of the remainder of the Provincial contributions for the year 1927-28. This procedure will permit us to meet Bombay's needs in full measure and enable her to balance her Budget for 1927-28 without in any way infringing the rights or arousing the resentment of any of the other Provinces. On the contrary, it will bring them additional and welcome relief. It will carry with it relief to all the Provinces from any liability to pay any contribution to the Central Government in 1927-28. I may add in order to make the story complete, that we propose also to relieve Coorg of her contribution of Rs. 12,000.

49. The following table shows the distribution of the recurring and the non-recurring remissions in the case of each Province:—

	(Lakhs.)	
	Recurring remission.	Non-recur- ring remission.
Madras	1,16	49
Bombay	19	37
Bengal	9	54
U. P.	99	52
Punjab	60	26
Burma	31	19
C. P.	8	14
Assam	8	7
TOTAL	3,50	2,53

(d). These measures will exhaust the surplus in the Central Government's Budget for 1927-28 and reduce to 1.29 crores special relief to Bombay. the estimated surplus in the revised Budget of 1926-27. The proposals so far made regarding the Provin-

cial contributions, while fully meeting Bombay's needs for 1927-28, do nothing to make up to her for the disappointment of her expectations regarding a share in the proceeds of Taxes on Income under Devolution Rule 15 in the past year. In order that the Bombay Government may not feel that we are deaf to her claims on this account, we propose further that a sum of 28 lakhs out of the still remaining surplus for 1926-27 should be devoted to relieving Bombay of one-half of her contribution of 56 lakhs for the current year. We propose to couple this special concession with the condition that her Budget for 1927-28 shall show a balance on the right side. I am glad to know from the figures of the Bombay Budget presented in the Bombay Legislative Council last week, that there is every prospect of this condition being satisfied.

51. There remains a sum of 1.01 crores still left unallocated out of the realised surplus of 1926-27. I have already observed that the inauguration of the Reserve Bank in 1928-29 may cause some temporary diminution of the Central Government's revenue. It would be undesirable, if we can avoid it, to make any special call on the taxpayer for the purpose of tiding over temporary Budget difficulties connected with the financing of the new Gold Bullion Standard and Reserve Bank. The Government accordingly propose to utilise the remainder of the realised surplus of 1926-27 as a nest egg either for the purpose of relieving the Budgets of 1928-29 and 1929-30 of temporary charges incident to the inauguration of the new currency system or for the purpose of increasing the strength of the reserves to be handed over to the Reserve Bank as cover for the note-issue or for both purposes, according as circumstances dictate.

52. The procedure which we propose is to open a special Deposit Account and pay into it the whole of the realised surplus for 1926-27. In the estimated receipts for 1927-28, there would be included a payment from this Account to revenue of the sum required to balance revenue and expenditure in 1927-28, on present figures 1.81 crores. The amount finally credited to revenue in 1927-28 would, however, be not this exact amount but such sum as may ultimately prove necessary in order to bridge whatever the final gap may be between the expenditure for the year and the ordinary revenue, apart from this assistance from the special reserve. In order that this may be done, the Government propose to present to the House, at the time when the Finance Bill is taken into consideration, a special supplementary estimate covering the transfer to the special reserve of the surplus of 1926-27.

53. I desire to emphasise clearly the fact that the non-recurrent remission of the Provincial contributions must be regarded as definitely temporary, so that if a recurring surplus is not available a year hence sufficient to enable us to make this remission permanent, it will be necessary either to restore the temporarily remitted contributions wholly or in part or else to propose fresh taxation.

54. The House will recognise that even though the Government are formally safeguarded against the accusation of counting unhatched chickens by the provision that the final portion of the Provincial contributions is remitted for one year only, they are clearly taking the risk that if the monsoon of 1927 is specially unfavourable, both the Government and the House, and in a special degree the Finance Member, will be faced next year with difficulties which will in a measure be self-imposed.

55. Our proposals are also open to another objection which I should be the last to minimise. They involve a diversion of the realised surplus of 1926-27 from its proper application to the reduction or avoidance of

debt. The House will, I am sure, do me the justice of recognising that I have not been backward in insisting on the virtues of strictness and purism in the matter of debt redemption. My defence for this lapse from virtue must be that the complete liquidation of our liabilities to the Provinces in respect of Provincial contributions is a very big prize, justifying a very special effort, and that a succession of realised surpluses has enabled us to outdistance our own fixed programme of debt redemption in the last few years, and that the fixed programme remains unmodified and involves us in any case in a charge of 5.12 crores for reduction or avoidance of debt in 1927-28. We can, I think, justifiably make this concession without denying our principles, in order to secure the advantages for India, economic and social, and the stimulus to the successful working of the Reforms, which will flow from the release of 5.45 crores of revenue to the Provinces for expenditure on those nation-building services which all true friends of India and of the Reforms have so deeply at heart.

56. Finally, we should not be unmindful of the fact that so long as Provincial contributions remained unliquidated, the occurrence of a bad monsoon, which would affect Provincial finances more directly and more severely than Central finances, would make the position of the Central Government an uneasy one in the face of demands from the Provinces for assistance from the Central Budget, a state of affairs which will be fundamentally changed once we have ceased to exact any contributions. From the standpoint of our Ways and Means Budget, the complete release of the Provincial contributions makes less difference than might at first sight be expected. It is improbable that the Provinces will find it expedient to embark immediately on heavy additional expenditure, as time will be required for working out plans and programmes. Indeed, so far as the year 1927-28 is concerned, I anticipate that the surplus of 1926-27 will, in effect, remain in our balances and be available temporarily for the avoidance of debt, so that the amount of new money which we shall ask for from the market, when we issue our Rupee Loan in the summer, will not be increased as a result of these proposals.

57. Let me sum up the Government's plans for dealing with the surpluses of 1926-27 and 1927-28. The current year's surplus of 3.10 crores will be reduced to 2.82 crores by the special remission of 28 lakhs of the Bombay Government's contribution for 1926-27. This sum of 2.82 crores will be transferred in its entirety to a special reserve so that the revised estimate for the current year will not exhibit either a revenue surplus or a deficit. The next year's surplus of 3.64 crores will be supplemented by such sum, at present estimated at 1.81 crores, as may be required to be transferred from the special reserve in order that the outturn of the year 1927-28 may also show neither a deficit nor a surplus. The credit balance in the special reserve at the close of 1927-28, at present estimated at 1.01 crores, will be kept in hand as a nest egg for use in connection with the inauguration of the new Gold Bullion Standard and Reserve Bank.

CONCLUSION.

58. Each of the three Budgets laid before the Second Assembly was not only balanced at the time of its introduction but has presented India with an appreciable realised surplus of revenue over expenditure. The necessity of reducing the salt tax from Rs. 2-8 to Rs. 1-4 per maund in the Budget of 1924-25 postponed the beginning of the remission of the Provincial contributions. The Budgets for 1925-26 and 1926-27, relieved finally

of the uncertainties of Railway Finance by the separation of the Railway Budget from the General Budget, effected a reduction in the Provincial contributions amounting to 3·75 crores or, if the Bengal contribution be included, a reduction from 9·83 crores by 4·38 crores to 5·45 crores. In addition, the Budget for 1926-27 signalled the demise of the unlamented Cotton Excise Duty. In its first Budget, this new Assembly has before it proposals for the complete extinction, at any rate so far as the year 1927-28 is concerned, of the Provincial contributions.

59. I account it a great stroke of good fortune for myself and a happy augury for the financial work of the new Assembly that its first Budget should be the first since the Reforms in which our revenues are independent of assistance from the provincial tax-payer. Ever since the Reforms were inaugurated, the Provincial contributions have been a millstone round the neck both of the Central Government and of the Provincial Governments, poisoning their mutual relations and hampering their every action. Their quality, even more than their amount, has strained the resources of the giver and the patience of the recipient. They have brought curses, not blessings, both to him who has given and to him who has taken. The year 1927-28 sets India free from this incubus.

60. It is true that final and complete freedom has still to be won and that we are still relying on the Budget of 1928-29 to consolidate the ground now occupied. The year before us must be devoted to a further and final effort to this end. But meanwhile the Provincial Governments will have at their immediate disposal large additional resources and they can turn confidently to the work of framing projects for the advancement of the well-being of their citizens. Governments and, in particular, Finance Departments, and even Finance Members, are often taunted with being heartless and inhuman, and it is doubtless difficult, and occasionally dangerous, to wax sentimental over figures. There is nothing to capture the imagination or stir the emotions in the figure of 5·45 crores. But what romance lies behind this figure when it is translated into spending capacity in the hands of the Ministers in the Provinces! It is always wise, when discussing figures and accounts, to remember that money represents nothing more than a power to command goods and services. The programme of educational expenditure in the territories directly administered by the Government of India, to which I referred earlier in my speech, involves over a period of 5 years a total expenditure, recurring and non-recurring, of 68 lakhs. In addition to improved accommodation and a higher standard of teaching for hundreds of existing schools and thousands of existing scholars, these 68 lakhs represent something like 600 new schools and 30,000 children brought within reach, for the first time, of the privileges of education year by year. What will 5·45 crores a year transfigured into goods and services, available year by year in the hands of the Provincial Governments, mean in the promotion of human happiness, in the prevention of preventable disease and ignorance, in the widening of the opportunities for a good life for many crores of the people of India! It is in the belief that by the acceptance of this Budget, Members of this House have it in their power to promote the health and happiness of millions of the masses of India that I commend the Government's proposals to the House and to the country.

BASIL P. BLACKETT.

The 28th February 1927.

BUDGET FOR 1927-28.

Statement comparing the actual Revenue and Expenditure of the Central Government (Imperial Revenue and Expenditure before the Reforms) with the Revised Estimates for each year from 1916-17 to 1925-26.

(See paragraph 2 of speech.)

[In thousands of Rupees.]

	REVISED ESTIMATE.			ACTUALS.		
	Revenue.	Expenditure.	Surplus (+) Deficit (-).	Revenue.	Expenditure.	Surplus (+) Deficit (-).
1916-17 . .	97,25,67	83,87,37	+ 8,93,70	89,53,10	87,31,37	+ 11,21,73
1917-18 . .	1,14,84,48	1,06,27,74	+ 8,56,74	1,18,70,58	1,06,57,52	+ 12,13,06
1918-19 . .	1,27,94,65	1,34,79,68	- 6,85,23	1,30,40,66	1,36,13,72	- 5,73,06
1919-20 . .	1,44,07,56	1,59,18,67	- 15,11,11	1,37,13,98	1,60,79,27	- 23,65,29
1920-21 . .	1,25,10,35	1,48,03,61	- 12,93,26	1,35,63,32	1,61,64,17	- 26,00,85
1921-22 . .	1,13,15,32	1,41,94,52	- 28,79,20	1,15,21,50	1,42,86,52	- 27,65,02
1922-23 . .	1,20,70,17	1,37,95,52	- 17,25,35	1,21,41,29	1,36,43,05	- 15,01,76
1923-24 . .	1,31,96,04	1,19,69,97	+ 2,06,07	1,33,16,63	1,30,77,63	+ 2,39,00
1924-25 . .	1,34,82,26	1,30,82,68	+ 8,99,58	1,28,03,92	1,32,33,66	+ 5,68,26
1925-26 . .	1,31,33,23	1,20,04,87	+ 1,30,38	1,33,32,98	1,30,71,80	+ 3,31,18

Budget

of the

Government of India,

February 1927.

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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I.—General Statement of the Revenue and Expenditure charged to

	For details, see State- ment.	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	47,77,94,049	46,40,00,000	47,69,71,000	46,64,37,000
Taxes on Income	"	15,85,93,439	16,14,67,000	15,58,47,000	16,06,05,000
Salt	"	6,32,94,778	6,90,00,000	6,70,00,000	7,00,00,000
Opium	"	4,14,98,581	3,80,00,000	4,13,51,000	3,83,08,000
Other Heads	"	2,12,59,871	2,24,43,000	2,36,42,000	2,37,08,000
TOTAL PRINCIPAL HEADS		76,34,44,718	75,80,10,000	76,70,11,000	76,96,56,000
Railways: Net Receipt (as per Rail- way Budget)		34,40,12,775	33,44,33,000	32,81,80,000	34,97,13,000
Irrigation: Net Receipts	A	12,03,397	8,21,000	9,73,000	10,36,000
Posts and Telegraphs: Net Receipts	"	86,35,239	45,62,000	48,92,000	53,07,000
Interest Receipts	"	4,21,95,330	3,47,11,000	3,81,48,000	3,16,13,000
Civil Administration	"	89,97,698	77,93,000	83,00,000	84,31,000
Currency and Mint	"	4,63,89,101	4,29,68,000	4,17,69,000	2,48,70,000
Civil Works	"	12,85,168	9,93,000	14,91,000	17,45,000
Miscellaneous	"	84,17,873	59,27,000	55,07,000	46,90,000
Military Receipts	"	4,39,51,391	4,20,79,000	4,64,23,000	1,80,42,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	"	6,24,08,543	5,45,12,000	5,17,61,000	...
Extraordinary Items	"	63,57,154	18,00,000	52,05,000	1,94,76,000
TOTAL REVENUE		1,33,32,94,659	1,30,42,97,000	1,29,97,43,000	1,26,26,76,000
DEBIT		---	---	---	---
TOTAL		1,33,32,94,658	1,30,42,97,000	1,29,97,43,000	1,26,26,76,000

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT;
The 28th February 1927.

Revenue of the Central Government, in India and in England.

	For details, vide Statement.	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Expenditure -					
a. Direct Demands on the Revenues	B	5,37,56,201	5,00,14,000	4,34,41,000	4,30,30,000
Salt and other Capital outlay charged to Revenue	"	7,18,044	10,20,000	4,38,000	18,78,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget).	"	28,91,08,208	28,43,48,000	28,80,98,000	29,48,05,000
Irrigation	"	20,15,353	17,34,000	16,51,000	16,70,000
Posts and Telegraphs	"	-1,01,88,731	86,01,000	78,08,000	94,61,000
Debt Services	"	18,34,24,693	17,51,78,000	18,08,08,000	18,74,24,000
Civil Administration	"	10,76,48,431	11,48,30,000	11,27,53,000	11,31,50,000
Currency and Mint	"	70,11,413	78,24,000	77,91,000	74,63,000
Civil Works	"	1,80,41,798	1,80,11,000	1,90,25,000	1,08,98,000
Miscellaneous	"	4,25,58,998	3,98,31,000	4,02,38,000	3,97,15,000
Military Services	"	80,38,37,045	88,17,78,000	80,20,23,000	86,72,48,000
Miscellaneous adjustments between the Central and Provincial Governments	"	15,68,108	6,00,000	4,72,000	---
Extraordinary Items	"	25,78,854	5,00,000	2,87,04,000	7,08,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,30,01,60,471	1,30,37,86,000	1,28,97,48,000	1,25,25,78,000
SUBJECTS		3,31,18,187	5,31,000	---	---
TOTAL		1,33,32,88,658	1,30,42,87,000	1,28,97,48,000	1,25,25,78,000

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	Receipts.			
		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	3,31,18,187	3,31,000	...	...
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		77,15,537	2,95,19,000	...	2,56,92,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	...	...	3,35,11,000	7,22,44,000
Unfunded Debt (net incurred)	"	13,45,50,536	9,58,16,000	12,70,76,000	11,63,39,000
Deposits and Advances (net)	"	8,53,74,409	7,01,96,000	19,35,30,000	3,08,76,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	6,00,99,004	5,35,07,000	2,97,06,000	4,11,58,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		29,00,24,039	21,85,19,000	35,28,12,000	26,08,14,000
Remittances (net) . . . . .	"	...	...	64,13,000	...
Balances of Provincial Governments (net).	"	3,20,35,343	29,000	...	...
TOTAL RECEIPTS		36,28,63,106	24,85,98,000	38,92,25,000	28,67,06,000
Opening Balance—India		31,73,60,743	22,86,39,743	25,14,58,041	24,73,44,041
England		13,51,68,257	14,40,33,257	15,04,63,065	5,24,32,065
TOTAL		61,54,12,106	62,23,71,000	79,11,76,066	59,59,52,066

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT;
The 28th February 1927.

Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Capital outlay on Security Printing	"	16,39,618	1,72,000	16,66,000	12,000
Construction of State Railways (as per Railway Budget)	"	19,24,49,350	26,00,00,000	27,00,00,000	25,00,00,000
Discharge of Debentures (as per Railway Budget)	"	62,61,618	3,61,66,000	2,63,43,000	3,31,66,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget)	"	3,42,73,630	—	—	—
Construction of Irrigation Works	"	—98,075	—55,000	—78,000	16,000
Capital outlay on Posts and Telegraphs	"	2,23,54,139	59,32,000	31,36,000	68,02,000
Capital outlay on Vizagapatam Port	"	64,76,753	46,70,000	38,14,000	39,43,000
Currency Capital outlay	"	—	—	8,61,000	19,23,000
Initial expenditure on new Capital at Delhi	"	99,08,164	1,00,50,000	75,00,000	70,00,000
Payment of commuted value of pensions	"	—	35,00,000	35,00,000	33,35,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		27,52,65,397	32,08,54,000	31,67,46,000	50,52,17,000
Debt, Deposits and Advances—	"				
Permanent Debt (net discharged)	"	4,03,35,226	69,17,000	—	—
Floating Debt (net discharged)	"	25,000	—	8,18,15,000	—
TOTAL DEBT, DEPOSITS AND ADVANCES		4,03,60,226	69,17,000	8,18,15,000	—
Loans and Advances by Central Government (net Advances)	"	6,92,44,808	8,06,33,000	5,19,46,000	3,08,02,000
Remittances (net)	"	56,90,778	5,46,000	—	14,95,000
Balances of Provincial Governments (net)	"	—	—	4,06,96,000	5,18,32,000
TOTAL DISBURSEMENTS		41,34,61,609	41,07,42,000	49,14,00,000	28,68,06,000
Closing Balance—India		25,14,86,041	15,61,96,743	24,73,44,041	14,69,89,041
England		15,04,63,055	5,54,30,267	5,24,32,055	5,00,87,055
TOTAL		61,54,12,105	62,23,71,000	79,11,76,056	58,68,82,086

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1924-25.				REVISED ESTIMATE.		
	India.	England.	Exchange.	TOTAL.	India.	England.	C M C C
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue							
I.—Customs	47,77,96,049	...	...	47,77,96,049	47,69,71,000	...	1
II.—Tax on Income	18,91,09,374	-4,64,137	-1,51,098	18,86,93,489	18,98,60,000	-6,00,000	2
III.—Salt	6,32,96,778	...	...	6,32,96,778	6,70,00,000	...	3
IV.—Opium	4,14,99,581	...	...	4,14,99,581	4,18,81,000	...	4
V.—Land Revenue	35,62,886	...	...	35,62,886	41,06,000	...	5
VI.—Excise	42,20,676	...	...	42,20,676	48,63,000	...	6
VII.—Stamps	27,14,767	...	...	27,14,767	26,54,000	...	7
VIII.—Forest	18,74,128	...	...	18,74,128	24,84,000	...	8
IX.—Registration	1,68,048	...	...	1,68,048	1,68,000	...	9
X.—Tributes from Indian States	84,29,482	...	...	84,29,482	83,80,000	...	10
TOTAL	76,30,80,563	-4,64,137	-1,51,098	76,34,64,718	76,78,14,000	-6,00,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	19,06,454	...	...	19,06,454	22,38,000	...	12
Deduct—Working Expenses	17,09,851	...	...	17,09,851	19,71,000	...	13
Net Receipts	11,97,108	...	...	11,97,108	9,67,000	...	14
XIV.—Works for which no Capital accounts are kept	6,294	...	...	6,294	6,000	...	15
TOTAL	12,08,397	...	...	12,08,397	9,73,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Postal and Telegraph Department—Gross Receipts	10,21,37,543	...	...	10,21,37,543	10,51,03,000	...	17
Deduct—Working Expenses	9,38,89,669	6,62,946	2,83,268	9,37,96,801	9,97,06,000	6,91,000	18
Net Receipts	92,47,973	-6,82,946	-2,33,268	83,41,741	54,00,000	-6,91,000	19
Indo-European Telegraph Department—Gross Receipts	22,39,346	10,67,716	3,48,769	36,43,730	18,30,000	18,60,000	20
Deduct—Working Expenses	21,89,833	1,30,368	39,094	23,49,295	21,65,000	1,17,000	21
Net Receipts	-9,60,687	9,37,423	3,06,674	2,93,435	-16,36,000	14,33,000	22
TOTAL	51,97,364	2,54,477	83,268	56,34,229	37,66,000	8,43,000	23
Debt Services—							
XVI.—Interest	96,77,147	2,46,46,428	79,71,648	4,21,96,320	66,63,000	2,28,39,000	24
Carried over	78,11,24,641	2,44,36,965	79,07,334	81,44,78,664	77,92,05,000	2,37,91,000	25

* Sterling converted into Rupee at £1 = Rs. 10.

Government, in India and in England.

1926-27.			BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with Revised, 1926-27.	
Item No.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1926-27.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
1	...	47,69,71,000	+1,29,71,000	45,64,37,000	...	...	46,64,37,000	+94,66,000
2	-2,03,000	15,85,47,000	-29,20,000	16,95,06,000	...	...	16,95,06,000	+1,09,59,000
3	...	6,70,00,000	-3,00,000	7,00,00,000	...	...	7,00,00,000	+30,00,000
4	...	4,16,51,000	+3,51,000	3,83,08,000	...	...	3,63,08,000	-35,43,000
5	...	41,05,000	+2,02,000	41,97,000	...	...	41,97,000	+92,000
6	...	48,53,000	+1,98,000	44,69,000	...	...	44,69,000	-3,64,000
7	...	26,56,000	-92,000	26,47,000	...	...	26,47,000	-6,000
8	...	24,84,000	-1,91,000	27,21,000	...	...	27,21,000	+2,37,000
9	...	1,65,000	+1,000	1,66,000	...	...	1,66,000	+1,000
10	...	63,80,000	-1,000	84,86,000	...	...	64,86,000	+1,06,000
11	-2,03,000	76,70,11,000	+1,20,01,000	78,69,56,000	...	...	78,69,56,000	+1,99,45,000
12	...	22,38,000	+2,20,000	20,53,000	...	...	20,53,000	-1,54,000
13	...	22,71,000	-69,000	20,53,000	...	...	20,53,000	+1,16,000
14	...	9,67,000	+1,51,000	10,30,000	...	...	10,30,000	+63,000
15	...	6,000	+1,000	6,000	...	...	6,000	...
16	...	9,73,000	+1,52,000	10,36,000	...	...	10,36,000	+63,000
17	...	10,51,03,000	-13,62,000	10,79,53,000	...	...	10,79,53,000	+29,80,000
18	2,00,000	20,04,94,000	+12,56,000	20,16,80,000	5,46,000	1,82,000	20,24,08,000	-19,14,000
19	-2,00,000	46,09,000	-1,06,000	63,03,000	-5,46,000	-1,62,000	55,75,000	+9,66,000
20	5,34,000	36,04,000	+2,00,000	17,16,000	14,80,000	4,67,000	36,63,000	+59,000
21	29,000	23,21,000	+2,46,000	32,72,000	1,23,000	29,000	24,30,000	-1,09,000
22	4,63,000	2,83,000	+4,46,000	-15,57,000	13,41,000	4,46,000	2,32,000	-51,000
23	1,66,000	48,92,000	+2,40,000	47,46,000	7,95,000	2,66,000	56,07,000	+8,15,000
24	79,36,000	2,91,48,000	+34,37,000	70,68,000	1,64,06,000	61,36,000	2,16,13,000	-65,35,000
25	80,38,000	61,10,34,000	+1,59,30,000	79,95,07,000	1,82,03,000	64,62,000	62,54,12,000	+1,43,28,000

* Sterling converted into Rupees at £1=Rs. 10.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1926-28.				REVISED ESTIMATE.		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
Brought forward	Rs. 78,21,34,661	2,44,34,865	Rs. 79,02,338	81,44,78,664	Rs. 77,93,08,000	Rs. 2,37,81,000	
Civil Administration—							
XVII.—Administration of Justice	3,08,002	...	...	3,08,002	3,84,000	...	1
XVIII.—Jails and Convict Settlements.	8,96,187	...	...	8,96,187	3,58,000	...	2
XIX.—Police	8,33,8-1	...	...	8,33,8-1	1,72,000	...	3
XX.—Ports and Pilotage	24,18,474	...	...	24,18,474	24,76,000	...	4
XXI.—Education	1,34,000	...	...	1,34,000	1,62,000	...	5
XXII.—Medical	3,83,810	...	...	3,83,810	3,87,000	...	6
XXIII.—Public Health	1,86,039	...	...	1,86,039	1,84,000	...	7
XXIV.—Agriculture	17,98,760	...	...	17,98,760	16,42,000	...	8
XXV.—Industries	...	...	...	...	...	...	9
XXVI.—Miscellaneous Departments	28,07,300	...	...	28,07,300	13,08,000	...	10
XXVI-A.—Indian Stores Department	...	...	...	...	12,88,000	...	11
TOTAL	89,97,693	...	...	89,97,693	82,00,000	...	12
Currency and Mint—							
XXVII.—Currency	3,08,78,408	88,86,809	30,62,989	4,29,98,994	3,04,08,000	78,80,000	13
XXVIII.—Mint	83,93,123	11	8	83,93,137	10,77,000	36,000	14
TOTAL	3,39,09,5-9	83,86,820	30,62,992	4,63,89,101	3,14,85,000	78,86,000	15
Civil Works—							
XXX.—Civil Works	12,88,168	...	...	12,88,168	14,91,000	...	16
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	20,36,771	3,80,543	1,34,661	26,41,975	17,84,000	3,83,000	17
XXXIV.—Stationery and Printing	16,11,028	8,693	2,829	16,22,546	17,77,000	9,000	18
XXXV.—Miscellaneous	7,85,631	2,46,833	1,12,985	12,63,349	10,97,000	8,46,000	19
TOTAL	44,41,418	7,36,069	2,40,398	64,17,873	46,86,000	7,02,000	20
Military Receipts—							
XXXVI.—Army—							
Effective	2,77,40,448	26,88,816	8,78,138	3,12,71,397	2,78,75,000	28,68,000	21
Non-effective	13,62,346	6,80,731	2,11,824	22,34,601	10,11,000	11,08,000	22
TOTAL	2,91,02,894	33,69,547	10,89,962	3,34,95,998	2,88,86,000	38,88,000	23
XXXVII.—Marine	14,74,348	...	...	14,74,348	12,71,000	...	24
XXXVIII.—Military Engineer Services	68,81,244	...	...	68,81,244	1,18,32,000	...	25
TOTAL	3,96,64,184	33,69,547	10,89,960	4,39,61,391	4,18,89,000	36,86,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX.—Contributions to the Central Government by Provincial Governments	6,30,12,000	...	...	6,30,12,000	6,17,12,000	...	27
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	2,96,943	...	...	3,99,943	48,000	...	28
TOTAL	6,34,08,943	...	...	6,34,08,943	6,17,60,000	...	29
Extraordinary Items—							
XL.—Extraordinary Receipts	26,346	67,88,3-0	14,70,828	63,67,154	7,48,000	83,32,000	30
XL-A.—Transfers from Reserve Fund	...	...	...	...	...	...	31
TOTAL	26,346	67,88,3-0	14,70,828	63,67,154	7,48,000	83,32,000	32
Railway Revenues as per Railway Budget	34,17,74,616	16,77,746	8,80,611	34,60,12,778	33,01,71,000	-14,49,000	33
TOTAL REVENUE	1,27,66,02,115	4,62,72,039	1,64,24,816	1,33,32,98,969	1,34,98,08,000	2,77,01,000	34

* Sterling converted into Rupees at £1 = Rs. 10.

Government, in India and in England—*contd.*

1926-27.			BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with Revised, 1926-27.	
Item No.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1926-27.	
	Rs. 60,38,000	Rs. 81,10,24,000			Rs. +1,59,30,000	Rs. 79,98,07,000		Rs. 1,92,03,000	Rs. 64,02,000	Rs. 52,54,12,000	Rs.*
1	...	3,64,000	+31,000	3,65,000	...	...	3,65,000	+1,000
2	...	3,35,000	-66,000	3,33,000	...	...	3,33,000	-2,000
3	...	1,22,000	+51,000	1,24,000	...	...	1,24,000	+2,000
4	...	24,76,000	-14,000	25,20,000	...	...	25,20,000	+44,000
5	...	1,62,000	-30,000	1,62,000	...	...	1,62,000	...
6	...	3,57,000	+2,29,000	3,58,000	...	...	3,58,000	+1,000
7	...	1,84,000	+38,000	1,84,000	...	...	1,84,000	...
8	...	16,42,000	+44,000	17,23,000	...	...	17,23,000	+61,000
9	...	...	...	10,000	...	...	10,000	+10,000
10	...	13,03,000	+76,000	12,99,000	...	...	12,92,000	-4,000
11	...	17,55,000	+55,000	13,43,000	...	...	13,43,000	+66,000
12	...	62,06,000	+4,14,000	64,21,000	...	...	64,21,000	+2,21,000
13	25,86,000	4,06,44,000	+1,96,000	2,15,52,000	10,00,000	3,34,000	2,28,66,000	-1,77,58,000
14	12,000	11,25,000	-13,97,000	19,83,000	1,000	...	19,64,000	+6,59,000
15	25,98,000	4,17,69,000	-11,99,000	2,35,35,000	10,01,000	3,34,000	2,46,70,000	-1,68,99,000
16	...	14,91,000	+4,93,000	117,45,000	...	...	17,45,000	+2,54,000
17	1,19,000	22,86,000	+1,80,000	14,23,000	2,37,000	1,12,000	16,72,000	-3,84,000
18	3,000	17,89,000	+7,55,000	16,10,000	9,000	3,000	16,22,000	-1,67,000
19	1,15,000	16,52,000	+7,55,000	11,76,000	18,000	5,000	11,96,000	-3,56,000
20	2,37,000	55,97,000	+16,70,000	42,09,000	3,61,000	1,20,000	46,90,000	-9,07,000
21	6,73,000	3,11,33,000	+37,27,000	56,67,000	18,93,000	6,32,000	63,66,000	-2,27,48,000
22	3,73,000	24,87,000	-38,000	11,79,000	11,19,000	3,73,000	26,71,000	+1,54,000
23	12,46,000	3,36,30,000	+37,04,000	70,36,000	30,15,000	10,05,000	1,10,56,000	-2,25,64,000
24	...	13,71,000	-4,16,000	12,60,000	...	...	12,60,000	-1,11,000
25	...	1,15,32,000	+2,56,000	57,32,000	...	...	57,33,000	-57,99,000
26	12,46,000	4,68,23,000	+35,44,000	1,40,39,000	20,15,000	10,05,000	1,60,49,000	-2,54,74,000
27	...	5,17,12,000	-28,00,000	...	...	...	...	-5,17,12,000
28	...	49,000	+49,000	...	...	...	...	-49,000
29	...	5,17,61,000	-37,61,000	...	...	...	...	-5,17,61,000
30	11,26,000	62,03,000	+36,03,000	...	12,00,000	4,09,000	16,00,000	-36,03,000
31	...	...	...	1,60,76,000	...	...	1,60,76,000	+1,90,76,000
32	11,26,000	62,03,000	+36,03,000	1,60,76,000	12,00,000	4,00,000	1,96,76,000	+1,44,73,000
33	-4,08,000	32,61,50,000	-2,62,58,000	35,13,96,000	-12,62,000	-4,21,000	34,97,13,000	+2,15,33,000
34	1,27,42,000	1,26,97,46,000	-45,66,000	1,22,12,16,000	2,34,15,000	78,40,000	1,26,25,76,000	-4,71,72,000

* Sterling converted into Rupees at £1=Ru. 10.

B.—Statement of the Expenditure charged to the Revenues

HEADS OF EXPENDITURE.	ACCOUNTS, 1927-28.				REVISED.	
	India.	England.	Exchange.	TOTAL.	India.	Items
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues—						
1.—Customs	50,14,000	1,32,240	40,117	51,77,063	51,41,000	1
2.—Taxes on Income	57,63,445	81,000	36,851	58,71,900	61,61,000	2
3.—Salt	1,24,00,100	27,800	9,110	1,24,68,010	1,23,00,000	3
4.—Opium	2,10,33,500	65,650	27,904	2,11,47,144	1,06,98,000	4
5.—Land Revenue	12,29,221	3,154	1,020	12,30,381	12,50,000	5
6.—Excise	11,59,933	3,700	1,170	11,54,713	10,85,000	6
7.—Stamps	—1,00,187	6,14,710	2,01,873	6,76,146	1,00,000	7
8.—Forest	37,14,210	2,04,307	66,772	29,84,296	30,00,000	8
9.—Registration	30,430	—	—	30,430	31,000	9
TOTAL	4,42,41,544	11,65,115	3,74,662	6,37,59,311	4,47,78,000	10
Salt and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	7,18,044	—	—	7,18,044	8,50,000	11
7A.—Capital outlay on Security Printing Press	—	—	—	—	2,50,000	12
8A.—Forest Capital outlay	—	—	—	—	—	13
TOTAL	7,18,044	—	—	7,18,044	8,50,000	14
Irrigation, etc., Revenue Account—						
1A.—Works for which Capital accounts are kept—						
Interest on Debt	12,08,908	—	—	12,08,908	12,08,000	15
1B.—Other Revenue Expenditure	6,41,000	43,050	14,200	6,90,336	3,18,000	16
TOTAL	18,49,908	43,050	14,200	19,08,318	15,18,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
1A.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	1,00,000	—	—	1,00,000	68,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Postal and Telegraph Department	46,38,401	—	—	46,38,401	53,25,000	19
Indo-European Telegraph Department	4,30,873	—	—	4,30,873	5,17,000	20
TOTAL	50,69,274	—	—	50,69,274	58,42,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
1A.—Capital outlay on Posts and Telegraphs—						
Indian Postal and Telegraph Department	—1,40,87,446	—	—	—1,40,87,446	18,82,000	22
Indo-European Telegraph Department	—14,10,000	1,79,860	58,770	—11,71,410	1,66,000	23
TOTAL	—1,54,97,446	1,79,860	58,770	—1,52,59,816	20,08,000	24
Debt Services—						
19.—Interest on Ordinary Debt	20,76,30,974	13,07,07,370	4,27,97,766	38,12,36,141	19,94,31,000	25
20.—Amount chargeable to—						
Railways	12,48,08,907	7,37,10,000	2,38,99,468	22,24,19,519	14,53,00,000	26
Irrigation	12,08,908	—	—	12,08,908	12,08,000	27
Posts and Telegraphs	51,98,938	—	—	51,98,938	60,00,000	28
Other heads	6,48,407	—	—	6,48,407	10,00,000	29
Provincial Loans Fund	5,30,83,061	—	—	5,30,83,061	5,34,38,000	30
Remainder chargeable to Ordinary Debt	1,37,56,874	8,79,97,200	1,60,90,323	9,07,52,109	—78,00,000	31
21.—Interest on other Obligations	4,20,12,114	1,01,447	33,500	4,29,47,144	4,91,19,000	32
22.—Reduction or Avoidance of Debt	6,97,23,353	—	—	6,97,23,353	6,97,18,000	33
TOTAL	10,62,94,041	24,19,17,667	1,90,51,905	1,32,44,703	9,14,51,000	34
Carried over	14,07,63,253	5,94,64,771	1,94,79,636	22,97,27,660	14,44,94,000	35

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1927-28.

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of the Central Government, in India and in England.

Item No.	ESTIMATE, 1926-27.			Increase (+) Decrease (-) as compared with Budget, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with Revised, 1926-27.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,74,000	42,000	88,07,000	-2,41,000	66,03,000	1,41,000	47,000	87,91,000	+4,84,000
2	86,000	29,000	62,76,000	-4,97,000	67,35,000	55,000	26,000	68,45,000	+5,74,000
3	40,000	14,000	1,23,57,000	-9,91,000	1,26,10,000	44,000	15,000	1,26,69,000	+3,12,000
4	49,000	16,000	1,06,61,000	-47,50,000	69,83,000	57,000	19,000	90,59,000	-16,02,000
5	4,000	1,000	12,64,000	-93,000	13,10,000	6,000	3,000	12,21,000	-43,000
6	17,000	6,000	10,81,000	+34,000	11,43,000	9,000	3,000	11,55,000	+74,000
7	...	...	1,50,000	+1,10,000	10,000	...	...	10,000	-1,70,000
8	1,76,000	59,000	32,74,000	-2,10,000	29,97,000	1,58,000	63,000	32,48,000	-36,000
9	...	...	81,000	-2,000	29,000	...	...	29,000	-3,000
10	4,96,000	1,07,000	4,34,41,000	-65,73,000	4,23,20,000	5,32,000	1,78,000	4,30,30,000	-4,11,000
11	...	...	5,69,000	-4,31,000	4,56,000	...	...	4,56,000	-1,33,000
12	...	...	2,60,000	+2,50,000	7,09,000	...	...	7,09,000	+4,59,000
13	...	...	...	...	7,14,000	...	...	7,14,000	+7,14,000
14	...	...	8,39,000	-1,81,000	18,79,000	...	...	18,79,000	+10,40,000
15	...	...	12,03,000	-3,000	12,04,000	...	...	12,04,000	+1,000
16	64,000	32,000	4,01,000	-70,000	4,20,000	54,000	18,000	4,98,000	+97,000
17	64,000	22,000	16,04,000	-72,000	16,30,000	64,000	18,000	17,02,000	+98,000
18	...	...	48,000	-10,000	1,68,000	...	...	1,68,000	+1,80,000
19	...	...	53,28,000	-3,74,000	56,51,000	...	...	56,51,000	+3,25,000
20	...	...	8,17,000	+7,000	8,29,000	...	...	8,29,000	+12,000
21	...	...	68,43,000	-3,67,000	61,80,000	...	...	61,80,000	+3,37,000
22	...	...	18,52,000	-1,50,000	20,00,000	...	...	20,00,000	+1,48,000
23	7,000	2,000	1,66,000	-2,24,000	2,76,000	4,000	1,000	2,51,000	+1,14,000
24	7,000	2,000	20,17,000	-3,74,000	22,76,000	4,000	1,000	22,61,000	+2,64,000
25	13,04,65,000	4,40,87,000	37,39,63,000	-54,54,000	30,26,14,000	12,59,18,000	4,29,73,000	37,45,05,000	+5,42,000
26	7,42,11,000	2,80,81,000	34,46,81,000	-5,60,000	18,62,08,000	7,65,42,000	2,55,14,000	25,82,64,000	-1,35,63,000
27	...	...	12,03,000	+2,000	12,04,000	...	...	12,04,000	-1,000
28	...	...	69,30,000	+2,90,000	62,77,000	...	...	62,77,000	-3,57,000
29	...	...	10,66,000	+45,000	13,80,000	...	...	13,80,000	-3,14,000
30	...	...	8,34,33,000	-4,51,000	8,36,06,000	...	...	8,36,06,000	-1,72,000
31	5,62,54,000	1,90,06,000	6,76,00,000	-4,20,000	1,00,60,000	5,23,76,000	1,74,59,000	5,37,75,000	-1,36,65,000
32	1,31,000	64,000	4,94,94,000	-17,51,000	5,22,95,000	1,35,000	46,000	5,24,72,000	+29,65,000
33	...	...	4,97,15,000	-1,40,000	5,11,00,000	...	...	4,11,60,000	+14,65,000
34	5,63,65,000	1,80,50,000	16,60,69,000	-8,07,000	6,74,15,000	5,25,14,000	1,75,05,000	15,74,34,000	-94,35,000
35	5,69,52,000	1,92,41,000	22,06,61,000	-1,55,54,000	14,18,65,000	5,31,04,000	1,77,02,000	11,26,74,000	-7,70,000

* Sterling converted into Rupees at £1 = Rs. 10.

B.—Statement of the Expenditure charged to the Revenues

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	...
	Rs.	Rs.	Rs.	Rs.	Rs.	...
Brought forward	15,07,88,152	5,94,61,771	1,91,78,000	21,97,27,850	14,44,88,000	
Civil Administration—						
21.—General Administration—						
A.—Heads of Provinces (including Governor General) and Executive Councils.					31,75,000	1
B.—Legislative Bodies.					6,15,000	2
C.—Secretariat and Headquarters establishment	1,20,64,578	26,21,100	5,55,700	1,53,41,643	82,39,000	3
D.—Commissioners						4
E.—District Administration					17,66,000	5
F.—Home Administration, etc.						6
22.—Audit	80,54,908	2,00,001	85,516	84,01,312	81,15,000	7
24.—Administration of Justice	12,06,032	80,400	28,396	13,14,824	14,11,000	8
25.—Jails and Convict Settlements	35,32,904	41,103	13,511	38,87,517	38,86,000	9
26.—Police	92,50,750	2,24,502	72,708	95,48,960	91,00,000	10
27.—Ports and Pilots	27,90,404	3,28,543	1,06,970	32,25,917	30,90,000	11
28.—Ecclesiastical	22,40,508	7,04,641	3,04,612	32,49,761	23,83,000	12
29.—Political	3,32,32,601	10,82,900	3,54,181	3,36,69,682	3,18,98,000	13
29-A.—Frontier Watch and Ward						14
30.—Scientific Departments	71,72,050	6,38,145	2,14,331	80,19,156	77,63,000	15
31.—Education	31,31,552	60,340	19,300	32,00,290	37,32,000	16
32.—Medical	26,93,170	1,73,338	68,851	29,35,359	27,85,000	17
33.—Public Health	12,38,468	63,900	17,564	13,00,932	16,67,000	18
34.—Agriculture	25,64,374	1,06,647	35,054	27,06,075	28,63,000	19
35.—Industries	65,61,131	32,079	7,241	65,90,451	64,67,000	20
36.—Aviation	1,16,912	3,225	1,550	1,22,107	16,00,000	31
37.—Miscellaneous Departments					8,00,000	32
37-A.—Indian Stores Department	23,30,361	-5,626	-748	23,23,987	18,91,000	33
TOTAL	9,91,66,076	63,99,638	20,92,728	10,76,58,432	10,36,70,000	34
Currency and Mint—						
38.—Currency	28,06,706	18,93,796	6,23,406	53,24,908	30,40,000	35
39.—Mint	16,67,861	52,261	17,164	18,37,106	16,66,000	36
TOTAL	44,74,567	19,46,057	6,40,570	70,61,193	48,06,000	37
Civil Works—						
41.—Civil Works	1,88,49,179	1,46,081	47,868	1,90,43,128	1,68,47,000	38
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	1,12,063			1,12,063	1,14,000	39
44.—Territorial and Political Pensions	28,36,914	1,06,410	34,318	29,78,642	29,78,000	30
45.—Superannuation Allowances and Pensions.	36,67,773	1,90,78,993	62,50,310	2,69,96,776	16,14,000	31
45-A.—Commutation of pensions financed from Ordinary Revenue						32
46.—Stationery and Printing	19,13,448	11,66,197	3,72,688	34,52,333	26,04,000	33
47.—Miscellaneous	63,10,066	13,37,224	4,34,918	70,72,906	64,78,000	34
TOTAL	1,30,11,051	2,16,66,514	70,91,424	4,28,69,909	4,28,69,000	35
Military Services—						
48.—Army—						
Effective	39,02,71,737	6,68,13,062	2,16,08,073	47,78,92,872	38,82,28,000	36
Non-effective	3,63,84,628	3,12,29,715	1,02,30,147	7,67,94,490	5,47,04,000	37
49.—Marine	42,66,06,362	9,70,42,798	3,17,43,220	55,54,42,380	41,99,32,000	38
50.—Military Engineer Services	42,66,018	1,60,087	6,12,078	44,34,223	41,68,000	39
TOTAL	47,22,30,306	9,91,62,665	3,24,86,304	60,38,89,045	46,48,34,000	40
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51.—Miscellaneous adjustments between the Central and Provincial Governments.	18,66,000			18,66,000	4,72,000	41
Extraordinary Items—						
52.—Extraordinary Payments	28,76,664			28,76,664	5,00,000	42
53.—Transfers to Revenue Reserve Fund					2,42,04,000	43
TOTAL	28,76,664			28,76,664	5,42,04,000	44
Railway Expenditure as per Railway Budget	17,31,78,338	4,72,78,000	2,49,80,023	24,54,36,381	18,37,02,000	45
TOTAL EXPENDITURE CHARGED TO REVENUE	63,35,72,105	27,61,40,306	9,04,67,301	1,00,01,79,712	60,15,72,000	47

* Sterling converted into Rupees at 21 = Rs. 10.

of the Central Government, in India and in England—*contd.*

ESTIMATE, 1926-27.				Increase (+) or Decrease (-) as compared with Budget, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) or Decrease (-) as compared with Revised, 1926-27.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	5,69,32,000	1,92,41,000	22,06,61,000	-1,58,14,000	14,18,68,000	5,31,04,000	1,77,02,000	21,26,74,000	-79,97,000
1	...	...	21,78,000	+49,000	21,51,000	...	...	21,51,000	-27,000
2	...	...	6,18,000	-56,000	6,33,000	...	...	6,33,000	+15,000
3	...	...	82,39,000	-5,04,000	91,86,000	...	...	91,86,000	+9,47,000
4	...	...	...	-78,000	18,72,000	...	...	18,72,000	+1,04,000
5	...	...	17,68,000	-75,000	...	34,99,000	11,66,000	46,65,000	+6,62,000
6	29,99,000	10,14,000	40,13,000	-6,000	84,57,000	2,98,000	99,000	86,54,000	+3,64,000
7	2,78,000	94,000	64,90,000	-97,000	18,43,000	58,000	19,000	14,17,000	-44,000
8	30,000	12,000	14,61,000	+1,91,000	39,74,000	38,000	13,000	40,26,000	+1,04,000
9	26,000	9,000	39,21,000	-3,14,000	70,47,000	2,04,000	68,000	73,19,000	-20,08,000
10	1,47,000	50,000	93,27,000	-2,08,000	31,15,000	3,61,000	1,27,000	36,23,000	+88,000
11	3,27,000	1,10,000	36,35,000	-3,43,000	24,80,000	6,85,000	2,29,000	33,94,000	+94,000
12	6,85,000	2,32,000	33,00,000	-3,56,000	1,24,72,000	5,65,000	2,95,000	1,46,67,000	-1,62,92,000
13	7,82,000	2,04,000	3,29,44,000	+31,000	2,41,58,000	10,000	3,000	2,41,66,000	+2,43,66,000
14	...	...	67,07,000	-51,000	87,80,000	5,39,000	2,80,000	99,00,000	+11,42,000
15	7,51,000	2,54,000	38,27,000	-8,000	61,99,000	74,000	25,000	62,98,000	+14,71,000
16	71,000	24,000	3,09,000	-1,30,000	27,02,000	1,68,000	55,000	29,23,000	-1,78,000
17	1,97,000	67,000	17,97,000	-2,03,000	16,31,000	82,000	28,000	16,41,000	-1,68,000
18	1,05,000	-35,000	27,00,000	+11,67,000	18,96,000	1,08,000	36,000	30,40,000	+3,10,000
19	1,25,000	42,000	64,97,000	-1,09,000	7,74,000	48,000	16,000	8,38,000	-78,59,000
20	3,00,000	10,000	16,11,000	+1,67,000	3,96,000	3,000	1,000	4,00,000	-11,11,000
21	3,000	1,000	1,19,000	...	9,87,000	2,25,000	75,000	12,37,000	...
22	2,22,000	75,000	16,84,000	-17,77,000	17,07,000	...	...	17,07,000	+1,68,000
23	...	...	11,27,58,000	...	10,70,13,000	76,03,000	26,35,000	11,31,50,000	+3,97,000
24	67,84,000	22,93,000	...	+62,000	31,56,000	17,62,000	5,94,000	55,32,000	-6,32,000
25	23,35,000	7,89,000	61,64,000	-95,000	18,76,000	68,000	19,000	19,63,000	+3,26,000
26	53,000	18,000	16,27,000	-83,000	60,32,000	15,40,000	6,13,000	74,55,000	-3,06,000
27	23,85,000	8,07,000	77,91,000	+10,14,000	1,66,09,000	67,000	22,000	1,66,98,000	-33,27,000
28	1,38,000	45,000	1,90,25,000	+14,000	...	...	...	...	-1,14,000
29	...	...	1,14,000	+93,000	26,97,000	1,11,000	37,000	30,45,000	-60,000
30	1,11,000	38,000	31,35,000	+4,75,000	11,94,000	1,63,21,000	61,07,000	2,56,24,000	-8,38,000
31	1,66,46,000	63,02,000	2,64,62,000	...	5,13,000	...	...	5,13,000	+5,13,000
32	...	...	...	-2,94,000	25,73,000	7,27,000	2,42,000	35,42,000	+3,40,000
33	5,32,000	1,76,000	32,03,000	+2,67,000	53,07,000	12,63,000	4,21,000	69,91,000	-3,32,000
34	13,81,000	4,67,000	73,23,000	+5,95,000	1,24,56,000	2,04,22,000	68,07,000	3,97,15,000	-5,11,000
35	2,06,00,000	69,83,000	4,02,26,000	...	...	...	...	...	...
36	6,20,87,000	2,09,67,000	46,82,32,000	+1,16,27,000	35,29,61,000	5,95,44,000	1,98,48,000	43,23,53,000	-3,68,79,000
37	3,54,47,000	1,19,50,000	8,21,31,000	-23,48,000	3,52,66,000	3,58,69,000	1,19,63,000	6,31,38,000	+10,07,000
38	9,74,40,000	3,23,47,000	55,02,63,000	+92,79,000	56,62,47,000	9,54,33,000	3,18,11,000	61,54,91,000	-3,49,72,000
39	18,60,000	6,63,000	67,88,000	-10,92,000	49,68,000	23,04,000	7,66,000	80,00,000	+13,73,000
40	4,00,000	1,35,000	4,48,72,000	+20,57,000	4,32,65,000	3,25,000	1,06,000	4,36,96,000	-11,74,000
41	9,98,44,000	3,37,45,000	60,30,23,000	+1,02,44,000	43,65,00,000	9,80,62,000	3,26,57,000	56,72,49,000	-3,47,74,000
42	...	...	4,72,000	-1,98,000	...	...	...	...	-4,72,000
43	...	...	5,00,000	+2,67,04,000	7,00,000	...	...	7,00,000	+3,00,000
44	...	...	2,67,04,000	+2,67,04,000	7,00,000	...	...	7,00,000	-2,67,04,000
45	...	...	2,67,04,000	+2,67,04,000	7,00,000	...	...	7,00,000	-2,67,04,000
46	5,62,41,000	2,91,68,000	26,80,93,000	-2,62,53,000	17,75,57,000	8,60,11,000	2,98,37,000	29,49,05,000	+2,62,12,000
47	17,29,64,000	9,22,62,000	1,29,97,45,000	-40,18,000	89,37,04,000	26,91,08,000	8,67,03,000	1,25,25,76,000	-4,71,72,000

* Sterling converted into Rupees at £1=Rs 10.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1927-28.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,27,46,02,115	4,42,72,029	1,31,88,74,144
Exchange added to Revenue.	1,44,24,514	...	1,44,24,514
TOTAL	1,28,90,26,629	4,42,72,029	1,33,32,98,658
Railway Capital not charged to Revenue—			
As per Railway Budget.	21,50,537	55,65,000	77,15,537
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 per cent. Stock	...	94,137	
5½ per cent. Stock	...	10,49,876	
4½ per cent. Stock	...	9,15,247	
<i>Rupee Debt—</i>			
New Rupee Loan	...	...
5 per cent. Bonds, 1923.	500	...	
5 per cent. Bonds, 1935.	4,72,65,800	...	
5 per cent. Loan, 1945—55	25,88,51,300	...	
4 per cent. Loans 1960-70	...	...
3½ per cent. Loan	...	...
TOTAL	30,61,17,600	20,59,200	30,81,76,800
Floating Debt—			
<i>Treasury Bills—</i>			
Issued to Public	35,000	...	
Issued to Paper Currency Reserve	49,65,00,000	...	
TOTAL	49,65,35,000	...	49,65,35,000
Carried over	2,09,38,29,766	5,18,96,229	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England.

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,24,93,05,000	3,77,01,000	1,28,70,06,000	1,22,12,18,000	2,35,18,000	1,24,47,36,000
1,27,42,000	...	1,27,42,000	78,40,000	...	78,40,000
1,26,20,47,000	3,77,01,000	1,29,97,48,000	1,22,90,58,000	2,35,18,000	1,25,25,76,000
...	...	...	64,73,000	1,94,19,000	2,58,92,000
...	1,02,000	...	...	...	...
...	11,16,000	...	...	11,87,000	...
...	9,66,000	...	...	10,19,000	...
...	...	...	27,00,00,000	...	...
...
...
29,49,71,000	...	...	...	...	...
23,44,000	...	...	15,40,000	...	...
23,72,15,000	21,84,000	29,93,99,000	27,15,40,000	22,06,000	27,37,46,000
49,55,00,000	...	...	41,47,00,000	...	...
49,55,00,000	...	49,55,00,000	41,47,00,000	...	41,47,00,000
2,06,57,62,000	3,98,85,000	...	1,92,17,71,000	4,51,43,000	...

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1927-28.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	2,09,38,29,766	5,18,96,229	
Unfunded Debt—			
Deposits of Service Funds	11,56,082	2,65,372	
Post Office Cash Certificates	9,55,56,358	...	
Savings Bank Deposits	23,19,61,436	3,26,152	
TOTAL	37,86,73,876	5,91,524	37,92,65,400
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,18,57,894	...	
Other Funds	9,01,46,169	...	
Sinking Funds for Central Loans	97,21,000	...	
Other appropriations for Reduction or Avoidance of Debt	4,00,04,353	...	
Sinking Fund Investment Account . . . . .	...	...
Sinking Funds for loans granted to local bodies	3,51,674	...	
Gold Standard Reserve . . . . .	...	50,40,81,657	
Paper Currency Reserve . . . . .	...	1,04,64,39,715	
Deposits of Branch Line Companies	6,44,214	...	
Posts and Telegraphs Depreciation Fund	33,54,573	...	
Provincial Loans Fund	15,23,75,989	...	
Departmental and Judicial Deposits	91,20,65,946	...	
Advances	17,49,10,144	25,96,918	
Discount Sinking Fund . . . . .	...	...
Suspense	10,81,10,240	1,62,66,936	
Exchange on Remittance Accounts . . . . .	...	...
Miscellaneous	35,51,459	34,70,983	
Revenue Reserve Fund . . . . .	...	...
TOTAL	1,64,70,03,655	1,57,28,56,209	3,21,99,49,864
Railway Depreciation and Reserve Funds as per Railway Budget	14,46,18,972	...	14,46,18,972
Carried over	4,26,42,16,269	1,62,53,43,962	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,05,57,62,000	3,98,65,000		1,92,17,71,000	4,51,43,000	
11,18,000	4,25,000		11,18,000	3,37,000	
7,81,00,000	...		7,20,00,000	...	
29,10,87,000	3,20,000		30,05,73,000	3,20,000	
37,86,15,000	7,45,000	37,93,60,000	37,36,91,000	6,57,000	37,43,48,000
15,61,61,000	...		14,41,99,000	...	
9,46,84,000	...		9,35,36,000	...	
1,43,56,000	...		1,48,52,000	...	
3,61,11,000	...		3,75,76,000	...	
52,85,000	...		...	...
3,66,000	...		3,80,000	...	
...	33,41,67,000		...	25,16,09,000	
...	51,53,53,000		...	10,00,00,000	
13,67,000	...		6,62,000	...	
33,74,000	...		36,68,000	...	
11,67,29,000	...		10,33,81,000	...	
87,67,58,000	...		67,32,51,000	...	
17,60,78,000	6,06,000		15,30,85,000	3,98,000	
...	...		4,37,000	...	
6,51,27,000	1,83,53,000		1,62,14,000	1,55,53,000	
10,41,25,000	...		...	...
8,54,17,000	1,11,15,000		2,60,000	1,07,24,000	
2,82,04,000	...		...	...
1,76,61,52,000	1,27,55,94,000	3,04,57,46,000	1,44,15,09,000	39,12,84,000	1,82,27,93,000
11,04,11,000	...	11,04,11,000	13,11,58,000	...	13,11,58,000
4,31,09,40,000	1,32,02,24,000		3,82,81,22,000	42,70,84,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1927-28.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,26,42,16,269	1,62,53,43,962	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund . . . . .	...	...
Other Loans and Advances	1,00,44,869	...	
TOTAL	1,00,44,869	...	1,00,44,869
Remittances—			
Remittances within India—			
Inland Money Order	91,89,22,023	...	
Other Local Remittances . . . . .	...	...
Other Departmental Accounts	700	...	
Net Receipts by Civil Treasuries from—			
Railways	12,14,99,145	...	
Posts and Telegraphs	6,79,13,189	...	
Net Receipts from Civil Treasuries by—			
Marine	35,08,846	...	
Army and Military Engineer Services	39,64,42,513	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings . . . . .	...	1,97,58,230	
Other transactions	1,67,14,660	2,45,26,718	
Remittances from India for financing			
Home Treasury . . . . .	...	46,31,65,000	
Sale of Sterling . . . . .	...	...
Transfers through the Paper Currency Reserve	9,00,25,714	...	
TOTAL	1,61,50,26,790	50,74,49,948	2,12,24,76,738
Balances of Provincial Govern-ments	5,86,09,409	...	5,86,09,709
TOTAL RECEIPTS	5,94,78,97,337	2,13,27,93,910	
Opening Balance	31,73,60,743	13,51,63,257 ^(a)	
GRAND TOTAL	6,26,52,58,080	2,26,79,62,167	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, Rs. 31,800 represents the funds of the Gold Standard Reserve.

DELHI,

FINANCE DEPARTMENT ;

The 28th February 1927.

BUDGET FOR 1927-28.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,31,09,40,000	1,32,02,24,000		3,86,81,29,000	42,70,84,000	
...	
1,54,72,000	...		77,76,000	...	
1,54,72,000	...	1,54,72,000	77,76,000	...	77,76,000
94,00,00,000	...		96,02,00,000	...	
36,27,000	...		5,25,000	...	
4,10,06,000	...		3,37,35,000	...	
5,26,20,000	...		6,58,08,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,94,000	...	
33,99,23,000	...		38,70,56,000	...	
...	1,37,00,000		...	1,04,50,000	
49,47,000	3,05,92,000		49,31,000	2,50,50,000	
...	5,50,00,000		...	35,50,00,000	
1,42,50,000	...		...	...
...	23,42,50,000		...	...
1,50,24,53,000	33,35,42,000	1,83,59,95,000	1,49,16,29,000	39,05,00,000	1,88,21,29,000
...
5,82,88,65,000	1,65,37,66,000		5,36,75,34,000	81,75,84,000	
25,14,88,041	(b) 15,04,63,055		24,73,44,041	(b) 5,24,32,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,78,041	87,00,16,055	

* Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, Rs. 8,349 represents the funds of the Gold Standard Reserve.

M. F. GAUNTLETT,
Auditor General.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1925-26.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	93,35,72,495	27,61,40,405	1,20,97,12,800
Exchange charged as Expenditure	9,04,67,581	...	9,04,67,581
TOTAL	1,02,40,40,086	27,61,40,405	1,30,01,80,471
Irrigation, Posts and Tele- graphs and other Capital not charged to Revenue—			
CAPITAL OUTLAY ON SECURITY PRINTING CONSTRUCTION OF IRRIGATION WORKS	12,02,866 —96,675	3,46,752 ...	16,39,618 —96,675
CAPITAL OUTLAY ON POSTS AND TELE- GRAPHS	2,12,49,587	11,01,552	2,23,54,139
CAPITAL OUTLAY ON VIZAGAPATAN PORT	56,90,892	7,85,861	64,76,753
CURRENCY CAPITAL OUTLAY . . . . .	...	...	...
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	96,42,819	2,63,365	99,06,184
PAYMENT OF COMMUTED VALUE ON PENSIONS . . . . .	...	...	...
TOTAL	3,77,79,189	25,00,530	4,02,80,019
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	12,82,32,916	10,87,52,482	23,49,85,378
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 p. c. Stock . . . . .	...	...	...
State Railway annuities . . . . .	...	1,30,23,830	...
Do. Do. Sinking Funds . . . . .	...	86,41,000	...
Redemption of liabilities assumed in res- pect of British War Loan (1929-47) . . . . .	...	48,78,819	...
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1926	17,84,40,800	...	...
Do. Do. 11 27	7,40,88,700	...	...
Other 6 p. c. Bonds . . . . .	...	...	...
5½ p. c. War Bonds, 1920	3,67,74,150	...	...
Other 5½ p. c. War Bonds, 1928	3,55,59,325	...	...
8 p. c. War Loan, 1929-47	9,54,500	...	...
Do. Loan, 1945-55	9,00,000	...	...
4 p. c. Terminable Loan	98,100	...	...
Other Loans	1,57,002	...	...
TOTAL	32,69,70,377	2,15,41,649	34,85,12,026
Carried over	1,51,70,22,548	40,69,35,046	

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,45,02,000	27,29,84,000	1,20,74,86,000	89,37,64,000	26,91,09,000	1,16,28,73,000
9,22,62,000	...	9,22,62,000	8,97,03,000	...	8,97,03,000
<u>1,02,67,64,000</u>	<u>27,29,84,000</u>	<u>1,29,97,48,000</u>	<u>98,34,67,000</u>	<u>26,91,09,000</u>	<u>1,25,25,76,000</u>
15,82,000	86,000	16,68,000	12,000	...	12,000
-76,000	...	-76,000	16,000	...	16,000
21,59,000	9,76,000	31,35,000	49,21,000	8,81,000	58,02,000
28,64,000	9,50,000	38,14,000	36,93,000	2,50,000	39,43,000
8,55,000	6,000	8,61,000	14,90,000	4,33,000	19,23,000
72,73,000	2,27,000	75,00,000	66,58,000	3,42,000	70,00,000
35,00,000	...	35,00,000	33,35,000	...	33,35,000
<u>1,81,57,000</u>	<u>22,45,000</u>	<u>2,04,02,000</u>	<u>2,01,25,000</u>	<u>19,06,000</u>	<u>2,20,31,000</u>
<u>18,41,54,000</u>	<u>11,21,89,000</u>	<u>29,63,43,000</u>	<u>17,32,97,000</u>	<u>10,98,89,000</u>	<u>28,31,86,000</u>
...	99,91,000	...	...	...	...
...	1,34,72,000	...	...	1,39,39,000	...
...	20,00,000	...	...	20,00,000	...
...	51,20,000	...	...	53,76,000	...
19,75,36,000	...	...	28,00,000	...	...
2,39,22,000	...	...	17,50,00,000	...	...
2,000	...	...	...	...	...
1,01,00,000	...	...	...	...	...
10,09,000	...	...	5,40,000	...	...
...
2,000	...	...	...	...	...
60,000	...	...	50,000	...	...
26,74,000	...	...	18,00,000	...	...
<u>23,53,05,000</u>	<u>3,05,83,000</u>	<u>26,58,88,000</u>	<u>18,01,90,000</u>	<u>2,13,15,000</u>	<u>20,15,05,000</u>
<u>1,46,43,80,000</u>	<u>41,80,01,000</u>		<u>1,35,70,79,000</u>	<u>40,22,19,000</u>	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1927-28.		
	India.	• England.	TOTAL
	Rs.	Rs.	Rs.
Brought forward	1,51,70,22,848	40,69,35,046	
Floating Debt—			
Treasury Bills—			
Issued to Public	60,000	...	
Do. Paper Currency Reserve	49,65,00,000	...	
TOTAL	49,65,60,000	...	49,65,60,000
Unfunded Debt—			
Special Loans	2,18,210	...	
Deposits of Service Funds	14,85,027	23,205	
Post Office Cash Certificates	1,70,69,894	...	
Savings Bank Deposits	22,58,29,601	88,927	
TOTAL	24,46,02,732	1,12,132	24,47,14,864
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	14,85,29,652	...	
Other Funds	8,74,78,465	...	
Sinking Funds for Central Loans	47,438	...	
Sinking Fund Investment Account	97,22,357	...	
Gold Standard Reserve	...	50,41,05,269	
Paper Currency Reserve	...	1,04,64,39,715	
Deposits of Branch Line Companies	2,52,767	...	
Posts and Telegraphs Depreciation Fund	83,790	...	
Provincial Loans Fund	15,03,47,051	...	
Departmental and Judicial Deposits	91,19,66,887	...	
Advances	17,34,02,927	49,32,885	
Discount Sinking Fund	...	...
Suspense	57,66,084	1,64,79,026	
Exchange on Remittance Accounts	4,09,91,786	...	
Miscellaneous	1,55,19,256	85,60,010	
Revenue Reserve Fund	...	...
TOTAL	1,54,40,58,460	1,58,05,16,905	3,12,45,75,365
Railway Depreciation and Reserve Funds as per Railway Budget	8,45,19,968	...	8,45,19,968
Carried over	3,58,67,64,008	1,98,75,64,083	

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,46,43,80,000	41,80,01,000		1,35,70,79,000	40,22,19,000	
15,000 57,83,00,000	...		...	...
57,83,15,000	...	57,83,15,000	41,47,00,000	...	41,47,00,000
20,000 14,69,000 1,76,00,000 23,30,75,000	...		20,000 14,92,000 1,80,00,000 23,83,77,000	...	
25,21,64,000	1,20,000	25,22,84,000	25,78,89,000	1,20,000	25,80,09,000
15,61,74,000 9,30,62,000 ...	...		14,23,70,000 9,11,10,000 ...	...
1,96,51,000 ...	...		1,48,52,000 ...	...
7,95,72,000 7,14,000 44,000	33,41,67,000 91,53,53,000 ...		...	25,16,09,000 10,00,00,000	
11,95,28,000 87,83,21,000 16,56,20,000 3,53,97,000 2,53,00,000	...		10,01,000 81,000 10,41,20,000 87,20,53,000 14,62,55,000	...	
...	2,44,000		...	1,15,000	
...	1,77,50,000		...	1,84,90,000	
10,35,000 ...	1,12,94,000 ...		1,60,95,000 52,10,000 ...	...
...	...		1,80,76,000 ...	1,07,80,000 ...	
1,57,44,18,000	1,27,88,08,000	2,85,32,26,000	1,41,12,23,000	38,09,94,000	1,79,22,17,000
8,07,06,000	...	8,07,06,000	9,00,00,000	...	9,00,00,000
3,54,33,83,000	1,69,69,29,000		3,53,08,91,000	78,33,33,000	

* Sterling converted into Rupees at £1 = Rs. 16.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,82,67,64,008	1,98,75,64,083	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	8,17,24,000	...	
Other Loans and Advances	1,75,65,477	...	
TOTAL	9,92,89,477	...	9,92,89,477
Remittances—			
Remittances within India—			
Inland Money Orders	91,91,02,219	...	
Other Local Remittances	16,37,772	...	
Other Departmental Accounts	69,00,139	...	
Net Payments into Civil Treasuries by—			
Railways	12,23,99,092	...	
Posts and Telegraphs	6,80,21,207	...	
Net Issues from Civil Treasuries to—			
Marine	35,02,166	...	
Army and Military Engineer Services	39,39,54,344	...	
Remittances between England and India—			
Remittance Account—			
Req drawings	1,98,30,170	...	
Other transactions	2,92,04,445	1,33,25,248	
Remittances from India for financing Home Treasury	46,81,65,000	...	
Sale of Sterling	...	...
Transfers through the Paper Currency Reserve	...	9,00,25,714	
TOTAL	2,02,77,16,554	10,33,50,962	2,13,10,67,516
Balances of Provincial Governments	...	2,65,84,067	2,65,84,067
TOTAL DISBURSEMENTS	6,01,37,70,039	2,11,74,99,112	
Closing Balance	25,14,88,041	(b) 18,04,63,055	
GRAND TOTAL	6,26,52,58,080	2,26,79,62,167	

H. DENNING,

Controller of the Currency.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,94,99,83,000	1,69,69,29,000		3,53,08,91,000	78,33,33,000	
4,81,39,000	...		1,23,78,000	...	
1,92,73,000	...		2,57,00,000	...	
6,74,17,000	...	6,74,17,000	3,80,78,000	...	3,80,78,000
94,02,50,000	...		96,04,50,000	...	
31,68,000	...		6,47,000	...	
3,49,64,000	...		3,44,27,000	...	
5,26,20,000	...		6,58,08,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,04,000	...	
38,99,23,000	...		38,70,56,000	...	
1,37,00,000	...		1,04,50,000	...	
2,28,24,000	1,25,53,000		1,81,60,000	1,22,52,000	
5,50,00,000	...		35,50,00,000	...	
23,42,50,000	1,42,50,000		...	...
1,80,27,79,000	2,68,03,000	1,82,95,82,000	1,87,13,72,000	1,22,52,000	1,88,36,24,000
1,28,30,000	2,80,65,000	4,08,95,000	2,75,48,000	2,43,41,000	5,18,92,000
5,83,30,09,000	1,75,17,97,000		5,46,78,89,000	81,99,29,000	
24,73,44,041	(b) 5,24,32,055		14,69,89,041	(b) 5,00,87,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,78,041	87,00,16,055	

A. F. L. BRAYNE,
Secretary to the Government of India.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1926-27.		REVISED ESTIMATE, 1926-27.		BUDGET ESTIMATE, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	46,96,18,017	...	46,86,64,000	...	47,76,46,000	...
Taxes on Income	15,27,21,537	...	15,22,71,000	...	16,26,67,000	...
Salt	5,07,90,619	...	5,46,48,000	...	5,75,31,000	...
Opium	2,03,52,437	...	2,11,90,000	...	2,92,40,000	...
Other Heads	1,52,02,907	...	1,68,03,000	...	1,70,43,000	...
Total	70,86,85,517	...	72,36,70,000	...	74,39,26,000	...
Self and other Capital Outlay charged to Revenue						
	...	7,18,044	...	8,30,000	...	18,79,000
Irrigation . . . . .	...	8,11,956	...	6,79,000	...	8,34,000
Railways	5,49,08,569	...	6,00,87,000	...	5,46,03,000	...
Post and Telegraphs	1,86,24,900	...	...	19,68,000	...	20,54,000
Debt Services . . . . .	...	14,12,29,372	...	12,87,21,000	...	12,66,21,000
Civil Administration . . . . .	...	9,86,50,738	...	10,46,68,000	...	10,47,29,000
Currency and Mint	2,93,77,688	...	2,39,78,000	...	1,73,85,000	...
Civil Works . . . . .	...	1,47,56,632	...	1,75,34,000	...	1,40,52,000
Miscellaneous . . . . .	...	2,71,42,127	...	...	...	2,80,25,000
Military Services . . . . .	...	55,96,85,854	...	55,55,00,000	...	54,02,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	6,06,40,677	...	5,12,58,000	...	...	...
Extraordinary Items	27,80,200	...	...	2,24,01,000	1,69,76,000	...
Total	84,12,711	58,32,84,824	86,19,74,000	86,89,34,000	83,50,86,000	83,50,86,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Receipts and charges.	ACCOUNTS, 1925-26.		REVISED ESTIMATE, 1926-27.		BUDGET ESTIMATE, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus.	3,31,18,187	—	—	—	—	—
Capital Account—						
Capital outlay on Security Printing	—	16,39,618	—	16,68,000	—	13,000
Construction of Irrigation Works	—	—96,675	—	—76,000	—	16,000
Capital outlay on Posts and Telegraphs	—	2,33,54,139	—	31,35,000	—	68,03,000
Capital outlay on Vizagapatam Port	—	64,76,753	—	38,14,000	—	39,43,000
Currency Capital outlay	—	—	—	8,61,000	—	19,33,000
Initial expenditures on new Capital at Delhi	—	99,08,164	—	75,00,000	—	70,00,000
Payment of commuted value of pensions	—	—	—	35,00,000	—	33,35,000
Railway Capital not charged to Revenue	—	23,72,69,541	—	39,03,45,000	—	25,72,94,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	—	4,03,35,238	3,35,11,000	—	7,23,41,000	—
Floating Debt	—	35,000	—	8,18,15,000	—	—
Unfunded Debt	13,45,50,536	—	13,70,76,000	—	11,68,39,000	—
Deposits and advances	15,54,73,503	—	23,32,25,000	—	7,17,34,000	—
Loans and Advances by Central Government	—	5,92,44,608	—	5,19,45,000	—	3,03,02,000
Remittances	—	55,90,778	64,13,000	—	—	14,85,000
Balances of Provincial Governments	3,30,25,243	—	—	4,08,95,000	—	5,18,92,000
Opening Balance	45,25,39,000	—	40,19,51,096	—	39,97,76,096	—
Closing Balance	—	40,19,51,096	—	29,97,76,096	—	19,76,76,096
TOTAL	60,76,96,568	80,76,96,568	78,11,76,096	79,11,76,096	56,00,90,096	56,00,90,096

M. F. GAUNTLETT,

Auditor General.

DELHI,

FINANCE DEPARTMENT;

The 23rd February 1927.

H. DENNING,

Controller of the Currency. Secretary to the Government of India.

A. F. L. BRAYNE,

THE INDIAN FINANCE BILL.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 25TH FEBRUARY 1927.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

VI of 1898.
VIII of 1894.
II of 1899.
I of 1923.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows:—

Short title, extent and duration. 1. (1) This Act may be called the Indian Finance Act, 1927.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

XII of 1882.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the Postal rates.

VI of 1898.

First Schedule to that Act.

4. With effect from the 1st day of March, 1927, the following Amendment of Act amendments shall be made in the Indian Tariff Act, 1894, namely:—

VIII of 1894.

(1) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(2) In the Third Schedule to that Act there shall be made the amendments specified in Part II of the Second Schedule to this Act.

5. With effect from the 1st day of July, 1927, the following Amendment of Act II amendments shall be made in the Indian Stamp Act, 1899, namely:—

II of 1899.

(1) In section 3—

(a) in clause (b), the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted; and

(b) in clause (c), the word "cheque" shall be omitted.

(2) In clause (b) of section 11, the word "cheques" shall be omitted.

(3) In sub-section (1) of section 18, the word "cheque" shall be omitted.

(4) In section 19, after the words "bill of exchange", where they first occur, the words "payable otherwise than on demand" shall be inserted, and the word "cheque", in both places where it occurs, shall be omitted.

(5) In section 47, for the words "promissory note or cheque" the words "or promissory note" shall be substituted, and for the words "note or cheque", wherever they occur thereafter, the words "or note" shall be substituted.

(6) In clause (c) of section 49,—

(a) the word "cheques" shall be omitted, and after the words "bills of exchange" the words "payable otherwise than on demand" shall be inserted;

(b) the words "or cheque", wherever they occur, shall be omitted;

(c) the word "cheque", wherever it occurs elsewhere, shall be omitted; and

(d) for the words "any bill of exchange", where they occur for the first time in sub-clauses (1) and (3), the words "any such bill of exchange" shall be substituted.

(7) In clause (a) of sub-section (1) of section 62 the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(8) In section 67, after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(9) In article No. 13 of Schedule I, the word, figure and brackets "and (3)" shall be omitted, and the letter, brackets and words "(a) where payable on demand", together with the entry "one anna" in the second column against those words, shall be omitted.

(10) Article No. 21 of Schedule I shall be omitted.

6. In sub-section (7) of section 19 of the Indian Paper Currency Amendment of Act X of 1923, for the figures "1927" the figures "1928" shall be substituted. XI of 1923.

7. (1) Income-tax for the year beginning on the 1st day of April 1927, shall be charged at the rates specified in Part I of the Third Schedule. Income-tax and super-tax.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule. XI of 1922.

(3) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

It is hereby declared that it is expedient in the public interest that the provisions of clause 4 of this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. XVI of 1918.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

(See section 3.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(See section 7.)

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas.	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Patterns and Sample Packets.

For every five tolas or fraction thereof	Half an anna.
--	---------------

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

[See section 4.]

PART I.

Amendments to the Second Schedule to the Indian Tariff Act, 1894.

§(1) (a) For item No. 10-A, the following Item shall be substituted, namely:—

"10-A RUBBER STUMPS, rubber seeds and raw rubber."

§(b) In Item No. 76, for the words "excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (see No. 6)" the words "not otherwise specified" shall be substituted.

(2) For Item No. 36, the following Item shall be substituted, namely:—

36	TOBACCO, unmanufactured	Pound	Rs. A. 1 8 "
----	-----------------------------------	-------	-----------------

(3) (a) After Item No. 42, the following heading and Item shall be inserted, namely :—

“ CARRIAGES AND CARTS.

42-A.	MOTOR CARS, motor cycles, and motor scooters, and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof; provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in No. 87 shall be dutiable at the rate of duty specified for such articles.	<i>Ad valorem</i> 20 per cent.”
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(b) In Item No. 87, for the figures “ 127 ” the figures and letter “ 42-A ” shall be substituted.

(c) In Item No. 115, for the words and figures “ Nos. 53, and 139 ” the word and figures “ No. 53 ” shall be substituted.

(d) Items Nos. 127 and 139 shall be omitted.

PART II.

Amendment to the Third Schedule to the Indian Tariff Act, 1894.

1. In Item No. 3 and the heading thereto, the words “ HIDES AND ” shall be omitted.

2. Item No. 5 and the heading thereto shall be omitted.

SCHEDULE III.

(See section 7.)

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company, and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART-II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess.	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two and a half annas in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five and a half annas in the rupee.
(x) for every rupee of the remainder of the excess	Six annas in the rupee.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue certain provisions of the Indian Finance Act, 1926, which would otherwise cease to have effect from the 1st April, 1927, to make certain changes in the Schedules to the Indian Tariff Act, 1894, and to abolish the stamp duty on cheques and other bills of exchange payable on demand.

2. Clauses 2, 3 and 7 provide for the continuance of the rates of salt duty, postage, income tax and super-tax prescribed by the Indian Finance Act, 1926, while clause 6 provides for the credit to revenue for a further period of one year, *i.e.*, till the 31st March, 1928, of interest on securities forming part of the Paper Currency Reserve.

3. Clause 4 gives effect to the following changes:—

- (a) The abolition of the import duty on rubber stumps and rubber seeds.
- (b) The increase of the import duty on unmanufactured tobacco from Re. 1 to Rs. 1-8-0 per pound.
- (c) The reduction of the import duty on motor cars, etc., from 30 per cent. to 20 per cent. *ad valorem*, and the reduction of duty on tyres and tubes from 30 per cent. to 15 per cent. *ad valorem*.
- (d) The abolition of the export duty on tea and hides.

The exemption of rubber stumps and rubber seeds imported into India from the payment of import duty has been very strongly urged by the Government of Burma in order to afford every possible encouragement to an adolescent industry in Burma. The change will not result in any appreciable loss of revenue.

The import duty on cigarettes was fixed in 1925 at Rs. 7 per thousand, if the value does not exceed Rs. 10-8-0 per thousand, and at Rs. 10-8-0 per thousand, if the value exceeds Rs. 10-8-0. These rates of duty for the two classes of cigarettes are equivalent to Rs. 2-12-9 and Rs. 4-3-3 per pound, respectively. But the import duty on unmanufactured tobacco is only Re. 1 per pound. It is proposed that the duty on unmanufactured tobacco should be raised from Re. 1 to Rs. 1-8-0 per pound. This increase is expected to yield an additional revenue of Rs. 18 lakhs, which should cover the loss of revenue which would result from the proposed reduction of import duty on motor cars and tyres and the abolition of the export duty on hides.

The reduction of the import duty on motor cars and tyres was suggested by the Taxation Enquiry Committee, on the ground that, though the existing scales were justified as productive of revenue, a lower duty would undoubtedly encourage the development of motor transport in India. The reduced scale of duties will also afford Provincial Governments and local authorities an opportunity to levy taxation to be devoted to the improvement of roads. It is anticipated that the loss in Customs revenue on the reduced scale of duty will not exceed Rs. 10 lakhs, due allowance being made for increased importation.

The export duty on hides was originally imposed in September 1919, in the interests of the Indian leather industry, but for various reasons the duty has failed in its purpose. The Taxation Enquiry Committee have by a majority

recommended early abolition, as in their opinion the duty is wrong in principle, a view which was shared by the Fiscal Commission.

The abolition of the export duty on tea was suggested by the Fiscal Commission. The Taxation Enquiry Committee came to the conclusion "that the duty is one which may continue for the present, but it should be removed or reduced, if and when the conditions of the trade indicate that it is having a prejudicial effect". The duty is, however, wrong in principle, and it is, therefore, proposed to abolish it and to compensate the loss in revenue by altering the present basis of assessment to income-tax of the profits of the tea industry. Tea companies are now assessed on only 25 per cent. of their total profits, the remaining 75 per cent. being regarded as agricultural income, and therefore not liable to income-tax. The proportions assigned to the agricultural and manufacturing operations of the trade were based on very imperfect data, and recent inquiries have shown that the proportions should be at least equal. It is, therefore, proposed that a rule should be made under section 59 of the Indian Income-tax Act, 1922, to provide that, if owing to the existence of a market for green tea the manufacturing profits can be separately ascertained, such profits should be assessed, and that otherwise they should be assumed to form 50 per cent. of the entire net profits.

Neither the public revenues nor the tea industry as a whole will be appreciably affected by these proposals, but the substitution of a tax on the profits for the export duty will result in a more equitable distribution of the burden of taxation.

4. Section 5 gives effect to the recommendation of the Currency Commission that the stamp duty on cheques should be abolished in order to encourage the habit of banking. It is also proposed to abolish the duty on bills of exchange which are payable on demand.

BASIL P. BLACKETT.

The 28th February 1927.

Speech of the Financial Secretary in the Council of State on the 23th February 1927.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I rise to present the Statement of the estimated expenditure and revenue of the Governor General in Council for the year 1927-28 in respect of subjects other than Railways.

In the forefront of a Budget statement it is usual to deal at some length with the recorded experience of the past financial year and thereafter to review the experience of the current year comparing these experiences with the anticipations of the Budget statement made a year ago. This is as it were the preparation of the stage upon which will be presented the theme, so eagerly awaited, of the budget proposals for the year to come. I will endeavour not to dwell too long on these preparations.

2. For the third year in succession the actual results of the past financial year have shown a marked improvement upon the revised estimates. The revised estimate for 1925-26 indicated the probability of a surplus of 130 lakhs. The audited accounts present us with a surplus of 331 lakhs, or 2 crores more than the anticipation. It may be said that this result, however welcome, indicated that our estimates were unduly cautious, but so numerous and varied are the factors which have to be weighed when the revised estimate is prepared that it is hard to avoid the tendency to underestimate revenue and overestimate expenditure; when all is said, the actual variation from the estimated surplus is well under 1 per cent. of our gross revenue or expenditure. Owing to exceptionally high returns in the last two months of 1925-26 the Customs revenue improved by nearly a crore over the revised estimate, while Railways, Posts and Telegraphs and the Military estimates account between them for an improvement of 60 lakhs. The balance of the improvement is distributed without any very marked variation under any particular head.

3. The visible balance of trade, including private imports of treasure, was in favour of India at the end of January to the extent of 27 crores as against over 85½ crores for the same period a year ago, the decrease being mainly explained by the fall in the value of exports of jute and cotton and the general lateness of the season, but there is every reason to expect considerable expansion in exports during the remainder of the year. Generally speaking, the year may be said to have been good for trade except perhaps for the depression in cotton, where a fall in prices, overdue though it was, has temporarily increased the difficulties of the industry, but much may be expected from a combination of increased demand and cheaper production. The position would have been more satisfactory but for the deterrent influences of the coal strike in England and the Civil War in China. The coal strike has, however, resulted in export of coal almost treble in value, and it may be hoped that with improved arrangements some part of the extended market may be retained.

To the effects of a late season was added uncertainty regarding the stability of exchange which vitiated that atmosphere of security without which sound business cannot thrive. The most notable feature in the money market in 1926 was exceptional absence of stringency. The concentration into the first months of 1927 of the seasonal demands, which

ordinarily set in from October and special reasons for hesitation in the exchange market have led to a rise in the Bank rate to 7 per cent., a figure usual at this period of the year but not touched between May 1925 and February 1927. But even so, the stringency is less marked than in 1923-24 and 1924-25.

4. In the current year it is anticipated that Customs receipts will exceed the budget estimate of 46·4 crores by 1·3 crores, mainly due to improved receipts from sugar and protective duties. In 1925-26 the receipts from sugar amounted to nearly 6½ crores or nearly double the receipts of 1923-24. In the budget of the current year, Government adopted a conservative figure of 5·7 crores, but the revised estimate exceeds this figure by 1½ crores. For protective duties the estimate was 2·35 crores; it now appears that the yield will be nearly 50 lakhs more, and thus it appears that protective duties have not only fulfilled their purpose, but have also proved unexpectedly fructuous in revenue.

5. The yield from the taxation of incomes is now anticipated at Rs. 29 lakhs below the estimate of 16·15 crores, but this is almost entirely due to increased refunds in connection with double income-tax relief following upon a deduction in the rate of income-tax in Great Britain.

6. The recent receipts from Salt appear to be affected by the perennial hope of reduction in the duty, and it is deemed wise to reduce the estimate of 6·9 crores by 20 lakhs. On the other hand, we may hope for an improvement in net Opium receipts of 86 lakhs. This is due to the fact that Government framed a very cautious estimate of the immediate effect of their policy of reduction of exports of opium as the new arrangements had not then been concluded. Also, on the expenditure side, liabilities are reduced by 48 lakhs in payment to cultivators owing to a scanty crop.

7. The Railway contribution of 6·01 crores remains unaltered, and the only important variation under other heads is an unexpected receipt of 31 lakhs for reparations from German. As this relates to a period before April 1926, it is not taken to avoidance of debt under the provisions of the Finance Act of 1926.

8. The most important variation arises under the Military Estimates. The original figure was 54·88 crores. The revised estimate indicates an excess of 67 lakhs. I may explain that when I framed the original estimate as Financial Adviser, the position as regards requirements of Ordnance supply—which is one of the heaviest items of Army expenditure—was not fully known. The Army had been drawing for a long time on surplus war stores, and it was becoming clear that this reserve could not last much longer. An expert inquiry was instituted by His Excellency the Commander-in-Chief into the present position and future demands of the arsenals, and the result was that it was found necessary to provide an additional grant to meet deficiencies in essential requirements, the greater part being a recurring charge owing to the exhaustion of the surplus. Losses by fire of essential stores at Rawalpindi and Ambala necessitated replacement at considerable cost. On the civil side we have a saving of 82 lakhs on interest on debt owing to the reduction in the rate of interest on new borrowings and a further saving of 18 lakhs in the cost of Civil Administration.

9. The net result of the variations in revenue and expenditure is that we have every reason to anticipate a surplus of 3·10 crores in the current financial year compared with an actual surplus of nearly 3 1/3 crores in 1925-26. This is the fourth surplus in succession.

Revenue 1927-28.

10. I now turn to the estimates for the ensuing year 1927-28. It is anticipated that the Customs revenue will bring in 49·15 crores, or 146 lakhs more than the revised estimate of the current year, and this is after allowance for about 40 lakhs less in the revenue from protective duty on steel owing to the effect of the new Bill. Allowance is also made for somewhat reduced imports of sugar and for normal expansion under continued favourable conditions under other heads.

11. We may anticipate slightly more profitable trade as the basis of assessment and also a further yield due to the substitution of tax-subject for tax-free securities. In the result it is hoped to secure 16·5 crores next year under this head, or 65 lakhs over the revised estimate.

12. The original estimate of revenue from Salt duty for 1926-27 was 6·9 crores. - Allowing for normal growth in consumption it is proposed to adopt 7 crores for 1927-28. Under the Opium head, it is necessary to allow for a reduction of 10 per cent. in exports as a result of Government's declared policy but expenditure will also be reduced owing to the smaller area under cultivation. As a result the net revenue is estimated at 2·92 crores as compared with 3·12 in the current year.

13. The net receipts from Railways in 1925-26 were considerably lower than in 1924-25, and therefore the contribution for next year falls to 5·43 crores as compared with 6·01 in the current year. Receipts under all other civil heads of revenue are estimated at 15·7 crores, a reduction of 174 lakhs in the original estimate for 1926-27.

The estimate assumes that we continue to credit to revenue the excess over £40 million in the Gold Standard Reserve and the income from investments of the Paper Currency Reserve pending the establishment of the Reserve Bank. This income is of course diminished in consequence of the reduction of the sterling and Government of India rupee securities in the latter Reserve.

14. The total estimate of revenue for 1927-28 comes to 128·96 crores as compared with a revised estimate of 130·25 crores for the current year. The reduction is partly due to the reduced Army receipts under the new system of accounts which dispenses with cost account or book transaction receipts hitherto shown in the Military Estimates.

Expenditure in 1927-28.

15. The net Military expenditure is estimated at 54·92 crores or practically the same as the original estimate but 63 lakhs less than the revised estimate of the current year. A saving of 64 lakhs is secured by the cessation of gratuities for demobilised officers, but this saving is counterbalanced by increased charges on ordnance supply to which I have already referred and by the necessary expansion of

the Air Force and improvement of the barrack accommodation of Indian and British troops. At this point, I would invite the attention of the House to the very real reduction in Military expenditure since 1921-22. In that year, it stood at near 70 crores. In 1923-24, following on Lord Inchcape's inquiry it fell to 56½ crores, and for next year, despite revisions of pay and other improvements mentioned above, the cost of defence is reduced to 54·9 crores.

I have already referred to the fact that the Army has gradually come to an end of its surplus war stocks, and to maintain its efficiency must now obtain funds for new purchases and manufactures provision for which is included in next year's estimate. If an army of the present authorised strength is to be maintained in a state of full efficiency, it seems probable that the scale of military expenditure has now almost touched its lowest point on the basis of present prices and strictest economy will be necessary to counteract the tendency to increase.

I may add, that next year's estimate includes an addition of 5 lakhs for the new Royal Indian Navy.

16. The principal variation is a saving of nearly 2 crores under the head of "Interest on dead-weight Debt" as compared with 12½ crores in the Budget for the current year.

Civil Expenditure.

Steady adherence to the programme of making regular provision for the reduction and avoidance of debt and the confining of the new borrowings to productive purposes brings in an annual dividend to the tax-payer in the shape of an increasing saving in interest charges on dead-weight debt. The saving in gross interest charges is even more striking owing to the advantage of lower interest on capital newly invested in productive works of development. This benefit accrues not only to the Railway, Irrigation and Forest Departments, but also to the Provincial Governments, which gain materially from the reduction of interest which they pay on their borrowings, whether from the Provincial Loans Fund or direct from the open market.

17. Under the heads of Civil Expenditure, there are no very important variations, but I shall refer at a later stage to special provision which is being made next year for the inauguration of a five-year programme for the improvement of education in the territories under the immediate control of the Government of India. There is also provision of Rs. 8 lakhs for beginning the erection of an India House in London.

18. In the current year it was estimated that the Indian Posts and Telegraphs Department would show in its accounts a loss of 10 lakhs on the working of the year. The revised estimate shows a slight improvement and the loss should be only 7 lakhs. In 1927-28 it is expected that the gross receipts of the Department will be 10·8 crores, while working expenses, together with the interests charged on the capital of the Department, amount to a figure in excess over revenue of only three-quarters of a lakh. The working expenses, I may add, include special provision of over 12 lakhs for the improvement of the pay and allowances of certain sections of the subordinate staff, whose grievances have been under examination.

The Indian Post and Telegraph Department is now regarded as an organisation working on commercial lines and paying interest on the capital locked up in its activities. It aims at the supply of postal and telegraph facilities to the public to the fullest extent compatible with the fundamental principle that such a service department must not be a burden upon the general tax-payer. In normal conditions, therefore, the gross revenue should suffice

to cover the working expenses and the payment of interest on capital. As trade improves, it may be hoped that the Department will eventually be able to show some substantial profit, but for the present it is clear that no important reduction is possible in the existing rates for telegrams and postal articles save at the cost of a subsidy from the general tax-payer towards the working expenses of the Department.

19. I have now reviewed the salient features of the revenue and expenditure of the coming financial year. In the final result as against a revenue of 128·96 crores, the expenditure of the year is reckoned at 125·26 crores and we may thus confidently expect a surplus of 3·7 crores in the ensuing year, or just about one lakh for each day of the year. The House will recollect that the actual surplus of the past year was 3·31 crores and the surplus of the current year is also expected to prove slightly over three crores. Before I proceed to disclose the budget proposals as regards taxation and the disposal of the surplus, I would detain the House for a little space on the very important subject of ways and means and the public debt.

20. The position may be briefly summarised as follows:—

	Revised, 1926-27.	Budget, 1927-28.
	(Crores of rupees.)	
<i>Liabilities.</i>		
Railway capital outlay	27	25
Other Capital Outlay (Delhi, Posts and Telegraphs, etc.)	2	2·3
Transactions of Provincial Governments	8·9	6·4
Discharge of debt (net)	37	20·5
	74·9	54·1
<i>Resources.</i>		
Rupee Loan (net)	26	27
Postal Cash Certificates	6·1	5·4
Other unfunded debt (including Postal Savings Bank)	6·6	6·2
Debt redemption	5·1	5·2
Depreciation and Reserve Funds	6·1	2·7
Exchange	10·4	—5
Miscellaneous	4·4	—2·2
Reduction of cash balance	10·2	10·3
	74·9	54·1

21. When the House comes to study these figures at leisure, they will, I am sure, admit that the position is most satisfactory. It will be observed that in the current year the net amount of the new loan was less than the outlay on Railway capital expenditure and considerably less than the total figure of productive capital outlay. In 1926-27, Government borrowed 26 crores but will have discharged debt to the extent of 37 crores including over 8 crores of Treasury Bills in the Paper Currency Reserve. Next year Government expect to discharge about 18 crores of debt in India while the provisional figure for the rupee loan in the open market is 27 crores. Government hope in 1927-28 to finance its capital programme of some 27 crores on productive enterprises in 1927-28 while the market will be asked for less than Rs. 10 crores of new money. In these circumstances, Government have every reason to hope that this sum, together with the requirements to replace maturing debt, including possibly some debt maturing after 1927, will be forthcoming on favourable terms.

* 22. As the House is aware, no new sterling loan has been issued since May 1923 and the Budget of 1927-28 includes no provision for any external loans. Since the last sterling loan was taken in 1923-24, Government have spent outside India a total of £38 million including over £26 million for capital outlay and £10 million on reduction of sterling debt without resort to external borrowing. Next year Government expect to incur nearly £11½ million on capital account and reduction of sterling debt, so that if sterling borrowing is avoided next year, they will have met in that short period since 1923-24 some £48 million of capital disbursements outside India without exceeding internal resources.

The revised remittance programme for the current year is £27½ million both on capital and revenue account and Government expect that the amount required next year will be £35½ million.

23. The credit of India as reflected in the market price of Indian Government securities has again improved, and the market price of 5 per cent. tax-free loan 1945-55 has increased from Rs. 88 annas 4 on 1st February 1923 to Rs. 107 annas 5 on 1st February 1927. In the similar period the 3½ per cent. Indian Government rupee loan has risen from Rs. 57 to Rs. 77 annas 7. Comparison with the prices of India stock and other stocks in London supports the conclusion which was drawn in last year's budget statement that the credit of the Government of India stands considerably higher in the London market in relation to British Government and other gilt-edged borrowers than it did in 1914 or 1923 or indeed in 1926. While the prices of British Government and other securities have actually gone down during 1926, those of India stock have appreciated. One result has been that very considerable transfers of money from India to London have been made in view of the fact that Indian 3½ per cent. rupee stock has been quoted at a figure appreciably higher than the price in London of India 3½ per cent. sterling stock. This process is not without its temporary inconveniences, for one cause of comparative weakness of exchange in the current year has been the transfer of capital attracted from India to London by reason of the higher rates prevailing there for the greater part of the year; but there is another and a favourable side to the process in that the efforts of Government to reduce India's sterling debt have been supplemented by transactions on the part of individual Indian investors in buying back some part of her sterling loans and transferring them to Indian hands.

24. The position as regards our debt is one of abiding and continuing strength. On the basis of a rupee at 1s. 6d. gold, the total debt on 31st March last stood at 969 crores. On 31st March 1927, it will stand at 975½ crores, but sterling debt will have decreased from 456½ to 452½ crores. The productive portion of the debt will have increased from 737·9 crores to 773·8 crores, but the unproductive portion shows a welcome reduction by nearly 30 crores to 201·7 crores. The effect of this satisfactory position on expenditure and on the rate of interest at which Government borrow in India is considerable. Mainly as a result of the settled policy of making regular provision for the reduction and avoidance of debt Government were able to borrow in 1926 at 4·69 per cent. subject to income-tax as compared with 6 per cent. tax-free in 1922, while the interest charge in 1927-28 for dead-weight debt is about 5½ per cent. less than in 1923-24. This saving is considerably larger than the total amount which is at present set aside annually for reduction or avoidance of debt.

25. We have now reached a point in the journey, which I hope has not been barren of interest, at which we can emerge upon the promised land of new budget proposals for which the House has been waiting. I would therefore bring again before the House the salient point that the expected surplus in the ensuing year is 3·70 crores based on the existing level of taxation. So long as 5·45 crores of Provincial contributions apart from Bengal's 63 lakhs are still undischarged and so long as Government adhere to their declared intention of reduction and final extinction at the earliest possible date of these contributions, they cannot divert any part of their surplus towards reduction of taxation. To do so could only mean a postponement of the happy time when the Provinces will stand free of all tribute to the Central Government. I hope that the House will agree that the general policy as regards taxation ought to be directed first towards a more equitable distribution of the incidence and towards the abolition of taxes which are obnoxious in principle. In this respect, Government have received much valuable assistance from the labours of the Taxation Enquiry Committee whose Report has been under consideration during the year. When finances permit and when the Central Government breathes in a freer atmosphere of relief from the obsession of Provincial contributions, they can then direct their aim to the gradual reduction of taxation with regard solely to the position of the Central Administration. For 1927-28 they can do no more than effect minor changes which will not materially affect the surplus of revenue over expenditure.

26. I will briefly summarise the proposals in this respect. It is proposed that the export duty on tea and on hides should be abolished, that the import duty on motor cars, etc., should be reduced from 30 to 20 per cent. *ad valorem* and the duty on tyres from 30 to 15 per cent. The stamp duty on cheques and other bills of exchange payable on demand will also disappear, and the import duty of 15 per cent. on rubber stumps and seeds will be abandoned. On the other side, it is proposed to raise the import duty on unmanufactured tobacco from Re. 1 to Rs. 1-8-0 per pound and to assess the profits of tea companies at 50 per cent. of their total net income subject to certain conditions instead of the percentage of 25 per cent. of profits which is at present in force. The net result of these changes will be an immediate reduction of 51 lakhs under Customs which will be counterbalanced by an increase of 45 lakhs under Taxes on Income. The net loss of 6 lakhs will reduce the surplus of 370 lakhs to 364 lakhs.

27. I will next deal shortly with each of these proposals.

(a) The *export duty on hides* has been condemned by the Taxation Enquiry Committee as wrong in principle and dangerous in its effects. The industry is at present in a depressed condition and for some years the only justification for retaining the duty has been based on revenue grounds. On the other hand, the duty on skins, though open to the same objection, is more productive and much less harmful to the trade and Government do not feel that they are in a position this year to propose its reduction or abolition. The immediate abolition of the duty on hides will involve a loss of 9 lakhs of revenue.

(b) The *export duty on tea* brings in 50 lakhs a year, but for the reasons which I have already given, Government cannot contemplate a loss in revenue of this magnitude without some countervailing increase elsewhere. Happily they are able to effect this counterbalance by a measure which will afford the additional revenue from the tea industry,

itself, while it will actually distribute the incidence of taxation in a more equitable manner.

At present the tea companies are charged income-tax on only 25 per cent. of their profits, the remaining 75 per cent. being accounted as profits from agriculture and so untaxable. This proportion was arrived at some years ago on very imperfect data and has since been under investigation for some time. On the better data now available it is evident that the non-agricultural portion of the profits ought to be assessed at 50 per cent. at the very least and this, it is proposed to do, with the proviso that where there is a market for green tea and non-agricultural profits can be exactly ascertained, income-tax should be assessed on the actual total of such profits. Government expect to obtain an additional Rs. 45 lakhs from this change in the proportion and 50 lakhs for 1928-29.

(c) The next proposal is one which Government have reason to believe will be universally popular, that is a *reduction in the import duty on motor cars* from 30 to 20 per cent. and in tyres to 15 per cent. Allowing for the stimulus to imports which this duty should give, the loss should not exceed 10 lakhs. The reduction is in accordance with the views of the Taxation Enquiry Committee which had in mind the desirability of encouraging the development of motor transport in India in every possible way. And if Provincial Governments take the opportunity of increasing local taxation of users of motor cars in order to spend more money on road communications, who shall say them nay.

(d) The removal of rubber stumps and seeds to the free import list is proposed, as the present duty is found to hamper an adolescent industry in Burma and the Government of Burma have made a special representation to the Government of India. The loss of revenue is inconsiderable.

(e) I now pass to the abolition of the duty of one anna on cheques and bills of exchange payable on demand. This measure follows the recommendations of the Currency Commission and has received support from many other quarters with the object of stimulating the development of the banking habit in India. For the present, it is not proposed to touch the stamp duty on other bills of exchange which would involve a heavy loss of revenue amounting to 25 lakhs. This question will be further considered. The abolition now proposed will have effect from 1st July in order to allow banks time to make necessary preparations. The loss next year will be about 5 lakhs. It will fall temporarily on Provincial Governments, but it is not material and Government do not propose to compensate the provinces in view of the substantial measures of relief in other directions which I will shortly describe to the House and also because it is hoped that in a year's time a new distribution of stamp revenue under central and provincial heads, coupled with a revision of the Devolution Rules regarding income-tax, will make good any loss on this account.

(f) Lastly, *raising of the import duty on unmanufactured tobacco* is a measure which is entirely justified as a means of making up the loss from the adjustments to which I have just referred. The statistics of the Indian cigarette industry prove that it has reached a very strong position. The increased duty is not likely to affect the industry to any material extent while it will afford some additional protection to Indian grown tobacco. The increased revenue is expected to be 18 lakhs.

* 28. The disposal of the surplus of 3.64 crores is now for consideration.

Government have every reason to expect that it will be a recurring surplus having regard to all liabilities which can be foreseen including the inauguration of the Reserve Bank and

to the natural growth of the revenues and further reductions in interest and other charges. This being so, I am sure that the House will agree that the proper course must be to devote the surplus to the permanent reduction by 3½ crores of the Provincial contributions, the distribution being made strictly in accordance with the Devolution Rules. Bengal is still entitled to remission of her contribution in 1927-28: otherwise, she would have been entitled to a share in the permanent remission of 3½ crores to the extent of 9 lakhs.

The further reduction of the Provincial contributions to the extent of 3½ crores will leave only 195 lakhs unremitted, excluding Bengal. Yet there are many and forceful reasons why a clean sweep should be made of these contributions which stand in the way of provincial autonomy and development. More especially convincing is the appeal from Bombay which would obtain relief from the 350 lakhs to the extent of only 19 lakhs out of her contribution of 56 lakhs. Bombay is faced with a heavy deficit in the current year and with the prospect of a further heavy deficit of 51 lakhs in the ensuing year if the provincial contribution is still to be levied. Various causes will no doubt be assigned for the present misfortunes of Bombay, but whatever they may be, we cannot but in fairness recognise that the existing Devolution Rule 15, which was intended to give provinces a share of the proceeds of the income-tax, has miserably failed of its purpose in the case of Bombay and Bengal which it was designed to benefit and this because the year which was selected as the criterion happened to be one which in the event was unfavourable. Bengal has already got compensation by reason of the remission of her contribution since 1922-23 a gift of over 3 crores in the aggregate, but Bombay has received only one special non-recurring reduction of 22 lakhs in 1925-26. In these circumstances, the Government of India are convinced that a very special effort must be made in 1927-28 on behalf of Bombay, but they are equally convinced that any relief can only be given in strict accordance with the Devolution Rules. Otherwise that relief could only be given at the ultimate expense of other provinces. Some way must be found and the Government of India propose to find it by having recourse to the realised surplus of 1926-27. This is estimated at 3.10 crores. It has been decided that the best solution of the problem will be to use part of this surplus to remit the whole of the Provincial contributions in 1927-28. Only by this means can Government meet Bombay's undoubted claims in full measure without infringing the rights of other provinces. The latter on the contrary will also obtain additional and welcome relief by the remission of their remaining contributions in toto for 1927-28. Even the little province of Coorg will obtain relief to the extent of Rs. 12,000 which is her special contribution.

29. The following are the shares of the recurring remission of 350 lakhs and of the non-recurring remission of 258 lakhs (including Bengal):

	Recurring.	Non-recurring.
Madræs	116	49
Bombay	19	37
Bengal	9	54
United Provinces	99	52
Punjab	63	26
Burma	31	19
Central Provinces	8	14
Assam	8	7
	<hr/>	<hr/>
	350	258
	<hr/>	<hr/>

30. These measures will exhaust the estimated surplus in 1927-28 and will mean that the surplus of the current year will be drawn upon to the extent of 181 lakhs. While the needs of Bombay are met so far as her budget position for 1927-28 is concerned, she still has some further expectations in view of the operation of the Devolution Rule in the past. It is therefore proposed that a further sum of Rs. 28 lakhs out of the remaining surplus of 129 lakhs for the current year should be devoted to relieving Bombay of half her contribution for the current year also on condition that her budget for 1927-28 shows a balance on the right side.

31. After these transactions, the estimated surplus for 1926-27 will still show a balance of just over a crore of rupees. I have already briefly referred to a possible temporary difficulty in the future in connection with the inauguration of the Reserve Bank and the Gold Bullion Standard, and it is undesirable that there should be a special call on the tax-payer or a dislocation of normal budget arrangements to meet this temporary demand. Therefore, Government propose to set aside in reserve the remainder of the realised surplus of the current year either to relieve the budgets of 1928-29 and 1929-30 of the temporary charges incidental to the new currency system or to strengthen the reserves to be handed over to the new Bank as cover for the note issue or for both purposes as circumstances require.

The procedure which is proposed is the opening of a special Deposit account to which will be paid the whole of the realised surplus for 1926-27. In the estimated receipts for 1927-28 will be included a transfer from this Reserve Account equivalent to the amount required to balance revenue and expenditure in 1927-28, on present estimates Rs. 1.81 crores. The amount finally credited will be just such sum as may ultimately prove necessary to bridge the final gaps between expenditure and ordinary revenue of the year. In order to effect this Government propose to present in another place a supplementary estimate to cover the transfer to the special reserve of the surplus of 1926-27.

32. I must, however, emphasise most clearly the fact that the non-recurrent remissions of the provincial contributions must be regarded as definitely temporary so that if a recurring surplus is not available a year hence to enable Government to make this remission a permanent feature, it will be necessary either to restore the temporarily remitted contributions in whole or in part or else to propose fresh taxation. Thus though Government formally protect the future by making part of the remission for one year only, they are taking the risk that if the monsoon of 1927 is specially unfavourable they will be faced with difficulty. There is a further possible criticism that the realised surplus of 1926-27 is being diverted from its proper application to the reduction and avoidance of debt, but the answer is effective. A succession of realised surpluses has enabled Government to outdistance the programme of debt redemption in the last few years while the fixed programme remains unmodified and for this is already provided 512 lakhs in 1927-28. Government can therefore with a clear conscience make the concession proposed to secure those advantages for India's economic and social and the stimulus to the successful working of the Reforms which will flow from the release to the provinces of 545 lakhs for expenditure on the nation-building services which all true friends of India and of the Reforms have so deeply at heart. Further, for the first time since the Reforms the Central Budget will be free of assistance from the provincial tax-payer and free from an incubus which has strained mutual relations and hampered development on all sides.

33. I can hear the question put: While the Government of India have the interests of the Provincial Governments at heart, do they actually propose to neglect those areas for the administration of which they are directly responsible because their claims are uttered with a still small voice? In dealing with the expenditure of 1927-28 I have already alluded briefly to the inauguration of a scheme of educational development which will be spread over five years in the frontier provinces and other administrations under the Central Government. This connotes additional non-recurring expenditure of nearly 30 lakhs in the five years and additional recurring expenditure rising from 4 lakhs in 1927-28 to 10½ lakhs in 1931-32. The total additional sum provided for next year and included before the surplus was arrived at is Rs. 12 lakhs. Similar schemes for sanitation and other services are under preparation but are not yet ready. It is undoubtedly the case that development in these areas was cramped by necessarily drastic measures of retrenchment and by the pressure of the claims of the major provinces, but the time is now at hand when the Government of India can hope to meet the most pressing claims of their own citizens to a definite share in the funds that may be available for nation-building activities.

34. Thus, Sir, I conclude the Budget Statement for 1927-28, a statement which is bright with promise and which should still further develop and consolidate the sound position of India's credit internally and externally alike. It is a statement which, as the House will have realised, is based on the assumption that there will be no departure from the established exchange rate of 1s. 6d. per rupee. As the House will desire to know what effect a reduction of the rate of exchange from 1s. 6d. to 1s. 4d. would have on the Budget, I have circulated a statement showing in some detail what that effect would be, having regard to the many difficult and varied considerations which must enter into the calculations. The conclusion arrived at, on the assumption that during 1927-28 it will be unnecessary to compensate any Government employee in any way for a reduction of about 11 per cent. in their real wages, is that the reduction of the ratio to 1s. 4d. would result in a worsening of the position by over 5½ crores.

It is no part of my duty to-day on behalf of Government to make any suggestions as to how the resulting deficit of over 1½ crores should be covered. The ratio controversy will be discussed on its merits next week, and it will be time enough, when that controversy has been settled, to consider any reactions of the decision upon the budget which I have laid before the House to-day. But if Government are correct in their contention that an arbitrary reduction in the exchange value of the rupee will bring no permanent benefit whatever to India, but will, on the contrary, involve immediate and heavy sacrifice and loss, then surely the large sacrifice involved in the dislocation of this budget, though not necessarily the most serious of the sacrifices which would be incurred, is a relevant and important consideration which it would have been folly to ignore or obscure.

35. With these words, Sir, I conclude what has been to me the great fortune and the esteemed privilege of presenting the first budget statement in this new and spacious abode of the Council of State. I sincerely trust that the proposals will meet with the approval of this Honourable House and that they will prove to be a happy augury for the long succession of budgets which these walls will hear pronounced in the years to come.

Schedule of demands for grants for expenditure of the Central Government (excluding Railway) for the year 1927-28 submitted for the vote of the Legislative Assembly.

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.	Reference to page of detailed statements.	
			Rs.		
A.—Expenditure from Revenue.					
16	Customs	Customs	70,93,000	1—25	
17	Taxes on Income	Taxes on Income	64,44,000	26—46	
18	Salt	Salt	87,27,000	47—78	
19	Opium	Opium	89,14,000	79—87	
20	Stamps	Stamps	6,49,000	88—95	
21	Forest	Forest	7,43,000	96—106	
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	15,11,000	107—130	
23	Indian Postal and Telegraph Department (including Working Expenses).	} Posts and Telegraphs	10,34,06,000	121	
24	Indo-European Telegraph Department (including Working Expenses).				
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on ordinary Debt	29,37,000	123	
26	Interest on Miscellaneous Obligations	Interest on other Obligations	93,79,000	123—124	
27	Staff, Household and allowances of the Governor General.		29,22,000	125—126	
28	Executive Council		4,15,000	127—131	
29	Legislative Bodies		60,000	132	
30	Foreign and Political Department		4,63,000	133—134	
31	Home Department		7,95,000	135—136	
32	Public Service Commission		5,51,000	137—141	
33	Legislative Department		1,04,000	142—143	
34	Department of Education, Health and Lands.	} General Administration	5,43,000	144—145	
35	Finance Department		5,97,000	146—148	
36	Separation of Accounts from Audit		10,56,000	149—154	
37	Commerce Department		13,34,000	155—162	
38	Army Department		2,89,000	163—164	
39	Department of Industries and Labour		5,89,000	165—166	
40	Central Board of Revenue		4,04,000	167—168	
41	Payments to Provincial Governments on account of Administration of Agency subjects.		1,89,000	169—170	
42	Audit		Audit	1,49,000	171—172
43	Administration of Justice		Administration of Justice	74,49,000	173—191
44	Police		Police	63,000	192
45	Ports and Pilotage		Ports and Pilotage	1,79,000	193—196
46	Survey of India		Scientific Departments	22,95,000	197—215
47	Meteorology	" "	30,98,000	216—231	
48	Geological Survey	" "	15,52,000	232—239	
49	Botanical Survey	" "	2,13,000	240—242	
50	Zoological Survey	" "	5,17,000	243—246	
51	Archaeology	" "	1,65,000	247—248	
52	Mines	" "	16,27,000	249—273	
53	Other Scientific Departments	" "	1,64,000	254—255	
54	Education	Education	3,30,000	256—258	
55	Medical Services	Medical	9,39,000	259—263	
56	Public Health	Public Health	8,19,000	264—269	
57	Agriculture	Agriculture	10,22,000	270—278	
58	Civil Veterinary Services		15,15,000	279—304	
59	Industries	Industries	6,80,000	305—309	
60	Aviation	Aviation	2,62,000	310—313	
		Carried over	3,96,000	314—315	
			18,41,24,000		

† Demands Nos. 1—15 relate to expenditure on Railways.

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1927-28 submitted for the vote of the Legislative Assembly *contd.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.	Reference to page of detailed statement.
			Rs.	
	Brought forward		18,11,22,000	
	A.—Expenditure from Revenue			
	<i>—contd.</i>			
61	Commercial Intelligence and Statistics	Miscellaneous Departments.	2,59,000	316—319
62	Emigration—Internal	“ “	46,000	320—324
63	“ External	“ “	68,000	32—328
64	Joint-Stock Companies	“ “	1,32,000	329—334
65	Miscellaneous Departments	“ “	2,29,000	335—340
66	Indian Stores Department	“ “	16,34,000	341—353
67	Currency	Currency	53,42,000	356—373
68	Mint	Mint	17,72,000	374—378
69	Civil Works	Civil Works	1,46,48,000	379—437
70	Superannuation Allowances and Pensions	Superannuation Allowances and Pensions.	86,02,000	438—441
71	Stationery and Printing	Stationery and Printing	34,73,000	442—479
72	Miscellaneous	Miscellaneous	14,60,000	480—483
73	Refunds		56,23,000	484—486
74	North-West Frontier Province		99,68,000	497—557
75	Baluchistan		27,20,000	558—587
76	Delhi		58,30,000	588—613
77	Ajmer-Merwara		15,80,000	614—637
78	Andamans and Nicobar Islands	Distributed over respective heads of account.	41,46,000	638—653
79	Rajputana		5,45,000	653—663
80	Central India		6,82,000	664—678
81	Hyderabad		20,000	679—685
82	Expenditure in England—Secretary of State for India		15,31,000	686—687
83	Expenditure in England—High Commissioner for India		21,32,000	688—690
Non-voted.	Ecclesiastical, Political, etc.		—	691—715
	TOTAL		24,97,82,000	
	B.—Expenditure charged to Capital.			
84	Capital outlay on Security Printing	Capital outlay on Security Printing	12,000	716
85	Forest Capital outlay	Capital outlay on Forests	1,000	717—720
86	Irrigation	Construction of Irrigation Works.	16,000	721—723
87	Indian Posts and Telegraphs	} Capital outlay on Posts and Telegraphs.	59,90,000	724
88	Indo-European Telegraphs		1,000	725
89	Capital outlay on Currency Note Printing Press	Currency Capital outlay not charged to Revenue.	19,16,000	726
90	Capital outlay on Visagapatam Harbour	Capital outlay on Visagapatam Port.	39,43,000	727
91	Commuted value of Pensions	Payment of Commuted Value of Pensions.	19,05,000	728
92	New Capital at Delhi	Initial Expenditure on New Capital at Delhi.	65,18,000	729—737
	TOTAL		2,03,02,000	
	C.—Disbursements of Loans and Advances.			
93	Interest-free advances		1,01,33,000	738—739
94	Loans and advances bearing interest		3,60,78,000	740—742
	TOTAL		4,62,11,000	
	GRAND TOTAL		31,62,95,000	

Declaration by the Governor General in Council under Section 67-A(7) of the Government of India Act regarding certain demands refused by the Assembly.

In pursuance of Section 67-A(7) of the Government of India Act, the Governor General in Council is pleased to declare that the following demands which have been refused by the Legislative Assembly are essential to the discharge of his responsibilities:—

Demand.	Amount
	Rs.
1.—Railway Board	9,42,000
29.—Executive Council	57,9 9
89.—Army Department	5,73,000

A. F. L. BRAYNE, —

Secretary to the Government of India.

The 21st March 1927.

THE INDIAN FINANCE BILL.

AS PASSED BY THE LEGISLATIVE ASSEMBLY ON THE 24TH MARCH 1927.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows:—

VI of 1898.
VIII of 1894.
II of 1899.
X of 1923.

Short title, extent and duration. 1. (1) This Act may be called the Indian Finance Act, 1927.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

XII of 1882.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of ten annas per maund of eighty-two and two-sevenths pounds avoirdupois of

salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

4. With effect from the 1st day of March, 1927; the following Amendment of Act amendments shall be made in the Indian Tariff Act, 1894, namely:— VIII of 1894.

(1) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(2) In the Third Schedule to that Act there shall be made the amendments specified in Part II of the Second Schedule to this Act.

5. With effect from the 1st day of July, 1927, the following Amendment of Act II amendments shall be made in the Indian Stamp Act, of 1899. II of 1899.

(1) In section 3—

(a) in clause (b), the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted; and

(b) in clause (c), the word "cheque" shall be omitted.

(2) In clause (b) of section 11, the word "cheques" shall be omitted.

(3) In sub-section (1) of section 18, the word "cheques" shall be omitted.

(4) In section 19, after the words "bill of exchange", where they first occur, the words "payable otherwise than on demand" shall be inserted, and the word "cheque", in both places where it occurs, shall be omitted.

(5) In section 47, for the words "promissory note or cheque" the words "or promissory note" shall be substituted, and for the words "note or cheque", wherever they occur thereafter, the words "or note" shall be substituted.

(6) In clause (c) of section 49,—

(a) the word "cheques" shall be omitted, and after the words "bills of exchange" the words "payable otherwise than on demand" shall be inserted;

(b) the words "or cheque", wherever they occur, shall be omitted;

(c) the word "cheque", wherever it occurs elsewhere, shall be omitted; and

(d) for the words "any bill of exchange", where they occur for the first time in sub-clauses (1) and (3), the words "any such bill of exchange" shall be substituted.

(7) In clause (a) of sub-section (1) of section 62 the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(8) In section 67, after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(9) In article No. 13 of Schedule I, the word, figure and brackets "and (3)" shall be omitted, and the letter, brackets and words "(a) where payable on demand", together with the entry "one anna" in the second column against those words, shall be omitted.

(10) Article No. 21 of Schedule I shall be omitted.

6. In sub-section (7) of section 19 of the Indian Paper Currency Amendment of Act X of 1923. Act, 1923, for the figures "1927" the figures "1928" shall be substituted.

7. (1) Income-tax for the year beginning on the 1st day of April-1927, shall be charged at the rates specified in Part I of the Third Schedule.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule.

(3) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

It is hereby declared that it is expedient in the public interest that the provisions of clause 4 of the Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 3.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding two and a half tolas One anna.
 For every two and a half tolas, or fraction thereof, exceeding two and
 a half tolas. One anna.

Postcards.

Single Half an anna.
 Reply One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas Quarter of an
 anna.
 For a weight exceeding eight tolas and not exceeding twenty tolas Half an anna.
 For every twenty tolas, or fraction thereof, exceeding twenty tolas Half an anna.

Packets.

For a weight not exceeding twenty tolas Two annas.
 For a weight exceeding twenty tolas and not exceeding forty tolas Four annas.
 For every forty tolas, or fraction thereof, exceeding forty tolas Four annas."

SCHEDULE II.

[See section 4.]

PART I.

Amendments to the Second Schedule to the Indian Tariff Act, 1894.

(1) (a) For item No. 10-A, the following Item shall be substituted, namely :—

" 10-A RUBBER STUMPS, rubber seeds and raw rubber."

(b) In Item No. 76, for the words "excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (see No. 6)" the words "not otherwise specified" shall be substituted.

(2) For Item No. 36, the following Item shall be substituted, namely :—

" 36 | TOBACCO, UNMANUFACTURED | Pound | ^{Rs. A.} 1 8 "

(3) (a) After Item No. 42, the following heading and Item shall be inserted, namely :—

“CARRIAGES AND CARTS.

42-A.	MOTOR CARS, motor cycles, and motor scooters, and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof: provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in No. 87 shall be dutiable at the rate of duty specified for such articles.	Ad valorem	20 per cent.”
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(b) In Item No. 87, for the figures “127” the figures and letter “42-A” shall be substituted.

(c) In Item No. 115, for the words and figures “Nos. 53, and 139” the word and figures “No. 53” shall be substituted.

(d) Items Nos. 127 and 139 shall be omitted.

PART II.

Amendment to the Third Schedule to the Indian Tariff Act, 1894.

Item No. 5 and the heading thereto, shall be omitted.

SCHEDULE III.

[See section 7.]

PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	Rate.
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company, and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income :—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess.	<i>Nil.</i>
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess.	Two annas in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess.	Two and a half annas in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess.	Three annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess.	Three and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess.	Four annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess.	Four and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess.	Five annas in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess.	Five and a half annas in the rupee.
(x) for every rupee of the remainder of the excess	Six annas in the rupee.

THE INDIAN FINANCE BILL.

AS PASSED BY THE COUNCIL OF STATE ON THE 26TH MARCH 1927 AND
BY THE LEGISLATIVE ASSEMBLY ON THE 29TH MARCH 1927.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows:—

VI of 1898.
VIII of 1894.
II of 1899.
I of 1923.

Short title, extent and duration. 1. (1) This Act may be called the Indian Finance Act, 1927.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

XII of 1882.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

VI of 1898.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

VIII of 1894.

4. With effect from the 1st day of March, 1927, the following amendments shall be made in the Indian Tariff Act, 1894, namely:—

(1) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(2) In the Third Schedule to that Act there shall be made the amendment specified in Part II of the Second Schedule to this Act.

5. With effect from the 1st day of July, 1927, the following amendments shall be made in the Indian Stamp Act, 1899, II of 1899. Amendment of Act II of 1899. namely:—

(1) In section 3—

(a) in clause (b), the word “cheque” shall be omitted, and after the words “bill of exchange” the words “payable otherwise than on demand” shall be inserted; and

(b) in clause (c), the word “cheque” shall be omitted.

(2) In clause (b) of section 11, the word “cheques” shall be omitted.

(3) In sub-section (1) of section 18, the word “cheque” shall be omitted.

(4) In section 19, after the words “bill of exchange”, where they first occur, the words “payable otherwise than on demand” shall be inserted, and the word “cheque”, in both places where it occurs, shall be omitted.

(5) In section 47, for the words “promissory note or cheque” the words “or promissory note” shall be substituted, and for the words “note or cheque”, wherever they occur thereafter, the words “or note” shall be substituted.

(6) In clause (c) of section 49,—

(a) the word “cheques” shall be omitted, and after the words “bills of exchange” the words “payable otherwise than on demand” shall be inserted;

(b) the words “or cheque”, wherever they occur, shall be omitted;

(c) the word “cheque”, wherever it occurs elsewhere, shall be omitted; and

(d) for the words “any bill of exchange”, where they occur for the first time in sub-clauses (1) and (3), the words “any such bill of exchange” shall be substituted.

(7) In clause (a) of sub-section (1) of section 62, the word “cheque” shall be omitted, and after the words “bill of exchange” the words “payable otherwise than on demand” shall be inserted.

(8) In section 67, after the words “bill of exchange” the words “payable otherwise than on demand” shall be inserted.

(9) In article No. 13 of Schedule I, the word, figure and brackets “and (3)” shall be omitted, and the letter, brackets and words “(a) where payable on demand”, together with the entry “one anna” in the second column against those words, shall be omitted.

(10) Article No. 21 of Schedule I shall be omitted.

X of 1923. 6. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1927" the figures "1928" shall be substituted.

Amendment of Act X of 1923.

7. (1) Income-tax for the year beginning on the 1st day of April, 1927, shall be charged at the rates specified in Part I of the Third Schedule.

XI of 1922. (2) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule.

(3) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XVI of 1918. It is hereby declared that it is expedient in the public interest that the provisions of clause 4 of the Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918.

(Schedules as on pages 191—193 of this volume).

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

Delhi, the 9th April 1927.

The following Act of the Indian Legislature received the assent of the Governor General on the 30th March, 1927, and is hereby promulgated for general information :—

ACT NO. V OF 1927.

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows :—

Short title, extent and duration.

1. (1) This Act may be called the Indian Finance Act, 1927.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

Postal rates.

First Schedule to that Act.

VI of 1898.
VIII of 1894.
II of 1899.
X of 1923.

XII of 1882.

VI of 1898.

4. With effect from the 1st day of March, 1927; the following Amendment of Act VIII of 1894. VIII of 1894. amendments shall be made in the Indian Tariff Act, 1894, namely :—

(1) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(2) In the Third Schedule to that Act there shall be made the amendments specified in Part II of the Second Schedule to this Act.

5. With effect from the 1st day of July, 1927, the following Amendment of Act II of 1899. of 1899. amendments shall be made in the Indian Stamp Act 1899, namely :—

(1) In section 3—

(a) in clause (b), the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted; and

(b) in clause (c), the word "cheque" shall be omitted.

(2) In clause (b) of section 11, the word "cheques" shall be omitted.

(3) In sub-section (1) of section 18, the word "cheque" shall be omitted.

(4) In section 19, after the words "bill of exchange", where they first occur, the words "payable otherwise than on demand" shall be inserted, and the word "cheque", in both places where it occurs, shall be omitted.

(5) In section 47, for the words "promissory note or cheque" the words "or promissory note" shall be substituted, and for the words "note or cheque", wherever they occur thereafter, the words "or note" shall be substituted.

(6) In clause (c) of section 49,—

(a) the word "cheques" shall be omitted, and after the words "bills of exchange" the words "payable otherwise than on demand" shall be inserted;

(b) the words "or cheque", wherever they occur, shall be omitted;

(c) the word "cheque", wherever it occurs elsewhere, shall be omitted; and

(d) for the words "any bill of exchange", where they occur for the first time in sub-clauses (1) and (3), the words "any such bill of exchange" shall be substituted.

(7) In clause (a) of sub-section (1) of section 62 the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(8) In section 67, after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(9) In article No. 13 of Schedule I, the word, figure and brackets "and (3)" shall be omitted, and the letter, brackets and words "(a) where payable on demand", together with the entry "one anna" in the second column against those words, shall be omitted.

(10) Article No. 21 of Schedule I shall be omitted.

6. In sub-section (7) of section 19 of the Indian Paper Currency Amendment of Act X of 1923. Act, 1923, for the figures "1927" the figures X of 1923. "1928" shall be substituted.

7. (1) Income-tax for the year beginning on the 1st day of April 1927, shall be charged at the rates specified in Part I of the Third Schedule.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule. XI of 1922.

(3) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 3.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[See section 7.]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.
--	---------------

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

[See section 4.]

PART I.

Amendments to the Second Schedule to the Indian Tariff Act, 1894.

(1) (a) For Item No. 10-A, the following Item shall be substituted, namely :—

"10-A | RUBBER STUMPS, rubber seeds and raw rubber."

(b) In Item No. 76, for the words "excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (see No. 6)" the words "not otherwise specified" shall be substituted.

(2) For Item No. 36, the following Item shall be substituted, namely :—

"36 | TOBACCO, unmanufactured . . . . . | Pound |	Rs. A. 1 8 "
---	-----------------

(3) (a) After Item No. 42, the following heading and Item shall be inserted, namely :—

"CARRIAGES AND CARTS.

42-A. |	MOTOR CARS, motor cycles, and motor scooters, and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof: provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in No. 87 shall be dutiable at the rate of duty specified for such articles.	Ad valorem	20 per cent."
-------	---	---------------	------------------

(b) In Item No. 87, for the figures "127" the figures and letter "42-A" shall be substituted.

(c) In Item No. 115, for the words and figures "Nos. 53 and 139" the word and figures "No. 53" shall be substituted.

(d) Items Nos. 127 and 139 shall be omitted.

PART II.

Amendment to the Third Schedule to the Indian Tariff Act, 1894.

Item No. 5 and the heading thereto shall be omitted.

SCHEDULE III.

[See section 7.]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	Nil.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess	Nil.
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.

BUDGET FOR 1927-28.

PART II—*contd.**Rates of Super-tax—contd.*

(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Five annas in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five and a half annas in the rupee.
(x) for every rupee of the remainder of the excess	Six annas in the rupee.

W. T. M. WRIGHT,

Offg. Secretary to the Government of India.

No. 4504-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 31st March 1927.

RESOLUTION.

THE statements relating to the revised estimates for 1926-27 and the Budget estimates for 1927-28, which were presented to the Legislative Assembly and the Council of State on the 18th and the 28th February 1927, have now been reconsidered with reference to the reductions in the demands for grants, and the modification in the Indian Finance Bill, made by the Legislative Assembly, and the action taken by the Governor General in Council in respect to certain demands refused by the Assembly. The revised statements are now published for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them :—

Demand.	Amount.
	Rs.
1.—Railway Board	9,42,902
23.—Indian Postal and Telegraph Department	2
28.—Executive Council	59,999
38.—Army Department	5,89,000

Of these, the Governor General in Council has, under Section 67-A (7) of the Government of India Act, decided that the following amounts are essential to the discharge of his responsibilities :—

Demand.	Amount.
	Rs.
1.—Railway Board	9,42,900
28.—Executive Council	59,999
38.—Army Department	5,78,000

The remaining alterations result in a reduction of the expenditure in 1927-28 by Rs. 11,000 roundly, while the restoration of the export duty on hides has the effect of increasing the year's revenue by Rs. 9 lakhs. In consequence, the transfer to revenue from the Revenue Reserve Fund in 1927-28 has been reduced by Rs. 9,11,000, so that the estimates now published, like those originally presented, show neither a revenue surplus nor a revenue deficit.

A. F. L. BRAYNE,

Secretary to the Government of India.

BUDGET

of the
Government of India,
March 1927.

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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BUDGET FOR 1927-28.

I.—General Statement of the Revenue and Expenditure charged to

	For details, vide State- ment.	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	47,77,95,049	46,40,00,000	47,69,71,000	46,73,37,000
Taxes on Income	"	15,95,93,439	16,14,67,000	15,86,47,000	16,95,05,000
Salt	"	6,32,96,778	6,90,00,000	6,70,00,000	7,00,00,000
Opium	"	4,14,99,581	3,90,00,000	4,13,51,000	3,83,08,000
Other Heads	"	2,12,59,971	2,25,43,000	2,26,43,000	2,27,06,000
TOTAL PRINCIPAL HEADS		76,24,44,718	75,50,10,000	76,70,11,000	76,78,56,000
Railways: Net Receipts (as per Rail- way Budget)		34,40,12,775	35,44,33,000	32,61,80,000	34,97,13,000
Irrigation: Net Receipts	A	12,03,397	8,21,000	9,73,000	10,36,000
Posts and Telegraphs: Net Receipts	"	86,35,299	45,52,000	48,92,000	58,07,000
Interest Receipts	"	4,21,95,320	3,47,11,000	3,81,48,000	3,16,13,000
Civil Administration	"	89,97,693	77,86,000	82,00,000	84,21,000
Currency and Mint	"	4,63,89,101	4,29,68,000	4,17,69,000	2,48,70,000
Civil Works	"	12,85,165	9,93,000	14,91,000	17,45,000
Miscellaneous	"	54,17,872	39,27,000	55,97,000	46,90,000
Military Receipts	"	4,39,51,391	4,29,79,000	4,65,23,000	1,80,49,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	"	6,24,08,643	5,45,12,000	5,17,61,000	...
Extraordinary Items	"	63,57,154	16,00,000	52,03,000	1,87,65,000
TOTAL REVENUE		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,65,000
DEFICIT . . . . .		...	...	...	...
TOTAL		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,65,000

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT;
The 31st March 1927.

Revenue of the Central Government, in India and in England.

	For details, vide Statement.	Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenues	B	5,37,59,201	5,00,14,000	4,34,41,000	4,30,30,000
Salt and other Capital outlay charged to Revenue	"	7,18,044	10,20,000	6,39,000	18,79,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	"	28,91,09,206	29,48,46,000	26,60,93,000	29,40,05,000
Irrigation	"	20,15,353	17,84,000	16,52,000	18,70,0
Posts and Telegraphs	"	—1,01,69,731	66,01,000	78,60,000	64,61,000
Debt Services	"	18,34,34,692	17,51,76,000	16,08,69,000	15,74,34,000
Civil Administration	"	10,76,48,431	11,45,30,000	11,37,53,000	11,31,39,000
Currency and Mint	"	70,11,413	78,34,000	77,91,000	74,65,000
Civil Works	"	1,60,41,799	1,60,11,000	1,90,25,000	1,66,98,000
Miscellaneous	"	4,35,59,999	3,96,31,000	4,02,26,000	3,97,15,000
Military Services	"	60,39,37,045	59,17,79,000	60,30,23,000	56,72,49,000
Miscellaneous adjustments between the Central and Provincial Governments	"	15,68,166	6,00,000	4,72,000	—
Extraordinary Items	"	25,76,854	5,00,000	2,67,04,000	7,00,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,26,01,60,471	1,30,37,66,000	1,29,97,49,000	1,25,25,65,000
SURPLUS		3,31,18,167	5,31,000	—	—
TOTAL		1,33,32,98,638	1,30,42,97,000	1,29,97,49,000	1,25,25,65,000

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	2,31,18,187	5,31,000	...	...
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		77,18,637	2,96,19,000	...	2,64,92,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	...	...	3,36,11,000	7,22,41,000
Unfunded Debt (net incurred)	"	13,45,50,536	9,88,16,000	12,70,76,000	11,63,39,000
Deposits and Advances (net)	"	9,53,74,499	7,01,96,000	19,26,20,000	3,14,97,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	6,00,99,004	5,25,07,000	2,97,06,000	4,11,58,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		29,00,24,039	21,86,19,000	38,29,12,000	26,12,25,000
Remittances (net) . . . . .	"	...	...	64,13,000	...
Balances of Provincial Governments (net).	"	3,20,25,343	29,000	...	...
TOTAL RECEIPTS		26,28,83,106	24,85,93,000	38,92,25,000	28,71,17,000
Opening Balance—India		21,73,80,743	22,88,39,743	25,14,89,041	24,73,44,041
England		13,61,68,257	14,40,33,257	15,04,63,045	6,24,32,065
TOTAL		61,64,12,106	62,23,71,000	79,11,76,096	69,64,93,096

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT;
The 31st March 1927.

Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1926-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Capital outlay on Security Printing	"	16,39,618	1,72,000	16,68,000	12,000
Construction of State Railways (as per Railway Budget)	"	19,24,49,830	26,00,00,000	27,00,00,000	26,00,00,000
Discharge of Debentures (as per Railway Budget)	"	62,61,618	3,61,85,000	2,63,43,000	2,31,56,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget)	"	3,42,73,630	...	...	...
Construction of Irrigation Works	"	—96,675	—55,000	—76,000	16,000
Capital outlay on Posts and Telegraphs	"	2,23,64,139	59,32,000	31,35,000	58,02,000
Capital outlay on Vizagapatam Port	"	64,76,753	48,70,000	38,14,000	39,43,000
Currency Capital outlay . . . . .	"	...	...	8,62,000	19,33,000
Initial expenditure on New Capital at Delhi	"	99,06,164	1,00,50,000	75,00,000	70,00,000
Payment of commuted value of pensions	"	...	35,00,000	25,00,000	33,35,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		27,52,68,397	32,06,54,000	31,67,45,000	30,52,17,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	"	4,03,35,226	69,17,000	...	...
Floating Debt (net discharged)	"	25,000	...	8,18,15,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		4,03,60,226	69,17,000	8,18,15,000	...
Loans and Advances by Central Government (net Advances)		6,92,44,008	8,06,23,000	5,19,45,000	3,03,02,000
Remittances (net)	"	65,90,778	5,48,000	...	14,95,000
Balances of Provincial Governments (net) . . . . .	"	...	...	4,06,95,000	5,18,92,000
TOTAL DISBURSEMENTS		41,34,61,009	41,07,42,000	49,14,00,000	38,68,06,000
Closing Balance—India . . . . .	...	25,14,55,041	15,61,98,743	24,73,44,041	14,79,00,041
England . . . . .	...	16,04,63,055	5,54,30,257	5,24,32,055	5,00,87,055
TOTAL		41,19,18,096	21,16,28,990	54,38,36,096	24,79,87,096

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1926-28.				REVISED ESTIMATE		
	India.	England.	Exchange.	TOTAL.	India.	England.	ESTIMATE
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	1927-28.
Principal Heads of Revenue—							
I.—Customs	47,77,95,049	...	...	47,77,95,049	47,79,71,000	...	1
II.—Taxes on Income	15,91,09,274	-4,64,137	-1,51,698	15,85,44,439	15,93,50,000	-5,00,000	2
III.—Salt	6,32,98,778	...	...	6,32,98,778	6,40,00,000	...	3
IV.—Opium	4,14,99,561	...	...	4,14,99,561	4,17,51,000	...	4
V.—Land Revenue	30,52,808	...	...	30,52,808	31,00,000	...	5
VI.—Excise	52,10,576	...	...	52,10,576	50,53,000	...	6
VII.—Stamps	27,14,757	...	...	27,14,757	28,58,000	...	7
VIII.—Forest	18,74,128	...	...	18,74,128	20,54,000	...	8
IX.—Registration	1,65,048	...	...	1,65,048	1,65,000	...	9
X.—Tributes from Indian States	54,29,482	...	...	54,29,482	53,80,000	...	10
TOTAL	76,30,60,558	-4,64,137	-1,51,698	76,34,44,718	76,78,14,000	-5,00,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	19,06,456	...	...	19,06,456	21,38,000	...	12
Deduct—Working Expenses	7,09,851	...	...	7,09,851	22,71,000	...	13
Net Receipts	11,97,108	...	...	11,97,108	9,67,000	...	14
XIV.—Works for which no Capital Accounts are kept	6,294	...	...	6,294	6,000	...	15
TOTAL	12,03,397	...	...	12,03,397	9,73,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Postal and Telegraph Department—Gross Receipts	10,31,37,543	...	...	10,31,37,543	10,51,03,000	...	17
Deduct—Working Expenses	9,38,89,589	6,82,946	2,23,286	9,37,95,801	9,97,08,000	5,91,000	18
Net Receipts	92,47,973	-6,82,946	-2,23,286	85,41,741	54,00,000	-5,91,000	19
Indo-European Telegraph Department—Gross Receipts	21,39,246	10,57,718	3,45,768	35,42,730	15,30,000	15,50,000	20
Deduct—Working Expenses	31,83,858	1,30,268	50,094	33,64,219	31,65,000	1,17,000	21
Net Receipts	-9,50,619	9,37,450	3,06,674	2,93,468	-16,35,000	14,33,000	22
TOTAL	82,97,364	2,54,477	83,368	86,35,209	37,65,000	8,43,000	23
Debt Services—							
XVI.—Interest	96,77,147	2,66,46,525	79,71,848	4,71,95,520	66,53,000	2,34,39,000	24
Carried over	78,21,28,461	2,64,36,608	78,08,338	81,44,78,664	77,92,04,000	2,37,81,000	25

* Sterling converted into Rupees at £1=Rs. 10.

Government, in India and in England.

1926-27.		BUDGET ESTIMATE, 1927-28.						Increase (+) Decrease (-) as compared with Revised, 1926-27.
Item No.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1926-27.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	...	47,69,71,000	+1,29,71,000	48,78,37,000	...	...	48,78,37,000	+1,08,66,000
2	-2,03,000	15,88,47,000	-29,20,000	16,95,05,000	...	...	16,95,05,000	+1,09,58,000
3	...	6,70,00,000	-2,00,000	7,00,00,000	...	...	7,00,00,000	+30,00,000
4	...	4,18,51,000	+38,51,000	5,88,08,000	...	...	5,88,08,000	-35,43,000
5	...	41,05,000	+2,03,000	41,97,000	...	...	41,97,000	+95,000
6	...	48,53,000	+1,83,000	44,89,000	...	...	44,89,000	-3,64,000
7	...	26,55,000	-92,000	26,47,000	...	...	26,47,000	-5,000
8	...	24,84,000	-1,91,000	27,21,000	...	...	27,21,000	+2,37,000
9	...	1,65,000	+1,000	1,66,000	...	...	1,66,000	+1,000
10	...	63,80,000	-14,000	84,88,000	...	...	84,88,000	+1,09,000
11	-2,03,000	70,70,11,000	+1,20,01,000	78,78,56,000	...	...	78,78,56,000	+2,08,45,000
12	...	22,38,000	+2,20,000	20,63,000	...	...	20,63,000	-1,55,000
13	...	12,71,000	-69,000	10,53,000	...	...	10,53,000	+2,13,000
14	...	9,67,000	+1,51,000	10,30,000	...	...	10,30,000	+63,000
15	...	6,000	+1,000	5,000	...	...	6,000	...
16	...	9,73,000	+1,53,000	10,36,000	...	...	10,36,000	+63,000
17	...	10,51,03,000	-13,62,000	10,79,83,000	...	...	10,79,83,000	+28,60,000
18	2,00,000	10,04,94,000	+12,56,000	10,16,80,000	5,46,000	1,82,000	10,24,08,000 ^(a)	-19,14,000
19	-2,00,000	48,08,000	-1,06,000	63,03,000	-5,46,000	-1,82,000	55,75,000	+9,66,000
20	5,34,000	36,04,000	+2,00,000	17,15,000	14,60,000	4,87,000	36,62,000	+58,000
21	89,000	83,21,000	+2,46,000	22,72,000	1,19,000	89,000	24,30,000	-1,09,000
22	4,85,000	2,83,000	+4,46,000	-15,57,000	13,41,000	4,46,000	3,32,000	-61,000
23	2,85,000	48,92,000	+3,40,000	47,46,000	7,95,000	2,66,000	58,07,000	+9,15,000
24	79,56,000	2,81,48,000	+34,37,000	70,68,000	1,64,08,000	61,36,000	3,16,13,000	-66,35,000
25	80,38,000	81,10,24,000	+1,59,37,000	80,07,07,000	1,92,03,000	64,01,000	82,62,12,000	+1,52,88,000

(a) The amount voted by the Assembly is Rs. 2 less, but the figure in this statement is given in round thousands of rupees as usual.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1925-26.				Revised Estimate.		
	India.	England.	Exchange.	Total.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	72,21,36,661	2,64,34,365	72,03,338	81,44,73,664	77,32,06,000	2,37,81,000	
Civil Administration—							
XVII—Administration of Justice	3,08,992	—	—	3,08,992	3,04,000	—	1
XVIII—Jails and Convict Settlements.	8,96,187	—	—	8,96,187	3,38,000	—	2
XIX—Police	8,33,511	—	—	8,33,511	1,22,000	—	3
XX—Ports and Pilotage	26,13,474	—	—	25,16,474	24,76,000	—	4
XXI—Education	1,34,090	—	—	1,34,090	1,62,000	—	5
XXII—Medical	2,83,010	—	—	2,83,010	3,57,000	—	6
XXIII—Public Health	1,84,039	—	—	1,84,039	1,84,000	—	7
XXIV—Agriculture	17,98,740	—	—	17,98,740	16,44,000	—	8
XXV—Industries	—	—	—	—	—	—	9
XXVI—Miscellaneous Departments	25,07,200	—	—	25,07,200	13,05,000	—	10
XXVI-A—Indian Stores Department	—	—	—	—	12,84,000	—	11
Total	69,97,693	—	—	69,97,693	52,00,000	—	12
Currency and Mint—							
XVII—Currency	2,08,76,496	88,56,800	30,62,969	4,29,96,994	3,04,08,000	76,50,000	13
XXVIII—Mint	33,93,123	11	8	33,93,137	10,77,000	86,000	14
Total	3,39,69,619	88,56,811	30,63,977	4,63,90,131	3,14,85,000	76,86,000	15
Civil Works—							
XX—Civil Works	12,98,168	—	—	12,98,168	14,91,000	—	16
Miscellaneous—							
XXXIII—Receipts in aid of Superannuation	20,36,771	3,80,843	1,24,661	25,41,975	17,84,000	3,83,000	17
XXXIV—Stationery and Printing	16,11,036	8,693	2,829	16,22,558	17,77,000	9,000	18
XXXV—Miscellaneous	7,93,631	2,64,839	1,12,996	12,63,349	10,97,000	3,46,000	19
Total	44,41,418	7,86,680	2,40,386	54,17,872	46,58,000	7,02,000	20
Military Receipts—							
XXXVI—Army—							
Effective	2,77,40,448	26,55,816	8,75,136	3,13,71,397	2,76,78,000	28,88,000	21
Non-effective	13,63,346	6,60,731	2,11,824	22,34,601	10,11,000	11,03,000	22
Total	3,91,03,691	33,66,647	10,86,960	3,34,95,698	2,86,89,000	30,86,000	23
XXXVII—Marine	14,74,345	—	—	14,74,345	13,71,000	—	24
XXXVIII—Military Engineer services	89,81,344	—	—	89,81,344	1,16,32,000	—	25
Total	3,96,59,180	33,66,647	10,86,960	4,39,51,391	4,16,92,000	36,58,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX—Contributions to the Central Government by Provincial Governments	6,30,12,000	—	—	6,30,12,000	6,17,12,000	—	27
XXXIX-A—Miscellaneous adjustments between the Central and Provincial Governments	3,98,843	—	—	3,98,843	40,000	—	28
Total	6,34,09,843	—	—	6,34,09,843	6,17,61,000	—	29
Extraordinary Items—							
II—Extraordinary Receipts	23,346	47,64,360	14,70,424	63,57,154	7,48,000	33,32,000	30
II-A—Transfer from Reserve Fund	—	—	—	—	—	—	31
Total	23,346	47,64,360	14,70,424	63,57,154	7,48,000	33,32,000	32
Railway Revenue as per Railway Budget	34,17,74,416	16,77,749	8,00,811	34,60,12,776	23,01,71,000	-14,44,000	33
TOTAL REVENUE	1,37,46,02,118	4,42,72,029	1,44,24,514	1,33,32,98,656	1,34,98,04,000	3,77,01,000	34

*Sterling converted into Rupees at £1 = Rs. 10.

Government, in India and in England—contd.

1926-27.			BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with Budget, 1926-27.	Increase (+) Decrease (-) as compared with Revised, 1926-27.
Item No.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.	Rs.	
	Rs. 60,36,000	Rs. 61,10,24,000	Rs. 60,07,07,000	Rs. 1,92,03,000	Rs. 64,02,000	Rs. 62,63,12,000		
							+1,62,88,000	
1	...	8,64,000	+31,000	3,65,000	...	...	3,65,000	+1,000
2	...	3,35,000	-68,000	3,33,000	...	...	3,33,000	-2,000
3	...	1,22,000	+51,000	1,24,000	...	...	1,24,000	+2,000
4	...	24,76,000	-14,000	25,20,000	...	...	25,20,000	+44,000
5	...	1,62,000	-80,000	1,62,000	...	...	1,62,000	...
6	...	3,67,000	+2,29,000	3,68,000	...	...	3,68,000	+1,000
7	...	1,84,000	+38,000	1,84,000	...	...	1,84,000	...
8	...	16,42,000	+44,000	17,23,000	...	...	17,23,000	+81,000
9	...	...	...	10,000	...	...	10,000	+10,000
10	...	13,03,000	+76,000	12,99,000	...	...	12,99,000	-4,000
11	...	12,55,000	+58,000	13,43,000	...	...	13,43,000	+88,000
12	...	62,00,000	+4,14,000	64,21,000	...	...	64,31,000	+2,21,000
13	25,86,000	4,06,44,000	+1,98,000	2,16,52,000	10,00,000	3,34,000	2,26,66,000	-1,77,58,000
14	12,000	11,25,000	-13,97,000	19,83,000	1,000	...	19,64,000	+8,60,000
15	25,98,000	4,17,09,000	-11,99,000	2,35,35,000	10,01,000	3,34,000	2,48,70,000	-1,68,99,000
16	...	14,91,000	+4,93,000	17,45,000	...	...	17,45,000	+2,54,000
17	1,19,000	22,56,000	+1,30,000	14,23,000	3,37,000	1,12,000	16,72,000	-3,64,000
18	3,000	17,69,000	+7,85,000	16,10,000	9,000	3,000	16,22,000	-1,67,000
19	1,16,000	15,52,000	+7,55,000	11,76,000	15,000	5,000	11,96,000	-3,64,000
20	2,37,000	65,97,000	+16,70,000	42,09,000	3,61,000	1,20,000	46,90,000	-9,07,000
21	8,73,000	3,11,33,000	+37,27,000	58,57,000	18,96,000	6,32,000	68,85,000	-2,37,48,000
22	3,73,000	24,67,000	-25,000	11,79,000	11,19,000	3,73,000	26,71,000	+1,84,000
23	12,46,000	3,36,20,000	+37,04,000	70,36,000	30,15,000	10,05,000	1,10,66,000	-2,35,64,000
24	...	13,71,000	-4,16,000	12,60,000	...	...	12,60,000	-1,11,000
25	...	1,15,32,000	+2,56,000	67,33,000	...	...	67,33,000	-57,99,000
26	12,46,000	4,65,23,000	+35,44,000	1,46,29,000	30,15,000	10,05,000	1,50,40,000	-2,84,74,000
27	...	5,17,12,000	-28,00,000	...	...	...	...	-5,17,12,000
28	...	49,000	+49,000	...	...	...	...	-49,000
29	...	6,17,61,000	-37,61,000	...	...	...	...	-6,17,61,000
30	11,36,000	52,03,000	+36,03,000	...	12,00,000	4,00,000	16,00,000	-36,03,000
31	...	...	...	1,71,65,000	...	...	1,71,65,000	+1,71,65,000
32	11,36,000	52,03,000	+36,03,000	1,71,65,000	12,00,000	4,00,000	1,67,65,000	+1,36,62,000
33	-6,03,000	32,51,50,000	-2,62,53,000	35,13,98,000	-13,62,000	-4,21,000	34,97,13,000	+2,16,33,000
34	1,27,42,000	1,29,97,46,000	-45,40,000	1,22,12,07,000	2,34,15,000	75,40,000	1,25,26,65,000	-4,71,83,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1926-28.				Revenue.	
	India.	England.	Exchange.	Total.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues -						
1.—Customs	80,14,000	1,22,340	40,117	81,77,063	81,41,000	1
2.—Taxes on Income	87,83,446	21,806	26,851	88,71,003	81,61,000	2
3.—Salt	1,24,69,100	27,809	9,110	1,25,06,019	1,23,03,000	3
4.—Opium	2,10,33,669	85,650	27,904	2,11,47,144	1,68,98,000	4
5.—Land Revenue	12,26,221	2,134	1,006	12,30,361	12,89,000	5
6.—Excise	11,09,983	2,100	1,179	11,34,712	10,80,000	6
7.—Stamp	—1,40,137	6,14,710	2,01,573	6,78,146	1,80,000	7
8.—Forest	27,14,216	2,04,307	66,773	29,85,296	30,40,000	8
9.—Registration	30,430	—	—	30,430	31,000	9
Total	6,22,41,624	11,43,115	3,74,662	6,37,69,401	4,27,78,000	10
Salt and other Capital outlay charged to Revenue -						
10A.—Capital outlay on Salt Works	7,18,044	—	—	7,18,044	4,80,000	11
10B.—Capital outlay on Security Printing Press	—	—	—	—	2,64,000	12
10C.—Forest Capital outlay	—	—	—	—	—	13
Total	7,18,044	—	—	7,18,044	8,39,000	14
Irrigation, etc., Revenue Accounts—						
15.—Works for which Capital accounts are kept—						
Interest on Debt	12,06,908	—	—	12,06,908	12,06,000	15
16.—Other Revenue Expenditure	6,41,006	43,060	14,200	6,99,316	2,18,000	16
Total	18,48,914	43,060	14,200	19,06,174	14,24,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
18.—Construction of Irrigation, etc., Works—Financed from Ordinary Revenues	1,09,058	—	—	1,09,058	68,000	18
Posts and Telegraphs Revenue Accounts—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Postal and Telegraph Department	46,34,461	—	—	46,34,461	53,26,000	19
Indo-European Telegraph Department	4,30,673	—	—	4,30,673	6,17,000	20
Total	50,65,134	—	—	50,65,134	59,43,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
19.—Capital outlay on Posts and Telegraphs—						
Indian Postal and Telegraph Department	—1,40,87,440	—	—	—1,40,87,440	13,82,000	22
Indo-European Telegraph Department	—14,10,060	1,79,860	58,779	—11,71,411	1,85,000	23
Total	—1,54,97,500	1,79,860	58,779	—1,52,62,861	15,67,000	24
Debt Services—						
25.—Interest on Ordinary Debt	53,74,30,974	13,07,07,379	4,26,97,786	71,08,26,139	19,94,81,000	25
Loans—Amounts chargeable to—						
Railways	12,48,09,097	7,27,10,000	2,22,99,465	22,14,19,519	14,83,00,000	26
Trunk lines	12,06,000	—	—	12,06,000	12,00,000	27
Posts and Telegraphs	51,24,528	—	—	51,24,528	60,20,000	28
Other loans	8,46,497	—	—	8,46,497	10,68,000	29
Provincial Loans Fund	5,20,83,061	—	—	5,20,83,061	5,24,50,000	30
Residuals chargeable to Ordinary Debt	1,27,97,874	4,79,97,799	1,89,90,373	6,97,86,046	—73,40,000	31
32.—Interest on other Obligations	4,79,17,115	1,01,447	33,803	4,85,521,465	6,9,19,000	32
33.—Redemption or Amortisation of Debt	4,97,25,583	—	—	4,97,25,583	6,97,18,000	33
Total	1,07,41,441	1,81,09,176	6,17,19,5	1,14,48,612	6,41,14,000	34
Carried over	18,07,80,263	4,94,04,771	1,94,79,536	22,97,37,529	14,64,99,000	35

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1927-28.

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1926-27.			Increase (+) or Decrease (-) as compared with Budget, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) or Decrease (-) as compared with Revised, 1926-27.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,34,000	42,000	88,07,000	-2,41,000	86,05,000	1,41,000	47,000	87,91,000	+4,84,000
2	60,000	29,000	62,76,000	-4,97,000	67,36,000	65,000	28,000	68,48,000	+5,72,000
3	40,000	14,000	1,73,57,000	-9,91,000	1,26,10,000	44,000	15,000	1,26,69,000	+3,12,000
4	49,000	16,000	1,06,81,000	-47,60,000	19,13,000	57,000	19,000	60,59,000	-16,02,000
5	4,000	1,000	12,64,000	-9,000	12,10,000	8,000	3,000	12,31,000	-48,000
6	17,000	6,000	10,81,000	+84,000	11,43,000	9,000	3,000	11,55,000	+74,000
7	...	...	1,80,000	+2,18,000	0,000	...	...	10,000	-1,70,000
8	1,70,000	59,000	82,84,000	-2,18,000	29,97,000	1,68,000	63,000	82,48,000	-36,000
9	...	...	81,000	-2,000	29,000	...	...	29,000	-2,000
10	4,90,000	1,07,000	4,34,41,000	-65,73,000	4,23,20,000	6,32,000	1,78,000	4,80,30,000	-4,11,000
11	...	...	6,89,000	-4,31,000	4,66,000	...	...	4,58,000	-1,33,000
12	...	...	2,50,000	+2,50,000	7,09,000	...	...	7,09,000	+4,59,000
13	...	...	...	...	7,14,000	...	...	7,14,000	+7,14,000
14	...	...	8,89,000	-1,81,000	18,79,000	...	...	18,79,000	+10,40,000
15	...	...	13,03,000	-2,000	13,04,000	...	...	12,04,000	+1,000
16	64,000	32,000	4,01,000	-70,000	4,26,000	54,000	18,000	4,98,000	+97,000
17	64,000	23,000	16,04,000	-72,000	16,70,000	64,000	18,000	17,02,000	+98,000
18	...	...	48,000	-10,000	1,08,000	...	...	1,68,000	+1,20,000
19	...	...	63,26,000	-3,74,000	66,51,000	...	...	66,51,000	+3,25,000
20	...	...	8,17,000	+7,000	8,29,000	...	...	8,29,000	+12,000
21	...	...	68,41,000	-3,07,000	61,60,000	...	...	61,60,000	+3,37,000
22	...	...	18,52,000	-1,60,000	20,00,000	...	...	20,00,000	+1,48,000
23	7,000	2,000	1,65,000	-2,24,000	2,76,000	4,000	1,000	2,81,000	+1,16,000
24	7,000	2,000	20,17,000	-3,74,000	23,76,000	4,000	1,000	22,81,000	+2,64,000
25	13,04,45,000	4,40,87,000	37,39,63,000	-61,54,000	30,26,14,000	12,80,18,000	4,29,73,000	37,45,05,000	+5,42,000
26	7,49,11,000	2,60,51,000	24,46,81,000	-2,60,000	15,62,08,000	7,65,42,000	2,55,14,000	25,82,64,000	-1,35,83,000
27	...	...	12,93,000	+7,000	12,04,000	...	...	12,04,000	-1,000
28	...	...	69,20,000	+2,90,000	62,77,000	...	...	62,77,000	-3,57,000
29	...	...	70,98,000	+45,000	13,80,000	...	...	13,80,000	-3,14,000
30	...	...	5,34,33,000	-4,51,000	5,36,06,000	...	...	5,36,06,000	-1,72,000
31	5,62,84,000	1,90,00,000	1,70,00,000	-64,82,000	-1,00,00,000	5,23,78,000	1,74,59,000	5,00,75,000	-1,38,65,000
32	1,31,000	64,000	4,94,94,000	-17,000	5,22,90,000	1,38,000	46,000	5,14,90,000	+9,55,000
33	...	...	4,91,15,000	-1,45,000	5,11,00,000	...	...	5,11,00,000	+14,65,000
34	5,02,00,000	1,90,50,000	1,00,00,000	-83,07,000	5,74,15,000	5,34,14,000	1,75,05,000	13,74,34,000	-94,35,000
35	4,63,32,000	1,92,41,000	22,06,61,000	-1,66,54,000	14,18,68,000	5,31,04,000	1,77,02,000	11,20,74,000	-79,87,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1925-26.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	18,07,88,363	8,94,64,771	1,94,78,836	22,97,37,830	16,44,93,000	
Civil Administration—						
23.—General Administration—						
A.—Heads of Provinces (including Governors General) and Executive Councils.					31,78,000	1
B.—Legislative Bodies.					6,13,000	2
C.—Secretariat and Headquarters establishment	1,30,64,878	26,21,158	8,54,978	1,65,41,014	62,39,000	3
D.—Commissioners						4
E.—District Administration					17,68,000	5
F.—Home Administration, etc.						6
23.—Audit	80,84,806	2,60,491	85,815	84,01,212	81,18,000	7
24.—Administration of Justice	12,06,082	86,436	2,306	13,30,488	14,13,000	8
25.—Jails and Convict Settlements	36,32,084	41,162	13,511	36,87,277	38,86,000	9
26.—Police	92,80,750	2,22,502	72,748	95,48,000	91,30,000	10
27.—Ports and Pilots	27,96,884	3,26,643	1,06,970	32,29,977	30,90,000	11
28.—Ecclesiastical	22,40,500	7,04,631	2,30,612	31,75,743	23,83,000	12
29.—Political	3,22,22,001	10,82,806	3,64,151	3,36,69,058	3,18,98,000	13
29-A.—Frontier Watch and Ward						14
30.—Scientific Departments	71,72,689	6,38,148	2,08,331	80,19,168	77,62,000	15
31.—Education	31,21,552	69,349	19,309	32,00,290	37,32,000	16
32.—Medical	26,98,170	1,73,336	66,861	29,38,366	27,98,000	17
33.—Public Health	12,38,466	63,908	17,564	13,09,937	16,67,000	18
34.—Agriculture	28,64,374	1,06,447	36,084	37,08,975	38,69,000	19
35.—Industries	66,51,131	22,078	7,241	68,80,450	84,87,000	20
36.—Aeriation	1,16,932	13,826	1,260	1,32,017	16,07,000	21
37.—Miscellaneous Departments	23,30,361	—3,626	—748	23,26,087	6,90,000	22
37-A.—Indian Stores Department					18,94,000	23
TOTAL	9,91,66,075	63,99,638	20,02,728	10,76,68,431	10,36,78,000	24
Currency and Mint—						
38.—Currency	28,66,706	18,98,796	6,33,608	53,99,110	30,40,000	25
39.—Mint	16,67,661	62,361	17,164	17,47,186	16,66,000	26
TOTAL	45,34,367	19,61,157	6,50,772	70,46,309	47,06,000	27
Civil Works—						
41.—Civil Works	1,58,49,179	1,48,031	47,588	1,60,44,806	1,68,47,000	28
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	1,12,063	—	—	1,12,063	1,14,000	29
44.—Territorial and Political Pensions	28,26,914	1,06,410	31,318	29,70,642	29,78,000	30
45.—Superannuation Allowances and Pensions.	36,37,772	1,90,78,893	62,60,310	2,69,66,975	16,14,000	31
46.—Commutative of pensions financed from Ordinary Revenue	19,13,448	11,55,187	3,72,688	34,81,323	26,04,000	32
46.—Stationery and Printing	63,10,864	13,37,234	4,34,918	80,83,016	64,78,000	33
47.—Miscellaneous	1,38,11,061	2,16,66,514	70,02,474	4,25,60,049	1,28,86,000	34
TOTAL	1,38,11,061	2,16,66,514	70,02,474	4,25,60,049	1,28,86,000	35
Military Services—						
48.—Army—						
Effective	39,02,71,737	6,68,15,052	2,15,03,073	47,85,89,862	38,82,23,000	36
Non-effective	3,83,54,628	3,12,29,716	1,02,30,147	7,98,14,491	5,47,04,000	37
48.—Marine	12,66,08,364	9,70,62,708	3,17,35,220	25,54,04,352	41,00,32,000	38
49.—Military Engineer Services	42,48,918	18,60,187	6,12,076	67,21,181	41,66,000	39
49.—Military Engineer Services	4,23,73,000	3,40,662	1,11,000	4,65,26,662	4,43,37,000	40
TOTAL	47,22,28,206	9,92,62,655	3,24,66,306	60,39,57,167	60,84,34,000	41
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	15,64,166	—	—	15,64,166	4,72,000	42
Extraordinary Items—						
52.—Extraordinary Payments	28,76,664	—	—	28,76,664	8,00,000	43
53-A.—Transfers to Revenue Reserve Fund	—	—	—	—	2,62,00,000	44
TOTAL	28,76,664	—	—	28,76,664	2,70,00,000	45
Railway Expenditure as per Railway Budget	17,81,78,334	8,72,78,649	2,46,84,022	28,91,40,005	18,37,62,000	46
TOTAL EXPENDITURE CHARGED TO REVENUE	98,36,73,408	27,61,50,406	9,04,67,841	1,36,01,91,655	133,66,02,000	47

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England—contd.

ESTIMATES, 1926-27.				Increase (+) Decrease (-) as compared with Budget, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (-) as compared with Revised, 1926-27.
Item No.	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	5,69,32,000	1,92,41,000	22,06,61,000	-1,58,54,000	14,18,68,000	5,31,04,000	1,77,02,000	21,26,74,000	-79,87,000
1	...	...	21,78,000	+49,000	21,61,000	...	...	21,61,000	-27,000
2	...	...	6,18,000	-55,000	6,33,000	...	...	6,33,000	+15,000
3	...	...	62,39,000	-5,04,000	91,75,000	...	...	91,75,000	+2,36,000
4	...	...	...	-78,000	...	...	...	...	...
5	...	...	17,68,000	-75,000	18,72,000	...	...	18,72,000	+1,04,000
6	29,99,000	10,14,000	40,13,000	-75,000	...	34,99,000	11,66,000	46,65,000	+6,52,000
7	2,78,000	94,000	64,90,000	-97,000	64,87,000	2,96,000	99,000	68,84,000	+3,64,000
8	36,000	12,000	14,61,000	-3,64,000	13,40,000	65,000	19,000	14,17,000	-44,000
9	26,000	9,000	39,21,000	+1,91,000	39,74,000	38,000	13,000	40,25,000	+1,04,000
10	1,47,000	60,000	93,27,000	-2,03,000	70,47,000	2,04,000	68,000	73,19,000	-20,08,000
11	3,47,000	1,10,000	85,35,000	-5,43,000	31,15,000	3,81,000	1,27,000	36,23,000	+86,000
12	6,85,000	2,32,000	33,00,000	-3,39,000	24,80,000	6,85,000	2,26,000	33,94,000	+94,000
13	7,82,000	2,04,000	3,29,44,000	-3,39,000	1,34,72,000	6,85,000	2,99,000	1,46,52,000	-1,82,92,000
14	...	...	...	+31,000	2,43,63,000	...	...	2,43,66,000	+3,43,000
15	7,51,000	2,54,000	87,67,000	-51,000	87,90,000	6,39,000	2,80,000	99,09,000	+11,42,000
16	7,100	24,000	38,27,000	-25,000	51,99,000	74,000	26,000	62,98,000	+14,71,000
17	1,97,000	67,000	30,49,000	-1,30,000	27,02,000	1,66,000	65,000	29,23,000	-1,26,000
18	1,06,000	35,000	17,97,000	-2,93,000	15,31,000	62,000	28,000	16,41,000	-1,56,000
19	1,25,000	42,000	27,50,000	+5,73,000	28,98,000	1,08,000	36,000	30,40,000	+3,10,000
20	30,000	10,000	54,97,000	+11,67,000	7,74,000	48,000	16,000	6,38,000	-76,58,000
21	3,000	1,000	16,11,000	-1,09,000	3,96,000	3,000	1,000	4,00,000	-11,11,000
22	2,23,000	75,000	11,67,000	-1,09,000	9,37,000	2,25,000	75,000	12,37,000	+1,63,000
23	...	...	16,94,000	...	17,07,000	...	...	17,07,000	...
24	67,84,000	22,93,000	11,27,53,000	-17,77,000	10,30,01,000	76,03,000	25,36,000	11,31,39,000	+3,86,000
25	23,35,000	7,99,000	61,64,000	+62,000	31,56,000	17,62,000	5,94,000	55,32,000	-4,32,000
26	63,000	16,000	16,27,000	-95,000	16,76,000	66,000	19,000	19,53,000	+3,26,000
27	23,84,000	8,07,000	77,91,000	-83,000	50,32,000	18,40,000	6,13,000	74,56,000	-3,06,000
28	1,33,000	45,000	1,90,25,000	+10,14,000	1,66,09,000	67,000	22,000	1,66,98,000	-23,27,000
29	...	...	1,14,000	+54,000	...	...	...	...	-1,14,000
30	1,11,000	38,000	31,35,000	+83,000	28,97,000	1,11,000	37,000	30,45,000	-60,000
31	1,56,46,000	65,02,000	2,64,62,000	+4,75,000	11,96,000	1,63,21,000	61,07,000	2,56,24,000	-8,38,000
32	...	...	...	...	5,13,000	...	...	5,13,000	+5,13,000
33	5,32,000	1,76,000	32,03,000	-2,94,000	25,73,000	7,27,000	2,42,000	35,42,000	+3,40,000
34	13,81,000	4,67,000	73,23,000	+2,67,000	63,07,000	12,63,000	4,21,000	69,91,000	-3,32,000
35	3,08,00,000	69,83,000	4,02,26,000	+5,95,000	1,24,66,000	2,04,32,000	66,07,000	3,97,15,000	-6,11,000
36	6,20,37,000	2,09,67,000	46,82,32,000	+1,16,27,000	35,29,61,000	5,96,44,000	1,98,48,000	43,23,53,000	-3,58,79,000
37	3,54,47,000	1,19,80,000	8,21,31,000	-23,46,000	3,62,86,000	3,65,69,000	1,19,63,000	6,31,39,000	+10,07,000
38	9,74,54,000	3,29,47,000	55,03,63,000	+92,79,000	36,82,47,000	6,54,33,000	3,16,11,000	51,54,91,000	-3,46,72,000
39	19,00,000	6,63,000	67,68,000	-10,82,000	49,88,000	23,04,000	7,66,000	80,60,000	+13,72,000
40	4,00,000	1,36,000	4,82,72,000	+20,57,000	4,32,65,000	3,25,000	1,06,000	4,36,96,000	-11,74,000
41	9,98,44,000	3,37,45,000	60,20,23,000	+1,02,44,000	43,65,00,000	9,80,62,000	3,26,67,000	56,72,49,000	-3,47,74,000
42	...	...	4,72,000	-1,28,000	...	...	...	...	-4,72,000
43	...	...	5,00,000	...	7,00,000	...	...	7,00,000	+2,00,000
44	...	...	7,82,04,000	+2,82,04,000	...	...	...	...	-2,82,04,000
45	...	...	2,87,04,000	+2,87,04,000	7,00,000	...	...	7,00,000	-3,80,04,000
46	5,52,45,000	2,91,68,000	28,80,93,000	-2,63,63,000	17,75,87,000	8,50,11,000	2,93,37,000	29,49,05,000	+2,69,12,000
47	27,39,84,000	8,22,62,000	1,29,97,49,000	-40,15,000	89,37,53,000	38,91,08,000	8,97,03,000	1,25,26,55,000	-4,71,53,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,27,46,02,115	4,42,72,029	1,31,88,74,144
Exchange added to Revenue	1,41,21,514	...	1,41,21,514
TOTAL	1,28,87,23,629	4,42,72,029	1,33,32,98,658
Railway Capital not charged to Revenue—			
As per Railway Budget	21,50,537	55,65,000	77,15,537
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 per cent. Stock . . . . .	...	94,137	
5½ per cent. Stock . . . . .	...	10,49,276	
4½ per cent. Stock . . . . .	...	9,15,247	
<i>Rupce Debt—</i>			
New Rupce Loan . . . . .	...	...
5½ per cent. Bonds, 1923	500	...	
5 per cent. Bonds, 1935	4,72,65,800	...	
5 per cent. Loan, 1945-55	25,88,51,300	...	
4 per cent. Loan, 1960-70 . . . . .	...	...
3½ per cent. Loans . . . . .	...	...
TOTAL	30,61,17,000	20,59,200	30,81,76,800
Floating Debt—			
Treasury Bills—			
Issued to Public	85,000	...	
Issued to Paper Currency Reserve	49,85,00,000	...	
TOTAL	49,85,05,000	...	49,85,05,000
Carried over	2,09,38,29,766	5,18,96,229	

* Sterling converted into Rupces at £1 = Rs. 10.

BUDGET FOR 1927-28.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,24,93,05,000 1,27,42,000	3,77,01,000 ...	1,28,70,06,000 1,27,42,000	1,22,12,07,000 78,40,000	2,35,18,000 ...	1,24,47,25,000 78,40,000
1,26,20,47,000	3,77,01,000	1,29,97,48,000	1,22,90,47,000	2,35,18,000	1,25,25,65,000
...	...	...	64,73,000	1,94,19,000	2,58,92,000
...	1,02,000		...	...
...	11,16,000		...	11,87,000	
...	9,66,000		...	10,19,000	
...	...		27,00,00,000	...	
...	
...	
...	
29,49,71,000	...		...	...
22,44,000	...		15,40,000	...	
29,72,15,000	21,84,000	29,93,99,000	27,15,40,000	22,06,000	27,37,46,000
49,65,00,000	...		41,47,00,000	...	
49,65,00,000	...	49,65,00,000	41,47,00,000	...	41,47,00,000
2,65,67,62,000	3,98,85,000		1,92,17,60,000	4,51,43,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1924-26.		
	India.	England.	TOTAL.
	Ra.	Ra.	Ra.
Brought forward	2,09,38,29,766	5,18,96,229	
Unfunded Debt—			
Deposits of Service Funds	11,56,082	2,65,372	
Post Office Cash Certificates	9,55,56,358	...	
Savings Bank Deposits	23,19,51,436	3,26,152	
TOTAL	37,86,73,876	5,91,524	37,92,65,400
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,18,57,894	...	
Other Funds	9,01,46,169	...	
Sinking Funds for Central Loans	97,21,000	...	
Other appropriations for Reduction or Avoidance of Debt	4,00,04,353	...	
Sinking Fund Investment Account . . . . .	...	...
Sinking Funds for loans granted to local bodies	3,51,674	...	
Gold Standard Reserve . . . . .	...	50,40,81,657	
Paper Currency Reserve . . . . .	...	1,04,64,39,715	
Deposits of Branch Line Companies	6,44,214	...	
Posts and Telegraphs Depreciation Fund	33,54,573	...	
Provincial Loans Fund	15,23,75,989	...	
Departmental and Judicial Deposits	91,20,65,946	...	
Advances	17,49,10,144	25,96,918	
Discount Sinking Fund . . . . .	...	...
Suspense	10,81,10,240	1,62,66,936	
Exchange on Remittance Accounts . . . . .	...	...
Miscellaneous	35,51,459	34,70,983	
Revenue Reserve Fund . . . . .	...	...
TOTAL	1,64,70,93,655	1,57,28,56,209	3,21,99,49,864
Railway Depreciation and Reserve Funds as per Railway Budget	14,46,18,972	...	14,46,18,972
Carried over	4,26,42,16,269	1,62,53,43,962	

* Sterling converted into Rupees at £1 = Ra. 10;

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,05,57,62,000	3,98,85,000		1,92,17,60,000	4,51,43,000	
11,18,000	4,25,000		11,18,000	3,37,000	
7,81,00,000			7,20,00,000		
29,10,17,000	3,20,000		30,05,73,000	3,26,000	
37,86,15,000	7,45,000	37,93,60,000	37,36,91,000	6,57,000	37,43,48,000
15,61,61,000	...		14,41,99,000	...	
9,46,84,000	...		9,35,36,000	...	
1,43,56,000	...		1,48,52,000	...	
3,61,11,000	...		3,75,76,000	...	
52,15,000	...		...	...
3,66,000	...		3,80,000	...	
...	33,41,67,000		...	25,16,09,000	
...	11,53,53,000		...	10,00,00,000	
13,87,000	...		...	6,62,000	
33,74,000	...		...	36,68,000	
11,87,39,000	...		...	10,33,81,000	
87,67,58,000	...		...	87,32,51,000	
17,00,78,000	6,06,000		...	15,30,85,000	3,98,000
...	...		...	4,37,000	...
6,51,27,000	1,83,53,000		...	1,62,14,000	1,65,53,000
10,41,25,000	...		...	...	...
8,54,17,000	1,11,15,000		...	2,00,000	1,07,24,000
2,82,04,000	...		...	...	...
1,76,61,50,000	1,27,59,94,000	3,04,57,46,000	1,44,15,09,000	38,12,84,000	1,82,27,93,000
11,04,11,000	...	11,04,11,000	13,11,58,000	...	13,11,58,000
4,31,09,40,000	1,32,02,24,000		3,86,81,18,000	42,70,84,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,28,42,16,269	1,62,53,43,962	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	...	...
Other Loans and Advances	1,00,44,869	...	
TOTAL	1,00,44,869	...	1,00,44,869
Remittances—			
Remittances within India—			
Inland Money Order	91,89,22,023	...	
Other Local Remittances	...	...
Other Departmental Accounts	700	...	
Net Receipts by Civil Treasuries from—			
Railways	12,14,99,145	...	
Posts and Telegraphs	6,79,13,189	...	
Net Receipts from Civil Treasuries by—			
Marine	35,08,848	...	
Army and Military Engineer Services	89,64,42,513	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	1,97,58,230	
Other transactions	1,67,14,660	2,45,26,718	
Remittances from India for financing			
Home Treasury	...	46,31,65,000	
Sale of Sterling	...	...
Transfers through the Paper Currency Reserve	9,00,25,714	...	
TOTAL	1,61,50,26,790	50,74,49,948	2,12,24,76,738
Balances of Provincial Governments	5,86,09,409	...	5,86,09,409
TOTAL RECEIPTS	5,94,78,97,337	2,13,27,93,910	
Opening Balance	31,73,60,743	13,51,68,257 ^(a)	
GRAND TOTAL	6,26,52,58,080	2,26,79,62,167	

^a Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, Rs. 31,800 represents the funds of the Gold Standard Reserve.

NEW DELHI,
FINANCE DEPARTMENT ;
The 31st March 1927.

BUDGET FOR 1927-28.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,31,09,40,000	1,32,02,24,000		3,86,81,18,000	42,70,84,000	
1,54,72,000	...		77,76,000	...	
1,54,72,000	...	1,54,72,000	77,76,000	...	77,76,000
94,00,00,000	...		96,02,00,000	...	
36,27,000	...		6,25,000	...	
4,10,06,000	...		3,37,35,000	...	
5,26,20,000	...		6,58,08,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,94,000	...	
38,99,23,000	...		38,70,56,000	...	
...	1,37,00,000		...	1,04,50,000	
49,47,000	3,05,92,000		49,31,000	2,50,50,000	
...	5,50,00,000		...	35,50,00,000	
1,42,50,000	...		...	...
...	23,42,50,000		...	...
1,50,24,53,000	33,35,42,000	1,83,59,95,000	1,49,16,29,000	39,05,00,000	1,88,21,29,000
...
5,82,88,65,000	1,65,37,66,000		5,36,75,23,000	81,75,84,000	
25,14,88,041	(b) 15,04,63,055		24,73,44,041	(b) 5,24,32,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,67,041	87,00,16,055	

* Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, Rs. 8,349 represents the funds of the Gold Standard Reserve.

M. F. GAUNTLETT,
Auditor General.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1927-28.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	93,35,72,485	27,61,40,405	1,20,97,12,890
Exchange charged as Expenditure	9,04,67,581	...	9,04,67,581
TOTAL	1,02,40,40,066	27,61,40,405	1,30,01,80,471
Irrigation, Posts and Tele- graphs and other Capital not charged to Revenue—			
CAPITAL OUTLAY ON SECURITY PRINTING	12,92,866	3,46,752	16,39,618
CONSTRUCTION OF IRRIGATION WORKS .	—96,675	...	—93,675
CAPITAL OUTLAY ON POSTS AND TELE- GRAPHS	2,12,49,587	11,04,552	2,23,54,139
CAPITAL OUTLAY ON VIZAGAPATAM PORT	56,10,892	7,85,861	64,76,753
CURRENCY CAPITAL OUTLAY . . . . .	...	...	...
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	96,42,819	2,63,365	99,06,184
PAYMENT OF COMMUTED VALUE ON PENSIONS . . . . .	...	...	...
TOTAL	3,77,79,449	25,00,530	4,02,80,019
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	12,82,92,916	10,67,52,482	23,40,85,378
Public Debt Discharged—			
Permanent Debt—			
<i> Sterling Debt—</i>			
7 p. c. Stock . . . . .	...	...	...
State Railway annuities . . . . .	...	1,30,23,830	...
Do. Do. Sinking Funds . . . . .	...	80,41,000	...
Redemption of liabilities assumed in res- pect of British War Loan (1929-47) . . . . .	...	48,76,819	...
<i> Rupee Debt—</i>			
6 p. c. Bonds, 1926	17,84,40,800	...	...
Do. Do. 11 27	7,40,88,700	...	...
Other 6 p. c. Bonds . . . . .	...	...	...
5½ p. c. War Bonds, 1928	3,67,71,150	...	...
Other 5½ p. c. War Bonds	3,55,59,325	...	...
5 p. c. War Loan, 1929-47	1,51,500	...	...
Do. Loan, 1945-55	9,00,000	...	...
4 p. c. Terminable Loan	96,100	...	...
Other Loans	1,57,022	...	...
TOTAL	32,99,70,377	2,15,41,849	34,75,12,226
Carried over	1,51,70,22,948	40,69,35,046	

BUDGET FOR 1927-28.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,45,02,000	27,29,84,000	1,20,74,86,000	89,37,53,000	26,91,09,000	1,16,28,62,000
9,22,62,000	...	9,22,62,000	8,97,03,000	...	8,97,03,000
<u>1,02,67,64,000</u>	<u>27,29,84,000</u>	<u>1,29,97,48,000</u>	<u>98,34,56,000</u>	<u>26,91,09,000</u>	<u>1,25,25,65,000</u>
15,82,000	86,000	16,68,000	12,000	...	12,000
—76,000	...	—76,000	16,000	...	16,000
21,59,000	9,76,000	31,35,000	49,21,000	8,81,000	58,02,000
28,64,000	9,50,000	38,14,000	36,93,000	2,50,000	39,43,000
8,55,000	6,000	8,61,000	14,50,000	4,33,000	19,23,000
72,73,000	2,27,000	75,00,000	66,58,000	3,42,000	70,00,000
35,00,000	...	35,00,000	33,35,000	...	33,35,000
<u>1,81,57,000</u>	<u>22,45,000</u>	<u>2,04,02,000</u>	<u>2,01,25,000</u>	<u>19,06,000</u>	<u>2,20,31,000</u>
<u>18,41,54,000</u>	<u>11,21,89,000</u>	<u>29,63,43,000</u>	<u>17,32,97,000</u>	<u>10,98,89,000</u>	<u>28,31,86,000</u>
...	99,91,000	...	...	...	...
...	1,31,72,000	...	...	1,39,39,000	...
...	20,00,000	...	...	20,00,000	...
...	51,20,000	...	...	53,76,000	...
19,75,36,000	...	...	28,00,000	...	...
—2,39,22,000	...	...	17,50,00,000	...	...
2,000	...	...	...	...	...
1,01,00,000	...	...	...	...	...
10,09,000	...	...	5,40,000	...	...
...
2,000	...	...	...	...	...
60,000	...	...	50,000	...	...
26,74,000	...	...	18,00,000	...	...
<u>23,33,05,000</u>	<u>3,05,83,000</u>	<u>26,58,88,000</u>	<u>18,01,90,000</u>	<u>2,13,15,000</u>	<u>20,15,05,000</u>
<u>1,46,43,80,000</u>	<u>41,60,01,000</u>	<u> </u>	<u>1,35,70,88,000</u>	<u>40,22,19,000</u>	<u> </u>

* Sterling converted into Rupees at £1 = Rs. 19.

C.—Statement of Receipts and Disbursements of the

ACCOUNTS, 1927-28.			
	India.	England.	TOTAL.
	Ra.	Ra.	Ra.
Brought forward	1,51,70,22,848	40,69,35,046	
Floating Debt—			
Treasury Bills—			
Issued to Public	60,000	...	
Do. Paper Currency Reserve	49,65,00,000	...	
TOTAL	49,65,60,000	...	49,65,60,000
Unfunded Debt—			
Special Loans	2,18,210	...	
Deposits of Service Funds	14,85,027	23,205	
Post Office Cash Certificates	1,70,69,894	...	
Savings Bank Deposits	22,58,29,601	88,927	
TOTAL	24,46,02,732	1,12,132	24,47,14,864
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	14,85,29,652	...	
Other Funds	8,74,78,465	...	
Sinking Funds for Central Loans	47,438	...	
Sinking Fund Investment Account	97,22,357	...	
Gold Standard Reserve	...	50,41,05,269	
Paper Currency Reserve	...	1,04,64,39,715	
Deposits of Branch Line Companies	2,52,767	...	
Posts and Telegraphs Depreciation Fund	33,790	...	
Provincial Loans Fund	15,03,47,051	...	
Departmental and Judicial Deposits	91,19,66,887	...	
Advances	17,34,02,927	49,32,885	
Discount Sinking Fund	...	...
Suspense	57,66,084	1,64,79,026	
Exchange on Remittance Accounts	4,09,91,786	...	
Miscellaneous	1,55,19,256	85,60,010	
Revenue Reserve Fund	...	...
TOTAL	1,54,40,58,460	1,58,05,16,905	3,12,45,75,365
Railway Depreciation and Reserve Funds as per Railway Budget	8,45,19,968	...	8,45,19,968
Carried over	3,58,67,64,008	1,98,75,64,083	

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,46,43,80,000	41,80,01,000		1,35,70,68,000	40,22,19,000	
15,000	...		...	...
57,83,00,000	...		41,47,00,000	...	
57,83,15,000	...	57,83,15,000	41,47,00,000	...	41,47,00,000
20,000	...		20,000	...	
14,69,000	20,000		14,62,000	20,000	
1,76,00,000	...		1,80,00,000	...	
23,30,75,000	1,00,000		23,83,77,000	1,00,000	
25,21,64,000	1,20,000	25,22,84,000	25,78,89,000	1,20,000	25,80,09,000
15,61,74,000	...		14,23,70,000	...	
9,30,62,000	...		9,11,10,000	...	
...	
1,66,51,000	...		1,48,52,000	...	
...	33,41,67,000		...	25,16,09,000	
7,95,72,000	91,53,53,000		...	10,00,00,000	
7,14,000	...		...	...
44,000	...		10,01,000	...	
11,95,28,000	...		81,000	...	
87,83,21,000	...		10,41,20,000	...	
16,56,20,000	2,44,000		87,20,53,000	...	
3,53,7,000	...		14,62,55,000	1,15,000	
2,53,00,000	1,77,50,000		...	...
...	...		1,60,65,000	1,64,90,000	
10,35,000	1,12,94,000		52,10,000	...	
...	...		...	1,07,60,000	
...	...		1,71,65,000	...	
1,57,44,18,000	1,27,88,08,000	2,85,32,26,000	1,41,03,12,000	38,09,94,000	1,79,13,06,000
8,07,06,000	...	8,07,06,000	9,00,00,000	...	9,00,00,000
3,64,99,83,000	1,69,69,29,000		3,52,99,69,000	78,33,33,000	

* Sterling converted into Rupees at £1 = Rs. 10.

BUDGET FOR 1927-28.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1927-28.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,88,87,64,008	1,93,75,64,083	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	8,17,24,000	...	
Other Loans and Advances	1,75,65,477	...	
TOTAL	9,92,89,477	...	9,92,89,477
Remittances—			
Remittances within India—			
Inland Money Orders	91,91,02,219	...	
Other Local Remittances	16,37,772	...	
Other Departmental Accounts	69,00,139	...	
Net Payments into Civil Treasuries by—			
Railways	12,23,99,092	...	
Posts and Telegraphs	8,80,21,207	...	
Net Issues from Civil Treasuries to—			
Marine	85,02,168	...	
Army and Military Engineer Services	39,39,54,344	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	1,98,30,170	...	
Other transactions	2,92,04,445	1,33,25,248	
Remittances from India for financing Home Treasury	46,31,65,000	...	
Sale of Sterling	...	...
Transfers through the Paper Currency Reserve	...	9,00,25,714	
TOTAL	2,02,77,16,554	10,33,50,962	2,13,10,67,516
Balances of Provincial Governments	...	2,65,84,067	2,65,84,067
TOTAL DISBURSEMENTS	6,01,37,70,039	2,11,74,99,112	
Closing Balance	25,14,88,041	(a) 18,04,63,055	
GRAND TOTAL	6, 6,52,58,080	2,26,79,62,167	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, Rs. 31,850 represents the funds of the Gold Standard Reserve.

H. DENNING,
Controller of the Currency.

Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1926-27.			BUDGET ESTIMATE, 1927-28.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,94,99,83,000	1,69,69,29,000		3,52,99,69,000	78,33,33,000	
4,81,39,000	...		1,23,78,000	...	
1,92,78,000	...		2,57,00,000	...	
6,74,17,000	...	6,74,17,000	3,80,78,000	...	3,80,78,000
94,02,50,000	...		96,04,50,000	...	
31,68,000	...		6,47,000	...	
3,49,64,000	...		3,44,27,000	...	
5,26,20,000	...		6,58,03,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,94,000	...	
38,93,23,000	...		38,70,56,000	...	
1,37,00,000	...		1,04,50,000	...	
2,28,24,000	1,25,53,000		1,81,60,000	1,22,52,000	
5,50,00,000	...		35,50,00,000	...	
...	1,42,50,000		...	...
23,42,50,000	...		...	...
1,80,27,79,000	2,68,03,000	1,82,95,82,000	1,87,13,72,000	1,22,52,000	1,88,36,24,000
1,28,30,000	2,80,65,000	4,08,95,000	2,75,48,000	2,43,41,000	5,18,92,000
5,83,30,09,000	1,75,17,97,000		5,46,69,67,000	81,99,29,000	
24,73,44,041	(b) 5,24,32,055		14,78,00,041	(b) 5,00,87,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,77,041	87,00,16,055	

*Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, Rs. 8,249 represents the funds of the Gold Standard Reserve.

A. F. L. BRAYNE,
Secretary to the Government of India.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1925-26.		REVISED ESTIMATE, 1926-27.		BUDGET ESTIMATE, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	46,96,18,017	...	46,96,64,000	...	47,66,46,000	...
Taxes on Income	15,27,21,637	...	15,22,71,000	...	16,26,57,000	...
Salt	5,07,90,619	...	5,46,43,000	...	5,73,51,000	...
Opium	2,08,52,437	...	3,11,90,000	...	2,92,40,000	...
Other Heads	1,52,03,907	...	1,68,02,000	...	1,70,43,000	...
TOTAL	70,86,88,517	...	72,35,70,000	...	74,48,26,000	...
Salt and other Capital Outlay charged to Revenue . . . . .	...	7,18,044	...	8,39,000	...	18,78,000
Irrigation . . . . .	...	8,11,956	...	6,79,000	...	8,34,000
Railways	5,49,08,509	...	6,00,67,000	...	5,48,08,000	...
Posts and Telegraphs	1,88,24,990	...	...	29,68,000	...	26,54,000
Debt Services . . . . .	...	14,12,29,373	...	12,87,21,000	...	12,68,31,000
Civil Administration . . . . .	...	9,96,50,738	...	10,46,53,000	...	10,47,18,000
Currency and Mint	3,98,77,688	...	3,39,78,000	...	1,73,85,000	...
Civil Works . . . . .	...	1,47,56,633	...	1,75,34,000	...	1,49,83,000
Miscellaneous . . . . .	...	3,71,42,127	...	3,45,29,000	...	3,50,34,000
Military Services . . . . .	...	55,99,85,654	...	58,58,00,000	...	54,92,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	6,06,40,677	...	5,12,69,000	...	...	...
Extraordinary Items	37,80,300	...	...	2,38,01,000	1,80,66,000	...
TOTAL	87,64,12,711	88,32,94,826	86,99,24,000	86,69,24,000	83,50,64,000	86,50,64,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*contd.*

Revenue and Expenditure.	ACCOUNTS, 1925-26.		REVISED ESTIMATE, 1926-27.		BUDGET ESTIMATE, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus	8,31,18,187	...	...	...	...	...
Capital Account—						
Capital outlay on Security Printing . . . . .	...	16,39,618	...	16,68,000	...	12,000-
Construction of Irrigation Works . . . . .	...	-96,675	...	-76,000	...	16,000-
Capital outlay on Posts and Telegraphs . . . . .	...	2,23,54,139	...	31,35,000	...	68,02,000
Capital outlay on Vizagapatam Port . . . . .	...	64,76,753	...	38,14,000	...	38,43,000-
Currency Capital outlay . . . . .	...	...	...	8,61,000	...	19,23,000
Initial expenditure on new Capital at Delhi . . . . .	...	99,03,184	...	75,00,000	...	70,00,000-
Payment of commuted value of pensions . . . . .	...	...	...	35,00,000	...	33,35,000-
Railway Capital not charged to Revenue . . . . .	...	22,73,69,841	...	29,03,43,000	...	35,72,94,000-
Debt, Deposits, Advances and Remittances—						
Permanent Debt . . . . .	...	4,03,35,236	3,85,11,000	...	7,22,41,000	...
Floating Debt . . . . .	...	25,000	...	8,13,15,000	...	...
Unfunded Debt	13,45,50,536	...	12,70,76,000	...	11,63,39,000	...
Deposits and Advances	15,54,73,508	...	22,32,25,000	...	7,56,45,000	...
Loans and Advances by Central Government . . . . .	...	8,93,44,608	...	5,19,45,000	...	3,03,02,000-
Remittances . . . . .	...	55,90,778	64,13,000	...	...	14,95,000-
Balances of Provincial Governments	3,30,25,343	...	...	4,03,95,000	...	5,16,92,000
Opening Balance	45,25,38,000	...	40,19,51,096	...	29,97,76,096	...
Closing Balance . . . . .	...	40,19,51,096	...	29,97,76,096	...	19,79,97,096
TOTAL	60,76,96,568	60,76,96,568	79,11,76,096	79,11,76,096	56,10,01,096	56,10,01,096

M. F. GAUNTLETT,

Auditor General.

NEW DELHI.

FINANCE DEPARTMENT;

The 31st March 1927.

H. DENNING,

Controller of the Currency. Secretary to the Government of India.

A. F. L. BRAYNE,

Explanatory Memorandum by the Financial Secretary.

(All figures in this memorandum are in lakhs of rupees unless expressly stated otherwise.)

The following table compares the actual revenue and expenditure of the Government of India in the year 1925-26 with the estimates :—

	Budget.	Revised.	Accounts.
Revenue	1,30,67-97	1,31,35-25	1,33,32-98
Expenditure	1,30,43-84	1,30,04-87	1,30,01-80
Surplus	24-13	1,30-38	3,31-18

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

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

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

3. The details of estimates for 1923-27 and 1927-28 are explained in the following paragraphs.

CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net Revenue.
1923-24	39,63-64	71-36	38,92-28
1924-25	45,75-31	77-12	44,98-19
1925-26	47,77-95	81-77	46,96-18
1926-27 {	Budget	85-43	45,54-52
	Revised	83-07	46,86-64
1927-28 Budget	48,73-37	87-91	47,85-46

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

5. The Budget estimate of revenue for 1927-28 exceeds the revised estimate for the current year by about 1,04 lakhs. The real improvement is as much as 1,86 lakhs but allowance has had to be made for deterioration in revenue as follows :—

Loss in protective duties as a result of the measures embodied in the Steel Industry (Protection) Act	40
Loss resulting from the abolition of the export duty on tea (paragraph 39 of the Budget speech)	50
Loss resulting from the reduction in the import duty on motor-cars, etc., (paragraph 40 of the Budget speech)	10
Total loss	1,00
Gain resulting from the increase in the import duty on unmanufactured tobacco (paragraph 43 of the Budget speech)	18
Net loss	82

The proposal to abolish the export duty on hides referred to in paragraph 38 of the Budget speech was not accepted by the Legislative Assembly. For the rest, the main variations from the revised estimate are an improvement of 50 lakhs under cotton piece-goods, which will raise the yield from this source to 7 crores which was assumed in the original estimate for the current year; and of 30 lakhs under protective duties on steel the greater part of which is due to the inevitable throw-forward from the current year following on the introduction of the Steel Industry (Protection) Bill which has since been passed into law; and a fall of 25 lakhs in sugar from the record figure of 6,95 lakhs expected to be reached in the current year.

6. The details are as follows :—

	Accounts, 1925-26.	Accounts, 1926-26.	Accounts, 1926-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
REVENUE						
SEA CUSTOMS						
Imports.						
<i>Non-protective Special Duties.</i>						
Liquors—						
(a) Ale, Beer, Porter, Cider and other fermented Liquors	14'00	18'23	18'01	18'00	19'60	20'30
(b) Spirits and Liqueurs	2,00'88	2,19'99	2,21'80	2,10'00	2,20'83	2,41'19
(c) Wines	11'23	14'10	14'07	14'00	15'11	16'20
Sugar, all sorts	2,27'28	4,76'80	6,47'41	4,70'00	6,96'00	6,70'00
Tobacco	1,97'68	1,73'72	1,84'81	1,78'00	1,75'00	1,98'00
Coal, coke and patent fuel	3'03	3'43	3'08	3'40	1'80	3'35
Mineral oils	1,27'79	1,43'39	1,54'67	1,46'00	1,23'80	1,37'75
Arms, Ammunition and Military Stores	8'28	8'64	8'80	9'00	8'01	8'05

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
Imports—contd.						
Opium	08	03	02	—	— 08	08
Cotton yarn and thread	42'74	51'41	43'38	46'00	37'30	39'30
Cotton piece-goods	6,16'12	7,73'78	6,08'55	7,00'00	6,50'00	7,00'00
Silk mixtures . . . . .	...	...	3'80	4'50	5'84	6'53
Matches	} 1,36'01	} 1,25'86	} 1,16'30	} 1,12'00	} 96'20	} 92'00
Match Splints and Veneers						
<i>Duty at 2½ per cent.</i>						
Machinery	55'83	42'86	43'86	44'00	37'74	43'28
Other articles	1'54	1'16	0'87	1'00	0'56	0'73
<i>Duty at 10 per cent.</i>						
Metals—Iron and Steel	1,72'11	84'12	43'30	40'00	41'96	43'20
Railway plant and rolling stock	62'56	47'40	38'63	37'00	27'61	40'00
Other articles	6'53	1'65	1'42	2'00	1'43	1'75
<i>Duty at 15 per cent.</i>						
Articles of Food and Drink (excluding sugar and vinegar)	1,27'43	1,39'15	1,59'53	1,56'00	1,78'88	1,87'26
Raw materials and articles mainly unmanufactured	65'78	63'86	69'73	74'00	65'99	67'50
Articles wholly or mainly man- ufactured—						
(a) Cutlery, hardware, imple- ments and instruments	1,13'50	1,19'97	1,29'42	1,30'00	1,34'54	1,37'72
(b) Metals other than Iron and Steel	95'58	1,12'97	1,10'31	1,10'00	1,00'84	1,09'80
(c) Yarns and textile fabrics (other than cotton man- ufactures)	1,03'87	1,42'91	1,44'20	1,45'00	1,71'76	1,69'10
(d) All other articles wholly or mainly manufactured	3,76'33	3,99'48	3,99'84	4,00'00	4,25'21	4,29'27
Miscellaneous	53'07	56'46	55'67	55'00	59'98	59'50
<i>Duty at 30 per cent.</i>						
Motor cars and cycles	74'13	79'44	1,05'30	1,05'00	1,10'59	1,06'39
Silk piece-goods and other manu- factures of silk	51'55	30'05	78'16	80'00	77'43	82'05
Pneumatic rubber tyres and tubes	29'23	27'69	46'08	50'00	37'68	43'09
Other articles	96'72	96'59	1,03'73	1,05'00	1,08'99	1,14'61

	Accounts, 1925-26.	Accounts, 1926-27.	Accounts, 1927-28.	1927-28.		Budget, 1927-28.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
<i>Protective Special Duties</i>						
Coal tubs			1 08			
Iron and Steel . . . . .	...	2,25 77	2,81 87	2,35 00	2,25 00	2,75 00
Railway track material			9 08			
Paper and Stationery . . . . .	...	...	12 76	20 00	24 22	24 22
Portland cement . . . . .	...	...	...	...	6 70	7 02
Printer's Ink . . . . .	...	...	...	...	32	32
<i>Government stores.</i>						
Railway plant and rolling stock . . . . .	...	60 50	1,03 65	1,00 00	99 44	1,02 40
TOTAL IMPORTS	31,77 81	29,00 60	39,31 90	39,18 00	40,16 04	41,29 19
Export duties—						
(a) Hides and skins, raw	25 23	26 75	31 74	35 00	30 17	30 00
(b) Jute (raw and manufactured)	3,67 50	3,75 04	3,68 05	3,60 00	3,66 45	3,60 00
(c) Rice	1,18 22	1,23 07	1,40 81	1,36 00	1,15 26	1,31 05
(d) Tea	80 06	49 13	46 00	82 00	47 78	...
(e) Government Stores . . . . .	...	06	03	...	04	04
Sea Customs—Miscellaneous	11 10	13 50	11 43	12 00	12 00	12 15
Land Customs	18 67	20 64	23 04	22 00	20 88	21 82
Excise Duty on Cotton Manufactures	1,56 52	2,17 67	1,46 60	...	57	...
Excise Duty on Motor Spirit	65 15	78 66	76 62	48 00	90 24	1,00 00
Excise Duty on Kerosene	95 16	98 29	97 88	1,00 00	1,06 00	1,10 00
Warehouse and wharf rents and Miscellaneous	5 29	5 29	5 54	5 00	5 28	5 12
TOTAL RECEIPTS	40,81 11	40,10 68	49,11 93	47,40 00	48,99 71	49,69 37
Deduct—Refunds	1,11 47	2,25 56	1,08 98	1,00 00	1,00 00	96 00
TOTAL REVENUE	39,69 64	37,85 12	48,02 95	46,40 00	47,99 71	48,73 37
EXPENDITURE.						
India	69 47	75 12	60 15	43 54	61 41	66 09
England	1 20	1 45	1 25	1 48	1 24	1 41
Exchange	00	64	40	42	62	47
TOTAL	71 36	77 12	61 77	45 44	63 07	67 97

TAXES ON INCOME.

	Revenue (Receipts less refunds and Provincial Government's share of Income-tax revenue).	Expenditure	Net revenue.
1923-24	18,23-56	62-67	17,60-89
1924-25	16,01-48	60-38	15,41-10
1925-26	15,85-93	58-72	15,27-21
1926-27 { Budget	16,14-67	67-73	15,46-94
{ Revised	15,85-47	62-76	15,22-71
1927-28 Budget	16,95-05	68-48	16,26-57

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

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

9. The following tables give the usual details :—

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1. Madras . . . . .	... 05	06	... 01	... 01	16	... 01
2. Bengal	14	15	... 01	... 01	01	... 01
3. Punjab . . . . .	...	...	...	...	...	...
TOTAL	19	23	01	01	17	01
SUPER-TAX.						
1. India	2-62	1-22	3-07	3-00	2-24	2-15
2. Baluchistan . . . . .	...	...	35	15	40	40
3. N.-W. Frontier . . . . .	... 40	... 24	24	26	53	34
4. Madras	32-79	21-35	22-71	26-00	24-00	25-20
5. Bombay	2,08-90	1,37-24	68-62	67-00	65-00	94-71
6. Bengal	2,04-95	2,25-31	2,54-77	2,41-00	2,41-00	2,61-00
7. United Provinces	22-49	16-53	17-43	20-00	15-30	15-30
8. Punjab	9-77	6-20	6-67	6-00	7-26	6-40
9. Burma	51-41	56-56	57-67	60-00	65-26	70-15
10. Bihar and Orissa	9-55	6-54	4-76	6-00	7-32	6-54
11. Central Provinces	17-24	12-24	6-37	6-50	8-00	8-00
12. Assam	1-13	4-09	3-47	3-00	3-00	5-00
TOTAL	6,17-14	4,79-02	4,65-22	4,66-00	4,59-40	4,90-49

	Accounts, 1925-26.	Accounts, 1926-27.	Accounts, 1926-28.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
REVENUE—contd.						
INCOME-TAX.						
1. India General—						
Civil	31-84	32-43	32-28	29-37	29-87	30-16
Non-Civil Departments	55-00	50-21	55-78	56-23	57-94	61-94
2. Delhi	8-27	8-33	11-44	9-74	10-47	10-48
3. Baluchistan	98	1-07	1-69	1-28	1-96	1-98
4. North-West Frontier	11-47	7-65	9-34	8-39	8-46	8-08
5. Madras	1,57-17	1,18-16	1,29-30	1,36-00	1,34-00	1,39-00
6. Bombay	4,08-79	3,13-10	2,89-07	2,68-00	2,85-00	2,97-00
7. Bengal	2,82-26	2,50-18	2,90-76	2,91-00	2,67-00	2,90-00
8. United Provinces	70-73	64-94	68-31	69-00	67-45	69-70
9. Punjab	77-19	63-33	64-91	74-00	65-17	70-84
10. Burma	1,36-96	1,31-31	1,65-45	1,70-00	1,80-98	1,74-63
11. Bihar and Orissa	39-98	39-43	36-53	40-00	41-44	42-00
12. Central Provinces	46-35	39-39	38-88	34-50	39-53	36-30
13. Assam	13-85	20-06	17-94	18-50	21-16	26-09
14. Coorg	-19	-22	-23	-22	-23	-23
TOTAL	14,10-80	12,40-36	13,00-81	13,08-22	13,10-62	13,68-31
Total Receipts from Taxes on Income	20,28-13	17,19-61	17,66-74	17,71-23	17,70-19	18,67-81
Deduct—Refunds—						
India	1,79-01	96-75	1,48-55	1,36-28	1,48-51	1,48-08
England . . . . .	...	1-21	4-64	4-00	6-00	...
Exchange . . . . .	...	41	1-59	1-58	9-03	...
TOTAL REFUNDS	1,79-01	98-37	1,54-71	1,31-86	1,56-54	1,43-03
Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules	25-87	29-76	26-10	26-00	28-18	30-74
Total Revenue of the Central Gov- ernment	18,23-55	16,01-48	15,86-93	16,14-67	15,86-47	16,86-06
EXPENDITURE.						
India	62-26	59-29	57-63	66-59	61-61	67-34
England	-25	-79	-63	-86	-56	-68
Exchange	-15	-30	-37	-29	-39	-25
TOTAL	62-67	60-38	58-73	67-73	63-76	66-66
Distributed as follows—						
Payments to Provincial Govern- ments	19-55	11-16	3-63	3-74	2-63	2-36
Direct expenditure of Central Government	43-12	49-22	54-10	64-99	60-13	64-13

BUDGET FOR 1927-28.

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Amount of Income-Tax Revenue payable to Provincial Governments.

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
Madras	10.82	1.57	4.27	3.00	3.58	5.46
United Provinces . . . . .	...	...	.03	...	...	...
Punjab	4.24	1.90	3.82	5.12	3.72	3.98
Burma . . . . .	.38	5.90	6.92	9.32	11.06	10.20
Bihar and Orissa	2.55	2.55	2.41	3.06	3.02	4.83
Central Provinces	3.42	2.30	1.36	...	1.50	1.00
Assam	4.16	5.54	5.29	4.50	5.30	5.27
TOTAL	25.67	19.78	26.10	25.00	28.18	30.74

10. The following table shows the distribution by Provinces of the net revenue of the Central Government from Super-tax and Income-tax, after deducting refunds and the share payable to Provincial Governments under the Devolution Rules :—

	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
Madras	1.37	1.51	1.43	1.45
Bombay	3.50	3.26	3.39	3.55
Bengal	5.94	5.96	5.72	6.24
United Provinces	81	87	80	83
Punjab	61	72	64	71
Burma	1.77	1.91	1.91	1.96
Bihar and Orissa	35	38	38	43
Central Provinces	37	37	40	41
Assam	14	16	16	23
Minor Administrations and Non-Civil Departments.	1.06	1.06	1.10	1.14
England (including Exchange)	—6	—5	—8	...
TOTAL	15.86	16.15	15.85	16.95

SALT.

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

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

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

13. Details of revenue and expenditure are given below :—

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	3,24'44	1,42'92	1,20'09	1,77'36	1,56'15	1,73'36
Madras (a)	2,14'17	1,96'99	1,47'72	1,49'10	1,44'98	1,49'68
Bombay (a)	2,28'98	1,75'40	1,53'67	1,64'25	1,63'81	1,66'07
Bengal (b)	1,83'08	2,37'84	1,72'35	1,70'73	1,74'68	1,79'68
Burma (b)	61'76	34'62	34'19	34'30	34'18	34'50
Bihar and Orissa . . . . .	...	...	'01	'01	'01	'01
Assam . . . . .	...	'01	'01	'01	'01	'01
TOTAL RECEIPTS	10,12'38	7,85'78	6,37'04	6,96'76	6,73'49	7,05'31
Defect—Refunds	10'87	46'73	4'07	5'78	5'49	5'22
TOTAL REVENUE	10,01'51	7,39'05	6,32'97	6,90'00	6,70'00	7,00'00
EXPENDITURE.						
Cost of salt purchased by Govern- ment	21'28	14'47	10'25	13'34	14'28	12'64
Assignments and compensations	37'54	36'38	40'27	39'28	38'19	36'24
Interest . . . . .	...	3'01	3'72	4'22	3'92	4'19
Depreciation . . . . .	...	2'00	2'54	3'25	2'63	2'86
Other charges	76'54	63'67	67'91	72'67	64'01	66'17
Capital Outlay on salt works . . . . .	...	7'20	7'16	10'20	5'99	4'86
Total India	1,36'36	1,36'53	1,31'87	1,42'96	1,28'92	1,30'66
England	'63	'68	'28	'54	'40	'64
Exchange	'24	'24	'09	'18	'14	'15
TOTAL	1,36'12	1,37'40	1,32'24	1,43'28	1,29'66	1,31'28

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

OPIUM.

	Provision and medical (less refunds).	Excise opium and miscellaneous.	Total revenue (less refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.	
1923-24 . . .	3,17'37	1,07'45	4,24'82	2,39'13	19'68	2,58'80	1,66'02	
1924-25 . . .	3,74'47	1,05'29	3,79'76	2,14'88	20'75	2,35'63	1,44'19	
1925-26 . . .	2,82'76	1,32'24	4,15'00	1,90'30	31'17	2,11'47	2,03'53	
1926-27 {	Budget . . .	2,90'00	90'00	3,80'00	1,35'00	19'41	1,54'41	2,25'59
	Revised . . .	3,27'41	91'10	4,18'51	90'84	15'77	1,06'61	3,11'90
1927-28 Budget . . .	3,00'07	83'01	3,83'08	75'34	15'25	90'59	2,92'49	

14. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries, and from the sale to Provincial Governments of excise opium for internal consumption in India. The latter is sold to Provincial Governments at a fixed price based on the cost of production, and retailed by them to licensed vendors at rates fixed by them which vary from Province to Province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The entire quantity is now exported under the system of direct sales to Foreign and Colonial Governments, that of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

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

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

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

	Revenue.	Expenditure.	Net revenue.	
1923-24	2,28'56	15'10	2,13'46	
1924-25	2,06'93	43'75	1,63'18	
1925-26	2,12'60	60'57	1,52'03	
1926-27 {	Budget	2,25'43	59'04	1,66'39
	Revised	2,26'42	58'40	1,68'02
1927-28 Budget	2,27'06	56'63	1,70'43	

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

POSTS AND TELEGRAPHS.

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
Gross Receipts	9,90'72	9,97'28	10,21'37	10,64'65	10,61'08	10,79'83
WORKING EXPENSES—						
India	8,61'96	8,62'01	9,38'90	10,09'95	9,97'08	10,18'40
England	18'37	10'93	6'83	5'09	5'91	5'86
Exchange	7'15	4'09	3'23	1'69	2'00	1'82
TOTAL	9,05'48	8,97'03	9,37'96	10,17'50	10,04'99	10,24'08
NET RECEIPTS	65'24	1,00'25	83'41	47'15	46'09	55'75
EXPENDITURE CHARGED TO REVENUE—						
Interest	63'50	68'00	46'38	57'00	63'26	56'81
NET REVENUE	21'36	31'65	37'03	—9'85	—7'17	—7'06
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—50'51	—56'99	—1,40'87	20'03	18'62	20'00
England	12'12	10'45	...	...	...	...
Exchange	5'54	3'53	...	...	...	...
TOTAL	—32'85	—42'71	—1,40'87	20'03	18'62	20'00
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	75'21	1,17'56	2,00'50	44'03	22'39	40'53
England . . . . .	...	...	10'08	12'71	8'41	7'61
Exchange . . . . .	...	...	3'28	4'24	2'91	2'54
TOTAL	75'21	1,17'56	2,13'79	60'97	33'91	50'68
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
Gross Receipts—						
India	17'07	29'36	22'39	23'64	15'30	17'15
England	16'09	8'27	10'58	7'60	16'60	14'60
Exchange	7'66	3'06	3'46	2'60	3'24	4'87
TOTAL	41'42	40'71	36'43	34'04	35'04	36'62
WORKING EXPENSES—						
India	29'29	25'77	31'90	24'09	21'65	32'73
England	1'65	1'69	1'20	1'18	1'17	1'19
Exchange	1'40	1'26	1'39	1'40	1'39	1'39
TOTAL	30'54	29'73	33'49	26'67	23'21	34'30
NET RECEIPTS	10'88	10'99	2'94	—1'63	2'83	2'32
EXPENDITURE CHARGED TO REVENUE—						
Interest . . . . .	...	...	4'31	5'10	5'17	5'29
NET REVENUE	10'88	10'99	—1'37	—6'73	—2'34	—2'97
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—4'29	—4'94	—14'10	3'65	1'54	2'78
England	—1'99	7'35	1'80	1'03	1'07	1'04
Exchange	—1'38	2'58	1'69	1'01	1'02	1'01
TOTAL	—6'66	4'99	—11'71	3'69	1'63	2'81
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India . . . . .	...	...	5'40	—3'65	—4'10	—3'54
England . . . . .	...	...	1'02	1'80	1'15	1'29
Exchange . . . . .	...	...	1'33	1'80	1'39	1'40
TOTAL . . . . .	...	...	9'75	—1'65	—2'55	—1'85

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

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

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

INTEREST RECEIPTS.

	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
India	95.77	74.41	66.53	70.69
England { Interest on temporary investment of cash balances, etc.	48.69	32.03	42.89	21.58
England { Excess of Gold Standard Reserve over £40 millions	1.97.77	1,72.50	1,92.50	1,62.50
Exchange	79.72	68.17	79.56	61.36
Total	4,21.95	3,47.11	3,81.48	3,16.13

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

INTEREST PAYMENTS.

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

BUDGET FOR 1927-28.

	1926-27.			Budget, 1927-28.
	Accounts, 1925-26.	Budget.	Revised.	
<i>Deduct—Amounts charged to—</i>				
Railways	23,14.12	24,38.21	24,46.81	25,82.64
Irrigation	12.07	12.05	12.03	12.04
Posts and Telegraphs	51.26	62.10	59.20	62.77
Other heads	6.46	11.11	10.66	13.80
Provincial Loans Fund	5,20.83	5,29.83	5,34.33	5,36.05
Total deductions	29,04.74	30,53.29	30,63.03	32,07.30
Total Interest on Ordinary Debt (net)	9,07.52	7,40.88	6,76.60	5,37.75
<i>Interest on other obligations—</i>				
On Postal Savings Bank balances	73.99	80.55	79.08	85.14
On Provident Funds	2,04.53	2,37.52	2,33.09	2,29.95
Bonus on Postal Cash Certificates	15.94	15.00	15.40	16.00
On Fixed Deposits of Provincial Governments	6.20	20.00	22.35	25.00
On Reserve and Depreciation Funds	54.68	81.54	63.58	78.26
Other items	74.13	77.64	81.44	90.44
Total	4,29.47	5,12.25	4,94.94	5,24.79
Total Interest payments	13,36.99	12,53.13	11,71.54	10,62.54

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

23. The increase in the gross payments of interest on ordinary debt in India in 1927-28, which is only slightly larger than the corresponding decrease in England, reflects the extent to which sterling debt has been replaced by rupee debt, while the net saving of 1,09 lakhs, as compared with the revised estimate for the current year, in the net total of interest on dead-weight debt, is an indication of the extent to which unproductive debt has been replaced by productive debt. It is relevant to mention, in this connection, that in view of the terms on which recent borrowings of the Government of India have been made, the rate of interest allowed on the balances of Provident and other similar funds has been reduced from 5½ to 4½ per cent. with effect from the 1st April 1927.

REDUCTION OR AVOIDANCE OF DEBT.

24. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt is made up of—

- (a) a sum of 4 crores, and
- (b) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923.

25. The amount required under this scheme is 4,84.04 lakhs in 1926-27, and 4,95.80 lakhs in 1927-28. The figures on which the calculation is based are given below :—

	(In lakhs of rupees, sterling amounts being converted at Ra. 15 per £.)		
	31st March 1923.	31st March 1926.	31st March 1927 (Estimate).
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42	3,68,29	3,74,48
Sterling Debt	3,63,95	4,27,00	4,24,28
Unfunded Debt	62,56	94,87	1,07,61
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	91,97	86,30	84,28
	8,79,90	9,76,46	9,90,65
<i>Deduct—</i>			
Discount included above but separately provided for	8,23	10,66	10,53
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	51,79	56,70
	33,12	62,45	67,23
	8,46,78	9,14,01	9,23,42
Excess over outstanding debt on 31st March 1923		67,23	76,64
½th of above		84.04	95.80

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

BUDGET FOR 1927-28.

These amounts include the following specific items :—

	Revised, 1926-27.	Budget, 1927-28.
Sinking fund provision for 5 per cent. rupee loans	1,36.04	1,36.04
Capital portion of railway annuities	1,80.25	1,85.85
Railway sinking funds	26.78	26.67
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929—47	68.51	71.69
Reparation receipts	13.11	16.00
TOTAL	4,24.67	4,36.24

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net Expenditure.
1923-24	68.51	9,33.97	8,65.46
1924-25	73.98	10,12.59	9,38.61
1925-26	89.98	10,76.49	9,86.51
1926-27 { Budget	77.86	11,45.30	10,67.44
{ Revised	82.00	11,27.53	10,45.53
1927-28 Budget	84.21	11,31.39	10,47.18

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

28. The Budget estimate of expenditure for next year is again only 12 lakhs more than the revised estimate for 1926-27 notwithstanding the inclusion therein of a large number of new items, principally that of 12 lakhs on the five-year educational programme referred to in paragraph 31 of the Budget speech and 8 lakhs for a beginning to be made with the construction of an India House in London, not to speak of the ordinary growth in expenditure due to increments, etc., and the transfer of some 35 lakhs from the head 'Civil Works' to the head 'Frontier Watch and Ward' which has been newly opened in this group. The reason is that there has been a considerable saving owing to the practical cessation of the payment of bounties on steel of which there will be only a small residue of 5 lakhs next year against the large amount of 85 lakhs which figured in the current year's Budget.

CURRENCY AND MINT.

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

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

CIVIL WORKS.

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

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

MISCELLANEOUS.

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

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

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

	Revenue.	Expenditure.	Net Revenue.
1923-24	9,21-55	37-99	8,83-56
1924-25	9,25-21	50-74	8,74-47
1925-26	6,24-09	15-68	6,08-41
1926-27 { Budget	5,45-12	6-00	5,39-12
{ Revised	5,17-61	4-72	5,12-89
1927-28 Budget . . . . .	...	...	...

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

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

Province.	Fixed contribution.	Remitted in 1926-26.	Remitted in 1926-27.	Now out-standing.	Proposed to be remitted in 1927-28.	Balance not finally remitted.
Madras	3,48	1,26-02	56-79	1,65-19	1,16-46	48-73
Bombay	56	...	...	56	18-73	37-27
Bengal	63	...	...	63	8-53	54-47
United Provinces	2,40	56-17	32-98	1,50-85	99-25	51-60
Punjab	1,75	61-16	28-11	85-73	59-93	25-80
Burma	64	6-65	7-12	50-23	31-60	18-63
Central Provinces	22	...	...	22	7-67	14-33
Assam,	15	...	...	15	7-83	7-17
Coorg	-12	...	...	-12	-12	...
TOTAL	9,83-12	2,50	1,25	6,08-12	3,50-12	2,58

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

EXTRAORDINARY ITEMS.

	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
		Budget.	Revised.	
Receipts—				
India	28	...	7.45	1,71.65
England	47.58	12.00	33.32	12.00
Exchange	15.71	4.00	11.26	4.00
TOTAL	63.57	16.00	52.03	1,87.65
Payments—				
India	25.77	5.00	2,87.04	7.00
England . . . . .	...	...	...	...
Exchange . . . . .	...	...	...	...
TOTAL	25.77	5.00	2,87.04	7.00

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

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

EXCHANGE.

37. Since the 1st April 1920, the accounts have been prepared on the basis of the rate of 2s. per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee has, however, stood at a lower level in recent years, the average rate for the current year being expected to work out at 1s. 5 $\frac{1}{2}$ d. In consequence of this variation from the 2s. rate, large sums have to be brought to account as credits or debits on

account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. These are purely book-keeping transactions. Under the present system, there is an accounts 'gain' by exchange when the Home remittances through the market are less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter being financed partly from other sources, *e.g.*, a sterling loan floated in London. Similarly there is an accounts 'loss' when the remittances are greater in order to meet the demands of trade. These 'gains' and 'losses' fluctuate within very wide limits as will be seen from the following statement of balances at the end of each of the financial years from 1919-20 onwards :—

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

38. The procedure for the allocation of exchange gains and losses is as follows. All exchange gains and losses arising in respect of remittance transactions are recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts in respect of outlay incurred in England is calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, and the portion relating to the expenditure of Provincial Governments is similarly debited to the Provincial Governments concerned; and it is considered with reference to the circumstances of each year whether the balance remaining under the suspense head after these transfers are made should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. As the amount remitted Home depends on the circumstances of the year and often varies widely from the estimate, it is obvious that it is practically impossible to estimate the closing balance under this suspense head.

39. The estimated results for the years 1926-27 and 1927-28, so far as can be foreseen at the present moment, are as follows, on the assumption of an average rate of exchange of $1s. 5\frac{1}{2}d.$ for the current year and of $1s. 6d.$ for the next. The method of accounting to be adopted with effect from

1927-28 as a result of the recent passing of the Currency Bill, is under consideration :—

	1926-27.	1927-28.
Loss on :		
(i) Remittances from India for financing the Home Treasury	1,32	11,83
(ii) Bills and telegraphic transfers drawn by Iraq for payment in India against recoveries in England	46	35
(iii) Sterling money order and other miscellaneous transactions	58	42
Total Loss	2,36	12,60
Transfers to :		
Revenue heads (net)	7,95	8,19
Capital heads (Railways, Posts and Telegraphs, Delhi, etc.)	3,87	3,08
Provincial Governments	95	81
Total Transfers	12,77	12,08
Net $\frac{\text{Credit} +}{\text{Debit} -}$ under the suspense head	+10,41	—52
Opening balance	+1,31	+11,72
Closing balance	+11,72	+11,20

WAYS AND MEANS.

HOME TREASURY.

40. The bulk of the payments made in England on account of the Government of India consists normally of expenditure chargeable to the Indian revenues ; and, if the transactions of the Home Treasury were restricted only to such payments, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of Railways, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general Ways and Means programme. Recoveries are also being effected by the Secretary of State against the drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

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

(In millions of £)

	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·22	·22	·22
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	1·95	1·37	1·05
(b) Other transactions	1·12	1·80	1·28
Total Receipts, excluding direct remittances and loans	3·29	3·39	2·55
DISBURSEMENTS.			
3. Excess of Expenditure of the Central Government over Revenue	23·76	23·53	24·56
4. Disbursements on behalf of Provincial Governments	2·84	2·81	2·43
5. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	11·82	9·25	8·50
(b) Discharge of Railway debentures	·50	1·97	·55
(c) Other items	·32	·22	·19
6. Discharge of Debt	3·06	3·06	2·13
7. Deposits and Advances	—·06	—·14	—·08
Total Disbursements	41·74	40·70	38·28
NET DISBURSEMENTS	38·45	37·31	35·73
Remittances from India (net)	29·50	27·50	35·50
Reduction (+) or increase (—) of cash balance	8·95	9·81	·23
Opening Balance	14·49	15·05	5·24
Closing Balance	5·54	5·24	5·01

42. Item 2 (a) has already been explained in paragraph 40. The succeeding item relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement.

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

44. The amount shown under the head 'Discharge of Debt' includes the provision for railway sinking funds and the capital portion of railway annuities, and of the equated instalments in repayment of the warloan liability. These payments are made out of the provision for reduction or avoidance of debt. The revised estimate for 1926-27 includes, in addition, nearly £1 million of 7 per cent. stock which was outstanding at the beginning of the year, the rest having been converted previously into 3 per cent. stock under the terms of the loan.

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

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

The total amount required to be remitted in the current year is £27½ million while the corresponding amount for next year is £35½ million. These, however, are only illustrative figures, representing the remittances necessary to provide the Home Treasury with a normal closing balance. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

46. The Gold Standard Reserve usually stands at £40 million, any excess resulting from investments, etc., being transferred monthly to Revenue. The receipts and charges in the two years are as follows :—

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

INDIA.

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

(In crores of rupees.)

	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
RECEIPTS.			
1. Excess of Revenue of the Central Government over expenditure charged to Revenue	23·81	23·53	21·58
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	4·00	6·08	5·40
(b) Savings Bank deposits (net)	5·54	6·57	6·18
3. Appropriation for reduction or avoidance of debt	5·08	5·05	5·24
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	5·61	3·30	4·47
5. Exchange on Remittance Accounts	2·05	10·41	—·52
6. Other Deposits and Remittances (net)	—·48	4·73	—·34
7. Revenue Reserve Fund . . . . .	...	3·82	—1·72
TOTAL RECEIPTS	45·56	62·49	43·27
DISBURSEMENTS.			
8. Capital Expenditure not charged to Revenue—			
(a) State Railways	14·68	17·75	16·50
(b) Discharge of railway debentures	·17	·67	·18
(c) Posts and Telegraphs	·45	·22	·49
(d) Delhi	·93	·73	·67
(e) Other items	·74	·87	·85
9. Permanent Debt discharged (net)	20·05	23·31	17·87
10. Floating Debt discharged (net) . . . . .	...	8·18	...
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	7·00	4·81	1·24
(b) Other Loans	1·06	·38	1·79
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	29·50	27·50	35·50
(b) Drawings by the Iraq administration recoverable in England	1·95	1·37	1·05
(c) Other transactions (net)	1·13	1·79	1·32
13. Balances of Provincial Governments	—2·84	1·28	2·76
TOTAL DISBURSEMENTS	74·82	88·86	80·22
NET DISBURSEMENTS	29·26	26·37	36·95
New Loan (less discount)	22·00	25·96	27·00
Reduction of cash balance	7·26	·41	9·95
Opening Balance	23·88	25·15	24·74
Closing Balance	15·62	24·74	14·79

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

49. The estimates of Provincial Governments' transactions—*vide* items 11 (a) and 13—are based on the assumption that the net drawings from the Central Government in India and England, including those in the shape of advances through the Provincial Loans Fund, will be about 9 crores in the current year and about $6\frac{1}{2}$ crores in the next.

50. Full details of the debt incurred and discharged are given in statement C of the Budget. Out of the net amount of 23.31 crores shown as discharged in the current year, 19.75 crores represent 1926 Bonds which have been either converted into the new loan or discharged on maturity. The net amount of 17.87 crores similarly shown in the Budget for 1927-28 include 17.50 crores of 1927 Bonds which mature during the year.

51. The amount of the new loan now estimated for next year has been shown separately at 27 crores and this includes conversions. The figure is, however, again illustrative only and the actual amount and other details will depend upon the circumstances of the time. The result of the rupee loan in the current year, which was a 4 per cent. one issued at 88, is summarised below for ready reference :—

	[In crores of rupees.]
Subscriptions in cash	16.77
Subscription in the form of 6 per cent. Bonds, 1926, of the nominal value of 7.61	8.73
Subscription in the form of 6 per cent. Bonds, 1927, of the nominal value of 2.39	2.78
Subscription in the form of $5\frac{1}{2}$ per cent. War Bonds, 1923, of the nominal value of 1.01	1.22
Total nominal value	29.50

The 31st March 1927.

A. F. L. BRAYNE.

APPENDIX I.*

Statement of the effect on the financial position of the Government of India of an alteration in the exchange value of the rupee from 1s. 6d. to 1s. 4d. gold.

In this statement an attempt is made to arrive at an estimate of the probable effect on the civil and military expenditure and on the general revenues of the Government of India if the present ratio of the rupee at 1s. 6d. were changed to 1s. 4d. The problem is mainly considered with reference to the financial effect on the Budget of 1927-28, which has been framed on the basis of 1s. 6d. but the same effect will probably continue without material abatement in 1928-29. As regards future years, an attempt is also made to gauge the broad results of the various processes of adjustment to the new conditions so far as these can be estimated with any degree of certainty. It is outside the scope of this note to examine the effect of the lower ratio on the financial condition of the Provincial Governments. The realisation of their hopes for the final remission of Provincial contributions would be deferred but, apart from this, they would have to meet considerably increased expenditure while their difficulties in regard to provision of funds for the development of beneficent services would be greatly accentuated. Nor would further financial embarrassment in the Provinces fail to repercuss on the Central Government.

2. The estimate is based on the assumptions, which are obviously exceedingly questionable assumptions, that—

- (a) the Government would not be required at any early date to adjust the pay and allowances of its establishment, amounting to nearly Rs. 26 crores in the military estimates and 14 crores in the civil estimates, on account of the fall of 11½ per cent. in the real wages now in force.
- (b) the rates of interest on which Government borrows at present will not be increased.

Further, no allowance is made for the possibility of an early increase in railway rates or in certain of the postal and telegraph charges. The cost of transport by rail to the civil and military estimates is approximately Rs. 3 crores per annum.

3. The effect on expenditure may first be estimated.

(a) *Sterling expenditure charged to Revenue (net)*—The net sterling expenditure on interest, stores, pay, pension and allowances of establishment and other non-effective and miscellaneous charges on both civil and military account amounts to a total of £18,862,000. The additional expenditure which would be necessary to meet these charges, if the ratio were 1s. 4d., amounts to Rs. 3·14 crores which would clearly constitute a continuing charge for some years to come.

(b) *Rupee expenditure charged to Revenue*.—Excluding outlay on pay and allowances of establishment, military and civil, amounting to about Rs. 40 crores, the principal expenditure which would be affected by the change in the ratio is that involved in the purchase in India of numerous classes of

* Referred to in paragraph 36 of Budget Speech.

supplies and stores for the various civil and military departments. The price of these commodities would respond at once to a sudden fall in exchange and the increase in prices would be practically instantaneous in those articles, the price of which is regulated by world factors. The present scale of rupee expenditure on commodities is in the neighbourhood of Rs. 15 crores, of which Rs. 12 crores appertains to the military estimates. This amount represents the maintenance charges of the Army in respect of rations (atta etc.) fodder, clothing, local engineering and medical stores and multifarious other supplies. The cost of similar supplies in the civil estimates is Rs. 3 crores. The alteration from 1s. 6d. to 1s. 4d. would, within two or three years, involve the full additional charge of 12½ per cent. or Rs. 1·87 crores but for 1927-28 it may be assumed that the full adjustment will not be reached throughout all classes of stores and an average increase of 7½ per cent. would be a reasonable and cautious estimate. This increase on Rs. 15 crores means an additional expenditure of Rs. 1·12 crores.

(c) *Expenditure charged to Capital.*—The capital expenditure of the Government of India, on other than railway account, amounts to about £200,000 in England and Rs. 2 crores in India, the latter being a diminishing figure as New Delhi is approaching completion. The increased capital expenditure on the basis of 1s. 4d. on account of exchange and higher price of commodities purchased on capital account may be taken at Rs. 12 lakhs. On account of sterling debt disbursements in England additional remittance of Rs. 36 lakhs would be required. The small additional charge on account of interest on these two items has not been taken into account in this statement.

4. *Revenue.*—The principal heads of revenue are dealt with below :—

(a) *Salt.*—The cost of manufacture, which would increase with a general rise of prices, is recovered from the consumer and there would be no net additional charge to Government on this account. As regards the salt duty, which depends upon consumption, it may be assumed that a general rise in the cost of living in advance of adjustment of wages would affect the consuming power of the public. Experience however indicates that the effect of a general rise in prices is not likely to be appreciable in the case of an article so essential as salt on which the expenditure of the individual is relatively small. No material change is therefore assumed in salt revenue.

(b) *Opium.*—Excise opium is sold to local Governments at cost price. A rise in the cost of manufacture would therefore not affect Central revenues.

• Provision opium is sold to consuming Governments on rupee contracts. Where the selling price cannot be altered during the currency of the contract, the net profit of Government would be affected by the increased cost of cultivation and manufacture, but, as the revenue under this head is already decreasing in pursuance of the policy of Government in regard to exports of opium, no further reduction in receipts has here been taken into account.

Medicinal opium is sold in London at sterling prices. The effect of the alteration in the ratio is not appreciable.

(c) *Taxes on Income.*—The effect on Taxes on Income is problematical. As the taxes, collected in 1927-28, will be assessed on the basis of the current year's profits, there will be no immediate effect on the revenue, but the general dislocation of trade, which would assuredly follow from a sudden fall to

1s. 4d., would make it difficult to collect a certain proportion of the taxes. No reliable estimate can be framed of this loss in revenue but it would be appreciable.

As regards the future, it is probable that a period of rising prices would afford a temporary stimulus to certain industrial concerns. Profits would increase at first and with them the yield of these taxes, but any gain from this source would be more than counterbalanced by losses resulting from the serious disturbance of general trade which would follow from the sudden reversion to the 1s. 4d. ratio. When complete adjustment has taken place, it may safely be assumed that no material change, attributable solely to the lower exchange, could be traced in this source of revenue.

(d) *Customs*.—As regards Customs duty, a statement is appended which gives, under the various categories, the expert views of the Central Board of Revenue. They estimate the immediate effect as a net loss of Rs. 1,26 lakhs in 1927-28. With the sudden rise in prices of imported goods and with the general dislocation of trade, a definite set-back would be imparted to the import trade in the first year or two which would be partly counterbalanced by increased duty on articles assessed *ad valorem*. There are many factors to be taken into account, but it is certain that there would be an immediate and considerable loss in Customs revenues which may be, for present purposes, assessed, on the most optimistic considerations, at not less than one crore of rupees. This loss would gradually disappear as adjustment to the new ratio was effected and as trade settled down after the initial disturbance and probably a definite increase of revenue could be expected from *ad valorem* duties after the revival of the import trade.

5. The general conclusions are that the finances of Government would suffer to the following extent on the basis of present scales of expenditure and revenue —

	(In crores.)	
	1927-28	After adjustment.
Sterling transactions	3.14	3.14
Rupee purchases	1.12	1.87
Loss in revenue	1	...
	—	—
	5.26	5.01
	—	—

The estimate for the period after adjustment to the new conditions of exchange makes no allowance for the increased revenue from Customs duties charged *ad valorem*, which may fairly be estimated at Rs. 1½ to Rs. 2 crores in the circumstances described in the last paragraph of the note by the Central Board of Revenue.

On the other hand, the estimate takes no account of any increase in establishment charges or in the cost of railway and other transport. Under the former head an allowance of even half the reduction in real wages, which would follow from the reversion to 1s. 4d., would involve extra expenditure

of over Rs. 2 crores, while increased railway rates would involve at least Rs. 30 lakhs more. Nor again has any account been taken of the effect on the rates at which Government will borrow in the future, of a widespread dislocation of the money market and of the serious damage to the credit of the Government, both in India and abroad, which would undoubtedly ensue from a forced and unnatural depression of the exchange value of the rupee.

6. There is a further result which should not be overlooked. The sterling debt of India (excluding Railway debt) amounts to £339 million. The additional amount of rupees required to redeem this debt on a basis of 1s. 4d. would be no less than 56½ crores.

A. F. L. BRAYNE.

The 28th February 1927.

Statement by the Central Board of Revenue on the probable effect on Customs Revenues of an alteration in the exchange value of the rupee from 1s. 6d. to 1s. 4d. gold.

(Where not otherwise stated, all figures represent lakhs.)

The final estimates for 1927-28 calculated on the basis of 1s. 6d. to the rupee are as follows:—

Import duties	41,89
Export duties	5,22
Miscellaneous	2,49
	<u>49,60</u>

IMPORT DUTIES.

2. Import duties may be divided into the following three groups against each of which the estimated revenue thereunder is shown:—

(a) Specific duties	16,89
(b) <i>Ad valorem</i> duties levied on tariff valuations	5,23
(c) <i>Ad valorem</i> duties levied on real value	19,77
	<u>41,89</u>

3. The effect on the selling price in India of a rise in the landed cost of goods liable to specific duties must depend to some extent on the amount of the duty. The selling price is made up of the landed cost, *plus* the importer's expenses and profit, *plus* the duty. The effect of any increase in the first of these three items on the selling price, and thereby on the demand, will be greater with a low duty than with a high duty. The average incidence of our specific duties is about 38 per cent. on the landed cost, so that, allowing another 20 per cent. for expenses and profit, the increase in the selling price will be approximately 3 per cent. A reduction of demand by 6 per cent. may therefore be expected, involving a loss of approximately one crore.

4. For goods liable to *ad valorem* duties assessable on tariff valuations, somewhat similar considerations will apply. These valuations are fixed

annually by notification, and ordinarily have effect from the first of January to the 31st of the following December. They are fixed, after discussion with the trade, primarily on the basis of the average prices ruling during the preceding year. It is, however, usual to take into consideration any very marked tendency of prices, whether upwards or downwards, at the close of the year if there is reason to believe that such tendency is not of a temporary nature. The Government of India have the power to alter these valuations at any time; and they have used this power occasionally to reduce a valuation during the interval between the annual revisions, when they have had reason to believe that it was based on erroneous calculations or, for other reasons. But it is many years since the power was employed to increase valuations at any other time than that of the annual general revision. The trades concerned have accepted with equanimity the present system under which a valuation in excess of market rates in one year is balanced by a correspondingly low valuation in another, and to enforce a general revision from the first of April on account of a fall of the exchange value of the rupee would cause considerable disturbance and opposition.

5. Assuming, then, that the tariff valuations will not be generally revised before the first of January, 1928, there will be 9 months during which duty will be collected on the valuations already in force. The duties in this class are at rates varying from $7\frac{1}{2}$ to 30 per cent. the average being about 17 per cent. The rise in selling price is likely to be nearly 9 per cent. and the loss for nine months approximately 5 per cent. of the total for the year, that is 26 lakhs. For the remainder of the year, when higher valuations are in force, selling prices, with the higher incidence of duty, will be increased by 11 per cent. over the present figures. For this period there will be roughly a fall of $8\frac{1}{2}$ per cent. on the value of the trade and a gain of $12\frac{1}{2}$ per cent. on the duty, a net gain at the rate of 4 per cent. per annum, or say, 1 per cent. of the total for the year, that is 5 lakhs. Thus, on this class of duties we may expect a loss of 21 lakhs.

6. The third class of duties, those levied at *ad valorem* rates on the real value, apply to certain trades which are particularly sensitive to fluctuations in price. Prominent among these are the piece-goods and motor trades. The yield from cotton piece-goods has been estimated at 700 lakhs. A rise of $12\frac{1}{2}$ per cent. in landed cost is equivalent in effect to an increase in the duty from 11 to $24\frac{2}{3}$ ths per cent. It would be unsafe to assume any very large fall in shippers' prices, but assuming that the manufacturer reduced his price by $2\frac{1}{2}$ per cent., imports are likely to decrease, involving a drop of not less than 10 per cent. in value. The resulting loss would be 70 lakhs.

7. Motor-cars are assessed on their landed cost, and as between different makes of car selling in India at the same price, there is a very wide variation, amounting in some cases to as much as 80 per cent. in the landed cost. This results from the very low prices at which cars can be landed in India from countries with depreciated currencies. One effect of a fall in the rupee would be the replacement of cars whose landed cost is relatively high and which yield a high duty compared with their selling price, by cars which contribute relatively little to our revenue. This transfer of demand would operate to reduce the revenue quite apart from the general depressing effect of increased prices on the trade. It may further be observed that the Budget includes proposals to reduce the

duty on cars from 30 to 20 per cent, but if this reduction is combined with an increase of 12½ per cent. in cost, it will be converted into the equivalent of an increase in the duty from 30 to 35 per cent. It would not be safe to assume a smaller loss than 20 per cent. or 21 lakhs.

8. Other *ad valorem* duties contribute 11,69 lakhs. Higher values will mean higher duties, but a smaller volume of imports. Assigning a higher relative importance to the first of these factors, a net gain of 3 per cent. or 35 lakhs may be assumed.

EXPORT DUTIES.

9. The duty on skins is an *ad valorem* duty leviable on a tariff valuation. Again, assuming that this will not be changed before the end of the calendar year, the trade should derive a stimulus from the fall in the rupee, and it may be assumed that for 9 months the revenue will increase by 12½ per cent. and for the remaining 3 months by 25 per cent., a total increase of 3 lakhs.

10. The duties on jute are specific and the volume of trade is very little affected by fluctuations in price. It is unlikely that exports would increase to the extent of more than 5 per cent. as a result of the fall in the rupee. On this basis, the gain would be 19 lakhs.

11. The duty on rice is also specific, and as export rice is to some extent in competition with rice from French Indo-China and elsewhere, an increase of 20 per cent. may be taken, giving a further gain of 2½ lakhs.

MISCELLANEOUS.

12. The principal items under this head are the excise duties on motor spirit, 1,00, and kerosene, 1,10. The depression of the motor trade may be expected to cause a loss of 5 lakhs on motor spirit, but the kerosene duty should increase by 10 lakhs as a result in the fall in the imports of foreign kerosene, a net gain of 5 lakhs.

Other items under this head are not likely to be affected seriously.

13. *Refunds* of import duty should decrease, but export refunds are likely to increase and, on the balance, this item of the expenditure Budget should not be affected.

SUMMARY.

14. The effect on the gross revenue may be summarised as follows:—

	Gains.	Losses.
Paragraph 3 . . . . .	...	1,00
" 5	5	26
" 6 . . . . .	...	70
" 7 . . . . .	...	21
" 8	35	...
" 9	3	...
" 10	19	...
" 11	24	...
" 12	10	5
	<u>96</u>	<u>2,22</u>

A net loss of 1,26 lakhs in 1927-28.

15. For the year 1928-29, the net loss of 21 lakhs referred to in paragraph 5 would be converted into a gain of 20 lakhs, and the total net loss would be reduced to 85 lakhs. Thereafter, as conditions gradually adjusted themselves, the loss would be reduced progressively and any attempt to forecast the ultimate effect on the revenues must be largely guess-work. So many factors beside price-variations have affected the course of trade in the past that it is very difficult to isolate the effect of any particular factor, but it may, perhaps, be instructive to compare trade in 1913-14 with trade in 1925-26. Imports have increased in value from 183 to 226 crores and exports from 249 to 385 crores. Assuming a rise in the level of prices of only 50 per cent., it will be seen that whereas the volume of exports has remained at about the same figure, the volume of imports has fallen by about 20 per cent. It may fairly be inferred that the recovery of the import trade from a permanent increase in prices, whether it be a direct price-variation, or the indirect result of high duties or an alteration in exchange, is a slow process. In any case, the effect on specific duties will always operate to set off a part at least of what may be gained by the levy of *ad valorem* duties on higher priced goods.

G. S. HARDY,—25-2-27.

A. R. L. TOTTENHAM,—25-2-27.

APPENDIX II.

Statement showing the Gross Expenditure of the Central Government as in the Budget Estimates for 1926-27 and 1927-28 as presented to the Legislature, divided between voted and non-voted.

[In lakhs of rupees.]

	1926-27.				1927-28.			
	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.
Expenditure charged to revenue.	97,70'23	1,14,58'93	2,12,38'15	46	93,43'65	1,12,01'01	2,05,44'66	45
Expenditure not charged to revenue.	28,20'68	3,85'68	32,06'54	58	26,93'23	3,58'94	30,53'17	88
Total Expenditure both charged and not charged to revenue.	1,25,90'91	1,18,44'61	2,44,35'52	53	1,20,36'88	1,15,59'95	2,35,96'83	51

(a) These figures have been arrived at as follows:—

	1926-27.	1927-28.
Expenditure as per Budget Statement	1,30,37'65	1,25,25'76
<i>Add—Working expenses of—</i>		
(a) Railway Department	68,51'00	66,94'25
(b) Posts and Telegraphs	10,63'17	10,58'38
(c) Irrigation	13'02	10'53
<i>Add—Refunds (including Posts and Telegraphs refunds)</i>	2,54'31	3,55'74
	<u>2,12,35'15</u>	<u>2,05,44'06</u>

APPENDIX III.

Memorandum on the Military Estimates for 1927-28.

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

2. Since 1921-22 substantial reductions have been effected in the expenditure on the Military services. The actual net expenditure as shewn in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement:—

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

BUDGET FOR 1927-28.

In the first of the years shown above, expenditure was swollen by abnormal charges of Rs. 6½ crores on operations on the North-West Frontier and the occupation of Waziristan. The Indian Retrenchment Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57½ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of Military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The actual expenditure in the year 1923-24 amounted to Rs. 56·23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was thus passed in the first year.

3. The figure of 56·23 crores included heavy expenditure on gratuities to demobilised officers and in Waziristan, but these abnormal items were counter-balanced by credits from the proceeds of sale and utilisation of surplus stores. The Budget for the year 1923-24 allotted a net sum of 62 crores for Military services. This was reduced in the Budget for 1924-25 to 60½ crores, but by the time when the Budget for 1925-26 was under consideration, the actual effect of the retrenchment operations, which it had been difficult to gauge in advance, had become apparent, and it was possible to reduce the budget provision for 1925-26 to 56·25 crores net. Further reductions have been made in the Budgets for 1926-27 and 1927-28. The following table brings out the results achieved from 1921-22 at a glance :—

Net expenditure on Military services.

(In crores of Rs.)

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
Budget Estimate . . .	66·82	67·75	62·00	60·25	56·25	54·88	54·02
Revised Estimate . . .	69·35	67·09	59·74	56·33	56·28	55·55	...
Actual expenditure . . .	69·81	65·27	56·23	55·63	56·00	...	...

4. These figures include certain disturbing items, both on the credit and debit side, and it is therefore of special interest to compare the true figures of established charges, that is, the normal cost after elimination of special charges, such as those for demobilisation of surplus officers and special credits for the eating down of surplus stores. In comparing these figures with the figures given by the Retrenchment Committee, it should be borne in mind that certain charges amounting in 1927-28 to Rs. 44 lakhs, of which the most important are the charges for customs duty on imported stores and the cost of stationery and printing, have been added to the Military estimates since 1923-24, as the result of new decisions regarding classification.

5. The following table indicates the composition of the expenditure on the military services, distinguishing between charges which represent the normal cost of maintenance and those which are of an abnormal and disappearing character.

(In crores of rupees.)

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

In each year, the figure for established charges is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the Military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present favourable rates of exchange, but this advantage has been neutralised by certain additions to the Military Budget of which the Retrenchment Committee did not take cognisance, i.e., the provision of about half-a-crore of rupees for the revision of pay and grant of free passages to officers of the Army, and the transfer to Military estimates from the civil estimates of certain expenditure more properly accounted for under the former. The transfers which are taken into account in the Budget of 1927-28 are as follows :—

(Thousands of rupees.)

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

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

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

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

6. Army—

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

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

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

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

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

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

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

11. Marine—

	Rs. (Lakhs.)
1925-26, Accounts	52.6
1926-27, Budget	60.9
1926-27, Revised Estimate	54.2
1927-28, Budget	68.0

Provision has been made on the basis of the existing organisation with an addition for the extra cost of the Royal Indian Navy. Capital developments under the proposed reorganisation will be met from the sale-proceeds of the Kidderpore Dockyard at present retained in a suspense account for this purpose.

12. Military Engineer Services—

	Rs. (Crores.)
1925-26, Accounts	3.38
1926-27, Budget	3.15
1926-27, Revised Estimate	3.33
1927-28, Budget	3.90

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

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

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

14. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

A. MACLEOD,

Officiating Financial Adviser, Military Finance.

The 31st March 1927.

ARMY.

	Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
INDIA—						
EXPENDITURE.						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Maintenance of the Standing Army.						17,03,96,938
Administrative services						6,52,39,080
Manufacturing establishments . . .						3,19,27,610
Army Headquarters, Staff of Com- mands, etc.						1,02,36,020
Purchase and sale of stores, equip- ment and animals						4,38,38,030
Special Services						65,800
Transportation, conservancy, anti- malarial measures, hot weather establishments and miscellaneous						2,69,36,550
Unadjusted Expenditure. . . . .						...
Lump cut for probable under- spending						-80,00,000
TOTAL—EFFECTIVE R						35,06,42,000
<i>Non-Effective Services.</i>						
Non-effective charges						4,71,97,000
Part B.—Auxiliary and Territorial Forces—Effective						86,10,000
Part C.—Royal (Effective						1,35,67,000
Air Force { Non-Effective						52,000
						1,36,09,000
TOTAL INDIA. { Effective	40,51,41,099	39,73,36,326	41,17,74,810	39,83,60,000	40,61,95,000	37,28,09,000
{ Non-Effective	5,74,75,019	5,10,79,766	4,55,64,772	4,86,98,000	4,06,84,000	4,72,40,000
	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,59,000
ENGLAND—						
EXPENDITURE.						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Maintenance of the Standing Army.						2,792,300
Administrative services						404,700
Manufacturing establishments						743,900
Army Headquarters, Staff of Com- mands, etc.						70,000
Purchase and sale of stores, equip- ment and animals						779,000
Carried over						- 4,789,900
	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,59,000

BUDGET FOR 1927-28.

ARMY—contd.

		Actuals, 1925-26.	Actuals, 1926-26.	Actuals, 1925-26.	1926-27.		Budget, 1927-28.
					Budget.	Revised.	
Brought forward	{	£ 46,36,16,118	£ 44,84,16,092	£ 45,73,39,842	£ 44,70,85,000	£ 43,28,79,000	£ 42,00,57,000
Special Services	{						£ 4,78,900
Transportation, conveyance, anti-airial measures, hot weather establishments and miscellaneous	{						£ 18,000
TOTAL—EFFECTIVE	£						£ 4,74,900
<i>Non-Effective Services.</i>							
Non-effective charges	£						£ 3,578,900
Part C.—Royal Air Force—							
Effective	£						£ 479,500
Non-Effective	£						£ 15,000
TOTAL, PART C.	£						£ 494,500
		£ 9,694,143	£ 9,825,999	£ 1,704,375	£ 9,402,800	£ 9,748,400	£ 9,548,300
TOTAL ENGLAND	{	£ 6,03,71,598	£ 6,18,81,504	£ 6,88,13,052	£ 6,82,45,000	£ 6,20,37,000	£ 5,95,44,000
	{	£ 3,64,69,838	£ 3,68,58,484	£ 3,12,29,714	£ 3,67,51,000	£ 3,54,47,000	£ 3,58,59,000
	£	£ 9,68,41,434	£ 9,82,39,988	£ 9,70,42,766	£ 9,40,26,000	£ 9,74,84,000	£ 9,54,23,000
TOTAL EXPENDITURE	{	£ 46,55,12,695	£ 45,97,17,830	£ 47,75,67,862	£ 46,66,05,000	£ 46,82,32,000	£ 45,23,83,000
	{	£ 9,39,44,857	£ 9,79,38,280	£ 7,87,94,489	£ 8,44,79,000	£ 8,31,31,000	£ 8,31,38,000
	£	£ 55,94,57,552	£ 54,66,66,000	£ 55,43,82,349	£ 54,10,84,000	£ 55,08,63,000	£ 51,64,91,000
REVENUE.							
India	{	£ 3,07,32,065	£ 3,91,88,631	£ 2,86,15,551	£ 3,46,07,000	£ 3,56,48,000	£ 64,9,000
	{	£ 20,91,011	£ 19,99,056	£ 18,73,770	£ 14,07,000	£ 13,84,000	£ 15,52,000
	£	£ 3,28,23,076	£ 3,11,84,786	£ 3,01,89,321	£ 3,60,14,000	£ 3,99,32,000	£ 80,41,000
England	{	£ 480,022	£ 479,291	£ 3,0,655	£ 390,300	£ 368,500	£ 301,500
	{	£ 36,00,935	£ 36,41,413	£ 26,54,816	£ 27,99,000	£ 24,58,000	£ 16,93,000
	{	£ 11,99,288	£ 10,91,490	£ 6,50,731	£ 11,03,000	£ 11,03,000	£ 11,19,000
	£	£ 48,00,235	£ 47,32,902	£ 33,08,547	£ 39,02,000	£ 36,69,000	£ 38,15,000
TOTAL REVENUE	{	£ 3,43,33,000	£ 3,38,37,093	£ 2,12,71,397	£ 2,74,06,000	£ 3,11,33,000	£ 83,84,000
	{	£ 32,90,309	£ 30,90,575	£ 22,24,501	£ 24,10,000	£ 24,67,000	£ 26,71,000
	£	£ 3,76,23,299	£ 3,69,17,668	£ 2,34,95,898	£ 2,99,16,000	£ 3,36,00,000	£ 1,10,55,000
NET EXPENDITURE	{	£ 42,97,81,043	£ 41,72,31,326	£ 43,71,50,331	£ 43,10,44,000	£ 42,29,47,000	£ 41,20,17,000
	{	£ 9,20,41,311	£ 9,34,07,066	£ 9,37,36,219	£ 9,01,24,000	£ 8,37,98,000	£ 8,34,18,000
	{	£ 43,11,78,696	£ 42,84,90,737	£ 44,63,16,465	£ 43,91,80,000	£ 43,70,99,000	£ 42,29,64,000
	{	£ 8,08,64,558	£ 8,48,47,675	£ 7,45,69,966	£ 8,18,69,000	£ 7,98,64,000	£ 8,04,67,000
	£	£ 52,18,34,253	£ 51,07,38,413	£ 53,08,86,430	£ 51,11,69,000	£ 51,67,63,000	£ 50,44,34,000

MARINE.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27		Budget, 1927-28.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	71,40,317	53,18,321	48,60,991	56,62,000	48,28,000	57,56,000	
England	£	250,811	219,240	186,903	221,800	196,000	230,400	
	R	25,08,108	21,92,396	18,69,037	22,18,000	19,60,000	23,04,000	
Total Expenditure	R	96,54,425	74,10,717	67,30,028	78,80,000	67,88,000	80,80,000	
REVENUE.								
India	R	24,73,367	11,12,931	14,74,245	17,87,000	13,71,000	12,60,000	
England	£	...	...	...	...	...	...
	R	...	...	...	...	...	...
Total Revenue	R	24,73,367	11,12,931	14,74,245	17,87,000	13,71,000	12,60,000	
NET EXPENDITURE.	India	R	46,72,950	41,05,390	33,86,746	38,75,000	34,67,000	44,96,000
	England	R	25,08,108	21,93,396	18,69,037	22,18,000	19,60,000	23,04,000
	Total	R	71,81,058	62,97,786	52,55,783	60,93,000	54,17,000	68,00,000

MILITARY ENGINEER SERVICES.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27		Budget, 1927-28.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	4,05,97,369	4,20,54,793	4,24,64,017	4,25,98,000	4,44,72,000	4,33,78,000	
England	£	72,243	53,028	34,066	31,700	40,000	32,500	
	R	7,22,414	5,30,287	3,40,652	3,17,000	4,00,000	3,25,000	
TOTAL	R	4,13,19,783	4,25,85,080	4,38,24,699	4,28,15,000	4,48,72,000	4,36,98,000	
REVENUE.								
India	R	60,68,731	32,61,060	89,81,248	1,12,76,000	1,15,32,000	57,53,000	
NET EXPENDITURE.	India	R	3,25,37,638	3,67,73,733	3,35,02,769	3,13,22,000	3,29,40,000	3,76,40,000
	England	R	7,22,414	5,30,287	3,40,652	3,17,000	4,00,000	3,25,000
	TOTAL	R	3,32,60,053	3,93,04,020	3,38,43,421	3,15,39,000	3,33,40,000	3,79,65,000

BUDGET FOR 1927-28.

TOTAL MILITARY SERVICES: SUMMARY

		Actuals, 1924-26.	Actuals, 1924-26.	Actuals, 1924-26.	1926-27		Budget, 1927-28.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	51,03,50,804	49,56,59,308	50,46,54,500	49,53,18,000	50,31,78,000	46,91,67,000	
England	£	10,007,198	10,098,267	9,925,344	9,645,100	9,964,400	9,508,300	
	R	10,00,71,958	10,09,62,671	9,92,53,455	9,64,61,000	9,96,44,000	9,50,63,000	
Total Expenditure	R	61,04,31,760	59,66,51,977	60,39,37,045	59,17,79,000	60,30,23,000	56,72,49,000	
REVENUE.								
India	R	4,33,56,174	3,55,78,757	4,08,44,644	3,90,77,000	4,28,35,000	1,50,34,000	
England	£	490,023	473,291	330,656	390,300	368,800	301,800	
	R	49,00,223	47,32,902	33,06,547	39,02,000	36,88,000	30,18,000	
Total Receipts	R	4,81,56,597	4,03,11,669	4,39,51,391	4,29,79,000	4,65,23,000	1,80,49,000	
NET EXPENDITURE.	India	R	46,70,05,630	46,01,10,449	46,40,39,746	45,62,41,000	45,93,44,000	45,41,59,000
	England	R	9,52,71,733	9,62,29,769	9,59,45,908	9,25,59,000	9,61,56,000	9,50,47,000
	Total	R	56,22,78,363	55,63,40,218	55,99,85,654	54,88,00,000	55,55,00,000	54,92,07,000

APPENDIX IV.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PREFATORY NOTE.

I.—Scope of pro formâ account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks; it will be added to, or amplified later, if experience should show this to be necessary.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay*. The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II—*Annual Expenditure*.

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood, that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation of the troops already there had long been recognised as pressing. Similarly the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance. The same principle will be applied to the Railway expenditure, *i.e.*, the cost of any remodelling of the railway system which is connected with the constitution of the new Capital will be exhibited in full in the *pro formâ* account. A wholly independent railway requirement, such as the permanent marshalling yard which will eventually replace the temporary yard now in use, will not be shown.

II.—Relation between the pro formâ account and the regular accounts.

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

Item 1 of
Part I of
pro forma
account.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

Item 3(b),
ibid.

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, e.g., from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

Item 2, *ibid.*

Item II, *ibid.*

Items 1 and I
of Part II of
pro forma
account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the quasi-provincial administration of the Imperial area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Imperial revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro forma* account also, since they will appear as charges of the Delhi administration.

Items 3 (a)
and III of
Part I of
pro forma
account.

9. Expenditure which does not appertain to provincial administration is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the Army and Military Works heads respectively, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro forma* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Postal and Telegraph expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro forma* account will take credit only for actual Imperial receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtains by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7
and I and IV
of Part I, and
Items 2 and IX
to IV of
Part II of
pro forma
account.

Item 1 of
Part I

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro forma* account.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

Expenditure.	Actuals to end of 1926-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	Receipts.	Actuals to end of 1926-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
1. DELHI PROJECT : Capital outlay on Permanent Delhi chargeable to Head " 67 " (for details see Statement I-A)	11,96.04	76,00	70,00	I.—Receipts which may be obtained on account of Imperial buildings vacated by the Government of India or attached offices in consequence of the move (a)†	19,00	...	...
2. Temporary Delhi *	54.33	---	---				
3. Initial expenditure of non-Civil Departments — (a) Military services † . (b) Railways †	1,07.37 91.12	2.39 4.04	1.60 6.54	II.—Non-recurring receipts on account of Temporary Works	2	---	---
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1.36	---	---	III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi‡	...	---	---
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere	3.12	1.73	1.59	IV.—Miscellaneous items	6.46	30	3.98
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	7.96	78	80				
7. Miscellaneous items §	8.51	44	48				
TOTAL	14,72.71	84.36	61.06	TOTAL	27.46	30	3.98
Total expenditure to end of 1927-28	16,38.14			Total receipts to end of 1927-28	31.76		
Net expenditure to end of 1927-28	16,06.38						

* Note 1.—The head " Temporary Delhi " has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† Note 2.—The expenditure included under item 3 (a) is that relating to the formation of the new Cantonment. Its details are as follows :—

	To end of 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
Acquisition of land	13.30	...	...
Cost of buildings	65.26	2.39	1.60
Establishment charges	6.76	...	---
Tools and plants	2.06	---	---
TOTAL	1,07.37	2.39	1.60

‡ Note 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Naugal Bawa. These figures include transactions on account of Delhi New Capital Railway Work also.

§ Note 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenue, and the cost of temporary establishment employed in the Secretariate in connection with the change of Capital.

¶ Note 5.—These heads will record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1924-25 the Government of Bengal, by moving its offices into the vacated Imperial buildings in Calcutta, saved Rs. 9,52,300; partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation.

Up to 1924-25	9,97,700
	54,000
TOTAL	9,52,300

(a) The amount represents value of premises No. 2, Kolligat Street sold to E. R. Railway.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees.]

Expenditure.	Actuals, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	Receipts.	Actuals, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
1. Expenditure of Delhi Province*	63,03	63,31	90,40	I.—Revenue of Delhi Province*	38,94	42,27	42,10
2. Miscellaneous items	73	34	39	II.—Saving under Calcutta house allowances †	38	43	56
				III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices ‡	2,50	2,50	2,50
Total expenditure	63,76	63,65	90,79	IV.—Miscellaneous items	3	3	3
Net expenditure	11,91	38,43	45,59	Total receipts	41,65	45,23	45,19

* Note 1.—The details of this item are given in Statement II-A.

† Note 2.—The figure shown against item II will be subject to increase as additional officers are successively transferred from Calcutta to Delhi.

‡ Note 3.—The figure shown against item III is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro forma* account.

[Figures in thousands of Rupees.]

Items.	Actuals to end of 1926-28.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
A.—Salaries and allowances—			
(a) Preliminary Investigation—			
(i) Gazetted officers	2,04	...	...
(ii) Non-gazetted officers	14	...	...
(b) Public works and electrical officers employed on the Project—			
(i) Gazetted officers	85,72	7,56	5,97
(ii) Non-gazetted officers	60,20	9,19	8,41
(c) Miscellaneous officers (including all others employed on the Project)—			
(i) Gazetted officers	5,57	15	11
(ii) Non-gazetted officers	4,43	47	39
(d) Leave allowances . . . . .	...	...	...
B.—Travelling allowances of officers and Establishments—			
(a) Preliminary Investigation—			
(i) Gazetted officers	23	...	...
(ii) Non-gazetted officers	2	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted officers	7,51	80	69
(ii) Non-gazetted officers	4,38	46	43
(c) Miscellaneous officers including all others employed on the Project—			
(i) Gazetted officers	68	6	2
(ii) Non-gazetted officers	43	4	4
C.—Supplies, Services and Contingencies—			
(a) Preliminary investigation	51	...	...
(b) Public Works and Electrical officers employed on the Project	6,27	69	54
(c) Miscellaneous officers employed on the Project	45	...	...
Loss on account of Exchange . . . . .	...	1	1
Total A, B and C	1,78,58	19,43	16,61
Deduct—Credits from other heads of accounts	36,18	8,00	7,61
Net total A, B and C carried over	1,42,40	11,43	9,00

Details of Capital outlay on the Delhi Project working up to the total figures shown against item I in Part I of *pro formâ* account—*contd.*

[Figures in thousands of Rupees.]

Items.	Actuals to end of 1926-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
Brought forward Net total A, B. C.	1,42,40	11,43	9,00
D.—Works Expenditure—			
(i) Buildings—			
(a) Government House	80,69	14,60	27,62
(b) Secretariats	1,53,65	14,35	8,00
(c) Other buildings	2,00,35	12,28	25,84
(d) Legislative Chambers	55,28	23,38	15,42
(ii) Communications	27,60	99	2,44
(iii) Miscellaneous Public Improvements	14,80	3,04	4,62
(iv) Electric Light and Power	56,23	—39	2,96
(v) Irrigation	38,70	26	22
(vi) Sanitation including storm-water drains, sewage and sewerage disposal, water-supply and conservancy	1,02,72	5,56	7,07
(vii) Tools and plant	91,30	1,82	1,08
(viii) Stock and Suspense	62,08	—9,49	—26,00
(ix) Miscellaneous	89,89	47	1,38
(x) Maintenance during construction	78,85	4,50	3,43
Railway diversion	13,80	...	...
E.—Acquisition of land taken up for the Project.	34,03	20	...
F.—Other Miscellaneous expenditure	6	...	...
<i>Minus</i> Reserve . . . . .	...	—3,00	—8,08
<i>Deduct</i> —Receipts on Capital Account.	44,38	5,00	5,00
TOTAL	11,98,05	75,00	70,00

STATEMENT II-A.
Revenue and Expenditure of Delhi and Delhi Province

[Figures in thousands of rupees.]

REVENUE.				EXPENDITURE.			
Major Heads of Accounts.	Actuals for 1927-28.	Revised Estimate for 1928-27.	Budget Estimate for 1927-28.	Major Heads of Accounts.	Actuals for 1926-26.	Revised Estimate for 1926-27.	Budget Estimate for 1927-28.
I.—Customs	1,55	...	...	2. Taxes on Income	43	48	50
II.—Taxes on Income	11,44	10,47	10,43	3. Land Revenue	45	50	50
IV.—Opium	11	...	...	6. Excise	3,62	3,54	3,56
V.—Land Revenue	3,95	4,11	4,11	7. Stamps	8	14	14
VI.—Excise	6,13	5,31	5,48	9. Registration	8	7	8
VII.—Stamps	7,73	8,24	8,01	15. Miscellaneous Irrigation Expenditure.	30	37	75
IX.—Registration	80	47	47	22. General Administration	3,19	3,44	3,48
XIV.—Irrigation works for which no Capital Account is kept	4	4	4	23. Audit (a)	21	23	24
XVI.—Interest	3	18	17	24. Administration of Justice	2,12	2,38	2,41
XVII.—Administration of Justice	24	38	38	25. Jails and Convict Settlements	1,24	1,38	1,43
XVIII.—Jails and Convict Settlement	38	24	21	26. Police	7,98	8,35	9,00
XIX.—Police	21	8	5	28. Ecclesiastical	26	21	22
XXI.—Education	19	33	33	29. Political . . . . .	...	2	11
XXII.—Medical	11	12	13	31. Education	5,51	6,20	6,54
XXIII.—Public Health	1	...	...	32. Medical	5,08	5,46	5,00
XXVI.—Miscellaneous Departments	10	12	12	33. Public Health	66	1,71	1,70
XXX.—Civil Works	2,77	6,28	6,28	34. Agriculture	31	52	33
XXXIII.—Receipts in aid of Superannuation	39	40	40	35. Industries	10	12	12
XXXIV.—Stationery and Printing	2	3	3	37. Miscellaneous Departments	1	4	3
XXXV.—Miscellaneous	3,18	2,50	2,48	38. Currency	9	9	9
TOTAL	32,94	42,27	43,10	41. Civil Works	10,98	37,08	41,34
				Civil Works—Viceregal Estates, Delhi	1,46	1,49	1,69
				44. Territorial and Political Pensions	47	55	55
				45. Superannuation Allowances and Pensions	4,09	3,08	3,14
				46. Stationery and Printing	3	3	3
				47. Miscellaneous	2,98	4,58	4,35
				60B. Commuted value of pensions . . . . .	...	1,12	1,06
				TOTAL	53,03	63,31	60,40

(a) Excludes proportionate cost of the office of the Accountant General, Central Revenue, Delhi, debit to Part I.

APPENDIX V.

COMMERCIAL AND FINANCIAL STATISTICS.

TABLE I—MISCELLANEOUS.

Appen
COMMERCIAL AND
TABLE I—

Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works, Telegraphs, Vizagapatam Harbour, Security Printing, the Delhi Capital, commuted value of pensions and Currency Capital outlay not charged against Revenue—	1918-1919.	1919-1920.	1920-1921.	1921-1922.
	Rs.	Rs.	Rs.	Rs.
Surplus	---	---	---	---
Debit	5,73,06,136	23,58,38,625	26,00,85,376	27,65,01,700
Capital Expenditure on Railways and Irrigation works not charged against Revenue.	7,64,13,316	14,42,00,228	26,55,72,106	23,97,67,118
Capital charge involved in the purchase of Railways.	---	---	---	---
Capital outlay on the Postal and Telegraph Department not charged against Revenue.	---	---	---	81,61,617
Capital outlay on Vizagapatam Harbour and Security Printing not charged against Revenue.	---	---	---	---
Initial Expenditure on New Capital at Delhi.	43,86,698	80,35,427	1,26,75,011	1,35,37,418
Commuted value of pensions not charged against Revenue.	---	---	---	---
Currency Capital outlay	---	---	---	---
India's Financial Contribution to the War.	---	---	---	---
Net Public Debt Incurred	11,47,30,578	8,90,70,517	52,34,07,498	49,19,30,108
Net public debt incurred, including Capital transactions with Railway Companies.	10,22,96,861	8,22,32,398	51,76,91,284	49,75,33,093
Value of commodities exported, excluding Gold and Silver.	2,85,30,90,000	2,36,02,20,000	2,67,76,60,000	2,48,65,60,000
Value of commodities imported, excluding Gold and Silver.	1,68,56,20,000	2,21,70,20,000	3,47,57,40,000	3,82,69,60,000
Excess of Exports over Imports, excluding Gold and Silver.	66,74,70,000	1,14,32,00,000	(c)—79,80,60,000	(c)—33,94,00,000
Net Imports of Gold	†—5,56,40,000	35,35,00,000	2,10,80,000	†—2,86,40,000
Do. of Silver	67,91,90,000	29,22,90,000	6,43,40,000	18,08,60,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	62,35,50,000	64,57,90,000	8,59,20,000	15,22,20,000
Excess of Exports over Imports including Gold and Silver.	4,39,20,000	49,76,10,000	(c)—68,39,80,000	(c)—46,17,30,000
Net Imports of Currency Notes . .	---	---	---	---
Excess of Exports over Imports including Gold, silver and Currency Notes.	4,39,20,000	49,76,10,000	(c)—68,39,80,000	(c)—46,17,30,000
Secretary of State's Bills sold (Rupees).	(a) 28,65,41,000‡	34,54,98,000	---	---
Sterling Equivalent received . .	(a) 20,946,314‡	31,226,319	---	---
Silver coined at the Indian Mints .	32,08,35,310	37,72,19,787	2,41,30,069	1,60,66,668

* Recorded from
† Represents net
‡ Includes remittances of the
(a) Includes remittances of the
(b) Figures for 11 months
(c) Net
(d) Figures included

dix V.

FINANCIAL STATISTICS.

MISCELLANEOUS.

1922-1923.	1923-1924.	1924-1925.	1925-1926.	1926-1927, Revised.	1927-1928, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	2,88,99,758	5,68,25,098	3,31,18,167	...	...
15,01,76,393	...	13,46,94,254	19,23,58,355	36,99,24,000	25,00,16,000
16,45,67,524	30,80,11,678	...	3,42,73,630	...	...
...
65,62,006	75,31,560	1,17,55,881	2,23,54,159	31,55,000	58,02,000
...	...	...	81,16,371	54,52,000	39,55,000
1,54,79,438	1,54,73,653	1,42,18,868	99,06,164	75,00,000	70,00,000
...	...	...	...	35,00,000	33,35,000
...	...	...	...	8,61,000	19,23,000
...
26,51,19,053	17,67,00,540	9,62,98,934	-4,03,60,336	-4,83,04,000	+7,23,41,000
25,26,11,589	16,64,08,856	9,13,70,596	-4,09,06,307	-7,46,47,000	+6,49,47,000
3,16,07,30,000	3,03,37,60,000	4,00,24,30,000	3,86,61,20,000	(b) 3,76,38,60,000	
2,46,19,30,000	2,37,18,40,000	2,63,36,40,000	2,35,99,90,000	(b) 2,18,49,30,000	
69,88,00,000	1,26,18,20,000	1,46,87,90,000	1,50,61,30,000	(b) 67,89,39,000	
41,18,10,000	29,16,70,000	73,93,60,000	34,85,50,000	(b) 16,61,10,000	
18,85,40,000	18,69,80,000	30,07,40,000	17,12,40,000	(b) 18,38,70,000	
59,54,50,000	47,88,50,000	94,00,00,000	51,97,90,000	(b) 34,99,80,000	
10,83,50,000	78,30,70,000	52,87,90,000	93,83,40,000	(b) 23,89,50,000	
1,01,70,000	1,64,60,000	3,00,000	3-33,00,000	(b) 4,00,000	
9,31,60,000	76,66,10,000	52,54,80,000	99,16,40,000	(b) 22,85,50,000	
3,75,00,000	12,68,50,000	10,09,00,000	...	...
2,570,025	8,738,704	7,579,162	...	...
62,78,446	80,00,791	33,35,394	30,73,478	(d) 50,49,436	

April 1922.
 exports of gold.
 Gold Standard Reserve.
 Currency Department.
 (April to February).
 imports.
 exports.
 up to January 1927.

COMMERCIAL AND

TABLE I—

	1915-1919.	1919-1920.	1920-1921.	1921-1922.
Maximum price in pence of an oz. troy standard Silver in London. B	80 (23rd March 1919).	89½ (11th Feb. 1920).	72½ (7th April 1920).	43½ (27th Sept. 1921).
Minimum price in pence of an oz. troy standard Silver in London.	45½ (8th to 10th April 1918).	46½ (4th April and 6th May 1919).	30½ (5th March 1921).	32½ (28th Feb. & 2nd Mar. 1922).
Average Exchange upon Secretary of State's Bills sold per rupee.	1s. 8-544d.	1s. 9-691d.	---	---
Average of the daily telegraphic transfer rates from Calcutta on London.	---	---	1s. 9-66d.	1s. 9-85d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1s. 6d. and 1s. 6d.	1s. 6d., 1s. 6d., 2s. 6d. and 2s. 6d.	2s. 6d., 2s. 6d., 2s. 6d., 2s., 1s. 11d., 1s. 10½d., 1s. 8½d., 1s. 8½d., 1s. 8d., & 1s. 4½d.	1s. 3½d., 1s. 3½d., 1s. 3½d., 1s. 6d., 1s. 6d., 1s. 6d., and 1s. 5½d.
Maximum rate of discount on loans on demand at the Imperial Bank of India, Calcutta.	7 (16th Jan. to 26th Mar. 1919).	7 (12th to 31st Mar. 1920).	7 (1st Apl. to 9th June 1920, 18th Nov. 1920 to 2nd Mar. 1921).	8 (16th Feb. to 31st Mar. 1922).
Minimum rate of discount on Loans on demand at the Imperial Bank of India, Calcutta.	5 (23rd May to 6th Nov. 1918).	5 (5th June 1919 to 14th Jan. 1920).	5 (1st July to 3rd Nov. 1920).	5 (2nd June to 14th Dec. 1921).
Maximum rate of discount at the Bank of England.	5 (1st Apl. 1918 to 31st Mar. 1919).	6 (8th Nov. 1919 to 31st Mar. 1920).	7 (18th April 1920 to 31st Mar. 1921).	7 (1st Apl. to 1st May 1921).
Minimum rate of discount at the Bank of England.		5 (1st April 1919 to 8th Nov. 1919).	6 (1st to 14th April 1920).	4½ (16th Feb. to 31st March 1922).
Maximum Government balances at the Imperial Bank of India.	18,80,47,000 (Sept.)	18,24,33,000 (Feb.)	20,38,41,000 (July)	25,87,46,000 (31st July).
Minimum Government balances at the Imperial Bank of India.	6,84,89,000 (April)	7,04,82,000 (Sept.)	6,84,98,000 (Feb.)	5,34,64,000 (18th Nov.).
Maximum price in Calcutta of 5 per cent. War Loan, 1919-27.	98	95	90	87
Minimum price in Calcutta of 5 per cent. War Loan, 1920-27.	90	90	77	78
Maximum price in Calcutta of 5 per cent. income-tax free loan, 1925-28.	---	96½ to 98	96½ to 98	89
Minimum price in Calcutta of 5 per cent. income-tax free loan, 1925-28.	---			78½	80
Maximum price in Calcutta of Government 2½ per cent. Rupee Securities (Guaranteed).	81 (7th to 31st Nov. 1918).	71 (1st April to 17th May 1919).	60 (1st to 16th April 1920 and 5th to 16th January 1921).	62 (30th & 31st May 1921).
Minimum price in Calcutta of Government 2½ per cent. Rupee Securities (Guaranteed).	65 (3rd May to 24th June 1918).	60 (27th Feb. to 31st Mar. 1920).	63 (1st Nov. to 12th Dec. 1920).	65-6 (from 11th March 1922).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	60 (6th to 22nd Nov. 1918).	63 (1st April to 17th May 1919).	60 (1st April to 5th Oct. 1920 and 5th to 16th January 1921).	60 (31st May & 1st June 1921).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	58 (11th Apl. to 24th June 1918).	50 (27th Feb. to 31st Mar. 1920).	43 (1st Nov. to 22nd Dec. 1920).	47 (1st to 6th April 1921).

FINANCIAL STATISTICS—contd.

MISCELLANEOUS—contd.

1922-1923.	1923-1924.	1924-1925.	1925-1926.	1926-27, Revised.	1927-1928, Budget.
37½ (22nd May 1922).	34 ¹ / ₁₆ (3rd and 5th Jan., 13th and 14th Feb. 1924).	36 ¹ / ₈ (9th Oct. 1924)	33 ⁷ / ₁₆ (5th Sept. 1925).	30½ (5th May 1926).	
30½ (15th Dec. 1922).	30 ¹¹ / ₁₆ (13th July 1923).	31½ (29th Dec. 1924)	30½ (10th and 22nd March 1926).	24½ (20th October 1926).	
Is. 4'46d.	Is. 4'534d.	Is. 6'025d.	...	...
Is. 3'70d.	Is. 4'46d.	Is. 5'51d.	Is. 6'08d.	Is. 5 ¹⁵ / ₁₆ d. (estimate).	
Is. 3½d., Is. 3¼d., 2s. 3½d., Is. 4d., and Is. 4½d.	Is. 4d., Is. 4½d., Is. 4¾d., Is. 5d., and Is. 5½d.	Is. 4½d., Is. 5d., Is. 6½d., Is. 5½d., and Is. 6d.	Is. 6d., Is. 6½d.	Is. 5½d., Is. 6d., and Is. 6½.	
6 (1st to 20th April 1922 and from 11th Jan. to 31st March 1923).	9 (14th Feb. 1924 to 31st March 1924).	9 (1st April to 9th April).	7 (1st April to 20th May).	7 (10th February to date).	
4 (6th July to 26th Oct. 1922).	4 (28th June to 14th Nov. 1923).	4 (31st July to 20th Augt. 1924).	4 (3rd July to 27th September).	4 (10th June to 31st December).	
4½ (1st to 12th April 1922).	4 (since 5th July 1923).	5 (5th March).	5 (1st April to 4th August and 3rd December to date).	5 throughout the year.	
3 (13th July 1922 to 31st March 1923).	3 (1st April to 4th July 1923).	4 (1st April 1924 to 4th March 1925).	4 (2nd October to 2nd December).		
33,18,07,000 (30th July).	29,74,54,000 (30th July).	33,18,07,000 (31st July).	28,96,31,000 (29th May).	36,41,13,000 (30th July).	
6,22,54,000 (10th Nov.).	6,23,69,000 (6th Nov.).	7,42,63,000 (31st Dec.).	4,29,57,000 (11th December).	3,85,92,000 (17th December).	
83-8	93-10	94-14	97-4	102-6	
81-6	87-13	93-14	94-13	99-14	
93-8	98-14	99-8	101-7	110-4	
87	93-3	97	98-13	104-2	
61-4 (22nd and 23rd March 1923).	63-3 (5th Mar. 1924).	68-6 (10th July).	73-8 (27th March).	79-3 (15th Dec-ember).	
55-8 (1st to 17th April 1923).	61 (3rd to 5th April 1923).	63-4 (18th Septem-ber).	67-10 (5th May)	74-6 (1st April).	
53-6 (22nd and 23rd March 1923).	57-12 (5th Mar. 1923).	58-10 (10th July).	63-14 (25th March).	67-14 (15th to 21st Dec-ember).	
47-12 (1st to 18th April 1923).	51-14 (3rd to 5th April 1923).	53-8 (16th Septem-ber).	57-15 (15th to 15th May).	66-3 (1st, 3rd, 4th, 14th May and 3rd and 9th to 11th Aug-ust).	

TABLE I—

	1916-1918.	1919-1920.	1920-1921.	1921-1922.
	₹	₹	₹	₹
Maximum amount outstanding on London Register of Rupee Securities raised for Interest Drafts.	8,17,24,000 (Mar.)	8,16,74,000 (Apr.)	6,65,19,000 (Apr.)	7,60,04,000 (Feb.)
Minimum amount outstanding on London Register of Rupee Securities raised for Interest Drafts.	7,34,70,000 (July)	7,43,68,000 (Dec.)	6,13,12,000 (Sept.)	6,36,90,000 (Apr.)
Maximum price in London of 5½ per cent. (Rupee Securities in Gold).	54	74	63½	42½
Minimum price in London of 3½ per cent. (Rupee Securities in Gold).	44	40½	33½	34½
Maximum price in London of India 3½ per cent. Stock.	74	60½	61	63½
Minimum price in London of India 3½ per cent. Stock.	63	54½	51½	55½
Maximum price in London of India 5 per cent. Stock.	64	60½	53	55½
Minimum price in London of India 5 per cent. Stock.	53½	47½	43½	47½
Maximum price in London of India 3½ per cent. Stock.	53½	50½	48	46½
Minimum price in London of India 3½ per cent. Stock.	44½	40	37½	39½
Maximum price in London of 7 per cent. Stock.	...	...	...	108½
Minimum price in London of 7 per cent. Stock.	...	...	...	102½
Maximum price in London of 5½ per cent. Stock.	...	...	...	94½
Minimum price in London of 5½ per cent. Stock.	...	...	...	89½
Maximum price in London of 4½ per cent. Stock.	...	...	...	...
Minimum price in London of 4½ per cent. Stock.	...	...	...	...
Maximum Government Paper Currency outstanding.	1,53,44,48,000 (Mar.)	1,64,14,78,000 (Jan.)	1,70,73,80,000 (Apr.)	1,79,71,46,000 (Oct.)
Minimum Government Paper Currency outstanding.	1,05,98,08,000 (Apr.)	1,53,72,07,000 (Apr.)	1,57,62,82,000 (Sept.)	1,67,31,66,000 (Apr.)
Number of Post Office Savings Banks.	10,587	10,670	10,713	10,756
Number of accounts in Post Office Savings Banks.	16,77,407	17,80,443	18,77,967	19,54,324
Amount deposited in Savings Banks.	18,82,44,749	21,34,64,628	22,94,31,718	22,28,24,825
Average of each deposit	113-23	121-26	121-73	118-08
Net addition to deposits	2,23,94,279	2,52,30,787	1,51,37,088	-59,94,891

FINANCIAL STATISTICS—concl'd.

MISCELLANEOUS—concl'd.

1922-1923.	1923-1924.	1924-1925.	1925-1926.	1926-1927, Revised.	1927-1928, Budget.
R	R	R	R	R	R
10,50,48,000 (Nov.)	10,80,92,000 (Oct.)	10,20,98,000 (Apr.)	9,48,86,000 (Apr.)	8,59,21,000 (Oct.)	
9,68,19,000 (May)	10,06,94,000 (Mar.)	9,69,36,000 (Mar.)	8,41,90,000 (Mar.)	8,19,29,000 (Sept.)	
39	45	40½	54½	57½	
34	39	45	49½	54½	
69½	72½	69½	69½	74½	
62½	61½	63	63½	67½	
59½	62½	59½	59½	63½	
53½	52½	54	54½	57½	
50½	52½	49½	49½	53½	
44½	44½	45	46½	48½ 16	
119½	124	116½	108½	104½	
108	107½	104½	102½	101½	
103½	105	103½	103	104	
93½	99	100	99½	101	
88½	93	89½	91½	93½	
83½	83½	85½	85½	88½	
1,82,38,25,000 (Aug.)	1,86,18,98,000 (Feb.)	1,84,18,40,000 (Mar.)	1,93,34,10,000 (Mar.)	2,00,53,42,000 (Aug.)	
1,71,78,07,000 (Apr.)	1,71,33,35,000 (May)	1,72,49,20,000 (June)	1,73,33,07,000 (May)	1,80,47,21,000 (Jan.)	
10,730	10,535	10,727	11,163		
20,48,503	20,69,314	21,64,473	23,17,390		
23,19,98,761	24,78,83,170	25,63,94,907	27,23,14,764		
113-53	118-84	118-45	117-50		
83,73,696	1,58,64,400	85,11,737	1,59,19,887		

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