

EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of the Honourable The House of Commons,  
dated 12 April 1889;—for,

“COPY of the INDIAN FINANCIAL STATEMENT for 1889-90, and of the  
PROCEEDINGS of the LEGISLATIVE COUNCIL of the GOVERNOR GENERAL  
thereon.”

India Office,  
16 April 1889. }

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

*(Sir George Balfour.)*

*Ordered, by The House of Commons, to be Printed,  
16 April 1889.*

LONDON:  
PRINTED BY HENRY HANSARD AND SON;  
AND  
Published by EYRE and SPOTTISWOODE, East Harding-street, London, E.C.,  
and 32, Abingdon-street, Westminster, S.W.;  
ADAM and CHARLES BLACK, North Bridge, Edinburgh;  
and HODGES, FIGGIS, and Co., 104, Grafton-street, Dublin.

TABLE OF CONTENTS.

	PARA.	PAGE.
Financial Statement for 1889-90, 27th March 1889	-	5
I. Preliminary	1	5
II. Accounts of 1887-88	2	6
III. Revised Estimates of 1888-89	9	8
IV. Estimates of 1889-90	38	17
V. General Financial Position	65	26
VI. Falling-off in the Revenue from Salt	78	30
VII. Excise Policy	84	32
VIII. Ways and Means—Home Treasury	90	35
Conversion of 4 per cent. into 3½ per cent. Stock	91	36
Purchase of the Oudh and Rohilkhand Railway	92	36
Aided Railway Companies	93	36
IX. Ways and Means—India, 1888-89	96	38
Conversion of 4½ per cent. Loan of 1870	98	39
Stock Notes	100	39
Indian Savings Banks	101	39
Capital Expenditure of Government of India	102	40
Calcutta and Bombay Dock Loans	103	40
Issues on Capital Account to Railway Companies	104	41
Management of Government Balances.	105	41
X. Ways and Means—India, 1889-90	112	43
Proposed Rupee Loan	113	43
Loans to Municipalities, &c.	114	43
XI. Summary	119	45
 APPENDICES :		
APPENDIX I. :		
Despatch to Her Majesty's Secretary of State for India, No. 256, dated 30th June 1874	-	47
 APPENDIX II.—ACCOUNTS AND ESTIMATES :		
General Statement of the Accounts and Estimates of the Revenue and Expenditure and Receipts and Disbursements of the Government of India, in India and in England	-	50
A.—Statement of the Revenue of India, in India and in England	-	52
B.—Statement of the Expenditure chargeable on the Revenues of India, in India and in England	-	54
C.—Statement of Receipts and Disbursements other than Revenue and Expenditure of the Government of India, in India and in England	-	58
D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Contracts	-	60
E.—Statement of Net Revenue and Expenditure—England and India	-	62
 APPENDIX III.—COMMERCIAL AND FINANCIAL STATISTICS.	-	65
 Proceedings of the Council of the Governor General respecting the North- Western Provinces and Oudh, Kanungos and Patwari's Bill :		
27th March 1889	-	82
29th " "	-	85



COPY of the INDIAN FINANCIAL STATEMENT for 1889-90, and of the PROCEEDINGS of the LEGISLATIVE COUNCIL of the GOVERNOR GENERAL thereon.

— No. 1. —

FINANCIAL STATEMENT FOR 1889-90.

SECTION I.—PRELIMINARY.

1. THE Financial Statement for 1889-90 deals with the Accounts of 1887-88, which have been finally closed, with the Revised Estimate for the current year, 1888-89, and with the Budget Estimates for the coming year, 1889-90. In this Statement tens of rupees are denoted by the symbol Rx.; tens of rupees represent what used to be called conventional sterling; when pounds sterling are meant, the words "true sterling" are always added; pounds sterling are also denoted by the customary symbol, and not by Rx.

In previous years columns have been inserted in Statements A and B, showing (1) differences between the Revised and Budget Estimates of the current year, and (2) differences between the Revised Estimate of the current and the Budget Estimate of the coming year. In order that the change in the financial position, as estimated a year ago and as estimated now, may be seen at a glance, it has been decided to add a column showing the increases and decreases resulting from a comparison of the Budget Estimate of the current year with the Budget Estimate of next year.

The magnitude of the financial transactions of the Government of India is now very great, the aggregate of revenue and expenditure, as entered in the estimates for 1889-90, being more than Rx. 166,000,000. The revenue and expenditure, as recorded in the Accounts, include the gross receipts and working expenses of Indian State Railways and the net receipts of the old Guaranteed Railways, and it is this inclusion which swells the total revenue and expenditure and causes them to increase so rapidly.

The Accounts and Estimates include three distinct categories of revenue and expenditure—Imperial, Provincial, and Local,—and deal with the transactions of eight local governments and administrations, and of many local funds, as well as with those of the Supreme Government.

The local governments and administrations are Madras, Bombay, Bengal, the North-Western Provinces and Oudh, the Punjab, Burma, the Central Provinces, and Assam; all of which enjoy a considerable measure of financial independence.

The transactions of the Government of India are carried on in India in the silver standard, and in England in the gold standard, and are consequently attended with the inconvenience and uncertainty which result from the frequent and considerable fluctuations in the relative value of the two standards which have been experienced in recent years.

The Accounts of the Government of India also include, as I have already stated, the transactions of a great system of railways, some of which are owned by the Government, being either worked directly by Government, or leased to companies, while others are owned and worked by companies to whom a minimum rate of interest is guaranteed; a few are owned and worked by private companies which receive a greater or less amount of assistance from the Government.

The contracts between Government and the different railway companies are numerous and complex, and vary in their terms in the case of different railways.

For the reasons I have just stated, the preparation of a satisfactory financial statement is a task of difficulty. To fully explain the details of every transaction would weary the attention of the most patient reader or listener, while a mere attempt to sketch briefly the leading features of the situation would exclude much valuable information. In such circumstances nothing is practicable but a compromise, and a compromise, from the very nature of the case, cannot be wholly satisfactory to everybody interested.

## SECTION II.—ACCOUNTS OF 1887-88.

2. In the Financial Statement of March 1888 the Revenue of the year 1887-88, which was then about to close, was estimated at Rx. 77,926,600, and the Expenditure chargeable thereon at Rx. 80,943,300, the deficit being Rx. 3,016,700; the cost of the special defence works, which were being constructed for the protection of the North West Frontier and the chief places on the coast, was included in the Expenditure.

A statement was subsequently published in the "Gazette of India" of the 12th May 1888, giving the corrections in that Estimate, rendered necessary by the further information at that time available.

This additional information referred only to the Indian portion of the transactions, and not to the Home Accounts, and indicated a net improvement of Rx. 397,000 as compared with the figures of the Financial Statement, the probable deficit of the year 1887-88 being reduced from Rx. 3,016,700 to Rx. 2,619,700.

3. As the process of compilation of the accounts of the year proceeded, the position was shown to have further improved by Rx. 238,000, making the probable deficit, Rx. 2,381,700. This alteration of the Estimate was telegraphed to the Secretary of State in August 1888, and was adopted in the "latest estimate" laid before Parliament in the Under-Secretary of State's Financial Statement of September 1888. The probable deficit announced to Parliament was, however, Rx. 1,960,800, and not the sum of Rx. 2,381,700 just mentioned. The difference of Rx. 420,900 was due, as explained by Sir John Gorst, to an improvement in the English Account of Rx. 120,900, and to the inclusion as revenue of a special item,\* then estimated at Rx. 300,000, representing the gain by exchange on the capital transactions of Subsidized Railways in England, which had been placed under a suspense head in the Revised Estimates, pending the decision of the Secretary of State whether it properly formed an item of current revenue, or not.

4. On closing the Accounts of the year 1887-88, the actual figures proved to be. Revenue, Rx. 78,759,744; Expenditure, Rx. 80,788,576; and the deficit of 1887-88, is finally shown to be Rx. 2,028,832, being Rx. 68,032 more than the deficit as estimated in September last. The principal differences between the Revised Estimate as given in the last Financial Statement and the actuals of 1887-88 are set out in the following statement, and complete details will be found

---

\* "I mentioned just now a sum of 300,000 L. which I said the Government had gained by exchange transactions. I might just explain how that arises. The Committee are, no doubt, aware that the Government have contracts with certain railway companies, the Southern Mahratta, the Indian Midland, and the Bengal-Nagpur, by which the Government undertake to transmit to India the capital of these Companies subscribed in London, which is required for expenditure in India, at a certain fixed rate of exchange. In the case of the Southern Mahratta money is transmitted by contract at 12 rupees per 1 L. sterling, in the case of the Indian Midland at 12½ rupees per 1 L. sterling, and in the case of the Bengal-Nagpur at 13 rupees per 1 L. sterling. The Committee will see that when exchange comes down below the rate named in the contract, the Government gain by the transaction. For instance, at the present time, the 1 L. sterling is nearly equivalent to 15 rupees in India, whereas the Government would only have to pay the Southern Mahratta Railway 12 rupees. So long as the rupee is lower than the exchange rate of the contract there is a gain, and that gain makes up this sum of Rx. 300,000."

found in the appropriation audit report published in the Gazette of India of 16th March 1889.

	1887-88.		Accounts Better.	Accounts Worse.
	Revised Estimate.	Accounts.		
<b>REVENUE.</b>				
India (Imperial, Provincial and Local) - - - - Rx.	77,560,000	76,389,003	829,003	—
England - - - - - £.	258,200	261,047	2,847	—
Exchange - - - - - Rx.	108,400	109,694	1,294	—
<b>TOTAL - - - - Rx.</b>	<b>77,926,600</b>	<b>76,759,744</b>	<b>833,144</b>	<b>—</b>
<b>EXPENDITURE.</b>				
India —				
Imperial - - - - - Rx.	37,405,500	37,201,016	204,484	—
Provincial and Local - - - Rx.	21,536,500	21,361,271	175,229	—
Adjustment of Provincial and Local - - - - - Rx.	+27,700	+370,591	—	342,891
England - - - - - £.	15,474,400	15,389,065	85,335	—
Exchange - - - - - Rx.	6,499,200	6,466,633	32,567	—
<b>TOTAL - - - - Rx.</b>	<b>80,943,300</b>	<b>80,788,576</b>	<b>497,615</b>	<b>342,891</b>
<b>DEFICIT - - - - Rx.</b>	<b>3,016,700</b>	<b>2,028,832</b>	<b>987,868</b>	<b>—</b>

5. The Revenue in India (Imperial, Provincial, and Local) proved to be Rx. 829,003 more, and the Expenditure in India (Imperial, Provincial, and Local) Rx. 379,713 less, than the estimate of March 1888. Allowing for the increase in the Provincial adjustment of Rx. 342,891, these figures give a net Imperial improvement of Rx. 865,825, and, if we add the net improvement in the English Accounts, and under Exchange, of Rx. 122,043, we get a total improvement of Rx. 987,868, being the amount by which the actual deficit falls short of the estimated deficit of March last.

6. Of the increase of Revenue in India, Rx. 244,540 resulted from the gain by exchange on capital transactions of Subsidized Railways in England, which was not taken credit for in the Estimates for reasons already stated, and the balance Rx. 584,463 represents the actual improvement in Revenue. It has been explained on former occasions that the financial year terminates in the middle of the season of heavy revenue collections and large railway receipts. A difference of a day in the payment of the instalments of Land Revenue due at the end of March may seriously affect the estimate of revenue for the year. If the Land Revenue is paid on 31st March, it appears as a receipt of the year 1887-88; if it is paid on 1st April, it appears as a receipt of 1888-89. The estimated results are further liable to be falsified by an unexpected distribution of the railway traffic between March and April. The months of March and April are also periods of heavy Public Works expenditure, and it is difficult to say beforehand how much of such expenditure will fall into March and how much into April. In fact, for the purposes of the Revised Estimate, the year could hardly end on a more inconvenient date than the last day of the month of March. If the variations from the Estimate occur under Provincial or Local heads, the estimated surplus or deficit, which depends solely on Imperial revenue and Imperial expenditure, is not affected, but the total revenue and total expenditure recorded in the Accounts may be materially altered.

7. The improvement in the Revenue figures calls for no further remarks. The reduction of the Indian Imperial Expenditure below that of the Revised

Estimate, amounting to Rx. 204,484 in all, was mainly due to a less expenditure of Rx. 115,963 on Special Defence Works, of Rx. 87,162 under Opium, of Rx. 66,559 under Interest on ordinary Debt, of Rx. 49,937 under Military Works, and to an excess of Rx. 116,739 under working expenses of State Railways. The gain in the English Account was mainly due to reduced military expenditure and to the resulting saving in exchange. The saving under Provincial and Local expenditure occurs mainly under Civil Works and Irrigation, and, in a less degree, under charges for collection of Land and Forest Revenue.

8. The above explanations dispose of the Revenue and Expenditure Account of 1887-88, on the results of which depends the surplus or deficit of the year. The Capital Expenditure on Railways and on Irrigation Works constructed from loan funds amounted to Rx. 2,251,776 and Rx. 533,048 respectively, thus falling short of the anticipations of the Revised Estimates by Rx. 191,976, of which Rx. 122,224 was due to short expenditure on Railways and Rx. 69,752 to short expenditure on Irrigation. This result does not of course affect the question of surplus or deficit on the Revenue and Expenditure Account, and, as already stated, the final result of the year 1887-88 was a deficit of Rx. 2,028,832, including as expenditure Rx. 456,017 on account of Special Defence Works. Excluding the cost of these Works, the deficit of 1887-88 was Rx. 1,572,815.

### SECTION III.—REVISED ESTIMATES OF 1888-89.

9. The Estimates of 1887-88 as originally framed in March 1887 showed a surplus of Rx. 16,700, representing practically a bare equilibrium of Revenue and Expenditure.

As I have just stated, the trifling surplus shown in the Budget Estimate of 1887-88 has proved, on closing the accounts of the year, to have become a deficit of Rx. 2,028,832.

The deterioration in the financial position manifested itself in the course of 1887-88, and led to steps being taken in the course of the year for increasing the revenue. Of the actual deficit, Rx. 1,059,000 were due to the conversion of the India 4 per cent. stock of 48,200,000 *l.* into 3½ per cent. stock, in consequence of the operation throwing on the Accounts of that year a charge of 1 *l.* 7 *s.* 6 *d.* per cent. which would otherwise have been paid in 1888-89. A further deterioration resulted from the decision to charge against Revenue the expenditure on Special Defence Works, which had been treated in the Estimates as a charge against borrowed money, the additional charge imposed on the Revenue Account being Rx. 456,017. Other causes for apprehension were found in the fall in Exchange, the reduction in the net railway revenue, the fall in the price of opium, and increased military expenditure in Burma. The position was deemed to be of a nature so serious that, as I have said, steps were taken towards the close of the year to add to the revenue by the imposition of fresh taxation. The measures adopted for this purpose were the following:—

(1.) The raising of the rate of the duty on salt from R. 2 to R. 2-8 a maund, with effect from the 19th January 1888, except in Burma where the rate was raised from 3 annas to R. 1 a maund;

(2.) The imposition of a duty on the import of petroleum with effect from the same date; and

(3.) The extension of the Income Tax Act to Lower Burma, from 1888-89.

These measures were estimated to produce about Rx. 1,900,000; but, as they were introduced in the end of 1887-88, they had but little effect on the Revenue of that year.

10. The full effect of the measures just referred to would be felt in 1888-89, and the Estimates of that year showed a deficit of only Rx. 698,000, after including in the expenditure of the year a sum of Rx. 1,121,500 for Special Defence Works. If the expenditure on Special Defence Works had been excluded, the estimates would have shown a surplus of Rx. 423,500. The financial position has, I regret to say, been again affected injuriously by various influences during the progress of the year. On the expenditure side we have had

had to allow for a considerable fall in exchange. In the Estimates the rupee was taken at 1-4-9; the rate actually received has been 1-4-38, a fall of more than a halfpenny per rupee, which adds Rx. 684,400 to the expenditure of the year. There has also been unforeseen expenditure, estimated at Rx. 387,500, on Military Expeditions, being Rx. 142,500 on the Black Mountain Expedition, and Rx. 210,000 on account of Sikkim, besides Rx. 35,000 on account of the Lushai Expedition. The Revenue Account has been affected by a reduction in the quantity of salt that has paid duty, and there have been short crops in some parts of India, a condition which exercises an injurious effect on the revenue generally.

In face of these adverse circumstances, it will be a surprise to most people to learn that, including expenditure on special defence works, we now estimate for a deficit of Rx. 201,700, as against the deficit of Rx. 698,000 which was anticipated in the Financial Statement of March last, and, if the cost of special defence works be excluded, for a surplus of Rx. 616,600, as against the previous estimate of Rx. 423,500. Although the improvement is due in some respects to what may be termed accidental and temporary causes, yet, on the other hand, some of the influences which have adversely affected the finances of the year are of a precisely similar character, and the final result is not unsatisfactory.

I shall now explain the various causes which have tended to modify the Budget Estimates of 1888-89.

11. The Revenue of the current financial year 1888-89 was estimated in March last at Rx. 80,010,500; it is now estimated at Rx. 81,585,500, an improvement of Rx. 1,575,000.

The Expenditure proper of 1888-89 was estimated at Rx. 81,192,100, and the Provincial adjustment at *minus* Rx. 483,600, giving a total charge against Revenue of Rx. 80,708,500, the deficit being Rx. 698,000. What is meant by a *minus* Provincial adjustment of Rx. 483,600 is that the total Provincial Expenditure of the year was estimated to exceed the total Provincial Revenue by Rx. 483,600, and this sum was consequently shown as a charge against the accumulated balances of former years, and not against current Provincial Revenue.

The Expenditure properly so called is now estimated at Rx. 81,584,100, and the Provincial adjustment at *plus* Rx. 203,100, giving a total charge against Revenue of Rx. 81,787,200, being an increase over the former estimate of Rx. 1,078,700. The increase of Revenue over the Estimate has exceeded the increase of expenditure chargeable against that revenue by Rx. 496,300, and the estimated deficit has been reduced by that amount, and now stands at Rx. 201,700, instead of Rx. 698,000.

12. The increase of Revenue for which we have to account is Rx. 1,575,000, and it is due mainly to increases under the following heads:—

	Rx.
Receipts under Exchange - - - - -	536,800
Railways - - - - -	243,300
Interest - - - - -	182,500
Forests - - - - -	154,100
Land Revenue - - - - -	111,800
Post Office, Telegraph, and Mint - - - - -	109,100
Opium - - - - -	107,000
Excise - - - - -	96,200
Irrigation - - - - -	80,200
Stamps - - - - -	77,800
Assessed Taxes - - - - -	56,800
TOTAL - - -	1,755,600

The total increase under these heads comes to Rx. 1,755,600, and there are increases under other heads amounting in the aggregate to Rx. 283,200, and making the total increase of revenue under certain heads no less than Rx. 2,038,800. On the other hand, there is a falling off of revenue under certain heads amounting to Rx. 463,800; of this sum the falling off under Salt



accounts for no less than Rx. 445,600, leaving Rx. 18,200 as the total falling off under the remaining heads. The net increase of revenue, as already explained, is Rx. 1,575,000.

13. In attempting to present an intelligible statement of a subject so extensive and complicated as the financial position of British India, more would be lost than gained by going into minute details, and attempting to explain every petty fluctuation in revenue and expenditure due to ordinary causes. I shall, therefore, confine myself to dealing with those variations in revenue or expenditure which are due to important or special causes, and which have had a perceptible influence on the financial results of the year.

14. The head under which the greatest increase of revenue is anticipated is Exchange, and the increase is no less than Rx. 536,800.

The receipts under exchange arise from the net gain accruing to Government in consequence of certain remittance transactions being carried out by it, under contract or as concessions, at a rate of exchange different from the average rate obtained by the Secretary of State by the sale of bills and telegraphic transfers on India. These receipts occur chiefly in connection with the contracts with guaranteed and subsidized railways, with transactions with Her Majesty's Imperial Government, with family remittances of officers serving in India, and with remittances for the purchase of stores through the Secretary of State for local bodies and native States.

The very large amounts of revenue accruing in this way in the current and past years have been due almost entirely to the heavy transactions of the subsidized railway companies. Transactions are carried out at contract rates which are more favourable than the market rates, and a gain is made in this way which increases as the market rate falls below the contract rate. Of course, this is not a source of gain to which we can permanently look forward, and we run the risk of loss when the reverse transaction takes place, as well as when the rate of exchange is rising instead of falling.

The large difference between the Budget and Revised Estimates of the current year under this head is due partly to the fall in the rate of exchange since the Budget Estimate was prepared, but mainly to no provision having been made in the Budget Estimate for the gain, now estimated at Rx. 266,000, accruing from the payments made to the railway companies in England, as the question whether this should be treated as current revenue was under the consideration of the Secretary of State at the time the Estimates were prepared. The gain accrued mainly in connection with transactions relating to the Indian Midland, the Bengal-Nagpur, the Southern Mahratta, and the various Guaranteed Railways.

15. Increased railway receipts account for an improvement of Rx. 243,300, and, as the receipts under this head are intimately connected with the expenditure on working expenses and surplus profits of guaranteed companies, I propose to deal with both the revenue and the expenditure at the same time, thus anticipating to some extent what it would otherwise be necessary to say hereafter. The improvement in railway revenue amounts to Rx. 243,300, but there is an increase of Rx. 393,300 in expenditure (including exchange), so that the net result in the railway account is a deterioration of Rx. 150,000.

The following is a statement of the increase or decrease under the Revenue heads of the Railway Account:—

	Increase + and Decrease —
	Rx.
State Railways (gross receipts) - - - - -	—500
Guaranteed Companies (net traffic receipts) - - - - -	+ 247,500
Subsidized Companies (repayments of advances of interest)	—3,700
<b>TOTAL - - - - -</b>	<b>243,300</b>

The

The gross earnings of State Railways are almost the same as in the original Estimate, but there are considerable increases and decreases in the case of particular lines.

The main fluctuations are as follows :—

	Increase.	Decrease.
	Rx.	Rx.
<i>State Railways (gross receipts) —</i>		
East Indian - - - - -	—	250,000
North-Western - - - - -	150,000	—
Rajputana-Malwa - - - - -	93,000	—
Eastern Bengal - - - - -	70,000	—
Bengal-Nagpur - - - - -	13,500	—
Indian Midland - - - - -	12,500	—
Tirhoot - - - - -	—	25,000
Oudh and Rohilkhund - - - - -	—	20,000
Southern Mahratta - - - - -	—	17,500
Burma - - - - -	—	12,500
Toung-hoo-Mandalay - - - - -	—	10,000
	341,000	335,000
<i>Guaranteed Companies (net traffic receipts) —</i>		
Great Indian Peninsula - - - - -	270,000	—
South Indian - - - - -	27,500	—
Madras - - - - -	25,000	—
Oudh and Rohilkhund - - - - -	—	60,000
Bombay-Baroda - - - - -	—	15,000

The serious falling off on the East Indian Railway is ascribed to a variety of causes, amongst which may be enumerated the cessation of an abnormal traffic in the previous year caused by scarcity in the North-Western Provinces, a continued falling off in a long lead traffic of wheat and grains from Upper India, certain writes-back due to overcharges, and, possibly, a diversion of traffic consequent on the opening of the Indian Midland Railway.

On the other hand, the grain traffic of the North-Western Railway, which fell off so much in the previous year, has revived to a great extent; the Rajputana-Malwa and Eastern Bengal Railways have both had prosperous years, the jute season having been extremely favourable for the latter railway.

16. The total increase of expenditure in the Railway Account amounts to Rx. 393,300, which is mainly due to the loss on sterling payments owing to the fall in Exchange.

The rupee expenditure in India has only increased by Rx. 86,400, and the expenditure in England by only 37,100 l. (true sterling), but the conversion of the sterling payments on account of interest and annuities, which amount to 5,652,600 l. (true sterling), into rupees at a lower rate of exchange than was taken in the Budget Estimate, raises the total increase to no less than Rx. 393,300.

It should also be explained that a more unfavourable exchange adds to the working expenses, under the head of Indian expenditure, by increasing the rupee price of stores procured from England, though, owing to the system of accounting, this factor does not appear separately in the Accounts.

It is possible that up to the present this loss by the fall in exchange may have been to a great extent met by a corresponding fall in English prices; but, with prices constant, it is obvious that an unexpected fluctuation in exchange would have a considerable effect on working expenses.

17. The increased receipts under interest appear in the Home Accounts, and are due to the Secretary of State having, as explained hereafter, raised the loan required for purchase of the Oudh and Rohilkhand Railway much earlier than it was required. This had the effect of placing a large cash balance at his disposal, most of which he was able to lend out temporarily at high rates of interest.

18. The increase of Revenue under Forests is Rx. 154,100, but there is an increase of expenditure on the other side of the Account amounting to Rx. 39,700, and making the net improvement Rx. 114,400. This increase is due mainly to increased receipts in Upper and Lower Burma. The increase in Upper Burma is Rx. 81,500, and includes a payment of Rx. 37,700 by the Bombay-Burma Trading Company on account of previous years. The increase in Lower Burma amounts to Rx. 84,700. The increased expenditure is mainly due to the payment of Rx. 43,400, to the Trading Company just referred to, in satisfaction of a claim against the late Government of Upper Burma, and of Rx. 10,000 on account of expenditure incurred by the Company for guards owing to the disturbed state of the country.

19. In the Budget Estimate for 1888-89 the total Land Revenue, including the portion due to Irrigation, which is shown in the Estimates under the Irrigation head of account, was estimated at Rx. 23,680,800. The Revised Estimate now shows the following increases and decreases :—

	Increase.		Decrease.
	Rx.		Rx.
India - - - - -	3,500	Lower Burma - - - - -	71,500
Central Provinces - - - - -	14,600	Bengal - - - - -	21,000
Upper Burma - - - - -	36,200	North-Western Provinces and Oudh - - - - -	40,000
Assam - - - - -	15,700		
Punjab - - - - -	14,500		
Madras - - - - -	78,500		
Bombay - - - - -	103,100		
<b>TOTAL - - - - -</b>	<b>266,100</b>		
Deduct Decrease - - - - -	132,500		
<b>Net Increase - - - - -</b>	<b>133,600</b>	<b>TOTAL - - - - -</b>	<b>132,500</b>

Considering the magnitude of the revenue under this head in the different Provinces, the various items of increase and decrease are of little importance, with the exception of the increases of Rx. 103,100 in Bombay, of Rx. 78,500 in Madras, and of Rx. 36,200 in Upper Burma, and the decrease of Rx. 71,500 in Lower Burma. The decrease in Lower Burma is due entirely to the postponement of the date of the Land Revenue demand in two districts, which transfers Rx. 87,000 from 1888-89 to 1889-90. The increase in Bombay is stated to be due to prompt realisation of the demand; that in Madras is due to land newly brought under cultivation having raised the demand of the year and to expected advance collections, and in Upper Burma to growing receipts in that Province as order is established. The decrease in Bengal and the North Western Provinces reflects the influence of an unfavourable season and poor crops in some places.

20. The increase of revenue under the group which comprises Post Office, Telegraph, and Mint, is made up as follows :—

Post Office - - - - -	Rx.	49,800
Telegraph - - - - -		33,400
Mint - - - - -		25,900
<b>TOTAL - - - - -</b>		<b>109,100</b>

The increased revenue of the Post Office is due to the steady growth of the Department; the receipts of the Telegraph Department have increased from a similar cause and from the extension of private lines; while the increased revenue of the Mint is due to a larger amount of copper coin passing into circulation than was taken credit for in the Estimates.

21. The increase of Rx. 107,000 in receipts from opium is entirely due to the rise in the price of the Bengal drug. The increased revenue from this source alone has been Rx. 444,600, against which has to be set a reduction of Rx. 333,000 in duty on exports of Malwa opium and a small falling off of Rx. 4,600 under other heads. The average price of Bengal opium has been Rs. 1,120, as against an estimate of Rs. 1,042. In the Budget Estimate it was anticipated that duty would be paid on 35,350 chests of Malwa opium. It is now expected that duty will be paid on only 30,300 chests. The rise in the price of the Bengal drug, and the reduced exports of Malwa, appear to have been due to short crops both in China and Malwa.

22. The increase of Rx. 96,200 in Excise Revenue is the net result of the following increases and decreases in the different Provinces :—

		Increase.			Decrease.
		Rx.			Rx.
India - - - - -		1,700	Central Provinces - - - - -		6,000
Lower Burma - - - - -		42,000	Upper Burma - - - - -		12,000
Bengal - - - - -		5,000	Assam - - - - -		1,200
Punjab - - - - -		10,700	North-Western Provinces and Oudh - - - - -		11,000
Madras - - - - -		40,000			
Bombay - - - - -		27,000			
<b>TOTAL - - - - -</b>		<b>126,400</b>	<b>TOTAL - - - - -</b>		<b>30,200</b>

The increase in Lower Burma is due to an enhancement of the rate of duty, in Madras to the extension of the stricter system of excise, and the introduction of the tree-tax system, and in Bombay and the Punjab to expansion of the revenue due to a good season and general prosperity.

23. The increase under Irrigation is Rx. 80,200, but there is an increase of expenditure on the other side of the Account amounting to Rx. 48,500, making the net improvement Rx. 31,700. The increase in Revenue is mainly due to higher direct receipts in the North-Western Provinces and Punjab and an increase in Madras of the portion of the Land Revenue due to Irrigation, and in the Punjab to the increased area under irrigation from new canals.

24. The increase in Stamps of Rx. 77,800 is distributed between all Provinces except Bengal, where a reduction of Rx. 20,000 is expected.

25. The increase of Rx. 56,800 in Assessed Taxes is mainly due to the following changes: In the "India" Account an increase of Rx. 23,100, chiefly in interest on Government securities; in Bengal, Rx. 5,000, due to revision of assessments and realization of arrears; in Madras, Rx. 10,000, from revision of assessments, and in Bombay, Rx. 9,200.

The year 1887-88 was the second in which the income-tax of 1886 was in operation, and, though I have already completed the examination of the Accounts of that year in another place, it may be of interest if I state here that the smoother working of the administrative machinery is indicated by the reduction, in 1887-88, in the number of objections from 100,428 to 72,571, in the amount refunded from Rx. 27,067 to Rx. 19,949, and in the cost of collection from Rx. 50,157 to Rx. 28,679. The net collections amounted to Rx. 1,382,808, and exceeded those of the previous year by Rx. 105,297.

26. The estimated falling off in the Salt Revenue is Rx. 445,600, and it is due to a reduction in the quantity of salt on which duty was paid. The question of the causes which have brought about this reduction is of importance, because

it has followed the increase of duty which took place towards the close of last year. I shall deal specially with this matter hereafter.

27. Turning to the expenditure side of the Account, we find a total increase in expenditure proper of Rx. 392,000, as well as an alteration in the Provincial adjustment of Rx. 686,700, the result appearing as an increase on the whole Account of Rx. 1,078,700.

It will be convenient, in the first place, to divide the total increase of expenditure into its three component parts of (1) rupee expenditure in India, (2) sterling expenditure in England, and (3) exchange.

In the Indian or rupee expenditure there has been an increase of Rx. 208,800 in Imperial expenditure and a reduction of Rx. 254,400 in Provincial expenditure. In the English or sterling expenditure there is a decrease of 168,400 *l.* (true sterling), and, notwithstanding this reduction in the gold payments, an increased charge on account of exchange of no less than Rx. 606,000. If the sterling expenditure had equalled the estimate, the increased charge for exchange would have been Rx. 684,400. This increased charge on account of exchange is due of course to the Budget Estimate having been calculated in March last at an exchange of 1 *s.* 4·9 *d.* per rupee, while in the Revised Estimate we have only been able to take 1 *s.* 4·38 *d.*

28. The principal heads under which increases of expenditure have occurred are the following :—

	Increase.
	Rx.
Army - - - - -	402,500
Railway Revenue Account - - - - -	393,300
Interest on Debt - - - - -	189,100
Opium - - - - -	93,800
Superannuation Allowances and Pensions - - - - -	88,800
Political - - - - -	51,800
Forests - - - - -	39,700
Irrigation - - - - -	48,500
TOTAL - - -	1,307,500

The aggregate increase under these heads comes to Rx. 1,307,500. Minor increases under other heads come to Rx. 166,700, making a total increase of Rx. 1,474,200. Against this figure must be set decreases amounting to Rx. 1,082,200, of which the following are the most important :—

	Decrease.
	Rx.
Special Defence Works - - - - -	303,200
Civil Works - - - - -	221,600
Land Revenue - - - - -	145,200
Stationery and Printing - - - - -	71,000
TOTAL - - -	741,000

The explanations of the increased expenditure under the Railway Revenue Account and Forests have already been given.

29. The increased cost under Army is accounted for by an increase of Rx. 210,000 in India, of 16,000 *l.* (true sterling) in England, and of Rx. 176,500 for Exchange. The increase in India is due to the Sikkim, Black Mountain, and Lushai Expeditions already mentioned, to the rupee payments to British troops

troops having been increased by the fall in the rate of exchange, and to the introduction of the practice of fixing the rate of exchange for the issue of pay to British troops serving in India for the half-year only, instead of for the whole year, and to higher expenditure on account of dearness of provisions and forage (including compensation paid to Native troops on this account). These increases were balanced to some extent by considerable savings in military expenditure in Burma.

30. The increased charge of Rx. 189,100 on account of interest on debt is made up of an increase of 68,100 l. (true sterling) in England, and a decrease of Rx. 27,400 in India, plus an increase of the charge for exchange amounting to Rx. 148,400. The increase in the English sterling payment is due to the inclusion, under this head, of so much of the interest on the sum raised for the purchase of the Oudh and Rohilkhand Railway as was not chargeable to the Railway Revenue Account, and there is a corresponding receipt arising from the investment by the Secretary of State of a portion of his surplus cash-balance owing to the favourable condition of the money market. The loan was raised in April 1888, and payment was not due till 1st January 1889, except in the case of some of the debenture loans which matured intermediately. Obviously, therefore, the Railway Revenue Account could not be charged with the interest, for the period April to 31st December, on any portion of the loan that was not applied to pay off debentures at maturity.

31. The increase in the charge for opium is due to a larger crop than was anticipated, and the increase under Superannuation Allowances and Pensions of Rx. 88,800 is due, to the extent of Rx. 72,800, simply to the increased exchange on the sterling payments made in England.

The increased political charge of Rx. 51,800 is chiefly due to the payment of arrears of the subsidy of the Amir of Afghanistan, as well as to an advance payment on the same account of Rx. 20,000.

The increase in expenditure under Irrigation is the net result of a great many variations, amongst which may be mentioned a heavy increase in the Punjab (Rx. 26,300) to repair damages by flood, and the classification of the Khushdil Khan Reservoir (Rx. 26,124) in Biluchistan as a work to be constructed from Revenues, instead of from Loan Funds, as was originally intended.

32. The decrease of Rx. 303,200 in the estimated expenditure on Special Defence Works is mainly due to a decrease in the estimated expenditure in England of 186,300 (true sterling) caused by the fact that payments for heavy guns for arming the Indian defences were not made as rapidly as was expected.

33. The decrease in the expenditure on collection of Land Revenue is distributed over the several Provinces in the following manner :—

	Decrease.
	Rx.
India - - - - -	600
Central Provinces - - - - -	24,900
Upper Burma - - - - -	4,000
Lower Burma - - - - -	16,100
Assam - - - - -	4,000
Bengal - - - - -	8,300
North-Western Provinces and Oudh - - - - -	49,500
Punjab - - - - -	12,300
Madras - - - - -	32,700
England - - - - -	200
Exchange - - - - -	100
<b>TOTAL - - -</b>	<b>152,700</b>

Against this decrease is to be set an increase of Rx. 7,500 in Bombay. In the Central Provinces the saving is partly due to low expenditure on survey and settlement operations and partly to the transfer of Forest Survey Charges to the head of Forests. In Upper Burma it is due to provision having been made for reorganisation of the commission from 1st April, whereas it actually took effect from 1st December. In the North-Western Provinces it is chiefly in survey and settlement charges owing to cessation of operations in certain districts. The saving in the Punjab also occurs in survey and settlement expenditure, and that in Madras is due to the revision of revenue establishments not having been carried out as intended.

34. The reduction in cost of stationery and printing is due to the demand for stores from England having been less than was anticipated.

The reduced estimate of expenditure under Civil Works is due: under Imperial (Rx. 31,800), to short outlay in Upper Burma and to the non-completion of the Surveyor-General's Office in Bengal, and to payments in England for light-houses not having been made to the full extent anticipated; under Provincial, to outlay in the Central Provinces (Rx. 37,600) having been postponed; while in Bombay the expenditure appears to have been over-estimated (Rx. 53,300). The expenditure from local funds in Bengal by local boards was also over-estimated (Rx. 81,300).

35. The alteration in the Provincial adjustment arises in the following manner:—

The Original Estimate of Provincial Revenue was Rx. 21,668,100, and of expenditure Rx. 22,151,700, giving a Provincial deficit of Rx. 483,600, which represents the Provincial adjustment of the Budget Estimate of 1888-89.

The Provincial Revenue of the year is now taken at Rx. 22,100,400, and the Provincial Expenditure at Rx. 21,897,300, giving a surplus on Provincial Account of Rx. 203,100, which represents the Provincial adjustment of the Revised Estimate.

36. The outlay on railways (not charged against revenue) has fallen from Rx. 3,444,500, as estimated in the Budget, to Rx. 1,364,800, as provided in the Revised Estimate. The greater portion of this apparent lapse, however, is nominal, and is due to the transfer from the State Railway Account of the following sums:—

	Rx.
Past outlay incurred by the State on the Sindia State Railway transferred to the Capital Account of the Indian Midland	921,000
Katni-Umaria Railway transferred to the Capital Account of the Bengal-Nagpur	485,700

But, apart from this, the expenditure has fallen short of the provision to the extent of about Rx. 673,000, the principal causes being the following: Rx. 200,000 were provided for the re-purchase by the State from the Bengal-Nagpur Railway Company of the old metre-gauge material of the Nagpur-Chhattisgarh Line on the conversion of the gauge having been completed. Up to date the rolling stock only has been taken over, and for this a purchaser has been found in the Southern Mahratta Railway Company. The permanent-way and other metre-gauge materials have not yet been valued, so that the whole provision in the Budget has practically proved unnecessary.

There have been further heavy lapses in the provision for the following items, which may be approximately stated thus—

	Rx.
Bolan High Level Line	147,500
North-Western Railway (including Jhelum-Pindi gradients)	143,000
Kandahar Reserve, due to heavy issues to the Chaman Extension	93,000
Sind-Pishin Railway	67,000
Sind-Sagar Railway	63,000
Bellary-Kistna	25,000
Jammu-Kashmir	20,000

There

There have also been small excesses and lapses on other lines which it is unnecessary to detail. It was found possible to provide about Rx. 90,000 for expenditure on the Villupuram-Dharmaveram Line just commenced, and also for an increased outlay on the Chenab Bridge.

37. The reduced estimate of Expenditure under Irrigation Capital expenditure from loan funds (Rx. 107,000) is mainly due to the transfer of the Kushdil Khan Reservoir from this head to works chargeable to ordinary revenues (Rx. 26,124), and to the inability of the executive Engineers in the North-West Provinces and Oudh to spend the full grants provided on the Jani Escape, Ganges Canal, and Nadrai Aqueduct (Rx. 63,200).

#### SECTION IV.—ESTIMATES OF 1889-90.

38. The Revenue of the coming year 1889-90 is estimated at Rx. 82,935,300, and the total Expenditure at Rx. 83,469,800.

The provincial adjustment for the year is estimated at *minus* Rx. 640,800, and consequently the expenditure chargeable against the Revenue of the year is Rx. 82,829,000, and the estimated surplus is Rx. 106,300. This surplus is obtained after including in the expenditure of the year a sum of Rx. 1,102,900 on account of the cost of Special Defence Works. Exchange has been taken at 1 s. 4.38 d. = 1 rupee.

A comparison of the Budget Estimates of 1889-90 under the different heads with the Budget Estimates of 1888-89 will show the progress of Revenue and Expenditure during the year which is now drawing to a close.

39. Before, however, proceeding with this comparison, it is necessary to give some explanation of a special arrangement which has had a considerable influence on the Estimates of the coming year. It was explained in the Financial Statement for 1887-88 that the provincial contracts had been renewed with Local Governments for a further period of five years from 1st April 1887. The average annual gain to Imperial Revenues during the period of revision was stated to be Rx. 550,000, in addition to which, a greater share in the improvement of the revenue was secured under the new arrangements. It has been explained elsewhere in this statement that the continued fall in exchange and growth of military expenditure compelled the Government to raise the duty on salt and to impose a tax on imported petroleum. The Secretary of State, in sanctioning this additional taxation, examined and reviewed the financial relations between the Imperial and Provincial Governments, and pointed out the inequality of the existing arrangements which secure freedom from financial difficulties to Local Governments, while the Supreme Government may be passing through a phase of acute embarrassment. The Government of India was requested to reconsider the propriety of arrangements which protected Local Governments from sharing in the financial responsibilities of the Empire, and from contributing to their relief.

Proposals for an alteration in the financial relations between the Supreme and Local Governments, which virtually had the effect of terminating the Provincial Contracts of 1887-88, were made on 2nd October last. These proposals met with much opposition, and it was decided to reserve for future determination a decision on the questions involved. It was, however, settled as a temporary expedient, that each Local Government, except the Punjab, should make a contribution in aid of Imperial Revenues in 1889-90. The total of this contribution is Rx. 740,000, and, with scarcely an exception, provincial resources are so ample that the contribution has been made without seriously affecting the financial position of any of the Local Governments.

The contributions made by the several Local Governments are as follows:—

Central Provinces	-	-	-	-	-	-	-	-	Rx.
Burma	-	-	-	-	-	-	-	-	30,000
Assam	-	-	-	-	-	-	-	-	50,000
Bengal	-	-	-	-	-	-	-	-	10,000
North-Western Provinces	-	-	-	-	-	-	-	-	100,000
Madras	-	-	-	-	-	-	-	-	200,000
Bombay	-	-	-	-	-	-	-	-	175,000
TOTAL	-	-	-	-	-	-	-	-	<hr/> 740,000



In the case of the North-Western Provinces and Oudh and Lower Burma the contributions will be permanent. In the former case the Local Government will be reimbursed its contribution by receiving the proceeds of the Patwari cess now about to be re-imposed; in the case of Lower Burma the financial position of the Province had so far improved in recent years that a special annual grant of Rx. 47,900, made to it in 1887-88, has been simply resumed.

The important and difficult question of the nature of the future financial relations between the Supreme and Local Governments remains for future consideration.

40. The Revenue of the year 1888-89 was estimated in March last at Rx. 80,010,500, and the Revenue of 1889-90 is now estimated at Rx. 82,935,300. The increase is Rx. 2,924,800.

The following are the principal heads under which the increase occurs:—

	Increase.
	Rx.
Railway Account - - - - -	1,501,800
Land Revenue - - - - -	301,200
Provincial Rates - - - - -	244,700
Post Office, Telegraph, and Mint - - - - -	197,400
Irrigation - - - - -	130,600
Excise - - - - -	117,800
Receipts under Exchange - - - - -	112,300
Stamps - - - - -	105,100
Forest - - - - -	98,000
Assessed Taxes - - - - -	63,500
Customs - - - - -	49,300
TOTAL - - -	2,921,700

The total increase under the heads just specified comes to Rx. 2,921,700, leaving a balance of Rx. 3,100, which is the net result of variations under other heads, of which the most important are a decrease of Rx. 193,900 under Opium and of Rx. 92,600 under Salt.

41. In the Budget Estimate of 1888-89 the receipts from Railways were estimated at Rx. 15,184,700. For 1889-90 they are estimated at Rx. 16,686,500, giving the increase of Rx. 1,501,800. If we consider the expenditure side of the Account, however, we find that the estimated expenditure of Rx. 17,299,600 in 1888-89 has risen to Rx. 18,713,100 in 1889-90, showing an increase of Rx. 1,413,500; the net improvement in the Railway Revenue Account is, therefore, only Rx. 88,300.

42. The variations in receipts of the Railway Account fall under the following heads:—

	Increase+ Decrease—
	Rx.
State Railways (gross receipts) - - - - -	+1,362,600
Guaranteed Companies (net traffic receipts) - - - - -	+155,000
Subsidized Companies (repayment of advances of interest) - - - - -	—15,800
TOTAL - - - Rx.	1,501,800

The increased receipts of State Railways shown in the above figures are not altogether real, as they are exaggerated by the transfer of the Oudh and Rohilkhand Railway to this head from that of Guaranteed Railways. The line was purchased by the State on 1st January 1889, so that the transactions relating to it, which were entered in the Budget of 1888-89 for nine months under Guaranteed Railways and for three months under State Railways, now appear in the Budget for 1889-90 wholly in the latter category.

The

The principal increases and decreases of receipts occur in connection with the following lines:—

STATE.	Increase + Decrease—
	Rx.
East Indian Railway - - - - -	-240,000
Rajputana-Malwa - - - - -	+100,000
Bengal-Nagpur - - - - -	+95,000
Tounggoo-Mandalay - - - - -	+85,000
Eastern Bengal System - - - - -	+90,000
Oudh and Rohilkhand - - - - -	+550,000
Indian Midland - - - - -	+400,000
North-Western Railway - - - - -	+200,000
Mysore Railway - - - - -	+54,600
TOTAL - - -	1,334,600

  

GUARANTEED.	(Net Receipts.)
	Rx.
Madras - - - - -	20,000
South Indian - - - - -	40,000
Bombay-Baroda - - - - -	15,000
Great Indian Peninsula - - - - -	310,000
Oudh and Rohilkhand - - - - -	-230,000
TOTAL - - -	+155,000

The cause of the increase and decrease in the case of the Oudh and Rohilkhand line has been explained. In the case of the Indian Midland, Bengal-Nagpur, Tounggoo-Mandalay, and Mysore, it is due to the opening of additional lengths of line.

On the remaining lines noticed, the estimate has been fixed principally on a consideration of the current year's results. The very serious falling off on the East Indian Railway has been explained in dealing with the revised estimate. The opening of the Indian Midland will probably still further affect the receipts, but to what extent it is impossible to foretell.

The falling off is fortunately more than covered by the increase on the Great Indian Peninsula line. The estimated gross receipts of this line show an anticipated increase of Rx. 400,000 over the Budget of the year about to close; the estimate is based on the traffic of the past twelve months, which has shown a steady improvement, likely not only to be maintained but to be still further augmented by the opening of the Indian Midland and Bengal-Nagpur Railways. The opening of the Indian Midland may, on the other hand, tend to reduce the earnings of the Rajputana-Malwa and Bombay-Baroda lines, so that there is considerable uncertainty in framing the Estimates this year of individual lines; taken as a whole, the estimate is likely to prove a fairly correct one.

To meet the increased traffic on the Great Indian Peninsula Railway, it has been necessary to raise the estimate of working expenses by Rx. 90,000, showing a net increase of Rx. 310,000.

43. Turning to the expenditure side of the account, it will be found that there has been an increase of Rx. 1,177,900 in the Indian or rupee portion of the transactions, a decrease of £. 11,600 (true sterling) in the English expenditure, and an increased charge of Rx. 247,200 on account of exchange.

The increase in working expenses of State Railways is mainly due to the Oudh and Rohilkhand Railway being treated as a State line for the whole year, to the opening out of new lines, and to increase of traffic on lines already open.

An item appears for the first time in the Estimates, namely, "Interest chargeable against companies for advances of capital." It represents interest

## FINANCIAL STATEMENT OF THE

on moneys raised directly by the Secretary of State under the provisions of the Oudh and Rohilkhand Railway Purchase Act, to meet expenditure incurred by companies, in preference to allowing companies to borrow themselves. It is found that capital can be raised on more favourable terms in this way.

The increase in the charge against revenue for exchange is wholly due to the fall in value of the rupee, the estimated sterling expenditure, other than on account of revenue stores, being actually less than in the current year; in addition to the amount shown on this account, Rx. 247,200, a large sum, representing a further loss, is concealed in the working expenses, as explained in dealing with the revised estimate.

44. Considering the very heavy increased burdens on account of the fall in exchange, and bearing also in mind the fact that in recent years a very large amount of capital has been expended on lines for the defence of the frontier, which cannot be expected to prove remunerative, a net improvement, though only of Rx. 88,300, cannot be considered unsatisfactory.

The rapidity with which the construction of railways has been pushed on, and the influence of the fall in exchange, had, however, an injurious influence on the net results of the railway revenue account in recent years, as will be seen from the following figures:—

	Net Receipts+ Net Expenditure—
	Rx.
1880-81 - - - - -	—1,044,203
1881-82 - - - - -	—285,955
1882-83 - - - - -	—1,306,194
1883-84 - - - - -	—305,239
1884-85 - - - - -	—1,051,751
1885-86 - - - - -	—731,713
1886-87 - - - - -	—1,188,668
1887-88 - - - - -	—2,122,386
1888-89 (Revised Estimate) - - - - -	—2,264,900
1889-90 (Budget Estimate) - - - - -	—2,026,600

The net loss on the Railway Account has increased from Rx. 1,044,203 in 1880-81 to Rx. 2,026,600 in the Estimates of 1889-90.

The following figures show the rate at which railways have been constructed at the cost, or on the responsibility, of the Government since 1880:—

DATE.	No. of Miles Open.	No. of Miles under Construction.
31st March 1880 - - - - -	8,382	1,037
1881 - - - - -	9,124	539
1882 - - - - -	9,437	1,155
1883 - - - - -	9,748	1,552
1884 - - - - -	10,188	2,185
1885 - - - - -	10,824	2,809
1886 - - - - -	11,173	2,909
1887 - - - - -	12,000	2,557
1888 - - - - -	12,918	1,882
1889 (Revised Estimate) - - - - -	13,671	1,438

Between March 1880 and March 1889 the number of miles open has increased from 8,382 to 13,671, or by more than 63 per cent.

## TOTAL CAPITAL EXPENDITURE.

	State Railways.	State Railways constructed through the agency of Companies.	Guaranteed Lines.	Total.	Annual Progress.
To end of—	Rx.	Rx.	Rx.	Rx.	Rx.
1879-80 - - - -	28,007,395	—	96,829,969	124,837,364	—
1880-81 - - - -	67,224,624	—	66,348,478	133,573,102	8,735,738
1881-82 - - - -	70,569,867	—	67,021,756	137,591,623	4,018,521
1882-83 - - - -	72,800,428	468,270	67,431,448	140,700,146	3,108,523
1883-84 - - - -	76,653,281	704,155	68,769,369	146,126,805	5,426,650
1884-85 - - - -	81,389,391	3,126,906	69,904,427	154,420,724	8,293,919
1885-86 - - - -	90,863,111	4,775,059	67,883,682	163,521,852	9,101,128
1886-87 - - - -	108,456,220	7,915,378	57,046,325	173,417,923	9,896,071
1887-88 - - - -	110,788,941	12,979,680	57,694,898	181,463,519	8,045,596
1888-89 Revised - - -	122,507,721	18,254,330	49,116,331	189,878,382	8,414,863
1889-90 Budget - - -	126,079,721	20,890,990	49,840,731	196,811,442	6,933,060

The average yearly expenditure of capital on Railways has been Rx. 7,197,000.

45. Land Revenue (including the portion due to irrigation) is estimated to increase by Rx. 340,300, distributed in the following manner :—

	Increase.
	Rx.
India General - - - -	3,400
Central Provinces - - - -	29,300
Lower Burma - - - -	81,400
Upper Burma - - - -	68,300
Assam - - - -	10,700
North-Western Provinces and Oudh - - - -	47,200
Punjab - - - -	36,700
Madras - - - -	28,600
Bombay - - - -	50,700
<b>TOTAL - - - Rx.</b>	<b>356,300</b>
Deduct falling off in Bengal - - - -	16,000
<b>NET INCREASE - - - -</b>	<b>340,300</b>

Rx. 39,100 of the increase is credited as irrigation revenue. In the Central Provinces, North-Western Provinces, and the Punjab, the increases are due to settlement operations, and in the case of the last-mentioned Province also to collection of arrears. A large portion of the increase in Lower Burma is due to the postponement of the demand from the current year, and the remainder to revised assessments, and to the resumption from certain Local Funds of receipts which they formerly obtained, a fixed contribution being given them as compensation. The increase in Madras is due to a higher per-centage of collections being anticipated, and in Bombay, to reduction of arrears and suspensions. In Upper Burma the increase is due to the gradual development of the country.

Provincial rates are estimated to increase by Rx. 244,700, due almost entirely to the receipts expected from the re-imposition of the Patwari cess. The Revenue classed under this head is appropriated to Local purposes, and shown in the Local column in the Estimates.

46. The receipts under Irrigation are expected to increase by Rx. 130,600, but there is an increased charge of Rx. 32,400, giving a net improvement of Rx. 98,200.

The increase in revenue is due to increase of direct receipts from irrigation in the North-Western Provinces and the Punjab, and to an increase in the land revenue due to irrigation in Madras and Bombay. The increased expenditure is chiefly due to increase in the charge for interest owing to additional capital expenditure.

47. Post Office, Telegraph, and Mint.—The net account of these Departments stands as follows:—

	Net Estimate, 1888-89. Surplus + Deficit—	Net Estimate, 1889-90. Surplus + Deficit—	Improvement.
	Rx.	Rx.	Rx.
Post Office - - -	—118,100	— 54,800	+ 63,300
Telegraph - - -	— 36,700	— 10,300	+ 26,400
Mint - - - -	+103,900	+125,500	+ 21,600
<b>TOTAL - - - Rx.</b>	<b>—50,900</b>	<b>+ 60,400</b>	<b>+111,300</b>

The improvement in the case of the Post Office is due to steady progress of the Department. The figures just given do not profess to be a strict profit and loss account of the working of the Departments concerned. They represent merely the difference between the revenue and expenditure, as recorded in the Accounts and Estimates, but they are sufficient for the purpose of indicating the financial progress of the Departments.

48. The increase of Rx. 117,800 in the case of Excise and of Rx. 105,100 in the case of Stamps is generally distributed over the several provinces, with the exception of Bengal, where a decrease of Rx. 50,000 in Excise revenue is anticipated on the ground that the unfavourable crops and the changes which are being introduced in the management of the Excise may have an unfavourable effect on the revenue for a time.

49. The increase in Customs (Rx. 49,300) is mainly due to large exports of rice anticipated from Burma in 1889-90.

The petroleum tax, when it was first imposed, was expected to give a revenue of Rx. 100,000 on a total import of 32,000,000 gallons. It is expected to give in the current year a revenue of Rx. 115,000 on an import of 38,000,000 gallons. And for 1889-90 it is expected to give Rx. 120,000.

50. I have already explained the nature of the receipts under Exchange. In the Budget Estimate of 1888-89 these receipts were estimated at Rx. 415,000; in the Revised Estimate for that year the figure has been raised to Rx. 951,800, due largely to the addition of a credit, now estimated at Rx. 266,000, which was not included in the original Estimate owing to a difference of opinion as to the proper method of dealing with it in the Accounts. The estimate of these receipts in 1889-90 is Rx. 527,300. The large decrease is due to reduced capital expenditure on some of the subsidized railways now approaching completion.

51. In the case of Forests the improvement expected in revenue is Rx. 98,000, against which must be set an increase of expenditure amounting to Rx. 30,700, giving a net improvement of Rx. 67,300. This improvement is due to increased revenue in Upper and Lower Burma.

52. Under Assessed Taxes the increase of revenue is expected to be Rx. 63,500. The expectation of an increase is based on the results of the current year.

53. The

53. The decrease of Rx. 193,900 under Opium is due to an increase of Rx. 159,600 under Bengal opium, the selling price having been taken at Rs. 1,070, instead of Rs. 1,042 as in the current year's Estimates, and to a decrease of Rx. 347,000 under Malwa opium owing to an expected reduction in the number of chests exported, from 35,350 to 30,000.

54. For salt we have taken a moderate estimate of Rx. 8,029,900, which is Rx. 353,000 more than the Revised Estimate, and Rx. 92,600 less than the Budget Estimate for the current year. A large increase over the receipts of the current year is expected, as the falling off this year is mainly due to unfounded rumours of an immediate reduction of the duty.

55. The expenditure of 1889-90 is estimated at Rx. 83,469,800, as compared with an estimated expenditure of Rx. 81,192,100 for 1888-89, showing an increase of Rx. 2,277,700, which requires explanation.

The provincial adjustment is *minus* Rx. 640,800, as against an adjustment of *minus* Rx. 483,600 in the Estimates of 1888-89.

The increase of Rx. 2,277,700 is made up of an increase of Rx. 1,651,500 in the rupee portion of the account, of a decrease of 39,700 *l.* (true sterling) in the Home Account, and of an increase of Rx. 665,900 in exchange. The increase in exchange of Rx. 665,900 is almost entirely due to the fall in the value of the rupee; the alteration in the rate of exchange for converting the pay of the British troops, which is fixed in gold, but payable in rupees, adds an additional charge to the military expenditure of about Rx. 195,000, so that the additional expenditure for which the Government of India has to provide has been increased in one year by Rx. 860,900 on account of the fall in exchange.

56. It will facilitate explanation of the various increases or decreases, if the heads of expenditure are dealt with in the first instance according to the grouping which is generally adopted in the Accounts.

The following statements show the groups under which (I.) increases and (II.) decreases have occurred:—

I.	Expenditure Increased.
	Rx.
Railway Revenue Account - - - - -	1,413,500
Army - - - - -	1,005,700
Salaries and Expenses of Civil Departments - - - - -	192,900
Post Office, Telegraph, and Mint - - - - -	86,100
Irrigation - - - - -	32,400
Famine Relief and Insurance - - - - -	27,300
TOTAL - - - Rx.	2,757,900

  

II.	Expenditure Decreased.
	Rx.
Interest - - - - -	149,800
Direct Demands on the Revenue - - - - -	133,000
Buildings and Roads - - - - -	110,500
Miscellaneous Civil Charges - - - - -	34,700
Construction of Railways (charged against Revenue) - - - - -	33,600
Special Defence Works - - - - -	18,600
TOTAL - - - Rx.	480,200

The aggregate of increases is Rx. 2,757,900, and of decreases Rx. 480,200, giving a net increase of Rx. 2,277,700.

57. The causes of the increase under Railway Revenue Account, Post Office, Telegraph, and Mint, and Irrigation, have already been explained.

By far the most important of the other increases is that under Army. The total increase of Rx. 1,005,700 is made up of an increase in rupee expenditure of Rx. 477,000, in English expenditure of 245,500 *l.* (true sterling), and of Rx. 283,200 under exchange. The increased charge for exchange is chiefly due to the fall in the value of the rupee, and the increases, of which special explanation is necessary, are an increase in the Indian Estimates of Rx. 477,000, and an increase in the English Estimates of 245,500 *l.* (true sterling).

Taking the latter item first, it may be said with practical accuracy that the increase in the Home expenditure is due to provision made for the purchase of magazine rifles and 12-pounder breech-loading guns. However much the Government of India may regret that it should be necessary to incur such expenditure, it is not possible to avoid it, without placing the Indian Army in a position of inferiority as compared with that of other countries. The cost of these rifles and guns accounts for 206,000 *l.* (true sterling) of the Home expenditure.

As regards the increased cost of the Army in India, it will be obvious that the increase to the number of troops, European and Native, must give rise to petty increases in the various Departments that deal with them, and minor reforms account, in the aggregate, for a perceptible amount of increase. But the greater portion of the increase is due to special measures, of which the most important are the following:—

	Rx.
Provision for rapid mobilisation of an Army Corps in case of necessity - - - - -	203,500
Exchange on pay of British troops - - - - -	195,000
Provision on account of troops in Sikkim - - - - -	100,000
Ditto - - ditto - - Lushai country - - - - -	10,000
Increased cost of provisions, including compensation for dearness of provisions and forage - - - - -	79,500
TOTAL - - -	588,000

The total comes to Rx. 588,000, but there is a saving of Rx. 220,000 in the extra cost of troops in Burma, so that the additional cost is reduced to Rx. 368,000. The difference of Rx. 109,000 between this figure and the total increase in India of Rx. 477,000 is due to the minor elements of increase to which I have just referred, balanced to some extent by savings under other heads.

The sum of Rx. 203,500 on account of mobilisation is intended to meet the cost of purchasing transport animals, provisions, and equipments, so that in case of need an army corps may be in a position to take the field promptly. This is one of those precautions which in the present days of scientific warfare cannot safely be neglected. The greater portion of the cost will be incurred once for all, and will not recur. The pay of the British troops is fixed in sterling, and, as the exchange falls, the number of rupees which they are entitled to receive increases. In the estimate of 1888-89 the rate was taken at 1 *s.* 5½ *d.*; it has now been fixed at a much lower rate, and the change has added Rx. 195,000 to the estimate of expenditure for 1889-90.

58. The increased expenditure on salaries and expenses of Civil Departments is mainly due to the entertainment of additional police. The increase of expenditure on police is Rx. 168,800, and of this Rx. 125,600 is on account of police in Upper Burma. There is also an increase of Rx. 45,200 in Bengal, due to Government undertaking to bear the whole cost of the police of the Presidency

Presidency town, There is also some increase in Madras, due to a provision for giving a special allowance to officers in charge of police stations.

59. The decrease of Rx. 149,800 under Interest is made up of a decrease of Rx. 21,300 in the rupee portion of the account, of a decrease of 167,400 *l.* (true sterling) in the English account, and an increase of Rx. 38,900 in the charge for exchange.

The statement below brings together the net charge for interest on debt in India and in England, excluding that incurred for railways and irrigation works :—

	In Thousands of Rx.								1888-89.		1889-90.
	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	Budget.	Revised.	Budget.
India -	1,139	987	1,049	697	703	450	123	9	182	157	113
England -	2,144	2,457	2,458	2,418	2,578	2,420	2,556	3,300	2,584	2,529	2,397
Exchange -	435	506	564	552	626	762	961	1,386	1,086	1,176	1,114
<b>TOTAL -</b>	<b>3,718</b>	<b>3,950</b>	<b>4,071</b>	<b>3,667</b>	<b>3,907</b>	<b>3,632</b>	<b>3,640</b>	<b>4,695</b>	<b>3,852</b>	<b>3,862</b>	<b>3,624</b>

It will be seen from these figures that the net charge for interest on ordinary debt has not varied much between the years 1880-81 and 1889-90, if the year 1887-88 is left out of consideration. The irregular result in that year arises (a) in India, from (1) about Rx. 90,000 of the interest charges having remained unpaid at the end of the year, and (2) the realisation of arrears due on the Kidderpore Dock loan, and (b) in England, from special charges amounting to about Rx. 1,059,000 having fallen into that year in consequence of the conversion of about 48,200,000 *l.* of 4 per cent. Stock into 3½ per cent. Stock. The gradual diminution of the net burden of debt in India is of course due to the transfer to the Capital Account of Railways and Irrigation Works of their portion of the debt, and means that the expenditure on Capital construction has exceeded the amounts borrowed by public loans. The decrease in England in 1889-90 is accounted for by the conversion of 53,262,000 *l.* of 4 per cent. Stock into 3½ per cent. Stock, which reduces the yearly interest charge by 266,300 *l.* The increase in Exchange requires no explanation.

60. The decrease under "Direct Demands on the Revenues" is Rx. 133,000. It occurs under Opium cultivation and manufacture (Rx. 190,400), Collection of Land Revenue (Rx. 55,000), and Stamps (Rx. 40,700). The other heads in this group, except Customs, show increases. The expenditure on opium cultivation and manufacture is determined by the amount of crude opium produced. The area under cultivation in the present season is 14 per cent. less than last year, and the produce is estimated at 15 per cent. less. Our reserve is unusually large, and is expected to stand at 49,705 chests at the end of 1889. With a reserve of this magnitude it is obviously desirable to temporarily contract production, and this policy has been adopted in making the engagements for the present season. The decrease under Collection of Land Revenue occurs under Survey and Settlement charges, and that under Stamps is owing to smaller indents for supplies of stamped paper from England.

61. The reduction under Buildings and Roads of Rx. 110,500 is due to a reduction of Rx. 110,600 in Civil Works. Of the decrease under Civil Works, Rx. 96,200 is in Imperial expenditure, and is owing to the completion of the bulk of the frontier roads and other Imperial works. On the other hand, a large Imperial grant (Rx. 298,100) is still being made for civil buildings and roads in Upper Burma, and it is hoped that the lighthouses on Oyster Rock and Savage Islands on the Burmese coast will be completed.



## FINANCIAL STATEMENT OF THE

62. The reduction in Miscellaneous Civil Charges is the net result of a number of increases and decreases, of which the most important are an increase of Rx. 118,000 on account of Superannuation Allowances and Pensions, and decreases of Rx. 47,500, Rx. 81,000, and Rx. 40,000 under Territorial and Political Pensions, Stationery and Printing, and Miscellaneous.

The increase in Superannuation Allowances is very largely due to the increase of exchange on sterling pensions, the decrease in Political Pensions to the death of the Ex-King of Oudh, and the decrease under Stationery and Printing to a reduced demand for Stores from England.

63. In the Budget Estimates of 1888-89 Provincial Revenues were estimated to yield Rx. 21,668,100, and Provincial Expenditure was taken at Rx. 22,151,700, the Provincial adjustment being *minus* Rx. 483,600.

In the Estimate for 1889-90 Provincial Revenues are taken at Rx. 21,781,300, and Provincial Expenditure at Rx. 22,422,100, and the Provincial adjustment is *minus* Rx. 640,800.

## CAPITAL EXPENDITURE.

64. The provision in 1889-90 for railways not charged to revenue varies but little in the aggregate from the original provision of the previous year, thus—

	India.	England.	Exchange.	TOTAL.
	Rx.	£.	Rx.	Rx.
1888-89 - - -	2,062,800	973,000	408,700	3,444,500
1889-90 - - -	1,897,100	1,273,000	591,900	3,562,000

The Mandalay Extension, for which a heavy grant was made in 1888-89, is now practically completed, and for the Sind-Pishin, Sind-Sagar, and Assam Behar lines, which are approaching completion, a comparatively small sum is required. The grants for the Chaman Extension and for the Chenab Bridge are about the same as in last year, and provide for the completion of the latter work.

On the other hand, a provision of Rx. 1,021,600 is made for the Villupuram-Dharmaveram line, which is to be constructed by the South Indian Railway. In this figure a very large sum is included for English expenditure (436,000 l.).

Other new works are: an extension of the Eastern Bengal Railway to Budge-Budge (Rx. 90,000); Barrakar branch (Rx. 110,000); Peshawar-Jamrood (Rx. 70,000); and a small provision for ferry arrangements over the Kistna.

## SECTION V.—GENERAL FINANCIAL POSITION.

65. Having now explained the Estimates of Revenue and Expenditure for 1889-90, I propose to make a few remarks on the general financial position and the prospects of the future. The special difficulties with which Indian finance has to contend are, War, Famine, the fall in Exchange, and the reduction of the revenue from opium. On the question of war I can say little; petty frontier wars are almost certain to occur at intervals, but their cost is not such as to seriously embarrass the finances. I am not aware of any reasons for thinking that war on a large scale is likely to occur in the immediate future, but

that the owners of salt in bond happen also to be owners of large quantities of salt in course of transit by sea: and, as he has explained, these owners, having large quantities of salt at sea in respect of which the provisions of section 37 of the Sea Customs Act applies, are able to realise large and totally unexpected profits; and, while they are engaged in selling, at this unusual profit, the salt they have at sea, they of course put off, in the meantime, the sale of the salt they have in bond. The honourable member will, perhaps, be extremely surprised to hear that these merchants have made this the subject of a memorial to the Government, in which they refer to the action of the Government in suddenly increasing the salt duties as imposing upon them a 'ruinous loss.' 'Ruinous loss' is certainly a curious term to apply to an operation that has brought them an unexpected profit of some lakhs of rupees. I have no doubt that they would like to have its operations extended also to the duty upon salt in bond, by which, of course, their profits would be enhanced to double the amount they will now receive. But, when an importer deliberately chooses to bond his goods, instead of bringing them to sale when first landed, he must accept the risk of an alteration of the duty at the time at which he chooses to bring the goods for consumption. It is very pleasant to learn that the notification of the enhancement of duty has not, as a matter of fact, involved any loss to the salt merchants of Calcutta, but I confess it would have been preferable if the operation of the Sea Customs Act had not entailed a loss to the Treasury and a gain to them of the duty upon salt in course of transit by sea.

"On one other point I wish, with your Excellency's permission, to offer some observations. The proposal has been made that our present difficulties may be evaded by the plan of separating Burma from the rest of India, constituting it a separate province and borrowing against its future revenues. For such a plan, of course, separation from India must be absolute and complete; the mere separation of the Burma budget into a separate account, while still remaining part of the revenue and expenditure for which the Indian Government are responsible, would mean nothing at all. You do not get rid of expenditure, and of the liability that it imposes upon you, by the simple process of writing it under a separate account. But this separation of Burma into a new and separate financial entity is one of those proposals which crumble to pieces the moment you attempt to give them definite practical shape. The whole basis of it, of course, is that the local revenue is not at present, and is not likely for some time to come to be, equal to meeting the expenditure. We cast Burma adrift on the express ground that it is for practical purposes insolvent, and financially not worth keeping. But who will lend money upon the security of revenues such as these? Burma has no credit; it cannot have, if it is disparaged at the very start by such a policy. Whatever money is raised therefore must be raised on the credit of India; and we come back to the very methods to which I put forth the objections by anticipation last week. There is no difference whatever between the plan of opening a new Burma account and borrowing on the credit of India to meet the deficit it is to show, and the plan of charging the expenditure as Indian expenditure, and borrowing instead of raising revenue to meet it. The latter is the honest and straightforward way of stating the facts; the former is an elaborate device for concealing the truth from yourself.

"A financial separation is therefore a practical impossibility, but, even if it were not so, it would be a policy to which we have no right to resort. The annexation of Burma differs in no respect from the various annexations which we have made from time to time, and which have built up the India we now know. One after the other they have been incorporated in the empire, brought under one common administration, one common system, bound together by ties—administrative, political, military, and commercial—which render any idea of separation an impossibility. Some provinces are rich and advanced, some are poor and backward; but all have benefited enormously by the linking together in a common system. We have no more right to cast Burma out of the common brotherhood, and to tell it to bear its own burdens, than we have to select the poorer portions of Bengal or Assam, and to tell them that the wealth of their neighbours cannot be applied to giving them a share in the common civilisation. For thirty or forty years Burma has been a member of the empire, has borne its share in its burdens, has paid like the other provinces its contribution towards the common imperial expenditure.

coming year a contribution of Rx. 740,000 from Local Governments. Of this amount, Rx. 250,000 is permanent, being made up of Rx. 200,000 from the Patwari cess and about Rx. 50,000 from Lower Burma. The balance of Rx. 490,000 we receive for a single year only, and, unless other arrangements can be made, we must be prepared to accept a reduction of Rx. 490,000 in the Estimates of 1890-91. There is also a credit of Rx. 527,300 arising from receipts on account of exchange on the capital transactions of railway companies. This credit must soon disappear, with a corresponding reduction in revenue. It may then be said that temporary causes give us an additional revenue of Rx. 1,017,300 in 1889-90, which is not permanent, and which will be largely reduced in future years, and will ultimately disappear altogether.

70. But I should give a very erroneous opinion of our position if I were to dwell only on the difficulties and dangers of the future. There are hopeful as well as discouraging elements, and I may say at once that, in my judgment, there are no grounds for a despairing or pessimistic view of Indian finance. If we could get rid of the exchange difficulty, I should be prepared to adopt a hopeful view of the future, and, if there were in addition no risk of a great war, I should look forward to our progress in coming years with as much confidence as it is ever safe to feel in financial matters.

71. Among the more encouraging features in Indian finance is the elasticity of the ordinary revenue. It is true that we have not many new sources of revenue open to us, but the receipts from existing sources grow with satisfactory rapidity. The figures which I have given in comparing the Budget Estimates of 1888-89 with the Budget Estimates of 1889-90 have made this point sufficiently clear, and I need not add anything more on the subject.

72. In Upper Burma, too, we appear to have turned the corner and may now look forward to steady reduction of the net charge which that Province imposes on the finances.

The account for Upper Burma stood as follows in the Estimates of 1888-89:—

Revenues - - - - -	Rx. 547,000	Civil Expenditure:—	Rx.
		Police - - - - -	732,000
		Other Departments - - - - -	339,000
		Military Works - - - - -	190,000
		Civil Works - - - - -	314,000
		Irrigation - - - - -	23,000
		Army Special Expenditure - - - - -	824,000
		Total - - - - -	2,422,000

The net charge was Rx. 1,875,000.

In the Estimates of 1889-90 the account of Upper Burma stands thus:—

Revenues:—	Rx.	Civil Expenditure:—	Rx.
State Railways - - - - -	115,000	Police - - - - -	868,200
Other Revenues - - - - -	755,200	Other Departments - - - - -	366,400
		Railways (including Interest on Railway Capital) - - - - -	192,800
		Military Works - - - - -	150,000
		Civil Works - - - - -	298,100
		Irrigation - - - - -	20,000
		Army Special Expenditure - - - - -	600,000
Total - - - - -	870,200	Total - - - - -	2,495,500

The net charge is Rx. 1,625,300.

A net

A net improvement of Rx. 249,700 in a single year is an encouraging symptom, especially as there is every ground for supposing that the improvement will continue. The improvement is really greater by Rx. 77,800, as the account now presented includes a net charge of Rx. 77,800 on account of railways, which is not charged in the Estimates of 1888-89, and which we may hope will very soon disappear.

73. It should also be recollected that in recent years we have had to bear the burden of a considerable increase to the Native and European Army. That increase has been completed and its cost provided for, with the exception of the expenditure on the reserve for the Native Army, which will not be great.

Heavy expenditure has also been incurred on frontier railways. The total estimated cost of these railways is Rx. 13,410,700, of which Rx. 10,083,300 will have been met at the end of this month, and Rx. 1,191,800 is provided for in the Estimates of 1889-90, leaving only Rx. 2,135,600 for future years.

74. We have also been carrying out an extensive scheme of coast and frontier defences, estimated to cost Rx. 5,449,515 (which is charged against revenue), of which Rx. 1,850,768 will have been expended by the end of this year, and Rx. 1,102,900 is provided for in the Estimates of the coming year, leaving Rx. 2,495,847 to be incurred in subsequent years. There are also special charges in the Estimates for next year of Rx. 110,000 for the Sikkim and Lushai Expeditions, Rx. 203,500 for thoroughly equipping at least one army corps with transport, and Rx. 301,800 on account of magazine rifles and 12-pounder breech-loading guns. The former charge will not recur, and, though considerable expenditure may be necessary for a time on account of rifles and guns, the charge is not a permanent one.

75. It would be rash to assume that we are able to foresee the end of all special military expenditure. In such matters there is no finality; new dangers may arise involving further preparations and additional expenditure, but the figures I have given are sufficient to show that the sacrifices which the country has been called on to make in recent years have not been in vain; that the original programme of military defences is approaching completion, and that there is at least some prospect of a material alleviation of existing burdens within the next few years.

76. The improvement of means of communication by the opening out of railways is exercising a marked beneficial influence on the country, and India is entering on what I hope may prove to be but the beginning of a prosperous industrial career. No better example of the change that is taking place can be found than the progress of the cotton-spinning industries.

In 1880-81 there were 13,307 looms and 1,470,830 spindles at work, employing 39,537 people. In 1887-88 there are no less than 18,840 looms and 2,375,739 spindles and 80,515 people at work.

The exports of Indian yarn and cotton cloth were valued at Rx. 1,909,134 in 1880-81. In 1887-88 they came to Rx. 5,227,928, and the returns of the current year show still further progress.

These are results of which India may well be proud; they have been achieved without the fostering aid of protective tariffs, or any special assistance from Government, and are due to the patient industry and intelligence of the Indian people, and to the enterprise of her capitalists, who have begun to avail themselves of the natural advantages of the country; under these circumstances it may confidently be anticipated that the ground that has been gained will be maintained, and that still greater progress will be made in the future.

Nor does there seem to be any good reason why India should not very shortly undertake the manufacture of iron and steel on a large scale with success.

77. I have tried to state fairly both the probable difficulties of the future, and the reasons that exist for holding that we shall be able to encounter them successfully, and my deliberate conclusion is that, while there is every need for economy and for husbanding our revenue, there is no ground for despondent or pessimistic views. Unless some unforeseen disaster occurs, there is every reason to hope that the lapse of two or three years will show a decided im-

provement in the financial position of the Government of India. It is true that the surplus which we have been able to show in the Estimates of the coming year is little more than nominal, only Rs. 106,300, but the Estimates have been framed with great moderation, and, if the Indian revenues continue to exhibit their usual elasticity, and no unforeseen disaster occurs, I anticipate that the Financial Statement of 1890-91 will show decided improvements.

#### SECTION VI.—FALLING-OFF IN THE REVENUE FROM SALT.

78. As a preliminary step in dealing with the question of the causes of the falling-off in the salt revenue during the current year, I wish to point out that the quantity of salt paying duty in any year is not a perfect test of the quantity of salt actually consumed in that year by the people. There is always a large amount of salt in the hands of dealers, and a falling-off in any one year in the quantity of salt paying duty may represent a reduction in the quantity of salt in the hands of dealers, and not a reduction in the quantity of salt actually consumed. It would be rash to jump to the conclusion that a reduction in the quantity of salt paying duty necessarily represents an equivalent reduction in the quantity of salt actually consumed.

It will also be convenient to treat Burma separately from the rest of India, as that province has been subject to special conditions.

The consumption of salt (using consumption in the sense of the quantity on which duty was paid) has been as follows since 1882-83, excluding Burma:—

	<i>Maunds.</i>						
1882-83	-	-	-	-	-	-	28,720,000
1883-84	-	-	-	-	-	-	29,338,000
1884-85	-	-	-	-	-	-	31,348,000
1885-86	-	-	-	-	-	-	30,606,000
1886-87	-	-	-	-	-	-	32,200,000
1887-88	-	-	-	-	-	-	31,186,000

In 1884-85 the recorded consumption increased by 2,010,000 maunds, or 6·8 per cent.

In 1885-86 there was a falling-off of 742,000, or nearly 2·4 per cent.

There is no ground for assuming that in 1884-85 there was anything approaching to an increase of 6·8 per cent. in the quantity of salt actually consumed by the population, and there is just as little ground for supposing that in 1885-86 there was a falling-off in the real consumption of 2·4 per cent.

These variations were due entirely, or almost entirely, to trade fluctuations, and the actual consumption of salt in 1884-85 per head of population was probably not, in any considerable degree, higher than in 1883-84, and was not lower in 1885-86 than in 1884-85. I state these figures in order to show that an increase or decrease in the quantity of salt that pays duty in any one year does not necessarily indicate a corresponding increase or decrease in the quantity actually consumed.

79. Opinions vary as to the effect on the real consumption of a rise of duty. Some authorities hold that it has very little effect; others that it has a considerable effect. Experience seems to show that the truth lies between the two opinions, and that a rise in the rate of duty has an appreciable, but not a very great, effect on the real consumption. But a rise in duty may have a considerable temporary effect on the trade, and on the quantity of salt on which duty is paid, especially when rumours prevail that the rise in duty is not likely to be permanent.

80. The raising of the rate of duty in January 1888 was followed by reduced issues, and rumours regarding an impending reduction of the duty have had an unfavourable effect on the trade during 1888-89. In Northern India persistent rumours have prevailed of an impending change, and it was believed that the rise in the rate of exchange which took place in January 1889 would so improve the position of the Government of India as to lead to the reduction of the duty. These rumours have had the effect of checking issues and causing traders to keep their stocks at a minimum. No trader was willing to pay a duty  
of

of Rs. 2. 8. a maund on salt so long as it was expected that the duty would be shortly reduced.

This state of affairs was accentuated and brought to a crisis by a telegram sent by Reuter's Agency on the 1st of March, and published in the Indian newspapers of the following day. The telegram stated that the Secretary of State for India, speaking on 28th February, had said that "he was convinced that the earliest occasion should be taken to abrogate the increase in the salt tax."

The telegram was published on a Saturday. On the following Monday sales of salt in Bombay began to fall off, and by Tuesday they had practically ceased. On that day only one application was received for the removal of 267 maunds of salt. The salt merchants applied to the departmental officials, stating that trade was paralysed, and inquiring whether it was true that the duty was to be reduced. On the 5th of March one firm telegraphed direct to the Government of India in the same sense.

On the 9th and 10th of March the Government of Bombay drew attention to the disturbance to the trade, and on the 12th the Accountant General telegraphed that the estimate of salt receipts must be reduced, for that province alone, by nearly 16 lakhs of rupees, as salt sales had ceased since the 4th of March.

The Commissioner of Northern India Salt Revenue telegraphed on the evening of 15th, as follows:—

"Trade is disturbed by telegram published locally on 2nd instant. Lord Cross's opinion regarding salt duty understood to mean that reduction is imminent. Collections fell from average Rs. 55,000, to under Rs. 1,000 daily from 4th to 11th. In consequence of the contradiction published on 12th trade is since recovering. Collections on 12th were Rs. 16,000, on 13th Rs. 38,000. Progress is watched."

The recent news is more favourable, as the rumours of an intention to reduce the duty have been contradicted through the agency of the press. But the magnitude of the effect of these rumours on the revenue will be understood when I explain that at the end of February the estimate of salt revenue for the current year was Rx. 7,840,700, whereas it is now taken at Rx. 7,676,900, a reduction of more than 16 lakhs of rupees. No doubt this amount will be to a very great extent recovered, but probably too late to materially affect the revenue of 1888-89

81. There have been other causes also at work which unfavourably affected the salt revenue. In Calcutta the trade was greatly disorganised after the increase of the duty, and the price of salt (free of duty) rose from 11.5 annas a maund in December 1887 to 28.3 annas a maund in February 1888, but has since fallen to 14.6 annas a maund in February 1889.

In Madras, where the Government was giving up its monopoly of manufacture, the manufacturers and traders secured something like a monopoly for themselves, with the natural result of raising the price to the public. The salt revenue of the year has also been adversely affected by the want of rain, and prospects of a bad harvest in certain tracts. I mention these facts, not with the view of showing that the increase of the salt duty can have no effect on the consumption, because I cannot believe that an increase of 25 per cent. should not have some effect, but in order to make it clear that there is as yet no ground for assuming that the falling-off in the issues of salt which has occurred is permanent, and due to the increased cost which the public have to pay for that article. The publication of the present Financial Statement will dissipate the fears of an immediate reduction of the salt duty, and we shall doubtless see an increase of the issues.

82. The following figures, giving the total quantity of salt on which duty was paid from the beginning of the financial year to 22nd February for a series of years, show the amount of falling-off in the current year (Burma excluded):—

	<i>Maunds.</i>
1882-83	25,068,000
1883-84	25,832,000
1884-85	27,093,000
1885-86	26,714,000
1886-87	27,603,000
1887-88	27,847,000
1888-89	26,797,000

These figures show distinctly that there had been a considerable falling-off before Reuter's telegram was received, but the quantity that paid duty up to 22nd February in the current year is larger than the quantity which paid duty in any year previous to 1886-67 except one, and is 1,729,000 maunds, or 6.9 per cent. in excess of the quantity that paid duty in 1882-83, the first year after the duty was reduced. Even allowing for increase of population, the issues of salt in the current year to 22nd February last are sufficient to provide as large a quantity of salt per head of population as in 1882-83.

83. In Lower Burma there has been a great falling-off in the quantity of salt that paid duty in 1888-89, but that falling-off is mainly due to the excessive imports of the preceding year.

The following figures show the quantity of salt that paid duty every year up to 22nd February for a series of years :—

	<i>Maunds.</i>
1881-82 - - - - -	973,000
1882-83 - - - - -	972,000
1883-84 - - - - -	1,152,000
1884-85 - - - - -	1,562,000
1885-86 - - - - -	930,000
1886-87 - - - - -	1,160,000
1887-88 - - - - -	1,841,000
1888-89 - - - - -	235,000

The falling-off in 1888-89, which seems excessive at first sight, is explained by the great imports of 1887-88, the average for the two years being not much below the normal quantity.

Salt is locally manufactured on the sea coast in Burma, and there is a certain amount produced from brine wells in Upper Burma. The local manufacture is, from the nature of the case, insufficiently supervised, and an experienced officer of the Northern India Salt Department has just been deputed to Burma by the Government of India to inquire into the whole question on the spot. It is said that the increase in the rate of duty on salt interferes to some extent with the local production of *ngapi* and salted fish, and has led to an increased import of salt fish from abroad. The facts are, however, obscure, and a final opinion cannot be formed until the report of the officer specially deputed to Burma has been received.

#### SECTION VII.—EXCISE POLICY.

84. I take this opportunity of correcting a misapprehension which has arisen in some quarters regarding the policy of the Government of India in connection with the excise revenue. Last year Mr. Westland used the following language in the Legislative Council :—

“I look hopefully to a considerable increase in the excise revenues, and believe that a great deal might be done in Northern India by the introduction of the methods which, in Bombay and Madras, have so powerfully contributed to the increase of revenue under this head.”

With reference to this language it has been alleged that Mr. Westland expressed gratification at the prospect of an increase in drinking among the Indian population, on account of the increased revenue which such a change in the habits of the people would produce. I make no insinuation of wilful misrepresentation against those who have brought this charge, nor do I say that they acted otherwise than in good faith, and yet the charge is absolutely without foundation. Mr. Westland used the language which I have quoted in the Legislative Council of the Government of India, and in the presence of the Members of that Council. His remarks passed without challenge. Is it conceivable that, if he had meant, or been understood to mean, that the people of India should be encouraged to drink in order that the revenues of the Government of India might grow, there would have been found not a single Member of that Council, official or non-official, to protest against the adoption of such a policy?

85. Less than two months afterwards the Financial Statement for 1888-89 was published under Mr. Westland's signature, and in that statement he used language which puts his meaning beyond the reach of cavil. The words he used were as follows :—

“ As regards Excise it will be seen that it is in Madras and Bombay that the revenue administration has been most successful, as these two provinces with 31 and 16½ millions of inhabitants respectively produce a revenue nearly as large as that of Bengal with 69 millions. In fact, in both these Provinces a very remarkable progress has been made. The whole system of distillation has been brought more thoroughly under control, and stricter and more methodical preventive measures have enabled the Government to greatly enhance the rate of duty : for the question of the rate of duty which it is possible to levy, is simply the question of the prevention of illicit distillation.”

Mr. Westland's expectation was that, by the prevention of illicit dealings, it would be possible to raise a larger revenue, the increase of revenue being accompanied not by an increase of, but by a check on, drinking. To show that there really was, and is, extensive smuggling in Northern India, I will quote a passage from the report of the Financial Commissioner of the Punjab, who is now the Lieutenant Governor of that Province, for the year 1881-82 :—

“ Mr. Hawkins, the Deputy Commissioner of Amritsar, says : ‘ There were 12 cases of illicit distillation. It is notorious that there are few villages in this district which have no private stills of their own. The police are constantly finding pieces of stills and jars of materials in deserted houses while searching for other property.’ The Lahore District has also a bad reputation in this respect. The Deputy Commissioner of Jullunder, Mr. Bullock, writes : ‘ Illicit distillation is of very general occurrence throughout the district. Twenty-four cases have been detected, and it is to be hoped that some check will be found to have been given to the system, which, however, we can never expect wholly to extirpate.’

“ In Hoshiarpur the khansama of a dāk Bungalow was found to possess a still, and there were three cases in which villagers were convicted of the same offence. Sirdar Gurdayal Singh, the Assistant Commissioner in charge of Excise, says that illicit distillation is carried on in some villages of the Gurshankar Tahsil. He adds : ‘ These cases of illicit distillation it is very difficult to detect and to prove. Generally they distil during the night and keep good watch all round. In one village, it is said, they distil the wine on the banks of the Bein stream, and, whenever their sentinels espy any stranger approaching the place, they throw down all the materials, &c., into the stream, and leave no trace behind. But it prevails only in villages where the inhabitants are united and have confidence in each other.’

“ The Deputy Commissioner of Jhang, Mr. Macauliffe, strongly suspected the existence of the practice among powerful zemindars living in remote jungle villages. Whenever liquor shops in Native States are situated close to our border, it is a common practice for our villagers to resort to them, and they often bring back small quantities of spirits for their own use and that of their friends. Even when the Sadr distillery system has been adopted at the request of our Government in independent states the price of liquor is far less than in our own territory. This must be due to lower rates of still-head duty. The Assistant Commissioner in charge of excise at Sirsa, Mr. Kennedy, says—‘ In Patiala spirits are sold at about eight annas a bottle, not differing much in quality from the Sirsa spirits at 1 rupee 8 annas a bottle. The only hope of grappling with the existing evil is to lower the price of Sirsa spirits so as to bring them into competition with the Patiala spirits. Any other method is impracticable. The Sikh Jats will drink ; and we cannot wean them from the practice by making the cost of liquor high ; the only effect of this is to demoralise them by leading to a continual evasion of the law without any corresponding benefit in increased sobriety.’

“ There is probably some exaggeration here. Mr. Lyall is inclined to believe that the dearness of lawfully-distilled liquor had led to a decrease in drinking among the Sikh population, but to an increased use of opium and perhaps also of bhāng.”

The Lieutenant-Governor, before whom this Report was placed, was Sir Charles Aitchison, who throughout his whole service had striven to reduce the consumption of liquor and drugs, and the following passage will show the views which he then entertained :—

“ In paragraph 15 of the Report, the Financial Commissioner has dwelt on the loss caused to the Excise revenue by illicit distillation and by the smuggling of country spirits into British districts from Native States. It is no doubt difficult, if not impossible, entirely to put an end to the latter practice, though the chief Native States of the Province have, at the request of the Punjab Government, accepted the system of Sadr distilleries, to the restriction, it is believed, of smuggling, at least in some degree. But, as regards the former evil, His Honour cannot consider it creditable to the magistracy of the Province that the unlawful manufacture of spirits should prevail unchecked and unpunished to the extent alleged.”



86. The state of things which these extracts show to have existed in the Punjab in 1881-82 is the state of things which has continued to exist up to the present time.

In May 1887 the following opinion was expressed by a Punjab officer :—

“ The Excise Department in this Province has never been properly supervised and controlled, for the simple reason that the Department has never had a responsible head, and has been left to take care of itself with such perfunctory attention as district officers have been able to pay to it. I can speak on this point from 24 years of district experience in various parts of the Province. The extent to which country spirit is illicitly manufactured and sold is enormous, and the quantity so disposed of is in my opinion as large as that which is lawfully sold; and the Excise revenue is therefore much smaller than it would be if the Department were carefully controlled.”

It is right that I should mention that the Financial Commissioner did not accept these remarks in their entirety. He remarked that the “ description of Excise management in the Punjab must, in the absence of specific evidence, be regarded as exaggerated,” but no authority, so far as I am aware, has ever denied that there was, and is, a very great amount of smuggling and of illicit distillation in that Province.

87. I have now shown that, when Mr. Westland, speaking on behalf of the Government of India, anticipated an increase of Excise revenue in Northern India, he based his expectation of an increase, not on the possibility of being able to increase the consumption of liquor and drugs, but on the prospect of being able to increase the revenue by means of a stricter control and the suppression of illicit practices. I shall show by one or two instances that the policy which Mr. Westland favoured had already proved a marked success in other Provinces, both in respect of checking consumption and increasing the revenue.

From 1st October 1884 a new system of Excise Administration was introduced into a portion of the Madras Presidency. The change in system resulted in a rise in the price of country liquor, varying from 8 annas to one rupee per gallon.

For five years the consumption of spirits and the revenue in the districts where the manufacture is centralised in large distilleries were as follows :—

	Consumption in Gallons reduced to 30° under Proof.	Revenue.
		Rx.
1883-84 - - - - -	1,204,241	280,977
1884-85 - - - - -	Year of transition.	
1885-86 - - - - -	1,014,566	347,526
1886-87 - - - - -	1,084,474	380,213
1887-88 - - - - -	1,270,146	415,319

The average annual consumption of the three years of the new system is less than the consumption of the last year of the old system by more than 6 per cent., while simultaneously the average annual revenue increased by more than 35 per cent. These figures show conclusively that a large increase of Excise revenue is not necessarily attended with an increase of consumption, and may coincide with a positive decrease.

88. A still more remarkable illustration of the possibility of increasing the Excise revenue while diminishing the consumption is afforded by the statistics of the consumption of ganja in Bengal. Ganja is probably the most pernicious of all drugs in common use, and the Government has never felt any hesitation in increasing the rate of duty leviable on it.

The

The following statement shows the number of shops licensed for the sale of ganja, the quantity of ganja consumed, the total revenue, and the incidence of taxation per seer, for every year from 1868-69 to 1887-88 :—

	No. of Shops.	Consumption.	Total Revenue.	Taxation per seer.
		Mds.	Rx.	R.
1868-69 - - - -	4,073	8,442	89,524	2·6
1869-70 - - - -	4,437	8,667	92,521	2·6
1870-71 - - - -	4,749	9,682	103,251	2·6
1871-72 - - - -	4,934	9,972	106,275	2·6
1872-73 - - - -	4,694	8,593	110,028	3·2
1873-74 - - - -	4,398	8,125	107,785	3·3
1874-75 - - - -	4,394	7,830	105,818	3·3
1875-76 - - - -	3,340	7,389	112,035	3·7
1876-77 - - - -	3,130	7,458	119,711	4·0
1877-78 - - - -	3,247	8,197	138,566	4·2
1878-79 - - - -	3,244	5,460	134,555	6·1
1879-80 - - - -	3,210	5,137	129,016	6·2
1880-81 - - - -	3,411	5,600	145,467	6·4
1881-82 - - - -	3,488	6,431	171,379	6·6
1882-83 - - - -	3,271	5,646	186,050	8·2
1883-84 - - - -	3,298	5,881	197,371	8·3
1884-85 - - - -	3,196	5,798	198,760	9·0
1885-86 - - - -	3,033	5,717	194,662	8·5
1886-87 - - - -	3,046	6,264	207,567	8·2
1887-88 - - - -	2,949	6,550	224,497	8·5

Notwithstanding the large increase of population which must have taken place between 1868-69 and 1887-88, the number of shops for the sale of ganja has decreased by more than 27 per cent., and the consumption by more than 22 per cent., while simultaneously the revenue has increased by more than 150 per cent., and the incidence of taxation per seer has increased by more than 226 per cent. These figures may be left to speak for themselves. The reduction during the same period in the number of shops for the sale of opium and in the quantity of opium consumed is even more remarkable than in the case of ganja, but there has not been the same increase of revenue, mainly, I believe, because opium smuggling prevails extensively.

89. In mentioning this subject, my object has been to defend my predecessor against the charge which has been brought against him, and indirectly against the Government of India, of encouraging intemperance for the sake of revenue, and it must not be supposed that I have been dealing with the whole Excise system of India, or that I intend to assert that that administration has been as successful in every instance as in the cases which I have quoted.

#### SECTION VIII.—WAYS AND MEANS—HOME TREASURY.

90. The Secretary of State's Revised and Budget Estimates of the transactions at the Home Treasury for 1888-89 compare as follows :—

<i>Net Receipts.</i>	Budget.	Revised.
	£.	£.
Council Bills - - - - -	14,000,000	14,310,100
Receipts from railway companies for capital expenditure -	5,667,800	2,545,100
Deposits and advances - - - - -	4,500	800
Permanent debt—India 3½ per cent. stock issued for the discharge of a like amount of 4 per cent. stock - - -	- - -	4,030,700
Three per cent. stock issued for purchase of the Oudh and Rohilkhand Railway, and the discharge of its debentures as they fell due - - - - -	- - -	6,921,000
Debentures and Debenture stock taken over by the Secretary of State - - - - -	- - -	3,415,000
Add Opening Balance - - - - -	5,614,329	5,900,697
<b>TOTAL - - - £.</b>	<b>25,286,629</b>	<b>37,123,397</b>

## FINANCIAL STATEMENT OF THE

<i>Net Outgoings.</i>	Budget.	Revised.
	£.	£.
Excess of expenditure over revenue - - - -	15,028,700	14,714,300
Capital expenditure of Government in England - - -	973,000	792,200
Issues to railway companies for expenditure - - -	5,915,300	2,550,000
Capital charge involved in redemption of liabilities:		
Purchase of the Oudh and Rohilkhand Railway - - -	- - - -	10,336,000
Permanent Debt—Discharge of 4 per cent. stock - - -	- - - -	3,730,700
On account of remittances from India - - - -	1,091,200	1,150,400
Add Closing Balance - - - -	2,278,429	3,849,797
<b>TOTAL - - - £.</b>	<b>25,286,629</b>	<b>37,123,397</b>

The most important variations from the Budget Estimate have occurred in the transactions connected with the discharge of the 4 per cent. stock remaining unconverted in October 1888, and the purchase of the Oudh and Rohilkhand Railway. These are explained below.

## CONVERSION OF 4 PER CENT. INTO 3½ PER CENT. STOCK.

91. It was explained in the last Financial Statement that the terms offered by the Secretary of State for conversion of the 4 per cent. into 3½ per cent. stock were accepted by a majority of the holders. Out of a total 4 per cent. stock of 53,261,820 *l.*, only 4,030,700 *l.* remained to be paid off in October 1888. For the discharge of this sum 3½ per cent. stock for an equal amount was issued at par, but it is believed that the whole of the outstanding stock will not be presented for payment during the current year, and that 300,000 *l.* will remain unclaimed until 1889-90. No entries were made in the Budget Estimates of the current year on account of these transactions, as it could not be foreseen how much of the stock would remain unconverted.

## PURCHASE OF THE OUDH AND ROHILKHAND RAILWAY.

92. No provision was made in the Budget Estimate on account of the purchase of the Oudh and Rohilkhand Railway, as the nature of the offer to be made to the Company had not been determined at the time. The terms upon which the purchase has been made are, briefly, that the Company has been paid 125 *l.* 18 *s.* 0¼ *d.* for every 100 *l.* of its share capital, and that out of a total amount of 5,300,000 *l.* of debentures and debenture stock issued by the Company, debentures for 1,885,000 *l.*, which fell due during the current year, have been discharged by the Secretary of State, and the liability for debentures and debenture stock for 3,415,000 *l.* has been accepted by him. The total amount required for the purchase of the railway and the discharge of the debentures was 6,921,000 *l.*, which was raised by the Secretary of State by the issue of 7,206,531 *l.* of 3 per cent. stock.

## AIDED RAILWAY COMPANIES.

93. The variations in the transactions of the Railway Companies will appear from the following figures:—

Receipts from	Budget.	Revised.
	£.	£.
<b>STATE—</b>		
<i>On account of subscribed capital—</i>		
Bengal-Nagpur Railway - - - -	1,032,700	513,500
Indian Midland Railway - - - -	1,121,100	2,022,800
Southern Mahratta Railway - - - -	500,000	- - -
Miscellaneous Receipts - - - -	- - -	3,100
<b>GUARANTEED—</b>		
<i>For discharge of debentures—</i>		
Great Indian Peninsula Railway - - - -	1,069,000	- - -
Madras Railway - - - -	60,000	- - -
Oudh and Rohilkhand Railway - - - -	1,885,000	- - -
Miscellaneous Receipts - - - -	- - -	5,700
<b>TOTAL - - -</b>	<b>5,667,800</b>	<b>2,545,100</b>

Issues to	Budget.	Revised.
<b>STATE—</b>		
<i>On account of stores, establishment charges, &amp;c.—</i>		
	£.	£.
Bengal-Nagpur Railway - - -	871,000	892,900
Bengal Central Railway - - -	2,000	2,000
Indian Midland Railway - - -	635,000	421,000
Southern Mahratta Railway - - -	241,000	214,600
<b>GUARANTEED—</b>		
<i>For discharge of debentures—</i>		
Great Indian Peninsula Railway - -	1,069,000	200
Madras Railway - - - - -	60,000	-
Oudh and Rohilkhand Railway - -	1,885,000	-
On account of stores, &c. - - -	1,152,300	1,019,300
<b>TOTAL - - -</b>	<b>5,915,300</b>	<b>2,550,000</b>

In the Budget Estimate it was anticipated that the debentures of the Oudh and Rohilkhand, Great Indian Peninsula, and Madras Railway Companies, falling due in the current year, would be discharged by the Companies by raising fresh capital. In the case of the Great Indian Peninsula and Madras Railway Companies the debentures were, however, renewed, and the Oudh and Rohilkhand Railway debentures were, as mentioned above, discharged by the Secretary of State by the issue of India 3 per cent. stock. The additional capital expected to be raised by the Indian Midland Railway Company is mainly owing to the transfer to the Company of the Sindia Railway, as the Company has to repay the Government the capital cost of the line.

94. The following is the Secretary of State's Budget Estimate of Ways and Means for 1889-90, made up in the same form as above :—

<i>Net Receipts.</i>		£.
Council Bills - - - - -		14,689,900
Permanent Debt for advances to companies - - -		3,750,000
Receipts from railway companies - - - - -		515,000
Add Opening Balance - - - - -		3,849,797
<b>TOTAL - - -</b>		<b>22,804,697</b>
<i>Net Outgoings.</i>		
Excess of expenditure over revenue - - - - -		14,956,100
Capital expenditure of Government in England - - -		1,273,000
Permanent Debt—Discharge of 4 per cent. stock - - -		300,000
Issues to railway companies for expenditure - - -		3,056,700
Deposits and advances - - - - -		2,700
On account of remittances from India - - - - -		1,069,500
Add Closing Balance - - - - -		2,146,697
<b>TOTAL - - -</b>		<b>22,804,697</b>

95. By the Oudh and Rohilkhand Railway Purchase Act, the Secretary of State has been authorised to raise in London, in addition to the amount required for the purchase of the Oudh and Rohilkhand Railway, further amounts up to a limit of 10,000,000 £. for the purpose of advancing funds to railway companies, when it may seem more economical to do so, than to authorise them to raise debenture capital under his guarantee. The exercise of this power forms the most important feature of the Secretary of State's Ways and Means Estimates of next year. The total capital required to meet outlay in England and India by the aided railway companies will be 3,750,000 £. in addition to the balances at their credit, and the whole of this will be raised by the Secretary of State by a sterling loan. The Secretary of State also proposes to draw

14,689,900 *l.* of Council Bills during the year. It should be fully understood that, in stating these as the present intentions of the Secretary of State, no sort of pledge is given that he will adhere to the programme thus explained, and he will be absolutely at liberty to raise the money by bills or by loans from time to time as he deems expedient.

## SECTION IX.—WAYS AND MEANS—INDIA, 1888-89.

96. The following figures compare the Budget Estimate of Ways and Means of 1888-89 with the Revised Estimates:—

	Budget.	Revised.
<b>NET RECEIPTS.</b>		
	Rx.	Rx.
1. Excess of revenue in India over the expenditure charged against it - - - - -	20,642,800	21,354,600
2. Public Loan - - - - -	3,000,000	2,777,500
3. Increase of Unfunded Debt—mostly savings banks deposits - - - - -	845,300	1,043,700
4. <i>For remittance to Secretary of State</i> - - - - -	1,020,700	1,142,200
Add Opening Balance - - - - -	13,733,100	13,883,701
	39,241,900	40,201,701
<b>NET OUTGOINGS.</b>		
5. Expenditure charged to Provincial Balances - - -	483,600	—203,100
6. Capital Expenditure of Government in India - - -	2,662,800	697,200
7. Loans to Municipalities, &c. (chiefly the Calcutta and Bombay Dock Loans) - - - - -	486,800	510,900
8. Other Items (a) - - - - -	472,500	811,900
9. <i>Issues on Capital Account to Railway Companies against receipts in England</i> - - - - -	2,895,900	3,345,800
10. Council Bills. <i>Sterling Account</i> - - - - -	14,548,500	15,119,900
11. Ditto - - <i>Exchange</i> - - - - -	6,110,400	7,019,100
Add Closing Balance - - - - -	11,581,400	12,900,001
TOTAL - - -	39,241,900	40,201,701

The transactions recorded in italics are connected with, and explained by, the corresponding figures of the Secretary of State's account in England. The others are purely Indian transactions.

(a) The explanation of this is omitted, as it would be of a highly technical character. It arises to a very large extent out of the exchange entries that are necessary in charging off exchange upon the English expenditure and in connection with Railway Companies and other Remittance accounts.

## RUPEE LOAN OF 1888-89.

97. By Notification No. 2952, published in the "Gazette of India, Extraordinary," of 2nd June 1888, tenders were invited for a Public Loan of Rx. 3,000,000, the notes issued for this amount to form part of the 4 per cent. Loan of 1865. Tenders were received up to the 3rd July following, on which date they were opened simultaneously at Calcutta, Madras, and Bombay. The total amount tendered was Rx. 7,705,680, and the result was as follows:—

	Rx.
Accepted at minimum rate, viz., Rs. 99-11 (60·45 per cent.)	493,150
Above that rate - - - - -	2,506,850
TOTAL - - -	3,000,000

The actual amount realised was Rx. 2,993,650, or an average rate of Rs. 99-12-7 per 100 rupees.

The permission to tender at Madras was an innovation intended to satisfy a local demand, and was made use of to some extent; the aggregate value of the tenders at Madras was Rx. 686,000, of which Rx. 82,550 were accepted.

The account in paragraph 96 shows a net receipt on account of Public Loan of Rx. 2,777,500, and not of Rx. 3,000,000. It will be understood that the difference of Rx. 222,500 represents the reduction of debt during the year, in connection with the conversion of the 4½ per cent. Loan of 1870, and payment of Stock Notes and other loans under discharge.

CONVERSION OF 4½ PER CENT. LOAN OF 1870.

98. The 4½ per cent. Loan of 1870 matured on the 15th July 1885, and, as 4 per cent. paper was above par in July last, it was determined to convert the Loan into one bearing interest at 4 per cent., and to pay off all Notes which were not converted. It was accordingly notified on the 27th July 1888 that all Notes or Stock Certificates of this Loan would be paid off on the 27th October 1888, on which date the interest on them was to cease. But proprietors of such Notes or Stock Certificates were allowed the option, which had to be exercised before 1st September 1888, of transferring their holdings into the 4 per cent. Transfer Loan of 1865. The terms offered were as follows:—

I.—Payment of Interest at 4½ per cent. to 31st October 1888 inclusive.

II.—Issue of Notes of 4 per cent. Loan of 1865, bearing interest from 1st November 1888.

III.—A further payment of two annas per Rs. 100 in India and of two-pence per Rs. 100 in England as brokerage or commission to the persons presenting the Notes for transfer.

These terms were very generally accepted. Rx. 1,490,000 out of Rx. 1,787,540 were at once transferred into the 4 per cent. Loan of 1865, and less than Rx. 200,000 have been demanded in cash.

99. In order to distribute the payments for interest more evenly over the year, it was decided in December last to allow transfers from other 4 per cent. Loans to the Loan of 1854-55, of which the dates for payment of interest are 1st January and 1st July. It is expected that this will prove convenient both to the Public Debt Office and to the holders of Stock.

STOCK NOTES.

100. With the object of affording greater facilities to the public for the investment of small sums at interest, securities termed Stock Notes were issued in 1882 as an experimental measure.

These notes were of four denominations, namely, Rs. 12½, Rs. 25, Rs. 50, and Rs. 100 respectively. They were issued at par, and bore interest at 4 per cent. payable yearly, but were not enfaceable to Europe. After six years' experience it was found that the public would not adopt these securities as a regular form of investment, and it was decided to discontinue their further sale, and to withdraw, as far as possible, those in circulation, amounting to Rx. 162,350, by substituting for them Government Promissory Notes of the 4 per cent. Loan of 1842-43. Accordingly, in August last, orders were issued authorising (1) the payment in cash at par at any Treasury in India of Stock Notes of less value than Rs. 100, and (2) the conversion into Government Promissory Notes of the 4 per cent. Loan of 1842-43 of any amount of Stock Notes tendered in even hundreds of rupees, at a premium of eight annas per cent. (altered to par from 24th January last).

The following amounts of Stock Notes were reported as discharged up to the end of February last, namely:—

Tendered for conversion	- - - - -	Rs.
Paid off in cash	- - - - -	10,68,000
		3,31,686-8
TOTAL	- - -	<u>13,99,686-8</u>

leaving Rs. 2,23,813-8 as the balance outstanding on the 1st March 1889.

INDIAN SAVINGS BANKS.

101. There are two classes of Savings Banks, namely, (a) the Presidency and Post Office Banks, which are open to the public, and (b) Banks established for the benefit of servants of Government, such as the Railway and Civil Engineers' Provident Institutions and the Regimental Savings Banks.

## FINANCIAL STATEMENT OF THE

In class (a) there were, on the 31st of March 1888, 300,560 depositors, with an aggregate balance of Rx. 6,217,700 at their credit; and in class (b) 31,616 depositors, with Rx. 457,800; making a total of 332,176 depositors, to whom Rx. 6,675,500 were due. Of this amount more than Rx. 5,100,000 had been received from Natives, and the balance from Europeans and Eurasians. In the previous year there were 289,277 depositors in all, with Rx. 5,795,200 at their credit. There was therefore an increase in 1887-88 of 42,899 in the number of depositors and of Rx. 880,300 in the amount deposited in excess of withdrawals. Moreover, in all banks, except the Military ones, the average balance at credit of each depositor was considerably larger than in 1886-87.

The interest paid to depositors in 1887-88 was Rx. 224,049, and only Rx. 196,910 in the previous year.

It is no doubt very satisfactory to be able to point to such evidence of the growing popularity of these banks. But, as facilities for persons residing in the interior of districts for investing money in Government securities have of late years been considerably extended, and as Savings Bank depositors are allowed to purchase and sell these securities through Post Office Banks, and also to deposit them for safe custody, it seemed unnecessary, and, for some reasons, it was certainly undesirable, to maintain the existing high limits for deposits. Accordingly, on the 19th January 1889, orders were issued directing that, with effect from 1st April next, the yearly limits of deposits should be reduced from Rs. 500 to Rs. 200, and the maximum limit for each account from Rs. 3,000 to Rs. 2,000. It has been estimated that the effect of these orders will be to make the net addition to our cash balances in 1889-90 on this account only Rx. 564,500, the corresponding figures in 1887-88 and 1888-89 (Revised Estimate) being Rx. 880,300 and Rx. 981,300.

## CAPITAL EXPENDITURE OF GOVERNMENT IN INDIA.

102. The reduction in the Estimate from Rx. 2,662,800 to Rx. 697,200 is the result, as explained in paragraph 36, of the credits afforded (a) by the transfer of the cost of the Sindhia Railway to the Capital Account of the Indian Midland Railway (Rx. 921,000), (b) by transfer of the cost of the Katni-Umaria Railway to the Capital Account of the Bengal-Nagpur Railway (Rx. 485,700), (c) to a provision of Rx. 200,000 for taking over metre-gauge stock from the Bengal-Nagpur Railway not having been required, as part of the stock has not yet been valued, and the Southern Mahratta Company took over the rest, and (d) to various lapses.

## CALCUTTA AND BOMBAY DOCK LOANS.

103. In the last Financial Statement it was explained for what reasons and under what conditions the Government undertook to raise and advance, to the Port Trustees of Calcutta and Bombay, funds for the construction of the Kidderpore Docks, and for the extension of Prince's Dock.

The advances made on this account by the Government to the Port Trustees of Calcutta and Bombay have been as follows:—

Advances.	Calcutta.	Bombay.
	Rx.	Rx.
Up to the end of 1887-88 - - - -	860,700	768,400
In 1888-89 (a) - - - -	496,800	80,000
TOTAL - - -	1,357,500	848,400

In 1889-90 the Trustees will, it is estimated, require funds to the following extent:—

Calcutta.	Bombay.
Rx.	Rx.
549,000	35,000
	Interest

(a) Partly estimate.

Interest is payable on all these sums half-yearly, on the 1st May and 1st November of each year, at the rate at which Government borrows money in India in the year in which the advances are made; and the repayment of the principal is secured by a sinking fund of one per cent.

The further amount which the Government will have to advance on these accounts after 1889-90 is estimated at Rx. 426,100.

#### ISSUES ON CAPITAL ACCOUNT TO RAILWAY COMPANIES.

104. The increase from Rx. 2,895,900 to Rx. 3,345,800 is the net result of over-estimates by the Companies, and of the transfer, as explained above, of the cost of the Sindia Railway to the Capital Account of the Indian Midland Railway, and of the Katni-Umaria Railway to that of the Bengal-Nagpur Railway.

#### MANAGEMENT OF GOVERNMENT BALANCES.

105. The present year has seen a great scarcity of money in the Indian markets, which has kept the Bank rate at 12 per cent. for a considerable period, and, as usually happens in such cases in this country, the question has been raised whether Government might not in some way come to the assistance of trade.

The scarcity is no doubt owing in part to an early cotton season in Bombay coinciding with a demand for rice in Burma, and other customary requirements at this season; but the root of the difficulty appears to be the doubtful position of silver. But for this, it seems inexplicable that for week after week there should be a difference of 9 per cent. in the rate of money in London and India, and yet that in some weeks the whole amount of bills and transfers offered by the Secretary of State should not be taken up.

106. That so high a rate of interest is prejudicial to trade is obvious, and Government has not been unmindful of the fact. The best way in which Government can assist trade is by providing that the Secretary of State's drawings shall never be curtailed for lack of money to meet them, and in one week demands for bills and telegraph transfers exceeded 77 lakhs. Arrangements are also made to grant telegraph transfers freely at a small charge between the three Presidency towns; and Government, besides keeping up the normal current balances, has further been able to offer to the Presidency Banks at Calcutta and Bombay temporary loans at their own minimum rate of interest, if they cared to avail themselves of the offer.

107. As the Treasury balances are nearly two crores below last year, and in fact lower than they have been for twenty years at this season, all this would scarcely have been possible without the assistance derived from what are called "currency transfers," a system which, while preserving the Reserve of the Paper Currency Department intact for the payment of the currency notes, yet gives the advantage of a large balance that can be made available without the delay of actual remittance, wherever it may be wanted. Thus in the present month the accruing revenue of the opium districts has been allowed to remain in those districts in the charge of a currency agency, an equivalent being immediately released to the Treasury in Calcutta; a fortnight hence this money will be wanted for payments to opium cultivators in the districts, but by that time the Land Revenue from Eastern Bengal will have been received, and, being in like manner made over to the Currency Department, will liberate the coin where it is wanted.

108. The charge that Government does not do all it might to assist trade sometimes takes the form of an assertion that the currency balances should be lent out in a time of pressure. This is, of course, impossible, as the currency balances are pledged by law to secure the convertibility of the currency notes, and can no more be lent to the market than can the gold in the Issue Department of the Bank of England.

109. Another contention is, that the cash balance of the Government of India is too high. Now the question whether the Government cash balance is too high or too low, is one that must be determined by the experience of those



who actually deal with that balance, and are responsible for seeing that there is sufficient money in the Treasury to meet all the claims against Government.

"I do not think I exaggerate when I say that every person who has experience of the actual work of dealing with the balances in this country is in favour of rather a high cash balance. The question has been frequently considered both in India and in England, and, though a cash balance of 10 to 13 crores may seem enormous, yet, if we reflect on the special difficulties in the way of suddenly obtaining a large amount of cash in this country, on the sudden and large demands to which Government is exposed, and on the enormous extent of country over which the balance has to be spread, it will easily be recognised that the mere fact of the cash balance being large is no proof that it is larger than is required by the wants of the case.

Some authorities hold that, if anything, the Indian cash balance has been kept somewhat too low in recent years. In that opinion I am inclined to concur. The cash balance of recent years has been low, because the claims against the Government were heavy owing to expenditure of all kinds, and it was thought desirable to avoid borrowing more than was absolutely necessary.

110. I have mentioned the allegations (1), that Government ought to lend out the currency balance, and (2), that Government keeps too high a cash balance, simply in order to clear the ground. There is no force in them, and they could only be made by persons ignorant of the facts of the case. I now come to what is the real question, namely, the expediency of the maintenance of the Reserve Treasuries in the Presidency towns. Should the Government keep the whole of its spare cash in the Presidency Banks, or should it aim at keeping balances of tolerably constant amounts in those Banks, the surplus being kept in the Reserve Treasuries? This is a question which deserves consideration, and on which there may reasonably be a difference of opinion, though I can hold out no hope of any change in the policy of Government in this respect.

The justification for the existence of the Reserve Treasuries is to be found in the special conditions affecting the Indian money market. These special conditions are the liability of that market to extreme pressure at times, the difficulty in adding temporarily to the amount of cash by drawing on other markets, and the magnitude of the cash transactions of the Government as compared with those of the trade. Under the circumstances I have just stated, and looking to the fact that the Government in case of war, famine, or other unexpected cause, is exposed to the risk of having to meet sudden and large demands on it for cash, it was decided by Lord Northbrook's Government that it would be to the interest both of the commercial public and the Government of India that the surplus cash, for the time being, of the Government of India in excess of certain regulated balances in the Presidency Banks and the cash in Mofussil Treasuries, should be kept in Reserve Treasuries.

It was held that, if the whole of the surplus cash was kept in the Presidency Banks, trade would rely on the permanence of the resources thus supplied to it, and that, in case of a sudden demand for cash, the Government of India would either be forced to abandon its right to reduce its balance in the Presidency Banks, or risk producing a financial crisis by suddenly and largely reducing the resources of these Banks.

To show that this is not an imaginary fear, I will quote a telegram received in 1874 from the Government of Bombay :

"Clear the line. You are placing the exchange banks and trade of Bombay in great danger. The eight Exchange Banks are indebted to the Bank of Bombay 68 lakhs of rupees, half payable on demand secured by Government paper, and remainder in February. Their balances for current purposes in the Bank of Bombay are under 20 lakhs of rupees; balance of other customers of Bank of Bombay exceedingly low. Bank of Bombay has to meet Council Bills for 25 lakhs of rupees arrived from England this morning, and similar Bills for 20 lakhs of rupees will shortly arrive. Bills on Calcutta absolutely unsaleable. If you draw more on Bank of Bombay, they must call in the sums due from the Exchange Banks, and there will be a general panic and a serious danger of stoppages."

There was at that time a Government balance of about 100 lakhs in the Bank of Bombay, and the proposed withdrawal, which called forth this startling protest from the Governor of that Province, only came to 35 lakhs. I do not think a stronger argument could be produced to show the dangers that might arise

arise if the Government of India reverted to the old system of keeping all its spare cash in the Presidency Banks. The arguments which weighed with the Government of India in introducing the system of Reserve Treasuries are contained in a Despatch to the Secretary of State, No. 256, dated 30th June 1874; it has been printed in the Appendix to this Statement. It will show that the policy of the establishment of Reserve Treasuries was adopted deliberately, and in order to meet real difficulties.

111. It has been urged that Government could relieve the market by lending out the balance of the Reserve Treasuries on favourable terms to the Banks; but, if this course were followed, the same difficulties that arose when the Presidency Banks held the whole of the surplus balances would again occur. Trade would become accustomed to rely on the resources furnished by the Government, and at a time of pressure the withholding of the assistance usually given by Government might have a very serious effect.

SECTION X.—WAYS AND MEANS—INDIA, 1889-90.

112. The Ways and Means Estimate of India, made up in the same form as in paragraph 96, is as follows:—

NET RECEIPTS.		Rx.
1. Excess of Revenue in India over the Expenditure charged against it	- - - - -	22,018,900
2. Public Loan	- - - - -	2,500,000
3. Increase of Unfunded Debt—mostly Savings Bank Deposits	- - - - -	629,700
4. For Remittance to Secretary of State	- - - - -	1,112,300
Add Opening Balance	- - - - -	12,900,001
	<b>Rx.</b>	<b>39,158,901</b>
NET OUTGOINGS.		Rx.
5. Expenditure charged to Provincial Balances	- - - - -	640,800
6. Capital Expenditure of Government in India	- - - - -	2,224,600
7. Loans to Municipalities, &c.	- - - - -	827,700
8. Other items	- - - - -	170,400
9. Issues on Capital Account to Railway Companies against receipts in England	- - - - -	1,221,400
10. Council Bills. Sterling Account	- - - - -	14,690,900
11. Ditto - - Exchange	- - - - -	6,829,800
Add Closing Balance	- - - - -	12,553,301
	<b>Rx.</b>	<b>39,158,901</b>

PROPOSED RUPEE LOAN.

113. It is estimated that a loan of Rx. 2,500,000 will be required during the year, but no pledge can be given either as to the amount of the loan or the time when it will be issued, or the conditions which will attach to it. According to the estimates, a loan of Rx. 2,500,000 will give an ample cash balance, and if matters turn out favourably it may not be necessary to borrow so much. We expect, with this assistance, to close 1889-90 with a cash balance of Rx. 12,553,301.

LOANS TO MUNICIPALITIES, &c.

114. Before 1888-89 all loans and advances of public money were treated as advances on Imperial account. The loans were made on the advice and through the agency of local governments, and local governments were so far responsible that irrecoverable sums were charged off as provincial expenditure. But they had no concern with the punctual and complete realisation of the interest due on these advances, which was credited as an asset of Imperial revenue. At the instance of the Secretary of State the arrangements were re-considered,

re-considered, and the occasion was thought appropriate for extending the principle of decentralisation beyond the limits of the Revenue account. The interest received on these loans is almost always higher than that paid by Government on its public loans, and by surrendering this advantage it was obvious that an inducement might be offered to local governments to undertake complete responsibility for the administration of this department of finance. This responsibility was accepted in every case, the necessary arrangements were completed last year, and orders were published in the "Gazette of India" of 5th January 1889.

115. In connection with this subject the question of lending from public funds to municipalities and other public bodies was considered. It was believed from the Secretary of State's observations in a Despatch of September 1887, that, under the arrangements described above, sanction might be given to a relaxation of the restrictive policy which has been followed in this matter since 1876.

116. Experience has shown that the rigid refusal to lend money to small municipalities and local boards has operated unfavourably in delaying and preventing sanitary improvement and reform. It has been found that such bodies cannot raise money in the market, except at high rates of interest; and municipalities have in several cases found it necessary in consequence to abandon, or indefinitely postpone, well-considered schemes of drainage and water supply. The Government of India accepted the Secretary of State's invitation to review the question, and the Secretary of State has, in consideration of the fact that, under the scheme described above, provincial responsibility will be enforced, withdrawn the prohibition.

117. It is not proposed at present to adopt the policy of lending to the Presidency corporations, as they have a public credit of their own, and can borrow, in ordinary cases, in the open market, while the claims on the Government of India are so great that it cannot without difficulty find the necessary funds. But, in pursuance of the principles enunciated above, local governments have been authorised to grant loans to Mofussil municipalities in future, on the following conditions:—

(1.) Loans may be granted only for works of public and general convenience and utility, such as drainage and waterworks, bridges and the like; and not for works which are merely or mainly ornamental or convenient, such as town halls, public gardens or market places.

(2.) A local body, having borrowed from Government, may not borrow from any other source until it has obtained the sanction of the Local Government concerned, which should not be given until it is clearly shown that the sum lent by Government, with interest thereon, is duly secured.

118. I have stated that the rules regulating the new scheme were published in the "Gazette of India" on 5th January. The demands of Local Governments have since been received. These demands, so far as they relate to advances to cultivators, to embarrassed landed proprietors, and for drainage embankments and the like, have no special interest, as the only change in respect of them is the transfer of administration and responsibility. As regards loans to Mofussil municipalities, the importance attached to the change of policy will be understood, when it is stated that, notwithstanding the short notice given, the applications for loans for municipal sanitary purposes amount to Rx. 254,900, which sum it has been found possible to place at the disposal of Local Governments. The projects comprise schemes of water supply for Allahabad, Agra, Nagpore, Delhi, and Peshawar. Although an important step has now been taken towards facilitating the carrying out of Local Works and Improvements, the large claims on the resources of the Government of India on account of Railway and Irrigation Works will prevent, for the present, any very important extension of the system.

## SECTION XI.—SUMMARY.

119. The principal features of this Statement are summarised as follows :—

(a.) The Accounts of 1887-88 have closed with a deficit of Rx. 2,028,832, including as expenditure Rx. 456,017 on account of Special Defence Works. Excluding the cost of these works, the deficit was Rx. 1,572,815. This has resulted mainly from a special charge of Rx. 1,059,000 incurred in connection with the conversion of the 4 per Cent. Sterling Stock into 3½ per cent., from heavy military expenditure in Burma, from a fall in exchange, and in the price of opium, and from a reduction in Railway Revenue, counterbalanced by an improvement in Revenue and reduced Expenditure under other heads.

(b.) The Revised Estimates of 1888-89 show a deficit of Rx. 201,700, including as expenditure Rx. 818,300 on account of Special Defence Works, and a surplus of Rx. 616,600, if the cost of these works be excluded. Seeing that there has been a further fall in the rate of exchange, which has been taken for the current and coming year at 1 s. 4·38 d. = 1 rupee, heavy unforeseen expenditure on Military Expeditions, and a decline in the salt revenue owing to persistent rumours of an impending reduction of the duty, the result is satisfactory.

(c.) The Budget Estimates for 1889-90 show a surplus of Rx. 106,300, after providing Rx. 1,102,900 for Special Defence Works. If the cost of these works be excluded, there is a surplus of Rx. 1,209,200. Imperial revenues have received a special asset of Rx. 740,000, towards which all Local Governments, except the Punjab, contributed. Of this only Rx. 250,000, most of which represents the proceeds of the re-imposed Patwari Cess in the North-Western Provinces and Oudh, will be permanent, the remainder being a receipt of next year only.

(d.) The Capital Expenditure on Railways and Irrigation Works is expected to amount to Rx. 1,857,800 in 1888-89, and Rx. 4,089,500 is provided for 1889-90. The expenditure in 1888-89 is really Rx. 3,264,500, but Rx. 1,406,700 of it has been transferred to the Capital Accounts of the Indian Midland and the Bengal-Nagpur Railways, on account of the cost of the Sindia and Katni-Umaria Railways transferred to them.

(e.) As regards the general financial position of the Government of India, while there is every need for economy, and for husbanding our revenue, there is no ground for desponding or pessimist views. There are probable difficulties in the future, but there are also reasons for holding that we shall be able to encounter them successfully. The Estimates of Revenue for 1889-90 have been framed with moderation.

(f.) The Secretary of State proposes to draw, during 1889-90, 14,689,900 *l.* of Council Bills. He also proposes to raise a loan of 3,750,000 *l.* under the Oude and Rohilkhund Railway Purchase Act for the purpose of advancing funds to railway companies.

(g.) The Government of India will probably raise a loan of Rx. 2,500,000 in India, of which Rx. 584,000 is required for the Dock Works at Calcutta and Bombay, and Rx. 254,900 for Municipal Water Works, but no pledge can be given either as to the amount of the loan or the time when it will be issued, or the conditions which will attach to it.

Calcutta, 27 March 1889.

*D. Barbour.*



## A P P E N D I C E S.

### APPENDIX I.

DESPATCH from the Government of India, to Her Majesty's Secretary of State for India,  
No. 256, dated 30th June 1874.

WE have postponed consideration of the Bill for the regulation of the Presidency Banks and of the agreements depending upon it, pending receipt of the decision of your Lordship in Council on the question of the agency of the Bank of Bengal in Bombay, in regard to which we forwarded with our Despatch of the 9th January, No. 17, a letter from the Directors of the Bank of Bengal.

2. The strain to which our finances were exposed early this year has given us the advantage of an experience which we had not when the terms of the new agreements were last under our consideration.

3. We have been much impressed with the consideration that the effect of the existing agreements with the banks, which compels us to place all the cash balances belonging to Government in their hands, leads to consequences which may be very inconvenient, if not worse, both to Government and to trade.

4. The only use of these balances to Government is that they may be made available the moment the public service requires them.

5. We have had no difficulty in regard to the balances in the hands of the banks of Bengal and Madras; the Bank of Bombay, however, Progs., May 1874, Nos. 33A & 33B. protested against meeting drafts upon it, and, on the urgent representations of the Governor of Bombay, we were obliged, on the 29th January, to allow a month's time before drawing.

6. The Bank of Bombay, accustomed to high Government balances, and relying on the maintenance of those balances, had so employed them that they were practically locked up; for, had we insisted on withdrawing them more suddenly, we should have done so in the face of a warning that we should produce a commercial crisis, and therefore for a time the Government balances at Bombay were useless for the purposes of the Government.

7. We think it doubtful, moreover, whether it is any real advantage to trade that large Government balances should be kept in the hands of the banks. It appears to us that an element of uncertainty is thereby introduced into the money market not unlikely to aggravate commercial difficulties at a time of tightness.

8. An amount of capital which is large, relatively to the whole capital engaged in trade at the Presidency towns, is supplied by Government, but Government, for reasons quite unconnected with trade, may have to withdraw these balances suddenly.

In this case a sudden demand ensues for capital to replace that which is thus removed; the rate of discount rises not from any commercial reason, but from the accident of State necessities, and, if this should occur at a time of commercial pressure, it would precipitate a crisis which otherwise might not occur. If Government did not supply this capital to the trade, it would be found by private individuals through banks or in some other way.

9. Had the Government funds in the hands of the banks in January last been limited to a fair working balance, and had we had a reserve in our own hands, we think it may be assumed that the market rise in the rates of discount which has occurred would not have taken place, and our business would have been transacted without disturbing trade operations.

10. The resources of a large money market are not open to us, and we do not think it would be safe to trust to being able to raise funds readily and immediately in India. The amount (350,000 l.) that we wanted in January out of our balance of about a million with the bank of Bombay, and the demand for which brought down the remonstrance that we should place in jeopardy the trade of Bombay, cannot be considered as large. Calcutta may have larger resources, but we cannot suppose that even here the supplies immediately available are really considerable.

11. We are of opinion that a Government subject to the contingencies to which the Government of India is exposed ought not to be without a reserve, and that this reserve should be in its own hands.

12. This object might be attained by dissolving our connection with the banks and re-establishing our treasuries. We are unwilling to take this course unless forced to do so: the banks are useful institutions, and the Bank of Bengal especially has upon several occasions been of great assistance to the Government.

13. We should prefer, as an alternative plan, to make a change in the agreements with the banks, so that, instead of giving them the right to hold all the Government balances, the stipulation may be confined to engaging to pay them interest when our balances are reduced below certain amounts.

If it be necessary to go further than this, we might stipulate that the banks should have the use of our balances up to certain limits, after which we should be unfettered as to their employment. The exact sums to be fixed in connection with the proposed stipulations would be settled in communication with the banks.

14. The amount to be kept in reserve need not, in our opinion, be very large, as the main difficulty is one only of time: The sense of security which we should derive from the possession of a reserve of two millions immediately available for any emergency would, in our judgment, amply repay the charge for interest on that amount.

---

## APPENDIX II.

## ACCOUNTS AND ESTIMATES.

---

ACCOUNTS	- - - - -	1887-88.
REVISED ESTIMATES	- - - - -	1888-89.
BUDGET ESTIMATES	- - - - -	1889-90.

---

## CONTENTS.

	PAGES
General Statement of the Accounts and Estimates of the Revenue and Expenditure, and Receipts and Disbursements, of the Government of India, in India and in England - - - - -	50
A.—Statement of the Revenue of India, in India and in England - - - - -	52
B.—Statement of the Expenditure chargeable on the Revenues of India, in India and in England - - - - -	54
C.—Statement of Receipts and Disbursements other than Revenue and Expenditure of the Government of India, in India and in England - - - - -	58
D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Contracts - - - - -	60
E.—Statement of Net Revenue and Expenditure, England and India - - - - -	62

---



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

	For Detail, vide Statement.	R E C E I P T S.			
		Accounts, 1887-88.	Budget Estimate, 1888-89.	Revised Estimate, 1888-89.	Budget Estimate, 1889-90.
<b>REVENUE:</b>		<i>Rr.</i>	<i>Rr.</i>	<i>Rr.</i>	<i>Rr.</i>
<b>Principal Heads of Revenue:</b>					
Land Revenue - - - - -		23,189,292	23,090,500	23,202,300	23,391,700
Opium - - - - -		8,515,462	8,453,900	8,560,900	8,260,000
Salt - - - - -		6,670,728	8,122,500	7,676,900	8,029,900
Stamps - - - - -		3,876,298	3,854,400	3,932,200	3,959,500
Excise - - - - -		4,534,655	4,609,500	4,705,700	4,727,300
Other Heads - - - - -	A.	7,994,571	8,081,600	8,319,500	8,575,400
<b>TOTAL, PRINCIPAL HEADS - - -</b>	"	<b>54,781,006</b>	<b>56,212,400</b>	<b>56,397,500</b>	<b>56,943,800</b>
Interest - - - - -	"	746,555	656,300	838,800	734,200
Post Office, Telegraph, and Mint - - - - -	"	2,229,546	2,131,300	2,240,400	2,328,700
Receipts by Civil Departments - - - - -	"	1,495,742	1,424,000	1,480,500	1,464,200
Miscellaneous - - - - -	"	1,606,108	1,166,200	1,796,500	1,340,300
Railways - - - - -	"	14,533,360	15,184,700	15,428,000	16,686,500
Irrigation - - - - -	"	1,714,274	1,758,700	1,838,900	1,889,300
Buildings and Roads - - - - -	"	592,338	555,100	588,700	603,700
Receipts by Military Departments - - - - -	"	1,060,815	921,800	976,200	944,600
<b>TOTAL REVENUE - - - - -</b>	-	<b>78,759,744</b>	<b>80,010,500</b>	<b>81,585,500</b>	<b>82,935,300</b>
<b>EXTRAORDINARY RECEIPTS - - - - -</b>	-	<b>63,690</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>DEBT, DEPOSITS, AND ADVANCES:</b>					
Permanent Debt (net incurred) - - - - -	C.	5,435,799	2,998,500	13,413,500	5,871,400
Unfunded Debt (net incurred) - - - - -	"	926,491	845,300	1,043,700	629,700
Deposits and Advances (net) - - - - -	"	4,827	—	—	—
Loans to Municipalities, Native States, &c. (net Recoveries).	"	—	—	—	—
Remittances (net) - - - - -	"	—	—	314,500	43,800
Secretary of State's Bills drawn - - - - -	"	15,358,577	14,000,000	14,310,100	14,689,900
<b>TOTAL RECEIPTS - - - - -</b>	-	<b>100,549,128</b>	<b>97,854,300</b>	<b>110,667,300</b>	<b>104,170,100</b>
Balance on 1st April—India - - - - -	-	13,195,785	13,733,085	13,883,701	12,900,001
England - - - - -	-	5,280,829	5,614,329	5,900,697	3,849,797
<b>GRAND TOTAL - - - - -</b>	-	<b>119,025,742</b>	<b>117,201,714</b>	<b>130,451,698</b>	<b>120,919,898</b>

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

	For Detail, vide Statement.	DISBURSEMENTS.			
		Accounts, 1887-88.	Budget Estimate, 1888-89.	Revised Estimate, 1888-89.	Budget Estimate, 1889-90.
<b>EXPENDITURE:</b>		<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
Direct Demands on the Revenues - - - -	B.	9,438,163	9,863,000	9,837,800	9,730,000
Interest - - - - -	"	5,441,754	4,508,400	4,701,200	4,358,600
Post Office, Telegraph, and Mint - - - -	"	2,255,829	2,182,200	2,167,600	2,268,300
Salaries and Expenses of Civil Departments -	"	12,906,364	13,098,300	13,038,000	13,291,200
Miscellaneous Civil Charges - - - - -	"	4,761,130	4,857,900	4,895,900	4,823,200
Famine Relief and Insurance - - - - -	"	91,408	73,200	82,900	100,500
Construction of Railways (charged against Revenue, in addition to that under Famine Insurance).	"	80,945	43,800	18,000	10,200
Railway Revenue Account - - - - -	"	16,655,746	17,299,600	17,692,900	18,713,100
Irrigation - - - - -	"	2,461,646	2,582,300	2,630,800	2,614,700
Buildings and Roads - - - - -	"	5,451,049	5,592,900	5,329,200	5,482,400
Army Services - - - - -	"	20,417,934	19,969,000	20,371,500	20,974,700
Special Defence Works - - - - -	"	456,017	1,121,500	818,300	1,102,900
<b>TOTAL EXPENDITURE, IMPERIAL and PROVINCIAL</b> - - - - -	-	80,417,985	81,192,100	81,584,100	83,469,800
<i>Add.</i> —Provincial Surpluses, that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B.	+ 423,685	+ 9,800	+ 238,300	+ 24,600
<i>Deduct.</i> —Provincial Deficits, that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	- 53,094	- 493,400	- 35,200	- 605,400
<b>TOTAL EXPENDITURE charged against REVENUE</b> - - - - -	-	80,788,576	80,708,500	81,787,200	82,829,000
<b>EXPENDITURE NOT CHARGED TO REVENUE:</b>					
Capital Outlay on Railways and Irrigation Works	End of B.	2,784,824	4,044,500	1,857,800	4,089,500
Capital Charge involved in Redemption of Liabilities	-	-	-	10,336,000	-
<b>DEBT, DEPOSITS, AND ADVANCES:</b>					
Deposits and Advances (net) - - - - -	C.	-	340,900	739,400	19,700
Loans to Municipalities, Native States, &c. (net Advances).	"	396,944	486,800	519,900	827,700
Capital of Railway Companies (net Payments) -	"	574,127	3,143,400	3,350,700	3,763,100
Remittances (net) - - - - -	"	14,333	69,300	-	-
Secretary of State's Bills paid - - - - -	"	14,682,540	14,548,500	15,119,900	14,690,900
<b>TOTAL DISBURSEMENTS</b> - - - - -	-	99,241,344	103,341,900	113,701,900	106,219,900
Balance on 31st March—India - - - - -	-	13,883,701	11,581,385	12,900,001	12,553,301
England - - - - -	-	5,900,697	2,278,429	3,849,797	2,146,697
<b>GRAND TOTAL</b> - - - - -	-	119,025,742	117,201,714	130,451,898	120,919,898
Revenue - - - - -		78,759,744	80,010,500	81,585,500	82,935,300
Expenditure chargeable thereon - - - - -		80,788,576	80,708,500	81,787,200	82,829,000
Surplus (+) or Deficit (-) - - - - -		-2,028,832	-698,000	-201,700	+ 106,300

E. Gay,  
Comptroller General.

E. J. Sinker,  
Officiating Secretary to the Government of India.

## FINANCIAL STATEMENT OF THE

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

HEADS OF REVENUE.	ACCOUNTS, 1887-88.					REVISED	
	India.		England.	Exchange.* 1 s. 4'90 d.	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
<b>PRINCIPAL HEADS OF REVENUE :</b>	<i>Rr.</i>	<i>Rr.</i>	<i>£.</i>	<i>Rr.</i>	<i>Rr.</i>	<i>Rr.</i>	<i>Rr.</i>
I.—Land Revenue	14,214,844	8,974,448	-	-	23,189,292	14,143,300	9,059,000
II.—Opium	8,515,462	-	-	-	8,515,462	8,560,900	-
III.—Salt	6,043,454	27,274	-	-	6,670,728	7,654,600	22,300
IV.—Stamps	1,127,166	2,749,132	-	-	3,876,298	1,147,200	2,785,000
V.—Excise	3,325,752	1,208,903	-	-	4,534,655	3,445,600	1,260,100
VI.—Provincial Rates	850	3,034,473	-	-	3,035,323	600	3,018,800
VII.—Customs	1,333,401	15,436	-	-	1,348,837	1,354,890	15,200
VIII.—Assessed Taxes	823,667	607,769	-	-	1,431,436	890,700	617,900
IX.—Forest	521,415	602,710	-	-	1,124,125	682,300	643,400
X.—Registration	156,710	154,543	-	-	311,253	165,300	163,500
XI.—Tributes from Native States	743,597	-	-	-	743,597	767,000	-
<b>Total</b>	<b>37,406,318</b>	<b>17,974,688</b>	<b>-</b>	<b>-</b>	<b>54,781,006</b>	<b>38,812,300</b>	<b>17,585,200</b>
XII.—Interest	621,664	31,189	65,978	27,724	746,555	555,000	89,000
<b>POST OFFICE, TELEGRAPH, AND MINT :</b>							
XIII.—Post Office	1,209,329	4,867	-	-	1,214,196	1,285,600	6,300
XIV.—Telegraph	747,466	505	11,206	4,709	763,886	707,700	500
XV.—Mint	251,437	-	19	8	251,464	215,800	-
<b>Total</b>	<b>2,208,232</b>	<b>5,372</b>	<b>11,225</b>	<b>4,717</b>	<b>2,229,546</b>	<b>2,209,100</b>	<b>6,800</b>
<b>RECEIPTS BY CIVIL DEPARTMENTS :</b>							
XVI.—Law and Justice { Courts	23,547	299,415	-	-	322,962	28,200	304,700
{ Jails	30,071	218,817	-	-	248,888	34,500	234,400
XVII.—Police	25,711	324,582	-	-	350,293	29,800	318,100
XVIII.—Marine	73,254	121,773	-	-	195,027	74,100	117,300
XIX.—Education	1,410	223,795	-	-	225,205	1,600	205,300
XX.—Medical	120	55,907	2,764	1,161	59,952	500	55,900
XXI.—Scientific and other Minor Departments.	29,775	62,708	614	258	93,415	5,200	65,100
<b>Total</b>	<b>183,888</b>	<b>1,307,057</b>	<b>3,378</b>	<b>1,419</b>	<b>1,495,742</b>	<b>173,900</b>	<b>1,300,800</b>
<b>MISCELLANEOUS :</b>							
XXII.—Receipts in aid of Superannuation, &c.	218,692	37,184	104,118	43,751	403,745	233,400	38,500
XXIII.—Stationery and Printing	34,031	46,251	-	-	80,282	23,100	44,800
XXIV.—Exchange	744,471	-	-	-	744,471	951,800	-
XXV.—Miscellaneous	90,371	265,609	8,893	3,737	377,610	80,000	269,300
<b>Total</b>	<b>1,000,565</b>	<b>349,044</b>	<b>113,011</b>	<b>47,488</b>	<b>1,606,108</b>	<b>1,288,300</b>	<b>352,600</b>
<b>RAILWAYS :</b>							
XXVI.—State Railways (Gross Receipts)	9,371,808	1,499,791	230	97	10,871,926	10,206,100	1,534,000
XXVII.—Guaranteed Companies (Net Traffic Receipts).	3,636,070	-	-	-	3,636,070	3,652,500	-
XXVIII.—Subsidised Companies (Repayment of Advances of Interest).	24,764	-	-	-	24,764	35,100	-
<b>Total</b>	<b>13,032,642</b>	<b>1,499,791</b>	<b>230</b>	<b>97</b>	<b>14,533,360</b>	<b>13,893,700</b>	<b>1,534,000</b>
<b>IRRIGATION :</b>							
XXIX.—Major Works: Direct Receipts	418,453	532,508	-	-	950,961	464,200	596,500
Portion of Land Revenue due to Irrigation.	602,555	-	-	-	602,555	612,100	-
XXX.—Minor Works and Navigation	32,139	128,619	-	-	160,758	30,600	135,500
<b>Total</b>	<b>1,053,147</b>	<b>661,127</b>	<b>-</b>	<b>-</b>	<b>1,714,274</b>	<b>1,106,900</b>	<b>732,000</b>
<b>BUILDINGS AND ROADS :</b>							
XXXI.—Military Works	40,413	-	-	-	40,413	39,700	-
XXXII.—Civil Works	11,972	503,594	25,601	10,758	551,925	10,800	500,000
<b>Total</b>	<b>52,385</b>	<b>503,594</b>	<b>25,601</b>	<b>10,758</b>	<b>592,338</b>	<b>50,500</b>	<b>500,000</b>
<b>RECEIPTS BY MILITARY DEPARTMENTS :</b>							
XXXIII.—Army: Effective	931,027	-	36,752	15,444	983,223	863,500	-
Non-effective	70,673	-	4,872	2,047	77,592	52,500	-
<b>Total</b>	<b>1,001,700</b>	<b>-</b>	<b>41,624</b>	<b>17,491</b>	<b>1,060,815</b>	<b>916,000</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>56,657,141</b>	<b>21,731,862</b>	<b>261,047</b>	<b>109,694</b>	<b>78,759,744</b>	<b>59,005,700</b>	<b>22,100,400</b>

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

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

ESTIMATE, 1888-89.			Increase + Decrease — of Revised as compared with Budget Estimates, 1888-89.	BUDGET ESTIMATE, 1889-90.					Increase + Decrease — of Budget, 1889-90, as compared with Budget, 1888-89.	Increase + Decrease — of Budget, 1889-90, as compared with Revised Estimates, 1888-89.
England.	Exchange.* 1 s. 4 3/8 d.	TOTAL.		India.		England.	Exchange.* 1 s. 4 3/8 d.	TOTAL.		
				Imperial.	Provincial and Local.					
£.	Rx.	Rx.	Rx.	Rx.	Rx.	£.	Rx.	Rx.	Rx.	Rx.
-	-	23,202,300	+ 111,800	14,918,400	8,473,300	-	-	23,291,700	+ 301,200	+ 189,400
-	-	8,560,900	+ 107,000	8,260,000	-	-	-	8,260,000	- 193,900	- 300,900
-	-	7,676,900	- 445,600	8,007,300	22,600	-	-	8,029,900	- 92,600	- 353,000
-	-	3,932,200	+ 77,800	1,155,400	2,804,100	-	-	3,059,500	+ 105,100	+ 27,300
-	-	4,705,700	+ 96,200	3,542,900	1,184,400	-	-	4,727,300	+ 117,800	+ 21,600
-	-	3,019,400	+ 6,100	000	3,257,400	-	-	3,258,000	+ 244,700	+ 238,600
-	-	1,370,000	+ 900	1,402,500	15,900	-	-	1,418,400	+ 49,300	+ 48,400
-	-	1,508,000	+ 56,800	875,700	639,600	-	-	1,515,300	+ 63,500	+ 6,700
-	-	1,325,700	+ 154,100	636,300	633,300	-	-	1,269,600	+ 98,000	- 56,100
-	-	328,800	+ 20,900	166,900	164,200	-	-	331,100	+ 23,200	+ 2,300
-	-	767,000	- 900	783,000	-	-	-	783,000	+ 15,100	+ 16,000
-	-	56,397,500	+ 185,100	39,749,000	17,194,800	-	-	56,943,800	+ 731,400	+ 546,300
133,000	61,800	838,800	+ 182,500	597,600	92,700	30,000	13,900	734,200	+ 77,900	- 104,600
-	-	1,291,900	+ 49,800	1,341,000	7,000	-	-	1,348,000	+ 105,900	+ 56,100
16,700	7,800	732,700	+ 33,400	730,800	500	14,200	6,600	752,100	+ 52,800	+ 19,400
-	-	215,800	+ 25,900	228,600	-	-	-	228,600	+ 38,700	+ 12,800
16,700	7,800	2,240,400	+ 109,100	2,300,400	7,500	14,200	6,600	2,328,700	+ 197,400	+ 88,300
-	-	332,900	+ 28,300	25,800	301,000	-	-	326,800	+ 22,200	- 6,100
-	-	268,900	+ 10,800	36,100	234,000	-	-	270,100	+ 12,000	+ 1,200
-	-	347,900	+ 26,100	24,700	321,300	-	-	346,000	+ 24,200	- 1,900
-	-	191,400	+ 3,100	67,300	117,400	-	-	184,700	- 3,600	- 6,700
-	-	206,900	+ 5,500	800	211,600	-	-	212,400	+ 11,000	+ 5,500
2,500	1,200	60,100	- 1,600	500	52,000	2,500	1,200	56,200	- 5,500	- 3,900
1,400	700	72,400	- 15,700	3,100	64,000	600	300	68,000	- 20,100	- 4,400
3,900	1,900	1,480,500	+ 56,500	158,300	1,301,300	3,100	1,500	1,464,200	+ 40,200	- 16,300
103,800	48,300	424,000	+ 41,900	232,400	38,600	98,400	45,700	415,100	+ 33,000	- 8,900
-	-	67,900	+ 7,800	21,600	44,000	-	-	65,600	+ 5,500	- 2,300
-	-	951,800	+ 536,800	527,300	-	-	-	527,300	+ 112,300	- 424,500
2,400	1,100	352,800	+ 43,800	63,800	284,800	2,500	1,200	332,300	+ 23,300	- 20,500
106,200	49,400	1,796,500	+ 630,300	845,100	347,400	100,900	46,900	1,340,300	+ 174,100	- 456,200
200	100	11,740,400	- 500	11,516,200	1,587,000	200	100	13,103,500	+1,362,600	+1,363,100
-	-	3,652,500	+ 247,500	3,580,000	-	-	-	3,560,000	+ 155,000	- 92,500
-	-	35,100	- 3,700	23,000	-	-	-	23,000	- 15,800	- 12,100
200	100	15,428,000	+ 243,300	15,099,200	1,587,000	200	100	16,686,500	+1,501,800	+1,258,500
-	-	1,060,700	+ 46,600	493,600	596,500	-	-	1,000,100	+ 76,000	+ 29,400
-	-	612,100	+ 21,800	629,400	-	-	-	629,400	+ 39,100	+ 17,300
-	-	166,100	+ 11,800	32,600	137,200	-	-	169,800	+ 15,500	+ 3,700
-	-	1,838,900	+ 80,200	1,155,600	733,700	-	-	1,889,300	+ 130,600	+ 50,400
-	-	39,700	+ 3,700	38,900	-	-	-	38,900	+ 2,900	- 800
20,100	12,100	549,000	+ 29,900	10,200	516,900	25,700	12,000	564,800	+ 45,700	+ 15,800
20,100	12,100	588,700	+ 33,600	49,100	516,900	25,700	12,000	603,700	+ 48,600	+ 15,000
31,900	16,200	914,000	+ 52,200	829,400	-	33,500	15,600	878,500	+ 16,100	- 86,100
6,200	2,900	61,600	+ 2,200	56,600	-	6,500	3,000	66,100	+ 6,700	+ 4,500
41,100	19,100	976,200	+ 54,400	886,000	-	40,000	18,600	944,600	+ 22,800	- 31,600
327,200	152,200	81,585,500	+1,575,000	60,840,300	21,781,300	214,100	99,600	82,935,300	+ 2,924,800	+1,319,800

## B.—STATEMENT of the EXPENDITURE chargeable on the

HEADS OF EXPENDITURE.	ACCOUNTS, 1887-88.					REVISED	
	India.		England.	Exchange. <sup>†</sup> 1 s. 4-90 d.	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
<b>DIRECT DEMANDS ON THE REVENUES :</b>	<i>Rx.</i>	<i>Rx.</i>	<i>£.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
1.—Refunds and Drawbacks - - - -	150,468	73,514	- -	- -	223,982	152,100	76,600
2.—Assignments and Compensations - - -	541,538	927,425	- -	- -	1,468,963	550,700	929,100
<b>Charges in respect of Collection, viz. :</b>							
3.—Land Revenue - - - - -	241,393	3,245,103	133	56	3,486,685	267,200	3,270,700
4.—Opium (including Cost of Production) - -	2,423,238	- -	941	396	2,424,575	2,647,300	- -
5.—Salt (including Cost of Production) - -	409,191	1,435	55	23	410,704	419,300	2,500
6.—Stamps - - - - -	5,750	91,993	54,338	22,833	163,414	10,200	94,500
7.—Excise - - - - -	93,059	34,012	5	2	127,078	101,300	36,300
8.—Provincial Rates - - - - -	- -	02,138	- -	- -	02,138	- -	62,000
9.—Customs - - - - -	48,679	86,184	20	8	134,891	48,700	86,000
10.—Assessed Taxes - - - - -	15,019	13,060	- -	- -	28,679	16,000	12,400
11.—Forest - - - - -	322,955	394,942	1,758	739	719,794	395,800	411,000
12.—Registration - - - - -	93,981	93,279	- -	- -	187,260	90,300	95,400
<b>Total - - - - -</b>	<b>4,333,771</b>	<b>5,023,085</b>	<b>57,250</b>	<b>24,057</b>	<b>9,438,163</b>	<b>4,684,500</b>	<b>5,078,500</b>
<b>INTEREST :</b>							
13.—Interest on Debt* other than that charged to Railways and Irrigation Works.	275,441	- -	3,365,222	1,414,099	5,054,762	315,900	48,800
14.—Interest on other-Obligations - - - -	384,045	2,539	287	121	386,992	433,300	2,700
<b>Total - - - - -</b>	<b>659,486</b>	<b>2,539</b>	<b>3,365,509</b>	<b>1,414,220</b>	<b>5,441,754</b>	<b>749,200</b>	<b>51,500</b>
<b>POST OFFICE, TELEGRAPH, AND MINT :</b>							
15.—Post Office - - - - -	1,102,304	109,658	114,940	48,299	1,375,201	1,108,200	109,300
16.—Telegraph - - - - -	604,849	473	127,661	53,644	786,627	571,200	500
17.—Mint - - - - -	87,339	- -	4,691	1,971	94,001	87,300	- -
<b>Total - - - - -</b>	<b>1,794,492</b>	<b>110,131</b>	<b>247,292</b>	<b>103,914</b>	<b>2,255,829</b>	<b>1,766,700</b>	<b>109,800</b>
<b>SALARIES AND EXPENSES OF CIVIL DEPARTMENTS :</b>							
18.—General Administration - - - - -	612,381	777,140	267,858	112,556	1,769,935	597,400	797,900
19.—Law and Justice { Courts - - - - -	75,868	2,574,540	453	190	2,651,051	82,600	2,602,900
{ Jails - - - - -	152,145	619,727	- -	- -	771,872	163,400	666,400
20.—Police - - - - -	795,005	2,898,616	- -	- -	3,693,621	881,800	2,888,900
21.—Marine (including River Navigation) - -	333,421	135,118	142,448	59,858	670,845	286,000	147,400
22.—Education - - - - -	16,894	1,274,031	624	262	1,291,811	16,000	1,291,600
23.—Ecclesiastical - - - - -	158,341	- -	550	231	159,122	158,000	- -
24.—Medical - - - - -	40,211	715,008	6,848	2,878	764,945	32,300	724,300
25.—Political - - - - -	026,085	15,111	30,604	12,860	684,660	668,500	54,400
26.—Scientific and other Minor Departments -	277,030	145,028	16,620	7,324	448,502	241,300	153,200
<b>Total - - - - -</b>	<b>3,087,381</b>	<b>9,154,319</b>	<b>468,005</b>	<b>196,659</b>	<b>12,906,364</b>	<b>3,127,300</b>	<b>9,327,000</b>
<b>MISCELLANEOUS CIVIL CHARGES :</b>							
27.—Territorial and Political Pensions - -	572,846	- -	15,749	6,618	595,213	509,800	- -
28.—Civil Furlough and Absentee Allowances -	2,597	- -	215,560	90,580	308,737	8,700	- -
29.—Superannuation Allowances and Pensions -	88,263	629,444	1,507,940	671,470	2,987,117	85,200	662,500
30.—Stationery and Printing - - - - -	60,903	389,419	89,317	37,532	577,171	68,300	387,600
31.—Exchange - - - - -	- -	- -	- -	- -	- -	- -	- -
32.—Miscellaneous - - - - -	61,065	185,192	32,837	13,798	292,892	131,900	201,300
<b>Total - - - - -</b>	<b>785,674</b>	<b>1,204,055</b>	<b>1,951,403</b>	<b>819,998</b>	<b>4,761,130</b>	<b>803,900</b>	<b>1,251,400</b>
<b>FAMINE RELIEF AND INSURANCE :</b>							
33.—Famine Relief - - - - -	- -	402	- -	- -	402	- -	10,200
34.—Construction of Protective Railways - -	- -	- -	- -	- -	- -	- -	- -
35.—Construction of Protective Irrigation Works	91,006	- -	- -	- -	91,006	72,700	- -
36.—Reduction of Debt - - - - -	- -	- -	- -	- -	- -	- -	- -
<b>Total - - - - -</b>	<b>91,006</b>	<b>402</b>	<b>- -</b>	<b>- -</b>	<b>91,408</b>	<b>72,700</b>	<b>10,200</b>
<b>Carried forward - - - - -</b>	<b>10,751,810</b>	<b>15,494,531</b>	<b>6,080,459</b>	<b>2,558,848</b>	<b>34,894,648</b>	<b>11,204,300</b>	<b>15,826,400</b>

	ACCOUNTS, 1887-88.			
	India.	England.	Exchange.	TOTAL.
	<i>Rx.</i>	<i>£.</i>	<i>Rx.</i>	<i>Rx.</i>
* The "Interest on Debt" is distributed as follows :—				
Interest on Debt (other than that charged to Railways and Irrigation Works) as above	275,441	3,365,222	1,414,099	5,054,762
Under Railway Revenue Account	2,557,786	552,080	231,990	3,341,856
Under Irrigation	1,017,543	- -	- -	1,017,543
<b>TOTAL - - - - -</b>	<b>3,850,769</b>	<b>3,917,302</b>	<b>1,646,089</b>	<b>9,414,160</b>

† See foot-note to Statement A., p. 52.

REVENUES of INDIA, in INDIA and in ENGLAND.

ESTIMATE, 1888-89.			Increase + Decrease— of Revised as compared with Budget Estimates, 1888-89.	BUDGET ESTIMATE, 1889-90.					Increase + Decrease— of Budget, 1889-90, as compared with Budget, 1888-89.	Increase + Decrease— of Budget, 1889-90, as compared with Revised Estimates, 1888-89.
England.	Exchange.† 1 s. 4-38 d.	TOTAL.		India.		England.	Exchange.† 1 s. 4-38 d.	TOTAL.		
				Imperial.	Provincial and Local.					
£.	Rx.	Rx.	Rx.	Rx.	Rx.	£.	Rx.	Rx.	Rx.	
-	-	228,700	+ 33,600	153,500	67,600	-	-	221,100	+ 26,000	- 7,600
-	-	1,479,800	- 14,200	571,600	969,800	-	-	1,541,400	+ 47,400	+ 61,600
700	300	3,538,900	- 145,200	293,200	3,334,600	900	400	3,629,100	- 55,000	+ 90,200
800	400	2,643,500	+ 93,800	2,362,700	-	1,100	500	2,364,300	- 190,400	- 284,200
300	100	422,200	- 23,700	459,400	2,500	100	-	462,000	+ 11,100	+ 39,800
48,000	22,300	154,800	- 20,400	- 12,100	97,200	33,600	15,600	134,300	- 40,700	- 20,300
200	100	137,900	+ 10,200	114,600	39,500	100	-	154,200	+ 26,500	+ 16,300
-	-	62,000	+ 4,400	-	60,500	-	-	60,500	+ 2,900	+ 1,500
100	-	134,800	- 3,700	49,700	88,300	200	100	138,300	- 200	+ 3,500
-	-	28,400	+ 1,100	15,000	13,800	-	-	28,800	+ 1,500	+ 400
2,400	1,100	810,300	+ 39,700	364,700	433,500	2,100	1,000	801,300	+ 30,700	+ 9,000
-	-	191,700	+ 4,200	97,800	96,900	-	-	194,700	+ 7,200	+ 3,000
52,500	24,300	9,837,800	- 25,200	4,470,100	5,204,200	38,100	17,600	9,730,000	- 133,000	- 107,800
2,662,000	1,237,800	4,264,500	+ 189,100	200,900	57,300	2,426,500	1,128,300	3,903,000	- 172,400	- 361,500
500	200	436,700	+ 3,700	452,400	2,500	500	200	455,600	+ 22,600	+ 18,900
2,662,500	1,238,000	4,701,200	+ 192,800	743,300	59,800	2,427,000	1,128,500	4,358,600	- 149,800	- 342,600
89,300	41,500	1,348,300	- 11,900	1,157,600	112,500	90,800	42,100	1,402,800	+ 42,600	+ 54,500
102,100	47,500	721,300	- 14,700	600,500	500	110,200	51,200	762,400	+ 26,400	+ 41,100
7,300	3,400	98,000	+ 12,000	84,800	-	12,500	5,800	103,100	+ 17,100	+ 5,100
198,700	92,400	2,167,600	- 14,600	1,842,900	113,000	213,300	99,100	2,268,300	+ 86,100	+ 100,700
243,100	113,100	1,751,500	+ 8,600	610,400	806,900	247,500	115,100	1,779,900	+ 37,000	+ 28,400
700	300	2,686,500	- 26,900	93,500	2,625,200	2,800	1,200	2,722,500	+ 9,100	+ 36,000
-	-	823,900	+ 29,600	165,900	675,900	-	-	841,800	+ 41,600	+ 12,000
-	-	3,770,700	- 5,500	959,700	2,985,300	-	-	3,945,000	+ 168,800	+ 174,300
97,500	45,300	576,200	- 40,100	315,500	139,600	86,600	40,300	582,000	- 34,300	+ 5,800
1,200	600	1,909,400	- 21,800	17,300	1,335,000	1,400	700	1,354,400	+ 23,200	+ 45,000
500	200	153,700	- 8,300	163,600	-	300	100	164,000	- 3,000	+ 5,300
6,900	3,200	766,700	- 23,700	40,900	741,000	7,000	3,300	792,200	+ 1,800	+ 25,500
29,700	13,800	766,400	+ 51,800	585,900	56,100	27,300	12,700	682,000	- 32,600	- 84,400
18,800	8,800	422,100	- 24,000	245,600	148,200	22,900	10,700	427,400	- 18,700	+ 5,300
398,400	185,300	13,038,000	- 60,300	3,198,300	9,513,200	395,600	184,100	13,291,200	+ 192,900	+ 253,200
21,200	9,900	540,900	- 29,400	504,300	-	12,600	5,900	522,800	- 47,500	- 18,100
214,000	99,500	322,200	+ 11,000	9,100	-	217,000	100,900	327,000	+ 15,800	+ 4,800
1,618,000	752,400	3,118,100	+ 88,800	85,900	673,400	1,630,900	758,000	3,147,300	+ 118,000	+ 29,200
55,000	25,600	536,500	- 71,000	67,000	390,600	47,000	21,900	526,500	- 81,000	- 10,000
30,700	14,300	378,200	+ 38,600	56,500	196,200	32,000	14,900	299,600	- 40,000	- 78,600
1,938,900	901,700	4,895,900	+ 38,000	722,800	1,260,200	1,938,600	901,600	4,823,200	- 34,700	- 72,700
-	-	10,200	+ 9,700	-	20,500	-	-	20,500	+ 20,000	+ 10,300
-	-	72,700	-	80,000	-	-	-	80,000	+ 7,300	+ 7,300
-	-	82,900	+ 9,700	80,000	20,500	-	-	100,500	+ 27,300	+ 17,600
5,251,000	2,441,700	34,723,400	+ 140,400	11,057,400	16,170,900	5,012,600	2,330,900	34,571,800	- 11,200	- 151,600
REVISED ESTIMATE, 1888-89.				BUDGET ESTIMATE, 1889-90.						
India.	England.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.			
Rx.	£.	Rx.	Rx.	Rx.	£.	Rx.	Rx.			
364,700	2,662,000	1,237,800	4,264,500	349,200	2,426,500	1,128,300	3,903,000			
2,521,000	631,500	223,900	3,376,400	2,759,900	908,700	422,600	4,091,200			
1,641,000	-	-	1,641,000	1,985,100	-	-	1,985,100			
4,526,700	3,293,500	1,531,600	9,351,800	4,173,100	3,335,200	1,550,900	9,059,200			

† Includes Rx. 60,300 charged to "Interest chargeable against Companies on Advances."

## FINANCIAL STATEMENT OF THE

## B.—STATEMENT of the EXPENDITURE chargeable on the

HEADS OF EXPENDITURE.	ACCOUNTS, 1887-88.					REVISED	
	India.		England.	Exchange.* 1 s. 4'00 d.	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	Rx.	Rx.	£.	Rx.	Rx.	Rx.	Rx.
Brought forward - - -	10,751,810	15,404,531	0,080,450	2,558,848	34,804,648	11,304,300	15,820,400
37.—CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famies Insurance).	-	80,045	-	-	80,045	-	18,000
<b>RAILWAY REVENUE ACCOUNT:</b>							
38.—State Railways: Working Expenses - -	4,702,030	801,248	-	-	5,504,187	5,214,800	828,000
Interest on Debt - - - - -	2,120,328	437,458	552,080	231,090	3,341,856	2,211,300	457,500
Annuities in purchase of Railways - -	-	-	1,083,458	707,405	2,300,801	-	-
Interest chargeable against Companies on Advances.	-	-	-	-	-	-	-
Interest on Capital deposited by Companies	378	-	468,030	107,061	600,305	19,400	-
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision.	714,057	-	-	-	714,057	500,100	-
Interest - - - - -	25,505	-	2,004,020	1,132,431	3,852,940	7,200	-
40.—Subsidised Companies: Land, &c.	20,011	14,816	-	-	43,027	14,500	14,500
Advances of Interest - - - - -	-	-	-	-	-	-	-
41.—Miscellaneous Railway Expenditure - -	42,508	9,240	-	-	51,847	56,000	10,000
Total - - -	7,724,908	1,302,671	3,300,302	2,208,877	16,655,746	8,002,300	1,310,000
<b>IRRIGATION:</b>							
42.—Major Works: Working Expenses - -	320,043	351,364	-	-	677,007	350,300	303,100
Interest on Debt - - - - -	515,008	543,154	-	-	1,017,542	632,900	508,500
43.—Minor Works and Navigation - - -	293,815	473,049	23	10	766,407	305,000	603,500
Total - - -	1,132,400	1,368,147	23	10	2,461,646	1,195,100	1,495,100
<b>BUILDINGS AND ROADS</b>							
44.—Military Works - - - - -	1,222,763	-	6,510	2,751	1,232,000	1,100,500	-
45.—Civil Works - - - - -	693,026	3,104,077	02,804	30,022	4,318,089	703,000	3,298,200
Total - - -	2,115,789	3,104,077	09,410	41,773	6,451,049	1,800,400	3,208,200
<b>ARMY SERVICES:</b>							
46.—Army: Effective - - - - -	14,243,076	-	1,843,046	774,466	16,861,488	13,958,900	-
Non-effective - - - - -	860,832	-	1,807,969	707,545	3,550,446	881,100	-
Total - - -	15,104,908	-	3,741,015	1,572,011	20,417,934	14,840,000	-
<b>SPECIAL DEFENCE WORKS:</b>							
47.—Special Defence Works - - - - -	371,137	-	50,708	25,114	456,017	450,000	-
<b>TOTAL EXPENDITURE, IMPERIAL and PROVINCIAL</b>	37,201,016	21,261,271	15,380,065	6,400,633	80,417,085	37,651,100	21,897,300
Add.—Portion of Allotments to Provincial Governments not spent by them in the Year	-	+423,685	-	-	-	-	+238,300
Deduct.—Portion of Provincial Expenditure defrayed from Provincial Balances	-	- 38,004	-	-	+ 370,591	-	- 35,200
<b>TOTAL EXPENDITURE CHARGED AGAINST REVENUE</b>	-	21,731,862	-	-	80,788,576	-	22,100,400

	ACCOUNTS, 1887-88.			
	India.	England.	Exchange (charged against Revenue).	TOTAL.
<b>EXPENDITURE NOT CHARGED TO REVENUE:</b>				
Capital Outlay on Railways and Irrigation Works:	Rx.	£.	Rx.	Rx.
48.—State Railways: Construction - - -	076,725	1,109,027	466,024	2,251,776
49.—Irrigation Works - - - - -	523,223	6,919	2,907	533,048
TOTAL - - -	1,199,947	1,115,946	468,931	2,784,824
50.—CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES.	-	-	-	-

\* See foot-note to Statement A, p. 52.

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

ESTIMATE, 1888-89.			Increase + Decrease — of Revised as compared with Budget Estimates, 1888-89.	BUDGET ESTIMATE, 1889-90.					Increase + Decrease — of Budget, 1889-90, as compared with Budget, 1888-89.	Increase + Decrease — of Budget, 1889-90, as compared with Revised Estimates, 1888-89.
England.	Exchange.* 1 s. 4'38 d.	TOTAL.		India.		England.	Exchange.* 1 s. 4'38 d.	TOTAL.		
				Imperial.	Provincial and Local.					
£.	Rx.	Rx.	Rx.	Rx.	Rx.	£.	Rx.	Rx.	Rx.	Rx.
5,251,000	2,441,700	34,723,400	+ 140,400	11,057,400	16,170,900	5,012,600	2,330,900	34,571,800	— 11,200	— 151,600
- -	- -	18,000	- 25,800	- -	10,200	- -	- -	10,200	- 33,600	- 7,800
- -	- -	6,043,400	+ 61,200	6,055,200	818,900	- -	- -	6,874,100	+ 891,900	+ 830,700
631,900	293,800	3,594,500	+ 108,200	2,285,400	474,400	861,400	400,600	4,021,800	+ 535,500	+ 427,300
1,688,600	785,200	2,473,800	+ 75,800	- -	- -	1,687,800	784,800	2,472,600	+ 74,600	- 1,200
- -	- -	- -	- -	- -	- -	47,300	22,000	69,300	+ 69,300	+ 69,300
634,300	294,900	948,600	+ 17,200	19,400	- -	680,400	316,400	1,016,200	+ 84,800	+ 67,800
- -	- -	569,100	+ 41,600	650,000	- -	- -	- -	650,000	+ 122,500	+ 80,900
2,697,800	1,254,500	3,959,500	+ 85,800	30,100	- -	2,327,000	1,082,000	3,439,100	- 434,600	- 520,400
- -	- -	29,000	- 3,200	73,000	14,500	- -	- -	87,500	+ 55,300	+ 58,500
- -	- -	75,000	+ 6,700	66,000	16,500	- -	- -	82,500	+ 14,200	+ 7,500
5,652,600	2,628,400	17,692,900	+ 393,300	9,179,100	1,324,300	5,603,900	2,605,800	18,713,100	+1,413,500	+1,020,200
- -	- -	719,400	+ 48,600	322,400	369,500	- -	- -	691,900	+ 21,100	- 27,500
- -	- -	1,041,400	- 5,300	550,800	514,300	- -	- -	1,065,100	+ 18,400	+ 23,700
400	200	870,000	+ 5,200	289,600	559,300	6,000	2,800	857,700	- 7,100	- 12,300
400	200	2,630,800	+ 48,500	1,162,800	1,443,100	6,000	2,800	2,614,700	+ 32,400	- 16,100
10,000	4,700	1,115,200	- 42,100	1,134,000	- -	16,000	7,400	1,157,400	+ 100	+ 42,200
100,300	46,600	4,214,000	- 221,600	638,100	3,473,600	145,600	67,700	4,325,000	- 110,600	+ 111,900
110,300	51,300	5,329,200	- 263,700	1,772,100	3,473,600	161,600	75,100	5,482,400	- 110,500	+ 153,200
1,786,700	830,800	16,576,400	+ 350,700	14,231,900	- -	1,947,800	905,700	17,085,400	+ 859,700	+ 509,000
1,089,100	924,900	3,795,100	+ 51,800	875,100	- -	2,057,500	956,700	3,889,300	+ 146,000	+ 94,200
3,775,800	1,753,700	20,371,500	+ 402,500	15,107,000	- -	4,005,300	1,862,400	20,974,700	+1,005,700	+ 603,200
251,400	116,900	818,300	- 303,200	545,000	- -	380,800	177,100	1,102,900	- 18,600	+ 284,600
15,041,500	6,994,200	81,584,100	+ 392,000	38,823,400	22,422,100	15,170,200	7,054,100	83,469,800	+2,277,700	+1,865,700
- -	- -	+ 203,100	- -	- -	+ 24,000	- -	- -	- 640,800	- -	- -
- -	- -	81,787,200	- -	- -	- 665,400	- -	- -	82,829,000	- -	- -

REVISED ESTIMATE, 1888-89.				BUDGET ESTIMATE, 1889-90.			
India.	England.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.
Rx.	£.	Rx.	Rx.	Rx.	£.	Rx.	Rx.
210,400	788,000	366,400	1,364,800	1,697,100	1,273,000	591,900	3,562,000
486,800	4,200	2,000	493,000	527,500	- -	- -	527,500
697,200	792,200	368,400	1,857,800	2,224,600	1,273,000	591,900	4,089,500
- -	10,336,000	- -	10,336,000	- -	- -	- -	- -



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

	ACCOUNTS, 1887-88.			REVISED ESTIMATE, 1888-89.			BUDGET ESTIMATE, 1889-90.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	<i>Rx.</i>	<i>£.</i>		<i>Rx.</i>	<i>£.</i>		<i>Rx.</i>	<i>£.</i>	
REVENUE (from Statement A.) -	78,989,003	261,047	78,650,050	81,106,100	327,200	81,433,300	82,621,600	214,100	82,835,700
Exchange added to Revenue -	109,694	-	109,694	152,200	-	152,200	99,600	-	99,600
Extraordinary Receipts -	63,690	-	63,690	-	-	-	-	-	-
<b>Total - - -</b>	<b>78,562,387</b>	<b>261,047</b>	<b>78,823,434</b>	<b>81,258,300</b>	<b>327,200</b>	<b>81,585,500</b>	<b>82,721,200</b>	<b>214,100</b>	<b>82,935,300</b>
<b>PERMANENT DEBT INCURRED :</b>									
<i>Sterling Debt :</i>									
3½ per Cent. India Stock -	-	-	-	-	4,030,700	-	-	-	-
3 per Cent. India Stock -	-	-	-	-	6,921,000	-	-	3,750,000	-
Oude and Rohilkhund Railway Debentures and Debenture Stock (liability assumed).	-	-	-	-	3,415,000	-	-	-	-
<i>Rupee Debt :</i>									
4 per Cent. Rupee Loan -	2,000,009	-	-	4,630,300	-	-	17,300	-	-
Gwalior Loan -	3,500,000	-	-	-	-	-	-	-	-
Stock Notes -	5,264	-	-	2,300	-	-	-	-	-
Proposed Loan -	-	-	-	-	-	-	2,500,000	-	-
<b>Total - - -</b>	<b>5,505,273</b>	<b>-</b>	<b>5,505,273</b>	<b>4,632,600</b>	<b>14,968,700</b>	<b>18,999,300</b>	<b>2,517,300</b>	<b>3,750,000</b>	<b>6,267,300</b>
<b>Net - - -</b>	<b>-</b>	<b>-</b>	<b>5,435,799</b>	<b>-</b>	<b>-</b>	<b>13,413,500</b>	<b>-</b>	<b>-</b>	<b>5,871,409</b>
<b>UNFUNDED DEBT :</b>									
Special Loans -	-	-	-	17,500	-	-	17,500	-	-
Treasury Notes -	100	-	-	-	-	-	-	-	-
Deposits of Service Funds -	123,322	-	-	126,700	-	-	128,500	-	-
Savings Bank Deposits -	4,679,185	-	-	5,387,200	-	-	4,395,800	-	-
<b>Total - - -</b>	<b>4,802,607</b>	<b>-</b>	<b>4,802,607</b>	<b>5,531,400</b>	<b>-</b>	<b>5,531,400</b>	<b>4,481,800</b>	<b>-</b>	<b>4,481,800</b>
<b>Net - - -</b>	<b>-</b>	<b>-</b>	<b>926,491</b>	<b>-</b>	<b>-</b>	<b>1,043,700</b>	<b>-</b>	<b>-</b>	<b>629,700</b>
<b>DEPOSITS AND ADVANCES :</b>									
Balances of Provincial Allotments -	423,685	-	-	238,300	-	-	24,600	-	-
Excluded Local Funds -	720,734	-	-	612,400	-	-	615,200	-	-
Political and Railway Funds -	309,115	-	-	3,600	-	-	7,600	-	-
Departmental and Judicial Deposits.	14,255,238	-	-	13,507,400	-	-	12,937,400	-	-
Advances -	10,126,503	9,090	-	9,248,600	5,800	-	7,147,200	4,600	-
Suspense Accounts -	83,972	-	-	58,800	-	-	24,200	-	-
Exchange on Remittance Accounts (net).	-	-	-	-	-	-	645,100	-	-
Miscellaneous -	308,642	-	-	49,700	500	-	44,700	-	-
<b>Total - - -</b>	<b>26,287,889</b>	<b>9,090</b>	<b>26,296,979</b>	<b>23,718,800</b>	<b>6,300</b>	<b>23,725,100</b>	<b>21,446,000</b>	<b>4,600</b>	<b>21,450,600</b>
<b>Net - - -</b>	<b>-</b>	<b>-</b>	<b>4,827</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
Carried forward -	116,158,156	270,197	-	115,141,100	14,700,200	-	111,166,300	3,968,700	-

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

	ACCOUNTS, 1887-88.			REVISED ESTIMATE, 1888-89.			BUDGET ESTIMATE, 1889-90.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
EXPENDITURE, IMPERIAL and PROVINCIAL (from Statement B).	<i>Rx.</i> 58,562,287	<i>£.</i> 15,389,065	73,951,352	<i>Rx.</i> 59,548,400	<i>£.</i> 15,041,500	74,589,900	<i>Rx.</i> 61,245,500	<i>£.</i> 15,170,200	76,415,700
Exchange, charged as Expenditure	6,466,633	-	6,466,633	6,994,200	-	6,994,200	7,054,100	-	7,054,100
<i>Add.</i> —Provincial Surpluses, transferred to "Deposits."	423,685	-	423,685	238,300	-	238,300	24,600	-	24,600
<i>Deduct.</i> —Provincial Deficits, charged against "Deposits."	-53,094	-	-53,094	-35,200	-	-35,200	-665,400	-	-665,400
Total - - -	65,399,511	15,389,065	80,788,576	66,745,700	15,041,500	81,787,200	67,658,800	15,170,200	82,829,000
EXPENDITURE NOT CHARGED TO REVENUE.									
Capital Outlay on Railways and Irrigation Works.	1,199,947	1,115,946	-	697,200	792,200	-	2,224,600	1,273,000	-
Capital Charge involved in Redemption of Liabilities.	-	-	-	-	10,336,000	-	-	-	-
<i>Add.</i> —Exchange on Expenditure not charged to Revenue.	468,931	-	-	368,400	-	-	591,900	-	-
Total - - -	1,668,878	1,115,946	2,784,824	1,065,600	11,128,200	12,193,800	2,816,500	1,273,000	4,089,500
PERMANENT DEBT DISCHARGED:									
<i>Sterling Debt:</i>									
India 4 per Cent. Stock	-	-	-	-	3,730,700	-	-	300,000	-
<i>Rupee Debt:</i>									
5½ per Cent. Loans	670	-	-	-	-	-	-	-	-
5 per Cent. Loans	50	-	-	-	-	-	-	-	-
4½ per Cent. Loans	1,540	-	-	1,490,000	-	-	-	-	-
4 per Cent. Loans	66,701	-	-	-	-	-	-	-	-
Loans under discharge	-	-	-	216,100	-	-	84,400	-	-
Provincial Debentures	-	-	-	1,400	-	-	1,500	-	-
Stock Notes	513	-	-	147,600	-	-	10,000	-	-
Total	69,474	-	69,474	1,855,100	3,730,700	5,585,800	95,900	300,000	395,900
Net	-	-	0	-	-	0	-	-	0
UNFUNDED DEBT:									
Special Loans	524	-	-	200	-	-	200	-	-
Treasury Notes	-	-	-	-	-	-	-	-	-
Deposits of Service Funds	81,122	-	-	81,600	-	-	80,600	-	-
Savings Bank Deposits	3,794,470	-	-	4,405,900	-	-	3,771,300	-	-
Total	3,876,116	-	3,876,116	4,487,700	-	4,487,700	3,852,100	-	3,852,100
Net	-	-	0	-	-	0	-	-	0
DEPOSITS AND ADVANCES:									
Balances of Provincial Allotments	53,094	-	-	35,200	-	-	665,400	-	-
Excluded Local Funds	708,969	-	-	607,800	-	-	697,000	-	-
Political and Railway Funds	262,387	-	-	100,700	-	-	20,000	-	-
Departmental and Judicial Deposits.	14,188,352	-	-	13,508,800	-	-	12,901,700	-	-
Advances	10,322,203	8,439	-	9,286,800	5,500	-	7,173,400	7,300	-
Suspense Accounts	212,169	-	-	17,200	-	-	18,600	-	-
Exchange on Remittance Accounts (net).	489,482	-	-	499,000	-	-	-	-	-
Miscellaneous	45,035	2,022	-	403,500	-	-	46,900	-	-
Total	26,281,691	10,461	26,292,152	24,459,000	5,500	24,464,500	21,463,000	7,300	21,470,300
Net	-	-	0	-	-	739,400	-	-	19,700
Carried forward	97,295,670	16,515,472	-	98,613,100	29,905,900	-	95,886,300	16,750,500	-

## FINANCIAL STATEMENT OF THE

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

	ACCOUNTS, 1887-88.			REVISED ESTIMATE, 1888-89.			BUDGET ESTIMATE, 1889-90.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
Brought forward - - -	Rx. 115,158,156	£. 270,137	- -	Rx. 115,141,100	£. 14,700,200	- -	Rx. 111,166,300	£. 3,968,700	-
Loans to Municipalities, Native States, &c.	271,197	- -	271,197	183,700	- -	183,700	136,100	- -	136,100
Net - - -	- -	- -	0	- -	- -	0	- -	- -	0
Capital Receipts from Railway Companies:									
On account of Subscribed Capital.	594	5,564,153	- -	- -	2,536,300	- -	- -	515,000	-
Repayments - - -	1,388,007	29,715	- -	1,377,800	8,800	- -	1,236,100	-	-
Total - - -	1,388,001	5,593,868	6,982,469	1,377,800	2,545,100	3,922,900	1,236,100	515,000	1,751,100
Net - - -	- -	- -	0	- -	- -	0	- -	- -	0
Remittances:									
Inland Money Orders - -	11,065,604	- -	- -	12,635,000	- -	- -	13,942,500	- -	- -
Other Local Remittances (net)	-	-	-	-	-	-	-	-	-
Other Departmental Accounts	274,527	- -	- -	500,100	- -	- -	483,500	- -	- -
Net Receipts by Civil Treasuries from—									
Post Office - - -	921,093	- -	- -	1,138,000	- -	- -	794,300	- -	- -
Guaranteed Railways - -	3,272,490	- -	- -	3,724,200	- -	- -	3,637,200	- -	- -
Net Receipts from Civil Treasuries by—									
Telegraph - - -	77,388	- -	- -	32,900	- -	- -	43,500	- -	- -
Marine - - -	299,263	- -	- -	270,600	- -	- -	268,900	- -	- -
Military - - -	13,682,427	- -	- -	13,477,800	- -	- -	13,803,600	- -	- -
Public Works - - -	3,934,992	- -	- -	3,421,900	- -	- -	2,382,000	- -	- -
Remittance Account between England and India.	1,192,092	205,994	- -	1,303,000	151,300	- -	1,169,600	126,100	- -
Total - - -	35,320,845	205,994	35,526,839	36,503,500	151,300	36,654,800	36,525,500	126,100	36,651,600
Net - - -	- -	- -	0	- -	- -	314,500	- -	- -	43,800
SECRETARY OF STATE'S BILLS DRAWN.	- -	15,358,577	15,358,577	- -	14,310,100	14,310,100	- -	14,689,900	14,689,900
TOTAL RECEIPTS - -	152,138,799	21,428,576	- -	153,206,100	31,706,700	- -	149,064,000	19,299,700	-
Opening Balance - -	13,195,785	5,280,829	- -	13,883,701	5,900,697	- -	12,900,001	3,849,797	-
GRAND TOTAL - -	165,334,584	26,709,405	- -	167,089,801	37,607,397	- -	161,964,001	23,149,497	-

Fort William, Department of Finance and Commerce,  
27 March 1889.E. W. Kellner,  
Deputy Comptroller General.

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

## PROVINCIAL AND

Note.—These Balances do not include the Balances.

	India.	Central Provinces.	Burmah.	Assam.
ACCOUNTS, 1887-88.				
Balance at end of 1886-87 (a) - -	Rx. 11,853	Rx. 261,730	Rx. 114,591	Rx. 72,129
Added in 1887-88 - - -	691	10,226	85,596	6,494
Spent in 1887-88 - - -	- -	- -	- -	- -
Balance at end of 1887-88 - -	12,544	271,956	200,187	78,623
REVISED ESTIMATE, 1888-89.				
Balance at end of 1887-88 (by Accounts)	12,544	271,956	200,187	78,623
Added in 1888-89 - - -	- -	2,700	(b) 9,100	35,000
Spent in 1888-89 - - -	400	- -	(c) 9,500	- -
Balance at end of 1888-89 - -	12,144	274,656	199,787	113,623
BUDGET ESTIMATE, 1889-90.				
Balance at end of 1888-89 (by Revised Estimate).	12,144	274,656	199,787	113,623
Added in 1889-90 - - -	- -	- -	(b) 3,400	- -
Spent in 1889-90 - - -	900	141,200	(c) 46,000	24,500
Balance at end of 1889-90 - -	11,244	133,456	157,187	89,123

(a) See Appropriation Report, Abstract D. (b) Upper Burma. (c) Lower Burma.

Fort William, Department of Finance and Commerce,  
27 March 1889.E. W. Kellner,  
Deputy Comptroller General.

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

	ACCOUNTS, 1887-88.			REVISED ESTIMATE, 1888-89.			BUDGET ESTIMATE, 1889-90.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
Brought forward - - -	Rz. 97,295,070	£. 16,515,472	- -	Rz. 98,613,100	£. 29,905,900	- -	Rz. 95,886,300	£. 16,750,500	-
Loans to Municipalities, Native States, &c.	668,141	- -	668,141	694,600	- -	694,600	963,800	- -	963,800
Net - - -	- -	- -	396,944	- -	- -	510,900	- -	- -	827,700
Payments to Railway Companies on Capital Account:									
For discharge of Debentures	- -	420,000	- -	- -	200	- -	- -	913,700	-
For Expenditure	4,420,287	2,710,309	- -	4,723,600	2,549,800	- -	2,457,500	2,143,000	-
Total - - -	4,420,287	3,136,309	7,556,596	4,723,600	2,550,000	7,273,600	2,457,500	3,056,700	5,514,200
Net - - -	- -	- -	574,127	- -	- -	3,350,700	- -	- -	3,763,100
Remittances:									
Inland Money Orders - - -	11,660,656	- -	- -	12,635,000	- -	- -	13,942,500	- -	-
Other Local Remittances	20,947	- -	- -	- -	- -	- -	- -	- -	-
Other Departmental Accounts	267,640	- -	- -	500,400	- -	- -	482,900	- -	-
Net Payments into Civil Treasuries by—									
Post Office - - -	928,788	- -	- -	1,138,000	- -	- -	794,300	- -	-
Guaranteed Railways	3,272,499	- -	- -	3,724,200	- -	- -	3,637,200	- -	-
Net Issues from Civil Treasuries to—									
Telegraph - - -	77,271	- -	- -	32,900	- -	- -	43,500	- -	-
Marine - - -	304,332	- -	- -	270,600	- -	- -	268,900	- -	-
Military - - -	13,745,552	- -	- -	13,477,800	- -	- -	13,803,600	- -	-
Public Works - - -	3,905,236	- -	- -	3,098,900	- -	- -	2,382,000	- -	-
Remittance Account between England and India.	201,124	1,156,927	- -	160,800	1,301,700	- -	57,300	1,195,600	-
Total - - -	34,384,245	1,156,927	35,541,172	35,038,600	1,301,700	36,340,300	35,412,200	1,195,600	36,607,800
Net - - -	- -	- -	14,333	- -	- -	0	- -	- -	0
SECRETARY OF STATE'S BILLS PAID.	14,682,540	- -	14,682,540	15,119,900	- -	15,119,900	14,690,900	- -	14,690,900
TOTAL DISBURSEMENTS	151,450,883	20,808,708	- -	154,189,800	33,757,600	- -	149,410,700	21,002,800	-
Closing Balance - - -	13,883,701	5,900,697	- -	12,900,001	3,849,797	- -	12,553,301	2,146,697	-
GRAND TOTAL - - -	165,334,584	26,709,405	- -	167,089,801	37,607,397	- -	161,964,001	23,149,497	-

E. Gay,  
Comptroller General.

E. J. Sinkinson,  
Officiating Secretary to the Government of India.

at the disposal of PROVINCIAL GOVERNMENTS under their PROVINCIAL CONTRACTS.

LOCAL BALANCES.

of Deposits and Advances upon Local Fund Accounts.

Bengal.	North Western Provinces and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.
Rz. 417,541	Rz. 449,987	Rz. 356,517	Rz. 968,931	Rz. 765,479	Rz. 3,418,758
135,493	- -	20,100	148,531	16,554	423,685
- -	53,094	- -	- -	- -	53,094
553,034	396,893	376,617	1,117,462	782,033	3,789,349
553,034	396,893	376,617	1,117,462	782,033	3,789,349
- -	41,300	20,300	95,400	34,500	238,300
25,300	- -	- -	- -	- -	35,200
527,734	438,193	396,917	1,212,862	816,533	3,992,449
527,734	438,193	396,917	1,212,862	816,533	3,992,449
- -	21,200	- -	- -	- -	24,600
39,100	- -	64,300	139,500	209,900	665,400
498,634	459,393	332,617	1,073,362	606,633	3,351,640

E. Gay,  
Comptroller General.

E. J. Sinkinson,  
Officiating Secretary to the Government of India.

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

## NET REVENUE. - - - - -

	ACCOUNTS, 1887-88.				
	Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.
	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
Land Revenue - - - - -	23,189,292	47,997	23,141,295	3,486,685	19,654,610
Opium - - - - -	8,515,462	129	8,515,333	2,424,575	6,090,758
Salt - - - - -	6,670,728	34,461	6,636,267	410,704	6,225,563
Stamps - - - - -	3,876,298	44,302	3,831,996	163,414	3,668,582
Excise - - - - -	4,584,655	33,553	4,551,102	127,078	4,374,024
Provincial Rates - - - - -	3,035,323	7,970	3,027,353	62,138	2,965,215
Customs - - - - -	1,348,837	32,076	1,316,761	134,891	1,181,870
Assessed Taxes - - - - -	1,431,436	19,949	1,411,487	28,679	1,382,808
Forest - - - - -	1,124,125	2,451	1,121,674	719,794	401,880
Registration - - - - -	311,253	1,094	310,159	187,260	122,899
Tributes from Native States - - - - -	743,597	-	743,597	-	743,597
	54,781,006	223,982	54,557,024	7,745,218	46,811,806
<i>Deduct</i> ,—Assignments and Compensations - - - - -	-	-	-	-	1,468,963
<b>TOTAL NET REVENUE - - - - -</b>	-	-	-	-	<b>45,342,843</b>

## NET EXPENDITURE. - - - - -

	ACCOUNTS, 1887-88.		
	Gross Expenditure.	Receipts.	Net Expenditure.
	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
Interest - - - - -	5,441,754	746,555	4,695,199
Post Office, Telegraph, and Mint - - - - -	2,255,829	2,229,546	26,283
Civil Departments - - - - -	12,906,364	1,495,742	11,410,622
Miscellaneous Civil Charges - - - - -	4,761,130	1,606,108	3,155,022
Famine Relief and Insurance - - - - -	91,408	-	91,408
Construction of Railways (charged against Revenue in addition to that under Famine Insurance).	80,945	-	80,945
Railways Revenue Account - - - - -	16,655,746	14,533,360	2,122,386
Irrigation - - - - -	2,461,646	1,714,274	747,372
Buildings and Roads - - - - -	5,451,049	592,338	4,858,711
Army Services - - - - -	20,417,934	1,060,815	19,357,119
Special Defence Works - - - - -	456,017	-	456,017
Provincial and Local Surpluses and Deficits - - - - -	70,979,822 + 423,685 — 53,094	23,978,738	47,001,084 + 370,591
<b>TOTAL NET EXPENDITURE - - - - -</b>	-	-	<b>47,371,675</b>
Surplus (+) or Deficit (—) - - - - -	-	-	-2,028,832
			45,342,843

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

NET REVENUE.

REVISED ESTIMATE, 1888-89.					BUDGET ESTIMATE, 1889-90.				
Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.	Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.
<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
23,202,300	40,900	23,161,400	3,538,900	19,622,500	23,391,700	37,200	23,354,500	3,629,100	19,725,400
8,560,900	200	8,560,700	2,648,500	5,912,200	8,260,000	200	8,259,800	2,364,300	5,895,500
7,676,900	45,300	7,631,600	422,200	7,209,400	8,029,900	31,900	7,998,000	462,000	7,536,000
3,032,200	44,800	3,887,400	154,600	3,732,800	3,959,500	45,600	3,913,900	134,300	3,779,600
4,705,700	27,200	4,678,500	137,900	4,540,600	4,727,300	27,200	4,700,100	154,200	4,545,900
3,019,400	15,000	3,004,400	62,000	2,942,400	3,258,000	8,000	3,250,000	60,500	3,189,500
1,370,000	29,800	1,340,200	134,800	1,205,400	1,418,400	49,400	1,369,000	138,300	1,230,700
1,508,600	17,600	1,491,000	28,400	1,462,600	1,515,300	16,200	1,499,100	28,800	1,470,300
1,325,700	6,800	1,318,900	810,300	508,600	1,269,600	4,300	1,265,300	801,300	464,000
328,800	1,100	327,700	191,700	136,000	331,100	1,100	330,000	194,700	135,300
767,000	-	767,000	-	767,000	783,000	-	783,000	-	783,000
56,397,500	228,700	56,168,800	8,129,300	48,039,500	56,943,800	221,100	56,722,700	7,967,500	48,755,200
-	-	-	-	1,479,800	-	-	-	-	1,541,400
-	-	-	-	46,559,700	-	-	-	-	47,213,800

NET EXPENDITURE.

REVISED ESTIMATE, 1888-89.			BUDGET ESTIMATE, 1889-90.		
Gross Expenditure.	Receipts.	Net Expenditure.	Gross Expenditure.	Receipts.	Net Expenditure.
<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
4,701,200	838,800	3,862,400	4,358,600	734,200	3,624,400
2,167,600	2,240,400	— 72,800	2,268,300	2,328,700	— 60,400
13,038,000	1,480,500	11,557,500	13,291,200	1,464,200	11,827,000
4,895,900	1,796,500	3,099,400	4,823,200	1,340,900	3,482,900
82,900	-	82,900	100,500	-	100,500
18,000	-	18,000	10,200	-	10,200
17,692,900	15,428,000	2,264,900	18,713,100	16,686,500	2,026,600
2,630,800	1,838,900	791,900	2,314,700	1,889,300	725,400
5,329,200	588,700	4,740,500	5,482,400	603,700	4,878,700
20,371,500	976,200	19,395,300	20,974,700	944,600	20,030,100
818,300	-	818,300	1,102,900	-	1,102,900
71,746,300	25,188,000	46,558,300	73,739,800	25,991,500	47,748,300
+ 238,300	-	+ 203,100	+ 24,600	-	— 640,800
— 35,200	-		— 665,400	-	
-	-	46,761,400	-	-	47,107,500
-	-	— 201,700	-	-	+ 106,300
-	-	46,559,700	-	-	47,213,800

E. Gay,  
Comptroller General.

E. J. S Wilkinson,  
Officiating Secretary to the Government of India.



## APPENDIX III.

## CONTENTS.

	PAGES
TABLE I.—Miscellaneous - - - - -	66
„ II.—Sea-borne Trade for the Year - - - - -	68
„ III.—Sea-borne Trade for the first Eleven Months of the Year - - - - -	69
„ IV.—Wholesale Prices of Typical Commodities in Gold and Silver in London and Calcutta in December in each Year - - - - -	72
„ V.—Statement showing the true Financial Results to the Revenues of India of the Guarantee of Interest upon the Capital of Guaranteed Railway Companies, excluding the East Indian Railway Company - - - - -	73
„ VI.—Actual Capital Expenditure on State Railways in 1887-88, and Estimated Expenditure on such Works in 1888-89 and 1889-90, and to end of 1889-90	74
„ VII.—Capital Expenditure on Irrigation—Major Works, in 1887-88, and Estimated Expenditure on such Works in 1888-89, 1889-90, and to the end of 1889-90, &c. - - - - -	76
„ VIII.—Gross Receipts, Working Expenses, and Net Traffic Receipts, of Guaranteed and State Railways for Five Years ending 1887-88, with Revised Estimates for 1888-89, and Budget Estimates for 1889-90 - - - - -	77
„ IX.—Gross Earnings, Working Expenses, and Net Earnings of Irrigation—Major Works, for Five Years ending 1887-88, with Revised Estimate for 1888-89, and Budget Estimate for 1889-90 - - - - -	79
„ X.—Abstract of Budget Estimates of Capital Transactions of Guaranteed and Subsidised Railways, 1888-89 and 1889-90 - - - - -	81



## APPENDIX III

## COMMERCIAL AND FINANCIAL STATISTICS.

TABLE L—MISCELLANEOUS.

	1880-81.	1881-82.	1882-83.	
Recorded Revenue compared with the recorded Expenditure, excluding Capital Expenditure on Public Works not charged against Revenue:	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	
Surplus - - - - -	-	2,582,727	706,633	1
Deficit - - - - -	4,044,139	-	-	2
Capital Expenditure on Public Works not charged against Revenue.	3,656,505	3,311,423	4,649,898	3
Net Public Debt incurred - - - - -	5,679,815	— 466,636	2,509,150	4
Net Public Debt incurred, including capital transactions with Guaranteed Railway and other Companies.	5,339,444	— 773,867	4,105,769	5
Value of commodities exported, excluding Gold and Silver -	74,581,000	81,968,000	83,485,000	6
Value of commodities imported, excluding Gold and Silver -	53,117,000	49,113,000	52,096,000	7
Excess of Exports over Imports, excluding Gold and Silver -	21,464,000	32,855,000	31,389,000	8
Net Imports of Gold - - - - -	3,655,000	4,844,000	4,931,000	9
Net Imports of Silver - - - - -	3,893,900	5,379,000	7,480,000	10
TOTAL Net Imports of Gold and Silver - - -	7,548,000	10,223,000	12,411,000	11
Excess of Exports over Imports, including Gold and Silver -	13,916,000	22,632,000	18,978,000	12
Grand Total Value of Imports and Exports of all kinds - -	138,126,000	143,450,001	150,076,000	13
Secretary of State's Bills sold (rupees) - - - - -	<i>Rs.</i> 18,32,77,000	<i>Rs.</i> 22,21,09,350	<i>Rs.</i> 18,58,56,593	14
Sterling equivalent received - - - - -	<i>£.</i> 15,239,677	<i>£.</i> 18,412,429	<i>£.</i> 15,120,521	15
Silver coined at the Indian Mints - - - - -	4,249,676	2,186,275	6,508,457	16
Maximum price of an oz. Troy standard silver in London	52½ (July)	52½	52½ (June)	17
Minimum - - ditto - - ditto - - - - -	51 (Jan.)	50½ (July)	50 (Dec.)	18
Maximum price of a sovereign in Calcutta - - - - -	<i>Rs. a.</i> 12 6	<i>Rs. a. p.</i> 12 6 4	-	19
Minimum - - ditto - - ditto - - - - -	-	-	-	
Average exchange upon Secretary of State's Bills sold per rupee	1 s. 7-956 d.	1 s. 7-895 d.	1 s. 7-525 d.	20
Fixed rate of exchange for the adjustment of transactions between the Indian and Imperial Treasuries.	1 s. 8½ d.	1 s. 8 d.	1 s. 8 d.	21
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.	7 (April)	9 (Feb.)	10 (April)	22
Minimum - - ditto - - ditto - - - - -	3 (Nov. to Jan.)	4 (June)	4 (Sept.)	23
Maximum rate of discount at the Bank of England - - -	3 (April)	6 (Feb.)	5 (Sept.)	24
Minimum - - ditto - - ditto - - - - -	2½	2½ throughout first half year.	3 (March)	25
Maximum Money Balances of the three Presidency Banks -	<i>Rs.</i> 7,472,500 (Feb.)	<i>Rs.</i> 6,097,600 (July)	<i>Rs.</i> 6,712,300 (Oct.)	26
Minimum - - ditto - - ditto - - - - -	4,442,700 (March)	3,546,700 (Dec.)	3,424,200 (April)	27
Maximum price in Calcutta of Government 4 per cent. Rupee Securities.	102½ (March)	106-6 (July)	102-4 (Feb.)	28
Minimum - - ditto - - ditto - - - - -	93-10 (May)	99-8 (Aug.)	99 (Oct.)	29
Maximum amount outstanding on London Register of Rupee Securities enforced for interest drafts.	<i>Rs.</i> 19,739,473 (June)	<i>Rs.</i> 21,525,400 (Feb.)	<i>Rs.</i> 21,420,700 (Feb.)	30
Minimum - - ditto - - ditto - - - - -	18,719,445 (Jan.)	19,013,600 (April)	21,059,000 (Aug.)	31
Maximum price in London of 4 per cent. Rupee Securities (in gold).	84½ (Feb.)	87 (July)	85½ (May)	32
Minimum - - ditto - - ditto - - - - -	78 (May)	82½ (Sept.)	75½ (Dec.)	33
Maximum Government Paper Currency outstanding	<i>Rs.</i> 14,513,100 (Dec.)	<i>Rs.</i> 14,422,600 (Sept.)	<i>Rs.</i> 16,412,200 (Dec.)	34
Minimum - - ditto - - ditto - - - - -	12,523,400 (April)	12,692,200 (April)	13,584,700 (April)	35
Number of Savings Banks - - - - -	388	372	349	36
Number of Depositors in Savings Banks - - - - -	107,778	114,942	109,349	37
Amount deposited in Savings Banks	<i>Rs.</i> 3,213,671	<i>Rs.</i> 3,272,649	<i>Rs.</i> 3,616,405	38
Average of each deposit - - - - -	29	28	33	39
Net addition to deposits - - - - -	930,848	58,978	343,756	40

APPENDIX III.

COMMERCIAL AND FINANCIAL STATISTICS.

TABLE I.—MISCELLANEOUS.

	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	Revised Estimate, 1888-89.	Budget, 1889-90.
	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
1	1,387,496	-	-	178,427	-	-	106,300
2	-	149,735	2,801,726	-	2,028,832	201,700	-
3	3,992,029	5,392,898	5,275,364	5,670,484	2,784,824	1,857,800	4,089,500
4	3,062,953	1,193,924	3,584,979	9,727,538	5,435,799	13,413,500	5,854,100
5	2,219,364	801,966	7,735,903	9,043,165	4,861,672	10,062,800	2,091,100
6	88,176,000	83,255,000	83,881,000	88,470,000	90,544,000	-	-
7	55,279,000	55,703,000	55,656,000	61,777,000	65,005,000	-	-
8	32,897,000	27,552,000	28,225,000	26,693,000	25,539,000	-	-
9	5,463,000	4,672,000	2,763,000	2,177,000	2,992,000	-	-
10	6,405,000	7,246,000	11,607,000	7,156,000	9,229,000	-	-
11	11,868,000	11,918,000	14,370,000	9,333,000	12,221,000	-	-
12	21,029,000	15,634,000	13,855,000	17,360,000	13,318,000	-	-
13	157,344,000	154,817,000	156,123,000	163,021,000	170,979,000	-	-
14	<i>Rx.</i> 21,62,15,462	<i>Rx.</i> 17,10,22,119	<i>Rx.</i> 13,53,25,369	<i>Rx.</i> 16,70,03,150	<i>Rx.</i> 21,81,24,000	<i>Rx.</i> 20,96,43,000	21,52,07,000
15	£. 17,599,805	£. 13,758,909	£. 10,292,692	£. 12,136,279	£. 15,358,576	-	-
16	5,663,400	5,794,200	10,285,566	4,616,537	10,841,366	-	-
17	51½ (Feb.)	51 (April)	50¾ (May)	47½ (Jan.)	45½ (Dec.)	44⅞ (Sept.)	-
18	50¾ (May and June).	48½ (Feb.)	46⅞ (Jan.)	42 (Aug.)	43 (Mar.)	41¼ (May)	-
19	-	-	-	-	-	-	-
20	1 s. 7-536 d.	1 s. 7-308 d.	1 s. 6-254 d.	1 s. 5-440 d.	1 s. 4-898 d.	1 s. 4-38 d.	1 s. 4-38 d.
21	1 s. 7½ d.	1 s. 7½ d.	1 s. 7½ d.	1 s. 6½ d.	1 s. 6 d.	1 s. 5 d.	1 s. 4½ d.
22	9 (Mar.)	11 (April and May)	9 (May)	8 (June, July, Feb. and March)	9 (April and May)	12 (Feb. and Mar.)	-
23	5	3 (Nov. and Dec.)	4 (From July to Jan.)	5 (Nov., Dec., & Jan.)	3 (Oct. to Dec.)	4 (May to Sept.)	-
24	4	5 (Nov., Dec. & Jan.)	4 (Dec.)	5 (Dec. and Jan.)	4 (Sept. to Jan.)	5 (Oct. to Jan.)	-
25	3	2 (June to Sept.)	2 (May to Nov.)	2 (April & May)	2 (April & May)	2 (April & May)	-
26	<i>Rx.</i> 5,556,700 (Aug.)	<i>Rx.</i> 5,731,200 (Nov.)	<i>Rx.</i> 6,486,800 (Dec.)	<i>Rx.</i> 4,594,600 (June)	<i>Rx.</i> 3,595,900 (Feb. & Mar.)	<i>Rx.</i> 4,385,500 (June)	-
27	3,167,100 (Jan.)	2,991,900 (May)	3,638,800 (May)	3,296,500 (Sept.)	2,861,500 (Dec.)	2,791,900 (Nov.)	-
28	101-1 (April)	101-12 (June)	99-14 (July)	98-2 (Sept.)	100 (Oct.)	101-1 (Sept.)	-
29	94-8 (Feb.)	94-12 (March)	91-12 (May)	95 (Feb.)	95-4 (April)	96-6 (Jan.)	-
30	<i>Rx.</i> 21,405,500 (May)	<i>Rx.</i> 21,008,000 (May)	<i>Rx.</i> 20,562,400 (April)	<i>Rx.</i> 19,710,300 (Oct.)	<i>Rx.</i> 20,816,900 (March)	<i>Rx.</i> 20,900,600 (April)	-
31	20,626,200 (Aug.)	20,594,300 (Feb.)	19,179,300 (Jan.)	19,056,200 (Mar.)	18,919,500 (Oct.)	21,878,500 (Oct.)	-
32	81¼ (April)	82¼ (May)	78¼ (July)	73¼ (Nov.)	70¼ (Sept.)	69¼ (Sept.)	-
33	77¼ (Jan.)	74 (March)	71¼ (Jan.)	65½ (Aug.)	67 (April)	65¼ (May)	-
34	<i>Rx.</i> 14,517,800 (Nov.)	<i>Rx.</i> 15,762,700 (Nov.)	<i>Rx.</i> 15,713,500 (Oct.)	<i>Rx.</i> 14,678,200 (Nov.)	<i>Rx.</i> 18,610,300 (Nov.)	<i>Rx.</i> 18,055,300 (July)	-
35	12,023,300 (Feb.)	12,342,500 (April)	13,017,900 (April)	13,779,400 (April)	13,479,600 (April)	14,736,000 (Feb.)	-
36	555	5,859	6,236	6,230	6,152	-	-
37	203,951	243,037	263,196	289,277	332,176	-	-
38	<i>Rx.</i> 4,005,930	<i>Rx.</i> 4,687,082	<i>Rx.</i> 5,081,183	<i>Rx.</i> 5,795,249	<i>Rx.</i> 6,075,571	-	-
39	19	19	19	20	20	-	-
40	389,525	681,152	394,101	714,066	+ 890,322	-	-

## APPENDIX III.—continued.

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

No.	EXPORTS.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
1	Cotton—					
	Raw :					
	Quantity - - - - - Cwt.	5,979,494	5,066,057	4,180,718	5,432,648	5,374,542
	Value - - - - - R $x$ .	14,383,728	13,286,367	10,777,204	13,468,429	14,412,842
	Average declared value of Annas per lb. - - - - - { Pence, at average exchange - - - - -	As. 3 5 4 17	As. 3 9 4 53	As. 3 8 4 18	As. 3 6 3 81	As. 3 10 4 05
	Twist and Yarn :					
	Quantity - - - - - Lbs.	49,876,606	65,897,183	78,241,771	91,804,244	113,451,375
	Value - - - - - R $x$ .	1,926,162	2,441,101	2,755,252	3,336,861	4,077,386
	Average declared value per lb. - - - - - Annas	As. 6 2	As. 5 11	As. 5 8	As. 5 10	As. 5 9
	Other manufactures :					
	Value - - - - - R $x$ .	927,008	896,929	880,258	945,644	1,150,542
	Average declared value of Grey or unbleached per yard - - - - - { Coloured, printed, or dyed - - - - -	As. 1 9 As. 4 7	As. 1 9 As. 4 10	As. 1 9 As. 3 9	As. 1 10 As. 4 7	As. 1 10 As. 4 5
	Percentage of manufactures on whole value exported - - - - -	16 55	20 08	25 22	24 13	26 62
2	Opium :					
	Quantity - - - - - Chests	91,963	86,578	87,956	95,839	90,096
	Value - - - - - R $x$ .	11,294,460	10,882,606	10,735,518	11,077,669	10,067,764
	Average declared value per chest - - - - - Rupees	1,228	1,257	1,221	1,156	1,117
3	Seeds :					
	Quantity - - - - - Cwt.	17,355,588	18,250,688	17,280,147	15,866,604	16,060,400
	Value - - - - - R $x$ .	10,083,758	10,745,203	9,948,350	9,198,560	9,885,024
	Average declared value of linseed, per cwt. - - - - - { Rupees - - - - - Shillings, at average exchange - - - - -	5 5 10 8 73	5 9 10 9 03	5 13 1 8 85	5 15 9 8 70	5 13 8 8 24
4	Rice and Paddy :					
	Quantity - - - - - Cwt.	27,039,859	22,051,532	28,222,595	26,879,272	28,534,057
	Value - - - - - R $x$ .	8,362,080	7,192,198	9,247,126	8,836,827	9,291,686
	Average declared value of husked rice, per cwt. - - - - - { Rupees - - - - - Shillings, at average exchange - - - - -	3 1 8 5 05	3 4 6 5 28	3 4 9 5 01	3 5 - 4 81	3 4 5 4 61
5	Jute :					
	Raw and manufactured—Value - - - - - R $x$ .	5,926,780	6,205,238	5,486,171	6,021,672	7,786,739
	Average declared value of raw jute per cwt. - - - - - { Rupees - - - - - Shillings, at average exchange - - - - -	6 8 8 10 65	5 9 1 8 96	5 9 6 8 50	5 13 10 8 52	6 4 3 8 82
	Percentage of manufactures on whole value exported - - - - -	22 51	24 88	20 61	19 13	22 43
6	Wheat :					
	Quantity - - - - - Cwt.	20,956,495	15,830,754	21,060,519	22,263,320	13,538,169
	Value - - - - - R $x$ .	8,877,561	6,309,140	8,002,350	8,625,864	5,562,373
	Average declared value per cwt. - - - - - { Rupees - - - - - Shillings, at average exchange - - - - -	4 3 9 6 89	3 15 9 6 41	3 12 9 5 78	3 14 - 5 63	4 1 9 5 79
7	Tea :					
	Quantity - - - - - Lbs.	59,911,703	64,162,055	68,784,249	78,702,857	87,514,505
	Value - - - - - R $x$ .	4,083,880	4,044,759	4,306,133	4,727,992	5,174,440
	Average declared value per lb. - - - - - { Annas - - - - - Shillings, at average exchange - - - - -	As. 10 11 1 11	As. 10 1 1 01	As. 10 - 95	As. 9 7 87	As. 9 6 84
8	Hides and Skins :					
	Quantity - - - - - No.	28,153,063	29,164,677	32,376,309	31,860,787	30,914,151
	Value - - - - - R $x$ .	4,663,736	4,934,340	5,334,602	5,149,218	4,852,332
	Percentage of dressed or manufactured on whole value - - - - -	46 90	42 07	43 91	45 40	52 07
9	Indigo :					
	Quantity - - - - - Cwt.	168,590	154,629	132,495	138,396	139,644
	Value - - - - - R $x$ .	4,640,991	4,068,900	3,783,160	3,691,677	3,890,649
	Average declared value per cwt. - - - - - { Rupees - - - - - Sterling, at average exchange - - - - -	275 4 6 22 40	263 2 3 21 17	285 8 6 21 72	266 11 11 19 38	278 9 9 19 62
10	Coffee :					
	Quantity - - - - - Cwt.	340,025	328,317	371,027	370,458	273,775
	Value - - - - - R $x$ .	1,498,863	1,245,506	1,348,395	1,502,251	1,529,680
	Average declared value per cwt. - - - - - { Rupees - - - - - Shillings, at average exchange - - - - -	42 5 1 68 87	37 15 - 61 05	36 5 6 55 28	40 8 10 58 94	55 14 - 78 68
11	Wool :					
	Raw and manufactured—Value - - - - - R $x$ .	876,541	831,919	953,069	985,484	1,086,404
	Average declared value of raw wool per lb. - - - - - { Annas - - - - - Pence, at average exchange - - - - -	As. 6 - 7 32	As. 6 - 7 24	As. 6 8 6 85	As. 6 2 6 72	As. 6 6 6 86
12	Silk :					
	Raw and manufactured—Value - - - - - R $x$ .	913,345	792,354	661,835	802,443	860,107
	Average declared value of raw silk per lb. - - - - - { Rupees - - - - - Shillings, at average exchange - - - - -	3 14 8 6 37	2 15 4 4 76	2 4 11 3 51	3 - 11 4 44	2 15 4 4 17
13	Lac :					
	Value - - - - - R $x$ .	556,739	599,399	588,286	520,169	501,888
14	Oils :					
	Value - - - - - R $x$ .	495,977	534,041	395,563	458,812	471,055
15	Sugar :					
	Value - - - - - R $x$ .	943,218	546,069	525,412	504,803	465,829
16	Teak Wood :					
	Quantity - - - - - Cubic Tons	46,471	47,556	50,076	23,946	40,446
	Value - - - - - R $x$ .	525,447	532,129	550,515	223,154	367,274
	Average declared value per cubic ton - - - - - { Rupees - - - - - Sterling, at average exchange - - - - -	113 1 1 9 20	111 14 4 9 00	109 15 - 8 36	93 3 1 6 77	90 12 11 6 39
17	Saltpetre :					
	Quantity - - - - - Cwt.	491,668	451,917	402,174	397,572	386,396
	Value - - - - - R $x$ .	464,410	425,000	370,200	376,091	364,016
	Average declared value per cwt. - - - - - { Rupees - - - - - Shillings, at average exchange - - - - -	9 7 2 15 36	9 6 6 15 14	9 3 3 14 00	9 7 4 13 75	9 6 9 13 27

APPENDIX III.—continued.

TABLE II.—Sea-borne Trade for the Year, &c.—continued.

No.	IMPORTS.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
1	Cotton—					
	Twist and Yarn :					
	Quantity - - - - - Lbs.	45,379,516	45,801,397	45,916,126	49,014,194	51,543,277
	Value - - - - - Rr.	3,465,968	3,360,540	3,172,178	3,318,404	3,582,033
	Average declared value per lb. { Annas - - - - - Pence, at average exchange	12-22 1 s. 2-92 d.	11-74 1 s. 2-17 d.	11-05 1 s. 0-60 d.	10-83 0 s. 11-8 d.	11-12 0 s. 11-74 d.
	Other Manufactures :					
	Value - - - - - Rr.	21,651,392	21,207,106	21,124,848	25,853,327	23,030,241
	TOTAL COTTON GOODS—Gross Imports - Rr.	25,117,360	24,567,646	24,297,026	29,172,231	27,512,274
	Re-exports—					
	Twist and Yarn :					
	Quantity - - - - - Lbs.	1,344,396	958,449	1,082,610	1,319,248	1,058,963
	Value - - - - - Rr.	86,857	65,516	66,303	81,146	69,345
	Other Manufactures :					
	Value - - - - - Rr.	1,399,040	1,183,088	1,368,745	1,490,700	1,648,312
	Total Re-exports - Rr.	1,485,867	1,248,604	1,435,048	1,571,846	1,717,657
	TOTAL COTTON GOODS—Net Imports - Rr.	23,631,493	23,319,042	22,862,008	27,600,385	25,794,617
2	Metals - - - - - Value Rr.	5,380,181	4,978,577	4,986,307	4,845,736	5,575,392
3	Railway plant and rolling stock - - - - - "	2,870,942	2,890,082	4,317,565	3,327,832	3,826,264
4	Silk (Raw and Manufactured) - - - - - "	2,170,923	2,020,917	1,830,960	2,177,111	2,918,139
5	Sugar - - - - - "	1,148,370	2,140,898	1,458,097	2,080,540	2,113,617
6	Machinery and mill-work - - - - - "	1,839,816	1,570,824	1,057,833	1,429,764	1,860,583
7	Woollen Manufactures - - - - - "	1,372,403	1,326,669	1,463,023	1,660,905	1,823,358
8	Coal (excluding Coke and Patent Fuel) :					
	Quantity - - - - - Tons	681,244	713,972	770,517	740,155	821,626
	Value - - - - - Rr.	1,104,788	1,199,739	1,249,710	1,258,793	1,599,593
	Average declared value per ton { Rupees - - - - - Shillings, at average exchange	16-22 26-40	16-80 27-03	16-22 24-67	17-01 24-72	19-47 27-42
9	Liquors - - - - - Value Rr.	1,554,819	1,360,280	1,387,143	1,474,643	1,508,667
10	Provisions - - - - - "	1,033,932	1,103,321	1,191,881	1,179,474	1,504,436
11	Oils - - - - - "	654,228	1,229,497	961,130	1,408,430	1,486,791
12	Apparel - - - - - "	909,084	890,923	956,097	1,001,848	1,156,182
13	Spices - - - - - "	557,109	602,165	718,678	663,845	931,518
14	Salt:					
	Quantity - - - - - Tons	383,090	412,839	363,088	416,592	423,897
	Value - - - - - Rr.	623,011	649,233	596,048	768,987	795,521
	Average declared value per ton { Rupees - - - - - Shillings, at average exchange	16-26 26-46	15-73 25-31	16-42 24-97	18-46 26-83	18-77 26-43

TABLE III.—SEA-BORNE TRADE for the first ELEVEN MONTHS of the Year. (Principal ARTICLES arranged in Order of their DECLARED VALUE.)

	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
	Rr.	Rr.	Rr.	Rr.	Rr.
Value of commodities Exported, excluding gold and silver	74,457,959	74,380,930	79,157,402	81,366,106	86,428,508
Value of commodities Imported, excluding gold and silver	50,852,346	50,404,672	56,029,666	58,544,193	63,380,833
EXCESS EXPORTS - - - Rr.	23,605,613	23,976,258	23,127,736	22,821,913	23,047,675
Net Imports of silver - - - - -	6,441,677	10,180,734	6,158,858	8,061,245	7,049,572
Net Imports of gold - - - - -	4,506,926	2,309,208	1,730,585	2,951,713	2,300,909
TOTAL NET IMPORTS of Gold and Silver - - Rr.	11,038,603	12,549,942	7,889,443	11,012,958	9,350,481
GRAND TOTAL IMPORTS AND EXPORTS OF ALL KINDS - - - - - } Rr.	140,001,659	139,521,800	146,442,972	153,822,459	162,416,638

## APPENDIX III.—continued.

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

No.	EXPORTS.	ELEVEN MONTHS, 1ST APRIL TO THE END OF FEBRUARY.				
		1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
1	Cotton, Raw :					
	Quantity - - - - - Cwt.	4,503,678	3,387,909	4,536,417	4,657,287	4,343,527
	Value - - - - - Rs.	11,812,642	8,786,171	11,226,193	12,332,010	12,214,412
	Average value per lb. - - - Rs.	- 3 9	- 3 8	- 3 6	- 3 9	- 4 -
	Cotton Manufactures—					
	Twist and Yarn :					
	Quantity - - - - - Lbs.	61,006,927	69,489,658	82,676,694	103,729,341	115,742,933
	Value - - - - - Rs.	2,260,719	2,445,421	3,018,559	3,717,994	4,670,185
	Average value per lb. - - - Rs.	- 5 11	- 5 8	- 5 10	- 5 9	- 6 5
	Other Manufactures—Value - - - Rs.	791,859	805,155	865,600	1,043,887	1,089,361
	TOTAL COTTON (Raw and Manufactured) - - - Rs.	14,865,220	12,036,747	15,110,352	17,093,891	17,973,958
2	Jute (Raw and Manufactured) Value Rs.	5,889,800	5,016,489	5,430,353	7,259,139	9,722,483
3	Opium :					
	Quantity - - - - - Chests	79,247	80,382	88,070	82,813	79,110
	Value - - - - - Rs.	9,977,646	9,822,278	10,191,881	9,232,336	9,460,587
	Average value per chest - - - Rs.	1,259 - 11	1,221 15 2	1,157 4 -	1,117 8 8	1,195 14 -
4	Seeds :					
	Quantity - - - - - Cwt.	16,239,624	15,760,875	14,849,048	15,077,692	14,605,680
	Value - - - - - Rs.	9,543,640	9,029,893	8,590,881	8,789,736	8,958,440
	Average value per cwt. - - - Rs.	5 14 -	5 11 8	5 12 7	5 13 3	6 2 2
5	Wheat :					
	Quantity - - - - - Cwt.	14,263,914	20,216,118	21,659,241	13,031,489	16,829,114
	Value - - - - - Rs.	5,721,098	7,685,063	8,373,563	5,348,318	7,166,562
	Average value per cwt. - - - Rs.	4 - 2	3 12 10	3 13 10	4 1 9	4 4 2
6	Rice and Paddy :					
	Quantity - - - - - Cwt.	16,630,191	21,408,823	20,587,925	22,411,006	17,555,987
	Value - - - - - Rs.	5,637,598	7,133,649	6,968,866	7,409,021	6,102,539
	Average value per cwt. - - - Rs.	3 6 3	3 5 4	3 6 2	3 4 11	3 7 7
7	Tea :					
	Quantity - - - - - Lbs.	62,413,413	67,827,916	77,543,424	86,831,319	95,824,272
	Value - - - - - Rs.	3,934,628	4,245,219	4,665,307	5,137,612	5,209,613
	Average value per lb. - - - Rs.	- 10 1	- 10 -	- 9 8	- 9 6	- 8 8
8	Hides and Skins :					
	Quantity - - - - - Cwt.	870,298	963,103	875,558	770,128	757,884
	Value - - - - - Rs.	4,279,517	4,659,631	4,561,806	4,291,598	4,278,511
	Average value per cwt. - - - Rs.	49 2 9	48 6 1	52 1 8	55 11 7	56 6 2
9	Indigo :					
	Quantity - - - - - Cwt.	144,722	126,044	128,902	129,018	133,121
	Value - - - - - Rs.	3,835,117	3,629,759	3,472,657	3,638,526	3,740,370
	Average value per cwt. - - - Rs.	265 - -	287 15 7	269 6 5	282 - 3	280 15 7
10	Coffee :					
	Quantity - - - - - Cwt.	257,116	273,609	294,071	210,142	285,497
	Value - - - - - Rs.	951,191	975,846	1,125,480	1,183,220	1,433,281
	Average value per cwt. - - - Rs.	36 15 11	35 10 8	38 4 4	56 4 11	50 3 3
11	Wool (Raw and Manufactured) Value Rs.	758,953	853,955	917,475	992,513	1,008,990
12	Silk (Raw and Manufactured) ,,	715,962	602,723	702,303	763,774	713,036
13	Teak :					
	Quantity - - - - - Cubic Tons	43,795	47,480	21,607	36,409	48,469
	Value - - - - - Rs.	490,654	524,417	200,158	323,902	531,801
	Average value per cubic ton - - - Rs.	112 - 7	110 7 2	93 10 2	88 15 5	109 11 6
14	Sugar - - - - - Rs.	538,358	463,269	470,272	424,369	473,888
15	Oils - - - - - Rs.	446,279	352,454	406,925	417,470	380,603
16	Saltpetre :					
	Quantity - - - - - Cwt.	392,503	370,623	350,257	349,351	387,775
	Value - - - - - Rs.	369,646	340,199	329,148	329,515	369,503
	Average value per cwt. - - - Rs.	9 6 8	9 2 10	9 6 4	9 6 11	9 8 6
17	Lac - - - - - Rs.	534,028	529,711	458,583	458,524	353,413

APPENDIX III.—*continued.*

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

No.	I M P O R T S.	ELEVEN MONTHS, 1ST APRIL TO THE END OF FEBRUARY.				
		1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
1	COTTON—					
	Twist and Yarn :					
	Quantity - - - - Lbs.	42,652,756	41,038,974	43,504,229	46,098,900	48,209,848
	Value - - - - - Rs.	3,139,078	2,852,513	2,960,518	3,189,532	3,446,031
	Average value per lb. - - - Rs.	- 11 9	- 11 1	- 10 11	- 11 1	- 11 5
	Ditto - in sterling, at average exchange.	1 s. 2½ d.	1 s. -¾ d.	1 s. - d.	- s. 11½ d.	- s. 11½ d.
	Other Manufactures - - Value Rs.	19,292,548	18,973,701	23,578,344	21,593,462	25,234,914
	TOTAL COTTON GOODS— } Gross Imports - - - } Rs.	22,431,626	21,826,214	26,538,862	24,782,994	28,680,945
	Re-exports—					
	Twist and Yarn :					
	Quantity - - - - Lbs.	862,516	1,008,115	1,252,289	910,704	1,525,866
	Value - - - - - Rs.	58,158	61,632	76,695	58,858	105,979
	Average Value per lb. - - - Rs.	- 10 9	- 9 9	- 9 10	- 10 6	- 11 1
	Other Manufactures - Value Rs.	1,075,055	1,267,783	1,351,181	1,481,772	1,537,813
	Total Re-exports - - - - Rs.	1,133,213	1,329,415	1,427,876	1,540,630	1,643,792
	TOTAL COTTON GOODS— } Net Imports - - - } Rs.	21,298,413	20,496,799	25,110,986	23,242,364	27,037,153
2	Metals - - - - - Value Rs.	4,546,007	4,502,923	4,262,191	4,952,260	3,947,320
3	Railway Plant and Rolling Stock.	2,574,066	3,854,058	3,117,919	3,322,923	3,504,251
4	Silk (Raw and Manufactured) - "	1,896,309	1,732,387	2,000,998	2,688,346	2,399,327
5	Machinery and Millwork - "	1,441,243	979,235	1,252,302	1,649,858	2,184,981
6	Oils - - - - - "	1,127,285	821,644	1,235,681	1,337,586	1,889,799
7	Coal (excluding Coke and Patent Fuel) :					
	Quantity - - - - - Tons	588,173	679,475	648,651	708,599	756,766
	Value - - - - - Rs.	985,394	1,097,144	1,076,688	1,367,428	1,726,986
	Average Value per Ton - - - Rs.	16 12 1	16 2 4	16 9 7	19 4 9	22 13 2
8	Woollen Manufactures - Value Rs.	1,250,370	1,380,889	1,581,179	1,719,112	1,619,659
9	Sugar - - - - - "	1,926,411	1,379,888	1,959,382	1,848,829	1,582,199
10	Provisions - - - - - "	1,016,958	1,104,391	1,081,645	1,389,890	1,483,457
11	Liquors - - - - - "	1,227,760	1,264,426	1,317,005	1,349,099	1,369,770
12	Apparel - - - - - "	823,997	871,117	909,646	1,055,797	1,054,237
13	Salt :					
	Quantity - - - - - Tons	385,543	332,291	379,617	411,158	364,381
	Value - - - - - Rs.	601,761	542,266	695,295	760,708	805,278
	Average Value per Ton - - - Rs.	15 9 9	16 5 1	18 5 1	18 8 -	22 1 7
14	Spices - - - - - Value Rs.	539,636	659,516	608,298	845,118	758,496

## APPENDIX III.—continued.

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

(Prices of March 1873 = 100.)

In LONDON— (Prices quoted from the London "Economist"):	Measured in Gold.								Measured in Silver.*							
	1881.	1882.	1883.	1884.	1885.	1886.	1887.	1888.	1881.	1882.	1883.	1884.	1885.	1886.	1887.	1888.
Scotch pig-iron (warrants)	44	41	36	36	35	37	37	35	51	49	42	43	45	48	49	50
Coals, Hetton, Wallsend (London).	51	54	54	52	51	51	49	51	59	65	63	62	66	67	66	71
Copper, Chili bars - -	79	73	65	54	45	43	95	87	91	87	76	64	58	56	127	121
Straits tin - - -	76	64	58	52	64	69	115	68	88	76	68	62	81	89	153	95
Wheat - - - -	80	74	70	57	55	61	56	55	92	88	82	68	69	80	74	78
Flour, town-made - -	91	71	67	54	53	56	54	61	105	85	78	65	68	71	73	85
Beef, inferior - - -	97	97	97	98	75	75	75	67	112	116	113	117	95	97	100	95
Cotton, No. 40, mule twist	77	70	69	70	64	60	62	65	89	84	81	83	82	77	84	91
Wool, Southdown hogs -	68	59	61	52	51	59	55	54	78	71	71	63	65	76	73	75
Sugar, foreign Muscovado	71	62	64	44	60	42	56	53	82	74	75	52	77	55	75	75
Coffee - - - -	64	74	83	66	65	86	102	101	74	88	97	79	83	111	136	142
Saltpetre - - - -	105	90	87	81	78	77	77	77	121	108	102	97	100	99	103	107
Gold - - - -	-	-	-	-	-	-	-	-	115	119	117	119	127	130	134	145
Silver - - - -	87	84	85	84	79	77	75	71	-	-	-	-	-	-	-	-
In CALCUTTA—(Prices quoted from the "Calcutta Price Current"):																
Grey shirtings (8½ lbs.) - - -	-	-	-	-	-	-	-	-	78	75	74	76	80	81	79	81
Mule twist, white, good, No. 40	-	-	-	-	-	-	-	-	81	75	75	72	71	62	72	75
"    "    Turkey red, No. 40 (12 lbs.)	-	-	-	-	-	-	-	-	69	55	65	58	57	58	58	57
"    "    Orange, No. 40—60	-	-	-	-	-	-	-	-	85	80	82	78	73	75	86	85
Copper, sheathing - - - -	-	-	-	-	-	-	-	-	87	79	77	65	58	65	90	99
Iron, flat, bolt, bar, and square -	-	-	-	-	-	-	-	-	65	60	62	54	50	53	59	65
Spelter, hard - - - -	-	-	-	-	-	-	-	-	96	125	79	84	97	109	128	107
Hides, buffalo, slaughtered	-	-	-	-	-	-	-	-	88	87	72	71	77	80	69	74
Indigo, good - - - -	-	-	-	-	-	-	-	-	113	101	116	103	110	72	82	93
Jute, picked - - - -	-	-	-	-	-	-	-	-	140	96	164	110	118	131	153	192
Lac dye, fine - - - -	-	-	-	-	-	-	-	-	36	27	-	-	-	-	-	-
Shell lac, fine orange	-	-	-	-	-	-	-	-	93	80	98	56	59	56	68	76
Linseed, fine, bold, clean -	-	-	-	-	-	-	-	-	93	86	95	95	101	98	94	112
Rice, Ballam - - - -	-	-	-	-	-	-	-	-	97	109	138	139	176	106	118	147
Silk, raw, Cossimbazar	-	-	-	-	-	-	-	-	80	78	66	60	73	89	64	76
Ten, good Souchong - - -	-	-	-	-	-	-	-	-	82	59	64	55	64	55	50	52
Wheat, Doodiah - - - -	-	-	-	-	-	-	-	-	92	84	85	66	72	81	76	87
Gold - - - -	-	-	-	-	-	-	-	-	112	115	112	119	122	123	131	135

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

## APPENDIX III.—continued.

TABLE V.—STATEMENT showing the true Financial Results to the REVENUES of India of the Guarantee of Interest upon the Capital of GUARANTEED RAILWAY COMPANIES.

	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.		1889-90.
						Budget Estimate.	Revised Estimate.	Budget Estimate.
	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.
Open Mileage at end of official year.	4,636	4,528	* 3,921	3,896	3,912	3,910	† 3,219½	3,219½
Gross Traffic Receipts - - Rx.	7,836,035	7,606,685	7,809,537	7,280,512	7,241,465	6,985,000	7,344,000	6,917,500
Working Expenses - - Rx.	4,147,892	4,128,385	4,084,462	3,633,396	3,604,795	3,580,000	3,691,500	3,357,500
Percentage of Working Expenses on Receipts - - - Rx.	52.86	54.27	52.30	49.91	49.78	51.25	50.27	48.54
Net Traffic Receipts - - Rx.	3,688,143	3,478,300	3,725,075	3,647,116	3,636,670	3,405,000	3,652,500	3,560,000
Not gain by the remittance to England of Capital Receipts and Disbursements in India at the contract rates of exchange, instead of at the average yearly rates obtained for the Secretary of State's bills - - - Rx.	-	1,036	-	-	-	-	-	-
TOTAL Revenue - Rx.	3,688,143	3,479,336	3,725,075	3,647,116	3,636,670	3,405,000	3,652,500	3,560,000
Gross Guaranteed Interest paid in India - - - - Rx.	12,521	29,650	49,767	10,648	25,595	8,500	7,200	30,100
Gross Guaranteed Interest paid in London - - - - £.	3,284,241	3,217,240	3,180,735	2,696,076	2,694,920	2,722,000	2,697,800	2,327,000
Total Guaranteed Interest (sterling payments converted at the average exchange of the year) Rx.	4,047,246	4,028,654	4,231,707	3,721,864	3,852,947	3,873,700	3,959,500	3,439,100
Surplus paid to Railway Companies - - - - Rx.	569,946	431,495	397,129	534,598	602,622	470,000	524,300	612,500
Land and Supervision - - Rx.	67,326	61,457	79,553	66,235	51,436	57,500	44,800	37,500
Interest on Revenue Balances Rx.	1,872	1,865	1,419	1,827	2,265	3,000	3,300	-
Net Loss on Receipts and Disbursements of Capital in India, calculated in the same way as the gain - - - - Rx.	86,675	-	48,006	115,343	78,683	93,200	103,900	92,010
TOTAL Expenditure - Rx.	4,773,065	4,523,471	4,757,814	4,439,807	4,647,953	4,497,400	4,635,800	4,181,110
Net Expenditure from the Public Treasury - - - - Rx.	1,084,922	1,044,135	1,032,739	792,751	1,011,283	1,092,400	983,300	621,110

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

† The Oudh and Rohilkhand Railway, 692 miles, was purchased by the State on 31st December 1888, and the mileage is shown under State Railways.



## APPENDIX III.—continued.

TABLE VI.—ACTUAL CAPITAL EXPENDITURE on STATE RAILWAYS in 1887-88, and ESTIMATED EXPENDITURE on such Works in 1888-89 and 1889-90, and to End of 1889-90.

RAILWAYS.	Accounts, 1887-88.	Revised Estimate, 1888-89.	Budget Estimate, 1889-90.	To End of 1889-90.	Sanctioned Outlay.	Balance remaining Unspent.
<b>OPEN LINES.</b>						
East Indian	Rx. 58,287	Rx. 5,000	Rx. 130,000	Rx. 14,331,735	Rx. 14,331,735	—
Rajputana-Malwa	126,558	28,700	30,800	9,312,425	9,312,425	—
Holkar	884	1,700	4,900	1,303,195	1,303,195	—
Rewari-Ferozepore	—14,319	5,300	9,300	1,274,563	1,274,563	—
Bhopal	—	—	—	131,057	131,057	—
Wardha Coal	—14,180	—2,500	1,300	710,020	710,020	—
Umariā Colliery	15,353	12,800	12,000	99,016	99,016	—
Burma	22,780	84,180	19,050	2,994,765	2,994,765	—
Jorhat	5,416	3,500	400	72,983	72,983	—
Cherra-Companygunj	10,354	1,520	—	76,054	76,054	—
Eastern Bengal	206,858	132,470	198,950	6,737,130	6,737,130	—
Tirhoot	34,577	19,600	15,000	2,117,018	2,117,018	—
Assam-Bihar—Tirhoot Section	41,042	74,200				
Patna-Gya	2,403	6,200	5,000	437,675	437,675	—
Nalhati	—23	650	—	35,032	35,032	—
Kaunia-Dhurla	—185	—1,000	—200	95,028	95,028	—
Oudh and Rohilkhund	—	10,395,400	53,200	10,448,600	10,448,600	—
Dildarnagar-Ghaziipur	—3	340	—	70,642	70,642	—
Cawnpore-Achnera	—9,882	14,300	5,000	1,167,651	1,167,651	—
Bareilly-Pilibhit	1,772	680	1,200	153,844	153,844	—
Lucknow-Sitapur-Seramau	65,360	13,960	10,000	394,962	512,690	117,728
North Western :						
Ordinary works	952,113	84,600	129,200	24,687,166	24,687,166	—
Military requirements		800	83,200			
Sind-Pishin (main line)	164,172	205,260	124,400	4,866,709	4,866,709	—
Amritsar-Pathankot	—1,098	700	1,900	562,329	562,329	—
Villupuram-Dharmaveram—Nellore Branch	85,765	14,140	—10,000	630,716	630,716	—
Dhond and Manmad	1,217	2,700	3,500	1,101,644	1,101,644	—
<b>TOTAL</b>	<b>1,755,221</b>	<b>11,105,200</b>	<b>828,100</b>	<b>83,811,959</b>	<b>83,929,687</b>	<b>117,728</b>
<b>LINES UNDER CONSTRUCTION.</b>						
North Western—Gradient Improvements	•	25,700	100,000	208,991	500,000	291,009
East Indian—Barrakar Branch	—	—	110,000	110,000	† 110,000	—
Bhopal (alterations and improvements)	—	—	20,000	20,000	† 20,000	—
Tounghee-Mandalay Extension	1,056,938	741,520	42,660	2,066,679	2,044,434	† —22,245
Mu Valley	—	—	200,000	200,000	‡ 2,160,000	1,960,000
Assam-Bihar—Assam-Bihar Section	172,494	222,900	87,300	1,116,976	1,155,382	38,406
Sind-Sagar—Western Section	230,817	187,600	49,400	2,171,145	2,509,867	338,722
Chenab Bridge	9,211	226,700	171,100	407,011	‡ 407,500	489
Peshawar Jumrood	—	—	70,000	70,000	‡ 70,000	—
Sind-Pishin—Chaman Extension—Construction	166,618	502,900	523,900	1,216,329	1,311,197	94,868
Sind-Pishin—Petroleum Operations	—	1,100	5,000	6,100	6,100	—
Bolan (high-level line)	77,247	91,630	9,758	178,635	155,176	—23,459
Jammu-Kashmir	—	12,000	23,000	35,000	‡ 35,000	—
Kandahar Reserve Material	48,015	—111,100	—5,000	261,031	‡ 261,031	—
Bezvada Extension	84,983	54,000	3,500	143,130	167,000	23,870
Villupuram Dharmaveram	1,426	99,000	1,021,600	1,152,518	1,962,212	809,694
Kistna Ferry	—	—	20,000	20,000	† 20,000	—
<b>TOTAL</b>	<b>1,847,749</b>	<b>2,053,950</b>	<b>2,452,218</b>	<b>9,383,545</b>	<b>12,894,899</b>	<b>{ 3,557,058 —45,704</b>
Carried forward	3,602,970	13,159,150	3,280,318	93,195,504	96,824,586	<b>{ 3,674,786 —45,704</b>

\* Not known separately. Included under North Western Railway above.

† These represent sums held in reserve for expenditure likely to be incurred during 1889-90, if the projects are sanctioned.

‡ It is estimated that stores to the value of Rx. 25,000 will be in hand at the end of 1889-90.

§ Approximate Estimates.

|| A revised Estimate has been called for.

## APPENDIX III.—continued.

TABLE VI.—ACTUAL CAPITAL EXPENDITURE ON STATE RAILWAYS, &amp;c.—continued.

RAILWAYS.	Accounts, 1887-88.	Revised Estimate, 1888-89.	Budget Estimate, 1889-90.	To End of 1889-90.	Sanctioned Outlay.	Balance remaining Unspent.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
Brought forward - - -	3,602,970	13,159,150	3,280,318	93,195,504	96,824,586	{ 3,674,786 — 45,704
<b>LINES UNDER SURVEY.</b>						
Hindupur Extension Survey - - -	119	560	300	4,481	4,481	—
<b>LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES.</b>						
Sindia - - - - -	189	—921,000	—	—	—	—
Katni-Umaria - - - - -	11,084	—485,700	—	—	—	—
Nagpur-Chhattisgarh - - - - -	—1,210,255	—	—	—	—	—
Bengal-Nagpur - - - - -	—169,701	—	—	—	—	—
Ranaghat-Bhagwangola - - - - -	10	80	—	30,264	30,264	—
Southern Mahratta - - - - -	—	—	—	* 52,707	52,707	—
Bellary-Kistna - - - - -	421,232	300	—	1,654,865	1,654,865	—
aspur-Erawah - - - - -	—10,428	—	—	7,514	7,514	—
Vizagapatam-Raipur - - - - -	—	—	—	24,504	24,504	—
<b>TOTAL - - -</b>	<b>—957,859</b>	<b>—1,406,320</b>	<b>—</b>	<b>1,769,854</b>	<b>1,769,854</b>	<b>—</b>
Stores and Reserve - - - - -	—312,509	— 34,610	159,582	189,265	189,265	—
Metre gauge Rolling Stock, Plant, and Machinery, to be taken back from the Bengal-Nagpur Railway - - -	—	—	132,000	132,000	132,000	—
<b>GRAND TOTAL - - -</b>	<b>2,332,721</b>	<b>11,718,780</b>	<b>3,572,200</b>	<b>95,291,104</b>	<b>98,920,186</b>	<b>{ 3,674,786 — 45,704</b>
<b>Distributed as under :—</b>						
<b>Capital Expenditure on Public Works (not charged against Revenue):</b>						
State Railways—Construction -	2,251,776	11,700,800	3,562,000	86,449,697	—	—
<b>Famine Relief and Insurance :</b>						
Protective Railways - - - - -	—	—	—	2,939,979	—	—
<b>Construction of Railways (charged against Revenue in addition to that under Famine Insurance) - - -</b>						
	80,945	17,980	10,200	5,907,428	—	—
<b>TOTAL as above - - -</b>	<b>2,332,721</b>	<b>11,718,780</b>	<b>3,572,200</b>	<b>95,291,104</b>	<b>—</b>	<b>—</b>

\* Represents depreciation on works and stores allowed by Government on transfer to the Company.

## APPENDIX III.—continued.

TABLE VII.—CAPITAL EXPENDITURE on IRRIGATION—MAJOR WORKS, in 1887-88, and ESTIMATED EXPENDITURE on such Works in 1888-89, 1889-90, and to the End of 1889-90, &amp;c.

	Accounts, 1887-88.	Revised Estimate, 1888-89.	Budget Estimate, 1889-90.	TOTAL to End of 1889-90.	Sanctioned Estimate.	Balance of sanctioned Estimate remaining to be Spent.
<b>IRRIGATION WORKS.</b>						
<b>CAPITAL EXPENDITURE NOT CHARGED AGAINST REVENUE.</b>						
	£.	£.	£.	£.	£.	£.
Orissa Canals - - - - -	40,610	60,430	50,000	2,401,814	3,110,213	708,399
Midnapore Canal - - - - -	135	570	3,000	829,905	824,900	—
Tidal Canal - - - - -	-	-	-	179,549	177,270	—
Sone Canals - - - - -	13,817	23,000	13,000	2,549,624	2,788,870	239,246
Ganges Canal - - - - -	8,845	7,638	9,554	2,672,013	2,923,442	250,529
Lower Ganges Canal - - - - -	136,442	93,084	71,063	3,091,049	2,772,451	—
Agra Canal - - - - -	4,824	4,930	3,175	845,768	871,670	25,902
Eastern Jumna Canal - - - - -	1,733	9,413	11,708	315,756	344,191	28,435
Western Jumna Canal - - - - -	27,874	18,800	15,000	1,067,718	1,078,050	10,332
Bari Doab Canal - - - - -	1,710	14,200	10,000	1,576,662	1,579,860	3,198
Sirhind Canal (State outlay) - - - - -	75,068	27,400	15,000	2,246,698	2,226,440	—
Chenab Canal - - - - -	77,306	56,700	50,000	356,906	293,559	—
Jhelum Canal - - - - -	-	-	50,000	50,000	—	—
Sirsa Branch Canal - - - - -	-	-	40,000	40,000	289,267	249,267
Godavari Delta System - - - - -	19,422	11,829	12,000	1,090,386	1,108,869	18,483
Kistna Delta System - - - - -	41,306	51,584	49,000	881,986	1,391,978	509,992
Sangam Aicut System - - - - -	13,075	9,762	5,500	300,170	289,644	—
Periyar Project - - - - -	27,009	76,700	80,000	183,799	542,500	358,701
Desert Canal - - - - -	5,716	4,061	3,000	124,739	123,479	—
Begari Canal - - - - -	609	-	-	162,561	162,561	—
Eastern Nara Works - - - - -	11,375	10,545	11,000	511,605	527,670	16,065
Mutha Canals - - - - -	6,781	4,896	4,500	607,200	605,323	—
Other projects - - - - -	22,006	14,942	28,742	3,252,986	—	—
	535,843	500,484	535,242	25,339,794	—	—
<i>Deduct,—Outlay incurred from ordinary funds</i> - - - - -	2,705	7,484	7,742	5,441,614	—	—
<b>TOTAL - - - £.</b>	<b>533,048</b>	<b>493,000</b>	<b>527,500</b>	<b>19,898,180</b>	<b>—</b>	<b>—</b>
<b>FAMINE RELIEF AND INSURANCE.</b>						
<b>PROTECTIVE IRRIGATION WORKS.</b>						
Betwa Canal - - - - -	7,571	4,100	2,700	390,099	425,141	29,042
Swat River Canal - - - - -	8,207	5,400	7,000	345,650	354,581	8,931
Rushikulya Project - - - - -	25,457	20,700	35,000	142,177	200,189	117,962
Nira Canal - - - - -	39,794	35,966	33,000	464,485	397,736	—
Other projects (including Grants in Aid) - - - - -	9,976	534	2,300	410,676	—	—
	91,005	72,700	80,000	1,759,087	—	—
<i>Deduct,—Outlay incurred from other funds</i> - - - - -	-	-	-	285,434	—	—
<b>TOTAL - - - £.</b>	<b>91,005</b>	<b>72,700</b>	<b>80,000</b>	<b>1,473,653</b>	<b>—</b>	<b>—</b>
<b>GRAND TOTAL - - - £.</b>	<b>624,053</b>	<b>565,700</b>	<b>607,500</b>	<b>21,371,833</b>	<b>—</b>	<b>—</b>

APPENDIX III.—continued.

TABLE VIII.—GROSS RECEIPTS, WORKING EXPENSES, and NET TRAFFIC RECEIPTS of GUARANTEED and STATE RAILWAYS, for Five Years ending 1887-88, with REVISED ESTIMATES for 1888-89, and BUDGET ESTIMATES for 1889-90.

	ACCOUNTS.					Revised	Budget
	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	Estimate,	Estimate,
	Miles.	Miles.	Miles.	Miles.	Miles.	1888-89.	1889-90.
<b>GUARANTEED RAILWAYS.</b>							
Open mileage at beginning of year	4,611	4,636	4,528	* 3,921	† 13,896	3,912	‡ 3,219½
<b>Gross Receipts.</b>							
Eastern Bengal	488,951	82,325	—	—	—	—	—
Madras	891,941	716,965	760,952	794,264	821,527	845,000	850,000
South Indian	400,362	423,774	450,440	512,196	506,398	545,000	560,000
Bombay, Baroda, and Central India	1,211,703	1,221,595	1,318,202	1,343,613	1,227,163	1,290,000	1,307,500
Great Indian Peninsula	3,342,851	3,514,397	3,054,192	3,971,852	3,984,601	4,180,000	4,200,000
Oudh and Rohilkhund	678,858	571,633	571,517	658,787	701,776	484,000	—
Sind, Punjab, and Delhi	1,122,269	1,129,996	1,054,234	—	—	—	—
<b>TOTAL</b>	<b>7,836,035</b>	<b>7,606,085</b>	<b>7,809,537</b>	<b>7,280,512</b>	<b>7,241,465</b>	<b>7,344,000</b>	<b>6,917,500</b>
<b>Working Expenses.</b>							
Eastern Bengal	262,305	85,153	—	—	—	—	—
Madras	404,655	424,121	439,380	504,611	513,922	500,000	510,000
South Indian	252,836	281,615	297,325	346,206	372,378	372,500	375,000
Bombay, Baroda, and Central India	497,046	560,440	548,498	632,972	520,158	555,000	542,500
Great Indian Peninsula	1,751,373	1,779,690	1,850,110	1,857,344	1,842,185	1,950,000	1,930,000
Oudh and Rohilkhund	303,146	307,793	367,053	362,263	356,152	314,000	—
Sind, Punjab, and Delhi	675,932	699,064	587,096	—	—	—	—
<b>TOTAL</b>	<b>4,147,892</b>	<b>4,128,365</b>	<b>4,084,462</b>	<b>3,633,396</b>	<b>3,604,795</b>	<b>3,691,500</b>	<b>3,357,500</b>
<b>Net Traffic Receipts.</b>							
Eastern Bengal	226,646	—2,838	—	—	—	—	—
Madras	286,386	292,644	321,572	289,653	307,605	345,000	340,000
South Indian	147,526	142,259	153,115	165,990	184,020	172,500	185,000
Bombay, Baroda, and Central India	714,057	671,146	774,704	780,641	707,005	735,000	765,000
Great Indian Peninsula	1,591,478	1,734,707	1,804,082	2,114,308	2,142,416	2,230,000	2,270,000
Oudh and Rohilkhund	275,713	209,840	204,464	206,524	345,624	170,000	—
Sind, Punjab, and Delhi	448,337	430,332	467,138	—	—	—	—
<b>TOTAL</b>	<b>3,688,143</b>	<b>3,478,300</b>	<b>3,725,075</b>	<b>3,647,116</b>	<b>3,636,670</b>	<b>3,652,500</b>	<b>3,560,000</b>
<b>STATE RAILWAYS.</b>							
Open mileage at beginning of year	5,153	5,632	‡ 6,966	7,227	8,081	8,979	‡ 10,420
<b>Gross Receipts.</b>							
East Indian	4,999,462	4,310,425	4,703,587	4,707,202	4,603,216	4,450,300	4,460,300
Rajputana-Malwa	1,364,859	1,399,592	1,665,023	1,689,259	1,692,298	1,875,000	1,880,000
Cawnpore-Achucra	57,738	92,930	95,819	130,092	—	—	—
Sindia	25,155	36,833	39,408	89,183	45,739	37,000	7,000
Bhopal	2,557	1,281	2,643	3,505	4,978	5,500	13,700
Wardha Coal	76,829	67,822	64,820	74,742	78,021	85,500	86,000
Bengal-Nagpur	129,665	136,239	147,349	131,760	137,477	188,500	270,000
Katni-Umaria	—	—	—	3,326	8,125	—	—
Umaria Colliery	—	1,572	2,224	6,873	11,447	17,300	35,000
Burma	167,717	216,640	233,585	291,663	331,041	327,500	345,000
Toung-hoo-Mandalay	—	—	—	—	—	20,000	115,000
Jorhat	—	—	—	—	—	6,000	6,000
Cherra-Companygunj	—	383	3,624	3,911	4,968	1,000	1,200
Eastern Bengal:							
Eastern Bengal	31,808	463,346	455,588	537,136	—	—	—
Northern Bengal	213,274	216,628	233,920	262,401	958,431	1,050,000	1,070,000
Kaunia-Dhurla	14,080	15,676	12,961	14,543	—	—	—
Dacca	—	2,559	12,723	27,997	—	—	—
Tirhoot	98,167	124,972	128,026	159,921	180,508	165,000	150,000
Nalhati	8,063	7,638	7,880	8,654	9,405	10,200	10,100
Patna-Gya	47,019	51,793	51,750	53,645	52,837	49,800	49,900
Bengal Central	—	—	54,129	34,575	75,538	70,000	72,500
Oudh and Rohilkhund	—	—	—	—	170,000	170,000	740,000
Benares Branch	—	—	—	—	175	700	—
Indian Midland	—	—	—	—	30,563	112,500	500,000
Dildarnagar-Ghazipur	—	—	—	—	4,738	4,833	4,700
Bareilly-Pilibhit	3,480	4,473	4,950	4,738	9,558	9,400	10,000
Lucknow-Sitapur-Seramau	—	899	8,393	10,126	18,305	25,500	27,000
North Western	1,010,083	1,126,401	1,808,224	2,373,245	2,188,185	2,550,000	2,600,000
Amritsar-Pathankot	—	19,958	28,985	7,320	7,350	8,750	10,200
Villupuram-Dharmavaram—Nellore Branch	—	—	—	—	4,845	33,600	25,000
Bellary-Kistna	—	—	—	—	8,181	—	—
Dhond and Manmad**	19,165	20,427	22,062	23,376	22,734	25,200	25,200
Southern Mahratta	77	33,244	102,818	182,317	326,423	392,500	440,000
Mysore	—	—	—	37,401	61,461	69,000	108,600
Bezvada Extension	—	—	—	—	—	—	12,000
<b>TOTAL</b>	<b>8,268,765</b>	<b>8,351,931</b>	<b>9,890,211</b>	<b>10,829,027</b>	<b>10,871,926</b>	<b>11,740,350</b>	<b>13,193,500</b>

\* The Sind, Punjab, and Delhi Railway, 691 miles, was purchased by the State on 1st January 1886, and the mileage is shown under State Railways.  
 † The Bellary Branch of the Madras Railway, 33 miles in length, having been transferred to the Southern Mahratta Railway, the mileage is shown under State Railways.  
 ‡ The Oudh and Rohilkhund Railway, 692 miles, was purchased by the State on 31st December 1888, and the mileage is shown under State Railways.  
 § Includes one-fifth the length of the Bhopal Railway and the whole length of the Sind, Punjab, and Delhi Railway.  
 ¶ Includes the length of the Oudh and Rohilkhund Railway.  
 †† Net Receipts.  
 \*\* The working of this line was transferred to the Great Indian Peninsula Railway from 1st January 1881; the Government of India only receives a percentage of the gross receipts.

## APPENDIX III.—continued.

TABLE VIII.—RECEIPTS AND EXPENSES OF RAILWAYS, &amp;c.—continued.

	ACCOUNTS.					Revised	Budget
	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	Estimate, 1888-89.	Estimate, 1889-90.
<b>STATE RAILWAYS—continued.</b>							
<i>Working Expenses.</i>							
East Indian	1,996,842	1,829,235	1,882,289	1,721,762	1,662,581	1,690,000	1,725,000
Rajputana-Malwa	728,710	772,169	897,238	899,303	907,154	960,000	977,500
Cawnpore-Aohnera	36,802	69,492	79,222	80,728			
Sindia	11,361	19,572	19,440	19,472	21,322	17,800	18,000
Bhopal	2,984	1,748	3,731	2,556	4,457	5,000	11,400
Wardha Coal	21,620	47,608	51,594	59,627	68,028	64,000	64,000
Bengal-Nagpur	64,572	80,480	94,705	80,370	86,760	110,500	145,000
Katni-Umaia	-	-	-	2,538	2,600	-	-
Umara Colliery	-	1,379	9,265	8,149	2,634	16,800	24,000
Burma	102,117	134,468	174,769	173,250	175,841	200,000	190,000
Tounghoc Mandalay	-	-	-	-	-	20,000	100,000
Jorhat	-	725	4,229	5,378	6,441	5,700	5,500
Cherra-Companygunj	-	-	-	2,301	3,716	2,200	2,300
Eastern Bengal							
Eastern Bengal	19,513	197,262	298,637	326,752	481,139	490,000	500,000
Northern Bengal	133,543	152,031	149,034	141,174			
Kaunia-Dhuria	10,076	11,980	11,019	11,229			
Dacca	-	707	18,458	28,699			
Tirhoot	67,863	98,847	91,558	98,583	106,156	97,500	97,000
Nalhati	5,632	7,213	6,678	6,711	6,192	8,000	7,600
Patna-Gya	23,356	29,825	27,179	27,898	24,613	23,900	23,500
Bengal Central	-	-	54,713	43,351	67,611	50,000	46,500
Oudh and Rohilkhand	-	-	-	-	-	57,500	360,000
Benares Branch	-	-	-	-	69	80	-
Indian Midland	-	-	-	8,199	20,098	75,000	350,000
Dildarnagar-Ghazipur	1,222	2,737	2,436	2,481	2,245	2,200	2,300
Bareilly-Pilibhit	-	1,385	6,113	7,675	6,766	6,700	7,000
Lucknow-Sitapur-Seraman	-	-	-	1,207	14,998	18,500	19,500
North Western	643,987	600,255	645,651	1,316,886	1,633,529	1,755,000	1,760,000
Amritsar-Pathankot	-	17,535	24,171	2,218	-	-	-
Villupuram-Dharmavaram—Nellore Branch	-	-	-	-	9,154	27,000	24,000
Bellary-Kistna	-	-	-	-	8,519	-	-
Dhond and Manmad*	-	-	-	-	-	-	-
Southern Mahratta	172	33,183	81,302	125,598	222,138	292,500	320,000
Mysore	-	-	-	20,144	42,426	47,500	76,000
Beavada Extension	-	-	-	-	-	-	8,000
Exchange	29,752	38,795	-	-	-	-	-
<b>TOTAL</b>	<b>3,890,123</b>	<b>4,145,614</b>	<b>4,633,411</b>	<b>5,219,889</b>	<b>5,594,187</b>	<b>6,043,380</b>	<b>6,874,100</b>
<i>Net Traffic Receipts.</i>							
East Indian	3,002,620	2,481,190	2,821,318	2,985,440	2,940,635	2,760,300	2,735,300
Rajputana-Malwa	636,140	627,423	767,785	788,958	791,142	915,000	902,500
Cawnpore-Aohnera	20,934	24,438	16,697	49,364			
Sindia	13,794	17,261	19,968	19,711	24,417	19,200	-11,000
Bhopal	427	465	1,088	949	519	500	2,300
Wardha Coal	54,909	20,219	13,226	15,115	9,993	21,500	22,000
Bengal-Nagpur	64,993	55,759	52,644	51,390	50,717	78,000	125,000
Katni-Umaria	-	-	-	788	1,475	-	-
Umara Colliery	-	193	7,041	1,276	8,813	500	11,000
Burma	65,600	82,173	58,816	118,413	155,300	127,500	165,000
Tounghoc-Mandalay	-	-	-	-	-	-	15,000
Jorhat	-	342	605	1,465	1,473	300	500
Cherra-Companygunj	-	-	-	2,135	2,496	1,200	1,100
Eastern Bengal :							
Eastern Bengal	12,293	266,084	156,951	210,384	477,292	560,000	570,000
Northern Bengal	89,731	64,697	84,886	121,927			
Kaunia-Dhuria	4,005	3,696	1,962	3,314			
Dacca	-	1,852	5,735	702			
Tirhoot	30,304	28,125	36,468	61,338	74,350	67,500	83,000
Nalhati	2,431	426	1,202	1,943	3,213	2,200	2,500
Patna-Gya	23,803	21,968	24,671	25,747	28,274	25,900	25,500
Bengal Central	-	-	584	8,776	7,927	20,000	26,000
Oudh and Rohilkhand	-	-	-	-	-	112,500	350,000
Benares Branch	-	-	-	-	106	620	-
Indian Midland	-	-	-	1,035	10,465	37,500	150,000
Dildarnagar-Ghazipur	2,258	1,946	2,214	2,277	2,588	2,400	2,400
Bareilly-Pilibhit	-	486	2,280	2,451	2,792	2,700	3,000
Lucknow-Sitapur-Seraman	-	-	-	449	3,307	7,000	7,500
North Western	366,076	526,146	962,573	1,056,359	554,656	795,000	820,000
Amritsar-Pathankot	-	2,423	4,814	9,538	7,350	8,750	10,200
Villupuram-Dharmavaram—Nellore Branch	-	-	-	-	4,309	3,400	1,000
Bellary-Kistna	-	-	-	-	2,338	-	-
Dhond and Manmad*	19,165	20,427	29,062	33,376	27,724	25,200	25,300
Southern Mahratta	95	61	21,518	56,721	104,385	100,000	120,000
Mysore	-	-	-	17,257	9,055	11,500	32,600
Beavada Extension	-	-	-	-	-	-	4,000
Exchange	29,752	38,795	-	-	-	-	-
<b>TOTAL</b>	<b>4,378,642</b>	<b>4,206,317</b>	<b>5,056,800</b>	<b>5,609,138</b>	<b>5,277,739</b>	<b>5,696,970</b>	<b>6,229,403</b>

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

APPENDIX III.—continued.

TABLE IX.—GROSS EARNINGS, WORKING EXPENSES, and NET EARNINGS of IRRIGATION—  
MAJOR WORKS, for Five Years ending 1887-88, with REVISED ESTIMATE for 1888-89, and  
BUDGET ESTIMATE for 1889-90.

	ACTUALS.					Revised Estimate, 1888-89.	Budget Estimate, 1889-90.
	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.		
<b>DIRECT RECEIPTS :</b>	£.	£.	£.	£.	£.	£.	£.
Orissa Canals - - - - -	23,787	14,358	20,735	17,961	22,304	21,600	21,600
Midnapore Canal - - - - -	26,457	25,796	26,249	23,419	23,438	24,000	24,000
Tidal Canal - - - - -	6,359	4,351	5,245	5,440	4,186	4,900	4,900
Sone Canals - - - - -	60,381	86,247	106,264	91,843	60,395	85,300	85,300
Ganges Canal - - - - -	242,697	291,662	194,967	220,926	197,254	213,200	213,200
Lower Ganges Canal - - - - -	151,441	169,434	135,638	105,666	106,614	130,470	130,470
Agra Canal - - - - -	64,373	79,190	46,689	61,338	48,148	45,740	45,740
Eastern Jumna Canal - - - - -	76,452	79,374	61,034	69,864	70,305	71,310	71,310
Betwa Canal - - - - -	-	-	-	2,070	3,057	7,200	7,200
Western Jumna Canal - - - - -	139,240	160,237	82,635	83,898	135,366	97,300	116,000
Chenab Canal - - - - -	-	-	-	-	25	4,000	6,000
Bari Doab Canal - - - - -	100,354	105,421	118,887	129,138	126,141	136,000	125,000
Sirhind Canal - - - - -	22	3,249	13,467	35,491	69,900	110,000	125,000
Swat River Canal - - - - -	-	-	25	2,672	10,326	22,700	22,500
Godavari Delta System - - - - -	7,560	9,601	10,738	10,601	12,431	11,300	11,500
Kistna Delta System - - - - -	3,356	3,300	3,522	3,791	4,394	4,162	4,265
Sangam Anicut System - - - - -	-	-	-	-	86	-	60
Desert Canal - - - - -	1,519	2,865	2,158	3,735	3,697	5,334	4,363
Begari Canal - - - - -	3,117	3,456	3,131	4,544	2,549	3,828	3,459
Eastern Nara Works - - - - -	2,193	1,804	1,872	1,772	1,599	1,901	1,976
Mutha Canals - - - - -	15,334	14,069	15,055	18,340	18,958	18,940	19,740
Nira Canal - - - - -	-	-	24	274	768	939	1,640
Other projects - - - - -	11,439	20,612	16,388	17,041	29,020	40,552	44,905
<b>TOTAL - - -</b>	<b>936,581</b>	<b>1,075,026</b>	<b>864,773</b>	<b>909,324</b>	<b>950,961</b>	<b>1,060,676</b>	<b>1,090,128</b>
<b>PORTION OF LAND REVENUE DUE TO IRRIGATION :</b>							
Ganges Canal - - - - -	44,301	44,301	44,301	44,301	44,301	44,301	44,301
Lower Ganges Canal - - - - -	20,783	20,783	20,783	20,783	20,783	20,959	20,959
Eastern Jumna Canal - - - - -	22,154	22,154	22,153	22,153	22,154	22,153	22,153
Western Jumna Canal - - - - -	6,265	5,832	5,833	5,832	5,140	5,500	5,500
Bari Doab Canal - - - - -	66,189	27,557	34,250	60,497	37,526	39,000	30,000
Godavari Delta System - - - - -	153,263	160,678	173,695	178,140	183,853	182,780	190,380
Kistna Delta System - - - - -	94,929	101,609	110,592	113,667	132,273	130,340	139,650
Sangam Anicut System - - - - -	-	-	3,970	5,824	8,041	9,405	11,400
Desert Canal - - - - -	8,534	10,834	9,389	6,072	8,254	9,140	9,640
Begari Canal - - - - -	15,163	20,386	23,651	19,377	19,391	23,234	23,804
Eastern Nara Works - - - - -	14,236	17,880	19,039	22,753	28,020	31,234	36,394
Mutha Canals - - - - -	-	-	345	476	468	-	-
Nira Canal - - - - -	-	-	-	6	31	-	-
Other projects - - - - -	88,310	33,804	95,296	98,552	93,318	94,056	95,226
<b>TOTAL - - -</b>	<b>534,126</b>	<b>465,818</b>	<b>562,607</b>	<b>597,469</b>	<b>602,555</b>	<b>612,102</b>	<b>629,407</b>
<b>TOTAL REVENUE :</b>							
Orissa Canals - - - - -	23,787	14,358	20,735	17,961	22,304	21,600	21,600
Midnapore Canal - - - - -	26,457	25,796	26,249	23,419	23,438	24,000	24,000
Tidal Canal - - - - -	6,359	4,351	5,245	5,440	4,186	4,900	4,900
Sone Canals - - - - -	60,381	86,247	106,264	91,843	60,395	85,300	85,300
Ganges Canal - - - - -	286,998	335,063	239,268	265,227	241,555	257,501	257,501
Lower Ganges Canal - - - - -	172,224	190,217	156,471	126,449	127,397	151,429	151,429
Agra Canal - - - - -	64,373	79,190	46,689	61,338	48,148	45,740	45,740
Eastern Jumna Canal - - - - -	98,606	101,528	83,187	92,017	92,459	93,463	93,463
Betwa Canal - - - - -	-	-	-	2,070	3,057	7,200	7,200
Western Jumna Canal - - - - -	145,505	166,069	88,468	89,730	140,506	102,300	121,500
Chenab Canal - - - - -	-	-	-	-	25	4,000	6,000
Bari Doab Canal - - - - -	166,543	132,978	153,137	189,635	163,667	175,000	155,000
Sirhind Canal - - - - -	22	3,249	13,467	35,491	69,900	110,000	125,000
Swat River Canal - - - - -	-	-	25	2,672	10,326	22,700	22,500
Godavari Delta System - - - - -	160,822	170,279	184,433	188,741	196,284	194,080	201,880
Kistna Delta System - - - - -	98,235	104,909	114,114	117,458	136,667	134,502	143,915
Sangam Anicut System - - - - -	-	-	3,970	5,824	8,127	9,405	11,460
Desert Canal - - - - -	10,053	13,699	11,547	9,807	11,951	14,474	14,003
Begari Canal - - - - -	18,280	23,842	26,782	23,921	21,940	27,062	27,263
Eastern Nara Works - - - - -	16,429	19,684	20,911	24,525	29,619	33,135	38,370
Mutha Canals - - - - -	15,334	13,752	14,710	17,864	18,490	18,940	19,740
Nira Canal - - - - -	-	-	24	268	737	939	1,640
Other projects - - - - -	99,749	54,733	111,634	115,593	122,338	134,698	140,131
<b>TOTAL - - -</b>	<b>1,470,707</b>	<b>1,540,844</b>	<b>1,427,380</b>	<b>1,507,293</b>	<b>1,553,516</b>	<b>1,672,778</b>	<b>1,719,535</b>

APPENDIX III.—*continued.*TABLE IX.—EARNINGS and EXPENSES of WORKS of IRRIGATION, &c.—*continued.*

	ACTUALS.					Revised	Budget
	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	Estimate, 1888-89.	Estimate, 1889-90.
	£.	£.	£.	£.	£.	£.	£.
<b>WORKING EXPENSES:</b>							
Orissa Canals - - - - -	29,313	31,573	34,258	50,193	48,131	43,000	42,500
Midnapore Canal - - - - -	21,565	22,317	20,985	22,637	24,007	23,430	21,000
Tidal Canal - - - - -	4,658	3,089	4,862	2,284	6,490	7,700	4,500
Sone Canals - - - - -	51,447	60,306	55,237	58,146	71,731	68,500	74,000
Ganges Canal - - - - -	80,198	92,009	86,026	85,535	88,300	91,069	89,675
Lower Ganges Canal - - - - -	64,751	82,154	81,327	79,186	86,397	97,189	93,156
Agra Canal - - - - -	23,859	26,565	26,313	28,337	24,478	26,192	26,699
Eastern Jumna Canal - - - - -	19,564	19,104	18,128	20,562	19,266	23,117	22,538
Betwa Canal - - - - -	-	-	208	6,995	8,295	10,274	10,930
Western Jumna Canal - - - - -	44,284	44,177	47,834	48,869	55,527	46,500	40,000
Chenab Canal - - - - -	-	-	-	-	5,733	7,900	7,500
Bari Doab Canal - - - - -	52,060	47,289	52,014	55,781	49,665	56,700	49,000
Sirhind Canal - - - - -	1,653	14,022	21,276	23,071	34,537	53,500	45,000
Swat River Canal - - - - -	-	-	2,372	5,243	8,375	9,400	10,600
Godavari Delta System - - - - -	38,243	50,476	50,486	48,594	51,680	49,898	46,400
Kistna Delta System - - - - -	27,922	27,691	29,413	32,514	32,663	32,473	33,800
Sangam Anicut System - - - - -	-	-	468	2,577	4,369	4,530	4,550
Desert Canal - - - - -	2,040	3,149	2,848	4,075	4,041	2,940	2,540
Begari Canal - - - - -	5,549	5,835	5,042	5,300	6,126	6,597	5,850
Eastern Nara Works - - - - -	5,903	6,488	6,467	6,443	5,474	7,587	6,627
Mutha Canals - - - - -	5,961	6,831	6,120	6,838	6,034	6,477	6,300
Nira Canal - - - - -	-	-	1,256	1,822	1,673	2,470	3,220
Other projects - - - - -	23,967	26,998	34,210	31,771	34,615	41,998	45,563
<b>TOTAL - - - - -</b>	<b>514,837</b>	<b>571,423</b>	<b>593,150</b>	<b>626,773</b>	<b>677,607</b>	<b>719,441</b>	<b>691,948</b>
<b>NET REVENUE:</b>							
Orissa Canals - - - - -	-5,526	-17,215	-13,523	-32,232	-25,827	-21,400	-20,900
Midnapore Canal - - - - -	4,802	3,479	5,264	782	-569	570	3,000
Tidal Canal - - - - -	1,701	662	383	3,156	-2,304	-2,800	400
Sone Canals - - - - -	8,934	25,851	51,027	33,697	-11,336	16,800	11,300
Ganges Canal - - - - -	200,800	243,354	153,242	179,692	153,255	166,432	167,826
Lower Ganges Canal - - - - -	107,473	108,063	75,144	47,263	41,000	54,240	58,273
Agra Canal - - - - -	40,514	52,625	20,376	33,001	23,670	19,548	19,041
Eastern Jumna Canal - - - - -	79,042	82,364	65,059	71,455	73,193	70,346	70,925
Betwa Canal - - - - -	-	-	-208	-4,925	-5,238	-3,074	-3,730
Western Jumna Canal - - - - -	101,221	121,802	40,634	40,861	84,979	56,300	81,500
Chenab Canal - - - - -	-	-	-	-	-5,708	-3,900	-1,500
Bari Doab Canal - - - - -	113,583	85,089	101,123	133,854	114,002	118,300	106,000
Sirhind Canal - - - - -	-1,631	-10,773	-7,809	12,420	35,363	56,500	80,000
Swat River Canal - - - - -	-	-	-2,347	-2,571	1,951	13,300	11,900
Godavari Delta System - - - - -	122,579	119,803	127,947	140,147	144,604	144,182	155,480
Kistna Delta System - - - - -	70,363	77,218	84,701	84,944	104,004	102,029	110,115
Sangam Anicut System - - - - -	-	-	3,502	3,247	3,758	4,875	6,910
Desert Canal - - - - -	8,013	10,550	8,699	5,732	7,910	11,534	11,463
Begari Canal - - - - -	12,731	18,007	21,740	18,621	15,814	20,465	21,413
Eastern Nara Works - - - - -	10,526	13,196	14,444	18,082	24,145	25,548	31,743
Mutha Canals - - - - -	9,873	6,921	8,590	11,026	12,456	12,463	13,440
Nira Canal - - - - -	-	-	-1,232	-1,554	-936	-1,531	-1,580
Other projects - - - - -	70,782	27,735	77,474	83,822	87,723	92,610	94,568
<b>TOTAL - - - - -</b>	<b>955,870</b>	<b>969,421</b>	<b>834,230</b>	<b>880,520</b>	<b>875,909</b>	<b>953,337</b>	<b>1,027,587</b>

APPENDIX III.—continued.

CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDISED RAILWAYS.

TABLE X.—ABSTRACT of BUDGET ESTIMATES of CAPITAL TRANSACTIONS of GUARANTEED and SUBSIDISED RAILWAYS, 1888-89 and 1889-90.

RAILWAYS.	AMOUNT IN RUPEES.			AMOUNT OF EXCHANGE.			AMOUNT IN POUNDS STERLING.		
	1888-89.		Budget, 1889-90.	1888-89.		Budget, 1889-90.	1888-89.		Budget, 1889-90.
	Budget.	Revised.		Budget.	Revised.		Budget.	Revised.	
<b>GUARANTEED RAILWAYS.</b>									
<b>RECEIPTS.</b>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>£.</i>	<i>£.</i>	<i>£.</i>
Madras - - - - -	22,50,000	20,50,000	22,00,000	1,88,000	1,71,000	1,83,000	206,200	187,900	201,700
South Indian - - - - -	18,75,000	18,85,000	18,50,000	78,000	78,000	77,000	179,700	180,700	177,300
Bombay, Baroda, and Central India - - - - -	23,00,000	25,00,000	23,50,000	1,92,000	2,08,000	1,96,000	210,800	229,200	215,400
Great Indian Peninsula - - - - -	70,00,000	72,00,000	70,00,000	5,83,000	6,00,000	5,83,000	641,700	660,000	641,700
Oude and Rohilkhund - - - - -	14,50,000	12,00,000	-	-	-	-	145,000	120,000	-
<b>TOTAL - - -</b>	<b>1,48,75,000</b>	<b>1,48,35,000</b>	<b>1,34,00,000</b>	<b>10,41,000</b>	<b>10,57,000</b>	<b>10,39,000</b>	<b>1,383,400</b>	<b>1,377,800</b>	<b>1,236,100</b>
<b>ADVANCES.</b>									
Madras - - - - -	16,25,000	19,25,000	20,00,000	1,36,000	1,60,000	1,67,000	148,900	176,500	183,300
South Indian - - - - -	12,00,000	13,50,000	11,50,000	50,000	56,000	48,000	115,000	129,400	110,200
Bombay, Baroda, and Central India - - - - -	15,00,000	15,00,000	15,50,000	1,25,000	1,25,000	1,29,000	137,500	137,500	142,100
Great Indian Peninsula - - - - -	48,00,000	44,50,000	49,00,000	4,00,000	3,71,000	4,08,000	440,000	407,900	449,200
Oude and Rohilkhund - - - - -	14,85,000	12,50,000	-	-	-	-	148,500	125,000	-
<b>TOTAL - - -</b>	<b>1,06,10,000</b>	<b>1,04,75,000</b>	<b>96,00,000</b>	<b>7,11,000</b>	<b>7,12,000</b>	<b>7,52,000</b>	<b>989,900</b>	<b>976,300</b>	<b>884,800</b>
<b>NET RECEIPTS.</b>									
Madras - - - - -	6,25,000	1,25,000	2,00,000	52,000	11,000	16,000	57,300	11,400	18,400
South Indian - - - - -	6,75,000	5,35,000	7,00,000	28,000	22,000	29,000	64,700	51,300	67,100
Bombay, Baroda, and Central India - - - - -	8,00,000	10,00,000	8,00,000	67,000	83,000	67,000	73,300	91,700	73,300
Great Indian Peninsula - - - - -	22,00,000	27,50,000	21,00,000	1,83,000	2,29,000	1,75,000	201,700	252,100	192,500
Oude and Rohilkhund - - - - -	-35,000	-50,000	-	-	-	-	-3,500	-5,000	-
<b>TOTAL - - -</b>	<b>42,65,000</b>	<b>43,60,000</b>	<b>38,00,000</b>	<b>3,30,000</b>	<b>3,45,000</b>	<b>2,87,000</b>	<b>393,500</b>	<b>401,500</b>	<b>351,300</b>
<b>SUBSIDISED RAILWAYS.</b>									
<b>RECEIPTS.</b>									
Capital received in India :									
Southern Mahratta - - - - -	-	-	-	-	-	-	-	-	-
Indian Midland - - - - -	-	-	-	-	-	-	-	-	-
Gain on Remittances to India :									
Southern Mahratta - - - - -	-	-	-	4,25,000	1,57,000	85,000	-42,500	-15,700	-8,500
Mysore - - - - -	-	-	-	8,64,000	29,000	5,000	-86,400	-2,900	-500
Indian Midland - - - - -	-	-	-	8,05,000	6,48,000	9,78,000	-86,400	-64,800	-97,800
Bengal Central - - - - -	-	-	-	-	-	-	-	-	-
Bengal-Nagpur - - - - -	-	-	-	8,05,000	9,92,000	5,71,000	-80,500	-98,200	-57,100
<b>TOTAL - - -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,94,000</b>	<b>18,16,000</b>	<b>16,39,000</b>	<b>-209,400</b>	<b>-181,600</b>	<b>-163,900</b>
<b>WITHDRAWALS.</b>									
Southern Mahratta - - - - -	14,88,000	51,55,000	21,62,000	2,48,000	13,18,000	3,60,000	124,000	383,700	180,200
Bellary-Kistna - - - - -	43,00,000								
Mysore - - - - -	38,00,000	29,18,000	9,00,000	9,50,000	7,29,500	2,25,000	285,000	218,850	67,500
Indian Midland - - - - -	1,50,00,000	1,83,00,000	40,47,000	30,00,000	36,60,000	8,09,400	1,200,000	1,464,000	323,760
Bengal Central - - - - -	1,40,000	1,60,000	2,03,000	40,000	46,000	58,000	10,000	11,400	14,500
Bengal-Nagpur - - - - -	1,50,00,000	1,93,40,000	1,06,98,000	34,61,000	44,63,000	24,70,000	1,153,900	1,487,700	822,800
<b>TOTAL - - -</b>	<b>3,97,28,000</b>	<b>4,58,73,000</b>	<b>1,80,10,000</b>	<b>89,28,000</b>	<b>1,02,16,500</b>	<b>39,22,400</b>	<b>3,080,000</b>	<b>3,565,650</b>	<b>1,408,760</b>
<b>Net Withdrawals - - -</b>	<b>3,97,28,000</b>	<b>4,58,73,000</b>	<b>1,80,10,000</b>	<b>68,34,000</b>	<b>84,00,500</b>	<b>22,83,400</b>	<b>3,289,400</b>	<b>3,747,250</b>	<b>1,572,660</b>
<b>GUARANTEED AND SUBSIDISED RAILWAYS.</b>									
<b>Net Withdrawals - - -</b>	<b>3,54,63,000</b>	<b>4,15,13,000</b>	<b>1,42,10,000</b>	<b>65,04,000</b>	<b>80,55,500</b>	<b>19,96,400</b>	<b>2,895,000</b>	<b>3,345,750</b>	<b>1,221,360</b>



ABSTRACT of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the Provisions of the Act of Parliament, 24 & 25 Vict. c. 67.

The Council met at Government House on Wednesday, the 27th March 1889.

PRESENT :

His Excellency the Viceroy and Governor General of India, G.C.M.G., G.M.S.I., G.M.I.E., presiding.

His Honour the Lieutenant Governor of Bengal, K.C.S.I., C.I.E.

The Honourable A. R. Scoble, Q.C., C.S.I.

The Honourable Sir C. A. Elliott, K.C.S.I.

The Honourable P. P. Hutchins, C.S.I.

The Honourable Sir D. M. Barbour, K.C.S.I.

The Honourable R. Steel

The Honourable F. M. Halliday.

The Honourable Syud Ameer Hossein, C.I.E.

The Honourable Rájá Durga Charn Laha, C.I.E.

The Honourable G. H. P. Evans.

The Honourable Maung Ón, C.I.E., A.T.M.

The Honourable Muhammad Ali Khan.

The Honourable J. W. Quinton, C.S.I.

NORTH WESTERN PROVINCES AND OUDH KANUNGOS AND PATWARIS BILL.

The Honourable Mr. QUINTON moved that the Report of the Select Committee on the Bill to authorise the imposition of a patwari rate in the North Western Provinces and Oudh, and make certain provisions respecting kanungos and patwaris in those provinces, be taken into consideration. He said :—

“ The alterations made in the Bill by the Select Committee are not numerous. The changes in Sections 2, 4, and 9 merely save appointments made and rules issued under existing Acts, and set out at length definitions for which the Bill as introduced made necessary a reference to other enactments. We have amended Sections 7 and 15 so as to leave it to the Local Government to lay down the rules and conditions under which the patwari cess is to be computed and payable in the exceptional cases of land being rent-free, or rent being payable in kind or service. It would be inexpedient to force landlords or tenants into court for the purpose of having the liability of tenants determined in such cases. In Sections 9, 13, and 15 we have adopted a recommendation of the Local Government, and declared under-proprietors of entire villages in Oudh liable to the whole rate, and entitled to collect the cess from the tenants. This is in accordance with the practice which prevailed almost universally in the province before the Act of 1882. Under-proprietors of plots of land not being whole villages will be treated as tenants and pay the cess only. We have, as suggested by the Local Government, given landlords in Oudh the same voice in the nomination of patwaris as is possessed under the North Western Provinces land law by the landlords of those provinces.

“ With the assent of my honourable friend the Finance Member, we have embodied in Section 18 a legislative recognition of the undertaking of the Local Government that the present contribution to the patwari fund by Government shall not be less than 10 lakhs of rupees, and we have made the concurrence of the Government of India a condition precedent to any reduction of the grant below that amount. When the landlords and tenants of the provinces are being called on to pay their share towards an object in which Government as well as they are interested, it is but fair that Government should pledge itself so far as it properly can to maintain its part of the burden.

“ In the general principle of the Bill we have made no change. The Select Committee approached the subject with a strong inclination to modify the provisions of the Bill as introduced in favour of the tenant, but the reasons given by the Lieutenant Governor in the passage I am about to quote, and the knowledge that

that the tenants of both provinces had so benefited by an unusually long series of prosperous years as to render the payment of a cess of 1 or  $\frac{3}{4}$  per cent. on their rent a matter of no difficulty, constrained the Members to the conclusion that the principle of the Bill was sound and should be maintained. Sir Auckland Colvin, in his Secretary's letter of the 9th instant, which has been published as a Paper on the Bill, writes as follows :—

‘ To the general principle of the Bill no objections have been made. The justice of redistributing the present cost of the patwari establishment among the different classes which profit by its maintenance has not been impugned. It is, in fact, merely a reversion to the original arrangement by which the patwari, as the servant of the village and not of the landlord only, was paid by an allotment from the grain heap before the produce was divided between the landlord and the tenant; with this addition, that the State, which now derives great advantages from the statistical information furnished by the village papers, and which will be greatly benefited thereby at future periodical revisions of the land revenue, will now make a corresponding contribution to the total expense. The importance to the statutory tenant in Oudh, and to the tenant with right of occupancy in the North Western Provinces, of the punctual and accurate maintenance of the record by which their rights are established, is obvious, and to the tenant-at-will the advantage is hardly less, as he depends on the rent-rolls for the correct statement of his rent, and of the continuous holding which, after a period of 12 years, secures him a right of occupancy. The justice of demanding their contribution from the owners of privileged tenures seems too clear to require discussion, and was recognised in the arrangements which existed in the North Western Provinces prior to the passing of Act XIII. of 1882; but, if tenants of all classes are exempted from liability, it is nearly certain that, while the privileged tenants, whose annual payments are guaranteed by law, will escape altogether, the tenants-at-will, whose interests in the matter, though considerable, are not so obvious, will nevertheless be compelled by their landlords to pay at least as much as could be demanded from them under the present provisions of the Bill. Experience has shown that it is impossible to hinder the landlord from demanding from tenants-at-will any cess which may have been imposed on the land. [In this connection I may add that nearly one-half of the tenant cultivation of the North Western Provinces is in the hands of tenants-at-will, and that a general exemption of tenants from payment of the cess would leave them to bear not only their own share of the cost, but probably that of the privileged class of tenants also.] Moreover, as a result of recent legislation, nearly the whole of the land in Oudh is held by tenants with statutory rights. The concurrence of the landlords of that province to the proposed taxation has rested mainly on the understanding that they would be allowed to recover from their tenants, who are now in a far better position than they were then, a cess corresponding in principle, though it is considerably less in amount, to the cess which they were allowed to collect before the legislation of 1882. On the general principle, then, that the cost of establishment should be distributed in proportions roughly corresponding to the benefit they respectively derive from it, between the State, the landlords, and the tenantry, Sir Auckland Colvin has no criticism to offer, and he trusts that it may be maintained without any material modification.’

‘ The Committee considered carefully the possibility of exempting from the cess tenants who might prove that they were paying a share of the cost of the patwari in the shape of enhanced rent; but their inquiries established that no workable plan could be devised which would not be attended with greater evils than those it was meant to provide against. In my remarks on the introduction of the Bill I stated that an inquiry, made under the orders of Sir Alfred Lyall in 1884, showed that it was impossible to resolve rents then existing into their component parts, so as to say what portion of the rent was to be remitted on account of the abolished cess. As to 13 districts of the North Western Provinces, it was then proved that no separate patwari cess ever existed, or that, if it existed, it became merged in the rent at a period so remote that no memory of it survived. In other districts the cess was merged in the rent under the Saharanpur Settlement Rules issued in 1855, or under the Land Act of 1873. What was held on such good grounds to be impossible in 1884 would certainly be equally impossible in 1889; and, under such circumstances, to give a power of reopening all cases of enhancement throughout the length and breadth of the provinces for many years previous to 1882, in order to ascertain whether the tenant might now be fairly called on to pay an addition to his rent of two pies in the rupee, is a course which the Select Committee could not recommend. Such a remedy would be worse than the disease.

‘ These are the only points to which it seems necessary for me to call the attention of the Council on this occasion. My honourable friend Sir David Barbour will, no doubt, explain the relations between this measure and the financial arrangements of the Government of India, in the statement which he is, I understand, about to make.’

The Honourable MUHAMMAD ALI said :—

“ Having had occasion to take part in the discussion of the Patwari Bill in the Select Committee, I have nothing more to add. The Bill, after amendments, is, in my opinion, quite unobjectionable. It is not reasonable that the Government alone should bear the whole cost of the patwari establishment, to the extent of 30 lakhs of rupees, as it has been doing for the last seven years. As the keeping of an accurate patwari record is proportionately useful to all the parties interested in the land, the cost should be borne by each of them in proportion to the benefit he receives. For this reason the distribution of the cost between the Government, the zamindár, and the tenant, as made by the Bill, is just and fair.

“ The expenses incurred by the Government on the occasion of every new settlement were not less than, on an average, 10 lakhs of rupees in every district, while the present Bill imposes on Government an expenditure of only 10 lakhs for both the provinces. In view of the great savings of expense likely to be realised by the Government in future settlements, it is only reasonable that the Government should contribute the aforesaid sum. It is a well-known fact that people always dislike the imposition of any rate, but, when they find that the Government is also ready to contribute its share, they will have no fair grounds for complaint.”

The Honourable Sir CHARLES ELLIOTT said :—

“ As an old North West official to whom the patwari and the patwari cess have been familiar terms for the last 30 years, I cannot let the occasion of the passing of the Patwari Cess Bill go by, without expressing my satisfaction at its enactment, and without laying before your Excellency's Council two special grounds for congratulation. The first is, that this Bill, although it involves the imposition of a cess upon themselves, is about to be passed into law with the approval of the great landholders of the North Western Provinces, as represented by my honourable friend Muhammad Ali, and with the written consent of the influential body of taluqdars of Oudh, who have themselves assisted, through the Secretary to the Taluqdars Association, in framing the details of the Bill. It shows that a great step has been gained in modifying the hitherto somewhat despotic character of the government of the country, when the Lieutenant-Governor is able to win so completely the confidence of the landed gentry of his province, when they co-operate so heartily with him in legislation of this kind, and when they show such a wise and statesmanlike patience of taxation.

“ The second point I wish to draw attention to is the improvement which this Bill may be expected to produce in the working of the patwari staff. There is nothing so important to the agricultural community of the North Western Provinces, who comprise about 90 per cent. of the population, as the accurate registration of the mutual rights of landlord and tenant. It is well known that a great reform has taken place of late years in the completeness and accuracy of the village records, a reform with which the name of Sir Edward Buck is honourably connected. But the basis of this reform rests on the education, discipline, supervision, and proper payment, of the patwari. As long as the sum which could be devoted to paying the patwari staff depended on the amount which could be spared from the provincial treasury, on which a thousand other demands were being constantly made, so long there was little hope of obtaining such increased grants as were necessary to meet the constantly expanding wants of the establishment. Now that the old system of a cess has been restored, we have got a fund which acts automatically in the right direction. As new land is broken up and cultivated, as fields are subdivided, and competition for land causes rents to rise, the patwari's work of record increases, and with it increases the annual value of the village on which the patwari cess is based. I trust, therefore, that this Bill, in addition to the relief it gives to the Imperial Treasury, will have the secondary and, as it were, accidental advantage of strengthening the hands of the Revenue and Agricultural Department, and enabling it to carry out more completely than before the objects which were defined by the Famine Commission and accepted by the Government of India nearly 10 years ago, but which have been to some extent retarded by that eternal want of pence which is the most constant check on all attempted reforms in administration.”

The Honourable Sir DAVID BARBOUR said :—

“ The Bill which we are now considering was introduced mainly, but not solely, with the object of adding to the revenue, and I will therefore take this opportunity of explaining the present state of the finances.

“ It will not be necessary for me to go into great detail, as the Financial Statement is published to-day, and a copy of it has been furnished to each Member of your Excellency's Council, but for the purpose of obtaining a correct general view of our present financial position it will be well to go back a little, and to briefly indicate the financial position of two years ago, when the Statement for 1887-88 was made.

[Here follows an abstract of the Financial Statement printed on page 5.]

\* \* \* \* \*

His Excellency the PRESIDENT said :—

“ I think the best mode of procedure, unless honourable Members see fit to object, would be that I should now put the motion which is on the paper, and that we should adjourn until Friday next. It will then be open to honourable Members, if they desire to offer observations on the Financial Statement which we have just had the advantage of hearing, to make them on the motion that the Bill should pass. In the meanwhile honourable Members will have had the leisure to consider the Statement in all its bearings.”

The motion was put and agreed to.

The Council adjourned to Friday, the 29th March 1889.

---

The Council met at Government House on Friday, the 29th March 1889.

PRESENT :

His Excellency the Viceroy and Governor General of India, G.C.M.G.,  
G.M.S.I., G.M.I.E., presiding.

His Honour the Lieutenant Governor of Bengal, K.C.S.I., C.I.E.

The Honourable A. R. Scoble, Q.C., C.S.I.

The Honourable Sir C. A. Elliott, K.C.S.I.

The Honourable P. P. Hutchins, C.S.I.

The Honourable Sir D. M. Barbour, K.C.S.I.

The Honourable R. Steel.

The Honourable F. M. Halliday.

The Honourable Syud Ameer Hossein, C.I.E.

The Honourable Rájá Durga Charn Laha, C.I.E.

The Honourable G. H. P. Evans.

The Honourable Maung On, C.I.E., A.T.M.

The Honourable Muhammad Ali Khan.

The Honourable J. W. Quinton, C.S.I.

---

NORTH WESTERN PROVINCES AND OUDH KANUNGOS AND  
PATWARIS BILL.

THE Honourable Mr. QUINTON moved that the Bill to authorise the imposition of a Patwari-rate in the North Western Provinces and Oudh, and make certain provisions respecting Kanungos and Patwaris in those Provinces, as amended, be passed.

The Honourable Mr. EVANS said :—

“ The Financial Member is to be congratulated on the lucid exposition he has given of the present financial position. That position is distinctly better than was generally expected. The diminution of the estimated deficit for 1888-89, and the estimate for a small surplus for 1889-90, in the face of  
0.76. increased

increased expenditure, and without the imposition of additional taxation, are welcome surprises, though accompanied by a note of warning as to the future. No one will expect from me a detailed criticism of the Budget. I am not an expert in finance, and my time is too fully occupied for me to be under any temptation to attempt the rôle of an amateur financier, but I propose to make a few remarks upon certain points.

“The difficulties besetting Indian finance have been graphically described by Sir David Barbour. Famine and war, the act of God and the Queen’s enemies, are beyond our power to avert; and there is no international insurance company to guarantee us from loss from such causes. We are our own insurers. As to the first, we are doing our best to mitigate the evil by improved means of communication between different districts and provinces. As to the second, we are doing our best to make it a dangerous and hazardous thing for any enemy to attack us; but the expenses are much increased and deficiency diminished by the short-service system, with the expensive and useless transport which it necessitates. The advantages of the short-service system are advantages to England, not to India.

“As to the opium revenue, the uncertainty of the future is great, but I have heard of no proposal by which it can be lessened. We can only hope for the best, and look out for fresh sources of revenue should this dwindle away in course of time.

“But the fourth difficulty, the exchange, is one which high and competent authorities believe can be dealt with and practically removed by international agency.

“Though I, like most other people in India, have devoted some consideration to this problem, and have had the opportunity of seeing the Report of the late Commission and the evidence taken, yet the questions involved are far too complicated for me to offer any opinion on the details of the schemes that have been proposed for the removal of this great source of embarrassment.

“There are, however, one or two great facts and principles that seem to stand out clearly beyond the sphere of doubt or uncertainty.

“It seems clear that it cannot be for the advantage of the empire as a whole that there should exist within its limits two monetary standards, varying largely and rapidly in relative value.

“In the present days of keen competition, of telegraphs, and of steam communication, any cause which hampers trade and impedes the free flow of capital to the fields where it may be most profitably invested must be injurious. There can be no doubt that the absence of a common money standard between England and its Colonies on the one hand, and its Eastern Empire on the other hand, produces these evils.

“By introducing an additional element of uncertainty, it puts difficulties in the way of honest and legitimate trade, and makes business more risky.

“We have just seen the bank rate in Calcutta standing week after week at over 12 per cent., while the London rate was 3 per cent. or under. We all know the difficulty of inducing English capitalists to lend money in India. They are shown the return they will get in rupees, but their answer is, What will the rupees be worth when we get them? In India there is a reluctance to take sterling loans, for the borrower cannot tell how many rupees will repay the interest or principal at a future date.

“The Budget Statement now before us shows clearly the embarrassment to which the present state of things subjects the finances of this country, and the danger of future serious alteration in the relative values of gold and silver appears to be very great.

“I understand that the United States now coin every year 5,000,000 *l.* sterling of silver. This they cannot continue to do permanently, unless they are prepared to adopt a silver standard.

“There are also rumours of Russia and other countries wishing to adopt a gold standard. Any one of these changes would probably have a serious effect on the relative value of gold and silver.

“I see no method by which we can get over the uncertainty which now hangs over the future, except by an international agreement or understanding of some sort, and I hope that the Government of India will continue to press the importance of this question on the attention of Her Majesty’s Government in England.

“ This

“ This period of pressure, when the Provincial Governments have been obliged to come to the assistance of the imperial revenue, is not an opportune moment for inquiring which taxes are most objectionable, or for urging increase of expenditure which is not absolutely necessary. But I deem it my duty to draw attention to certain facts connected with the administration of justice in Bengal. The surplus revenue produced by the administration of civil justice in Bengal (appearing under the head of court fees) is, according to the figures supplied by the High Court, over 30 lakhs per annum. I understand the correctness of these figures was not admitted by the late Financial Member, though he never produced any statistics to contradict them. Whether they are correct or not, it cannot be denied that the surplus is large. This surplus is said to be applied in meeting the deficiency arising on the administration of civil justice in other parts of the empire. I will not now discuss the justice of taxing the litigants of Bengal, to meet the costs of litigation in other provinces.

“ The point I desire to bring forward is the narrower but graver one that, notwithstanding the surplus arising from civil litigation in Bengal, the provision made for the administration of civil justice in that province has been insufficient. The High Court has more than once of late years drawn the attention of the Government to the fact that the provision made for the administration of justice in Bengal is inadequate; that, while the business and the surpluses have increased by leaps and bounds, the increase of the subordinate judiciary has not kept pace with it; that the strain on the subordinate judges is excessive and the arrears heavy, while the number of munsifs is wholly inadequate; that the prevalence of sickness amongst officers of the subordinate judicial service, and the frequent collapse of health, and even more serious consequences, are largely due to the unhealthy and ill-ventilated huts in which those officers have to hold their courts, and to excessive overwork.

“ It is reported that the High Court recently asked for the appointment of a large number of additional munsifs to cope with the continually increasing current business and with the arrears, and that the Local Government recommended the sanction of a certain number, being less than what the High Court asked for, but that the Government of India cut down heavily the number recommended by the Local Government and sanctioned a much smaller number, and appointed a Commission to make inquiries with a view to future alteration in the system. I do not suppose the High Court to be infallible. The High Court may study efficiency more than economy, but, if and so far as the High Court and the Local Government are agreed upon a question so particularly within their knowledge, the number of munsifs now needed in Bengal, it appears to me that the Government of India has taken a heavy responsibility in not acceding to the demand. The zamindars of Bengal, who have to pay their revenue to the day, have just cause of complaint when they cannot get their rent cases speedily tried for want of sufficient munsifs. That there are not enough munsifs for the work is a patent fact; and the High Court was of opinion, at the passing of the Bengal Tenancy Act, that it would not be safe at present in the interests of the raiyats to secure greater speed and economy by a more summary method of trial, and in this opinion the Governments of Bengal and India agreed. It would thus appear to be the bounden duty of the Government, having a surplus from this source, to provide the necessary number of officers, while it is far from clear that the duty has been performed. The Commission, whatever future reforms it may recommend, will not try cases or relieve the present pressure.

“ The other evils, insufficient accommodation, and an insufficient and underpaid establishment, are equally patent to all who are acquainted with the misfissal of Bengal. They have grown up gradually under former Governments and intensified, and it would not be fair to ask the present Local Government to cure them at once by a stroke, as it were, of the pen.

“ I am aware that the Local Government has recognised these evils and attempted to meet them, but has been hampered by want of funds. Some progress has been made, and a good deal of money spent on the larger courts. But the state of things is unsatisfactory, and it is right that attention should be drawn to the fact that the department which is in this unsatisfactory state is one which actually not only pays its way but yields a large surplus.

“ Last year, on the passing of the Petroleum Bill, I drew attention to the possibility

possibility of some relief to our finances from a complete overhauling of the home charges. I will not go over the same ground again. I understood that the Secretary of State was about to appoint a Commission to inquire into various matters connected with those charges, but I have not heard of any result as yet.

“With regard to the future, I venture to think that the Government might profitably turn their attention to the possibility of a general succession duty. It is a tax unobjectionable in principle. It cannot be so difficult to work or so vexatious as an income tax; the yield would be considerable, if a working scheme could be devised, and the revenue authorities instructed to see that the duty was collected and not evaded, instead of the collection being left entirely in the hands of the civil courts, as is the case with such succession duties as are now paid by a limited class of the inhabitants of India.”

The Honourable RĀJĀ DURGA CHARN LAHA said:—

“I must confess to an agreeable surprise. I never expected that there would be a surplus, no matter how small. There was a general apprehension of a deficit. The Finance Minister has given us a surplus, which is so far satisfactory. Looking, however, to the means by which this surplus has been brought about, I am bound to say that the financial position does not seem to me to be in a sound condition. The surplus this year has been produced by taking a contribution of 74 lakhs of rupees from the Provincial Governments. The Imperial Government has been benefited by this contribution, it is true, but the resources of Local Governments have been considerably crippled. I do not wish now to discuss the policy by which the Provincial Governments will be starved to supply the needs of the Imperial Government. But it cannot be denied that the Local Governments will be great sufferers by thus ministering to the wants of the Imperial Government. They will have to find means by local taxation to fill up the gap which has been created in their resources. I may be permitted to mention the patwari cess, by way of an illustration of what I mean. Had it not been for the contribution which the Imperial Government has taken from the North Western Provinces, it would not have been necessary to impose this tax. We thus see that, though the country will be saved from imperial taxation this year, there may be taxation in another form in the provinces; and thus it is clear that the provincial contribution has in no way relieved the financial pressure of the country. If the provincial contribution be left out, the Budget Estimates show a deficit of 64 lakhs of rupees. Even if we take no notice of the temporary relief given by the accidental circumstance of there being a credit of 52 lakhs, arising from the receipts on account of exchange on the capital transactions of railway companies, we cannot shut our eyes to the fact that the financial outlook is anything but cheering. The revenue is increasing every year, and still there is a deficit. Within the last eight years nearly 16 crores have been added to the annual revenue, but the expenditure has increased in proportion. Much of this expenditure may be unavoidable, but still it may be possible to keep it in check by having a vigilant watch over it. The Finance Minister tells us that there is no ground for desponding views. Be it so. But I must say that the financial situation of the Government of India has filled me with grave apprehensions.

“It is by practising economy and husbanding the revenue that the financial equilibrium of the country can best be restored. The Government of India is reducing expenditure in all its departments, consistent with the efficient administration of the country. There is yet room for further economy, especially in the Public Works Department. I have no doubt it will be effected when opportunity offers. The curtailment of high official salaries wherever practicable will also, I hope, engage the attention of the Executive Government. But it is not in India alone that there is room for economy. The charges in England, the home charges, are a severe drain upon the resources of the country. We find that the expenditure in England is a great deal more than the country can bear. This year the Budget Estimate of the amount to be remitted to England on account of the Secretary of State's Bills is 14,690,900 £, equivalent to about 21 crores of rupees. In other words, nearly one-fourth of our revenue is drawn by the Secretary of State. There is an absolute necessity for reducing this amount, and, unless this is done, small savings here and there in India will not afford any appreciable relief to Indian finance.

“The

“The Finance Minister has referred to the falling-off of receipts from the salt revenue. This has been largely due to the groundless rumours regarding an anticipated reduction of the salt duty. The Secretary of State recently stated that the earliest occasion would be taken to abrogate the increase in the salt duty. It must have been represented to his Lordship that the increased duty on salt is working great hardship on the people. Such a representation, if it has been made, had no foundation in truth. A slight increase in this duty would hardly affect the people one way or another. I am certain it is neither harassing nor oppressive. The incidence of taxation on account of increase in this duty is so small that the people hardly feel its pressure. The Secretary of State, therefore, need be under no anxiety on this account. Not to speak of the evil effects of a frequent change of policy in regard to any important fiscal system of the country, the abrogation of the increased salt-duty will entail a needless sacrifice of revenue—a sacrifice which will bring but little relief to any class of the community. If the finances be in such a condition as to admit of any reduction of taxation, I would suggest that the taxes which act oppressively on the people be first taken away. The income-tax is working great hardship. No form of direct taxation is suited to our country. If the income-tax be abolished, it would afford a substantial relief, and would be really appreciated by the people. Another tax which operates prejudicially to the interests of the people is the rice-duty. It is a duty which greatly affects the material welfare of the people. If it be reduced or abolished altogether, it is certain to add to the prosperity of the country. If it be true that the peculiar circumstances of Burma make the rice-duty take the place of the land-tax in Bengal, that may be an argument for retaining the rice-duty in Burma, but it is no argument for the retention of so burdensome an impost in the provinces which contribute their due share to the land-revenue.

“The Finance Minister is hopeful that the financial position of the Government of India will, under ordinary circumstances, show a decided improvement in a short time. Let us all hope that this expectation may soon be realised.

“In conclusion, my Lord, I earnestly trust that the people may, under your *régime*, enjoy freedom from further taxation. May the *patwari*-cess be the first and last form of taxation to be imposed on the people so long as your Excellency is at the head of the Government.”

The Honourable SYUD AMEER HOSSEIN said :—

“The honourable Member in charge of finance is to be congratulated on his presentation to this Council of such a full, comprehensive, and well-balanced Financial Statement.

“It is indeed satisfactory that, in the face of so many and such various difficulties, he has been able to show a surplus of Rx. 106,000 in the Budget of the coming year.

“I trust that the next year may be free from those unforeseen disasters which contribute so largely to the augmentation of public expenditure, and that, through the usual elasticity of the existing sources of revenue, the honourable Minister may be able to show at the end of the year a much larger surplus than what he has very carefully estimated in the Budget, and he may be able to give some substantial relief to the payers of direct taxes, specially those who are taxed for an income below Rs. 1,000 per annum under the Income-tax Act.

“My Lord, the deplorable case of this class of tax-payers deserves a merciful consideration at your Excellency's hands, and I earnestly hope that an early opportunity may be taken by your Excellency's Government to raise the existing taxable minimum from Rs. 500 to Rs. 1,000. The parties who pay tax under this class of the schedule are petty tradesmen and clerks in Government offices or in private employ. They form the lower middle classes of the people, and have not only to live decently and appear in public in decent raiment, but to maintain a large family. Their necessities are such that, considering the general rise in the prices of the articles of food and clothing during the past twenty years, it is impossible for them to make the two ends meet with a paltry income varying from 34 *l.* to 68 *l.* a year.

“Moreover, I very much doubt whether the administration of direct taxation



in this country, notwithstanding the vigilance and careful supervision of the higher revenue authorities, is as satisfactory as it should be. It is open to question whether some of those who are returned by the assessors as drawing an income of Rs. 500 or upwards really enjoy that income.

The case of European tax-payers with small incomes is probably still harder. They are not only required to live respectably and maintain a decent appearance in society, but to send large remittances home under ruinous rates of exchange.

“I have, however, no doubt, my Lord, that, as soon as the Exchequer has attained an equilibrium, the unsuitability of direct taxation to this country, especially to those that come under the lower classes of the schedule, will force itself into your Excellency's attention, and the desired relief will be afforded, at least to the much-suffering portion of the community.”

The Honourable Mr. STEEL said :—

“At the previous stage of the Kanungos and Patwaris Bill it was remarked that there appeared to be no sufficient reason why the cess should not be re-imposed on the same scale as before 1882. In reply several speakers have justified the reduction. It has been shown that the village accounts are valuable to Government for the purpose for assessing the land-revenue. Also that they are important to the Oudh raiyats as enabling them to protect the interests they have acquired under the Rent Act. The conclusion is drawn that those who have an interest in the accounts should contribute to pay for them. I confess the argument has not convinced me. The zamindars held their interest in State property on the condition that they paid for keeping the accounts, and the fact that the accounts possessed value to others should not disturb this bargain. It has also been suggested that, if the landlords had not been relieved from the ten lakhs, they would have been able to reimburse themselves by exactions from tenants-at-will. It seems to me that, if they have the power of exacting money from their tenants, they are not likely to be restrained from doing so by the arrangement proposed. The exactions of a landlord from a tenant-at-will must be regulated by the ordinary laws of supply and demand. The fact that the ten lakhs are to be paid by Government will not apparently prevent the landlord from making the tenant pay the cess over again.

“The fact is, the arrangement appears to be the result of a compromise, and as such has been made the subject of commendation. A compromise may often be a prudent settlement of a disputed question of law or of fact, but a compromise of principle is always objectionable. The zamindars are naturally enough glad to settle by payment of two-thirds of the amount which might have been demanded from them; but, if we would follow the precedent of Solomon's judgment, the proposal to divide the child has identified the owner.

“And now, my Lord, I beg to express the satisfaction of the public that Government should have followed the precedent of last year, by giving an opportunity for the discussion of their financial arrangements in this Council. The honourable Finance Minister is to be congratulated upon the extremely able and interesting statement he has laid before us. Considering the intricacy and difficulty of the subject with which he has to deal, he has thrown very clear light upon the situation. The results of the past year, if they cannot be deemed altogether satisfactory, are, at any rate, better than the public had reason to apprehend. The falling-off of the revenue of the East Indian Railway is an unfortunate feature, especially as this seems to have arisen from causes which may permanently depreciate the value of that splendid property. The temporary falling-off in the quantity of salt which has paid duty I look upon without any concern. My honourable friend has given us an explanation. He has attributed it partly to the mistaken notion that the duty was likely to be reduced. But there is another reason which has had an important influence in reducing the amount of duty paid in Bengal during the past year. This is the advance in the rates of freight on salt from Liverpool to Calcutta. The duty of Rs. 2. 8. per maund is a fixed charge. Until this unfounded rumour arose, the dealer in salt has had no object in delaying his purchases in the expectation of a reduction in the duty. But, if he had been accustomed to buy salt

salt in bond at 8 to 10 annas per maund, and the price advanced, as it has done, to Rs. 1 per maund in consequence of higher freight, then he would look upon the advance as due to a temporary cause, and would restrain his buying in hopes that the bonded price would come down to its old level. In so doing, he would act upon the reasonable principles which govern the operations of trade. We may rely upon it that the consumption of salt is going on just the same as before, and increasing with the increase of the population and the improvement of communications. The stocks in the hands of dealers and petty shopkeepers have been depleted, but these stocks will have to be replenished, and the amount of duty paid in the future will be all the larger in consequence. I may say with confidence that not a single Coolie has used a pinch of salt the less in consequence of the advance in the duty. The progress made in the improvement of the revenue of Upper Burma is a promising feature, and we may hope that with the pacification of that province one of our principal financial difficulties will disappear.

“On the expenditure side I feel no inclination to complain of the charges for military works, frontier railways, and improved arms of precision for our soldiers. It is for your Lordship's Government to obtain the best professional advice on these matters, and, having made up your mind as to the value and necessity of the measures proposed, to carry them out with due regard to economy. You may rely upon the support of public opinion in incurring expenditure necessary for the protection of the empire.

“And now, my Lord, I will make some observations concerning the arrangements for the coming financial year. When considering how I might best avail myself of this opportunity, the first thought that occurred to me was the difficulty of making any practical suggestions. The financial policy of Government has been decided on after mature consideration. The assent of the Secretary of State has been obtained. The Finance Minister has been for many weeks engaged upon his Budget. This Budget consists of an enormous mass of figures, dealing with the income and expenditure of an empire containing a population of two hundred millions. It is complicated by the separation of accounts relating to productive and non-productive works, by expenditure on works which, when complete, will be productive, but which, while as yet incomplete, yield no revenue; by loans to municipalities repayable by aid of sinking funds; by considerations of exchange, affecting not only our annual gold obligations but also our gold indebtedness. It is indeed the most intricate body of accounts ever submitted to a consultative assembly. We have had two days to consider it, and I think I may say that even cursory examination of such materials in so short a period is beyond the powers of man. Even if it were possible to analyse the figures and found upon them any adverse criticism of the budget, it would be impossible for Government to alter on the 29th of March a single arrangement which must come into force on the 1st of April. To one accustomed to deal with financial matters from a practical point of view, the attempt to comment upon such a Budget is indeed a discouraging task. I believe, however, that a discussion may have a remote, but yet a practical, value. For the coming year we can do nothing but accept the Budget as it stands. It is, however, possible that an expression of public opinion may influence the Government in future years. I think I may say that in past years our finance has been administered without any support from instructed public opinion in India. At the same time it has been subjected to a certain amount of deleterious influence through pressure on Secretaries of State, by grievance-mongers, ignorant of the wants and wishes of the people of India, but confidently declaiming in their name. We have reason to hope that it is now the policy of Government to give us as much influence as possible in the management of our own affairs. With further progress in this direction we may hope that the stump orator's occupation will be gone. Anything that strengthens the hands of the Government of India will, I am satisfied, be a gain to this country, and nothing will effect this except the support of a body of enlightened Indian public opinion. With this behind them our Government may disregard all the clamour of interested agitators.

“Concerning the Budget proposals, then, I have little to say. The estimates of income appear moderate, and I think there is reason to hope they will be exceeded. The expenditure proposed in the Estimates does not suggest to me any special remark. The honourable Member proposes to borrow 2½ crores of  
0.76. rupees

rupees in India, and I think it right to say a word on the subject of loans. We have the choice of borrowing silver in India or gold in England, and I wish to give my reasons for thinking that the former is a most wasteful and extravagant course. We can borrow gold at 3 per cent., and we have to pay 4 per cent. for silver. There can be but one reason for preferring the latter course, and that is the prospect of such a decline in the value of silver as shall deprive us of the benefit of this difference in interest. Now, if it be desirable to insure ourselves against the risk of a decline in silver, is this a reasonable premium to pay? The difference is one-fourth of our interest charges. If we borrow gold, we will effect an economy unless and until the value of the rupee falls below 1 s. Now would it not be much better to borrow on the cheaper terms even if we thought it right to accumulate the saving of 1 per cent. in the form of a sinking fund? Such a fund would in 40 years, extinguish the whole debt. In considering this important matter, it should be borne in mind that the ruling difference of interest, payable on gold and silver respectively, is not principally regulated, as my honourable friend has assumed, by the prospect of a change in the relative value of the precious metals. That consideration may operate in some degree, but the greater part of the difference arises from other causes. An Indian gold loan is, next to Consols, the highest form of security known. It is admirably adapted for the investments of trustees, who desire above all things to hand over the full amount entrusted to them on the expiry of their office. Such investors naturally object to a silver loan, because the rate of interest obtained is to them of no importance compared with the absolute integrity of the principal. Again, the banker who has to invest money deposited with him at call can find no more appropriate investment than an Indian gold loan. If he requires his funds, he can sell his stock at once with perfect ease and without any sacrifice. This consideration is to him of far greater importance than the rate of interest obtained. Thus by borrowing in gold we obtain our funds from that limited class of investors who are content with low interest for the sake of high security. But, when we borrow silver, although the capitalist is usually in England, he is commonly of a somewhat different class. He is content to accept the risk of certain fluctuations in the value of his security, but he looks for higher interest. I am satisfied that it should be the object of the Government of India to raise their loans in that form which is most acceptable to those investors who are willing to accept the lowest rate of interest for the sake of obtaining security that suits them. Nor am I afraid, my Lord, of the logical conclusion of this argument. I wish the Government would consider the desirability of converting their silver loans into gold loans with the object of saving a crore per annum in interest. If spread over the next 10 years, such an operation would enable the Government to reduce the amount of their Council Bills, and would bring a larger flow of silver bullion into the country. I can honestly say that in my opinion any private interest would be managed in this way. My honourable friend has views of his own about the effects of the fluctuations of exchange. Nothing will serve him except the fixity of exchange at its present point. He is apparently as apprehensive as I am myself of the evil consequences of a rise in exchange; but, on the other hand, he seems to me needlessly afraid of a fall. I cannot wonder that a Finance Minister should fear the disturbing effect upon his Budget of a fall in exchange, but this need not alarm the country, if, as could be proved, the people gain far more than the Government loses. The honourable Member draws attention to the fact that the gold price of silver and the gold price of commodities have fallen in similar proportion. He assumes a necessary connection between the two, but he does not attempt to distinguish which is the cause and which the effect. Those who voted with him on the Currency Commission were very confident that the decline in the value of silver caused the fall in the value of commodities. I do not understand that my honourable friend takes up this position, and I am therefore relieved from the necessity of attempting a refutation.

“I heard with pleasure his loyal defence of his predecessor in office from the rash attacks of would-be reformers of our liquor laws. The defence appeared to me absolutely satisfactory. Mr. Westland was well understood at the time to aim at an increase of revenue by the stricter enforcement of the claims of the excise, the natural consequence of which would have a restrictive effect on the consumption of ardent spirits.

“The

“ The honourable Finance Minister referred to complaints that Government does not place its reserve balances at the disposal of the presidency banks. These complaints have, as usual, been put forward in the name of the public, but I know not with what authority. To the best of my knowledge, the complaints are not supported by the majority of those qualified to express an opinion. For myself, I may say that it would be suicidal policy for Government to place at the disposal of trade funds which it may at any time require at the shortest notice.

“ If these balances were available to the public, they would be absorbed by the exchange banks and used in the purchase of sterling bills. The object of the exchange banks is naturally to make money. When it suits them, they will remit to England, not only all their own funds, but all they can raise by borrowing. If Government, in consequence of any sudden call for funds in India, was obliged to stop drawing Council bills, it might be impossible for the exchange banks to bring out funds soon enough to meet the requirements of trade, and a ruinous crisis must result. The experience of 1886 should be sufficient warning. The exchange banks in that year obtained large advances of Government money from the presidency banks, which they remitted to England in the form of trade bills; and, by declining to purchase the Secretary of State's bills in London, caused a violent fall in exchange. When the presidency banks stopped lending, the exchange banks were obliged to rush for the means of remittance to India, and exchange rose 10 per cent. If the Government of India had required money at that moment for any special purpose, a panic and crisis would have been inevitable. I am confident that public opinion will support Government in the determination to keep its balances in its own control.

“ I now venture to offer some remarks concerning the policy which should guide us in our construction of productive public works. In the first place, it is obvious that, however much we appreciate the value of railways, our action must be guided rather by relative than positive considerations. We must first make up our minds as to the capacity of the country to bear taxation, before we can resolve upon expenditure. An expected benefit from expenditure may not be commensurate with the injury done to the people by additional pressure of taxation. On the other hand, a narrow economy may be the worst policy, if the wants of the people are urgent, and if the condition of the country enables it to bear initial expenditure in the expectation of an adequate return. The first position, then, which should be established is to lay down with as much accuracy as possible the economic condition of the people. We hear a great deal about the poverty of India. That the majority of the people are poor none will deny; but it is fair to inquire whether they are poor in comparison with their wants. I believe they are not poor in this sense of the word. I believe that the sensational story that fifty millions of people are insufficiently fed is absolute nonsense. I believe that, in comparison with the population, there are more people in England than in India who find it difficult to procure the necessaries of life. I find that all over the country wages are steadily advancing, much more rapidly than the cost of living. I find that small agriculturists are prospering as they never did before. Manufacturing industries are slowly but surely extending. I find a proof of the prosperous condition of the people in the absorption of specie. We are coining silver at the rate of 10 crores annually, but it all finds its way to the interior in payment for produce, and never comes back again. Then, if the country is more prosperous, is it more highly taxed than formerly? By no means. The amount of revenue obtained from the people has increased in smaller proportion than the population. Is it then true, as is constantly stated, that the extreme limit of taxation has been reached? I do not hesitate to state that such an allegation rests on no foundation whatever, but is either wilfully or ignorantly untrue. The pressure of taxation on the people is lighter than it ever was before. This is no reason for expending more money than is necessary. It is no justification for extravagance, but it is for the advantage of the credit of the country that the truth should be known. We are in a position which justifies our borrowing money for the development of our resources, provided always that in any expenditure we incur we are clear that we get value for our money. I am glad to know that some advance is at last being made in the construction of railways by private enterprise without the guarantee of interest, and I trust the Govern-

ment will do all in their power to foster it in every way. But, applying what I have said about the condition of the country, I would say that, if the honourable Public Works Member has on hand any schemes for the extension of paying State railways, I would recommend Government to push them on at once with borrowed money, in perfect confidence that they will receive the support of public opinion.

“The interesting part of the Honourable Sir David Barbour’s speech, which dealt with our financial prospects in coming years, will give food for satisfaction to the country. We have now broken the back of the huge expenditure devoted to frontier railways and defensive works. Our expenditure in Burma promises to decrease rapidly, and our ordinary revenue is rapidly increasing with the advancing prosperity of the people. There is reason to hope that before long we may have to face the agreeable problem of choosing such form of remission of taxation as shall confer the greatest benefit on the country. I am not going to weary the Council by repeating what I said last year on the comparative merits of various claims for remission. But I must warn the Government that a reduction of the salt duty should not be the first object, as there are far more pressing claims. The Secretary of State is understood to have said that he was sure the Government of India would take the first opportunity of reducing the salt duty to its old level. I have no complaint to make of this dictum, provided it means that this remission shall come in its proper turn. But I earnestly beg the Government to consult the wishes of the Indian people before they adopt the advice of some who unwarrantably speak in their name. When the time for remission comes, give us the opportunity to prove our case before an irrecoverable decision is arrived at. We ask nothing more.”

His Honour the **LIEUTENANT GOVERNOR** said: “I had not intended in any way to take part in this debate, but some remarks fell from my honourable friend Mr. Evans on the subject of the administration of civil justice in Bengal, which seem to call for a few observations on my part. I rather wish to deprecate the idea which he has gathered from some paragraphs in the newspapers on the subject, to the effect that there has been a serious triangular duel going on between the High Court, the Government of Bengal, and the Government of India. There had undoubtedly been a difference of opinion, but what happened in the particular case was this: the honourable Judges of the High Court pointed out some time ago that the munsifs as a body were very much overworked, and that the buildings in which many of them performed their functions were inadequately ventilated and insufficient in space; and finally, after some correspondence in the time of my predecessor, the Government of India asked the Judges of the High Court definitely what they wanted, and in reply they stated that they wanted an addition of 66 munsifs. The Government of Bengal examined the question, and, admitting freely that a considerable increase in the number of munsifs was wanted, requested the Government of India to appoint a commission to examine whether, by changes of jurisdiction or by any other method, such a very large increase, amounting to about 25 per cent., might not be avoided. In making this recommendation, I observed that, if my recommendation was not accepted, that if something had to be done without such an inquiry, I would suggest a number something smaller than what the High Court proposed. However, the Government of India did adopt my recommendation: they appointed a committee of inquiry, and, pending the result of that inquiry, they authorised a limited number of additional munsifs to be appointed. But the number so allowed was merely a temporary provision pending the result of the inquiry, and it does not, as I understand it, in any way determine what the ultimate increase of establishment should be. The arrears, as my honourable friend observed, are still there; the commission will not try cases and will not bring down the number; but they are not at present heavy; they do not amount to the number instituted in any single quarter; and I think that the result of a careful inquiry will probably be well worth both the money and the time it occupies. I do not propose, however, because I have not the means to do so, to follow my honourable friend’s remarks about the surplus of receipts over expenditure under this head. The question is one with which only those who have the finances of the whole empire in their hands can deal. There is unquestionably a surplus in Bengal, though I am not by any means

means sure that there is a considerable surplus in the provincial part of the receipts. But whether there is a surplus at all in the whole of India is a different question, and it was to this question that the Honourable Mr. Westland addressed himself in the discussion which took place in the Council last year.

“ I have only one other remark to make. I understood the honourable the Finance Member to say that, with scarcely any exception, the Local Governments had been able to pay their contributions to the imperial revenues on this occasion without any difficulty. I can only say that in Bengal the contribution was given cheerfully, but certainly not without difficulty. It was felt that it was an obligation to be met, but, owing to circumstances which were for the most part temporary, and which landed us in heavy expenditure, we assuredly found it a matter of exceeding difficulty and inconvenience to make the contribution.”

The Honourable Mr. HUTCHINS said: “ With regard to the condition of the civil courts in Bengal, and the action of the Government of India in allowing, as a provisional measure, a smaller number of munsifs than was asked for, his Honour the Lieutenant Governor has given the explanation which I intended to give. I only wish to add, though I am unable to give the figures, that there are many indirect charges connected with civil justice which, if taken into consideration, would show that the State derives no real profit, or, if any, at all events a very slight profit, from litigation.”

The Honourable Sir CHARLES ELLIOTT said: “ My honourable friend Rájá Durga Charn Laha, in his interesting speech, gave just credit to the Government of India for a desire to reduce expenditure under all heads as much as possible, but he hinted that there were still some reductions which might be made in the Public Works Department. I think it may be interesting as well as useful to the Council if I should, as briefly as possible, make a few remarks as to the nature of the expenditure in that Department, and how far we have been able in recent years to effect economies. The expenditure in this Department is divided into three main divisions, namely, Railways, Canals, and Roads and Buildings, and the expenditure in each of these may again be divided laterally into the three heads of Working Expenses, Construction, and Establishments. With regard to railways, the largest item in the expenditure of the Department is the working expenses of open lines, and that is an expenditure which must necessarily increase, as the number of open lines and their mileage increases, and as new railways are made and worked. The demand for new capital outlay on these lines is also an item which tends to grow in the most insidious way; but there is no branch of expenditure in which greater care and attention have been taken to keep it down. Demands for new and ever new improvements and additions come up from all railways, calling for increased allotments more vigorously than in any other branch of the Department. I may mention here the name of a very distinguished adviser of the Government of India, who has just retired from Government service, Sir Guilford Molesworth, who had a perfect passion for economy in this direction. Many years ago he laid before Sir Evelyn Baring a proposal for closing the capital account of all railways when they had reached a certain degree of completeness, and recommended that all further expenditure connected with them should be charged to revenue and not to capital. A few months ago I had a list of all the previous year's demands for expenditure on open lines classified and laid before Sir Guilford Molesworth, and I asked him whether there was any one item in it which ought not to be granted, and he said that it was not possible, with due regard to the maintenance of those railways and to the increase to their revenues which such improvements might be expected to bring in, to refuse in a single case the money which was required. I mention this to show how vigilant we are in scrutinising expenditure, and how impossible it is to keep it down and at the same time to keep pace with necessary improvements.

“ The working expenses of canals are in the same class. They must be kept up, and, as the number of miles of canals and their distributaries increase, the expenditure must increase. But in all these cases there is a per contra in the revenue which comes in from them, and it would be found that, except in a particularly bad year, such as 1887-88 had been for railway traffic, the growth of the revenue more than kept pace with the expenditure.

“Again, with regard to the construction of new canals and railways, I would point out that in each of the last three years about 50 lakhs have been laid out on canals, and 50 lakhs is the sum budgeted for this year. This amount is devoted partly to completing works under construction, and mainly to three great canals. One of these is the Periyar Canal, in the Madras Presidency. The able irrigation officers of Madras have urged, and they afford excellent evidence to show, that this canal will not only preserve the Madura district from famine and failure of water, but will also bring a large return to the treasury. The two other canals are in the Punjab, and are intended to irrigate tracts to which special attention was drawn by the Famine Commission as requiring protection. In both of these there is absolute certainty, as far as there can be any human certainty and prevision, that the water will bring in a large return and greatly increase the area under cultivation, and give room for the expansion of the constantly growing Punjab population. I am sure that what we are doing in the way of construction of canals fully meets the canon laid down by the Honourable Mr. Steel. I am not so sure that what we are doing in the way of construction of railways meets his canon. In the present year we have provided 356 lakhs under this head. Of this the larger part is devoted to carrying on and completing the works in hand, and which could not be possibly stopped. There are only two new railways which have been taken up within this year. One is the Mu Valley Railway, in Burma, an extremely important work, which is required on military and administrative grounds, in order to get access to a part of the country which now from want of roads and communications is difficult of access, and without which the Chief Commissioner feels it would be impossible for him to undertake that we shall be able to hold our ground against outrages and disturbances. The second is the Famine Railway in Madras, which runs parallel on the eastern side to the Madras Railway, and opens access to a large tract of poor country in which in 1877-78 famine raged with extreme virulence, where the people were poor and the nature of the country makes it hard to make roads. The Famine Commission urged the necessity of this railway, and both this Government and the Government of Madras have long had it under consideration, and have strongly recommended it as a most important work, and, I am glad to say, the Secretary of State has sanctioned its commencement during the present year.

“There are in the list of projects no paying State railways, and, with regard to what the Honourable Mr. Steel said on this subject, the only thing I have to say is, that we find ourselves limited by instructions received from the Secretary of State, that more cannot be spent than can be conveniently and properly raised by loans in this country. The Finance Member has stated what this amount is, namely, from 2½ to 3 crores, and more than this cannot be raised in the course of the year for railway construction.

“The third item of public works expenditure consists of the construction and maintenance of roads and railways, and appears in the Budget under the head of Imperial Civil Works. There has been considerable reduction under this head during the last three years. The allotment consisted in 1886-87 of 89 lakhs, the year after of 77 lakhs, and the present year of 64 lakhs; that is to say, there has been 20 lakhs of reduction on expenditure. Of the 64 lakhs 30 lakhs go to Burma, and that sum has been expended during the last three years. That leaves only about 30 lakhs, and even of this 10 lakhs are allotted for expenditure in England, mainly on the furlough pay of officers. This leaves a small and irreducible minimum of 20 lakhs for the whole of the territories which are not under the orders of any Provincial Government, but are directly administered by the Government of India, together with the expenditure on the great Departments of the Post and Telegraphs. When you consider what we have to do in these two Departments, and the wants of Coorg, Rajputana, Hyderabad, and Baluchistan, I think you will admit that the sum of 20 lakhs is exceedingly small, and further reduction is not possible.

“The fourth branch of expenditure is Establishments. It is a very large item of expenditure, and it is very difficult to deal with. The establishment necessarily has to come down in numbers as expenditure on public works is reduced. The Government of India is doing all in its power to reduce the establishment, and yet at the same time it is bound to do justice to the able and highly efficient officers who compose the higher branches of the Department. We have lately obtained

obtained the sanction of the Secretary of State to a large decrease in the annual recruitment of officers for the Public Works Department, and certain steps have been taken to induce officers to retire earlier than they need otherwise do, in order to relieve the Government of the necessity of finding posts for them. This is a subject which has given us a great deal of anxiety, and I can assure the Council that no pains have been spared to keep down expenditure under this head.

“I think that, with this explanation before them, honourable Members will agree that we are doing all that is possible to avoid any unnecessary expenditure in the Public Works Department.”

The Honourable Sir DAVID BARBOUR said :—

“My Lord, I need hardly say that the suggestions and criticisms on the Financial Statement which have been offered to-day will receive the fullest attention on the part of the Finance Department, and I have no doubt they will be productive of valuable results.

“It cannot be expected that there should be complete unanimity of opinion on all the difficult and complicated questions connected with Indian finance, but there is a greater degree of agreement than I had anticipated.

“There are only a few matters in regard to which I think it necessary to make any remarks. The honourable Mr. Evans has alluded to the alleged surplus from the administration of Civil justice in Bengal. My honourable friend did not profess to be very confident about the amount of this surplus, and I am afraid I am to some extent in the same position. The calculation of the surplus or deficit is an extremely intricate one, and, though considerable attention has been paid to the subject, I am afraid the results are not perfectly trustworthy. I understand that my honourable friend would not include the receipts from the probate and administration duty or from the fees on succession certificates among the receipts of civil justice, and, if so, the surplus in Bengal would probably not exceed six lakhs of rupees yearly. In Madras there is an equilibrium or nearly so, and in every other province there is a deficit. In the Empire as a whole there is a deficit of considerable amount. I will look into the figures again, and, if it should appear that some reliance can be placed on them, I will, with your Excellency's permission, propose that they be published in the Gazette of India. My honourable friend has also called attention to the expediency of a reduction in the home charges. It may perhaps be useful if I briefly explain the nature of these charges. The public are apt to look at their total amount, and to assume that these charges are capable of reduction merely because their amount is large. Owing to the method of administration of this country, a large number of bills are drawn by the Secretary of State for India, which in the case of other countries would be drawn by private persons, and would therefore escape observation. A portion of the drawings of the Secretary of State is intended to meet the cost of stores required by the Government in India. I see no way of reducing this charge unless somebody can be found who will supply stores for nothing, and that is a contingency which we need not consider. A very large portion of the drawings represents the interest on capital invested in railways and other public works in India. Some of that capital has been raised at a little over 3 per cent. per annum, a large portion at 3½ per cent. per annum, and another portion at 4 per cent., while the capital of the older Guaranteed Companies was raised at 5 per cent. per annum. On the whole the capital has been raised at a very moderate rate of interest, and India derives great benefit from the public works in which it has been invested. I see no means of reducing this portion of the home charges, unless we are prepared to repudiate our obligations, while retaining all the benefits for the sake of which they were incurred. This is a course which, it is needless to say, my honourable friend would not recommend. There remain the administrative and military charges, which, speaking from memory, I would put at about 7,000,000 £. If my honourable friend or any other member of this Council can point out any way in which these charges can equitably be reduced, I shall feel it my duty to give him every support, and I am sure your Excellency's Government will not fail to press the question with all the authority which the Government of India can command.

“My honourable friend Syud Ameer Hossein has made a plea for some relief to the payers of income-tax, and especially for those whose incomes are less than Rs. 1,000 per annum. So far as regards the wealthier members of the



community, I think the claim for relief is very weak. I doubt if there is any other country where the taxation falls so lightly on such classes as it does in India. I would ask my honourable friend to consider what taxation he and I and the other official members of your Excellency's Council contribute towards the cost of the Government of this country. If he does, I think he will be astonished at the moderation with which taxation is imposed in this country. And the argument holds good in the case of the commercial and professional classes as well as in the case of the official classes. I admit that there is more to be said for the exemption from the income-tax of persons whose income is less than Rs. 1,000, but even in their case the plea for exemption appears to be by no means a strong one. In the first place, as incomes rise in this country, an income of even Rs. 500 a year is not low relatively to the incomes of the vast majority of the people. In the next place, the persons whose incomes are between Rs. 500 and Rs. 1,000 would pay little or nothing towards the expenses of the State if they did not pay the income tax. And, last of all, we cannot do without the money, and I do not at this moment foresee the time at which we will be in a position to say that this class has the first claim to relief.

"The honourable Rájá Durga Charn Laha has referred to the contribution of 74 lakhs for next year from Local Governments, and appears to hold that the resources of those Governments have thereby been crippled. I do not know what foundation my honourable friend has for that statement. I am happy to say that, even after making their contributions, the resources of the Local Governments of Bombay, Madras, and Lower Burma, are ample.

"The Central Provinces and Assam make small contributions which do not press on them with any severity, and the only province which is in any way straitened is Bengal. No doubt it has been found necessary to re-impose the patwari-cess in the North-Western Provinces and Oudh; but, after all, that only amounts to re-placing a burden which had been borne from time immemorial up to 1882. And the whole cess has not been re-imposed. The zamindars and raiyats of the provinces in question have been relieved to the extent of one-third of the total amount required. It is a fact that the taxation in Bengal is far lighter than in any other province of the Empire; and Madras, Bombay, and the North-Western Provinces and Oudh, complain loudly—and I think with some justice—that Bengal escapes her fair share of the State burden. In these circumstances, it is with some surprise that I have heard my honourable friend as a representative of Bengal complain of the burden of taxation, and propose to abolish the income-tax, which is really the only means we have got of making the professional, the commercial, and the official classes contribute anything worth mentioning to the expenses of the State. My honourable friend apparently would contemplate with equanimity the remission of the rice-duty in Bengal, while retaining it in Burma. I cannot believe that, when he made that suggestion, he was aware that Bengal is the most lightly taxed province of the Empire in proportion to population, and that Burma is the province which pays the highest rate of taxation. My honourable friend has alluded to the increase of revenue by 16 crores in the last eight years, but he has not noticed, as I think he ought to have done, how much of that increase is due to traffic receipts on new railways, and to the purchase by the State of lines formerly owned by Guaranteed Companies.

"I am sorry to have to say that I do not agree with my honourable friend either as to the income-tax or the duty on salt. The salt-tax is a tax on a necessary of life, and falls with almost the same weight on the rich and on the poor. No doubt the salt-tax has its advantages in some respects; it is easily collected, it is productive, and its incidence is spread over a wide area, but, the lower the rate of duty can be kept, the better from every point of view except the purely financial one.

"I have already dwelt on the question of the income-tax in replying to the remarks of the Honourable Syud Ameer Hossein, but I may add that it is with great regret that I have heard the Honourable Rájá Durga Charn Laha propose the abolition of the income-tax, while retaining the salt-duty. I do not doubt that my honourable friend is thoroughly sincere in his opposition to the income-tax, and that he considers it unsuited to this country; but the practical effect of his proposals would be to make the rich richer, and the poor poorer, though the wealthy members of the community whom he proposes to relieve are those who gain most by the Government and contribute least to its support in proportion to their means.

"I think

“ I think it would be an injustice so gross as to amount to a scandal, if the Government were to take off the income-tax, while retaining the salt-duty at its present figure.

“ The Honourable Mr. Steel has made some remarks on the question of exchange, which show that he is under a misapprehension as to my views—a misapprehension due, I dare say, to my not having made my meaning sufficiently clear. It is not the case, as my honourable friend supposes, that I would be satisfied with nothing but fixity of exchange at the present point, nor is it the case that I am as apprehensive as he appears to be regarding the evil effects of a rise in exchange. I will quote again the words which I actually used at the last meeting of Council :—

“ In the interests of India, a sudden reversion to the old ratio of 1 to 15½ brought about by the action of foreign countries, and the continuous and progressive demonetisation of silver, accompanied by a fall in the value of the rupee to an unknown and unlimited extent, are alike to be deprecated.”

“ I am afraid, in the interests of India, of a sudden and violent reversion to the old ratio of 1 to 15½ brought about by alterations in the currency laws of foreign nations, but I am not apprehensive as to the effects of a gradual and moderate rise in exchange. So far from being apprehensive of the ill effects of any rise in exchange, I should welcome a rise of a penny or two in the value of the rupee during the coming year as an unmixed blessing, and I do not think that even my honourable friend or the important class he represents would view such a change with either apprehension or regret. I admit that I am afraid of the results of a further fall in the value of the rupee of unknown magnitude. We have used up a great many of our resources during the last five years in meeting the fall in exchange, and, if I thought the fall was likely to be as great during the next five years as it has been during the last five, I should take a much more gloomy view of our position than that which I expressed in the Financial Statement.

“ For the reasons I have stated, I am in favour of prudent, gradual, and well-considered measures being taken to relieve us from our present difficulties and from the dangers of the future, and I am of opinion that the measures should be such as will secure the object aimed at with a minimum of disturbance to existing interests. I know no means of achieving this result, except by international agreement.

“ The Honourable Mr. Steel has also expressed a strong opinion that to borrow in silver instead of in gold is a most wasteful and extravagant course. He says that there can be but one reason for preferring the former course, and that is the prospect of such a decline in silver as shall deprive us of the benefit in interest. I do not think that this is quite a fair statement of the case, and my honourable friend somewhat overstates the advantages of borrowing in gold. The difference in the rate of interest at the present moment is no doubt very great, but I think that difference will diminish, and my honourable friend does not seem to attach sufficient weight to the burden of having to repay the principal of the gold debt after a fall in the value of the rupee. I freely admit, however, that an arithmetical calculation shows that the gain from borrowing in gold is sufficient to balance the loss from a very great fall in silver in the future—a fall so great that I sincerely trust we shall never witness it. But I cannot admit that the question is merely one of arithmetic. It is contrary to sound principle for a country to incur obligations in any standard other than its own—a principle which we have already violated to a greater extent than is either prudent or safe. In recent years we have practically borrowed very largely in gold, and will do so in the coming year, by guaranteeing interest payable in gold on capital raised in England for the construction of railways. During next year the Secretary of State proposes to raise no less than 3,750,000 £. in London on this account. And, if a severe famine occurred, as it might at any time, I have no doubt that money would have to be borrowed largely, and that it must be borrowed in London.

“ The Government is incurring heavy expenditure on military preparations, and I understand that their policy has the support of my honourable friend. There would be no justification for such expenditure if a great war were not at least a possibility of the future. The money for a war of this nature could not be borrowed in India, and must come from England, and there is no doubt but that the amount required would be very great. Looking, then, to the fact that

that we have already incurred heavy gold obligations, that we are at this moment borrowing largely in gold, that we may have to borrow still more largely in this way, and that we know nothing of the future relative value of gold and silver, I think it is only a matter of ordinary prudence that in a time of peace we should incur some loss, in order to avoid adding to what is already a cause of embarrassment and might become a source of danger. Both from a political and an economic point of view there are great advantages in raising money in India. It will be in the recollection of this Council that some time ago we obtained a loan of 3½ crores of rupees from the Gwalior State. The interest on that sum comes to 14 lakhs of rupees yearly. Every rupee of that amount is pure gain to India; there is no portion of the Indian expenditure which I contemplate with greater satisfaction; and, notwithstanding the criticism of my honourable friend, I should be very glad to hear that other States were prepared to lend on the same terms.

“ In this respect I am in entire agreement with the Honourable Durga Charn Laha as to the expediency of keeping down the home charges.”

His Excellency The PRESIDENT said:—

“ It will not be necessary for me to occupy the time of the Council for many minutes, but there are one or two observations which I should like to offer before this discussion closes. It has been an unusually short one, but the speeches which have been delivered afford an excellent illustration of the advantage to be derived by the Government of India, and by the public, from the practice of affording to the Legislative Council every opportunity of considering, reviewing, and criticising the financial proposals of the Government. The ultimate responsibility for such measures must no doubt remain with that Government, but that responsibility will certainly sit more lightly upon our shoulders if we know that our proposals have been framed in such a manner as to stand the test of examination and criticism by our colleagues at this table.

“ It has, I believe, usually been held that the terms of the Act by which our proceedings are governed preclude such examination, except when the financial arrangements for the year involve legislation in Council. I will not pause to inquire how far this view is borne out by the letter of the Indian Councils Act. It has certainly been borne out by the persistent interpretation which has been placed upon the Act both here and by different Secretaries of State. A case is, I understand, upon record in which a Viceroy drew upon himself the censure of the Secretary of State for having permitted a discussion of the Budget without the pretext that it was connected with one of the Bills brought before the Council during the Session. The result has been that the Legislative Council has or has not been able to discuss the Budget according as it was or was not connected with some change in the laws of the country, and it has thus come to pass that during the last 25 years the Budget has been discussed in Council upon 12 occasions, while in the remaining years no such discussion has been allowed to take place.

“ This seems to me, I must say, an altogether incongruous and inconvenient arrangement, and I feel little doubt that, as far as the present year is concerned, honourable Members will share the opinion of my honourable friend, and will approve of our action in taking advantage of the passage of the Bill which we are now considering, and which to some extent touches the fringe of our financial arrangements, in order to lay before Council the whole of our scheme for the financial administration of the coming year. This course is one which entirely commends itself to my judgment, and I am glad to express publicly my opinion that the opportunities accorded to the Legislative Council for passing under review the financial situation of the country should occur with regularity, and should not depend, as they depend at present, upon what is after all a mere accident—I mean the necessity of financial legislation in any particular year.

“ Honourable Members are no doubt aware that this question has been for a long time under the consideration of the Government of India, and that the view which I have just expressed was strongly entertained by my predecessor, who felt it to be his duty to make a representation upon the subject to the Secretary of State. Since my arrival in this country I have followed the matter up with the entire concurrence of my honourable colleagues in the Government of India, and I am glad to say that Lord Cross has given his cordial adhesion to the proposition which I have just advanced.

“ The

"The arguments in its favour appear to me, I must say, conclusive, and they are supported by a great weight of authority, including, I believe, that of all the principal Chambers of Commerce of India.

"I remember being much impressed at the time by an observation from my honourable friend Mr. Steel on the introduction of the Bill now before us. If the imposition of a new tax is a matter worthy of discussion at this table, it is, I think, quite true that, as he observed, the remission of an old tax is equally worthy of such discussion. I can conceive no pretext upon which it could be held that in one case discussion is desirable, and in the other inconvenient or unnecessary. It seems, indeed, to me that, if a distinction is to be drawn, if the criterion is to be the public importance of the step, the remission of an old tax may often require more careful discussion than the imposition of a new one. The imposition of a new tax is pretty sure not to be resorted to without sufficient consideration. The measure is bound to be unpopular with some one. It is sure to provoke criticism, and it will certainly be narrowly scrutinised both by those who impose the tax and by those upon whom it is imposed. The abandonment of an old tax is, however, a very different thing. The Exchequer may be overflowing at the time; the remission is agreeable, both to those who make it and to those who profit by it; the temptation to be liberal, to spend the money while you have got it, is strong; every one is pleased; and it thus comes to pass that by a stroke of the pen a permanent source of income is lost or alienated, without that consideration to which a step so momentous is entitled.

"Even, however, if the Budget involves neither the imposition of taxation nor its remission, but merely the retention of existing taxes, it does not appear to me that we are therefore relieved from the duty of taking Council into our confidence. The proposal to retain an existing tax may, under certain circumstances, be as fairly open to question as the proposal to remit taxation or to impose it. Every Budget involves proposals falling under one or other of these three heads, and the conclusion appears to me to be irresistible that it is for the public convenience that, under whichever category the proposals contained in the Budget of any given year may happen to fall, those proposals should be submitted for your examination here.

"Another consideration leads me to the same conclusion. Financial criticism, if it is to be valuable, should be as continuous as the financial policy which it criticises. The financial history of a country is uninterrupted; so should be the watchfulness of those who are entrusted with the duty of passing it under review. It seems to me almost an absurdity that it should depend upon the mere accident of the introduction of a Bill whether that review should take place or not. Such a review should extend not only to the past and to the present, but to the future, with its prospects and possibilities. Perhaps no advice is more valuable than that which has reference to the remoter future. The income and expenditure of the past year are beyond recall, and at the time when the Budget is framed it would be extremely difficult for the Government to recede from the arrangements which it has made for the year which is just about to commence. In regard, however, to the years which lie beyond, the Government of India is not committed to the same extent, and is still in the position to profit by useful suggestion and advice. I welcome in this spirit that which has been given to us by the honourable members who have placed upon record their opinion as to the course which should be adopted in the event of our being hereafter in a position to remit taxation. I trust that they are right in anticipating that we may, before we are much older, find it to be our agreeable duty to consider what burdens we can remove from the shoulders of Her Majesty's subjects in this part of the Empire; and I can promise them that, should the Government of India, while I have the honour of being connected with it, find itself in the happy position of being able to dispense favours, we shall be careful to do so with the utmost circumspection, and with a due regard to the arguments which they have advanced.

"I mentioned just now that the Secretary of State had expressed his concurrence in the proposal that there should be an annual, instead of an occasional, discussion of the Budget in Council. I may perhaps take this opportunity of mentioning that this subject appears to the Government of India as well as to

the Secretary of State to be closely connected with another; I mean the propriety of giving to members of the Legislative Council of the Government of India, under proper safeguards, the right of addressing questions to the Government upon matters of public interest. I am in a position to state that we are in favour of a change in this direction, and that this question is also engaging our attention and that of the Secretary of State. I make this announcement, however, subject to two important qualifications. It will, in the first place, be necessary to ascertain clearly whether the law, as it now stands, permits the course which we should like to adopt, and, if it does not, how it should be amended. In the next place, it will be necessary effectually to limit the right of interpellation in such a manner as to preclude absolutely all questions which could not be put without injury to the public interest. This is a point of the utmost importance, and will require the most careful examination.

“The case of the Bill before us shows how much easier it is to surrender a source of income than to get it back again. The evidence adduced has demonstrated that the remission of the patwari-cess failed to have the effects anticipated from it, while it involved the sacrifice of a large annual revenue. We have now to be content if we can recover for the public a part of the resources which we then abandoned. We shall also, I am afraid, be compelled to admit that, to some extent at all events, it may prove beyond our powers to distribute the incidence of the re-imposed burden between landlords and tenants with absolute fairness. It is difficult to disprove the statement that the new law may involve a certain degree of apparent hardship to those tenants who obtained no benefit from the remission of 1888, and who, having, upon that occasion, failed to obtain any relief from the taxation to which they were then liable, may now find that under this Bill a new burden is imposed upon them. We may, however, I think, take for granted two facts. First, that any attempt to deal exceptionally with these apparently hard cases will involve the creation of a much greater number of much harder cases. I have little doubt that, as was stated in 1884 by Sir Alfred Lyall, ‘it is impossible to resolve existing rents into their original component parts, and to lay down what portion of them represents the old patwari-cess’; and I am also afraid that any attempt to exempt tenants with occupancy-rights from the new impost would involve the infliction of what would certainly be regarded as a grievous wrong upon the tenants-at-will, whom we could not protect and who occupy nearly one-half of the total area of these provinces. In the next place, it seems to me that, considering the smallness of the rate for which the tenant is liable to be called upon—a rate which cannot exceed, speaking in round numbers, one per cent. upon the annual rent of his holding—considering also the fact that the tenants as a body have a large interest in the effectual performance of the services rendered by the patwari, the grievance, if indeed it be one, is of infinitesimally small proportions.

“I will say one or two words only as to the Financial Statement of my honourable friend and the observations which have been made upon it. That statement appears to be one which we can contemplate, if not with positive satisfaction, certainly with the feeling that much worse things might have befallen us. During the course of last summer my honourable friend and I were in constant personal communication with the Secretary of State and with other persons regarded as high authorities upon Indian questions. I think that at that time we should all of us have been extremely gratified if there had been reason to anticipate that my honourable friend would be able to show so satisfactory a condition of things, either in respect of his anticipations for the Budget of next year, or in regard to the accounts of the year which is about to close.

“That he should have been able to do this is partly due to circumstances which we can regard with unmixed satisfaction. The downward course of the gold value of silver has for the moment been arrested, and the elasticity shown by the ordinary sources of revenue has, upon the whole, been satisfactory. On the other hand, I feel bound to express my regret that we should have found it impossible to establish a financial equilibrium for 1889-90 without again calling upon the Provincial Governments to contribute towards our necessities from the balances at their disposal. No one, whether an individual or a corporation, particularly

particularly enjoys treatment such as that which the Provincial Governments have lately experienced at our hands. It is treatment which I have heard described in terms which lost nothing of their severity from the fact that they were usually couched in allegorical language. The Council is well aware that it was the intention of the Government of India to achieve its purpose by a more ingeniously contrived and more plausible procedure than that which we actually adopted. The scheme for the assessment of the provincial contributions embodied in the well-known Circular of 2nd October of last year is within the recollection of honourable members. When I arrived in India, that scheme still held the field, and representatives of the principal Provincial Governments had been invited to meet the predecessor of my honourable friend in this city, and to confer with him in regard to the proposals therein contained. The conference took place, and it disclosed two most important facts. The first of these was that the honourable Mr. Westland, after full discussion with the provincial delegates, came to the conclusion that some of the proposals, and amongst them those which had been regarded as the most important and essential features of the project, ought not to be insisted upon. We became aware in the next place that the representatives of the provinces very much preferred the simple and unscientific methods which my honourable friend has adopted, to the more elaborate and ingenious procedure by which the Government of India had designed to place the provinces under contribution. Under these circumstances one course only was open to us. My honourable friend had but lately assumed the duties of his important office. I had myself only been a few weeks in the country, and we were, under the circumstances, both of us entitled to ask that any attempt to dispose finally of this important question should be, for the present, deferred. It seems to me that under these circumstances my honourable friend was amply justified in abandoning the procedure originally contemplated, and in giving up for the moment any attempt at a scientific re-adjustment of the basis of these provincial contributions, and in resorting to an *ad interim* arrangement which would give him the ways and means which he required, but which would leave the much larger questions at issue still open for further review. I will add nothing to this part of my observations, unless it be to express, with reference to the remarks which have just fallen from my honourable friend the Lieutenant-Governor, my sympathy with the Provincial Governments which have been called upon to submit to these sacrifices for the sake of the Imperial Exchequer. The balances upon which we have indented may in some cases have been due to the natural growth of the revenue; in others they may have been the result of careful and economical administration, and of the wise husbanding of resources in view of the necessity of large expenditure on local objects of a useful character. The sacrifices which the provinces have been called upon to make have, no doubt, involved in some cases the abandonment of cherished schemes of local improvements, and we cannot expect the Governments concerned to submit to such a sacrifice without a murmur. We can only assure them that, if the concession was disagreeable to them, it was not less disagreeable to us to require it, and that we have asked them to submit to it upon a principle the soundness of which they will not dispute, I mean the principle that the solvency of the Indian Empire is a matter of interest to every part of it; that the finances of India must be dealt with as a whole; and that the relations of the Central and Provincial Governments should be such as to place upon the latter the obligation of sharing to the full the financial responsibilities and difficulties of the Empire.

“ We are, however, I think, bound to ask ourselves whether it would have been possible for us to avoid these demands on the provinces, or to remit any of the taxation which has recently been imposed by a retrenchment of our expenditure. I yield to no one in my conviction that watchfulness over our expenditure lies at the bottom of sound finance in this country, and I agree with what fell just now from the Honourable Rájá Durga Charn Laha when he dwelt upon the urgent necessity for exercising such watchfulness. But, although I look forward to the time when it may become possible to keep that expenditure within narrower limits than those within which it is at present confined, I am bound to say that it is not easy to point to any items in the estimate for next year in which an unreasonable demand has been made by the responsible Department.

“My honourable friend has dealt fully with the question of army expenditure. These estimates show no doubt a large excess over the estimates for the year which is just ending. I have had frequent communications with the honourable member in charge of the Military Department upon this subject, and I am bound to admit not only that its requirements do not appear to me to be extravagant, but that it has had, in deference to our necessities, to abandon more than one useful project which it might otherwise have pressed upon us.

“We must not allow ourselves to lose sight of the fact that since 1885 the number of troops in India has been increased by 30,000, and that the presence of so large an additional force in the country involves not only an increase under the head of pay, but a large consequential expenditure under the head of barrack accommodation and other items.

“Then, again, we have an increased expenditure of 206,000 £. in England for new rifles and guns, an exceptional expenditure incurred for an object absolutely essential to the efficiency of the different arms of the service. We have besides a sum of 20 lakhs for the mobilization of our forces, an expenditure which I hope we shall none of us grudge, but which is also an unusual one. There is besides a very appreciable increase of expense occasioned by the higher prices which we have lately been called upon to pay for provisions and forage. A small extra vote has also been taken for the two sets of military operations at this moment in progress. This expenditure is also exceptional in character, although I am afraid that with our extended frontier we cannot allow ourselves to look forward in the immediate future to a time when such expeditions will become unnecessary.

“I would make one general observation upon this question of military expenditure. I trust that we may be far remote from the time when it may become our duty to make use of our military resources in actual warfare, but it is idle to conceal from ourselves that we may be called upon to do this, and that the call may be a very sudden one. It seems to me that a solemn obligation lies upon us to see that the defences of this part of the Empire are maintained in a state of the highest efficiency. The recent tension and uneasiness which have prevailed upon the western frontier of Afghanistan afford a good illustration of the risks to which the public peace is exposed in that part of the world. I rejoice to be able to state that all the information in my possession is to the effect that nothing has been further from the thoughts of His Highness the Amir of Afghanistan than to provoke a collision, and that the measures recently taken by the Government of Russia were prompted not by any desire to court one, but rather by the apprehension that the presence of the Ruler of Afghanistan on the frontier might lead to an outbreak of a kind which, even in the absence of any desire to foment mischief, arises too readily amidst the inflammable materials which are to be found in that part of the Asiatic Continent. That tension has, however, served to illustrate the precarious nature of the conditions upon which peace in this part of our borders depends; it is our duty under such conditions to maintain a high state of preparedness, and I trust that we shall not cease to do so, and that we shall not regard with too much reluctance the sacrifices entailed by such a policy.

“Great Britain is at this moment submitting to such sacrifices, upon a scale by the side of which what we are doing sinks into insignificance, with the object of strengthening herself to the point required by the huge armaments and vast hosts accumulated by foreign Powers. It seems to me that India may fairly submit to bear some share of the sacrifices thus imposed upon the Empire. The least that we can do here is to carry out promptly and effectually the defensive measures which the Government of India has already sanctioned. Nothing is more calculated to produce a mischievous and mistaken impression than any apparent breach in the continuity of our military policy. I am glad to learn that the defences of our north-west frontier are making satisfactory progress, and are approaching completion; that, out of a total estimated expenditure of Rs. 13,500,000 assigned to frontier railroads, Rs. 11,250,000 will have been covered by the end of the next financial year; and that we shall by that time also have paid for three out of five and a-half millions of expenditure assigned to

to coast and frontier defences. In these matters a consistent policy and the rapid and uninterrupted execution of works, when once they have been determined upon, will, I am convinced, be found in the end to be the most economical course; and I was glad to hear my honourable friend Mr. Steel state as explicitly as he did that we might rely upon the support of public opinion in adopting that course.

“ If this is the opinion of my honourable colleagues, they will, I hope, agree with us in believing that, under the circumstances which have been so clearly set forth by the honourable Sir David Barbour, we were justified in not proposing to the Council any important changes in the taxation of the country, and taking measures to secure for the coming year the small additional amount of revenue required in order to raise our income to the level of our expenditure.

“ We may, I think, dwell with satisfaction upon a well-maintained increase in our land revenue and in our receipts from railways, post offices, and telegraphs, an increase which is likely to be sustained in years to come. Let me, in connection with this question of the increase of our revenue, express the satisfaction with which I listened to Sir David Barbour's effectual vindication of the Government of India and of the Provincial Governments from the charge which has been made against them that they have, in order to increase their receipts from Excise, stimulated the consumption of intoxicating liquors and connived at the spread of intemperate habits. I have paid some attention to this important question, which has recently been under the earnest consideration of the Financial Department and of His Honour the Lieutenant-Governor of this province. The evidence which has been laid before me has entirely satisfied me upon three points—

- (1) That an increase in revenue from excise does not necessarily justify the inference that there has been an increase in the consumption of liquor; it has, on the contrary, in many cases been conclusively shown that an increased revenue has been received upon a diminished consumption;
- (2) That it is idle to expect that the Government of India should be able to invent or to put into force an uniform system of excise administration suitable to the requirements of all parts of the country: and
- (3) That, if during recent years there has been in some districts an unusual amount of illicit traffic, of loss of revenue, and of intemperance, these have been in great measure due to the mistaken assumption that an uniform system was practicable, and to the sudden oscillations of excise policy occasioned by this belief.

“ I wish, before I leave off, to add one word with regard to our prospects in Upper Burma. These are, I think, such as to give us every reason for dwelling hopefully upon the future of that country. My honourable friend has pointed out that the estimate for the net charge under this head for 1889-90 is less by 25 lakhs than that for the year which is just ending. This has been the case in spite of a heavy additional expense for the new railway and for the police which we are employing in lieu of regular troops. The cost of the new province is still, however, largely in excess of the return which we obtain from it. This is a condition of things which will, I have little doubt, within a brief space of time, have entirely passed away. In some districts no doubt the inhabitants are still addicted to their old lawless pursuits, nor is it likely that they will suddenly relinquish those habits merely because their country is becoming incorporated in the British Empire. Our difficulties are greatly increased by the fact that on three sides Burma is coterminous with zones of frontier territory inhabited by tribes subject to no fixed system of government and accustomed from time immemorial to warlike and predatory habits. We are, I believe, slowly, but surely, wearing down the opposition of these; it can be best overcome not by expensive military operations, but by the persistent punishment of evil-doers, by the establishment of improved communications by road and rail, and, above all, by affording to the people of Burma practical evidence of the immense material advantages which are to be derived from British rule. The completion of the railway to Mandalay is a most important step in this direction, and I am glad to observe that a sum is provided in the Estimates for next year



for the purpose of prolonging that railway in the direction of Mogoung. I may mention in this connection that I have lately received from the Chief Commissioner most reassuring reports as to the general improvement of the country. I learn from him that crime in the Upper Province is steadily diminishing, that the people are returning to their villages, and that the country is well cultivated. The excitement occasioned by the recent outbreaks during the cold weather appears to be passing off, and the police are gaining ground rapidly. In many of the districts in which serious disturbances had taken place the country is now described as perfectly quiet. In the Shan States, too, there is a marked improvement. Perhaps the surest indication of the general progress that is being made is to be found in the steady increase of the revenue. This rose from 22 lakhs in 1886-87 to 50 lakhs in 1887-88, and is estimated to bring in 68 lakhs in the current year, and nearly 76 lakhs in the year which is about to commence. The increase of the land revenue, which is virtually a tax upon each household, and which has risen from 16 lakhs in 1886-87 to about 41 lakhs in the present year, the estimate for the new year being nearly 45 lakhs, may be regarded with special satisfaction; every increase of 10 rupees in this tax meaning, as the Chief Commissioner has pointed out to me, that a household has settled down to peaceful pursuits, or that a household which had escaped assessment, owing to the revenue officers having been occupied in suppressing disturbances, has now been assessed.

“ I venture to submit that it is our duty to fix our attention upon the general improvement denoted by the facts and figures which have been given to us by my honourable friend and by the Chief Commissioner, rather than upon isolated outbreaks or small local effervescences. These are to be expected, but their significance is not great, and I think the Chief Commissioner may well be congratulated upon the courage which he has displayed, and upon the success which has attended him in the performance of one of the most difficult tasks which a servant of the Government of India has ever been called upon to perform.

“ As for the financial position of India, it is, I have no doubt, as Sir David Barbour has pointed out, in the main a sound one, although at the present moment, for reasons which he has given, our resources are subjected to an unusual strain. Under these circumstances the proposals of the honourable member are, I think, those which best meet the requirements of the moment. We may be well content if, in spite of the heavy loss by exchange to which he refers, and of the fact that we are providing out of income for special defences to the value of Rs. 1,102,000, we are able to anticipate a small surplus for the coming year. For what lies beyond we must wait upon events, but we may, I think, do so in the hopeful spirit which characterised his statement. If we are able to avoid needless and unprofitable additions to the indebtedness of the country, if we can bring to account its vast latent resources by the judicious investment of capital in their development, if we are able to achieve these results without throwing forward upon those who will come after us the burden of outlay properly chargeable to the revenues of our own time, we need not despair of the future.”

The Motion was put and agreed to.

---