

EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of the Honourable The House of Commons,
dated 8 May 1903;—for,

COPY of the INDIAN FINANCIAL STATEMENT for 1903-1904, and of the Proceedings
of the Legislative Council of the Governor-General thereon."

India Office, }
8 May 1903.)

ARTHUR GODLEY,
Under Secretary of State for India.

(Sir Henry Fowler.)

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GOVERNMENT OF INDIA.
FINANCE AND COMMERCE DEPARTMENT.

FINANCIAL STATEMENT

FOR

1903-1904.



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FINANCIAL STATEMENT FOR 1903-1904.

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FINANCIAL STATEMENT FOR 1903-1904.

PART I.

1. With Your Excellency's permission I will now lay before the Legislative Council the actual financial results of the year 1901-1902; our Revised Estimate for 1902-1903; and our Budget Estimates for the coming financial year 1903-1904.

2. In their briefest form, and leaving out Capital, Debt and Remittance transactions, the figures are as follows:—

	1901-1902 (Accounts).
Revenue	£
Expenditure (charged against Revenue)	76,344,525
	71,394,282
Surplus	4,950,243
	1902-1903 (Revised Estimate).
Revenue	£
Expenditure (charged against Revenue)	76,892,500
	74,154,000
Surplus	2,738,500
	1903-1904 (Budget Estimate).
Revenue	£
Expenditure (charged against Revenue)	76,355,400
	75,406,700
Surplus	948,700

Accounts, 1901-1902.

3. The final accounts of the financial year 1901-1902 show a surplus of £4,950,243, being an increase of £4,259,343 over the original Estimate which showed a surplus of £690,900.

4. On the Expenditure side the accounts show a decrease of £106,718 as compared with the original Estimate, and of £479,518 as compared with our Revised Estimate.

5. The more important figures contributing to this latter result are an increase of £134,225 under Other Public Works, and decreases of £365,369 under Army Services, of £43,088 under Famine Relief and Insurance, and of £35,318 under Miscellaneous Civil Charges, and of £144,690 under Provincial Surplus added to the Provincial balances and charged as expenditure. These items account for the greater portion of the total difference noted, although there are many minor differences under various heads which on balance more or less compensate one another. The increased expenditure under Other Public Works is due to unexpectedly heavy expenditure in the last two months of the financial year. The decrease under Army Services of £365,369 is mainly due to smaller payment of capitation rates to War Office, owing to absence of troops in South Africa, and refunds from the War Office on account of over-payments in previous years, and the decrease under Famine Relief of £43,088 to an under-estimate of the interest charge for the Bengal-Nagpore Railway, which is met from the "Famine Insurance Grant," whilst the saving in "Miscellaneous Civil Charges" is owing mainly to an over-estimate in England, more especially under the head of Superannuation Allowances and Pensions.

6. On the Revenue side the heads under which the chief differences are observable between Accounts and the Revised Estimate are Land Revenue, a decrease of £181,882; Salt, a decrease of £57,390; Stamps, a decrease of £48,294; and Other Heads, a decrease of £54,991. Against these rather considerable decreases we have important increases under Receipts by Military Department, £72,389, and under

Railways, £47,868. The result of these and other minor changes is an actual decrease of £202,175 of revenue as compared with the Revised Estimate of the year, and allowing for a decrease in expenditure of £479,518, the final result is an increase to the surplus of £277,343.

7. The important decrease of £181,882 under Land Revenue is accounted for by suspensions and smaller recoveries of arrears in the Punjab, where the winter rains failed to some extent; also to the season having proved more unfavourable than was anticipated, in North Arcot, and in parts of the Ceded Districts in Madras; and to over-estimates of collections in Sind, and to a relatively small extent in the United Provinces.

8. The decrease of £57,390 from Salt is mainly due to a decline in the trade at Sambhar at the end of the year, which is attributed to the spread of rumours of a possible reduction of duty.

9. The falling-off of £48,294 in Stamps Revenue was mainly in the United Provinces and in Bengal. In the former plague appeared in March, and the passing of the Tenancy Bill in January appears to have diminished litigation. There were minor deficiencies in the Punjab, in Bombay, and in Madras, and it is possible that these may to some extent be attributed to the fact that the Easter holidays fell at the end of March.

10. The decrease of £54,991 noted under Other Heads was chiefly in the Forest revenue, which fell short by £34,545. There was an extraordinary decline last year in the returns from Burma Forests; the floating season was bad, and there was a fall in the price of teak.

11. The increase of £72,389 under "Army Receipts" was in great part due to larger credits for Europe stores despatched to South Africa and China, and to greater sales of malt liquor than anticipated.

12. The increase in Railway revenues, amounting to £47,868 nett, was earned chiefly by the Great Indian Peninsula Railway by the carriage of favourable crops of cotton and oil-seeds.

Revised Estimate, 1902-1903.

13. The Revised Estimate shows an anticipated increase over the Original Estimate of £2,522,100 under Revenue, and allowing for an increase (including Provincial surpluses and deficits) of £621,300 in expenditure, results in a total anticipated surplus of £2,738,500 as compared with the Budget Estimate which showed a surplus of £837,700.

14. This very large surplus is due to an increase of revenue in greater or less proportion under every principal head except Stamps, which shows a slight decrease of £6,200. The following are the principal differences between the Revised and Budget Estimates, giving, after allowing for some minor items, the total increase of revenue of £2,522,100:—

	£
Land Revenue	698,400
Opium	274,300
Salt	66,700
Excise	257,300
Customs	286,700
Assessed Taxes	47,000
Interest	108,000
Post Office	57,900
Telegraph	51,500
Mint	351,900
Receipts, Civil Departments	49,400
Miscellaneous	42,400
Railways	77,000
Irrigation	138,300
Receipts, Military Department	31,400
TOTAL	2,538,200

15. The increase under Land Revenue which accounts for more than one-fourth of the total, is due to a favourable monsoon season and to the inclusion for the first time of the Berar revenues amounting to £480,000. The other principal increases making up the large total were—

	£
Burma	46,100
Madras	73,800
Bombay	141,400

The total amount anticipated to be realised during the closing financial year, excluding Berar, is higher than the average of the past six preceding years by a sum of more than three-fifths of a million sterling, and this notwithstanding remissions in districts specially affected by the recent famine amounting to the important sum of £504,300. This very satisfactory increase is indicative of general progress, and of the great strides towards recovery made by the impoverished peasantry of recently afflicted areas. It may be noted that the proportion of Land Revenue from irrigated lands, or due to irrigation, is estimated at £821,900, the increase over the figure of the preceding year being £8,503. Increases under this head are specially satisfactory as showing the value of our irrigation system. But, as I have before now pointed out, such increases are not directly indicative of the condition of the people, since, apart from increased returns from newly irrigated tracts, the greater the defect of rainfall, the greater the revenue from irrigation in those districts whose topographical situation has enabled us to provide them with water.

16. The important increase under Opium is due to the obtaining of a higher price than estimated from sales, and to larger exports of Malwa Opium. In view of the rapidly falling market prices during the latter half of the last financial year, we assumed in our calculations for this year's sales a price of ₹1,100 per chest for Bengal Opium. In the early part of the year a continued decline in the market justified our anticipations, but in the later months there has been a fortunate recovery leading to the result now stated. The following figures illustrate the course of the market throughout the year:—

Average sale-price of Opium per chest during the financial year 1902-1903.

	₹	a.	p.		₹	a.	p.
April	1,178	2	10	October	1,135	13	1
May	1,074	13	7	November	1,169	5	7
June	1,108	2	1	December	1,128	9	1
July	1,100	11	6	January	1,149	12	2
August	1,140	4	1	February	1,154	11	7
September	1,132	1	0	March	1,262	5	1

17. Beyond certain improved facilities of distribution favouring consumption, the increased returns from Salt can only be attributed to an improvement in the material condition of consumers. The increase of ₹100,690, over the actuals of 1901-1902, is decidedly satisfactory, and it would have been larger but that we consider it necessary to allow for a loss of about ₹40,000 during the closing weeks of the year on account of the reduction in duty which comes into force immediately.

18. Excise, which has been yielding a slow but steady increase of revenue during the past few years, has suddenly taken a great leap forward, the revenue for the closing year being estimated at more than ₹300,000 in excess of that for 1901-1902. This remarkable increase of over 7 per cent in a single year is undoubtedly due in part to better administration and more efficient preventive measures, but it is also due, and to a probably greater extent, to the improved condition of the people.

19. Our Customs Revenue shows an increase under most of the important heads, the only serious exceptions being sugar and cotton goods. There has been some check in the importations of foreign petroleum, but there is no great cause for dissatisfaction at this, since such check is compensated by increased production of oil in Burma and Assam. The importation into Calcutta of petroleum from Burma increased by approximately 3½ million gallons, or by some 25 per cent, during the eleven months terminating on March 1, 1903, as compared with the importation during the corresponding period in the previous year.

20. The general importation of sugar shows a very considerable decline, but I much doubt whether this decline has been accompanied by any similar decline in consumption. The sugar market has been greatly perturbed by anticipations regarding the result of the Brussels Conference, and prices have varied considerably since last year. The prices quoted for refined beet sugar, last month, per cwt. in Bombay, were ₹10-13 as compared with ₹9-5 in March 1902, and the fluctuations in the interval have been considerable. Such uncertainties and fluctuations in prices must necessarily have affected the operations of importers, and although I am without precise information

on the subject, I feel pretty sure that stocks of sugar in India must now be much lower than they were twelve months ago.

Our returns from the countervailing duties on sugar have not only been received on a less volume of importations, but have also been affected by the changes introduced in our system of levying that duty under the Act passed in June 1902. The total received under countervailing duties for the first eleven months of the current financial year has amounted to only Rs 17,05,000 as compared with Rs 33,83,000 in the preceding year. In this connection I may recall that in the discussion on the Budget last March, one of the Hon'ble Members of this Council questioned the advisability of our taking so low a figure as 24 lakhs for returns from countervailing duties. The prudence of that estimate has, however, been more than justified by the event.

21. The duties on cotton manufactures, including all kinds, have also shown a falling-off, the receipts during the first eleven months of the current year amounting to Rs 85,00,223 as compared with Rs 96,65,320 in the immediately preceding corresponding period. It is only in the secondary category of white piece goods that a serious decline of importations has occurred, and in the much more important class of grey goods there has been an actual increase from Rs 46,66,879 to Rs 47,36,512. As regards the question of purchasing power for a staple article of consumption among the people, the relative falling-off in importations is compensated by an important increase in the output of local manufactures, as evidenced by the following figures showing the returns of excise dues levied in British India :—

Net total receipts of cotton excise dues.

	R
1897-98	11,38,950
1898-99	13,53,120
1899-1900	13,09,514
1900-1901	11,62,947
1901-1902	17,16,836
1902-1903	17,42,000 (estimate for last two months).

Various important articles of importation have shown satisfactory increases. Liquors give an increase of Rs 4,54,382, copper of Rs 3,03,623, and hardware and cutlery of Rs 1,04,341.

22. Deducting silver, the increased importation of which has been due to special circumstances to which I shall again allude, and sugar, the importation of which has, as I have shown, been influenced by exceptional circumstances, it will be found that there is scarcely any difference between the total revenues which we estimate will be derived from Customs importations in the current year and in the year 1901-1902. In this connection I may observe that, whilst I hope that increasing general prosperity may continue to swell our Customs returns from certain articles which we shall necessarily continue to import from abroad, I am inclined to anticipate that the development of Indian resources and industries, particularly as regards supplying such important articles of common consumption as cotton goods, petroleum and sugar, will tend to check the recent somewhat rapid growth of Customs Revenue from imports.

23. Under "Interest" the increase in receipts occurs mostly in England, and is due to the temporary investment of larger sums and to higher rates being obtained for them than was anticipated last March.

24. In Assessed Taxes, consisting almost entirely of income-tax, the important increase of £47,000 must be considered satisfactory. It is, I fear, only by their contributions as income-tax that a considerable section of the wealthier classes of the community make any adequate contribution towards the expenses of the administration of the State. It may be hoped that, with improved collection and control, income-tax will become a fair and important head of revenue.

25. Both letter postage and money order receipts increased beyond the Budget Estimate, and together they contributed £47,300 out of the total increase of £57,900 under "Post Office," and this notwithstanding a loss of approximately £11,400 entailed by the reduction of the commission on money orders for sums not exceeding five rupees.

26. The increase of £51,500 in Telegraph receipts is mainly due to the Budget Estimate providing for too large a reduction under foreign message revenue in view of the reduction of the tariff, whilst the cessation of hostilities in China has caused a smaller falling-off in receipts than was anticipated. "Receipts, Civil Departments" were swollen by the inclusion of Berar accounts from October 1st to the extent of £8,500,

and by £26,100 from the employment of Royal Indian Marine vessels on Imperial service. Of the increase of £42,400 under "Miscellaneous," £6,100 is due to increase of receipts in England, and £10,900 to the inclusion of Berar revenues from October 1st. There is also an improvement of £36,900 in Exchange transactions with Guaranteed Railways. With regard to Railways, I explained in my last Financial Statement that we could not count for the continuance in the current year of the abnormal receipts of 1901-1902, and I regret to say that my anticipations have been realised, as our Revised Estimate is £199,568 below the actuals of 1901-1902. The net increase of the Revised over the Budget Estimate, *viz.*, £77,000, is relatively a small difference, considering the magnitude of the transactions involved, amounting to only 4 per cent. The increase of £138,300 under "Irrigation" occurred chiefly in the Punjab, United Provinces and Bengal, and is due to the irrigation of a larger area than was anticipated. The increase of £31,400 under Army Receipts is chiefly due to credits for the supply of stores to troops serving abroad.

27. On the whole, we have every reason to congratulate ourselves on the important increase of revenue noted, and which is, in the main, due to a favourable agricultural season and to the steady recuperation of those provinces which have been so severely tried in the last few years.

28. I now pass to the Expenditure side of the account, and it is satisfactory to be able to state that the total expenditure according to our Revised Estimate will be £802,900 less than the Original Estimate.

29. In Army Services there has been a decrease of £509,200, but out of this large sum we must attribute some £479,500 to prolongation of the absence of troops in South Africa and China, and there were lapses of certain sanctioned grants which it was not found possible economically to employ in full, before the close of the financial year.

30. The other heads under which important economies have been effected are Direct Demands on the Revenue £259,100, Interest £75,600, and Salaries and Expenses of Civil Departments £488,900. "Direct Demands on the Revenue" were reduced by £129,200 owing to the opium crop proving to be below the estimate which allowed for a full crop; and there was also a considerable decrease in charges connected with Land Revenue. Under "Interest" there was a large saving owing chiefly to a reduction in the sum estimated for discount and interest on the loan of 150 lakhs raised in India last summer. The decrease under "Salaries and Expenses of Civil Establishments" was largely due to the impossibility to profitably utilize during the financial year the special grants made for "Education," "Medical," "Police," and "Justice."

31. On the other hand, we have a large apparent increase of expenditure under Mint, amounting to £299,600, due chiefly to a payment of £263,400 to the Gold Reserve Fund (being net profits on coinage) and to the recoinage of withdrawn rupees, and also to the coinage of dollars on private account, though on the latter we secure a small profit. Under "Miscellaneous Civil Charges" there is an increase of £258,500, of which £126,500 is due to the inclusion of Berar transactions from October 1st, whilst £66,300 is due to the remission of takavi advances in the Bombay Presidency, and £4,100 is for interest charges on guaranteed loans raised by Native States. The increase of £211,300 under "Railway Revenue Account" is due partly to the expense of increased traffic, but more largely to special expenditure on maintenance and renewals of permanent way and bridges and on rolling-stock.

32. Before considering the Estimates for the coming year, I think that I should say something with regard to the large surpluses over and above our Estimates during the last few years. It may be thought that our Estimates should have approximated more closely to results than has been the case, but as regards our Revised Estimate for the past year, it must be remembered that it includes the Berar accounts which were not included in our Original Estimate. I myself think that we should try to arrive at closer figures, and a serious endeavour has been made in this direction in the preparation of the Estimates for 1903-1904. I must, however, point out that an Indian Budget presents very special difficulties as regards accurate estimation. These difficulties arise from the dependence of our revenue on the good or bad fortune of the agricultural industry; this good or bad fortune is entirely dependent on the seasonableness and amount of rain during the year, and there is no possibility of foretelling how the elements may favour us. Land Revenue, which constitutes nearly one-fourth of our total resources, is naturally directly dependent upon the course of the season, and indirectly the same factor affects returns from Salt, Excise, and Customs. That Excise returns are directly influenced by the fortunes of the agriculturist, may be clearly seen by noting the following figures showing the variations of Excise revenue in the Bombay Presidency during the last few years,

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and the manner in which the returns correspond with the better or worse fortune of the people, and were affected by the great recovery in 1901-1902 :—

1898-99.	1899-1900.	1900-1901.	1901-1902.	1902-1903, Revised Estimates.
£	£	£	£	£
762,684	709,365	675,566	702,496	715,000
<i>Percentage of increase over preceding year.</i>				
4·5	—7·0	—4·8	4·0	1·8

Customs' revenues too, depending so largely on the importation of cotton goods imported chiefly for the use of the peasantry, are affected by the conditions which make or mar their prosperity.

33. Further, apart from climatic influences, the Customs returns have, for some years past, been affected by the variations in the countervailing duties on sugar, which there was no possibility of estimating beforehand. In addition to fluctuations under the above-mentioned important heads, our Opium revenue is, as is well known, a very uncertain factor in our revenue, and, further, during the last three years we have had unexpected windfalls through the movements of troops on the Indian Establishment, for foreign service, and through payments by the British War Office for stores and material supplied with those troops.

34. I trust that the figures which I am now about to present will approximate more closely to results than has been the case with those of the year now drawing to an end, although, as I have shown, our Indian conditions do not admit of a really close estimation. We are bound to be prudent in our forecasts. If the elements are favourable, a greater or less expansion of revenue exceeding those prudent forecasts will certainly result, whilst, should the season unfortunately prove seriously unfavourable, a shrinkage will result which would completely change the situation, if the estimates were less cautiously framed.

Remission of Taxation.

35. The results of the last four financial years have shown the following surpluses estimated and realised :—

	£
1899-1900 (Accounts)	2,774,623
1900-01 Do.	1,670,204
1901-02 Do.	4,950,243
1902-03 (Revised Estimate)	2,738,500

And these surpluses have been obtained notwithstanding the fact that the period under review commenced with a terrible famine, which unfortunately followed previous, though less severe, catastrophes of the same nature. They afford the strongest evidence of the recuperative power of the country, and of the efficiency of the measures which have been taken by the Government in years past for its development.

36. Last year at this season, when dealing with this question of surpluses, I stated that, although confident of the future, we considered it prudent to see the results of yet another twelve months, before deciding as to the advisability and prudence of the remission of taxation on a large scale. The results of the closing financial year have been such as to confirm our confidence in the future, and it is now our special good fortune to be able to announce that after mature consideration we feel ourselves justified for the first time since 1882 in deciding on important measures in the direction of remission of taxation.

It is most gratifying to be able to make this announcement, both from the point of view of relief to the tax-payer, and from that of the accumulated evidence of the material welfare of the mass of the people.

In view of the present satisfactory situation, it is the opinion of the Government of India that it is neither desirable, nor good financial policy, to continue levying taxation at present rates, yielding such large recurring surpluses as have been realised during the last four years. It is true that our expenditure is necessarily increasing with the increasing development of the country, and some of our present sources of revenue do not show much sign of elasticity, but, for the present, our receipts are in excess of our needs, and even should it be necessary some years hence to seek the means of increasing

revenue, we hold that we are not justified in continuing taxation at its present level during an interval which we trust may be prolonged.

37. The question of the direction in which remissions of taxation might be made so as to afford the most direct relief in the most suitable manner, to the population at large, has occupied our most anxious attention, and we have finally decided to reduce the Salt Tax in India, exclusive of Burma, from Rs 2-8 per maund to Rs 2, and to exempt from Income Tax all incomes below one thousand rupees per annum.

38. As regards the Salt Tax, in our opinion based on the most exhaustive inquiries, it does not, at its present rate, press hardly on the mass of the people, the actual impost per head being trifling. It is, however, paid in the main by those who can least afford to contribute anything, and we hope that the remission of even a trifling burden may prove a boon to the poorest class of tax-payers. Further, we hope that a reduction in the salt duty combined with the progressive cheapening of the carriage of salt, by the development of communications, will lead to such greater consumption as will not only benefit the health of the people, but will also permit of the greater use of salt with profitable results, for cattle and in various processes of manufacture.

Finally, from the financial point of view, a reduction of the Salt Tax has a very special recommendation, in that it will provide a reserve which can be immediately and rapidly made use of by once more increasing the rate, should such exceptional misfortunes as war or disastrous famine suddenly create an abnormal strain on our resources. At present we have no such reserve as is provided by the conditions of the Income Tax in England, and, from the financial point of view, it is of the highest importance that in such exceptional circumstances as I have indicated, and as might possibly arise, we should be in a position, without delay or complications, to add, say, at least one million sterling to our annual revenue.

39. As regards the raising of the limit of exemption from Income Tax, we believe that the tax on incomes under a thousand rupees is in the main paid by petty traders, by clerks in Commercial and Government offices, and by pensioners, who, small as is the present impost, feel it to be a severe burden. We are very glad to relieve a generally highly deserving class of the community of this burden, which weighs particularly heavily on widows and orphans in receipt of small pensions barely sufficing for the necessities of life. Moreover, we have reason to fear that it is in the lower categories of incomes that hardship is perhaps felt in the matter of inquisitorial proceedings on the part of assessors, who, possibly, sometimes fix assessments at unjustifiably high rates, and we hope by raising the limit of taxation to greatly reduce and simplify the work of assessment. I may add that a specially gratifying feature of the situation is, that although we feel ourselves justified in reducing our revenue returns by a sum approximating £1,393,000, as a result of the remissions of taxation on which we have decided, we are nevertheless able to estimate for receipts from revenue in the coming year, falling short by only £537,100 of the returns, according to our Revised Estimate, for the closing year.

Budget Estimates, 1903-1904.

40. Our estimates of Receipts and Expenditure for the forthcoming financial year result in an anticipated surplus amounting to £948,700, as regards total Imperial revenue and expenditure; but, it will be observed that to meet Provincial expenditure, Provincial balances will be drawn on to the extent of £1,383,500. I should mention, however, that provision has been made in the Budget for reconstituting such Provincial balances as will require assistance, so that the full minimum may be in hand at the close of the coming financial year. Such assistance will be given to the Central Provinces, Punjab, and Bombay. The remaining Provinces will hold balances showing an aggregate excess over minimum fixtures, amounting to £438,600.

REVENUE.

41. The principal items of estimated increase in revenue as compared with the Revised Estimate of 1902-1903 are as follows:—

	£
Land Revenue	621,200
Stamps	75,000
Excise	127,500
Railways	306,900
Receipts, Military Department	119,000

42. The above with minor increases result in a total anticipated increase of revenue amounting to £1,291,700.

43. The increase in Land Revenue is principally in Bombay, where £378,200 is due to a return to more normal conditions, whilst it is estimated that an enhancement of £100,400 will occur in Burma, owing mainly to the revision of settlements in Upper Burma. £61,000 is the increase due to Berar.

44. £28,000 of the increase in Stamps is due to the inclusion of Berar accounts and it is estimated that the returns in Madras will exceed by £18,700 those in the current year.

45. We estimate that a further improvement over the high Excise returns realised in the current year will yield an additional £46,700 in Bengal and the United Provinces and £33,300 in Burma, whilst £43,300 of the total anticipated increase is due to the inclusion of Berar accounts.

46. The increase of £305,900 in Railway Revenue is mainly attributable to anticipated considerable improvement in coal traffic on the Bengal-Nagpore Railway, and moderate increases are allowed for on the East Indian, the Rajputana-Malwa, and the Burma Railways.

47. The net increase of £119,000 in Army Receipts is the difference between an enhancement of £184,600 expected in the Home estimates, and a reduction of £65,600 in receipts in India.

48. On the other hand, we anticipate the following important decreases :—

	£
Opium	121,500
Salt	1,086,700
Customs	273,400
Other heads (including Assessed Taxes)	113,300
Interest	141,600
Mint	51,400
Irrigation	39,700

The above differences, together with the decrease of £1,200 under "Other Public Works," amount to a total decrease of £1,828,800.

49. The net decrease resulting from increases under some heads and decreases under others, as above noted, is estimated at £537,100.

50. As regards Opium, we have not felt justified in assuming that the relatively high prices obtained during the latter months of the closing financial year will be maintained and we have for the purpose of our present estimate assumed an average price for the coming year of R1,100 per chest.

51. As regards the heavy falling-off in the anticipated receipts from Salt, we have taken £1,113,300 as the diminution to be anticipated from the remission of duty, and we have added £26,600 which, we hope, may be realised by increased consumption, in part as a result of the lower duty.

52. In our Customs Revenue we allow for a considerable falling-off, a large proportion of which, about £90,000, is due to the anticipation of very small receipts from countervailing duties on sugar. We estimate for a decrease of £50,000 in the duty on silver, as the imports in the current year appear to have been abnormal, and we also anticipate a reduction of about £163,300 in the export duty on rice, as the Burma trade in the current year has been unprecedentedly large.

53. The principal reduction under "Other Heads" is in Income Tax receipts. The raising of the taxable limit will, it is estimated, result in a loss of £240,000, while it is expected that there will be an increase of £15,300 owing to the normal growth of the Revenue, thus reducing the net deficiency to £224,700. This decrease is, however, to a considerable extent compensated by increases in other minor categories of receipts falling under this general head.

54. The decrease under "Interest" receipts is chiefly due to an estimated reduction of £120,700 in the amount to be received in England. The sums available for investment by the Secretary of State will be somewhat smaller than during the closing year, and the rates of interest obtainable are likely to be lower.

55. Under "Mint" receipts we anticipate a decrease in dollar coinage and copper coinage, and consequently in the receipts therefrom.

56. The decrease in Irrigation occurs in the United Provinces and the Punjab, where it is anticipated that collections to be made in the coming kharif season, on account of irrigation, will be smaller than in previous seasons.

EXPENDITURE.

57. Under Expenditure, for the forthcoming year, we anticipate, as compared with the Revised Estimate for 1902-1903, increases of importance under the following heads:—

	£
Direct Demands on the Revenue	647,700
Post Office	90,800
Telegraph	94,400
Salaries and Expenses of Civil Departments	607,000
Railway Revenue Account	426,600
Irrigation	149,400
Other Public Works	394,200
Army Services	536,400
Special Defences, 1902	120,000

These increases bring up the total increase of Expenditure to £3,066,500.

58. The heavy increase under Direct Demands on the Revenue is in great part due to the inclusion of Berar expenditure, to the amount of £261,600, and £94,700 is due to increase of Opium expenditure, on the assumption of an average instead of the short crop of last season. The balance is chiefly under Land Revenue, Excise, and Forests. A larger programme for Survey and Settlement is included in Land Revenue expenditure.

59. The increase in Post Office expenditure is in part due to a payment of £20,000 under a new contract for a fast Mail Service in the Persian Gulf, and a sum of £19,300 has been provided for the improvement of the pay of Postmasters.

60. Under the Telegraph Department there is an addition to expenditure on account of a sum estimated at £38,000 for the guarantee payable by Government under the agreement for the reduction of charges on foreign messages. The remainder of the increase is mainly due to increased provision for stores and new telegraph lines.

61. Under 'Salaries and Expenses of Civil Departments,' an increase of £78,500 is due to the inclusion of Berar accounts. Other increases are chiefly under Courts, Police, Education and Medical, and whilst, in the closing year, there were considerable lapses under these heads, the present Budget makes full provision for all anticipated expenditure.

62. The heavy addition of £426,600 under the Railway Revenue Account is due to increased interest charges on additional capital and to larger working traffic charges on increased mileage. But it must be remembered that there is considerable compensation for this increased expenditure in increased general traffic.

63. The increase of £149,400 under "Irrigation" is accounted for by interest charges, £27,000, on additional capital expenditure, and to new Minor Works, for which £129,500 has been estimated. Further, of the special grant of 25 lakhs made in 1902-1903, £60,000 remained unexpended at the end of the year, whilst an allotment for the full sum has been repeated for the coming year.

64. Of the £394,200 noted as increase under Other Public Works, £266,600 are due to the special grants now being made to Local Governments, and £34,800 are estimated for expenditure under Berar accounts.

65. Army Services expenditure shows an increase of £536,400, of which £123,700 is due to the transfer of the Hyderabad Contingent expenses to this account. The balance is chiefly due to the non-repetition of savings secured during the closing year on account of the employment of troops on Imperial services.

66. As a set-off against the above increases of expenditure, we estimate for decreased payments under the head of "Interest" of £132,900, and £246,400 under Miscellaneous Civil Charges; these, together with an estimated decrease of £6,700 under Mint, give a total decrease of £386,000.

67. The net result as regards expenditure is an estimated total increase of £2,692,300.

Summary of Budget Results.

68. We may now consider the results of the Budget I have presented, as regards capital accounts, and requirements during the coming year.

69. Our estimate of Revenue, and Expenditure chargeable against revenue, closes with a surplus of £948,700. This surplus we carry forward to the second part of our statement dealing with Capital and Debt transactions, and including Deposits, Remittances and Advances. Our total estimate for Capital expenditure (not chargeable to revenue) on Railways and Irrigation amounts to £8,101,900, of which sum, £5,334,700 is for State Railways, £2,100,500 for the account of Railway Companies, and £666,700 for Irrigation Major Works. In addition to the above, we have to find £690,000 for

discharging Permanent Debt, and £1,500,000 for discharging Temporary Debt. Thus the gross total of our Capital requirements amounts to £10,291,900.

70. To meet these requirements we have in addition to the surplus of £948,700, and the net receipt of £192,600 under Deposits, Advances, and Remittances, a sum of £3,133,000 to be raised by Railway Companies. We further propose to increase our Permanent Debt by £3,333,300 including a loan of 2 crores to be raised in India, and we shall also procure £595,400 by addition to the Unfunded Debt.

These sums amount in the aggregate to £8,203,000 and the balance required to meet the total Capital Expenditure of £10,291,900 will be found by a reduction of our closing balances in India and in England by £2,088,900.

The final result will be a closing balance on March 31st, 1904, in India, of £11,496,301, and in England £3,934,637.

71. As regards the proposed rupee loan, I should say that it is possible that we may not require to raise the full amount noted, but the estimates of receipts have been calculated rather more liberally than has latterly been usual, and, in making an announcement, we consider that it is well to be on the safe side.

72. The present intention of the Secretary of State is to draw bills amounting to £17,000,000. This figure is omitted from both sides of the account above summarised.

General Financial Position on the basis of commercial value of Assets and Liabilities.

73. The credit of a country largely depends on the outstanding amount of its public debt. The public debt of India on March 31, 1902, including temporary and unfunded debt, liabilities on account of Post Office Savings Banks, Provident Funds and minor items, was £222,474,000.

74. This is relatively a small sum, being only the equivalent of about three years revenues, but the figure in itself may seem somewhat large to those who have not realised the great value of the assets held, against this debt, by the Government of India. It seems to me that it would be well to explain the nature and value of these assets, and to submit a statement of our financial position from the purely commercial point of view.

75. From the purely accounts point of view, a statement of our position is annually included in the accounts published by the Secretary of State, and this statement whilst showing correctly, as regards book-accounting, the total amount expended on productive public works, such as railways and canals, does not allow credit for their actual market-value. As a purely commercial calculation, I have arbitrarily, but I think fairly, capitalised the value of State railways and canals at 25 years' purchase of net annual average revenue, for the three years ending March 31, 1902, and such capitalised value amounts to £264,065,000. In addition to this asset, we held, at that date, cash balances in England and India, and balances in mints, small coin depôts, etc., amounting to £20,723,000, as also £3,454,000 in the Gold Reserve Fund, whilst a sum of £12,754,000 was due to Government on account of advances to Native States, Corporations, and other public bodies, including £2,266,000 due by cultivators for takavi loans. These sums brought up the total commercial value of our assets on March 31, 1902, to £300,996,000.

76. Against these commercial assets we must set off the amount of the Public Debt, already noted as £222,474,000, and the capitalised amount of our liabilities on account of the railways, and some minor obligations. The former, including the capital value of terminable annuities created for the purchase of the four old Guaranteed Companies, the capital raised through Companies working purchased railways, and the capitalised amount at 25 years' purchase of guaranteed interest payable to the new Guaranteed Companies, amounted to £94,787,000, whilst minor obligations amounted to £5,547,000, thus bringing up our total commercial indebtedness to £322,808,000.

77. According to this calculation the balance of our commercial indebtedness on March 31, 1902, amounted to £21,812,000.

78. We should, I think, however, take into account our assets and liabilities in connection with the two remaining old Guaranteed Companies' railways, the Bombay-Baroda, and the Madras. The capital value of these assets at 25 years' purchase of net annual average share of revenue payable to Government for the three years ending March 31, 1902, was £20,842,000. The liability in connection with the same cannot be stated definitely, since it will, in the end, depend on the price at which the railways may eventually be purchased by Government; for the purpose of my commercial calculation, I have, however, assumed the liability as equivalent to 25 years' purchase of the average annual payments of interest during the three years ending March 31, 1902, and this amounts to £24,824,000.

79. Taking, then, the two remaining old Guaranteed Companies' railways into account, on the basis I have assumed, I must add £3,982,000 to our liabilities, and admitting this calculation, we still only show a total liability, for excess of commercial liabilities over assets, of £25,794,000.

80. I think it may be fairly held that the position is even better than I have shown by the calculation of commercial values, on an arbitrary basis, and it must be remembered that in our railways and canals we have a steadily improving property.

81. There are few States in Europe, or elsewhere, which can boast of such a thoroughly sound financial position.

Coinage, Currency and Exchange.

82. During the past year our coinage operations, as regards rupees, have been limited to recoinng rupees of the 1840 issue, and coining on account of Native States. The amount thus coined on Government account up to the end of February was ₹7,09,44,122, and for Native States ₹2,98,86,000. It must be remembered that the coinage undertaken on Government account added nothing to our circulating currency.

83. Since the beginning of the current calendar year there have been very heavy demands for money, in great part in connection with the disposal of the bumper rice crop in Burma and the large cotton crop in Bombay and Central India. These demands have been largely met by the increased sale of Council Drafts, which will reach, according to our Revised Estimate, the total of £18,261,000, comparing as follows with those of preceding years:—

YEAR.	Amount.
	£
1901-1902	18,539,071
1900-1901	13,300,277
1899-1900	19,067,022
1898-99	18,692,377
1897-98	9,506,077

But this large sale of Council Bills has by no means sufficed to meet the demand on foreign account for rupees in India, and very considerable sums in gold, amounting to approximately $4\frac{1}{2}$ millions sterling, have been shipped to India, chiefly from Australia, up to the end of February, besides a total nett importation of silver bullion, up to the same date, approximating 4 millions sterling. Of the silver importation, however, a large amount was for dollar coinage and for consumption in the country, but a certain proportion was apparently imported by speculators for a rise in silver, as a profitable method of remittance.

84. Our currency balances have naturally been strongly affected by the bullion importations and demands for rupees, and our reserve of silver coin fell from ₹15,55,66,000 on November 30 to ₹9,01,73,000 on February 22, whilst the amount of gold held increased during the same period from £5,801,389 to £8,464,599. The stocks of both silver and gold have, however, since increased, the former to ₹9,90,90,000 and the latter to £9,073,853 on 7th March. In view of the large importations of gold bullion and the decreasing stock of silver coin, we decided at the end of February to purchase £300,000 of silver in London, so as to be fully prepared for the coinage of rupees should circumstances require it and our then existing stock of silver prove insufficient. At the time that we made the purchase, besides our stock of rupees in the Currency Reserve, we held in the two mints approximately ₹1,15,00,000 in withdrawn 1840 rupees, and silver bullion and bars obtained from the melting of such withdrawals. Our purchase was, therefore, simply a precautionary measure, and I allude to the fact to show that we are not unmindful of our responsibilities in the matter of providing currency.

85. During the year, our Gold Reserve Fund has increased from £3,454,246 to £3,810,730, and substantially the whole of the latter amount is now invested in Consols. The Fund is increasing slowly but satisfactorily.

86. Our exchange operations, as indicated by the rates obtained for Council Drafts, have been very favourable during the closing year. The average rate, to date, for the rupee, has been 16'002*d.* as compared with the rates noted below, for the four preceding years:—

1898-1899.	1899-1900.	1900-1901.	1901-1902.
<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
15'978	16'067	15'973	15'987

87. I may point out that our position, as regards currency and exchange, is now somewhat as follows:

We have virtually relegated our rupee currency to the position of a token currency, and we are now practically in the position of bankers who have issued a certain amount of fiduciary currency (whether paper or metal is immaterial), and to maintain the value of this fiduciary currency, we are bound to be in a position to exchange it for gold when presented for conversion to meet legitimate trade requirements. As I have already mentioned, we hold in the Gold Reserve Fund a sum of £3,810,730, and in the Currency Reserve we have about £9,073,853 also in gold. The gold in the Currency Reserve flows freely in and out according to circumstances and monetary conditions, but the demand for the metal is generally small. Gold coins, though demanded by bankers, seemingly chiefly for remittance purposes, are apparently but rarely used in local circulation, and private demands for export are limited by the action of Government in curtailing the sale of Council Bills whenever exchange approaches export point gold being remitted, when necessary, to the Secretary of State in substitution for sales of Council Bills. The position of gold in the Indian Currency Reserve may, I think, be compared with that of gold in the Bank of England, which is held at the free disposition of the public, the difference being that the demands in India are comparatively small for the reasons I have given. The gold in the Gold Reserve Fund is held under conditions more nearly resembling those under which gold is held by the Bank of France. It will only be when the temporary curtailment of Council Bills is found insufficient to check a fall in exchange, and when the gold in the Currency Reserve is exhausted, *i.e.*, when the balance of indebtedness is seriously adverse to India to an extent, that we need hardly anticipate, that any serious demand can arise on the Gold Reserve Fund.

There are both advantages and disadvantages in having a silver instead of a paper fiduciary currency. The silver always has an intrinsic value of high proportion to the nominal value of the circulating medium, but that value is fluctuating and has an unfortunate present tendency to depreciate. A note has no intrinsic value, and there can therefore be no question of fluctuation in its value.

Circulation of Currency Notes.

88. During the past year the circulation of currency notes has considerably increased. I submit the two following statements, (1) showing the gross circulation of paper currency notes in recent years, and (2) the circulation excluding the amounts held at the Government Reserve Treasuries and by the Presidency Banks at their Head Offices:—

(In lakhs of rupees.)

	1899-1900.	1900-1901.	1901-1902.	1902-1903 (11 months only).
STATEMENT I.				
Average	27,96	28,88	30,03	33,56
Maximum	29,27	30,78	31,86	35,58
Minimum	26,26	27,90	27,68	31,25
STATEMENT II.				
Average	23,09	23,86	23,16	25,62
Maximum	24,41	25,02	24,40	27,35
Minimum	21,94	22,85	22,39	23,93

It will be observed that the average circulation in statement (2) is considerably above that of the preceding year.

89. Last year I mentioned that we had under consideration the finding of means to popularise the circulation of notes. After a very careful consideration of the question, and consultation with some of the best authorities in India, we decided to make an experiment in the direction of creating a universal five-rupee note, payable at all Treasuries throughout India except Burma. The measures in connection with this decision have been legalised by an Act passed on March 13th of this year, but it will be some time before notes are issued to the public, as we are still engaged in considering the best form of note as regards the class of paper to be used to secure durability. We shall take

special measures with the object of securing that these universal five-rupee notes be cashed without difficulty at all local Treasuries, and we hope in course of time to render them as popular throughout India as the present five-rupee notes already are in the Bombay Presidency. Should our experiment in the matter of a universal five-rupee note succeed, we shall in due time consider the advisability of issuing also a universal ten-rupee note. I must point out that the great difficulty in connection with the creation of such universally payable notes lies in the danger that they may be used for remittance purposes, but against this we shall take certain precautions.

Presidency Banks.

90. At the beginning of the winter season we held an informal conference which was attended by the Managers of the three Presidency Banks and some of our best official experts, and as a result of the discussions we are now about to make proposals to the Secretary of State for some important modifications in existing arrangements with the Presidency Banks. I regret being unable to announce the decisions to-day, but I feel confident that they will be such as will meet with general approval, and I trust that in the end they will prove advantageous to the Presidency Banks, although on some points we have appealed to their well-known public spirit to make some possibly temporary sacrifices in the interests of the general commercial community.

91. I submit the following statement of Government balances held by the Presidency Banks:—

Government Balances with the Presidency Banks.

(In thousands of rupees.)

MONTH.	1898.	1899.	1900.	1901.	1902.	1903.
January	2,78,41	2,73,84	2,48,75	2,64,54	2,85,89	3,07,63
February	2,74,04	2,72,31	2,56,23	2,86,73	2,97,16	3,32,02
March	3,19,63	3,38,07	2,79,18	3,15,79	3,11,24	...
December	2,68,65	2,38,75	2,48,90	2,82,02	3,05,84	...

I would ask those who may be inclined to consider that the Banks might receive further assistance from Government in this direction, to remember that according to our arrangements with the Banks the amounts which Government are under obligation to hold on deposit with them are, respectively—

	Lakhs.
Calcutta	35
Bombay	20
Madras	18
TOTAL	73

It will be observed that these obligatory sums have been very largely exceeded. Further, we have continued to show our readiness to assist the Banks in meeting demands for money in the busy season, and we are glad to note that, notwithstanding the recent great demand for money, the Presidency Banks' rate has not exceeded 8 per cent.

Foreign Tariffs.

92. Although our own Customs tariff is, with the exception of the countervailing sugar duties, on a simple basis, we do not escape a good deal of trouble and much correspondence in connection with changes in the tariffs of foreign countries likely to affect Indian trade. It is self-evident that, our own tariff being very low, we can have little to offer to any foreign State to induce them to treat us with special favour in the matter of tariffs, and this position will continue unless we should be forced to accept a serious change of policy and to adopt an undesirably complicated tariff, raising and varying our duty rates to meet the kaleidoscopic changes in the tariffs of others.

93. Our chief troubles during the past year have been due to changes in the French and Persian tariffs, and to changes in the system of bounties in beet

sugar-producing countries, whilst now we are inquiring about the reported change in the Japanese tariff, affecting indigo, and into the possible effect on our trade of the new arrangements in China.

94. As regards the French tariff, after prolonged negotiations in Europe an arrangement has been made, under which India still continues to enjoy the minimum tariff, to the great advantage of our coffee planters. With Persia we unfortunately had no proper commercial treaty, and we were consequently in a difficult position to negotiate. The tariff recently introduced is still very high as regards our interests, but both the Government of India and the British Foreign Office have been giving unceasing attention to the question. Some important modifications on the original proposals were secured, and further steps are being taken for the protection of our trade interests.

Countervailing Duties on Sugar.

95. It was agreed at the Brussels Conference to restrict by international agreement the protective duties that may be imposed in the sugar-producing countries, and to abolish all kinds of bounties on the production or export of sugar. A convention was drawn up giving effect to this decision, and requiring the contracting Powers either to impose countervailing duties on the sugar imported from countries which continue to grant bounties, directly or indirectly, or to prohibit altogether the importation of sugar from such countries.

96. The Government of India were represented at the Conference, but did not become a party to the Convention, preferring to retain for the present complete liberty of action.

97. At the Conference it was decided that the bounty system should be allowed to continue unchecked until the 1st of September 1903, and this decision made it necessary for us to devise intermediate measures to protect the Indian producer from the competition of bounty-fed cheap-beet sugar, the price of which has been artificially lowered by the continental trade combinations. An Act was accordingly passed on the 6th of June 1902 empowering the Governor General in Council to impose a special duty on the sugar imported from any country in which the rate of taxation on foreign sugar exceeds the Excise-duty on home-grown sugar by more than a fixed maximum of 6 francs per 100 kilos of refined sugar, and $5\frac{1}{2}$ francs per 100 kilos of raw sugar. The parties to the Brussels Conference considered that a protective duty of this amount would not allow a sufficient margin for the operations of cartels or combinations of sugar refiners, and they held that, when the protective duty exceeded the above rates, a special duty of half such excess would be sufficient to neutralise the depression in prices that might be created by the cartels. This formula appeared to be suitable to the conditions prevailing in Germany and Austria-Hungary, where the cartel system has been elaborated, and the rate of duty, worked out on the above principle, corresponded roughly with the difference, as calculated by experts, between the export price of sugar and the average cost of production in those countries. The Government of India therefore adopted this formula as a provisional measure, and on the 6th of June 1902, special duties were imposed under the new Act, on sugar imported from Germany and Austria-Hungary. The provisions of the Act were subsequently extended to sugar imported from France, Denmark, Russia, and the Argentine Republic. Measures have also been taken to ascertain the countries of origin of all sugar imported into India, in order to prevent the evasion of the countervailing duties by importation by indirect routes.

98. The practical effect of the new duties has been to close, temporarily, the Indian market to the direct importation of German and Austro-Hungarian sugar, and to encourage imports from such beet-growing countries as Holland and Belgium, which do not maintain high protective duties. The imports of cane sugar from Hongkong, Java, and the Straits Settlements have also been largely increased.

99. It has been announced in the public telegrams that all the Powers who joined the Brussels Convention have now formally ratified their acceptances, and it may be presumed that the provisions of the Convention will be put into force on the 1st of September 1903. On that date, the parties to the Convention are bound to abolish all sugar bounties, and, should they be completely abolished, the position might become such as to justify the abolition of all countervailing duties in India. On the same date, the Act passed in June last will, unless specially extended, cease to be in force. It appears, however, probable that in September next large stocks of bounty-fed sugar will be in hand in the beet-growing countries, and it may possibly prove necessary to consider the

necessity of further temporary special measures, until these stocks have been exhausted and normal conditions restored.

100. No decision has yet been arrived at with regard to the adherence of India to the Brussels Convention, but we are at liberty under the terms of the Agreement to accept it, should it hereafter appear desirable.

101. I append a statement of the imports of sea-borne sugar, and also of the sums realised from the countervailing duties.

Imports of Sea-borne Sugar from other Countries into British India.

COUNTRY.	1898-99.	1899-1900.	1900-1901.	1901-1902.	1902-1903. April 1902 to January 1903 (ten months).
REFINED.	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.
United Kingdom	35,565	65,424	119,272	188,300	265,128
Austria-Hungary	1,063,737	777,821	1,321,310	2,257,928	878,763
Germany	413,971	60,526	401,980	577,139	145,641
Mauritius	1,793,607	1,417,115	2,085,156	1,759,203	1,518,899
China—Hongkong	185,682	316,975	487,439	182,564	440,707
Java	162,500	190,553	225,247	310,592	493,806
Straits Settlements	75,656	79,999	144,166	62,486	203,566
Belgium	30,350	766	1,467	2,055	182,516
Holland	1	311	400	500	73,647
Other Countries	3,841*	26,502*	55,199*	87,336*	90,437*
TOTAL	3,764,910	2,935,992	4,841,636	5,428,103	4,293,110

* Includes figures for Egypt and Ceylon.

Net Receipts from the countervailing duties.

1899-1900.	1900-1901.	1901-1902.	1902-1903.
£	£	£	£
56,783 . . .	140,465	244,398	70,381

Customs Administration.

102. The Government of India have received representations from commercial bodies on the questions of the desirability of the care of commercial interests being made a particular function of some Government Department, and also on that of reform in our Customs administration, particularly with regard to the simplification of procedure and continuity of service in the Customs Department. These are questions on which, in principle, we fully sympathise with the ideas of the commercial community, and that such is the case is evidenced by the fact that Government had already moved in both matters before there was any special indication of public interest therein. It is some two years since the question was mooted of the desirability of having a section specially charged with the consideration of commercial interests in the Finance and Commerce Department. During that period, opinions on the question have been received and various suggestions considered; finally, a definite scheme has been formulated which is now under the consideration of the Secretary of State. Until we learn what the decision may be, it would not be proper for me to enter into the details of our proposals,

but I may say that there is not the least fear of the proposed commercial section becoming a bureau of dry statistical information with the addition of lists of the addresses of traders. Our idea is to create an active living institution in which all questions relating to trade and industry will be considered and primarily dealt with, whilst information will be collected which we trust will prove equally useful to Government and to business men. Our present Statistical Department will be included in the new section, with a distinct head, subordinate to the Director General of the section, which will include two distinct divisions, Commercial and Statistical.

103. With regard to Customs administration, I may say that this matter has occupied my attention for a long time, and it is more than a year since Government referred to a departmental committee certain questions connected with our Custom House system, and we subsequently requested another committee, on which we had the valuable assistance of commercial representatives, to formulate proposals for the improvement and simplification of Customs procedure. Something has already been done in this direction, and I believe that the commercial community are fully sensible of the beneficial results. The larger reforms which have been suggested will also receive the most careful consideration, but it must be remembered that the Customs administration being under the Local Governments we cannot move as quickly as might possibly otherwise be expected.

Army Services.

104. We are still continuing the work of providing for increased efficiency of the army, and more particularly by expenditure in the various Departments connected with Supply, Transport, Armament and Mobilisation. The following figures show the net Military expenditure during the last five years:—

	£
1899-1900	14,165,743
1900-1901	14,265,525
1901-1902	14,786,342
1902-1903 (Revised Estimate)	16,234,900
1903-1904 (Budget Estimate)	16,652,300

Included in the sums placed at the disposal of the Military Department are large amounts for Ordnance Factories. We have so far sanctioned the following amounts on this account and the subjoined statement shows the sums allotted and spent, to date, on different establishments:—

Statement showing the probable expenditure to end of 1902-1903 on the various Government manufacturing establishments, and the grants allotted for 1903-1904.

NAME OF FACTORY...	Total amount of estimate (Military and Military Works).	Total probable expenditure to 31st March 1903 (Military and Military Works).	Total grants allotted for 1903-1904 (Military and Military Works).
	£	£	£
Cordite Factory, Wellington	196,298	188,694	10,000
Rifle Factory, Ishapore	250,333	60,977	142,000
Gun Carriage Factory, Jubbulpore	177,938	74,619	54,250
Ishapur Rolling Mills	167,829	2,000	84,035
Gun Factory, Cossipore	10,680	Nil	7,000
TOTAL	803,078	318,290	297,285

These are large grants, but I would again emphasise the fact that not only will the expenditure have valuable results from a military point of view, but it will prove of direct benefit to the people of India by lessening the cost of war material; providing well-paid employment for labourers and artisans; assisting the education of the people in mechanical trades; and reducing the drain on our resources for payment abroad.

105. We anticipate that manufacturing will commence in the Cordite Factory about the end of 1903; in the Ishapur Rifle Factory about the end of 1904, and in the Gun Carriage Factory, Jubbulpore, the Rolling Mills, Ishapur, and the Gun Factory at Cossipore in the spring of 1905.

Public Works.

106. The following figures show the comparative Capital expenditure on Railways for five years :—

	£
1899-1900	5,978,520
1900-1901	5,317,768
1901-1902	5,915,199
1902-1903 (Revised)	6,897,200
1903-1904 (Estimate)—	
Capital expenditure on open lines	3,350,700
Capital expenditure on lines under construction	2,271,600
Capital expenditure on new lines recently commenced	1,183,800
Capital expenditure on new lines to be commenced next cold weather	527,200
TOTAL FOR 1903-1904	7,333,300

107. On April 1st, 1902, the total length of railways was 25,378 miles, classified as follows :—

5' 6" gauge	14,057
Metre gauge	10,553
Special 2' 6" and 2' 0" gauges	768
TOTAL	25,378

To this mileage has been added during the current year—

	Miles.
5' 6" gauge	272
Metre gauge	697
Special narrow gauges	127

bringing up the total addition to open lines to 1,096 miles, and we anticipate adding approximately another 654 miles during the coming financial year.

These are important additions to our railway communications, and experience has shown their great value in mitigating the effects of famine, and in opening up new districts, and providing profitable markets for the agricultural population.

Provincial Settlements.

108. As regards the new settlements with Provincial Governments, I had expected to be able to make some definite announcement at this season, but the matter is one of such great importance and the questions involved are so complicated that it was only in the late autumn that we were prepared to formulate definite proposals to the Secretary of State, and these are still under his consideration.

Mutual Credit and Agricultural Banks.

109. Again, I must express my regret at being unable to announce any definite decision. The question is clearly one of the highest importance, and, anxious as we are to proceed, every care must be taken to avoid, as far as possible, mistakes at the outset. The opinions of Local Governments and authorities to whom the report of the Conference on this question was referred have been received, but they have not been sufficiently long before us to enable us to formulate our definite proposals to the Secretary of State.

Remission of Land Revenue and Special Grants-in-Aid.

110. I mentioned in my Statement last year that we had decided to remit £1,321,500 of arrears of land assessment in distressed districts. This has been done, and we continue the same policy of assistance to any sections of the agricultural

population, which, as the result of famine, may be in need thereof, and we have again sanctioned a special grant of 25 lakhs for minor irrigation works. I may mention that during the closing financial year it was only found possible to profitably spend 16 lakhs out of the 25 lakhs sanctioned. I may here remind those who advise us to 'irrigate India' as a panacea for all troubles from drought and famine, that even in India water will not flow up hill, and that irrigation schemes require much time for careful preparation, and more time and the greatest care for profitable execution.

111. The special grants-in-aid made last year to Provincial Governments for expenditure on Education, Public Works, Medical requirements and provincial administrative purposes, were not fully expended. From one point of view it is a matter of regret that it was not found possible to expend the whole sum which was placed at the disposal of the Provinces, but, on the other hand, the fact that the money was not all spent is a satisfactory proof of the care exercised in its expenditure. This year we have decided to distribute among the various Provinces, excluding Burma, a special grant of 40 lakhs, to be devoted to Public Works, such as Jails, Police Quarters, Court Houses, Provincial Roads, etc., and we believe that the money can be spent with real advantage. We have not made any special grant to Burma on this head, as the Government of that Province has a very large balance, accumulated during the period of the last settlement, and which is still at its disposal for Public Works.

Famine.

112. We may congratulate ourselves upon the favourable results of last year's monsoon, a prolonged break in which at one time threatened disaster. But the rainfall was resumed in time, and the result was to add to the happiness and prosperity of the people, and was immediately reflected in our revenue collections.

The rice crop in the Central Provinces constituted an unfortunate exception. It very generally failed; and the failure, coming as it did upon the top of successive years of trial, has caused considerable distress. The distress is, fortunately, not very widespread; but already some 36,000 persons are in receipt of relief. In some districts of Upper Burma also, insufficient rainfall has resulted in a short yield of rice.

The winter rains in the north-western portion of India have again been scanty, and the spring crops in unirrigated areas, especially in the Punjab, have suffered in consequence. But it is not anticipated that anything in the shape of serious distress will result. With these exceptions, the agricultural character of the past year may be described as generally favourable.

113. Our direct famine expenditure during the closing financial year is estimated at £313,500. In connection with famine questions I may mention that the total outstanding for loans granted to Native States, chiefly for famine purposes, is now about 211 lakhs; in addition to this sum, loans have been raised by Native States in Bombay, in the open market, under Government guarantee, to the amount of about 33 lakhs.

As announced at the Durbar at Delhi, we have remitted three years' interest on the loans granted or guaranteed by Government, and we have since decided that to assist very small States who had raised petty loans in the open market, the outstanding balance of principal up to ₹2,000 shall be paid off by Government during the current year, and be replaced by Government loans at 4 per cent. Our estimate of the amount thus to be paid is ₹1,14,000. I trust that this latter arrangement will prove a substantial assistance to the very small States, by whom the burden of interest and repayment of principal on even the most petty loans, must be severely felt.

Economic Progress.

114. I think it may be well that I should endeavour once more briefly to review the economic situation, and to deduce, from the consideration of the question, such conclusions as may be possible regarding the prosperity of the people taken as a whole. I say advisedly 'taken as a whole,' because those who have been inclined to criticise previous statements of opinion on this subject have founded their arguments as to the alleged impoverishment of the people, on facts and circumstances connected solely with that relatively small part of the total population which has been so severely tried by famine and plague in recent years.

115. As a general indication of increasing wealth of the tax-payers, I think that a very fairly correct estimate of the position is to be obtained by noting the increase in

revenue returns under heads the returns from which are manifestly dependent on their spending power. Such heads are Salt, Excise, Customs, Post Office, and in a lesser degree Stamps, and I give the following figures showing progress in revenue under those heads during the last three years :—

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	Revised Estimate, 1902-1903.
	£	£	£	£
Salt	5,850,463	5,967,034	5,930,310	6,040,000
Stamps	3,265,476	3,342,948	3,446,406	3,471,900
Excise	3,859,942	3,937,202	4,076,681	4,377,600
Customs (excluding countervailing du- ties and silver)	2,914,857	3,131,223	3,358,870	3,509,700
Post Office	1,308,315	1,357,156	1,383,709	1,435,000
TOTAL	17,199,053	17,735,563	18,204,976	18,834,200

116. I have purposely omitted Land Revenue from this table, since returns from this source are influenced in the direction of increase by revisions of settlement, and by the bringing under settlement of newly irrigated and cultivated lands, and in the direction of decrease by the large remissions which have been made to facilitate recuperation in specially afflicted areas. The returns from the Post Office have, it is true, been influenced by certain changes in rates charged, but as these have all been in the nature of concessions and reductions, we can as regards the question under consideration accept the results with confidence.

117. The inevitable deduction from the figures tabulated must be that the material prosperity of the people as a whole is making good progress.

118. In further confirmation of this I may cite the figures showing the growth of deposits in the Post Office Savings Banks—

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	Revised Estimate, 1902-1903.
	£	£	£	£
Post Office Savings Banks (net receipts)	145,628	264,540	425,911	430,400

119. As I have previously stated, the prosperity of the agricultural population must, from the financial as well as from other points of view, be the deepest concern of the Government of India, and there is no hesitation in providing funds for agricultural purposes wherever we see the likelihood of profitable employment. Matters of detail connected with this question are within the province of my Honourable Colleague in charge of the Revenue and Agricultural Department, but I think I may be allowed to mention that the activity and labours of the competent gentleman who was named Inspector General of Agriculture, encourage great hopes of progress, and that in some parts of the country a very satisfactory beginning has been made towards instructing the raiyats in such questions as introduction of crops grown in one district to another in which they seem likely to succeed; improved methods of cultivation; advantage of chopping up fodder crops; ensilage; value of propagation of good qualities of seed; value of certain easily procured manures; use of implements of the simplest kinds; and the treatment of crop diseases.

In the Central Provinces, under the sympathetic supervision of the Commissioner of Settlements, special progress has been made, and 14 demonstration farms working on the lines indicated, of from 25 to 100 acres each, were taken up last year. Further, in these Provinces the publication of a monthly magazine has been undertaken, written in simple language, in the local vernacular, and dealing with local agricultural questions. There are already over a thousand subscribers to this magazine and free distribution is made to officials. The success which has attended this good beginning augurs favourably for the future.

120. I am glad to say that there has been some recovery during the past year from the recent severe depression in the tea industry. Prices have improved somewhat, that for fair Souchong having risen from 4 annas 3 pies per lb at the end of February 1902 to 4 annas 9 pies per lb at the close of the calendar year, and from 4 annas for common Pekoe to 4 annas and 9 pies per lb. Progress has been made in pushing sales in Persia and Russia, and a new departure has taken place during the past year in the manufacture of green tea in India. The exports from Calcutta between April 1st and

January 31st have increased from ₹163,339,300 in 1901-1902 to ₹164,161,000 in the corresponding period, 1902-1903.

121. I cannot say that there are up till now as satisfactory signs of revival in the indigo industry, as I am able to note with regard to tea. Still there is distinct evidence that the views which I ventured to express on this question in my previous Financial Statements have not been without reasonable grounds. I know that very many of those keenly interested in the Indian indigo industry believed that I was unreasonably optimistic, and capitalist friends in Europe, interested in the manufacture of synthetic indigo, pitied my ignorance in saying that they had not yet heard the last of the natural product.

Now, what are the facts on which we may base an opinion? First, owing to a succession of unfavourable seasons, we have had a reduction in the outturn of indigo crops, from over 100,000 maunds to some 85,000 maunds, then to 45,000 maunds, and such a failure in crops would by itself have spelt ruin to any but an industry possessed of much natural vitality. And yet the indigo industry is by no means dead, and during the recently closed auction season, prices advanced by fully four pence per pound—a very recently closed auction season, prices advanced by fully four pence per pound—a very considerable percentage, —whilst natural indigo continues, I am informed, to fetch in certain markets some 30 per cent more than the artificial product.

But the most important point, to my mind, in connection with this question of competition between the natural and artificial products, is that the planters appear to have realised the necessity of a reform in agricultural methods, and are with good results adopting a system of rotation of crops, whereby indigo becomes something akin to those bye-products for which any price obtainable is a profit. I do not anticipate any return to the bye-gone days of extraordinary prosperity in indigo, but I do not believe that we need contemplate anything like a complete failure of the industry.

122. In this connection we must feel keen interest in the present efforts to create a sugar industry on a scientific basis in Behar, since indigo 'seeth' is considered to be the cheapest and most reliable manure for sugarcane crops. It is reported that satisfactory progress is being made with the production of sugar, and I am glad to say that considerable attention is also being paid to the cultivation of rhea and tobacco, for the manuring of which crops the indigo 'seeth' is equally valuable.

123. The rapidly increasing prosperity of the coal business has received a check, but I do not think that there is any reason for discouragement. We have recently had the opportunity of learning the opinion of two very competent experts on the value of our coal-fields, and they were emphatic in their appreciation of the wealth they represent. They gave, however, some words of warning as to the desirability of economical working of the coal seams, without due attention to which profitable working might in their opinion come to an end prematurely.

The quality of the Bengal coal was highly praised by these experts, and I would venture to suggest to coal-owners that to maintain the reputation of the coal and command full prices, it is very important that only the best qualities should be shipped. Attention to this question is in the interests of all concerned in the trade, for should careless owners send out coal of inferior quality, there would be a risk of a general reduction in price which would seriously prejudice the business of those who continued to work their coal well, and shipped only the best quality.

I give the following figures of exports of Bengal coal during the last three calendar years :—

YEAR.	Foreign Ports.	Indian Coast Ports.	GRAND TOTAL.
	Tons.	Tons.	Tons.
1900 . .	518,551	1,216,060	1,734,551
1901 . .	575,937	1,432,350	2,008,287
1902 . .	427,786	1,287,770	1,715,556

Bunker Coal was supplied to Steamers at Calcutta, in 1900, 615,504 tons; 1901, 661,840 tons; 1902, 697,007 tons.

124. As regards investment in industrial enterprises in India, I should mention that our statistical returns show an increase of investment of £875,000 for the calendar year 1902, and the total paid up capital at the end of that year as amounting to £25,992,000. These returns are, I fear, not fully complete, as we sometimes have considerable

difficulty in obtaining the required information. It would be a great advantage if such information were more freely given.

125. I am glad to be able to note once more that the jute industry is in a flourishing condition, and I understand that good profits have been made by those engaged in that business. There are, however, reports that the quality of the jute fibre is deteriorating, and this appears to me to be a question requiring the close attention and advice of agricultural experts, assisted by agricultural chemists. I hope that this question may be taken up. Prices have ruled fairly firm, this season, and exports have been fairly large.

126. We have had an excellent cotton crop which is selling at fair prices, and we have further been favoured with a bumper rice crop in Burma, which, besides adding to the prosperity of that Province, has resulted in a material total increase of revenue, amounting, as compared with last year, to approximately Rs 27,73,000 from the export-duty on rice.

127. In conclusion, I would draw attention to a very specially satisfactory feature in the general situation, namely, the steady growth of our Export trade. The following are the comparative values of exports (exclusive of treasure and Government stores) in the eleven months from April 1st to February 28th, in the last three years:—

1900-1901.	1901-1902.	1902-1903.
£	₹	£
64,865,050	75,051,924	75,969,551

The corresponding figures for the Import trade are—

1900-1901.	1901-1902.	1902-1903.
£	£	£
45,696,640	50,285,455	47,164,115

The result, including Government stores, but excluding treasure, has been an excess of values of Exports over Imports for the three eleven-month periods, as follows:—

1900-1901.	1901-1902.	1902-1903.
£	£	£
16,641,827	20,828,175	24,907,365

I may add for information that the net imports of treasure during the corresponding three years amount to a total of £19,307,957, whilst Rupee Government Securities have been bought abroad and transferred to India for a total of £5,561,333.

E. FG. LAW.

March 18, 1903.

PART II.

BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.

Section I.—The Accounts of 1901-1902.

128. The Accounts of the year show a surplus £4,950,243, being £277,343 ^{1901-1902.} more than the surplus of £4,672,900 anticipated in the Revised Estimates ^{General Result of Accounts.} framed in March last.

129. The variations between the figures finally entering into the Accounts and those taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 7th instant.

130. The following is a general comparison of the Revised Estimates with ^{1901-1902.} the Accounts of the year :— ^{Statement of the gross figures.}

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
REVENUE.	£	£	£	£
India	76,057,100	75,853,317	...	203,783
England	489,600	491,208	1,608	...
TOTAL	76,546,700	76,344,525	...	202,175
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	52,810,000	52,953,317	...	143,317
Adjustment of Provincial and Local Surplus or Deficit	+ 1,217,000	+ 1,072,310	144,690	...
NET	54,027,000	54,025,627	1,373	...
England	17,846,800	17,368,655	478,145	...
TOTAL	71,873,800	71,394,282	479,518	...
SURPLUS	4,672,900	4,950,243	277,343	...

131. Both Revenue and Expenditure in India were worse than the amounts ^{1901-1902.} taken in the Revised Estimate, but this was more than counterbalanced by a reduction of Expenditure and a small improvement of Revenue in England, the net ^{General Remarks.} result of the two being the increase of the surplus stated above. Of the total deterioration in India, £202,410 occurred in the Imperial section of the Accounts, and £144,690 in the Provincial and Local section. The latter does not affect the surplus of the year.

132. The deficiency of £203,783 in the revenue in India was the net result ^{1901-1902.} of a number of variations, the more important of which were a decrease of £181,882 ^{Revenue in India.} in the Land Revenue collections chiefly in the Punjab, Madras, Bombay, and the United Provinces; a decrease of £57,390 in Salt Revenue chiefly in the receipts from Sambhar Lake salt and the imports of salt in Calcutta, which were affected by rumours of a reduction in the rate of duty; a decrease of £48,294 in the Stamp revenue which was general in almost all the Provinces and was probably due to sufficient allowance not having been made for the closing of all Government treasuries during the last four days of the year, on account of the Easter holidays; a decrease of £34,545 in Forest revenue chiefly in Burma; and a decrease of £37,722 in the receipts from Major Irrigation Works chiefly in the Punjab. The earnings of Railways, on the other hand, exceeded

the Revised Estimate by £49,985, the greater part of the improvement being contributed by the Great Indian Peninsula and the Bengal-Nagpur Railways. The Army receipts also exceeded the Revised Estimate by £72,024, the receipts from the sale of malt liquor and the supply of stores to South Africa and the China Expeditionary Force having been under-estimated. Receipts from Post Office and Telegraphs exceeded the Revised Estimate by £30,233.

1901-1902.
Expenditure in
India.

133. The more important items which contributed to the increase in the expenditure in India were an excess of £62,934 in the working expenses of State Railways following an increase in the earnings; an excess of £66,971 in the expenditure on Military Works, and of £78,975 in that on Civil Works, both of which were under-estimated; and an excess of £65,172 in the Army expenditure which occurred almost entirely in the charges for Supply and Transport.

1901-1902.
Expenditure in
England.

134. The saving in the expenditure in England occurred chiefly under Army and amounted to £430,641, and was due to smaller payments to the War Office in respect of the British troops serving in India. Owing to the absence of troops in South Africa, smaller advances were made for the year 1901-1902, and the War Office also refunded £320,879 on account of over-payments in 1900-1901 and the previous year. The payments for Ordnance Stores were also smaller than the provision in the Revised Estimate. Miscellaneous Civil charges were also smaller by £23,543, chiefly in the item of Pensions.

Section II.—The Revised Estimate of 1902-1903.

1902-1903.
Statement of the
gross figures.

135. The following is a general comparison of the Budget Estimate with the Revised Estimate of 1902-1903:—

	Budget.	Revised.	Revised, better.	Revised, worse.
REVENUE.	£	£	£	£
India	73,855,400	76,284,600	2,429,200	...
England	515,000	607,900	92,900	...
TOTAL	74,370,400	76,892,500	2,522,100	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	56,506,300	55,759,100	747,200	...
Adjustment of Provincial and Local Surplus or Deficit	—1,368,100	+ 56,100	...	1,424,200
NET	55,138,200	55,815,200	...	677,000
England	18,394,500	18,338,800	55,700	...
TOTAL	73,532,700	74,154,000	...	621,300
SURPLUS	837,700	2,738,500	1,900,800	...

1902-1903.
General Remarks.

136. The Revised Estimates thus show a surplus of £2,738,500, or R4,10,77,000 against £837,700 or R1,25,65,000 in the Budget. Of the total increase of £1,900,800, a sum of £227,200 is due to the inclusion in the Revised Estimates of the Revenue and Expenditure of Berar which has been leased in perpetuity to the British Government with effect from 1st October. This large net receipt from Berar in the current year is due to the fact that the greater part of the Land Revenue collections falls into the last 6 months of the year, while only 6 months' expenditure for the administration of the Province is debited on the other side of the accounts, and nothing is charged on account of the quit-rent of R25,00,000 payable to His Highness the Nizam as it is payable in one instalment, and the first payment will fall due in April 1904.

137. In paragraph 146 of the Financial Statement of last year, it was explained that, besides remitting arrears of Land Revenue due to famine, and making

certain minor remissions and reductions of taxation, it had been decided to allot grants aggregating 115 lakhs to the Local Governments for expenditure on Education, Public Works, Minor Irrigation Works, and a variety of other useful Provincial objects. The great development of the revenue which has occurred during the year has now enabled Government to make further allotments for similar purposes aggregating 40 lakhs. These sums will not be spent during the year, but will go to increase the Provincial balances, and will be expended by the Local Governments during 1903-1904. Their distribution by Provinces is shown in paragraph 282. But for these additional grants, the surplus of the year would have been greater by 40 lakhs than it is. The surplus has been further reduced by 6 lakhs on account of the reduction of the salt duty by annas 8 a maund with effect from the 18th March; and by ₹7,13,000 on account of the remission of interest on famine loans granted to or guaranteed for Native States in accordance with the announcement made by His Excellency the Viceroy at the Delhi Durbar. These reductions are explained further in paragraph 167.

138. In the estimates of the current year a provision of 35 lakhs was made on account of the cost of the Delhi Coronation Durbar, *Cost of the Delhi Durbar.* viz., 26½ lakhs under Civil and 8½ lakhs under Army. The accounts are not yet finally made up, but according to the latest returns the direct charge against the Imperial section of the accounts is likely to exceed this estimate by about 2 lakhs of rupees; while a very large set-off has accrued in the shape of increased receipts by Railways, the Telegraph, and the Post Office from traffic due to the Durbar. The figures, so far as they have been compiled, are as follows:—

Charges in connection with the Delhi Durbar.

	• IMPERIAL.		
	Charges.	Recoveries.	Net Charges.
	₹	₹	₹
Assessed Taxes	...	1,000	—1,000
General Administration	4,02,000	37,000	3,65,000
Police	1,51,000	...	1,51,000
Ecclesiastical	1,000	...	1,000
Political	32,49,000	2,88,000	29,61,000
Stationery and Printing	4,000	...	4,000
Miscellaneous	5,000	...	5,000
Civil Works	4,000	...	4,000
Irrigation	7,000	17,000	—10,000
Army	5,40,000	49,000	4,91,000
TOTAL	43,63,000	3,92,000	39,71,000

139. A further recovery of ₹2,88,000 is likely to be made next year by the sale of surplus articles: and the net direct charge will then amount to ₹36,83,000. The increased traffic receipts from Railways, Post Office and Telegraphs accruing between the middle of November and the third week of January and directly due to the Durbar, are estimated as follows:—

DEPARTMENT.	Receipts.	Charges.	Net Receipts.
	₹	₹	₹
Post Office	3,00,000	1,30,000	1,70,000
Telegraph	1,13,000	94,000	19,000
Railways	28,59,000	6,26,000	22,33,000
TOTAL	32,72,000	8,50,000	24,22,000

The aggregate net charge against Imperial Revenues is thus likely not to exceed ₹12,61,000.

140. In addition to the above, charges aggregating R17,03,000 gross and R14,83,000 net have been incurred by Local Governments for purposes connected with their Provincial camps. This forms a charge against the Provincial section of the accounts.

141. It was explained in the Financial Statement of last year that, in view of the fact that Indian revenues are subject to vicissitudes connected with climatic conditions over which we have no control, the estimates of revenue for the current year had been framed with great caution. The return of normal conditions and the restoration of prosperity throughout the country have conduced to a remarkable development of revenue, which is manifested in the Revised Estimates under almost every important head.

142. In India there is an increase in Revenue of £2,429,200 and a decrease in Expenditure of £747,200, giving a total improvement of £3,176,400. Of this, £1,424,200 appertains to the Provincial and Local sections and leaves £1,752,200 as the improvement in the Imperial section. In England it is expected that the Revenue will exceed the Budget Estimate by £92,900, and that the Expenditure will fall short by £55,700, giving an improvement of £148,600 which, added to the improvement of £1,752,200 in the Imperial section in India, makes up the increase of £1,900,800 in the surplus shown in the table above.

143. The following are the more important items of increase in Revenue in India:—

1902-1903.
Increase of
Revenue in India.

	R	R
Land Revenue, ordinary	1,04,76,000	
Less—Falling-off in that due to Irrigation	2,56,000	
		1,02,20,000
Opium		41,15,000
Salt		10,00,000
Excise		38,60,000
Customs		43,00,000
Assessed Taxes		7,05,000
Post Office		8,69,000
Telegraph		7,42,000
Mint		52,78,000
Exchange		5,54,000
State Railways: Gross Receipts		21,60,000
(Net Earnings, worse R35,87,000)		
Irrigation, Major Works		23,28,000
Army		12,55,000

1902-1903.
Land Revenue.

144. Of the large increase under Land Revenue, R72,00,000, or considerably more than two-thirds of the total, is due to the inclusion of six months' collections in Berar, which were not included in the Budget Estimate. The remainder is made up of increases of R15,56,000, R13,97,000, and R6,84,000 (including Land Revenue due to Irrigation) in Bombay, Madras, and Burma, respectively. On the other hand, the collections in the United Provinces are expected to fall short by R3,68,000, in the Punjab by R3,73,000, in the North-West Frontier Province by R1,12,000, and in the minor Provinces directly under the Government of India, chiefly Ajmer and Baluchistan, by R89,000.

1902-1903.
Opium Revenue.

145. The quantity of Bengal Opium sold is the same as was taken in the Budget Estimate, viz., 48,000 chests, but the average price realised has been R1,144-9 annas instead of R1,100 assumed in the Budget, and this has increased the receipts by R21,39,000. The quantity of Malwa Opium exported has also been larger than anticipated, with the result that the receipts in Bombay show an improvement of R16,60,000 over the Budget. The opium pass fees realised in Berar have also added R1,50,000 to the revenue under this head. The arrangements for the sale of opium in Burma have been improved, and an additional revenue of R80,000 is expected in that Province in the current year.

1902-1903.
Salt Revenue.

146. As already mentioned, the Salt Revenue would probably have been higher by 6 lakhs but for the reduction made in the rate of duty for the last fortnight of the year. As it is, the receipts in Madras are expected to exceed the Budget Estimate by R8,50,000 mainly in consequence of the traders having paid the duty in cash to a greater extent than usual instead of availing themselves of the option of taking credit for six months on lodging Government paper as security. The receipts in Bengal and Burma also are expected to exceed

the Estimate by Rs 3,00,000 and Rs 2,50,000, respectively, while those on account of the Northern India Salt Department and Bombay are expected to fall short by Rs 3,00,000 and Rs 1,00,000, respectively. The sales of Northern India salt were largely affected towards the end of last year by rumours of a reduction of the duty, and it was anticipated in the Budget Estimate that the revenue so lost would be recovered in the current year, but this anticipation has not been realized. The Stamp Revenue declined slightly and would have been considerably below the Budget but for the inclusion of receipts in Berar aggregating Rs 4,30,000. There was a falling-off in Bombay, Madras, the United Provinces, and the Central Provinces, counterbalanced by increases in Burma, Bengal, and Assam.

147. The Excise Revenue has grown in all Provinces though the improvement expected in the Budget has not been fully realised in Assam and Bombay. In the former Province the revenue has been growing very slowly of late years. In Bombay the ground lost in consequence of the famine is being gradually recovered. The largest increase has occurred in Madras (Rs 11,50,000) where the steady growth of the revenue had received a serious check from the famine. There has been a remarkable and steady growth of the revenue in Bengal and the United Provinces, the improvements over the Budget being Rs 8,00,000 and Rs 9,00,000, respectively. The increase due to Berar is Rs 7,50,000.

148. There were large increases in Customs Revenue in 1900-1901 and 1901-1902, and when the Budget for 1902-1903 was framed it was not considered safe to reckon on a continuance of the high level that prevailed in 1901-1902. That level has, however, been surpassed, the receipts anticipated in the current year being more than 8 lakhs in excess of the high figure of the year before, and 43 lakhs in excess of the Budget. A falling-off of 5 lakhs is anticipated in Bengal, but in the other three maritime Provinces there have been improvements, as follows :—

	R
Burma	31,00,000
Bombay	8,80,000
Madras	7,66,000

The improvement would have been still greater but for a large falling-off in the receipts from the ordinary and countervailing duties on sugar in consequence of the imposition of additional countervailing duties which have practically stopped the imports from Austro-Hungary and Germany.

149. The leading features of the year have been the great increase in the receipts from the export duty on rice, and the import duty on silver. The former is due to the bumper crop in Burma. The causes of the latter are somewhat obscure, but it is believed that silver is largely used as a convenient form of remittance. Imports of cotton goods received a check. The principal variations in the leading staples were as follows :—

<i>Increases in Receipts.</i>		R
Export duty—		
Rice, chiefly Burma		27,48,000
Import duty—		
Silver		12,50,000
Other metals		6,02,000
Spirits and Liqueurs		5,65,000
Petroleum		1,97,000
Chemicals		1,44,000
Excise duty on cotton manufactures		3,05,000
<i>Decreases in Receipts.</i>		R
Import duty—		
Cotton manufactures		5,13,000
Sugar, ordinary duty		3,50,000
„ countervailing duties		3,45,000
Articles of food, etc.		2,45,000
Raw materials		1,72,000
Manufactured articles		2,01,000

1902-1903.
Assessed Taxes.

150. The improvement in Income-tax collections is general, except in the United Provinces and Assam where there is a small falling-off, and in the Central Provinces where the Budget anticipated that the ground lost in consequence of the famine would be recovered to some extent in the current year, but the anticipation has not been realised. The more important of the increases are—

	R
Bengal	2,00,000
Madras	2,00,000
Bombay	1,70,000
Berar	1,20,000

1902-1903.
Post Office
Receipts.

151. The Budget Estimate of Post Office Revenue provided for a falling-off of ₹2,50,000 in money order fees owing to the introduction, from the beginning of the year, of a lower rate of commission for money orders of ₹5 or less. The annual development of the revenue *plus* the special receipts connected with the Delhi Coronation Durbar, which are estimated at ₹3,00,000, are now expected to bring about an improvement of ₹8,69,000.

1902-1903.
Telegraph
Receipts.

152. The Budget Estimate of Telegraph Receipts provided for a decrease of about ₹8,00,000 in the receipts from foreign messages owing to the reduction in the tariff, and it was anticipated that the normal growth of the revenue would be more than counterbalanced by the falling-off due to the cessation of the war in China. The development of the revenue has, however, been much greater, and this, together with ₹1,13,000 received from traffic connected with the Delhi Coronation Durbar, is expected to bring in an increase of ₹7,42,000.

1902-1903.
Mint Receipts.

153. Of the Mint Receipts, a sum of ₹39,51,000 represents the profits on the coinage of rupees, and does not affect the surplus of the year as it is counterbalanced by a payment of equal amount to the Gold Reserve Fund, shown as expenditure. No silver was purchased and coined during the year, the consignment purchased during the present month not having yet arrived. There has been recoinage of 1840 rupees, but this of course does not yield a profit. The latter has accrued from the conversion into rupees of the Hali coins of the Indore Durbar.

Of the remainder of the increase, ₹2,80,000 occurs under Fees for the coinage of dollars which have been greater than was anticipated, ₹7,72,000 under Fees for the conversion of the Indore Hali rupees, ₹1,25,000 under Gain on copper coinage brought about by a larger demand for copper coins, and ₹1,50,000 in operative and other gains on coinage which is more than counterbalanced by an increase in the operative losses shown as expenditure.

Gold Reserve
Fund.

154. The whole of the balance of the Gold Reserve Fund was remitted to England for investment last year. The profits accruing during the present year have recently been remitted to England by means of Council Bills, and the balance of the Fund now consists of £3,810,730 held in consols of the nominal value of £4,052,561.

1902-1903.
Exchange.

155. The Budget Estimate provided for a charge of ₹3,04,000 on account of Exchange. The Revised Estimate now anticipates that there will be a net receipt of ₹5,54,000. The variation has occurred chiefly in connection with the transactions of the Guaranteed Railways. The Revised Estimate provides for a net receipt of ₹3,75,000 on account of these against a net charge of ₹5,34,000 in the Budget Estimate.

1902-1903.
Irrigation
Receipts.

156. The increase in Irrigation Receipts is distributed over all the Provinces, being most marked in the Punjab which shows an increase of ₹12,18,000. In this Province the Revenue has grown steadily in the past.

1902-1903.
Army Receipts.

157. The Army Receipts are swelled mainly by the adjustment of the value of Kheddah elephants transferred to the Government of Burma, by recoveries from His Majesty's Government of the value of Europe stores despatched to South Africa, China and Somaliland, by increased issues of Ordnance stores to the Police Department, and by larger receipts on account of subscriptions to the Indian Military Service Family Pensions.

1902-1903.
Decrease in
Revenue in India.

158. There is a large decrease of ₹35,87,000 in the net earnings of State Railways, and of ₹11,95,000 in the net Traffic Receipts of Guaranteed Railways during the year. Besides these, the only important Revenue head which shows a decrease is Forests, where the receipts fell by ₹3,83,000. This has occurred

almost wholly in Burma where the season was unfavourable for the floating of timber. The decrease in that Province, which amounts to ₹9,50,000, is partly counterbalanced by an improvement in the United Provinces and the Punjab, and by the inclusion of figures for Berar.

159. The Railway Revenue of 1901-1902 was quite abnormally high, and in framing the Budget Estimate of the current year it was not considered prudent to count upon a continuance of equally favourable returns. The Revised Estimate now presented justifies the caution, as it shows an increase of ₹21,60,000 only in gross receipts, whereas the working expenses have increased by ₹57,47,000, giving a net worseness of ₹35,87,000 as compared with the Budget. The increase in working expenses is partly due to increased traffic and extra mileage run on certain lines, but chiefly to special expenditure found obligatory on the maintenance and renewal of permanent-way and on bridges and rolling-stock. The lines which have done best are the Great Indian Peninsula, the Eastern Bengal, and the South Indian Railways, while the largest net falling-off has occurred on the East Indian Railway and the Rajputana-Malwa Railway. The principal figures are as follows:—

	Receipts.	Working Expenses.	Net Receipts, better or worse than Budget
	R	R	R
<i>Better than Budget—</i>			
Great Indian Peninsula Railway	+ 37,50,000	+ 27,75,000	+ 9,75,000
Eastern Bengal Railway	+ 5,00,000	— 3,00,000	+ 8,00,000
South Indian Railway	+ 50,000	— 6,50,000	+ 7,00,000
Southern Mahratta Railway	+ 3,50,000	— 2,00,000	+ 5,50,000
Indian Midland Railway	+ 12,00,000	+ 7,60,000	+ 4,40,000
North-Western Railway	+ 28,00,000	+ 25,00,000	+ 3,00,000
Oudh and Rohilkhand Railway	+ 4,00,000	+ 2,00,000	+ 2,00,000
<i>Worse than Budget—</i>			
East Indian Railway	— 40,00,000	+ 2,00,000	— 42,00,000
Rajputana-Malwa Railway	— 29,50,000	— 11,00,000	— 18,50,000
Burma Railway	...	+ 5,00,000	— 5,00,000
Madras Railway, North-East line	— 2,00,000	+ 3,00,000	— 5,00,000
Assam-Bengal	— 2,00,000	+ 2,00,000	— 4,00,000

160. The decrease in Net Traffic Receipts of Guaranteed Railways has occurred on the Bombay, Baroda and Central India Railway, the goods traffic not having been good and the working expenses having been increased partly by a special debit of ₹2,40,000 on account of shortage in the balance of cut timber brought out in the stock-taking of 1901, and partly by a heavy fall in the earnings of the Rajputana-Malwa Railway having thrown a larger proportion of the joint expenses against the former line.

161. The only important increases of expenditure in India are:—

	R
Refunds	12,81,000
Mint	44,53,000
General Administration	23,02,000
Miscellaneous	34,27,000
Reduction or Avoidance of Debt	12,56,000
Military Works	8,20,000

162. The excess Refunds occur chiefly in Burma, Bengal, and Bombay, and are due partly to special adjustments of tributes and survey and settlement charges, but chiefly to larger refunds of customs duty.

163. Of the total increase in the Mint expenditure, ₹39,51,000 is accounted for by the payment of the net profits of the rupee coinage of the year to the Gold Reserve Fund. The balance represents the loss on the re-coinage of 1840 rupees which was not fully provided for in the Budget Estimate.

1902-1903.
General
Administration.

164. Of the increase under General Administration, ₹1,93,000 is due to the inclusion of the Berar figures in the Revised Estimate. The bulk of the remainder represents the charges incurred by Local Governments in connection with Provincial camps and the entertainment of their representative guests at the Delhi Coronation Durbar. These are referred to in paragraph 140 above.

1902-1903.
Miscellaneous.

165. The charges under Miscellaneous include ₹16,45,000 on account of Berar. ₹15,32,000 out of this represents, *firstly*, payments made by the British Government on account of the Province before 1st October 1902 and recoverable from its revenues, the claim to which has been given up under the terms of the lease; and, *secondly*, the balances of Local Funds on 1st October 1902, and the net amounts of deposits received, and advances made, before that date. Under the new arrangement the entire cash balance of Berar on the 1st October, which exceeded 41 lakhs of rupees, was credited to the Nizam. A considerable part of this consisted of balances standing at the credit of Local Funds, and these it has been incumbent on Government to restore at its own cost.

166. The other notable increases under Miscellaneous are :—

	R
India	6,11,000
United Provinces	1,64,000
Bombay	10,88,000

The increase in India is accounted for chiefly by an expenditure of ₹1,00,000 on account of the visit of their Royal Highnesses the Duke and Duchess of Connaught, of ₹2,54,000 on account of the Police and other special Commissions of Enquiry, and of ₹1,10,000 on account of a special refund of Suitors' Fund deposits. ₹61,000 in Bombay represent payments of arrears of interest on loans raised by Native States in the market on a Government guarantee. This is further referred to in the succeeding paragraph. The remainder of the excess in Bombay was due to the remission of a large amount of irrecoverable takavi loans, of which ₹25,91,000 have been written off against ₹15,96,000 for which provision was made in the Budget Estimate. The increase in the United Provinces is also due to this cause.

Remission of
Interest on Loans
of Native States.

167. The payments on account of interest on loans of Native States, referred to in the foregoing paragraph, represent a part of the obligation undertaken by the Government of India, as announced by His Excellency the Viceroy in his speech at the Delhi Durbar, to remit, in commemoration of His Majesty's Coronation, three years' interest on all loans obtained either from Government or in the open market under the guarantee of Government, by Native States which had suffered severely from the famine of 1899-1900, to meet expenditure on relief and analogous objects. The remission of interest on the loans granted by Government will reduce the receipts under "Interest" by ₹6,52,000 in the Revised and by ₹7,25,000 in the Budget Estimate; while the payments on account of the guaranteed loans will appear as expenditure under the head "Miscellaneous," and will amount to ₹61,000 in the Revised and ₹1,12,000 in the Budget Estimate. As a number of these guaranteed loans are small in amount and bear high rates of interest, ranging up to 9 per cent, the Government of India have further decided to pay off a substantial proportion of them by means of Government advances at 4 per cent interest. The total amount to be so advanced is ₹1,14,000 and has been provided in the Ways and Means Estimate for the current year under the head "Loans to Native States."

1902-1903.
Reduction or
Avoidance of Debt.

168. There is a saving of ₹16,45,000 on the Budget Estimate of Famine Relief Expenditure (see paragraph 176). Of this, ₹47,000 goes to meet an enhancement in the loss on the Bengal-Nagpur Railway, and ₹1,54,000 and ₹1,58,000 to meet increases in the charges for the construction of Protective Railways and Protective Irrigation Works. £2,000 or ₹30,000 were also spent in England on stores for the latter works. There thus remains a balance of ₹12,56,000 by which the charge under Reduction or Avoidance of Debt has to be increased, in order to bring up the total of the Famine Insurance Grant to the fixed sum of ₹1,50,00,000.

1902-1903.
Military Works
Expenditure.

169. The increase in Military Works expenditure is due to the additional works undertaken out of the savings in army expenditure caused by the absence of troops in South Africa and China as explained in paragraph 181.

170. Under almost all the remaining heads of importance, the expenditure has fallen short of that anticipated in the Budget. The following are the more important items; the additional expenditure due to Berar, for which no provision was made in the Budget Estimate, being shown in a separate column :—

	Total decrease	Increase due to Berar.	Net decrease in other Provinces.
	₹	₹	₹
Land Revenue	17,77,000	3,30,000	21,07,000
Opium	19,47,000	...	19,47,000
Forest	5,56,000	1,10,000	6,66,000
Interest on Debt	5,81,000	...	5,81,000
Mint	44,53,000	...	44,53,000
Law and Justice—Courts of Law	11,54,000	1,60,000	13,14,000
Law and Justice—Jails . .	9,45,000	70,000	10,15,000
Police	12,19,000	4,59,000	16,78,000
Education	36,79,000	1,94,000	38,73,000
Medical	15,13,000	1,01,000	16,14,000
Scientific and other Minor Departments	7,25,000	16,000	7,41,000
Famine Relief	16,45,000	...	16,45,000
Guaranteed Companies, Surplus Profits	9,94,000	...	9,94,000
Subsidised Companies, Land, etc.	10,69,000	...	10,69,000
Minor Works and Navigation	9,58,000	...	9,58,000
Civil Works	34,25,000	5,82,000	40,07,000
Construction of Railways charged to Provincial or Local Revenues	5,05,000	...	5,05,000
Army	73,81,000	17,08,000	90,89,000

171. The savings under Land Revenue, Courts of Law, Jails, Police, Medical, Scientific and Minor Departments and Civil Works occur in almost all Provinces, and are due, as has been frequently explained in former Financial Statements, to the tendency of Local Governments to make fuller provision in the Budget Estimates for payment of salaries and other charges than is actually required, and to make provision for new schemes before they are ready to receive sanction. The only notable increase in the charges under these heads is one of ₹1,37,000 in the Punjab under Medical. This is due to the plague inoculation scheme. The largest decrease under Civil Works occurs in Madras.

172. The Budget, as usual, provided for an average opium crop, but the actual yield fell short and the payments will accordingly be smaller.

173. The saving in Forest Expenditure occurs chiefly in Burma, where the revenue also has fallen greatly.

174. The saving in the Interest charges is due to the amount provided in the Budget on account of discount and anticipation interest on the new loan not being fully required.

175. The Budget Estimate provided a special grant to Local Governments of ₹40,00,000 for expenditure on Education. A part of the grant has been transferred to Civil Works for expenditure on school buildings, and only a small portion of the remainder will be actually spent during the year as the Local Governments have not been able to mature their schemes for its disposal.

176. A sum of ₹20,000 only is likely to be spent on Famine Relief in the Punjab out of ₹13,60,000 provided in the Budget. A saving of ₹6,50,000 is also expected on the Budget Estimate in Bombay. On the other hand, ₹2,60,000 will be required in the Central Provinces, for which no provision was made in the Budget Estimate, and ₹84,000 more than the Budget Estimate will be spent in Ajmer and Rajputana.

177. There is a decrease in the Company's share of surplus profits of the Bombay, Baroda and Central India Railway owing to a fall in the earnings of the line in the second-half of 1902, and to an increase in the share of working expenses under the joint purse arrangement consequent on a serious fall in the earnings of the Rajputana-Malwa section.

1902-1903.

Subsidised Companies - Land and Control.

178. The saving in the expenditure on land for Subsidised Railways is caused by projects not being ready as early as expected and by the progress in the acquisition of land being slower.

1902-1903.

Minor Works and Navigation Expenditure.

179. The Budget Estimate for Minor Works and Navigation included a special grant of Rs 25,00,000. A sum of Rs 1,00,000 out of this has been reappropriated for expenditure on Protective Irrigation Works, and it has not been found possible to utilise a sum of Rs 8,58,000 in consequence of projects not being ready in time.

1902-1903.

Construction of Railways chargeable to Provincial or Local Revenues.

180. The reduction under Construction of Provincial and Local Railways is due to the progress of work on certain bridges on the Arantangi Extension of the Mayavaram-Mutupet Railway having been retarded by heavy floods, and to the postponement of the construction of salt sidings.

1902-1903.

Army Expenditure.

181. There are, as usual, a large number of variations between the Budget and the Revised Estimate of Military Expenditure. The latter includes Rs 17,08,000 on account of the Hyderabad Contingent. If this be excluded, the Revised Estimate would show a decrease of Rs 90,89,000. More than three-fourths of this has been occasioned by the absence of troops in South Africa, China, and Somaliland which has caused savings of Rs 52,50,000, Rs 17,15,000 and Rs 2,27,000, respectively. There is also a saving of Rs 6,78,000 in the net credits for local stores, issued from stock for South Africa, China and Somaliland. The provision for ordinary expenditure has also proved higher than the actual requirements by more than Rs 30,00,000. The reduction would have been larger had it not been decided, in consideration of the savings due to the absence of troops, to sanction new military expenditure aggregating Rs 59,56,000, of which Rs 17,41,000 will be spent in India as Army expenditure, Rs 15,33,000 under Military Works (see paragraph 169) and Rs 88,000 under Marine; while Rs 25,94,000 will be spent in England, mainly on the purchase of guns for Bombay defences, ammunition on the home scale for coast defences, a reserve of light railway material, binoculars and telescopes for battalions of British Infantry, maxim guns for all British and Native Units, stores for re-equipping existing field hospitals, and ordnance mules from the United States.

1902-1903.

Revenue in England.

182. The revenue in England is expected to exceed the Budget Estimate by £92,900. There is an increase of £120,700 under Interest, £16,700 being the premium realised on the India 3 per cent Stock issued during the year, and £102,000 being the excess interest obtained from the temporary investment of larger sums at rates of interest higher than was anticipated in the Budget Estimate. Under Railways there is a special receipt of £16,900 on account of the Government share of the surplus profits of the Southern Punjab Railway for the four years 1898 to 1901. On the other hand, the Army receipts are expected to be less by £52,300, chiefly owing to the transfer to 1903-04 of the value of clothing, accoutrements, etc., in possession of regiments on their transfer from the Indian to the British Establishment. The decrease would have been larger but for the adjustment of the recoveries on account of the Indian Troop service as revenue instead of by deduction from Army expenditure as provided in the Budget Estimate.

1902-1903.

Expenditure in England.

183. The expenditure in England is expected to be less than the Budget Estimate by £55,700, of which £37,000 occurs in the interest charges. The amount of India Bills issued during the year was less by £500,000, and the rate of interest paid was also smaller, while the provision of £10,000 for interest on temporary loans from the Bank of England is not required. The Budget Estimate included £28,000 for the reception of Indian Chiefs attending His Majesty's Coronation, but the expenditure on this account has now been debited to Advances Recoverable pending recovery from His Majesty's Government. The payments on account of Interest on Capital Deposited by Railway Companies are less by £24,200, the amount of capital raised being smaller and the dates of issue later than estimated for. Payments on account of the Telegraph Department were less by £22,700, mainly on account of smaller demands for stores. There is a saving of £17,200 on the Estimate of Army expenditure as the result of a number of variations. The payments for stores, chiefly ordnance and clothing, are less by £207,600, and the pensions of Indian officers are

less by £40,000; but these savings are counterbalanced to a large extent by an increase of £17,000 in the payments of furlough allowances of Indian officers, of £89,500 in the payments to the War Office in respect of British Troops serving in India, and of £104,500 in the charges for the Indian Troop Service. Under payments to the War Office the Budget Estimate provided for a refund of £120,000 to India on account of over-payments in 1901-1902, but this refund was received in 1901-1902. The Estimate for the capitation charge for 1902-1903 is also less. The gross charges on account of the Indian Troop Service are higher than was anticipated, and the amount has been further swelled by the receipts on account of the service being shown in the Revised Estimate as receipts, while in the Budget Estimate they were deducted from the expenditure. The additional Military Works undertaken out of the savings in Army expenditure due to the absence of troops in South Africa and China, as explained in paragraph 181, have also involved an increased expenditure of £34,900 in the purchase of stores in England.

Section III.—The Budget Estimate of 1903-1904.

184. The following is a general comparison of the Budget Estimate of 1903-1904 with that of 1902-1903:—

	1902-1903.	1903-1904.	1903-1904, better.	1903-1904, worse.
REVENUE.				
	£	£	£	£
India	73,855,400	75,699,400	1,844,000	...
England	515,000	656,000	141,000	...
TOTAL	74,370,400	76,355,400	1,985,000	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local.	56,506,300	58,514,900	...	2,008,600
Adjustment of Provincial and Local Surplus or Deficit . . .	—1,368,100	—1,383,500	15,400	...
NET	55,138,200	57,131,400	...	1,993,200
England	18,394,500	18,275,300	119,200	...
TOTAL	73,532,700	75,406,700	...	1,874,000
SURPLUS	837,700	948,700	111,000	...

185. It has for some time been apparent that if taxation were maintained unchanged, the estimates for 1903-1904 would show a very large surplus exceeding £2,000,000. The surpluses for the last five years have been—

	£
1898-99	2,640,873
1899-1900	2,774,623
1900-1901	1,670,204
1901-1902	4,950,243
1902-1903 (Revised Estimate)	2,738,500

186. It has accordingly been decided that the time has come when a substantial remission of taxation may properly be made. The measures decided on are, *firstly*, a reduction in the salt duty, of 8 annas a maund, with effect from the 18th March 1903, and, *secondly*, the exemption from income-tax of all incomes below Rs. 1,000 a year, with effect from the ensuing year. The reduction in the salt duty does not extend to Burma, where the present rate of Rs. 1 a maund remains unaltered. As a concomitant of the former measure, it has been necessary to revise the rates of duty on Kohat and Mandi salt. The former has been reduced from Rs. 2 per Lahori maund of 102½ lb (=Rs. 1-9-7-9 per Indian maund of 82½ lb) to Rs. 1-8 per Indian maund, and the latter from 7½ annas a maund to 6 annas.

187. The former measure is estimated to result in a reduction of revenue of 6 lakhs in the current year and of 173 lakhs in 1903-1904, if no allowance is

FINANCIAL STATEMENT OF THE

made for increased consumption due to the fall in duty and in price, though some development due to this cause may fairly be expected. The latter is estimated to result in a reduction under Assessed Taxes of 36 lakhs, the whole of which occurs in the Budget Estimate of 1903-1904. As this is a divided head of revenue, the loss will fall against the Imperial and Provincial Governments as follows :—

	Imperial share.	Provincial share.	TOTAL.
	R	R	R
India	2,16,000	...	2,16,000
Central Provinces	30,000	30,000	60,000
Burma	97,000	97,000	1,94,000
Assam	30,000	30,000	60,000
Bengal	4,65,000	4,65,000	9,30,000
United Provinces	2,62,000	2,62,000	5,24,000
Punjab	1,54,000	1,54,000	3,08,000
North-West Frontier Province	72,000	...	72,000
Madras	3,30,000	3,30,000	6,60,000
Bombay	2,88,000	2,88,000	5,76,000
TOTAL	19,44,000	16,56,000	36,00,000

To compensate the Local Governments for their share of the loss, a contribution equal to the amounts shown in the third column of the foregoing table has been made to each through the adjusting head of Land Revenue: in this way the entire cost of the remission is borne by the Imperial section of the accounts.

188. But for these measures of remission, the surplus of the ensuing year would have been £2,342,000, being greater by £1,393,300, or 2,09 lakhs of rupees, than that which is shown in the Budget Estimate.

189. Even after these large remissions, the anticipated surplus is £948,700 and exceeds that which was estimated for last March by £111,000. It would not have been prudent to accept a larger sacrifice of revenue than about two crores, in view of the increase of expenditure which is known to be impending in a number of directions. Among these may be enumerated the improvement of the police, the construction of an extensive scheme of tanks and other protective irrigation works such as the Irrigation Commission is likely to recommend, further expenditure on education in accordance with the proposals of the Education Conference of 1901, and the Universities Commission, the improvement of the efficiency of the Army, and the further increase to the pay of British troops which will take effect from April 1904. Full allowance has had to be made for these necessary but costly projects of administrative improvement in estimating the proportion of existing taxation which it would be safe to remit.

1903-1904.
General Result.

190. In India after allowing for the remissions of taxation which it has been decided to make, the net revenues are estimated at £164,600 less than in the Budget framed last March. Of this worseness, £149,200 appertains to the Imperial section of the accounts, and £15,400 to the Provincial and Local section. In England an improvement is estimated in both revenue and expenditure, the total being £260,200. Deducting from this the reduction in the Imperial section in India, we get the net improvement of £111,000 over the Budget surplus of 1902-1903 already referred to. The surplus on the accounts of Berar which is included in the figures for 1903-1904, amounts to £38,400.

1903-1904.
Decrease of
Revenue in India.

191. Apart from Salt and Assessed Taxes, the only important decreases in revenue in India are :—

	R
Interest	5,04,000
Net Traffic Receipts of Guaranteed Railways	11,25,000

192. The decrease under Interest is accounted for by the remissions granted to Native States referred to in paragraph 167. The decrease under Net Traffic Receipts of Guaranteed Railways occurs chiefly on the Bombay, Baroda and Central India Railway, the goods traffic on which has not been satisfactory in the current year, and on which a small improvement only has been provided for in the Budget Estimate of next year. On the other hand, a considerable increase is anticipated in the working expenses of both the Bombay, Baroda and Central India and the Madras Railways to meet heavy outlay on maintenance and renewals of permanent-way and repairs of bridges in the former and renewals of rolling-stock in the latter. Under Salt, a reduction of 153 lakhs is estimated for. This is made up of a loss of 173 lakhs due to reduction in the rate of duty, less a gain of 20 lakhs due to development of consumption. Under Assessed Taxes, the Budget provides for a net falling-off of ₹26,65,000. This consists of a loss of 36 lakhs due to the raising of the limit of exemption, less ₹7,99,000 due to normal growth of revenue and ₹1,36,000 on account of Berar.

193. An improvement is anticipated in the revenue in India under almost all other heads, being most considerable under the following. The inclusion of figures for Berar for the whole year has caused an increase under many of these heads. The increases due to this cause are therefore shown in a separate column :—

	Total increase.	Berar.	Increase in other provinces.
	₹	₹	₹
Land Revenue	1,97,94,000	81,15,000	1,16,79,000
Opium	22,92,000	2,00,000	20,92,000
Stamps	10,32,000	8,50,000	1,82,000
Excise	57,72,000	14,00,000	43,72,000
Provincial Rates . . .	7,49,000	6,69,000	80,000
Customs	2,00,000	16,000	1,84,000
Post Office	9,65,000	...	9,65,000
Telegraph	6,92,000	...	6,92,000
Mint	45,08,000	...	45,08,000
Miscellaneous	5,07,000	1,64,000	3,43,000
State Railways: Gross receipts	68,21,000	...	68,21,000
(Net Earnings worse ₹7,03,000.)			
Major Works, Irrigation Direct Receipts . . .	10,33,000	...	10,33,000

194. It was explained in paragraph 146 (a) of last year's Financial Statement that the Budget Estimate of Land Revenue for the current year was reduced by ₹71,84,000 on account of the final remission of famine arrears. This accounts for the bulk of the increase in the Estimate of next year. An increase of ₹77,94,000 occurs in Bombay due to the return of normal conditions in that Province, and of ₹21,97,000 in Burma due partly to revision of settlements in Upper Burma, and partly to increases in the capitation tax in consequence of an increase in the population and in the revenues of petroleum and ruby mines and of fisheries. There are smaller increases in the other Provinces also, except Assam in which there is a small falling-off on account of the grant of rent-free lands to village headmen. Excluding Berar, the Budget Estimate for next year is ₹84,03,000 in excess of the Revised Estimate of the current year, and more than two-thirds of the increase is expected in Bombay.

195. The increase in opium revenue is expected principally in Bombay where the estimate for the current year was too low. An increase of ₹1,25,000 is also expected in Burma, where the arrangements for the sale of opium and prevention of smuggling have been improved.

1903-1904.

Stamp Revenue.

196. The stamp revenue has shown a decline in the current year in the Central Provinces, the United Provinces, Madras, and Bombay, and an improvement in Burma and Bengal. The Budget Estimate for next year provides for a partial recovery of the ground lost in the first four Provinces, and for an improvement in Burma where the revenue has been steadily growing during the last few years. In Bengal the Budget Estimate has been placed at approximately the same amount as the Revised Estimate of the current year.

1903-1904.

Excise Revenue.

197. The restoration of prosperity throughout the country has given a remarkable impetus to the growth of the Excise Revenue in the current year, and the ground lost in consequence of the famine has been recovered to a large extent. The Budget Estimate assumes that this improvement will be maintained next year, and that there will be a further improvement in Burma, Bengal, the United Provinces, and Bombay.

1903-1904.

Provincial Rates.

198. The estimates of Provincial Rates generally follow those of Land Revenue. The only noticeable feature is a reduction of ₹1,08,000 in Madras due to a reduction of the rate of village cess from 9 to 8 pies in the rupee.

1903-1904.

Customs Revenue.

199. The Budget Estimate of Customs Revenue is ₹2,00,000 higher than that of the current year, but is ₹41,00,000 lower than the Revised Estimate. The decrease is anticipated mainly in Burma and Bombay.

The articles in which the falling off is chiefly expected are—

	R
Export duty—	
Rice	24,50,000
Import duty—	
Sugar—countervailing duties	13,55,000
Silver	7,50,000

200. The exports of rice from Burma have been unprecedentedly large in the current year and it is not considered prudent to count upon a continuance of the high level recently prevailing. The imports of silver in the current year have also been abnormal and a falling-off is estimated for. The effect of the additional countervailing duties in checking the import of bounty-fed sugar is reflected in the low estimate for next year under that head.

1903-1904.

Post Office and
Telegraph Receipts.

201. Post Office and Telegraph receipts have been taken at almost the same figure as in the Revised Estimate. Any falling-off in consequence of the absence of special receipts on account of the Delhi Durbar is expected to be made good by the normal growth of the Departments.

1903-1904.

Mint Receipts.

202. Mint receipts are taken at ₹45,08,000 more than the Budget Estimate of 1902-1903. This chiefly represents the profit on the coinage of ₹300,000 of silver which has recently been purchased and is on its way out to Bombay. The whole of these profits will be paid over to the Gold Reserve Fund, and will not affect the surplus of the year.

1903-1904.

State Railways,
Earnings.

203. Although the gross receipts of State Railways are likely to exceed last year's Budget by ₹68,21,000, the working expenses are expected to increase by ₹75,24,000. The net result is therefore worse by ₹7,03,000. The increase is due to special renewals of rails and rolling-stock.

204. The traffic on the East Indian Railway and the Rajputana-Malwa Railway was considerably below the estimate during the current year, chiefly in consequence of a decline in pilgrim traffic and coal on the former, and to favourable seasons and the absence of famine traffic on the latter. The Budget Estimate allows for a moderate improvement on existing conditions in both lines, allowance being made for some diversion of the coal trade. On the Bengal-Nagpur Railway a large improvement is expected in 1903-1904 in consequence of anticipations of favourable coal traffic over the newly-opened Midnapore-Jherriah Branch and the completion of the Satpura Railway. An increase is also expected on the Burma Railways in consequence of increased mileage open to traffic.

205. On the other hand, it has been thought prudent to estimate for a considerable reduction on the current year's receipts on the North-Western and Great Indian Peninsula Railways. Both these lines carried abnormally heavy traffic during the closing year in connection with the Delhi Durbar, and in the case of the latter in consequence also of a favourable cotton crop.

206. The estimate of net earnings is taken at ₹28,84,000 better than the Revised Estimate of the current year. The more important differences are as follows :—

	INCREASE +	DECREASE —	
	Receipts.	Working Expenses.	Net Earnings, better or worse than Revised Estimate.
<i>Better than the Revised—</i>	R	R	R
East Indian Railway	+ 12,00,000	— 6,00,000	+ 18,00,000
Bengal Nagpore Railway	+ 29,00,000	+ 11,00,000	+ 18,00,000
Rajputana-Malwa Railway	+ 11,50,000	+ 5,00,000	+ 6,50,000
Burma Railway	+ 5,00,000	+ 1,50,000	+ 3,50,000
Madras Railway, North-East line	+ 2,00,000	— 1,00,000	+ 3,00,000
<i>Worse than the Revised—</i>			
North-Western Railway	— 8,00,000	...	— 8,00,000
South Indian Railway	+ 1,50,000	+ 8,50,000	— 7,00,000
Great Indian Peninsula Railway	— 14,50,000	— 9,00,000	— 5,50,000
Eastern Bengal Railway	...	+ 3,50,000	— 3,50,000

207. The estimate of receipts from Major Irrigation Works is ₹12,95,000 less than the Revised Estimate of the current year. The decrease occurs in Bengal, the United Provinces, and the Punjab, and is due to the area to be irrigated during the *rabi* season of 1902-1903, the collections on account of which will be made in the ensuing year, and the *kharif* season of 1903, not being expected to be so large as in the previous seasons. An increase of ₹1,67,000 is, however, expected from the development of irrigation from the Jhelum Canal.

208. The important decreases in Expenditure in India are :—

	R	1903-1904. Decrease in Expenditure in India.
Opium	5,01,000	
Interest on Debt	26,78,000	
Political	18,56,000	
Famine Relief	48,18,000	
Guaranteed Companies—Surplus Profits	8,45,000	
Subsidized Companies—Land, etc.	6,07,000	
Construction of Local Railways	5,40,000	

209. There is an increase of ₹26,53,000 (see paragraph 227) in the amount of interest transferred to the Railway and Irrigation Accounts, representing the interest on new capital expenditure. This causes a decrease in the charges for Interest on Debt by an exactly equal amount. The annual payment of 12 lakhs towards the principal of the Gwalior loan also gives a saving of ₹48,000. On the other hand, the interest on the new loan of ₹1,50,00,000 raised in the current year will increase the charges under the head by ₹5,25,000.

210. The estimate for the current year included ₹26,50,000 under Political for the Delhi Coronation Durbar. If allowance be made for this, the estimate for next year would show an increase of ₹7,94,000, which is accounted for by a provision in India of ₹2,00,000 on account of arrears of the subsidy of His Highness the Amir of Kabul, and of ₹3,00,000 on account of the Seistan Arbitration Commission of ₹2,32,000 in Bombay on account of the Aden Boundary Commission, for which ₹1,48,000 only was provided in 1902-1903, and an increase of ₹1,27,000 in the North-West Frontier Province, chiefly on account of enhanced allowances to Mahsuds, the Kurram-Jaji-Khost Delimitation Commission and an Inspecting Officer of Frontier Militia.

211. In the estimate for the current year provision was made for Famine Relief expenditure to the extent of ₹48,00,000 for Bombay, ₹13,60,000 for the Punjab, and ₹1,88,000 for the districts directly under the Government of India. The Budget Estimate for next year provides ₹15,00,000 for the Central Provinces and a small sum of ₹30,000 for the Punjab. There is thus a reduction of ₹48,18,000 under Famine Relief. This does not affect the surplus of the year, as the amount of the Famine Insurance Grant is fixed at ₹1,50,00,000, and a

saving under Famine Relief, or Construction of Protective Railways and Irrigation Works, or interest on Famine Railways, is added to the sum charged under 36.—Reduction or Avoidance of Debt (see paragraph 168).

1903-1904.
Guaranteed
Companies—
Surplus Profits.

212. The earnings of the Bombay, Baroda and Central India Railway for the calendar year ending with December 1903 on which the surplus profits payable next year will be calculated are expected to be less than the figure taken in the Budget of the current year, and this will reduce the share of surplus profits payable to the Company in 1903-1904 by Rs. 5,50,000. There will also be a saving in the charges for land as the Budget Estimate for the current year provided Rs. 3,50,000 on account of land for the Azikhal-Mangalore Extension of the Madras Railway. This line will now be constructed as a State Railway and the charge will be met from capital.

1903-1904.
Subsidized
Companies—Land,
Subsidy and
Interest.

213. The estimate for land for Subsidized Companies is Rs. 11,92,000, of which Rs. 6,18,000 is for the Bengal-North-Western Railway, and the remaining Rs. 5,74,000 is distributed among a number of other projects. The estimate for 1902-1903 included Rs. 6,47,000 for the former line and Rs. 4,79,000 for the Kalka-Simla and Laksam-Noakhali Railways, besides smaller amounts aggregating Rs. 6,73,000 for other lines.

1903-1904.
Construction of
Local Railways.

214. The expenditure on the construction of the extension of the Mayavaram-Mutupet Railway is the principal item which is now charged to the head "Construction of Railways charged to Provincial or Local Revenues." The expenditure on the line, which is borne by the Tanjore District Board, is expected to be smaller next year.

1903-1904.
Increase in
Expenditure
in India.

215. The following are the more important increases in Expenditure in India in 1903-1904 over the estimates for 1902-1903. The figures for Berar are shown in a separate column :—

	Total increase.	Berar.	Increase in other Provinces.
	R	R	R
Assignments and Compensations .	25,53,000	26,23,000	—70,000
Land Revenue	17,65,000	15,37,000	2,29,000
Excise	5,44,000	24,000	5,20,000
Forest	7,33,000	2,53,000	4,80,000
Post Office	12,33,000	22,000	12,11,000
Telegraph	9,65,000	...	9,65,000
Mint	43,98,000	...	43,98,000
Courts of Law	7,59,000	3,28,000	4,31,000
Police	9,71,000	9,17,000	54,000
Superannuation, etc., Allowances	5,83,000	1,94,000	3,89,000
Construction of Protective Railways	23,00,000	...	23,00,000
Do. Irrigation Works	11,00,000	...	11,00,000
Reduction or Avoidance of Debt	15,56,000	...	15,56,000
State Railways —			
Interest on Debt	19,92,000		
Interest chargeable against Companies on Advances	2,93,000	...	26,53,000
Irrigation—Interest on Debt	3,68,000		
Minor Works and Navigation	9,87,000	...	9,87,000
Military Works	7,86,000	22,000	7,64,000
Civil "	31,04,000	10,99,000	20,05,000
Army	31,66,000	35,64,000	—3,98,000
Special Defences	18,00,000	...	18,00,000

1903-1904.
Assignments and
Compensations.

216. The sum of Rs. 26,23,000 shown against Assignments and Compensations under Berar includes Rs. 25,00,000 payable on account of quit rent to His Highness the Nizam.

1903-1904.
Land Revenue
Expenditure.

217. The only considerable variations under Land Revenue are an increase of Rs. 1,76,000 in Bengal and a decrease of Rs. 2,50,000 in the United Provinces, both mainly in the charges for Survey and Settlement. The net increase is due to a number of small items spread over all the Provinces except Burma and Bombay.

218. The greater part (₹4,02,000) of the increase under Excise occurs in Burma, where large additions have been made to the preventive and controlling establishments for the better regulation of the sale of opium.

1903-1904.
Excise
Expenditure.

219. The increased expenditure under Forests is distributed among all the Provinces except the Central Provinces and Bengal, and represents the additional working charges necessary to yield the additional revenue which is anticipated. There are special reasons for not budgetting for an increase of revenue in Burma.

1903-1904.
Forest
Expenditure.

220. The Post Office and Telegraph expenditure increases every year with the progress of the Departments. The increase anticipated next year in the former is larger than the normal annual increase, as provision has been made for an additional payment of ₹3,00,000 to the British India Steam Navigation Company for the new fast service to the Persian Gulf, and for ₹2,90,000 for improving the pay of postmasters.

1903-1904.
Post and Telegraph
Expenditure.

221. The increase under Mint, which is nominal, has been explained in paragraph 202.

1903-1904.
Mint Expenditure.

222. The only important increases under Law and Justice, Courts of Law, are anticipated in the Central Provinces (₹69,000) due to the appointment of an additional Judicial Commissioner, in Burma (₹1,12,000) due chiefly to a special provision for the reorganization of the Provincial Civil Service, and in Bengal (₹2,45,000) due partly to the reorganization of the Subordinate Judicial Service and partly to a special provision for the reorganization of the Subordinate Executive Service half the charges for which appear under this head.

1903-1904.
Courts of Law.

223. An increase is expected in all the Provinces in the charges for Pensions and Superannuation allowances owing to the normal growth of the retired list.

1903-1904.
Pensions and
Superannuation
Allowances.

224. A sum of ₹23,00,000 has been allotted for expenditure next year on the following feeder lines of famine railway, which have been authorized by the Secretary of State to be classed as Protective :—

1903-1904.
Protective
Railways.

₹									
Bellary-Royadurg	.	.	.	.	.	.	.	.	15,00,000
Hospet-Kottur	.	.	.	.	.	.	.	.	
Morappur-Dharmapuri	.	.	.	.	.	.	.	.	8,00,000
Tirupatur-Krishnagiri	.	.	.	.	.	.	.	.	

No allotments were made for Protective Railways in the Budget Estimate of the current year.

225. An increased grant of ₹11,00,000 has been allotted for Protective Irrigation Works next year, chiefly in the Central Provinces, Madras, and Bombay.

1903-1904.
Protective
Irrigation Works.

226. In order to maintain the Famine Insurance Grant at the full amount of ₹1,50,00,000 an addition of ₹15,56,000 is required under Reduction or Avoidance of Debt, in consequence of the reduction under Famine Relief a part of which is counterbalanced by the increases under Construction of Protective Railways and Irrigation Works referred to in the two preceding paragraphs.

1903-1904.
Reduction or
Avoidance of
Debt.

227. The increase in the Railway and Irrigation Interest charges is the interest on the new Capital Expenditure.

1903-1904.
State Railways
and Irrigation—
Interest on Debt.

228. Under Minor Works, the special grant of ₹25,00,000 made in the current year is repeated in next year's estimates, and an increased amount is allotted for the ordinary expenditure.

1903-1904.
Minor Works and
Navigation.

229. As explained in paragraph 232 below, the current year's Estimate included ₹32,85,000 for special Military Works, while in next year's Estimate the corresponding provision is ₹40,60,000.

1903-1904.
Military
Works
Expenditure.

230. The provision for Civil Works includes the special grants aggregating 40 lakhs which have been allotted to the Local Governments in the current year for expenditure in 1903-1904.

1903-1904.
Civil Works
Expenditure.

FINANCIAL STATEMENT OF THE

1903-1904.
Army
Expenditure.

231. The following statement shows separately the ordinary and special items included in the Budget Estimates for the current and ensuing years for Army expenditure in India:—

	Budget Estimate, 1902-1903. R	Budget ¹ Estimate, 1903-1904. R
Despatch of Troops to England on the occasion of the Coronation	5,25,000	...
Delhi Coronation Durbar	8,50,000	53,000
Special measures for improving the efficiency of the Army	32,45,000	36,08,000
Blockade of the Mahsud Waziris	9,76,000	...
Hyderabad Contingent	...	35,64,000
Ordinary Expenditure	18,02,84,000	18,18,21,000
TOTAL	18,58,80,000	18,90,46,000

232. In addition to R32,45,000 shown above, a sum of R84,70,000 was provided in England in the estimate of the current year, and R32,85,000 in India under Military Works, thus giving a total of R1,50,00,000 in that year as the cost of the special measures sanctioned for improving the efficiency of the Army. For the coming year a sum of R63,96,000 is provided for Army, and R9,50,000 for Marine Expenditure in England and R40,60,000 and R18,00,000 in India under Military Works and Special Defence Works, respectively, in addition to R36,08,000 shown above, the aggregate being R1,68,14,000.

233. The Budget Estimate of ordinary Army expenditure in India is R15,37,000 more than that of the current year. The special measures sanctioned last year involve a recurring expenditure of R35,78,000 next year. If allowance be made for this, the Budget Estimate for next year for ordinary expenditure would show a saving of R20,41,000 on the current year's estimate, due mainly to smaller provision for food-supplies consequent on a fall in prices and for remounts and medical and ordnance supplies; and to the transfer of the Dacca Kheddahs to the Government of Burma.

234. The provision under Special Defence Works is the first year's instalment of the expenditure required to carry out a scheme of special coast defences.

1903-1904.
Special Defence
Works.

1903-1904.
Revenue in
England.

235. The estimate of Revenue in England exceeds the Budget Estimate of 1902-1903 by £141,000. Of this, £132,300 or very nearly the whole occurs under Army, and is due to an expected increase (1) in the value of articles in possession of regiments on their transfer from the Indian to the British establishment, and (2) in the subscriptions towards Indian Military Service Family Pensions, and also to the adjustment of receipts of the Indian Troop Service as revenue instead of as expenditure. A recovery of £32,700 is also expected on account of contributions towards pensions of Indian Native soldiers lent for Imperial Service.

1903-1904.
Expenditure in
England.

236. The estimate of Expenditure in England is less than the estimate of the current year by £119,200. The Interest charges are expected to be less by £52,200, as India Bills for £2,000,000 only are proposed to be issued as against £4,000,000 provided in the Budget Estimate of the current year. It is not also considered necessary to make any provision for interest on temporary loans from the Bank of England for which £10,000 was provided in the estimate of the current year. Under Political, there was a special provision in the current year of £28,000 for the reception of Indian Chiefs attending His Majesty's Coronation. The Army Expenditure is expected to be less by £183,900. A decrease of £230,600 is anticipated in the charges for stores, chiefly ordnance, and of £70,000 in the charges for pay and pensions of retired Indian officers which are decreasing year by year. The estimate for the current year also included a special provision of £20,000 for the expenses of the visit of the Indian Contingent on the occasion of His Majesty's Coronation. A considerable part of these savings is, however, counterbalanced by an increase of £12,500 in the payments to the War Office in respect of the British forces serving in India, the estimate for which for the current year was reduced owing to a specially large refund having been

- expected on account of overpayments in previous years, an increase of £80,100 in the charges for the Indian Troop Service due partly to the change in the method of adjustment of the receipts on account of the service referred to in the preceding paragraph, and an increase of £40,000 due to the normal growth of the payments to the War Office on account of retired pay, etc., of British officers and men for service in India.

Section IV.—Statements comparing the figures of the Estimates under the more important heads of Revenue and Expenditure with those of past years.

LAND REVENUE.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
REVENUE (including that due to Irrigation)—	R	R	R	R	R	R
India General	11,23,642	12,84,784	14,05,222	12,81,000	11,92,000	14,96,000
Central Provinces	57,60,049	47,00,227	86,85,541	79,34,000	79,50,000	82,50,000
Burma	2,97,60,093	3,19,95,535	3,31,48,222	3,32,16,000	3,39,00,000	3,54,14,000
Assam	62,80,533	62,14,697	61,67,279	63,57,000	63,80,000	63,10,000
Bengal	4,12,01,234	4,08,24,103	4,08,11,631	4,07,14,000	4,10,00,000	4,07,17,000
United Provinces of Agra and Oudh	6,58,10,585	6,53,18,314	6,45,25,467	6,41,78,000	6,38,10,000	6,48,35,000
Punjab	2,28,53,763	2,43,74,961	2,64,16,932	2,35,04,000	2,31,31,000	2,39,34,000
N.-W. Frontier Province	...	...	8,97,627	18,27,000	17,15,000	18,27,000
Madras	5,47,47,204	5,82,68,478	5,87,40,216	5,04,86,000	6,08,83,000	5,99,78,000
Bombay	4,05,91,344	4,08,00,606	4,57,23,091	4,09,39,000	4,24,95,000	4,83,96,000
Berar	...	...	...	...	72,00,000	81,15,000
TOTAL	26,81,28,447	27,37,81,705	28,65,21,228	27,94,36,000	28,96,56,000	29,92,72,000
Shown under XXIX.—Irrigation	11,00,52,606	11,12,36,246	11,22,00,957	11,25,84,000	11,23,28,000	11,26,26,000
Shown under I.—Land Revenue	25,80,75,841	26,25,45,459	27,43,20,271	26,68,52,000	27,73,28,000	28,66,46,000
EXPENDITURE—						
India—						
District Administration	1,92,02,199	1,97,31,766	1,98,39,403	2,08,89,000	2,02,97,000	2,13,23,000
Other Charges	2,20,19,206	2,24,99,584	2,30,76,569	2,50,78,000	2,38,93,000	2,64,10,000
TOTAL	4,12,21,405	4,22,31,350	4,29,15,972	4,59,67,000	4,41,90,000	4,77,33,000
England—	£	£	£	£	£	£
Other Charges	645	176	670	1,000	300	900

237. The figures have been sufficiently explained in paragraphs 144 and 194. The revenue has recovered in all the Provinces from the depression caused by the famine, except in the Central Provinces where scarcity still prevails in a few districts.

FINANCIAL STATEMENT OF THE OPIUM.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—	R	R	R	R	R	R
Bengal—Sale of Opium	5,09,14,354	6,16,38,731	6,22,54,350	5,28,00,000	5,49,39,000	5,28,00,000
Bombay—Pass Fees	1,27,46,250	1,25,26,750	81,40,250	82,00,000	98,60,000	1,01,50,000
Excise Opium and other Revenue	23,69,127	23,68,152	23,85,734	24,35,000	27,51,000	27,77,000
TOTAL	6,60,29,731	7,65,33,633	7,27,80,334	6,34,35,000	6,75,50,000	6,57,27,000
Expenditure—						
Payments to Cultivators, including purchase of Opium	2,35,16,902	2,42,81,523	2,16,45,838	2,40,00,000	2,23,01,000	2,35,00,000
Other Charges	23,60,322	24,80,036	24,55,486	25,39,000	22,91,000	25,38,000
TOTAL	2,58,77,224	2,67,61,559	2,41,01,324	2,65,39,000	2,45,92,000	2,60,38,000
ENGLAND.	£	£	£	£	£	£
Other Charges	2,006	1,771	1,935	4,000	4,600	2,900
Statistics—						
Bengal—						
Chests sold	41,700	45,300	48,000	48,000	48,000	48,000
Average Price	R1,221	R1,361	R1,297	R1,100	R1,144	R1,100
Chests produced	51,719	52,443	44,457	...	44,723	...
Chests in Balance, March 31	50,715	57,845	54,303	...	51,026	...
Reserve, December 31	10,096	17,406	21,846	18,303	18,300	15,023
Bombay—						
Chests passed for export	25,492½	25,053½	16,280	16,400	19,720	20,300
Rate of duty	R500	R500	R500	R500	R500	R500

238. It is assumed that the quantity of Bengal opium sold will be the same as in the current year. The average price assumed is slightly lower than that obtained in the current year, the difference being allowed as a reasonable margin of safety. The payments for Bengal Opium are taken at the amount required to pay for an average yield of opium. There was a serious decline in the exports of Malwa Opium last year, but they have recovered materially during 1902-1903, and a further moderate improvement is expected next year.

SALT.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Northern India (a)	1,94,65,699	2,07,14,238	1,90,47,984	1,97,00,000	1,94,00,000	1,60,00,000
Burma (b)	15,36,685	13,40,785	15,28,881	15,50,000	18,00,000	19,00,000
Bengal (b)	2,57,94,382	2,54,35,094	2,60,37,624	2,60,50,000	2,63,50,000	2,12,00,000
Madras (a)	1,85,50,392	1,86,26,189	1,91,53,623	1,90,00,000	1,98,50,000	1,63,00,000
Bombay (a)	2,24,09,786	2,33,89,210	2,33,21,533	2,33,00,000	2,32,00,000	1,89,00,000
TOTAL	8,77,56,944	8,95,05,516	8,90,89,644	8,96,00,000	9,06,00,000	7,43,00,000
CHARGES.	R	R	R	R	R	R
India	49,66,747	50,47,501	51,41,683	53,71,000	51,70,000	54,63,000
England	£ 640	£ 433	£ 851	£ 200	£ 600	£ 100

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

239. The Revised and Budget Estimates are placed 6 lakhs and 173 lakhs, respectively, lower than they would have been but for the reduction of duty. As compared with 1901-1902, there has been a steady and general improvement, which has been most marked in Madras and Bengal. The consumption should be stimulated by the reduction of duty.

STAMPS.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Court Fees and Plain Paper	3,40,81,047	3,42,62,137	3,58,65,792	3,60,37,000	3,59,60,000	3,65,74,000
Commercial and other Stamps	1,39,08,324	1,49,69,527	1,49,00,263	1,51,90,000	1,51,63,000	1,56,85,000
Other Revenue	9,92,780	9,12,553	9,30,028	9,44,000	9,55,000	9,44,000
TOTAL	4,89,82,151	5,01,44,217	5,16,96,083	5,21,71,000	5,20,78,000	5,32,03,000
CHARGES.	R	R	R	R	R	R
India	9,50,619	11,12,809	11,43,750	11,61,000	11,53,000	12,10,000
England (Stores)	£ 37,914	£ 28,752	£ 29,567	£ 39,000	£ 35,500	£ 44,800

240. The Revised Estimate of the current year and the Budget Estimate of next year include ₹4,30,000 and ₹8,50,000, respectively, on account of Berar. The Revenue of the current year has not been satisfactory in the Central Provinces, the United Provinces, Madras, or Bombay. A moderate improvement is anticipated next year.

EXCISE.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Burma	49,39,878	53,29,888	54,24,494	55,00,000	55,00,000	60,00,000
Bengal	1,39,65,275	1,46,48,357	1,50,25,698	1,50,00,000	1,58,00,000	1,61,00,000
United Provinces of Agra and Oudh	63,69,842	69,00,211	74,10,028	74,00,000	83,00,000	87,00,000
Madras	1,34,13,799	1,35,87,398	1,43,08,674	1,44,00,000	1,55,50,000	1,55,50,000
Bombay	1,06,38,737	1,01,31,046	1,05,34,745	1,08,00,000	1,07,25,000	1,09,00,000
Berar	...	...	...	...	7,50,000	14,00,000
Other Provinces	85,71,594	84,61,132	84,46,575	87,04,000	90,39,000	89,26,000
TOTAL	5,78,99,125	5,90,58,032	6,11,50,214	6,18,04,000	6,56,64,000	6,75,76,000
CHARGES.	R	R	R	R	R	R
India	24,22,627	24,16,769	24,91,879	30,85,000	28,39,000	36,29,000
England	£ ...	£ 58	£ 30	£ ...	£ ...	£ ...

241. The figures have been explained in paragraphs 147, 197 and 218.

FINANCIAL STATEMENT OF THE PROVINCIAL RATES.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
District Local Funds	2,26,73,416	2,30,41,963	2,44,62,708	2,45,29,000	2,46,46,000	2,54,10,000
Provincial Cesses, in- cluding Famine In- surance	66,14,490	66,43,400	68,97,833	69,89,000	69,31,000	70,04,000
Village Service and Patwaris	67,96,679	72,97,805	81,79,374	79,63,000	78,69,000	77,23,000
Other Cesses	13,97,166	14,57,524	16,07,402	15,37,000	15,64,000	16,30,000
TOTAL	3,74,81,751	3,84,40,692	4,11,47,317	4,10,18,000	4,10,10,000	4,17,67,000
Charges	5,31,917	5,09,616	6,36,825	7,00,000	6,27,000	6,98,000

242. The Revised Estimate of the current year includes Rs. 5,56,000 and the Budget Estimate of next year includes Rs. 6,69,000 on account of Berar. A reduction in the rate of the village cess in Madras from 9 to 8 pies in the rupee will reduce the revenue in that Province next year. In most of the other Provinces a moderate increase is anticipated.

CUSTOMS.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
SEA CUSTOMS.						
IMPORTS.						
<i>Special Import Duties.</i>						
Arms, Ammunition, and Military Stores	3,08,447	2,82,800	3,58,820	3,04,000	3,80,000	4,00,000
Liquors—						
Ale, Beer, Porter, Cider and other fer- mented Liquors	2,03,822	2,01,330	2,29,381	2,00,000	2,37,000	2,35,000
Spirits and Liqueurs	64,91,422	64,05,640	64,96,868	63,70,000	69,00,000	69,00,000
Wines	3,00,000	3,04,647	3,49,558	3,65,000	3,63,000	3,65,000
Opium	3,000	2,494	3,419	3,000	...	...
Petroleum	43,00,000	49,27,117	52,58,383	51,28,000	53,25,000	53,50,000
Sugar (countervailing duties, 1899)	8,51,750	22,70,651	40,48,294	24,00,000	17,25,000	0,00,000
Do. (do., 1902)	...	...	...	...	3,30,000	1,00,000
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding Sugar)	14,66,450	16,03,999	15,13,581	16,95,000	14,50,000	15,00,000
Sugar (ordinary duties)	17,42,000	29,86,290	31,93,443	30,50,000	27,00,000	28,00,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials	9,98,257	11,09,380	12,09,503	10,86,000	12,30,000	12,50,000
Cotton Manufactures	92,40,837	93,45,121	1,03,75,556	1,00,38,000	95,25,000	98,00,000
Metals and Manufactures of—						
Silver, Bullion and Coin	24,32,265	13,34,953	30,63,948	23,50,000	36,00,000	28,50,000
Other Metals and Manufactures of Metals	17,09,047	22,19,038	23,40,000	22,73,000	28,75,000	28,00,000
Oils (excluding Petroleum)	1,45,273	1,56,605	2,32,662	1,92,000	1,68,000	1,68,000
Manufactured Articles	52,35,342	58,76,562	61,17,900	62,34,000	60,33,000	61,06,000
Raw Materials and Unmanufactured Articles	6,51,671	9,66,223	8,86,010	10,21,000	8,40,000	8,76,000
TOTAL IMPORTS	3,61,39,583	4,00,52,850	4,56,77,326	4,27,09,000	4,36,90,000	4,21,00,000
EXCISE DUTY ON COTTON GOODS	13,36,623	12,11,917	17,67,498	14,65,000	17,70,000	18,00,000
EXPORT DUTIES—						
Rice	87,63,905	85,26,079	91,76,822	90,02,000	1,19,50,000	95,00,000
LAND CUSTOMS AND MISCELLANEOUS	7,66,751	7,83,111	8,73,642	8,24,000	8,90,000	8,00,000
GRAND TOTAL	4,70,06,862	5,05,73,957	5,74,95,288	5,40,00,000	5,83,00,000	5,47,00,000
Charges	23,06,176	24,27,076	24,19,723	25,29,000	24,28,000	26,53,000

243. The fluctuations in the estimates of revenue have been explained in paragraphs 148 and 199.

The advance in the charges occurs in Bombay where an increase is anticipated in the fees for overtime work, and a provision of Rs 1,00,000 has been made for revision of establishment.

ASSESSED TAXES.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
Deduction by Govern- ment from Salaries, Pensions, and Interest payments	43,84,515	44,96,603	45,44,754	45,26,000	46,48,000	40,93,000
Other Collections:	1,51,19,901	1,53,34,799	1,59,94,900	1,59,41,000	1,65,33,000	1,37,09,000
TOTAL	1,95,04,416	1,98,31,402	2,05,39,654	2,04,67,000	2,11,72,000	1,78,02,000
Charges	3,32,364	3,35,967	3,57,348	3,66,000	3,63,000	3,78,000

244. The receipts continue to make steady progress in almost all the Provinces. The exemption of the two lowest classes of incomes is estimated to relieve about 3,15,000 assesseees out of a total of approximately half a million, or 63 per cent of the whole. The relief to the assessing staff should be still greater, as it is the smallest incomes which present the greatest difficulty and the least degree of certainty. The loss of revenue involved is estimated at 36 lakhs, or 16·8 per cent of the whole.

FOREST.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India—						
Revenue	1,85,31,380	1,94,67,941	1,73,60,322	1,93,56,000	1,89,73,000	1,97,81,000
Expenditure	1,07,90,296	1,09,24,937	1,05,20,701	1,23,34,000	1,17,78,000	1,30,67,000
NET	77,41,084	85,43,004	68,39,621	70,22,000	71,95,000	67,14,000
	£	£	£	£	£	£
Equivalent in Ster- ling	516,072	569,534	455,975	468,100	479,700	447,500
Expenditure in Eng- land	10,822	1,835	4,201	1,700	2,600	1,800
NET REVENUE	505,250	567,699	451,774	466,400	477,100	445,700

245. The Revised Estimate of the current year includes Rs 1,50,000 and Rs 1,10,000, and the Budget Estimate of the next year includes Rs 5,00,000 and Rs 2,53,000 on account of the revenue and expenditure, respectively, of Berar.

246. There was a serious decline in the revenue under this head in Burma last year owing to an unfavourable floating season, a dull timber market in Upper Burma, and the expiry of a large purchase contract in Pyinmana. In the current year there has been some recovery though less than was hoped for, and a small improvement on existing conditions is anticipated next year. In the Central Provinces the revenue has been swollen in the current year, though not to the extent anticipated in the Budget Estimate, by receipts for special supplies to the Satpura Railway and the Ordnance Factory at Jubbulpore. The estimate for next year for this Province provides for a decrease in both revenue and expenditure, due to the completion of the contracts for these

supplies. In Bengal there has been a small decline in the revenue, and in Bombay the receipts have fallen slightly short of the estimate, but in the other Provinces a gradual growth of both revenue and expenditure is expected.

INTEREST RECEIPTS.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
India	83,47,226	89,26,309	1,06,27,928	1,10,13,000	1,08,23,000	1,05,09,000
England	₹ 49,334	₹ 56,392	₹ 77,151	₹ 30,000	₹ 150,700	₹ 30,000

INTEREST EXPENDITURE.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
Interest on Debt—						
India	3,90,27,597	4,05,50,556	4,03,88,541	4,15,95,000	4,10,00,000	4,15,70,000
Deduct charged to—						
Irrigation	1,34,51,236	1,38,19,929	1,41,61,844	1,45,47,000	1,45,11,000	1,49,15,000
Railways	4,50,90,125	4,65,59,768	4,78,23,864	4,98,48,000	4,98,70,000	5,21,33,000
Balance charged to Interest	—1,95,13,764	—1,98,29,141	—2,15,97,167	—2,28,00,000	—2,33,81,000	—2,54,78,000
Equivalent in sterling						
England	₹ —1,300,918	₹ —1,321,943	₹ —1,439,811	₹ —1,520,000	₹ —1,558,800	₹ —1,698,500
	2,894,271	3,098,349	3,003,726	3,038,800	3,001,800	2,986,600
TOTAL	1,593,353	1,776,406	1,563,915	1,518,800	1,443,000	1,288,100
Interest on other						
Obligations—						
On Savings Bank						
Balances converted						
at Rs = £1	223,203	232,036	245,797	260,800	265,900	284,700
Other items	131,542	130,504	134,626	135,500	130,600	133,800
TOTAL £	1,948,098	2,138,946	1,944,338	1,915,100	1,839,500	1,706,600
Debt outstanding,						
March 31—						
Sterling	₹ 124,144,401	₹ 133,435,379	₹ 134,307,090	₹ 134,575,879	₹ 133,938,290	₹ 133,838,290
Rupee Debt—						
4 per cent	₹ 4,95,61,850	₹ 4,83,61,850	₹ 4,71,61,750	₹ 4,59,61,850	₹ 4,59,61,750	₹ 4,47,61,750
3½ per cent	95,15,04,900	98,15,11,700	99,15,12,200	1,00,65,11,700	1,00,65,12,200	1,02,65,12,200
3 per cent	11,07,05,700	11,07,07,200	11,07,07,200	11,07,07,200	11,07,07,200	11,07,07,200
Other Debt	1,29,74,560	1,27,38,308	1,25,32,683	1,23,78,308	1,23,32,683	1,21,82,683
Savings Bank Balances	11,14,00,631	11,68,25,091	12,36,16,334	13,21,11,091	13,16,58,334	13,98,96,334

247. The necessary explanations regarding the Interest figures are given in paragraphs 167, 174, 209, and 227. An increase in the Savings Bank Deposits of ₹32,00,000, apart from interest, is expected in 1902-1903. In 1903-1904, the net receipt is taken at ₹30,00,000.

POST OFFICE.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue . . .	1,96,24,722	2,03,57,340	2,07,55,636	2,06,56,000	2,15,25,000	2,16,21,000
Expenditure . . .	1,63,13,233	1,68,73,414	1,77,83,206	1,88,05,000	1,86,50,000	2,00,38,000
NET REVENUE IN INDIA . . .	33,11,489	34,83,926	29,72,430	18,51,000	28,75,000	15,83,000
Equivalent in sterling . . .	£ 221,433	£ 232,262	£ 198,162	£ 123,400	£ 191,700	£ 105,500
Net Expenditure in England . . .	95,365	97,320	95,077	100,300	100,300	98,500
TOTAL NET REVENUE	126,068	134,942	103,085	23,100	91,400	7,000

248. The Revised Estimate of the current year includes Rs 3,00,000 and Rs 1,30,000 on account of the receipts and charges of the Department in connection with the Delhi Coronation Durbar. The falling-off in revenue due to the reduction, with effect from 1st April last, of the rate of commission on money orders for Rs 5 or less has been more than made good by the normal expansion of the operations of the Department. The increase in the Budget Estimate of expenditure for next year is explained in paragraph 220.

TELEGRAPH.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue Accounts—						
Revenue . . .	1,23,93,431	1,32,78,032	1,34,94,365	1,24,08,000	1,31,50,000	1,31,00,000
Expenditure . . .	73,88,866	77,55,447	82,59,928	85,47,000	87,89,000	91,77,000
NET . . .	50,04,565	55,22,585	52,34,437	38,61,000	43,61,000	39,23,000
Equivalent in sterling . . .	£ 333,638	£ 363,172	£ 348,962	£ 257,400	£ 290,700	£ 261,500
Net expenditure in England . . .	71,142	51,825	68,864	56,000	68,800	99,100
	+262,496	+316,347	+280,098	+201,400	+221,900	+162,400
Capital Expenditure—						
India (converted at Rs 15 = £1) . . .	61,479	39,028	57,994	85,900	67,100	108,200
England . . .	95,126	164,190	218,182	229,300	191,800	184,100
	156,605	203,218	276,176	315,200	258,900	292,300
TOTAL NET REVENUE	105,891	113,129	3,922	—113,800	—37,000	—129,900

249. In the current year there has been a large increase in revenue due to the Coronation Durbar at Delhi. Allowance has been made for this in framing the estimate for next year, which has been taken at less than the Revised Estimate. The Revenue Expenditure in England for 1903-1904 includes the new charge of £38,000, being the guarantee payable on account of the reduction in the rate for foreign telegrams. A small portion of this (£6,900) is payable to the Indo-European Telegraph Department, and is therefore included in the estimate of receipts. The increase in capital expenditure in India is due to larger provision for the construction of departmental and railway telegraph lines.

FINANCIAL STATEMENT OF THE

250. In last year's Financial Statement it was estimated that the reduction in the charge for foreign telegrams would result in an increase of 10 per cent in that class of traffic, and that the loss in Indian terminal charges would be £17,000 and that of the Indo-European Telegraph Department £14,000. The 10 per cent increase has been more than realised during the year: and the loss on Indian terminals has been less than was estimated by £3,000.

MINT.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue . . .	51,76,185	4,75,92,732	83,29,925	9,93,000	62,71,000	55,01,000
Expenditure . . .	7,98,216	4,70,95,788	73,71,901	15,77,000	60,30,000	59,75,000
NET REVENUE . . .	43,77,969	4,96,944	9,58,024	—5,81,000	2,41,000	—4,74,000
Equivalent in ster- ling . . .	£	£	£	£	£	£
Net expenditure in England . . .	291,865	33,130	63,868	—38,900	16,100	—31,600
	2,682	13,014	12,528	6,200	8,900	5,900
TOTAL NET REVENUE	289,183	20,116	51,340	—45,100	7,200	—37,500

251. These figures have been explained in paragraphs 153, 163 and 202. Silver of the value of £300,000 has been purchased and will be coined into rupees next year. The profit on the coinage will amount to about R43,20,000. It will be credited as revenue and charged as expenditure on its transfer to the Gold Reserve Fund. The rupee issue of 1840 is being gradually withdrawn from circulation, and recoined for issue. More than a crore of these rupees are now in the Mints, awaiting recoinage, which is being pushed on as fast as possible.

CIVIL DEPARTMENTS.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
INDIA.	R	R	R	R	R	R
General Administration	1,59,60,801	1,62,67,295	1,65,54,642	1,66,92,000	1,89,94,000	1,71,32,000
Law and Courts . . .	3,12,13,533	3,18,60,797	3,23,58,574	3,41,16,000	3,29,92,000	3,49,05,000
Justice. { Jails . . .	1,02,60,188	1,19,55,882	1,15,61,297	1,18,24,000	1,08,79,000	1,16,96,000
Police . . .	4,27,62,727	4,37,51,116	4,43,41,080	4,64,86,000	4,52,67,000	4,74,57,000
Marine . . .	30,88,823	35,68,472	42,58,472	39,09,000	39,30,000	43,94,000
Education . . .	1,62,64,003	1,63,26,203	1,69,43,997	2,22,39,000	1,85,60,000	2,27,66,000
Ecclesiastical . . .	17,07,796	17,33,963	16,84,155	17,71,000	16,72,000	17,86,000
Medical . . .	1,39,93,722	1,40,38,220	1,28,87,984	1,55,21,000	1,40,08,000	1,54,43,000
Political . . .	1,04,68,139	84,41,227	1,02,00,690	1,30,22,000	1,29,84,000	1,11,66,000
Scientific and Minor Departments . . .	52,83,680	63,82,287	70,79,786	77,15,000	69,90,000	81,87,000
TOTAL INDIA . . .	15,10,03,412	15,43,25,462	15,78,70,677	17,33,25,000	16,62,76,000	17,49,32,000
ENGLAND.	£	£	£	£	£	£
General Administration	320,023	255,196	259,112	249,500	251,700	281,400
Marine . . .	327,970	352,023	314,351	248,900	247,500	254,300
Other heads . . .	67,701	76,039	48,624	75,400	55,600	49,100
TOTAL ENGLAND . . .	715,694	683,258	622,087	573,800	554,800	584,800

252. R11,95,000 and R23,72,000 are included in the Revised Estimate of 1902-1903 and the Budget Estimate of 1903-1904, respectively, on account of Berar. The figures have been explained in paragraphs 171 and 222.

MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
INDIA.						
Territorial and Political Pensions	R 39,83,365	R 38,77,633	R 38,04,743	R 39,68,000	R 39,08,000	R 39,28,000
Civil Furlough and Absentee Allowances	9,660	23	11,492	10,000	9,000	12,000
Superannuation Allowances and Pensions	1,10,86,006	1,14,05,469	1,16,83,183	1,20,09,000	1,21,48,000	1,25,92,000
Stationery and Printing	67,92,810	66,29,107	67,03,453	67,00,000	71,57,000	68,86,000
Exchange	12,14,240	4,77,736	...	3,04,000	...	...
Miscellaneous	23,67,536	26,93,294	45,39,511	46,55,000	80,82,000	42,66,000
TOTAL INDIA	2,54,53,617	2,50,83,262	2,67,42,382	2,77,06,000	3,13,04,000	2,76,84,000
ENGLAND.						
Civil Furlough and Absentee Allowances	£ 282,881	£ 250,864	£ 251,807	£ 257,500	£ 249,000	£ 257,500
Superannuation Allowances and Pensions	1,965,402	1,950,936	1,976,705	2,008,000	2,012,500	2,029,500
Other Heads	107,341	113,352	128,045	115,700	138,400	107,800
TOTAL ENGLAND	2,355,624	2,315,152	2,356,557	2,381,200	2,399,900	2,394,800

253. The Revised Estimate of the current year and the Budget Estimate of next year include R 18,97,000 and R 4,10,000, respectively, on account of Berar.

The only important variation in the figures not already explained is the increase of R 3,97,000 in the Revised under Stationery and Printing, which occurs mainly in Bengal and is due to purchase of a larger stock of stationery to meet heavy demands of Government Printing Presses and State Railways. The increase in the expenditure in England in the Revised is also in the charges for stationery stores.

254. The following table shows the amounts of agricultural loans written off charged to the head Miscellaneous :—

PROVINCE.	Accounts, 1901-1902.	1902-1903.		1903-1904.
		Budget Estimate.	Revised Estimate.	Budget Estimate.
	R	R	R	R
Bombay	14,56,464	15,96,000	25,91,000	2,12,000
Central Provinces	5,19,334	1,00,000	1,00,000	1,00,000
United Provinces of Agra and Oudh	1,19,109	...	1,56,000	5,000
Punjab	6,778	3,06,000	2,62,000	6,91,000

FAMINE RELIEF AND INSURANCE.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
Famine Relief	3,11,23,771	6,18,78,449	79,37,720	63,48,000	47,03,000	15,30,000
Construction of Protective Railways	...	...	...	...	1,54,000	23,00,000
Construction of Protective Irrigation Works	3,58,946	4,66,710	10,60,386	14,08,000	15,96,000	25,00,000
Reduction or Avoidance of Debt	...	...	42,69,574	71,14,000	83,70,000	86,70,000
TOTAL	3,14,82,717	6,23,45,159	1,32,67,680	1,48,70,000	1,48,23,000	1,50,00,000
Net charge on account of the Bengal-Nagpur and the Indian Midland Railways shown in the Railway Revenue Account	4,43,987	1,42,838	17,32,320	1,30,000	1,77,000	...
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT	3,19,26,704	6,24,87,997	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000

FINANCIAL STATEMENT OF THE

255. The figures have been explained in paragraphs 168, 176, 211 and 224—226. The information contained in the table given in paragraph 210 of the last Financial Statement is repeated and brought up to date below :—

Statement showing the Disposal of the Provision made in 1877-78 for Famine Relief and Insurance.

[Rupee figures are converted into sterling at 15 to the £.]

YEARS.	Revenue provided by Measures of 1877-78.	DISPOSAL OF THE REVENUE PROVIDED.						BALANCE ON THE YEAR.		Balance at credit from the commencement of the scheme to the end of the year.	
		EXPENDITURE ON FAMINE RELIEF.		EXPENDITURE ON PROTECTIVE WORKS, INCLUDING NET CHARGE FOR INDIAN MIDLAND AND BENGAL-NAAGPUR RAILWAYS.		AMOUNT APPLIED IN REDUCTION OF DEBT.		TOTAL EXPENDITURE.	Credit.		Debit.
		In India at Rs = £1.	In England £.	In India at Rs = £1.	In England £.	In India at Rs = £1.	In England £.				
	£	£	£	£	£	£	£	£	£	£	
1878-79 . .	1,000,000	208,549	597	...	...	...	...	209,146	790,854	...	790,854
1879-80 . .	1,000,000	69,098	343	...	...	...	...	69,441	930,559	...	1,721,413
1880-81 . .	1,000,000	21,759	1,831	...	...	...	...	23,590	976,410	...	2,697,823
1881-82 . .	1,000,000	23,122	165	545,235	...	116,035	...	681,553	315,442	...	3,013,265
1882-83 . .	1,000,000	14,735	...	86,876	...	385,091	...	486,705	513,295	...	3,526,560
1883-84 . .	1,000,000	6,064	89	621,626	26	6,243	1,001,393†	1,635,441	...	635,441	2,891,119
1884-85 . .	1,000,000	4,900	...	799,669	...	1,747	...	806,316	193,684	...	3,081,803
1885-86 . .	1,000,000	27,130	...	517,205	22,263	100	...	566,838	433,302	...	3,518,105
1886-87 . .	1,000,000	694	...	205,319	110,323	...	...	316,336	683,664	...	4,201,769
1887-88 . .	1,000,000	268	...	60,671	200,815	...	...	261,754	738,246	...	4,940,015
1888-89 . .	1,000,000	5,199	...	59,963	331,586	...	...	396,753	603,247	...	5,543,262
1889-90 . .	1,000,000	45,525	...	—89,135*	408,745	...	...	415,135	584,865	...	6,128,127
1890-91 . .	1,000,000	3,719	...	—45,643*	471,231	...	...	429,307	570,693	...	6,698,820
1891-92 . .	1,000,000	15,615	...	51,284	500,245	...	...	567,144	432,856	...	7,131,676
1892-93 . .	1,000,000	47,227	...	408,728	509,524	...	...	965,479	34,521	...	7,166,197
1893-94 . .	1,000,000	331	...	425,677	515,531	...	...	941,539	58,461	...	7,224,658
1894-95 . .	1,000,000	6,839	...	31,648	514,344	...	...	552,831	447,169	...	7,671,827
1895-96 . .	1,000,000	12,201	...	60,051	506,670	...	...	578,922	421,078	...	8,092,905
1896-97 . .	1,000,000	1,377,091	8,360	—245,431*	514,099	...	...	1,654,122	...	654,122	7,438,783
1897-98 . .	1,000,000	3,548,592	1,740	—285,445*	523,717	...	...	3,788,604	...	2,788,604	4,650,179
1898-99 . .	1,000,000	26,702	1	141,471	534,280	...	...	702,454	297,546	...	4,947,725
1899-1900 . .	1,000,000	2,071,201	8,717	—195,213*	248,742	...	...	2,128,447	...	1,128,447	3,819,278
1900-1901 . .	1,000,000	4,117,428	7,802	—277,907*	318,544	...	...	4,165,867	...	3,165,867	653,411
1901-1902 . .	1,000,000	529,063	118	—147,123*	333,313	...	...	715,362	284,638	...	938,049
1902-1903 . .	1,000,000	313,500	...	—221,200*	349,700	...	...	442,000	558,000	...	1,496,049
1903-1904 . .	1,000,000	102,000	...	319,500	500	...	...	422,000	578,000	...	2,074,049
TOTAL OF 26 YEARS . .	26,000,000	12,598,556	24,763	2,877,822	6,914,198	509,219	1,001,393	23,925,951	10,446,530	3,372,481	2,074,049

* In these years the net receipts on the Indian Midland and Bengal-Nagpur Railways exceeded the charges for other protective works in India.

† In 1882-83 a remittance of Rs. 22,77,330 was made to England, realising 1,001,393l. by means of which 993,584l. of sterling debt was discharged in 1885-84.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
STATE RAILWAYS—	R	R	R	R	R	R
Gross Receipts	21,97,98,346	25,43,06,949	28,91,58,390	28,37,53,000	28,59,13,000	29,05,74,000
Working Expenses	10,72,17,062	12,69,85,686	14,23,85,017	14,10,25,000	14,07,72,000	14,85,49,000
Net Revenue equivalent at Rs 15 = £1	£ 7,505,419	£ 8,488,085	£ 9,784,892	£ 9,515,200	£ 9,276,100	£ 9,468,400
Interest and other Charges— India converted at Rs 15 = £1	3,016,834	3,112,165	3,223,480	3,344,400	3,345,000	3,501,900
England	3,741,444	4,556,471	5,400,829	5,537,300	5,511,700	5,596,200
Net Result	747,141	819,449	1,154,583	633,500	419,400	370,300
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at Rs 15 = £1	1,907,215	1,316,899	914,989	993,400	913,700	918,400
Surplus Profits, In- terest and other Charges— India converted at Rs 15 = £1	351,959	179,209	154,673	161,800	91,500	105,200
England	2,172,336	1,589,417	1,009,544	1,029,300	1,028,100	1,046,700
Net Result	—617,080	—451,727	—249,228	—197,700	—205,900	—233,500
Other Receipts	27,407	22,933	33,753	39,100	51,800	43,300
Other Charges	80,712	65,531	92,492	180,000	104,700	139,200
STATISTICS—						
State Railways— Capital Expenditure to March 31—						
Expenditure by Government	104,019,530	111,384,707	114,330,144	117,049,607	117,624,744	121,114,344
Expenditure by Companies	33,291,657	34,817,796	36,590,076	38,930,996	38,361,976	39,975,076
Outlay on the East Indian Railway from Debentures raised by the Company	2,557,917	4,323,182	4,328,351	6,084,082	5,630,451	6,880,451
Outlay on the South Indian Railway by the Company	...	250,000	1,001,250	1,251,200	1,151,250	1,501,250
Outlay on the Great Indian Peninsula Railway by the Company	...	...	...	200,000	...	450,000
TOTAL	139,869,104	150,775,685	156,249,821	163,515,885	162,768,421	169,921,121
Miles open on April 1	16,643	17,136	19,295	19,410	19,403	20,241
Guaranteed Rail- ways— Miles open on April 1	2,588	2,612	1,305	1,348	1,334	1,366

256. The Revised Estimate of net receipts on State Railways in 1902-1903 is worse than the Budget Estimate by Rs 35,87,000 or £239,100. The gross Receipts are better by £144,000, but the working expenses have risen by £383,100. This result is partly due to increased expenditure consequent on the larger traffic on certain lines, but is mainly the result of larger expenditure having been found obligatory on some of the more important railways in connection with the maintenance and renewal of permanent-way, bridges and rolling-stock. The largest falling off in net receipts occurred on the East Indian

Railway (42 lakhs), the Rajputana-Malwa (18½ lakhs) and the Burma Railways (5 lakhs), while increased net receipts were earned on the Great Indian Peninsula (9¾ lakhs), the Eastern Bengal (8 lakhs), the South Indian (7 lakhs), the Southern Mahratta (5½ lakhs), the Indian Midland (4,40,000) and the North Western Railway (3 lakhs). The estimate of net receipts on State Railways in 1903-1904 is placed at Rs 28,84,000 or £192,300 above the Revised Estimate for 1902-1903. The estimate allows for additional earnings from increased open mileage, for development of traffic on extensions recently opened, and general improvement in traffic prospects, chiefly on certain lines on which the traffic has been unfavourable during the current year. On the other hand, increased expenditure has necessarily to be allowed for working the larger traffic and the increased open mileage, while in other cases it has been found necessary to continue the high rate of expenditure on maintenance and renewals as in 1902-1903. The increase in interest and other charges in India is due to the progress of Capital outlay, and that in England chiefly to further receipts of Capital from Railway Companies. As a result of these increases the estimated net gain from the working of State Railways in 1903-1904 is less by £49,100 than in the Revised Estimate for 1902-1903. The chief improvement is expected on the Bengal Nagpur (18 lakhs), the East Indian Railway (18 lakhs), the Rajputana Malwa Railway (6½ lakhs) and Burma Railways (3½ lakhs). Decreases are estimated for on the North Western (8 lakhs), the South Indian (7 lakhs), Great Indian Peninsula (5½ lakhs) and the Eastern Bengal (3½ lakhs). The Revised Estimate of net receipts from Guaranteed Railways shows a falling-off of Rs 11,95,000 or £79,700 compared with the original estimate, due chiefly to a decline in goods traffic on the Bombay, Baroda and Central India Railway. In the Budget Estimate for 1903-1904 a slight improvement in net receipts of £4,700 has been allowed for. The decrease in the Revised Estimate of Surplus Profits, Interest and other charges, as compared with the Budget Estimate for 1902-1903, is due mainly to the reduced share of surplus profits payable to the Bombay, Baroda and Central India Railway Company consequent on the fall in the earnings of that line. The decrease in the Revised Estimate of interest paid in England compared with the original estimate is due to capital not having been raised as early as was anticipated. The increase in the Budget Estimate for 1903-1904 compared with the Revised Estimate for 1902-1903 is due to further receipts on account of Capital.

IRRIGATION.

IRRIGATION.	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
MAJOR WORKS.	R	R	R	R	R	R
Revenue { Direct Re- { cepts	2,36,77,938	2,47,71,151	2,33,93,665	2,57,24,000	2,80,52,000	2,67,57,000
{ Land Reve- { nue	1,00,52,606	1,12,36,246	1,22,00,957	1,25,84,000	1,23,28,000	1,26,26,000
Expendi- { Working { Expenses	99,71,283	1,03,36,344	1,05,28,805	1,10,69,000	1,14,76,000	1,13,69,000
{ Interest	1,31,51,236	1,38,19,929	1,41,61,844	1,45,47,000	1,45,11,000	1,49,15,000
NET	+1,03,08,025	+1,18,51,124	+1,09,03,973	+1,26,92,000	+1,43,93,000	+1,30,99,000
MINOR WORKS.						
Receipts—Direct	22,67,383	23,31,393	24,68,966	21,43,000	21,45,000	25,47,000
Expenditure	1,05,29,591	1,06,48,641	1,07,79,865	1,37,19,000	1,27,61,000	1,47,05,000
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31	34,26,13,013	35,21,44,980	36,15,60,720	37,32,88,980	37,16,68,720	38,41,68,720

257. In the Revised Estimate the receipts from Major Works show an increase over the Budget Estimate of Rs 23,28,000. This increase occurs almost entirely in the Punjab, the United Provinces and Bengal, where larger areas

were irrigated than anticipated when the Budget was framed. The Budget Estimate for 1903-1904, though higher than the Budget for 1902-1903, is less than the Revised Estimate, as the area irrigated is not expected to be so large.

258. The Revised Estimate of expenditure shows an increase of Rs. 4,07,000 over the Budget Estimate, due to the necessity of carrying out certain maintenance works not provided for when the Budget was framed. In the Budget for 1903-1904 provision has been made for increased collection charges on account of the Mandalay, Jhelum, Mahiwah and Dad projects which have only recently been opened.

259. As regards "Minor Works," the increase under Receipts in the Budget Estimate for 1903-1904 is due mainly to the introduction of occupiers' rates on the Lower Sutlej and Mozaffargarh Inundation Canals consequent on the abolition of the chhar system. Under expenditure, the Budget Estimates for 1902-1903 and 1903-1904 show large increases as compared with previous years, owing to special additional grants of 25 lakhs having been provided in each year. The Revised Estimate shows a lapse of over 9 lakhs, due to its not having been practicable to utilise this grant fully in 1902-1903.

OTHER PUBLIC WORKS.

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904. Budget.
				Budget.	Revised.	
EXPENDITURE.	R	R	R	R	R	R
India—						
Military Works	1,20,71,699	1,11,28,272	1,39,52,561	1,46,41,000	1,54,61,000	1,54,27,000
Civil Works, Imperial	34,69,912	39,07,654	66,37,813	74,70,000	68,41,000	80,00,000
Civil Works, Provincial	2,81,23,260	2,76,97,674	3,01,94,023	3,55,06,000	3,42,86,000	3,64,21,000
Civil Works, Local	1,65,02,152	1,63,09,396	1,66,08,290	1,86,60,000	1,70,84,000	2,03,19,000
TOTAL INDIA	6,01,67,023	5,90,42,996	6,73,92,687	7,62,77,000	7,36,72,000	8,01,67,000
England—	£	£	£	£	£	£
Military Works	31,782	41,057	34,612	18,100	53,000	17,500
Civil Works	91,735	92,286	105,176	98,400	109,300	108,300
TOTAL ENGLAND	123,517	133,343	139,788	116,500	162,300	125,800
RECEIPTS.						
India R	61,77,332	64,76,334	67,63,743	64,44,000	67,61,000	67,41,000
England £	29,058	26,714	28,649	28,300	27,600	27,900

260. The Military Works expenditure of the year in India is expected to be higher than the Budget Estimate by Rs. 8,20,000 in consequence of increased grants given during the year. The Budget for 1903-1904 includes a special additional grant of Rs. 40,60,000, given for the following purposes:—

	R
Accommodation for Howitzer Batteries	4,00,000
Jubbulpore Gun Carriage Factory	4,00,000
Ishapore Rifle Factory	4,00,000
Electric-lighting and punkah-pulling in barracks	5,00,000
Quarters for forty-five additional subordinates in the Ordnance Department	2,00,000
Transfer of steel plant and rolling mills from Cossipore to Ishapore	7,00,000
Buildings for the establishment of a Rifle Factory at Ishapore	2,00,000
Fifteen works costing less than 2 lakhs each	12,60,000
	<u>40,60,000</u>

261. It is expected that the expenditure on Imperial Civil Works during 1902-1903 will be less by Rs. 6,29,000 than the Budget, due to progress on works having been slower than was expected. In both the Revised Estimate for 1902-1903 and the Budget Estimate for 1903-1904 provision has been made for Civil Works in Berar.

262. The Revised Estimates of Provincial and Local Civil Works show decreases of ₹12,20,000 and ₹15,76,000, respectively, as compared with the Budget. The Provincial Civil Works estimate for 1902-1903 included expenditure from the contributions from Imperial Revenues which were referred to in paragraph 107 of last year's Financial Statement. In the ensuing year, similar contributions are expected to amount to only ₹40,00,000.

ARMY SERVICES.

EXPENDITURE.	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	1902-1903.		1903-1904, Budget.
				Budget.	Revised.	
INDIA—	₹	₹	₹	₹	₹	₹
<i>Effective Services—</i>						
Regimental Pay and Allowances.	7,85,49,869	7,18,58,256	7,85,63,254	8,84,91,000	8,26,04,000	9,10,78,000
Supply and Transport.	3,73,06,113	3,90,48,972	4,09,64,916	4,18,20,000	4,12,76,000	4,26,82,000
Ordnance.	74,33,281	71,02,726	96,46,625	1,24,62,000	1,08,58,000	1,17,77,000
Other Heads.	2,99,59,440	3,25,38,785	3,22,11,150	3,39,02,000	3,40,74,000	3,37,51,000
	15,32,48,703	15,05,48,739	16,13,85,945	17,66,75,000	16,88,12,000	17,92,88,000
<i>Non-effective Services</i>	91,15,539	91,03,829	93,27,144	92,05,000	96,87,000	97,58,000
TOTAL INDIA	16,23,64,242	15,96,52,568	17,07,13,089	18,58,80,000	17,84,99,000	18,90,46,000
ENGLAND—	£	£	£	£	£	£
<i>Effective Services—</i>						
Payments to War Office in respect of British Forces serving in India.	739,423	700,000	64,010	762,500	852,000	775,000
Furlough Allowances and Pay during Voyage of British Forces serving in India.	93,645	50,207	94,074	108,000	113,000	108,000
Furlough Allowances of Officers of the Indian Service.	217,265	183,518	216,620	230,000	247,000	230,000
Indian Troop Service.	130,794	86,286	196,521	250,000	354,500	330,100
Other Heads.	58,285	45,592	32,590	61,000	76,300	46,100
Stores for India—						
Clothing.	138,215	229,747	191,178	225,200	186,700	228,800
Ordnance and Miscellaneous.	189,874	673,009	1,147,238	1,152,800	983,500	899,400
Other Heads.	71,237	86,017	90,029	82,200	82,400	101,400
	1,638,738	2,054,376	2,032,260	2,871,700	2,895,400	2,718,800
<i>Non-effective Services—</i>						
Payments to War Office for Retired Pay, etc., of British Forces for services in India.	556,901	553,235	554,562	610,000	615,000	650,000
Pay and Pensions of Non-effective and Retired Officers of the Indian Service.	1,725,197	1,687,398	1,650,391 ¹⁰	1,640,000	1,600,000	1,570,000
Other Heads.	140,108	144,285	145,846	151,000	145,100	150,000
	2,422,206	2,384,918	2,350,799	2,401,000	2,360,100	2,370,000
TOTAL ENGLAND	4,060,944	4,439,294	4,383,059	5,272,700	5,255,500	5,088,800
RECEIPTS—	₹	₹	₹	₹	₹	₹
India.	95,38,586	1,17,64,929	1,05,12,361	78,55,000	91,10,000	81,25,000
England.	₹83,577	₹32,945	₹276,765	₹365,600	₹313,300	₹497,900

263. In 1902-1903 large savings have again occurred owing to the absence of Indian troops in South Africa and China, and to a smaller extent in Somaliland, and a portion of the savings has again been devoted to meeting the cost of various measures for improving the efficiency of the army and its subordinate departments. The savings are expected to amount to £479,500, and the total cost of the special measures amounts to £397,000. The more important of these measures, the cost of which is shown as Military expenditure, are the following:—

	£
Purchase of a reserve of light military railway material	25,000
Purchase of Home scale ammunition for coast defences	35,100
Purchase of guns for Bombay defences	26,500
Supply of maxim guns for all British and Native units	13,300
Re-tubing four 6-inch B. L. guns and providing barbette mountings for them	13,900
Purchase of Bandolier equipment for the Field Army	7,200
Supply of binoculars and telescopes for battalions of British Infantry, etc.	23,000
Purchase of stores for re-equipping existing Field Hospitals	20,000
Payment of gratuities to British soldiers	14,700
Concessions to the army in honour of the Coronation	7,100
Purchase of Ordnance mules in the United States	9,300
Continuance of the temporary Remount Depôts at Umballa and Bangalore	8,000
Payment of compensation to shippers of Australian horses	6,800

264. The Revised Estimate for the current year also includes a sum of £113,900 on account of the Hyderabad Contingent, the charges for which for the last six months of the year have been, for the first time, included in the estimates of the Government of India in consequence of the lease of Berar.

265. The other variations in the receipts and charges, both in India and England, between the Budget and Revised Estimates of the current year have been explained in paragraphs 181 and 183.

266. The Budget Estimate of the coming year includes provision for the full sanctioned strength of the army in India, no credit being taken for savings due to the temporary absence of troops on service oversea. It also includes £237,600 on account of the Hyderabad Contingent, and £667,000 on account of special measures sanctioned during the current year for improving the efficiency of the army, besides £270,700, £120,000, and £63,300 provided under the heads Military Works, Special Defence Works, and Marine respectively. The aggregate cost of these special measures amounts to £1,121,000.

267. The more important of these measures, the cost of which is chargeable to the head Army, are—

	£
Continuance during the year of the programme for the re-arming of the Native Army, Volunteers and Imperial Service Troops	226,700
Rifle Factory at Ishapore	103,700
Home scale of ammunition for guns for coast defences	21,700
Re-organisation of the departments controlling horse and mule-breeding and remounting the army, and measures to improve breeding	22,900
Provision of mules for machine gun sections in the Field Army	21,900
Substitution of horse for bullock draught in four heavy batteries	42,100
Formation of a corps of Indian Coast Artillery	22,700
Improvement of efficiency of the Volunteer Force in India	13,300
Re-organisation of 12 mule corps	26,700
Establishment of new military dairies	13,300
Transfer of steel plant and rolling mills from Cossipore to Ishapore	87,400

The other variations have been explained in paragraphs 231—233 and 236.

Section V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue.

RAILWAY CONSTRUCTION.

268. The expenditure on Railway Construction for which the Government of India undertakes any financial responsibility or gives any direct guarantee is estimated at ₹10,34,58,000 in the current year and at ₹11,00,00,000 in 1903-1904, the amounts having been ₹8,87,27,981 in 1901-1902 and ₹11,00,00,000 in the Budget Estimate of the current year. The large lapse of ₹65,42,000 in the current year is due to short outlay in England against some of the amounts placed at the disposal of the Secretary of State and some of the Companies' Boards for the purchase of rolling-stock and stores. This was largest in the case of the East Indian Railway and the Bengal-Nagpur Railway. It was partly compensated for by increased outlay in India on, among others, the Shikohabad-Furrukabad Branch of the East Indian Railway, and partly by the debit of the purchase-money, ₹35,25,000, of the Nilgiri Railway which has been taken over by the Government. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1901-1902 to 1903-1904 is as follows :—

	1901-1902, Accounts.	1902-1903, Revised Estimate.	1903-1904, Budget Estimate.
<i>Expenditure in England.</i>			
	£	£	£
1. State Lines	853,201	1,518,200	1,806,000
2. Old Guaranteed Railways	419,746	547,700	502,700
3. Extensions of ditto	50,416	...	...
4. Other Guaranteed or Assisted Railways	1,039,654	921,800	891,500
TOTAL	2,263,017	2,987,700	3,200,200
<i>Equivalent in rupees of Expenditure in England.</i>			
	₹	₹	₹
1. State Lines	1,27,98,012	2,27,73,000	2,70,90,000
2. Old Guaranteed Railways at contract rates	58,24,069	68,78,000	60,09,000
3. Extensions of ditto at prescribed rates	7,58,606	...	...
4. Other Guaranteed or Assisted Railways at contract rates	1,56,43,599	1,38,41,000	1,33,72,000
TOTAL	3,50,24,286	4,34,92,000	4,64,71,000
<i>Expenditure in India.</i>			
1. State Lines	4,00,55,995	4,74,64,000	5,29,31,000
2. Old Guaranteed Railways (net repayments)	47,386	—15,00,000	—3,09,000
3. Extensions of ditto (ditto)	20,04,747	13,40,000	1,50,000
4. Other Guaranteed or Assisted Railways	1,13,68,903	1,25,65,000	1,06,13,000
5. Branch Lines on firm guarantee	2,26,664	97,000	1,44,000
TOTAL INDIA	5,37,03,695	5,99,66,000	6,35,29,000
TOTAL OF PROGRAMME	8,87,27,981	10,34,58,000	11,00,00,000

269. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee, nor that of other Companies whose transactions are outside the Government accounts. Including this expenditure and also the expenditure from Provincial and Local Revenues and from loans raised by Local Boards for local lines, the total expenditure on Railway Construction in the three years may be stated as follows :—

	Accounts, 1901-1902.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
	₹	₹	₹
Total as in table in paragraph 268	8,87,27,981	10,34,58,000	11,00,00,000
Famine Protective lines	...	1,54,000	23,00,000
Branch lines not on firm guarantee	1,87,775	8,23,000	3,36,000
Railways outside the Government account	40,49,100	94,36,000	61,59,000
Provincial and Local State lines	6,04,473	8,09,000	7,74,000
GRAND TOTAL	9,35,69,329	11,46,80,000	11,95,69,000

270. The following are the details of the Expenditure on State lines:—

	Accounts, 1901-1902.	Revised, 1902-1903.	Budget, 1903-1904.
<i>Expenditure by State Agency—</i>			
Open lines—	R	R	R
North-Western	48,02,747	60,16,000	63,58,000
Frontier Railway Reserve	...	58,000	...
Peshawar Railway do.	1,65,119	1,000	...
Oudh and Rohilkhand	15,94,104	44,45,000	43,29,000
Eastern Bengal	32,85,395	48,69,000	62,34,000
Warora Colliery	—70,915	—70,000	—32,000
Jodhpur-Hyderabad (British section)	1,28,892	69,000	30,000
Stores Transactions and Reserve	—2,21,826	—1,50,000	44,08,000
TOTAL	96,83,546	1,52,38,000	2,13,27,000
Lines under construction—			
Moorshedabad Branch, Eastern Bengal State Railway	...	16,13,000	45,92,000
Teesta Bridge	47,770	...	...
Kankoorgachi Chord, Eastern Bengal State Railway	...	3,70,000	5,00,000
Indus Bridge	—23,663	...	...
Kaunia-Dhubri Extension	29,22,685	6,55,000	1,10,000
Dhubri-Gauhati	...	32,000	10,00,000
Ghaziabad-Moradabad	6,39,561	...	...
Nowshera-Dargai	4,56,707	4,87,000	1,50,000
Agra-Delhi Chord	635	17,65,000	45,00,000
Khushalgarh-Kohat Thal	28,59,837	22,55,000	1,25,000
Doubling the line from Tiljola to Dum-Dum	1,25,629	2,57,000	25,000
Extensions of Chitpore	17,16,734	7,53,000	5,00,000
Allahabad-Fyzabad	5,78,027	53,49,000	46,96,000
Jech-Doab	1,43,137	14,47,000	5,40,000
Quetta-Nushki	...	6,75,000	10,00,000
Oudh and Rohilkhand Railway Extensions	...	...	9,82,000
Doubling line between canal junction and Kankoorgachi	...	92,000	2,00,000
TOTAL	94,58,059	1,57,50,000	1,89,20,000
<i>Expenditure by Agency of Companies—</i>			
Open lines—			
East Indian Railway (including extensions)	1,42,14,385	1,29,50,000	1,87,50,000
Rajputana-Malwa	15,05,914	24,00,000	27,00,000
Tirhoot	4,60,549	18,00,000	15,50,000
Bhopal	2,06,467	2,70,000	3,00,000
South Indian	4,29,083	3,00,000	15,50,000
Guntakal-Mysore Frontier	206	6,000	13,000
Madras Railway, North-East line	—10,78,985	20,00,000	20,80,000
Palanpur-Deesa	...	4,000	...
Bezwada Extension	5,162	8,000	18,000
Great Indian Peninsula	3,73,378	16,25,000	26,50,000
Nilgiri	...	35,17,000	23,000
TOTAL	1,61,16,159	2,48,80,000	2,95,54,000
Lines under construction—			
Amritsar-Dholka	...	60,000	...
Land	53,287	25,000	10,000
Construction	69,94,629	79,43,000	33,90,000
Bengal { Chittagong jetties	35,342	—6,62,000	...
Hajipur-Katihar Extension	21,28,892	15,65,000	...
Madura-Pamban	30,77,156	12,51,000	6,00,000
Tinnevely-Quilon—British section	16,61,036	6,17,000	6,70,000
Ditto —Native State section	36,44,901	31,19,000	20,25,000
Azikhhal-Mangalore	...	4,45,000	30,00,000
Marina Loop	...	6,000	5,25,000
TOTAL	1,75,96,243	1,43,69,000	1,02,20,000
GRAND TOTAL	5,28,54,007	7,02,37,000	8,00,21,000

271. The following are the details of the expenditure on the old Guaranteed Companies' lines and their extensions :—

	Accounts, 1901-1902.	Revised, 1902-1903.	Budget, 1903-1904.
	R	R	R
Madras Railway . . .	20,47,187	20,69,000	30,00,000
Madras Railway Extensions . . .	27,63,353	13,40,000	1,50,000
Bombay, Baroda and Central India Railway . .	38,24,268	33,09,000	27,00,000
TOTAL . .	86,34,808	67,18,000	58,50,000

272. The details of the figures under other Guaranteed or Assisted Railways are the following :—

	Accounts, 1901-1902.	Revised, 1902-1903.	Budget, 1903-1904.
	R	R	R
Assam-Bengal . . .	...	—62,000	...
Bengal Central . . .	1,78,232	2,41,000	1,31,000
Bengal-Nagpur . . .	5,54,308	8,79,000	12,00,000
Bengal-Nagpur Extensions . . .	1,38,51,816	1,66,13,000	1,32,00,000
Burma Railways . . .	92,05,122	58,50,000	34,50,000
Indian Midland (including Saugor-Katni) . .	26,00,380	12,04,000	40,00,000
Lucknow-Bareilly . .	4,86,257	9,88,000	10,25,000
Mysore . . .	1,22,044	1,28,000	2,29,000
Southern Mahratta . .	14,343	5,65,000	7,50,000
TOTAL . .	2,70,12,502	2,64,06,000	2,39,85,000

273. The details of the expenditure on Branch lines having a direct guarantee are :—

	Accounts, 1901-1902.	Revised, 1902-1903.	Budget, 1903-1904.
	R	R	R
Brahmaputra-Sultanpur . . .	1,94,977	87,000	24,000
Hardwar-Dehra . . .	31,687	10,000	1,20,000
TOTAL . .	2,26,664	97,000	1,44,000

274. The details of the expenditure on Protective Railways met from the Famine Insurance grant are as follows :—

	Accounts, 1901-1902.	Revised, 1902-1903.	Budget, 1903-1904.
	R	R	R
Morappur-Dharmapuri . . .	...	23,000	8,00,000
Tiruputtur-Krishnagiri . . .	...	31,000	
Hospet-Kottur . . .	...	37,000	15,00,000
Bellary-Royadrug . . .	...	63,000	
TOTAL . .	...	1,54,000	23,00,000

275. The following are the details of Branch lines without a guarantee :—

	Accounts, 1901-1902.	Revised, 1902-1903.	Budget, 1903-1904.
	R	R	R
Ahmedabad-Parantij . .	11,595	28,000	4,000
Mymensingh-Jamalpur-Jagganathganj . .	1,97,806	46,000	35,000
South Behar . . .	—68,841	—75,000	—40,000
Ahmedabad-Dholka . .	30,221	7,83,000	16,000
Tapti Valley . . .	16,994	41,000	3,21,000
TOTAL . .	1,87,775	8,23,000	3,36,000

276. The Railways outside the Government account shown above are the following :—

	Accounts, 1901-1902. R	Revised, 1902-1903. R	Budget, 1903-1904. R
Bengal and North-West- ern Railway Extensions	94,000	22,17,000	21,09,000
Kalka-Simla	33,22,900	60,25,000	39,00,000
Bengal Dooars Extensions	6,32,200	11,94,000	1,50,000
TOTAL	40,49,100	94,36,000	61,59,000

277. The expenditure on the Provincial and Local State lines is distributed as follows :—

	Accounts, 1901-1902. R	Revised, 1902-1903. R	Budget, 1903-1904. R
Jorhat	—5,028	—8,000	—3,000
Mayavaram-Mutupet	6,09,501	8,17,000	7,77,000
TOTAL	6,04,473	8,09,000	7,74,000

IRRIGATION CONSTRUCTION.

278. The figures are :—

Accounts, 1901-1902. R	Budget, 1902-1903. R	Revised, 1902-1903. R	Budget, 1903-1904. R
82,13,265	1,00,00,000	85,12,000	1,00,00,000

The Revised Estimate for 1902-1903 has been prepared for ₹14,88,000 less than the Budget Estimate, as no Province has found it possible to work up to the Budget grants, with the exception of Bombay and also of Burma, where better progress than was anticipated was found possible on the Shwebo canal.

The Budget grant for 1903-1904 has been fixed at ₹1,00,00,000, as in the current year, to provide for adequate progress on the projects now in hand, and for the commencement of the Mon canals in Burma and for the inception of a number of useful minor schemes.

279. The following table shows the projects included in the programme of each year, and the amounts to be spent on each :—

NAME OF PROJECT.	Expenditure in	
	1902-1903.	1903-1904.
	R	R
<i>Canals in Operation—</i>		
Mandalay canal	6,24,000	5,49,000
Ganges "	2,70,000	7,13,000
Fatehpur Branch of the Lower Ganges canal	97,000	49,000
Eastern Jumna canal	1,96,000	3,57,000
Bari Doab canal	5,98,000	6,50,000
Sirhind canal	1,67,000	1,90,000
Chenab "	9,55,000	8,50,000
Jhelum "	19,80,000	19,30,000
Kistna Delta	3,94,000	4,00,000
Penner River canals	1,68,000	1,65,000
Desert canal	3,27,000	50,000
Eastern Nara Works	1,29,000	2,59,000
Jamrao canal	4,11,000	...
<i>Canals under Construction—</i>		
Shwebo canal	10,71,000	11,51,000
Mon canals	...	1,00,000
Small Projects	11,25,000	25,87,000
TOTAL	85,12,000	1,00,00,000

Section VI.—Provincial Finance.

280. The following table gives the usual information regarding the Revenue, Expenditure and balances of each Province, compared with the standard of 1897 :—

	Estimate for the Settlement of 1897-98 to 1901-1902.	ACCOUNTS.					Revised, 1902-1903.	Budget, 1903-1904.
		1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.		
	1	2	3	4	5	6	7	8
CENTRAL PROVINCES—	R	R	R	R	R	R	R	R
Balance on April 1, 1897 . . .	...	...	...	...	...	...	...	...
Total Revenue, including adjustments	83,93,000	83,85,000	88,10,000	83,47,000	92,10,000	1,17,14,000	1,02,16,000	93,67,000
Total Expenditure	83,93,000	83,85,000	86,87,000	84,70,000	92,10,000	94,71,000	1,02,66,000	1,07,60,000
Closing Balance	...	...	1,23,000	...	...	22,43,000	21,93,000	8,00,000
BURMA—								
Balance on April 1, 1897 . . .	...	31,22,000	...	...	...	...	...	...
Total Revenue, including adjustments	2,93,81,000	3,15,97,000	3,41,00,000	3,47,29,000	3,64,64,000	3,65,36,000	3,40,28,000	3,58,86,000
Total Expenditure	2,93,81,000	2,99,03,000	2,99,85,000	3,21,15,000	3,49,47,000	3,57,81,000	3,71,82,000	3,99,90,000
Closing Balance	...	48,16,000	89,31,000	1,15,45,000	1,30,62,000	1,38,17,000	1,06,63,000	65,59,000
ASSAM—								
Balance on April 1, 1897 . . .	...	9,44,000	...	...	...	...	...	...
Total Revenue, including adjustments	66,43,000	71,62,000	89,34,000	71,53,000	70,97,000	72,64,000	83,61,000	74,86,000
Total Expenditure	66,43,000	76,18,000	80,67,000	79,68,000	71,81,000	71,17,000	73,81,000	83,02,000
Closing Balance	...	4,88,000	13,55,000	5,40,000	4,53,000	6,00,000	15,80,000	7,64,000
BENGALE—								
Balance on April 1, 1897 . . .	...	39,54,000	...	...	...	...	...	...
Total Revenue, including adjustments	4,43,49,000	4,65,69,000	4,74,76,000	4,73,90,000	4,81,97,000	4,93,21,000	5,23,02,000	5,15,62,000
Total Expenditure	4,43,49,000	4,96,01,000	4,52,81,000	4,66,89,000	4,76,53,000	4,86,80,000	5,15,65,000	5,52,05,000
Closing Balance	...	9,22,000	31,17,000	38,18,000	42,62,000	49,06,000	56,43,000	20,00,000
UNITED PROVINCES OF AGRA AND OUDH—								
Balance on April 1, 1897 . . .	...	...	...	...	...	...	...	...
Total Revenue, including adjustments	3,42,62,000	3,52,97,000	3,77,81,000	3,64,77,000	3,69,76,000	3,62,46,000	3,89,83,000	3,82,13,000
Total Expenditure	3,42,62,000	3,52,97,000	3,44,95,000	3,57,23,000	3,61,72,000	3,72,10,000	3,86,86,000	3,97,80,000
Closing Balance	...	...	32,86,000	40,40,000	48,44,000	38,80,000	41,82,000	26,15,000
PUNJAB—								
Balance on April 1, 1897 . . .	...	5,23,000	...	...	...	...	...	...
Total Revenue, including adjustments	1,90,28,000	1,95,58,000	2,07,00,000	1,87,24,000	2,04,57,000	2,22,16,000	2,23,45,000	2,15,37,000
Total Expenditure	1,90,28,000	1,95,81,000	1,95,46,000	2,03,78,000	2,04,57,000	2,07,20,000	2,12,92,000	2,30,86,000
Closing Balance	...	5,00,000	16,54,000	...	...	14,96,000	25,49,000	10,00,000
MADRAS—								
Balance on April 1, 1897 . . .	...	22,95,000	...	...	...	...	...	...
Total Revenue, including adjustments	3,10,65,000	3,16,20,000	3,38,38,000	3,14,91,000	3,25,76,000	3,75,85,000	3,61,99,000	3,50,04,000
Total Expenditure	3,10,65,000	3,31,97,000	3,20,31,000	3,32,52,000	3,28,87,000	3,35,44,000	3,59,95,000	3,71,54,000
Closing Balance	...	7,18,000	23,25,000	5,67,000	2,46,000	42,87,000	44,91,000	23,41,000
BOMBAY—								
Balance on April 1, 1897 . . .	...	17,96,000	...	...	...	...	...	...
Total Revenue, including adjustments	4,16,53,000	4,26,96,000	4,60,23,000	4,24,32,000	4,50,92,000	5,14,22,000	4,66,56,000	4,50,44,000
Total Expenditure	4,16,53,000	4,39,92,000	4,50,19,000	4,39,36,000	4,50,92,000	4,55,99,000	4,90,79,000	4,64,44,000
Closing Balance	...	5,00,000	15,04,000	...	...	58,23,000	34,00,000	20,00,000

281. The closing balances shown in the Revised Estimate include the grants aggregating 40 lakhs referred to in paragraph 137 which have been given from Imperial Revenues during the current year for expenditure on certain special works. In the case of Bombay it also includes a grant of 4 lakhs, being a partial regrant of the assignment of 19½ lakhs given in 1901-1902, which was referred to in paragraph 107 of last year's Financial Statement and one of ₹8,93,000 to make up the Provincial balance to the prescribed minimum of 20 lakhs which would not otherwise have been attained, exclusive of the special grants above referred to. Similar grants of ₹28,51,000, ₹27,32,000 and ₹8,83,000, respectively, have been assigned to this Province, the Punjab and the Central Provinces in the Budget Estimate of 1903-1904.

282. It was explained in paragraph 146 of last year's Financial Statement that grants aggregating 40 lakhs for Education, 32 lakhs for Public Works, and 18 lakhs for improvement of District and other establishments had been made to the Provincial Governments in the Budget Estimates for the current year. Of these, the first was for recurring expenditure and was to be repeated in full. The second, like the 40 lakhs now given, was wholly for non-recurring expenditure. The third was intended partly for recurring and partly for non-recurring expenditure; but in fact the greater part of it has been regranted during 1903-1904 in the case of the less prosperous Provinces. The distribution of these grants is shown below :—

PROVINCE.	Grant of 40 lakhs for Education in 1903-1904.	Grant of 40 lakhs in 1902-1903 for expenditure in 1903-1904 on special objects, paragraph 137.	Grant in 1903-1904 of recurring por- tion of grant of 18 lakhs for Dis- trict and other establishments.	TOTAL.
	₹	₹	₹	₹
Central Provinces	2,00,000	5,00,000	1,90,000	8,90,000
Burma	4,00,000	...	...	4,00,000
Assam	1,00,000	5,00,000	1,11,000	7,11,000
Bengal	10,00,000	2,00,000	...	12,00,000
United Provinces of Agra and Oudh	5,00,000	3,00,000	2,26,000	10,26,000
Punjab	4,00,000	10,00,000	2,76,000	16,76,000
Madras	8,00,000	5,00,000	3,50,000	16,50,000
Bombay	6,00,000	10,00,000	3,50,000	23,50,000*
TOTAL	40,00,000	40,00,000	15,03,000	99,03,000*

* Includes 4 lakhs referred to in the foregoing paragraph.

283. The grants enumerated in the third column of the foregoing statement have been added in the lump to the Provincial expenditure under 45.—Civil Works in their Budgets for 1903-1904; but the Local Governments will have authority to expend them on any of the objects for which they were given irrespective of the head of charge.

284. In paragraph 230 of last year's Financial Statement it was explained that the five year Provincial Settlements framed in 1897 had been specially extended for another year, except in the case of Burma, and that the question of continuing them for yet another year was held over pending the consideration of important proposals affecting the general character of the Provincial Settlements. The latter question has been fully considered during the past year, and proposals have been submitted for the approval of the Secretary of State. Pending His Lordship's final orders it has been decided to continue the existing settlements in all the Provinces for one year more and also for a third year in the case of Bombay, the Central Provinces and the Punjab. It is anticipated that the revision of the settlements of the other Provinces, *viz.*, Bengal, the United Provinces, Assam and Madras, will be undertaken during the ensuing year, and that the new arrangements will take effect from 1904-1905.

Section VII.—Ways and Means.

HOME TREASURY.

285. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1902-1903 and in the Budget Estimates of 1903-1904:—

	Budget, 1902-1903.	Revised, 1902-1903.	Budget, 1903-1904.
RECEIPTS.	£	£	£
Council Bills	16,500,000	18,000,000	17,000,000
Permanent Debt incurred	1,500,000	1,500,000	2,000,000
Temporary Debt incurred	4,000,000	3,500,000	2,000,000
Capital Receipts from Railway Companies—			
(a) for discharge of debt	2,394,100	23,500	3,332,800
(b) „ expenditure	1,452,600	1,469,600	1,052,600
Deposits and Advances—			
Gold Reserve Fund—			
(a) Dividends on investments	87,400	93,100	102,700
(b) Remittances by sale of Council Bills	...	261,000	...
Other Deposits and Advances (net)	...	—26,100	26,000
Remittances from India—			
Railway Companies' Remittances—			
(a) Debentures raised (net)	2,200,000	1,452,100	2,050,000
(b) Other Remittances (net)	—1,757,000	—1,387,500	—1,988,300
Net Recoveries in connection with the War in South Africa, the China Expeditionary Force, and the operations in Somaliland	1,100,000	535,000	1,249,000
Gold received from India (net sale-proceeds)	...	497,200	...
Add—Opening Balance	5,848,426	6,693,137	5,686,537
TOTAL	33,325,526	32,611,037	32,511,337
OUTGOINGS.			
Excess of Expenditure over Revenue	17,879,500	17,730,900	17,619,300
Capital Outlay on State Railways and Irrigation Works	1,742,300	1,524,700	1,813,400
Issues to Railway Companies on Capital Account—			
(a) for discharge of debt	2,394,100	23,500	3,332,800
(b) „ expenditure	1,609,400	1,472,400	1,396,800
Permanent Debt discharged	1,368,800	1,368,800	600,000
Temporary ditto	4,000,000	4,000,000	3,500,000
Deposits and Advances—			
Gold Reserve Fund (sums invested)	87,400	354,100	102,700
Remittances to India—			
(a) Family and other Remittances (net)	193,300	150,100	211,100
(b) Purchase of Silver	...	300,000	...
Add—Closing Balance	4,050,726	5,686,537	3,934,637
TOTAL	33,325,526	32,611,037	32,511,337

1902-1903.

Home Treasury—
Ways and Means.

286. In the Budget Estimate of the current year, the net disbursements at the Home Treasury on account of Government expenditure and the ordinary Remittance, Deposit and Railway Companies' transactions were taken at £19,528,900; provision was also made for the discharge of £1,368,800 Great Indian Peninsula Railway Debentures which expired on the 30th of June and the 31st of December last. Of the total estimated disbursement of £20,897,700, it was intended to meet £16,500,000 by the sale of Bills on India, and £1,500,000 by the issue of India Stock—chiefly on account of the expiring debentures. It was expected that £1,100,000 would be covered by receipts from the Imperial Government on account of the expenditure incurred in India in connection with the late War in South Africa and the China Expeditionary Force, and the remainder, £1,797,700, it was proposed to meet by drawing on the

cash balance. It was also proposed to issue £4,000,000 of India Sterling Bills to replace Bills to the same amount falling due within the year, the amount of outstanding Temporary Debt thus remaining unchanged.

287. The cash balance on the 1st of April 1902 was estimated at £5,848,426, but the actual balance on that date was £6,693,137. The increase of £844,711 was owing to a reduction of £479,753 in the net expenditure chargeable to Revenue—mainly consisting of refunds by the War Office of over-payments in respect of British Forces serving in India—and to an improvement of £258,683 in the net transactions with Railway Companies, and of £106,275 under other heads.

288. In addition to the improvement of £844,711 in the opening cash balance, the Secretary of State has received a sum of £497,200 on account of the sale-proceeds of gold remitted from India in May last when the demand for Council Bills temporarily fell off. The demand, however, revived and has recently been large: apart from drawings in connection with the Gold Reserve Fund, the sales of Bills on India are now estimated at £18,000,000, or £1,500,000 in excess of the amount entered in the Budget Estimate. On the other hand, £565,000 of the anticipated advances by the War Office on account of the Forces serving out of India have been postponed to next year; and of the £4,000,000 India Sterling Bills discharged, only £3,500,000 (or £500,000 less than was originally contemplated) have been replaced by new issues. The Secretary of State has also recently had to meet a demand of £300,000 for the purchase of silver for rupee coinage. No provision on this account was made in the Budget Estimate: the silver has been purchased rather as a measure of precaution than to meet immediate necessities.

The net disbursements on account of the other transactions of the Home Treasury are now expected to be less than was estimated in March last by £158,900: there are decreases of £148,600 in the net Expenditure chargeable to Revenue, of £217,600 in the Capital Expenditure of the Government, and of £17,100 in the net disbursements on account of Deposits and Advances and Remittances other than for Railways; these are partly counterbalanced by a decrease of £224,400 in the net receipts from Railway Companies.

The result of the several variations from the Budget Estimate detailed above is an improvement of £1,635,811 in the net receipts of the Secretary of State. The cash balance on the 31st of March 1903 is therefore taken at £5,686,537 in the Revised Estimate, as against £4,050,726 anticipated in March last.

289. The announcement in the last Financial Statement, that it was the intention of the Secretary of State to draw £16,500,000 by means of Council Bills during the current year, was made with the usual reservation. The trade demand has been more evenly distributed than in the previous year. There was a falling-off in May, when it was found expedient to make a remittance of gold (for which the Secretary of State realized £497,200), but there was no repetition of the very slack demand which prevailed in July and August 1901. In November, as usual, the demand became brisker; and in the result the total drawings of the year are now taken at £18,261,000, of which £18,000,000 are on account of the ordinary disbursements of the Home Treasury and £261,000 on account of the Gold Reserve Fund. The latter sum represents practically the whole balance of the gold held in India at credit of the Fund: advantage has been taken of the recent increase in the trade demand to remit the amount from India by means of Council Bills.

290. In addition to £1,500,000 of India Stock, the Budget Estimate of March last provided for the issue of £4,000,000 India Sterling Bills to replace Bills of a corresponding amount falling due in 1902-03. The only departure from this programme is that mentioned in paragraph 288, £500,000 of India Bills being discharged instead of being replaced by fresh issues. The Sterling Loan of £1,500,000 was issued early in May, tenders being invited for India 3 per cent Stock at a minimum of 99 per cent: the applications received exceeded 10½ millions sterling: the average rate of accepted tenders was £101-10-2 and the lowest accepted rate £101-7-6 per cent. In accordance with the intention announced in paragraph 252 of the last Financial Statement, £1,368,800 of this loan were applied to the discharge of Great Indian Peninsula Railway Debentures which expired during the course of the year.

*Council Bills and
Gold Remittance,
1902-1903.*

*1902-1903.
Loans.*

The results of the issues of £3,500,000 India Sterling Bills have been as follows :—

Month of Issue.	Amount tendered.	Amount accepted.	Average rate of interest per cent per annum.
	£	£	£ s. d.
May 1902 .	3,394,000	1,000,000 for twelve months	2 18 4
September „ .	2,380,000	1,000,000 ditto	3 2 3
November „ .	2,641,000	1,000,000 ditto	3 11 1
March 1903 .	1,966,000	500,000 ditto	3 10 5

1902-1903.

Capital of Railway
Companies.

291. The transactions in England during 1902-1903 in connection with the Capital Deposit Account of Railway Companies are now expected to result in a net issue of £2,800 as against £156,800 provided for in the Budget Estimate.

The usual details are as follows :—

	Budget.	Revised.
RECEIPTS.	£	£
<i>Subscribed Capital—</i>		
(a) State Lines	3,505,600	1,290,200
(b) Guaranteed Lines	338,500	200,000
<i>Miscellaneous</i>	2,600	2,900
TOTAL	<u>3,846,700</u>	<u>1,493,100</u>
<i>ISSUES.</i>		
<i>For Discharge of Debentures—</i>		
(a) State Railways	2,155,600	12,400
(b) Guaranteed Railways	238,500	11,100
<i>For Stores, Establishment Charges, etc.—</i>		
(a) State Railways	1,065,500	922,900
(b) Guaranteed Railways	543,900	549,500
TOTAL	<u>4,003,500</u>	<u>1,495,900</u>

The decrease of £2,353,900 in the receipts on account of Subscribed Capital is made up as follows :—

Debentures renewed instead of being replaced by fresh Capital—	£
Assam-Bengal Railway Company	495,900
Bengal-Nagpur Railway „	1,234,400
Indian Midland Railway „	421,200
Madras Railway Company	227,700
	<u>2,379,200</u>
Receipts on account of Capital more (+) or less (—) by—	
Madras Railway Company	+ 89,200
Assam-Bengal Railway Company	— 4,100
Burma Railways Company	— 59,800
Net	<u>+ 25,300</u>
Net decrease on account of Subscribed Capital	<u>2,353,900</u>

The conditions obtaining in the London money market led to the postponement, as far as possible, of the raising of fresh capital by Railway Companies.

The Revised Estimate of drawings for expenditure on stores, etc., is less than the Budget by £137,000. Important decreases occur in the demands of the Burma and Madras Railway Companies.

292. The following are the details of the remittance transactions of Railway Companies working State lines in India to whom advances are made in England for the purchase of stores, etc., against adjustments in India by debit to the Railway accounts :—

ISSUES.	Budget.	Revised.
<i>Advances for Purchase of Stores—</i>	£	£
East Indian Railway	1,000,000	619,700
Rajputana-Malwa Railway	190,000	185,800
South Indian Railway	245,000	125,400
Bengal and North-Western Railway	75,000	118,100
Great Indian Peninsula Railway	250,000	355,600
TOTAL	1,760,000	1,404,600
RECEIPTS.		
<i>Debentures raised—</i>		
East Indian Railway (net)	1,750,000	1,302,100
South Indian Railway	250,000	150,000
Great Indian Peninsula Railway	200,000	...
<i>Transfer fees, etc.</i>	3,000	17,100
TOTAL	2,203,000	1,469,200
Net Remittance from India	—443,000	—64,600

The Great Indian Peninsula Railway Company do not now propose to issue any debenture capital this year, and the issues of the East Indian and South Indian Railway Companies are expected to be less than the amounts entered in the Budget Estimate by £400,000 and £100,000, respectively. The net proceeds of £1,500,000 Debenture Stock issued by the East Indian Railway Company amounted to £1,452,100, and of this, £150,000 were applied to the discharge of debentures which expired on the 27th of July last.

The Revised Estimates of the East Indian and South Indian Railway Companies of advances for the purchase of stores are considerably less than the amounts entered in the Budget Estimate, but the decrease is partly counter-balanced by the larger withdrawals of the Great Indian Peninsula and Bengal and North-Western Railways.

293. The receipts and payments in England in connection with the Gold Reserve Fund and its investment are the principal transactions included under Deposits and Advances. In paragraph 244 of the last Financial Statement, it was explained that the receipts and charges balance each other and do not affect the Ways and Means of the Home Treasury except temporarily when the receipts and investments are not simultaneous.

The dividends on investments are now expected to be £93,100 as against £87,400 taken in the Budget Estimate, the remittances made last year having been invested earlier than was anticipated. The Revised Estimate also provides for the withdrawal to England and investment during the current year of £261,000 held in India on account of the Gold Reserve Fund. This sum represents the profit on recoinage operations undertaken for Native States, and its remittance to England will be made by means of Council Bills, *vide* paragraph 289.

294. The net disbursements on account of Family and other Remittances are expected to be less than the Budget Estimate by £43,200. The miscellaneous disbursements and the payments for stores chargeable to Provincial and Local Funds and to Native States will exceed the Budget Estimate, but the excess will be more than covered by larger repayments in England of advances of various kinds made in India, and by a decrease in the payments on account of Postal and Money Order transactions, etc.

1903-1904.

*Home Treasury—
Ways and Means.*

295. In the Budget Estimate of 1903-1904, the net disbursements at the Home Treasury on account of Government Expenditure and the ordinary Remittance, Deposit, and Railway Companies' transactions are taken at £19,900,900. Provision has also been made for the discharge of £1,500,000 India Sterling Bills and of £600,000 Great Indian Peninsula Railway Debentures which expire next year. The sum of these payments is £22,000,900, and of this it is proposed to meet £17,000,000 by the sale of Council Bills, £2,000,000 by the issue of India Stock—entirely for the discharge of debt already mentioned—and £1,249,000 from the repayments by the Imperial Government on account of the recoverable expenditure incurred in India in connection with the late war in South Africa, the China Expeditionary Force and the operations in Somaliland. The balance of the Secretary of State's net expenditure, or £1,751,900, will be met by drawing upon the cash balance of the Home Treasury. As stated in paragraph 288, the balance on the 1st of April 1903 is estimated at £5,686,537. The reduction of this amount taken in the Budget Estimate provides for a closing cash balance of £3,934,637 on the 31st of March 1904.

1903-1904.

Loans.

296. India Sterling Bills for £3,500,000 fall due in 1903-1904. It is intended to replace £2,000,000 by the issue of new Bills, and to apply part of the proposed issue of £2,000,000 India Stock, referred to above, to the discharge of the balance (£1,500,000).

1903-1904.

*Capital of Railway
Companies.*

297. The Budget Estimate provides for a net issue of £344,200 from the Home Treasury in connection with the Capital Deposit Account of Railway Companies. The details are as follows:—

RECEIPTS.

<i>Subscribed Capital—</i>	£
(a) State Lines	2,432,900
(b) Guaranteed Lines	1,949,900
Miscellaneous "	2,600
TOTAL	4,385,400

ISSUES.

<i>For Discharge of Debentures—</i>	
(a) State Railways	2,182,900
(b) Guaranteed Railways	1,149,900
<i>For Stores, Establishment Charges, etc.—</i>	
(a) State Railways	892,800
(b) Guaranteed Railways	504,000
TOTAL	4,729,600

Of the estimated receipts of Subscribed Capital, £3,332,800 are intended to replace debentures which fall due in 1903-1904 and £1,050,000 represent additional capital. The receipts are on account of the following Railways:—

	To replace Debentures.	Additional Capital.
	£	£
Bengal-Nagpur Railway	100,000	50,000
" " Extensions	400,000	200,000
Indian Midland Railway	1,582,900	...
Southern Mahratta Railway	100,000	...
Bombay, Baroda and Central India Railway	949,900	500,000
Madras Railway	200,000	300,000
TOTAL	3,332,800	1,050,000

298. The following are the details of the Budget Estimate of remittance transactions of Railway Companies working State lines in India to whom advances are made in England for the purchase of stores, etc., against adjustments in India by debit to the Railway accounts :—

ISSUES.		
<i>Advances for Purchase of Stores—</i>		£
East Indian Railway		900,000
Rajputana-Malwa Railway		200,000
South Indian Railway		232,000
Bengal and North-Western Railway		30,000
Great Indian Peninsula Railway		629,300
	TOTAL .	1,991,300
RECEIPTS.		
<i>Debentures raised—</i>		
East Indian Railway		1,250,000
South Indian Railway		350,000
Great Indian Peninsula Railway		450,000
<i>Transfer fees, etc.</i>		3,000
	TOTAL .	2,053,000
Net Remittance from India .		—61,700

These issues of Debentures are intended to provide additional Capital.

299. The following is a summary of the figures relating to Council Bills and the transactions in connection with the sterling debt of the Government and of Railway Companies included in the Budget and Revised Estimates of the current financial year and in the Budget Estimate of 1903-1904. The figures are :—

	Budget, 1902-1903.	Revised, 1902-1903.	Budget, 1903-1904.
RECEIPTS.	£	£	£
Council Bills (exclusive of Bills drawn in connection with the Gold Reserve Fund)	16,500,000	18,000,000	17,000,000
Permanent Debt incurred (India Stock)	1,500,000	1,500,000	2,000,000
Temporary Debt incurred (India Sterling Bills)	4,000,000	3,500,000	2,000,000
Receipts on account of the Subscribed Capital of Railway Companies	3,844,100	1,490,200	4,362,800
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian, South Indian and Great Indian Peninsula Railway Companies)	2,350,000	1,602,100	2,050,000
OUTGOINGS.			
Permanent Debt discharged	1,368,800	1,368,800	600,000
Temporary Debt discharged	4,000,000	4,000,000	3,500,000
Discharge of Railway Companies' Debentures	2,394,100	23,500	3,332,800
Discharge of East Indian Railway Company's Debentures	150,000	150,000	...

300. The programme herein announced of the probable drawings on India and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies represent the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can possibly be given that the programme will be adhered to either in amount or form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year.

INDIA.

301. The following is a summary of the Estimates of Ways and Means in India during 1902-1903 and 1903-1904 :—

	1902-1903.				1903-1904.	
	BUDGET ESTIMATE.		REVISED ESTIMATE.		BUDGET ESTIMATE.	
	Rupee figures.	Equivalent in £ at Rs 15 = £1.	Rupee figures.	Equivalent in £ at Rs 15 = £1.	Rupee figures.	Equivalent in £ at Rs 15 = £1.
RECEIPTS.						
1. Excess of Revenue over Expenditure .	R 28,07,57,000	£ 18,717,200	R 30,70,41,000	£ 20,469,400	R 27,85,20,000	£ 18,568,000
2. Rupee Loan	1,50,00,000	1,000,000	1,50,00,000	1,000,000	2,00,00,000	1,333,300
3. Capital raised through Companies towards Outlay on State Railways (net)	3,30,00,000	2,200,000	2,18,00,000	1,453,300	3,07,50,000	2,050,000
4. Unfunded Debt, mostly Savings Banks Deposits (net)	81,46,000	543,100	87,01,000	580,100	89,31,000	595,400
5. Profits of Rupee coinage transferred to the Gold Reserve Fund	...	...	39,51,000	263,400	...	...
6. Other Items (net)	58,36,000	389,000	1,16,43,000	776,300	1,36,54,000	910,300
7. Remittances from Secretary of State—						
(a) <i>Purchase of Silver in England</i>	...	...	45,00,000	300,000	...	...
(b) <i>Other Remittances (net)</i>	15,31,000	102,000	17,44,000	116,300	19,32,000	128,800
Add—Opening Balance	18,06,85,715	12,045,681	17,62,04,524	11,880,301	17,74,99,524	11,833,301
TOTAL	52,49,55,715	34,996,981	55,25,84,524	36,839,101	53,12,86,524	35,419,101
OUTGOINGS.						
8. Excess Expenditure charged to Provincial Balances	2,05,21,000	1,368,100	—8,42,000	—56,100	2,07,52,000	1,333,500
9. Capital Outlay on State Railways and Irrigation Works	5,72,65,000	3,817,700	5,58,79,000	3,725,300	6,28,20,000	4,188,000
10. <i>Issues to Railway Companies for Capital Outlay (net)</i>	1,23,24,000	821,500	1,19,62,000	797,500	1,00,98,000	673,300
11. Rupee Debt discharged	13,50,000	90,000	14,00,000	93,300	13,50,000	90,000
12. Payments of Gold Reserve Fund for Investment	...	...	39,51,000	263,400	...	...
13. Loans to Municipalities, etc. (net)	51,09,000	340,600	—11,97,000	—79,800	—4,55,000	—30,400
14. Remittances to Secretary of State—						
(a) <i>Railway Companies' Remittances (net)</i> —						
(i) <i>Debentures raised</i>	3,30,00,000	2,200,000	2,17,82,000	1,452,100	3,07,50,000	2,050,000
(ii) <i>Other Remittances</i>	—2,63,55,000	—1,757,000	—2,08,13,000	—1,387,500	—2,98,24,000	—1,988,300
(b) <i>Remittance of Gold from India</i>	...	...	74,58,000	497,200	...	...
(c) <i>Issues in connection with the War in South Africa and the China and Somaliland Expeditionary Forces</i>	66,95,000	446,300	1,91,95,000	1,275,700	73,47,000	489,800
15. Council Bills	25,25,60,000	16,837,400	27,63,10,000	18,420,700	25,60,04,000	17,066,900
Add—Closing Balance	16,24,86,715	10,832,381	17,74,99,524	11,833,301	17,24,44,524	11,496,301
TOTAL	52,49,55,715	34,996,981	55,25,84,524	36,839,101	53,12,86,524	35,419,101

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

1902-1903.

General Summary.

302. In the Budget Estimate of March last, the cash balance in the treasuries on the 1st of April 1902 was taken at about 18,07 lakhs and the net disbursements of the year at 4,13½ lakhs. Of the latter, it was expected that 81½ lakhs would be counterbalanced by an increase of the unfunded debt consisting chiefly of Savings Banks deposits. To meet the remainder, it was proposed to raise a rupee loan of 1,50 lakhs, and draw upon the cash balances to the extent of 1,82 lakhs. The cash balance at the close of the year was thus expected to be 16,25 lakhs.

303. The actual result has improved materially upon this estimate. The remarkable development of revenue which has already been described, the savings on the estimates of Army Expenditure, and the failure of the Local Government to spend in full their special grants for Education, Civil Works, and

the like, has resulted in an increase of 2,63 lakhs in net Imperial receipts in India. The balances at credit of the Local Governments have increased by 9 lakhs instead of being reduced by 2,05 lakhs, the improvement in the Provincial section being thus 2,14 lakhs—Capital expenditure in India has been less by 14 lakhs, and the issues to Railway Companies less by 3 lakhs. The cash balance of Berar has been taken over in partial repayment of the Berar famine loan, and additional recoveries have also been made on account of this and other loans, giving a net improvement of 63 lakhs under Loans to Native States. The increase in the Savings Bank deposits is 6 lakhs more than expected. As explained in paragraph 168 a saving on the allotment for Famine Relief and Protective Railways and Irrigation Works has increased the charge under Avoidance of Debt by about 13 lakhs, but as the amount charged under this head is credited to Government in relief of borrowing, it has improved the cash balance by that amount. A large number of 1840 rupees withdrawn from circulation was held in the Mints at the end of last year. The recoinage of these has added about 47 lakhs to the cash balance. In consequence of the closing of Government treasuries during the last four days of the past year on account of the Easter holidays, the collecting officers of Railways and the Postal Department had with them a larger cash balance than usual. A reduction of their balances by 31 lakhs is expected at the end of the current year. Deposits, Advances and other miscellaneous transactions are expected to give a net improvement of 13 lakhs. These improvements aggregate Rs. 6,67 lakhs.

304. On the other hand, the actual cash balance on the 1st of April last was less than the amount taken in the Budget Estimate by about 25 lakhs: the recoverable payments in India in connection with the late war in South Africa, the China Expeditionary Force and the operations in Somaliland are estimated at 1,25 lakhs more than in March last: and gold of the value of 75 lakhs was remitted to London in May last as a precautionary measure when the demand for Council Bills temporarily slackened. The net credits on account of the remittances from England of the capital of Railway Companies have also been less by 55 lakhs. These deteriorations aggregate 2,80 lakhs and reduce the total improvement explained in the previous paragraph to 3,87 lakhs. Of this amount 2,37 lakhs have been applied to the payment of an increased amount of Council Bills, the demand for which has been very strong during the last few months of the year, and 1,50 lakhs go to swell the cash balance at the close of the year. This is now estimated at 17,75 lakhs as compared with 16,25, the figure at which it was taken last March.

305. The transactions in connection with loans by the Government (line 13) are now expected to result in a net receipt of 12 lakhs against a net payment of 51 lakhs provided for in the Budget Estimate. The cash balance of Berar on the 30th of September last, amounting to 41 lakhs, which were transferred to the credit of the Nizam in accordance with the agreement for the lease of that Province, has been applied towards the partial liquidation of the Berar famine loan. An additional sum of 20 lakhs has also been recovered on account of this loan, and 15 lakhs on account of the Hyderabad loan due by His Highness the Nizam. Fifty lakhs were allotted in the Budget Estimate for unspecified loans likely to be required by Native States, but only a small portion of this has been required. On the other hand, 50 lakhs have been advanced to the Simla-Kalka Railway Company for which no provision was made in the Budget Estimate.

306. In accordance with the intention expressed in paragraph 264 of the last Financial Statement, a $3\frac{1}{2}$ per cent loan of a crore and-a-half was announced in June last. Tenders were opened on the 9th of July, and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
R	R	R a. p.	R a. p.
4,47,72,300	1,50,00,000	97 9 10 ²	97 9 0

307. It has already been mentioned (paragraph 304) that the payments in India on account of the Secretary of State's ordinary drawings of Council Bills will largely exceed the Budget Estimate. The payments are now estimated at 27,63 lakhs as against 25,25 $\frac{1}{2}$ lakhs anticipated in March last. This is exclusive of Bills for £261,000, paid for the remittance to London of the sum held at

credit of the Gold Reserve Fund in India. In addition to the sales of Council Bills, a remittance of £497,200 in gold was made to the Secretary of State in May last, as already mentioned in paragraph 289.

1903-1904.

Main Features.

308. The year 1903-1904 is expected to open with a cash balance of 17.75 lakhs. The surplus of Revenue in India is estimated at 27.85 lakhs, the expenditure chargeable to the balances of Local Governments at 2.08 lakhs, and the Capital Outlay on State Railways and Irrigation Works at about 6.28 lakhs. Of this charge for Capital Expenditure, a sum of 3.07 lakhs is, however, counterbalanced by the receipts anticipated, on account of the Capital of Railway Companies working State lines, the transactions of which in England are treated as remittances to India in the Home accounts and estimates. The payments on account of the Secretary of State's sales of Bills on India are taken at 25.60 lakhs, and it is estimated that 73 lakhs will be disbursed on account of expenditure recoverable from His Majesty's Imperial Government in connection with the operations in Somaliland, the China Force and the return of troops from South Africa. The transactions in connection with Government loans are expected to result in a net receipt of over 4 lakhs. Provision has been made for advances of 33 lakhs to the Simla-Kalka Railway, for loans aggregating 20 lakhs to Native States and also for advances to agriculturists on a large scale in the Punjab and Bombay. On the other hand, the recoveries on account of the large famine loans made to Native States and cultivators in recent years are expected to exceed the payments. The coinage of the silver purchased in the current year will add 45 lakhs to the balances. Deposits and other miscellaneous transactions are expected to result in a net debit of 11 lakhs. The aggregate net disbursements thus amount to 3.39 lakhs. Of this amount it is expected that 89 lakhs will be met from an increase in unfunded debt chiefly Savings Bank deposits (line 4) including interest. A new rupee loan of two crores will be raised in India: and the remaining 50 lakhs will be provided by drawing on the cash balances, which at the end of the year are expected to amount to 17.25 lakhs.

Savings Banks,
etc.

309. The following table gives the details of the transactions of Savings Banks during a series of years and the estimated transactions for 1902-1903 and 1903-1904:—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	R	R	R
1892-93	54,89,000	33,94,000	88,83,000
1893-94	17,99,000	36,80,000	54,79,000
1894-95	—8,45,000	29,70,000	21,25,000
1895-96	24,77,000	33,85,000	58,62,000
1896-97	—58,11,000	34,66,000	—23,45,000
1897-98	—65,71,000	32,70,000	—33,01,000
1898-99	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,60,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903, Budget	34,80,000	39,12,000	73,92,000
1902-1903, Revised	41,42,000	39,00,000	80,42,000
1903-1904, Budget	40,73,000	41,65,000	82,38,000

The Savings Bank Accounts consist mainly of the Post Office Banks, but the transactions of the various departmental Provident Funds are also included.

A net deposit in the Post Office Savings Banks of 25 lakhs apart from interest was assumed in the Budget Estimate of the current year. The transactions of the first eight months of the year have resulted in a net increase in the deposits of nearly 44 lakhs, and allowing for withdrawals usually made in the closing months of the year, it is now expected that apart from interest there will be a net increase in the deposits of 32 lakhs during the year.

In the Budget Estimate for 1903-1904, a net deposit in the Post Office Savings Banks of 30 lakhs apart from interest is anticipated.

1903-1904.

New Rupee Loan.

310. According to the programme now announced, it is the intention of the Government of India to raise a new loan in India of two crores, but full liberty is reserved, as usual, to vary the programme, as now announced, to any extent that may be considered desirable.

Section VIII.—Summary.

311. The principal features in this Statement are the following:—

I—The accounts of 1901-1902 closed with a surplus of £4,950,243, being £277,343 higher than the surplus expected in the Revised Estimate of that year.

II—1902-1903—

(1) The Revised Estimates show a total Revenue of £76,892,500, a total expenditure charged to Revenue of £74,154,000, and a surplus of £2,738,500. This surplus is higher than that estimated in March 1902 by £1,900,800.

(2) Of the surplus, £227,200 is due to the inclusion of the figures for Berar, which were not included in the Budget Estimate.

(3) There has again been a large and widely diffused increase of Revenue.

Exclusive of Berar, Land Revenue has improved by £218,400.

Customs show an improvement of £286,700 mainly in silver, and export duty on rice.

Opium has improved by £274,300, Excise by £257,300, and Salt by £66,700.

Irrigation Receipts have risen by £138,300.

There are smaller increases under all other important heads except Forests and Net Earnings of State and Guaranteed Railways. The latter are less than estimated by £318,800.

(4) Army expenditure is expected to be less than the Budget by £509,200, after providing £113,900 for the cost of the Hyderabad Contingent, which is included in the accounts for the first time. This saving is chiefly due to the absence of troops in South Africa and China.

A short crop yields a saving of £129,200 in Opium expenditure.

Famine Relief is less than was expected by £109,700.

The Local Governments have been unable to expend fully the special grants sanctioned for Education, Medical, Police, and Civil Works effecting savings of £245,000, £96,600, £80,600, and £217,400, respectively.

(5) The net direct Imperial expenditure on the Delhi Durbar has been £264,700, against which there are increased traffic receipts from Railways, Post Office, and Telegraphs aggregating £161,500. The net cost to Imperial has therefore been £103,200. Some further recoveries are expected next year. In addition to the above, net charges aggregating £98,900 have been incurred by Local Governments in connection with their Provincial camps.

(6) Special grants aggregating £266,700 have been made to Provincial Governments for expenditure mainly on Civil Works.

(7) The Mint receipts exceed the Budget Estimate by £351,900, and the expenditure has been higher by £299,600. These differences are mainly due to the profit of £263,400 on the conversion of the Indore coinage, which was transferred to the Gold Reserve Fund during the year. The whole balance of the Fund held in India has been remitted to England by Council Bills, and has been invested in Consols. The nominal value so held is now £4,052,561.

Silver to the value of £300,000 was purchased for coinage shortly before the close of the year.

FINANCIAL STATEMENT OF THE

- (8) A loan of $1\frac{1}{2}$ crores was raised in India; and India 3 per cent Stock to the amount of £1,500,000 was issued, of which £1,368,800 were applied to the discharge of Great Indian Peninsula Railway debentures. £4,000,000 of India Bills, Temporary, fell due, of which £3,500,000 were replaced and £500,000 were discharged.
- (9) The drawings of Council Bills in 1902-1903 are expected to amount to £18,261,000. Of this, £261,000 represents the remittance of the balance of the Gold Reserve Fund to London, and £18,000,000 are remittances on ordinary account, as compared with £16,500,000 entered in the Budget.
- (10) In addition to Council Bills, a remittance of £497,200 in gold was made to the Secretary of State in May last.

III—1903-1904—

- (1) The Budget Estimates of 1903-1904 show a total Revenue of £76,355,400, a total expenditure charged to Revenue of £75,406,700, and a surplus of £948,700.
- (2) The leading feature of the estimates is the reduction of the salt duty by Ro-8-0 a maund, (except in Burma) and the exemption from income-tax of all incomes below Rs 1,000 per annum. These two remissions of taxation involve a sacrifice of revenue to the extent of £1,153,300 and £240,000, respectively. But for this, the surplus of the year would have been larger by £1,393,300.
- (3) Of the special grants made last year, 25 lakhs for Minor Irrigation Works, 40 lakhs for Education, and Rs 15,03,000 for other objects are repeated for 1903-1904.
- (4) Almost all the principal heads of Revenue are expected to improve as compared with the Budget Estimate of the current year, the principal increases being £778,600 under Land Revenue (exclusive of Berar) and £384,800 under Excise.
- (5) Famine Relief which is expected to be confined to the Central Provinces and to a trifling amount in the Punjab, is estimated at £321,200 less than last year. The Famine Insurance Grant of one million is, however, retained at the same figure as formerly.
- (6) Exclusive of £237,600 on account of the cost of the Hyderabad Contingent, the Army expenditure is expected to be less by £210,400, the reduction being mainly in the home charges. The policy of making provision for improving the efficiency of the army is continued, and projects working up to a total sum of £1,001,000 have been included in the estimate.
- (7) Most of the other heads of Expenditure show an increase.
- (8) £120,000 are provided as the first instalment of a scheme for special coast defences.
- (9) Subject to the usual reservations, loans of £2,000,000 in England and of two crores in India are announced as contemplated, and the drawings of Council Bills are entered at £17,000,000. The sterling loan is required partly to replace £1,500,000 of temporary Bills which will not be renewed, and partly to pay off debentures of the Great Indian Peninsula Railway. The Rupee loan is intended for capital expenditure on Railways and Irrigation Works.
- (10) Subject to the usual reservations provision is also made for the raising of capital through Railway Companies as follows, *viz.* :—
 - (a) towards outlay on State Railways, £2,050,000;
 - (b) for expenditure on Companies' Railways, £1,083,000.
- (11) £3,500,000 of India Bills will fall due within the year, of which only £2,000,000 will be replaced by similar Bills.

IV—The following table shows the Capital expenditure on Railways and Irrigation Works :—

	Accounts, 1901-1902.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
RAILWAYS.	R	R	R
Included in the Government Programme	8,87,27,581	10,34,58,000	11,00,00,000
Famine Protective lines	...	1,54,000	23,00,000
Branch lines not on firm guarantee	1,87,775	8,23,000	3,36,000
Railways outside the Government accounts	40,49,100	94,36,000	61,59,000
Provincial and Local State lines	6,04,473	8,09,000	7,74,000
TOTAL RAILWAYS	9,35,69,329	11,46,80,000	11,95,69,000
Irrigation Works	82,13,265	85,12,000	1,00,00,000

E. N. BAKER.

March 18, 1903.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1901-1902
Revised Estimates	1902-1903
Budget Estimates	1903-1904

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

	For details, vide State- ment.	Accounts, 1901-1902.	Budget Estimate, 1902-1903.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	18,288,018	17,790,100	18,488,500	19,109,200
Opium	"	4,852,022	4,229,000	4,503,300	4,381,800
Salt	"	5,939,310	5,973,300	6,040,000	4,953,300
Stamps	"	3,446,406	3,478,100	3,471,900	3,546,900
Excise	"	4,076,681	4,120,300	4,377,600	4,305,100
Customs	"	3,833,019	3,600,000	3,886,700	3,613,300
Other Heads	"	6,166,309	6,309,600	6,326,100	6,212,800
TOTAL PRINCIPAL HEADS	...	46,601,765	45,500,400	47,094,100	46,322,900
 Interest	A	785,680	764,200	872,200	730,600
Post Office	"	1,383,709	1,377,100	1,435,000	1,441,400
Telegraph	"	908,109	831,400	882,900	884,400
Mint	"	555,369	66,200	418,100	366,700
Receipts by Civil Departments	"	1,261,198	1,264,700	1,314,100	1,323,500
Miscellaneous	"	628,000	573,200	615,600	640,400
Railways	"	20,225,968	19,949,400	20,026,400	20,333,300
Irrigation	"	2,537,573	2,696,700	2,835,000	2,795,300
Other Public Works	"	479,565	457,900	478,500	477,300
Receipts by Military Department	"	977,589	889,200	920,600	1,039,600
TOTAL REVENUE	...	76,344,525	74,370,400	76,892,500	76,355,400

L. E. PRITCHARD,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 18, 1903.

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

	For details, <i>vide</i> State- ment.	Accounts, 1901-1902.	Budget Estimate, 1902-1903.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	7,444,192	7,996,000	7,736,900	8,384,600
Interest	"	1,944,338	1,915,100	1,839,500	1,706,600
Post Office	"	1,280,624	1,354,000	1,343,600	1,434,400
Telegraph	"	904,187	945,200	919,900	1,014,300
Mint	"	504,029	111,300	410,900	404,200
Salaries and Expenses of Civil Departments	"	11,146,799	12,128,800	11,639,900	12,246,900
Miscellaneous Civil Charges	"	4,139,382	4,228,300	4,486,800	4,240,400
Famine Relief and Insurance	"	884,512	991,300	988,200	1,000,000
Railway Revenue Account	"	19,379,352	19,654,500	19,865,800	20,292,400
Irrigation	"	2,364,701	2,622,400	2,583,200	2,732,600
Other Public Works	"	4,565,925	5,289,200	5,127,700	5,521,900
Army Services	"	15,763,931	17,664,700	17,155,500	17,691,900
Special Defences (1902)	"	...	...	...	120,000
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	70,321,972	74,900,800	71,097,900	76,790,200
<i>Add—</i> Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	1,112,194	3,500	400,100	...
<i>Deduct—</i> Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	39,884	1,371,600	344,000	1,383,500
TOTAL EXPENDITURE CHARGED TO REVENUE	...	71,394,282	73,532,900	74,154,000	75,406,700
SURPLUS	...	4,950,243	837,700	2,738,500	948,700
TOTAL	...	76,344,525	74,370,400	76,892,500	76,355,400

A. F. COX,
Comptroller General.

E. N. BAKER,
Offg. Secretary to the Government of India.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1901-1902.	Budget Estimate, 1902-1903.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
		£	£	£	£
Surplus	C	4,950,243	837,700	2,738,500	948,700
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (Net)	C	764,098	2,200,000	1,453,300	2,050,000
Capital raised and deposited by Railway Companies (Net)	"	2,304,730	1,613,300	1,526,000	1,083,000
					0
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	2,582,283	1,041,200	1,037,900	2,643,300
Unfunded Debt (net Incurred)	"	494,896	543,100	580,100	595,400
Deposits and Advances (net)	"	...	...	998,700	...
Loans and Advances by Provincial Governments (net Repayments)	"	...	...	128,700	80,600
Remittances (net)	"	1,340,597	562,400	...	676,300
Secretary of State's Bills drawn	"	16,599,978	16,500,000	18,000,000	17,000,000
TOTAL RECEIPTS	...	29,036,825	23,297,700	26,463,200	25,077,300
Opening Balance—India	...	10,598,981	12,045,681	11,880,301	11,833,301
England	...	4,091,926	5,848,426	6,693,137	5,686,537
TOTAL	...	43,727,732	41,191,807	45,036,638	42,597,138

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 18, 1903.

L. E. PRITCHARD,
Deputy Comptroller General.

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1901-1902.	Budget Estimate, 1902-1903.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	547,551	666,700	567,500	666,700
Outlay on State Railways	"	3,523,601	4,893,300	4,682,500	5,334,700
Outlay of Railway Companies (net)	"	2,443,213	2,591,600	2,326,300	2,100,500
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	6,514,365	8,151,600	7,576,300	8,101,900
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	1,301,942	...	500,000	1,500,000
Deposits and Advances (net)	"	264,557	979,100	...	447,200
Loans and Advances by Imperial Government (net Advances)	"	279,385	317,900	48,900	50,200
Loans and Advances by Provincial Governments (net Advances)	"	102,287	22,700	...	...
Capital Account of Local Boards (net)	"	95,009	...	...	...
Remittances (net)	"	...	...	970,900	...
Secretary of State's Bills paid	"	16,596,749	16,837,400	18,420,700	17,066,900
TOTAL DISBURSEMENTS	...	25,154,294	26,308,700	27,516,800	27,166,200
Closing Balance—India	...	11,880,301	10,832,381	11,833,301	11,496,301
England	...	6,693,137	4,050,726	5,686,537	3,934,637
TOTAL	...	43,727,732	41,191,807	45,036,638	42,597,138

A. F. COX,
Comptroller General.

E. N. BAKER,
Offg. Secretary to the Government of India.

A.—STATEMENT of the REVENUE of

HEADS OF REVENUE.	ACCOUNTS, 1901-1902.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Principal Heads of Revenue—							
I.—Land Revenue	13,63,79,100	13,79,41,171	18,288,018	...	18,288,018	14,44,25,000	13,29,03,000
II.—Opium	7,27,80,334	...	4,852,022	...	4,852,022	6,75,50,000	...
III.—Salt	8,81,40,188	9,49,456	5,939,310	...	5,939,310	8,95,14,000	10,86,000
IV.—Stamps	1,33,05,472	3,83,90,611	3,446,406	...	3,446,406	1,38,88,000	3,81,90,000
V.—Excise	4,10,07,491	2,01,42,723	4,076,681	...	4,076,681	4,53,41,000	2,03,23,000
VI.—Provincial Rates	47,871	4,10,99,446	2,743,154	...	2,743,154	73,000	4,09,37,000
VII.—Customs	5,69,31,006	5,64,282	3,833,019	...	3,833,019	5,77,55,000	5,45,000
VIII.—Assessed Taxes	1,14,51,584	90,88,070	1,369,310	...	1,369,310	1,17,65,000	94,07,000
IX.—Forest	89,19,777	84,40,545	1,157,355	...	1,157,355	98,81,000	90,92,000
X.—Registration	23,61,065	23,33,114	312,945	...	312,945	23,57,000	22,68,000
XI.—Tributes from Native States	87,53,174	...	583,545	...	583,545	91,12,000	...
TOTAL	44,00,77,062	25,89,49,418	46,601,765	...	46,601,765	45,16,61,000	25,47,51,000
XII.—Interest	87,32,960	18,94,968	708,529	77,151	785,680	89,32,000	18,91,000
XIII.—Post Office	2,06,59,699	95,937	1,383,709	...	1,383,709	2,14,44,000	81,000
XIV.—Telegraph	1,34,94,365	...	899,624	8,485	908,109	1,31,50,000	...
XV.—Mint	83,29,925	...	555,328	41	555,369	62,71,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	91,109	33,92,050	232,211	...	232,211	2,23,000	34,10,000
{ Jails	3,63,737	33,94,099	250,522	...	250,522	3,54,000	34,07,000
XVII.—Police	67,768	43,35,869	293,576	...	293,576	1,93,000	43,36,000
XVIII.—Marine	4,72,125	17,09,456	145,439	...	145,439	7,22,000	17,13,000
XIX.—Education	23,332	25,76,694	173,335	...	173,335	43,000	26,20,000
XX.—Medical	5,272	10,27,785	68,870	1,373	70,243	10,000	11,23,000
XXI.—Scientific and other Minor Departments	1,56,448	12,75,122	95,438	434	95,872	2,14,000	13,14,000
TOTAL	11,79,791	1,77,11,075	1,259,391	1,807	1,261,198	17,59,000	1,79,23,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc	11,75,016	5,16,770	112,786	81,750	194,536	11,84,000	5,31,000
XXIII.—Stationery and Printing	3,72,532	5,71,161	62,913	...	62,913	3,50,000	5,91,000
XXIV.—Exchange	3,82,415	...	25,494	...	25,494	5,54,000	...
XXV.—Miscellaneous	12,89,124	37,07,200	333,088	11,969	345,057	10,67,000	36,06,000
TOTAL	32,19,087	47,95,131	534,281	93,719	628,000	31,55,000	47,28,000
Railways—							
XXVI.—State Railways (Gross Receipts)	28,87,26,515	3,83,425	19,273,956	3,230	19,277,226	28,55,05,000	4,05,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,37,24,833	...	914,989	...	914,989	1,37,05,000	...
XXVIII.—Subsidized Companies (Repayment of Advances of Interest)	4,85,876	...	32,392	1,361	33,753	5,09,000	...
TOTAL	30,29,37,224	3,83,425	20,221,377	4,591	20,225,968	29,97,19,000	4,05,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,67,62,321	66,31,344	1,559,578	...	1,559,578	2,02,90,000	77,62,000
Portion of Land Revenue due to Irrigation	1,22,00,957	...	813,397	...	813,397	1,23,28,000	...
XXX.—Minor Works and Navigation	10,90,126	13,78,840	164,598	...	164,598	7,34,000	14,11,000
TOTAL	3,00,53,404	80,10,184	2,537,573	...	2,537,573	3,33,52,000	91,73,000
Other Public Works—							
XXXI.—Military Works	7,14,652	...	47,643	...	47,643	5,90,000	...
XXXII.—Civil Works	1,83,929	58,65,162	403,273	28,649	431,922	2,89,000	58,85,000
TOTAL	8,98,581	58,65,162	450,916	28,649	479,565	8,79,000	58,85,000
Receipts by Military Department—							
XXXIII.—Army: Effective	94,47,636	...	629,842	255,487	885,329	79,06,000	...
Non-Effective	10,64,725	...	70,982	21,278	92,260	12,04,000	...
TOTAL	1,05,12,361	...	700,824	276,765	977,589	91,10,000	...
TOTAL REVENUE	84,00,94,459	29,77,05,300	75,853,317	491,208	76,344,525	84,94,32,000	29,48,37,000

INDIA, in India and in England.

ESTIMATE, 1902-1903.			Increase + Decrease— of Revised, as com- pared with Budget Estimate, 1902-1903.	BUDGET ESTIMATE, 1903-1904.					Increase + Decrease— of Budget, 1903-1904, as compared with Budget Esti- mate, 1902- 1903.	Increase + Decrease— of Budget, 1903-1904 as compared with Revised Estimate 1902-1903.
Total India (converted into £ at Rs15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs15=£1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	£
18,488,500	...	18,488,500	+ 698,400	15,91,28,000	12,75,18,000	19,109,700	...	19,109,700	+ 1,319,600	+ 621,200
4,503,300	...	4,503,300	+ 274,300	6,57,27,000	...	4,381,800	...	4,381,800	+ 152,800	- 121,500
6,040,000	...	6,040,000	+ 66,700	7,31,50,000	11,50,000	4,953,300	...	4,953,300	- 1,020,000	- 1,086,700
3,471,900	...	3,471,900	- 6,200	1,44,83,000	3,87,20,000	3,546,900	...	3,546,900	+ 68,800	+ 75,000
4,377,600	...	4,377,600	+ 257,300	4,68,16,000	2,07,60,000	4,505,100	...	4,505,100	+ 384,800	+ 127,500
2,734,000	...	2,734,000	- 500	73,000	4,16,94,000	2,784,500	...	2,784,500	+ 50,000	+ 50,500
3,886,700	...	3,886,700	+ 286,700	5,36,51,000	5,49,000	3,613,300	...	3,613,300	+ 13,300	- 273,400
1,411,500	...	1,411,500	+ 47,000	99,54,000	78,48,000	1,186,800	...	1,186,800	- 177,700	- 224,700
1,264,900	...	1,264,900	- 25,500	1,05,20,000	92,61,000	1,318,700	...	1,318,700	+ 28,300	+ 53,800
308,300	...	308,300	- 4,900	24,82,000	23,43,000	321,700	...	321,700	+ 8,500	+ 13,400
607,400	...	607,400	+ 400	90,17,000	...	601,100	...	601,100	- 5,900	- 6,300
47,094,100	...	47,094,100	+ 1,593,700	44,50,01,000	24,98,43,000	46,322,900	...	46,322,900	+ 822,500	- 771,200
721,500	150,700	872,200	+ 108,000	85,02,000	20,07,000	700,600	30,000	730,600	- 33,600	- 141,600
1,435,000	...	1,435,000	+ 57,900	2,15,48,000	73,000	1,441,400	...	1,441,400	+ 64,300	+ 6,400
876,700	6,200	882,900	+ 51,500	1,31,00,000	...	873,300	11,100	884,400	+ 53,000	+ 1,500
418,100	...	418,100	+ 351,900	55,01,000	...	366,700	...	366,700	+ 300,500	- 51,400
242,200	...	242,200	+ 2,300	2,86,000	34,08,000	246,300	...	246,300	+ 6,400	+ 4,100
250,800	...	250,800	+ 2,400	3,76,000	33,63,000	249,300	...	249,300	+ 900	- 1,500
301,900	...	301,900	+ 11,000	2,25,000	43,94,000	307,900	...	307,900	+ 17,000	+ 6,000
162,300	...	162,300	+ 26,100	4,79,000	17,34,000	147,500	...	147,500	+ 11,300	- 14,800
177,500	...	177,500	+ 4,500	76,000	27,91,000	191,200	...	191,200	+ 18,200	+ 13,700
75,500	1,500	77,000	+ 4,700	7,000	11,08,000	74,300	1,400	75,700	+ 3,400	- 1,300
101,900	500	102,400	- 1,600	1,56,000	14,22,000	105,200	400	105,600	+ 1,600	+ 3,200
1,312,100	2,000	1,314,100	+ 49,400	16,05,000	1,82,20,000	1,321,700	1,800	1,323,500	+ 58,800	+ 9,400
114,400	80,700	195,100	+ 4,100	13,91,000	5,14,000	127,000	80,600	207,600	+ 16,600	+ 12,500
62,700	...	62,700	+ 900	3,54,000	5,87,000	62,800	...	62,800	+ 1,000	+ 100
36,900	...	36,900	+ 36,900	2,37,000	...	15,800	...	15,800	+ 15,800	- 21,100
311,600	9,300	320,900	+ 500	14,43,000	38,33,000	351,700	2,500	354,200	+ 33,800	+ 33,300
525,600	90,000	615,600	+ 42,400	34,25,000	49,34,000	557,300	83,100	640,400	+ 67,200	+ 24,800
19,060,700	200	19,060,900	+ 144,000	29,01,11,000	4,60,000	19,371,400	200	19,371,600	+ 454,700	+ 310,700
913,700	...	913,700	- 79,700	1,37,75,000	...	918,400	...	918,400	- 75,000	+ 4,700
33,900	17,900	51,800	+ 12,700	5,90,000	...	39,300	4,000	43,300	+ 4,200	- 8,500
20,008,300	18,100	20,026,400	+ 77,000	30,44,76,000	4,60,000	20,329,100	4,200	20,333,300	+ 383,900	+ 306,900
1,870,100	...	1,870,100	+ 155,200	1,94,89,000	72,68,000	1,783,800	...	1,783,800	+ 68,900	- 86,300
821,900	...	821,900	- 17,000	1,26,26,000	...	841,700	...	841,700	+ 2,800	+ 19,800
143,000	...	143,000	+ 100	11,28,000	14,19,000	169,800	...	169,800	+ 26,900	+ 26,800
2,835,000	...	2,835,000	+ 138,300	3,32,43,000	86,87,000	2,795,300	...	2,795,300	+ 98,600	- 39,700
39,300	...	39,300	+ 3,200	5,45,000	...	36,300	...	36,300	+ 200	- 3,000
411,600	27,600	439,200	+ 17,400	2,36,000	59,60,000	413,100	27,900	441,000	+ 19,200	+ 1,800
450,900	27,600	478,500	+ 20,600	7,81,000	59,60,000	449,400	27,900	477,300	+ 19,400	- 1,200
527,100	288,300	815,400	+ 13,400	70,72,000	...	471,500	437,200	908,700	+ 106,700	+ 93,300
80,200	25,000	105,200	+ 18,000	10,53,000	...	70,200	60,700	130,900	+ 43,700	+ 25,700
607,300	313,300	920,600	+ 31,400	81,25,000	...	541,700	497,900	1,039,600	+ 150,400	+ 119,000
76,284,600	607,900	76,892,500	+ 2,522,100	84,53,07,000	29,01,84,000	75,699,400	656,000	76,355,400	+ 1,985,000	- 537,100

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1901-1902.					REVISED	
	INDIA. (RUPEE FIGURES).		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES).	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	25,06,081	8,60,352	224,429	...	224,429	33,51,000	8,93,000
2.—Assignments and Compensations	51,81,300	1,02,48,682	1,028,666	...	1,028,666	51,43,000	1,02,88,000
Charges in respect of Collection, viz. :—							
3.—Land Revenue	12,72,267	4,16,43,705	2,861,065	670	2,861,735	23,27,000	4,18,53,000
4.—Opium (including cost of Production)	2,41,01,324	...	1,606,755	1,935	1,608,690	2,45,92,000	...
5.—Salt (including cost of Production)	47,43,629	3,98,054	342,779	851	343,630	47,76,000	3,94,000
6.—Stamps	—2,79,590	14,23,340	76,250	29,567	105,817	—2,90,000	14,43,000
7.—Excise	16,46,843	8,45,036	166,125	30	166,155	19,13,000	9,26,000
8.—Provincial Rates	...	6,36,825	42,455	...	42,455	...	6,27,000
9.—Customs	8,65,052	15,54,671	161,315	160	161,475	8,80,000	15,48,000
10.—Assessed Taxes	1,79,765	1,77,583	23,823	...	23,823	1,83,000	1,80,000
11.—Forest	55,28,588	49,92,113	701,380	4,201	705,581	62,99,000	54,79,000
12.—Registration	12,92,611	12,83,434	171,736	...	171,736	13,09,000	12,72,000
TOTAL	4,70,37,870	6,40,63,795	7,406,778	37,414	7,444,192	5,04,83,000	6,49,13,000
Interest—							
13.—Interest on Debt	3,30,52,745	73,35,796	2,692,570	4,370,358	7,062,928	3,35,51,000	74,49,000
Deduct—Amounts chargeable to Railways†	4,77,74,475	49,389	3,188,258	1,366,632	4,554,890	4,98,21,000	49,000
" Amounts chargeable to Irrigation	84,06,520	56,65,324	944,123	...	944,123	88,30,000	56,81,000
Remainder chargeable on Ordinary Debt	—2,32,18,250	16,21,083	—1,439,811	3,003,726	1,563,915	—2,51,00,000	17,19,000
14.—Interest on other Obligations	56,52,413	53,093	380,367	56	380,423	58,94,000	50,000
TOTAL	—1,75,65,837	16,74,176	—1,059,444	3,003,782	1,944,338	—1,92,06,000	17,69,000
15.—Post Office	1,64,41,300	13,41,906	1,185,547	95,077	1,280,624	1,72,79,000	13,71,000
16.—Telegraph	91,29,836	...	608,656	295,531	904,187	97,96,000	...
17.—Mint	73,71,901	...	491,460	12,569	504,029	60,30,000	...
Salaries and Expenses of Civil Departments—							
18.—General Administration	68,15,239	97,39,403	1,103,643	259,112	1,362,755	78,45,000	1,11,49,000
19.—Law and Justice { Courts	4,40,219	3,19,18,355	2,157,238	504	2,157,742	9,69,000	3,20,23,000
Jails	15,83,540	99,77,757	770,753	813	771,566	17,89,000	90,90,000
20.—Police	10,64,300	4,32,76,780	2,956,072	994	2,957,066	19,45,000	4,33,22,000
21.—Marine (including River Navigation).	22,52,375	20,06,097	283,898	314,351	598,249	19,45,000	19,85,000
22.—Education	1,81,465	1,67,62,532	1,129,600	2,734	1,132,334	3,30,000	1,82,30,000
23.—Ecclesiastical	16,84,155	...	112,277	499	112,776	16,72,000	...
24.—Medical	3,93,232	1,24,94,752	859,199	4,886	864,085	6,07,000	1,34,01,000
25.—Political	94,44,898	7,55,792	680,046	7,028	687,074	1,21,74,000	8,10,000
26.—Scientific and other Minor Departments	46,63,468	24,16,318	471,986	31,166	503,152	42,58,000	27,32,000
TOTAL	2,85,22,891	12,93,47,786	10,524,712	622,087	11,146,799	3,35,34,000	13,27,42,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	38,04,743	...	253,649	20,722	264,371	39,08,000	...
28.—Civil Furlough and Absentee Allow- ances	11,492	...	766	251,807	252,573	9,000	...
29.—Superannuation Allowances and Pen- sions	8,40,489	1,08,42,694	778,879	1,976,705	2,755,584	10,98,000	1,10,50,000
30.—Stationery and Printing	8,58,080	58,45,373	446,897	97,139	544,036	12,65,000	58,92,000
31.—Exchange	...	...	...	...	...	...	...
32.—Miscellaneous	6,24,647	39,14,864	302,634	20,184	322,818	28,03,000	52,79,000
TOTAL	61,39,451	2,06,02,931	1,782,825	2,356,557	4,139,382	90,83,000	2,22,21,000
Famine Relief and Insurance—							
33.—Famine Relief	78,45,689	90,261	529,063	118	529,181	47,02,000	1,000
34.—Construction of Protective Railways	...	...	...	...	...	1,54,000	...
35.—Construction of Protective Irrigation Works	9,87,516	...	65,835	4,858	70,693	15,51,000	...
36.—Reduction or Avoidance of Debt	42,69,574	...	284,638	...	284,638	83,70,000	...
TOTAL††	1,31,02,779	90,261	879,536	4,976	††884,512	1,47,77,000	1,000
Carried over	11 01,80,191	21,71,20,855	21,820,070	6,427,993	28,248,063	12,17,76,000	22,30,17,000

† Included under the following heads:—

State Railways Interest on/ cdt

Ditto Interest chargeable against Companies on Advances :

TOTAL

ACCOUNTS, 1901-1902.				REVISED ESTIMATE, 1902-1903.			
INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs 15 = £1.			Amount in Rupees.	Equivalent in £ at Rs 15 = £1.		
R 4,55,51,679	£ 3,036,779	£ 1,147,748	£ 4,184,527	R 4,73,44,000	£ 3,149,600	£ 1,143,400	£ 4,293,000
22,72,185	151,479	218,884	370,363	26,26,000	175,100	218,900	394,000
4,78,23,864	3,188,258	1,366,632	4,554,890	4,98,70,000	3,324,700	1,262,300	4,687,000

Revenues of India, in India and in England.

ESTIMATE, 1902-1903.				BUDGET ESTIMATE, 1903-1904.						
Total India (converted into £ at Rs=£1).	England.	TOTAL.	Increase + Decrease — of Revised, as compared with Budget Estimate, 1902- 1903.	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.	Increase + Decrease — of Budget, 1903-1904, as compared with Budget Esti- mate, 1902- 1903.	Increase + Decrease — of Budget, 1903-1904, as compared with Revised Estimate, 1902-1903.
£	£	£	£	Imperial.	Provincial and Local.	£	£	£	£	£
282,900	...	282,900	+ 85,400	24,80,000	8,01,000	218,700	...	218,700	+ 21,200	— 64,200
1,028,700	...	1,028,700	— 11,800	78,12,000	1,03,49,000	1,210,700	...	1,210,700	+ 170,200	+ 182,000
2,946,000	300	2,946,300	— 119,200	37,18,000	4,40,15,000	3,182,200	900	3,183,100	+ 117,600	+ 236,800
1,639,500	4,600	1,644,100	— 129,200	2,60,38,000	...	1,735,900	2,900	1,738,800	— 34,500	+ 94,700
344,700	600	345,300	— 13,000	50,31,000	4,32,000	364,200	100	364,300	+ 6,000	+ 19,000
76,900	35,500	112,400	— 4,000	— 2,87,000	14,97,000	80,700	44,800	125,500	+ 9,100	+ 13,100
189,300	...	189,300	— 16,400	24,46,000	11,83,000	241,900	...	241,900	+ 36,200	+ 52,600
41,800	...	41,800	— 4,800	...	6,98,000	46,500	...	46,500	— 100	+ 4,700
161,900	200	162,100	— 6,600	10,15,000	16,38,000	176,900	100	177,000	+ 8,300	+ 14,900
24,200	...	24,200	— 200	1,88,000	1,90,000	25,200	...	25,200	+ 800	+ 1,000
785,200	2,600	787,800	— 36,200	70,38,000	60,29,000	871,200	1,800	873,000	+ 49,000	+ 85,200
172,000	...	172,000	— 3,100	13,82,000	13,17,000	179,900	...	179,900	+ 4,800	+ 7,900
7,693,100	43,800	7,736,900	— 259,100	5,68,61,000	6,81,49,000	8,334,000	50,600	8,384,600	+ 388,600	+ 647,700
2,733,300	4,364,100	7,097,400	— 77,600	3,39,65,000	76,05,000	2,771,400	4,345,900	7,117,300	— 57,700	+ 19,900
3,324,700	1,362,300	4,687,000	— 600	5,20,62,000	71,000	3,475,500	1,359,300	4,834,800	— 148,400	— 147,800
967,400	...	967,400	+ 2,400	91,91,000	57,24,000	994,400	...	994,400	— 24,600	— 27,000
— 1,558,800	3,001,800	1,443,000	— 75,800	— 2,72,88,000	18,10,000	— 1,608,500	2,986,600	1,288,100	— 230,700	— 154,900
396,300	200	396,500	+ 200	62,01,000	73,000	418,300	200	418,500	+ 22,200	+ 22,000
— 1,162,500	3,002,000	1,839,500	— 75,600	— 2,10,87,000	18,83,000	— 1,280,200	2,986,800	1,706,600	— 208,500	— 132,900
1,243,300	100,300	1,343,600	— 10,400	1,85,95,000	14,43,000	1,335,900	98,500	1,434,400	+ 80,400	+ 90,800
653,100	266,800	919,900	— 25,300	1,08,00,000	...	720,000	294,300	1,014,300	+ 69,100	+ 94,400
402,000	8,900	410,900	+ 299,600	59,75,000	...	398,300	5,900	404,200	+ 292,900	— 6,700
1,266,300	251,700	1,518,000	+ 155,700	73,21,000	98,11,000	1,142,200	281,400	1,423,600	+ 61,300	— 94,400
2,199,500	400	2,199,900	— 77,200	11,75,000	3,37,30,000	2,327,000	700	2,327,700	+ 50,600	+ 127,800
725,300	...	725,300	— 63,000	18,89,000	98,07,000	779,700	...	779,700	— 8,600	+ 54,400
3,017,800	1,600	3,019,400	— 80,600	24,36,000	4,50,21,000	3,163,800	900	3,164,700	+ 64,700	+ 145,300
262,000	247,500	509,500	...	20,83,000	23,11,000	292,900	254,300	547,200	+ 37,700	+ 37,700
1,237,300	2,000	1,239,300	— 245,000	5,66,000	2,22,00,000	1,517,700	1,900	1,519,600	+ 35,300	+ 280,300
111,400	600	112,000	— 6,500	17,86,000	...	119,100	400	119,500	+ 1,000	+ 7,500
933,900	8,600	942,500	— 96,600	7,81,000	1,46,62,000	1,029,500	5,100	1,034,600	— 4,500	+ 92,100
865,600	8,000	873,600	— 29,200	1,04,22,000	7,44,000	744,400	5,800	750,200	— 152,600	— 123,400
466,000	34,400	500,400	— 46,500	47,65,000	34,22,000	545,800	34,300	580,100	+ 33,200	+ 79,700
11,085,100	554,800	11,639,900	— 488,900	3,32,24,000	14,17,08,000	11,662,100	584,800	12,246,900	+ 118,100	+ 607,000
260,500	10,800	271,300	— 3,900	39,28,000	...	261,900	10,800	272,700	— 2,500	+ 1,400
600	249,000	249,600	— 8,600	12,000	...	800	257,500	258,300	+ 100	+ 8,700
809,900	2,012,500	2,822,400	+ 13,800	11,28,000	1,14,64,000	839,500	2,029,500	2,869,000	+ 60,400	+ 46,600
477,100	102,300	579,400	+ 43,200	8,51,000	60,35,000	459,000	78,000	537,000	+ 800	— 42,400
...	...	...	— 20,300	...	...	...	...	...	— 20,300	...
538,800	25,300	564,100	+ 234,300	7,49,000	35,17,000	284,400	19,000	303,400	— 26,400	— 260,700
2,086,900	2,399,900	4,486,800	+ 258,500	66,68,000	2,10,16,000	1,845,600	2,394,800	4,240,400	+ 12,100	— 246,400
313,500	...	313,500	— 109,700	15,00,000	30,000	102,000	...	102,000	— 321,200	— 211,500
10,300	...	10,300	+ 10,300	23,00,000	...	153,300	...	153,300	+ 153,300	+ 143,000
103,400	3,000	106,400	+ 12,500	24,93,000	...	166,200	500	166,700	+ 72,800	+ 60,300
558,000	...	558,000	+ 83,800	86,70,000	...	578,000	...	578,000	+ 103,800	+ 20,000
985,200	3,000	988,200	— 3,100	1,49,63,000	30,000	999,500	500	1,000,000	+ 8,700	+ 11,800
32,986,200	6,379,500	29,365,700	— 304,300	12,59,99,000	23,42,29,000	24,015,200	6,416,200	30,431,400	+ 761,400	+ 1,065,700

BUDGET ESTIMATE, 1903-1904.			
INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs=£1.	£	£
4,01,78,000	3,278,500	1,140,400	4,418,900
29,55,000	197,000	218,900	415,900
5,21,33,000	3,475,500	1,359,300	4,834,800

†† The following further sums, which are included under XXVI and 38.—State Railways, are chargeable to the grant for Famine Relief and Insurance as representing the net charge on the Revenues on account of Protective Railways constructed through the agency of Companies:—

	Accounts, 1901-1902.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
Bengal-Nagpur Railway	£ 115,488	11,800	Nil.

FINANCIAL STATEMENT OF THE

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1901-1902.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs.15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Brought forward	11,01,80,191	21,71,20,855	21,820,070	6,427,993	28,248,063	12,17,76,000	22,30,17,000
Railway Revenue Account—							
38.—State Railways : Working Expenses	14,21,29,556	2,55,461	9,492,334	...	9,492,334	14,65,17,000	2,55,000
Interest on Debt	4,55,51,679	...	3,036,779	1,147,748	4,184,527	4,72,44,000	...
Annuities in purchase of Railways	...	...	...	2,997,759	2,997,759	...	...
Interest chargeable against Companies on Advances.	22,22,796	49,389	151,479	218,884	370,363	25,77,000	49,000
Interest on Capital deposited by Companies	4,87,778	40,549	35,222	1,042,438	1,077,660	2,60,000	45,000
39.—Guaranteed Companies : Surplus Profits, Land, and Supervision	22,15,539	...	147,703	...	147,703	12,70,000	...
Interest	1,04,551	...	6,970	1,009,544	1,016,514	1,02,000	...
40.—Subsidized Companies : Land, etc.	1,99,562	2,049	13,441	...	13,441	7,28,000	2,000
41.—Miscellaneous Railway Expenditure	10,72,997	1,12,773	79,051	...	79,051	7,41,000	1,00,000
TOTAL	19,39,84,458	4,60,221	12,962,979	6,416,373	19,379,352	19,94,39,000	4,51,000
Irrigation—							
42.—Major Works : Working Expenses	64,36,607	40,92,198	701,920	...	701,920	72,11,000	42,65,000
Interest on Debt	84,96,520	56,65,324	944,123	...	944,123	88,30,000	56,81,000
43.—Minor Works and Navigation	35,12,588	72,45,647	717,216	1,442	718,658	43,34,000	84,02,000
TOTAL	1,84,45,715	1,70,03,169	2,363,259	1,442	2,364,701	2,03,75,000	1,83,48,000
Other Public Works—							
44.—Military Works	1,39,52,561	...	930,171	34,612	964,783	1,54,61,000	...
45.—Civil Works	66,37,813	4,68,02,313	3,562,675	105,176	3,667,851	68,41,000	5,13,70,000
45 A.—Construction of Railways charged to Provincial or Local Revenues	—12,34,720	2,34,087	—66,709	...	—66,709	...	8,09,000
TOTAL	1,93,55,654	4,70,36,400	4,426,137	139,788	4,565,925	2,23,02,000	5,21,79,000
Army Services—							
46.—Army : Effective	16,13,85,945	...	10,759,063	2,032,260	12,791,323	16,88,12,000	...
Non-Effective	93,27,144	...	621,809	2,350,799	2,972,608	96,87,000	...
TOTAL	17,07,13,089	...	11,380,872	4,383,059	15,763,931	17,84,99,000	...
Special Defence Works—							
47.—Special Defences (1902)	...	...	...	...	...	...	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	51,26,79,107	28,16,20,645	52,953,317	17,368,655	70,321,972	54,23,91,000	29,39,95,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	1,66,82,913	1,112,194	...	1,072,310	...	60,02,000
Less—Portion of Provincial Expenditure defrayed from Provincial Balances.	...	5,98,258	39,884	...		...	51,60,000
Total Expenditure charged to Revenue	51,26,79,107	29,77,05,300	54,025,627	17,368,655	71,694,282	54,23,91,000	29,48,37,000

Capital Expenditure not charged to Revenue—

48.—State Railways	...	...	...	...	...	...	...
49.—Irrigation Works	...	...	...	...	...	...	...

TOTAL

ACCOUNTS, 1901-1902.			
INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at Rs.15=£1.		
₹	£	£	£
4,00,55,995	2,670,400	853,201	3,523,601
81,03,510	540,234	7,317	547,551
TOTAL	4,81,59,505	860,518	4,071,152

Revenues of India, in India and in England—continued.

ESTIMATE, 1902-1903.				BUDGET ESTIMATE, 1903-1904.						Increase + Decrease — of Budget, 1903-1904, as compared with Budget Estimate, 1902-1903.	Increase + Decrease — of Budget, 1903-1904, as compared with Revised Estimate, 1902-1903.
Total India (converted into £ at Rs=£1).	England.	TOTAL.	Increase + Decrease — of Revised, as compared with Budget Estimate, 1902-1903.	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.			
				Imperial.	Provincial and Local.						
£	£	£	£	₹	₹	£	£	£	£	£	
22,986,200	6,379,500	29,365,700	—304,300	12,59,99,000	23,42,29,000	24,015,200	6,416,200	30,431,400	+ 761,400	+ 1,065,700	
9,784,800	...	9,784,800	+ 383,100	14,82,49,000	3,00,000	9,903,200	...	9,903,200	+ 501,500	+ 118,400	
3,149,600	1,143,400	4,293,000	+ 3,000	4,91,78,000	...	3,278,500	1,140,400	4,418,900	+ 128,900	+ 125,900	
...	2,999,200	2,999,200	—500	...	...	...	3,003,900	3,003,900	+ 4,200	+ 4,700	
175,100	218,900	394,000	—2,400	28,84,000	71,000	197,000	218,900	415,900	+ 19,500	+ 21,900	
20,300	1,150,200	1,170,500	—25,100	3,50,000	46,000	26,400	1,233,000	1,259,400	+ 63,800	+ 88,900	
84,700	...	84,700	—66,200	14,19,000	...	94,600	...	94,600	—56,300	+ 9,900	
6,800	1,028,100	1,034,900	—5,300	1,59,000	...	10,600	1,046,700	1,057,300	+ 17,100	+ 22,400	
48,700	...	48,700	—71,200	10,00,000	1,92,000	79,500	...	79,500	—40,400	+ 30,800	
56,000	...	56,000	—4,100	8,00,000	95,000	59,700	...	59,700	—400	+ 3,700	
13,326,000	6,539,800	19,865,800	+ 211,300	20,40,39,000	7,04,000	13,649,500	6,642,900	20,292,400	+ 637,900	+ 426,600	
765,000	...	765,000	+ 27,100	72,00,000	41,69,000	757,900	...	757,900	+ 20,000	—7,100	
967,400	...	967,400	—2,400	91,91,000	57,24,000	994,400	...	994,400	+ 24,600	+ 27,000	
849,100	1,700	850,800	—63,900	60,85,000	85,96,000	978,700	1,600	980,300	+ 65,600	+ 129,500	
2,581,500	1,700	2,583,200	—39,200	2,24,76,000	1,84,89,000	2,731,000	1,600	2,732,600	+ 110,200	+ 149,400	
1,030,800	53,000	1,083,800	+ 89,600	1,54,27,000	...	1,028,500	17,500	1,046,000	+ 51,800	— 37,800	
3,880,700	109,300	3,990,000	—217,400	80,00,000	5,67,40,000	4,316,000	108,300	4,424,300	+ 216,900	+ 434,300	
53,900	...	53,900	—33,700	...	7,74,000	51,600	...	51,600	—36,000	—2,300	
4,965,400	162,300	5,127,700	—161,500	2,34,27,000	5,75,14,000	5,396,100	125,800	5,521,900	+ 232,700	+ 394,200	
11,254,200	2,895,400	14,149,600	—500,400	17,92,88,000	...	11,952,600	2,718,800	14,671,400	+ 21,400	+ 521,800	
645,800	2,360,100	3,005,900	—8,800	97,58,000	...	650,500	2,370,000	3,020,500	+ 5,800	+ 14,600	
11,900,000	5,255,500	17,155,500	—509,200	18,90,46,000	...	12,603,100	5,088,800	17,691,900	+ 27,200	+ 536,400	
...	...	...	...	18,00,000	...	120,000	...	120,000	+ 120,000	+ 120,000	
55,759,100	18,338,800	74,097,900	—802,900	56,67,87,000	31,09,36,000	58,514,900	18,275,300	76,790,200	+ 1,889,400	+ 2,692,300	
400,100	...	400,100	+ 1,424,200	...	...	...	...	—1,383,500	—15,400	— 1,439,600	
344,000	...	344,000		...	2,07,52,000	1,383,500	...				
55,815,200	18,338,800	74,154,000	+ 621,300	56,67,87,000	29,01,84,000	57,131,400	18,275,300	75,406,700	+ 1,874,000	+ 1,252,700	

REVISED ESTIMATE, 1902-1903.				BUDGET ESTIMATE, 1903-1904.			
INDIA.		England.	Total.	INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.		
₹	£	£	£	₹	£	£	£
4,74,64,000	8,164,300	1,518,200	4,682,500	5,29,31,000	3,528,700	1,806,000	5,334,700
84,15,000	561,000	6,500	567,500	98,89,000	659,300	7,400	666,700
5,58,79,000	3,725,300	1,524,700	5,250,000	6,28,20,000	4,188,000	1,813,400	6,001,400

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1901-1902.			REVISED ESTIMATE, 1902-1903.			BUDGET ESTIMATE, 1903-1904.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	75,853,317	491,208	76,344,525	76,284,600	607,900	76,892,500	75,699,400	656,000	76,355,400
Excess of Revenue over Expenditure charged to Revenue	...	...	4,950,243	...	...	2,738,500	...	...	948,700
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (Net)	764,098	...	764,098	1,453,300	...	1,453,300	2,050,000	...	2,050,000
OUTLAY OF RAILWAY COMPANIES—									
Repayments	798,104	7,921	806,025	916,300	2,900	919,200	874,500	2,600	877,100
NET			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	45,031	2,259,699	2,304,730	59,300	1,490,200	1,549,500	33,000	4,382,800	4,415,800
NET			2,304,730			1,526,000			1,083,000
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	2,009,500			1,500,000			2,000,000	
Rupce Debt—									
Rupce Loan	666,667	...		1,000,000	...		1,333,300	...	
TOTAL NET	666,667	2,009,500	2,676,167	1,000,000	1,500,000	2,500,000	1,333,300	2,000,000	3,333,300
			2,582,283			1,037,900			2,643,300
Temporary Debt Incurred—									
Temporary Loans	...	4,000,000	4,000,000	...	3,500,000	3,500,000	...	2,000,000	2,000,000
NET			0			0			0
Unfunded Debt—									
Deposits of Service Funds	98,254	...		95,300	...		99,400	...	
Savings Bank Deposits	3,279,903	...		3,334,300	...		3,349,300	...	
TOTAL	3,378,217	...	3,378,217	3,429,600	...	3,429,600	3,448,700	...	3,448,700
NET			494,896			580,100			595,400
Deposits and Advances—									
Balances of Provincial Allotments	1,112,194	...		400,100	...		...	...	
Appropriation for Reduction of Debt	284,638	...		558,000	...		578,000	...	
Excluded Local Funds	675,391	...		666,000	...		697,700	...	
Railway Funds	77,932	...		51,100	...		49,900	...	
Deposits of Sinking Funds	9,139	...		9,500	...		9,900	...	
Gold Reserve Fund	415,100	3,454,246		263,400	354,100		...	102,700	
Departmental and Judicial Deposits	16,339,828	...		16,128,000	...		15,899,700	...	
Advances	9,412,999	72,911		8,173,800	68,500		6,013,300	26,000	
Suspense Accounts	25,470	...		456,900	...		77,200	...	
Exchange on Remittance Accounts, net	...	...		200	...		...	...	
Miscellaneous	13,108	...		57,600	...		300	...	
TOTAL NET	28,365,799	3,527,157	31,892,956	26,764,600	422,600	27,187,200	23,326,000	128,700	23,454,700
Carried over	109,871,233	12,295,485	0	109,907,700	7,523,600	998,700	106,764,900	9,170,100	0

(a) Includes £1,939,093 remitted from India by means of Council Bills.
 (b) Includes £261,000 ditto ditto ditto.

Government of India, in India and in England.

	ACCOUNTS, 1901-1902.			REVISED ESTIMATE, 1902-1903.			BUDGET ESTIMATE, 1903-1904.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	52,953,317	17,368,655	70,321,972	55,759,100	18,338,800	74,097,900	58,514,900	18,275,300	76,790,200
Add—Provincial Surpluses transferred to "Deposits"	1,112,194	...	1,112,194	400,100	...	400,100	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	39,884	...	39,884	344,000	...	344,000	1,383,500	...	1,383,500
TOTAL	54,025,627	17,368,655	71,394,282	55,815,200	18,338,800	74,154,000	57,131,400	18,275,300	75,406,700
Excess of Expenditure charged to Revenue, over Revenue—			0			0			0
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	540,234	7,317	547,551	561,000	6,500	567,500	659,300	7,400	666,700
OUTLAY ON STATE RAILWAYS	2,670,400	853,201	3,523,601	3,164,300	1,518,200	4,682,500	3,528,700	1,806,000	5,334,700
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	1,731,501	1,517,737	3,249,238	1,773,100	1,472,400	3,245,500	1,580,800	1,396,800	2,977,600
NET			2,443,213			2,326,300			2,100,500
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	...	...	...	23,500	23,500	...	3,332,800	3,332,800
NET			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
India 4 p. c. Stock	...	202	...	...	...	...	...	...	...
G. I. P. Railway Debentures	...	...	...	...	1,368,800	...	...	600,000	...
Rupia Debt—									
4½ p. c. Loans	2,367	...	...	300	...	...	700	...	...
4 p. c. Loans	86,142	...	...	90,000	...	...	86,700	...	...
3½ p. c. Loans	5,166	...	...	3,000	...	...	2,600	...	...
Stock Notes	7	...	...	...	...	...	...	...	...
TOTAL	93,682	202	93,884	93,300	1,368,800	1,462,100	90,000	600,000	690,000
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	301,942	5,000,000	5,301,942	...	4,000,000	4,000,000	...	3,500,000	3,500,000
NET			1,301,942			500,000			1,500,000
Unfunded Debt—									
Special Loans	263	...	...	300	...	...	200	...	...
Deposits of Service Funds	77,827	...	...	78,200	...	...	79,900	...	...
Savings Bank Deposits	2,805,231	...	...	2,771,000	...	...	2,773,200	...	...
TOTAL	2,883,321	...	2,883,321	2,849,500	...	2,849,500	2,853,300	...	2,853,300
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	39,884	...	...	344,000	...	...	1,383,500	...	...
Excluded Local Funds	649,262	...	...	658,100	...	...	691,900	...	...
Railway Funds	56,592	...	...	53,800	...	...	52,300	...	...
Gold Reserve Fund	2,246,394	3,454,246	...	263,400	354,100	...	...	102,700	...
Departmental and Judicial Deposits	15,947,167	...	...	16,080,100	...	...	15,940,700	...	...
Advances	8,848,983	79,012	...	8,318,100	94,500	...	5,723,700	...	...
Suspense Accounts	814,210	...	...	21,400	...	...	7,100	...	...
Exchange on Remittance Accounts, net	1,633	...	...	...	...	...	...	...	...
Miscellaneous	19,182	948	...	900	100	...	...	...	...
TOTAL	28,623,307	3,534,206	32,157,513	25,739,800	448,700	26,188,500	23,799,200	102,700	23,901,900
NET			264,557			0			447,200
Carried over	90,870,014	28,281,318		89,996,200	27,176,900		89,642,700	29,021,000	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1901-1902.			REVISED ESTIMATE, 1902-1903.			BUDGET ESTIMATE, 1903-1904.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	109,871,233	12,295,485		109,907,700	7,523,600		106,764,900	9,170,100	
Loans and Advances by Imperial Government .	210,070	...	210,070	683,500	...	683,500	325,900	...	325,900
NET .			0		...	0		...	0
Loans and Advances by Provincial Governments .	624,847	...	624,847	704,000	...	704,000	668,500	...	668,500
NET .			0		...	128,700		...	80,600
Capital Account of Local Boards . . .	11,998	...	11,998		...			...	
NET .			0		...			...	
Remittances—									
Inland Money Orders .	19,667,440	...		20,333,300	...		21,000,000	...	
Other Local Remittances .	73,801	...		705,700	...		623,600	...	
Other Departmental Accounts . .	545,289	...		721,700	...		808,400	...	
Net Receipts by Civil Treasuries from—									
Post Office . . .	458,879	...		603,300	...		515,900	...	
Telegraph . . .	41,100	...		...	...		...	...	
Guaranteed Railways .	947,930	...		1,000,400	...		1,104,900	...	
Public Works . . .	3,598,920	...		2,012,800	...		1,713,900	...	
Net Receipts from Civil Treasuries by—									
Telegraph . . .	...			42,300	...		88,000	...	
Marine . . .	572,850			374,200	...		349,700	...	
Military . . .	11,350,022			11,876,600	...		11,996,700	...	
Remittance Account between England and India—									
Railway transactions .	1,547,391	778,401		1,554,600	1,619,200		1,991,300	2,053,000	
Other " . . .	1,382,852	3,264,630		870,900	1,313,100		629,800	1,510,000	
TOTAL .	40,186,474	4,043,031	44,229,505	40,095,800	2,932,300	43,028,100	40,822,200	3,563,000	44,385,200
NET .			1,340,597		...	0		...	676,300
Secretary of State's Bills drawn . . .	...	(a) 16,599,978	16,599,978	...	(b) 18,000,000	18,000,000		17,000,000	17,000,000
TOTAL RECEIPTS .	150,904,622	32,938,494		151,391,000	28,455,900		148,581,500	29,733,100	
Opening Balance .	10,598,981	4,091,926		11,880,301	6,693,137		11,833,301	5,686,537	
GRAND TOTAL .	161,503,603	37,030,420		163,271,301	35,149,037		160,414,801	35,419,637	

(a) In addition to £1,939,093 for remittance of the Gold Reserve Fund.

(b) In addition to £261,000 ditto ditto ditto.

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 18, 1903.

L. E. FRITCHARD,
Deputy Comptroller General.

Government of India, in India and in England—continued.

	ACCOUNTS, 1901-1902.			REVISED ESTIMATE, 1902-1903.			BUDGET ESTIMATE, 1903-1904.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	90,870,014	28,281,318		89,996,200	27,176,900		89,642,700	29,021,000	
Loans and Advances by Imperial Government .	489,455	...	489,455	732,400	...	732,400	376,100	...	376,100
NET .			279,385			48,900		...	50,200
Loans and Advances by Provincial Governments .	727,134	...	727,134	575,300	...	575,300	587,900	...	587,900
NET .			102,287			0			0
Capital Account of Local Boards .	107,007	...	107,007		...			...	
NET .			95,009					...	
Remittances—									
Inland Money Orders .	19,664,509	...		20,333,300	...		21,000,000	...	
Other Local Remittances .	...	...		702,900	...		623,600	...	
Other Departmental Accounts .	541,223	...		721,700	...		808,400	...	
Net payments into Civil Treasuries by—									
Post Office .	458,867	...		603,300	...		515,900	...	
Telegraph .	43,177	...		...	...		...	...	
Guaranteed Railways .	947,930	...		1,000,400	...		1,104,900	...	
Public Works .	3,363,861	...		2,208,000	...		1,713,900	...	
Net Issues from Civil Treasuries to—									
Telegraph .	...	...		42,300	...		88,000	...	
Marine .	574,684	...		374,200	...		349,700	...	
Military .	11,350,022	...		11,876,600	...		11,996,700	...	
Remittance Account between England and India—									
Railway transactions .	762,120	1,563,672		1,619,200	1,554,600		2,053,000	1,991,300	
Other .	3,126,550	492,293		2,231,500	731,000		990,800	472,700	
TOTAL .	40,832,943	2,055,965	42,888,908	41,713,400	2,285,600	43,999,000	41,244,900	2,464,000	43,708,900
NET .			0			970,900			0
Secretary of State's Bills paid .	(a) 16,596,749	...	16,596,749	(b) 18,420,700	...	18,420,700	17,066,900	...	17,066,900
TOTAL DISBURSEMENTS .	149,623,302	30,337,283		151,438,000	29,462,500		148,918,500	31,485,000	
Closing Balance .	11,880,301	6,693,137		11,833,301	5,686,537		11,496,301	3,934,637	
GRAND TOTAL .	161,503,603	37,030,420		163,271,301	35,149,037		160,414,801	35,419,637	

(a) In addition to £1,939,093 for payment from the Gold Reserve Fund.
 (b) In addition to £261,000 ditto ditto ditto.

A. F. COX,
 Comptroller General.

E. N. BAKER,
 Offg. Secretary to the Government of India.

D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial and Local Balances.

NOTE.—These balances do not include the Balances of Deposits and Advances upon Local Fund Accounts.

	India.	Central Provinces.	Burma.	Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	N. W. Frontier Province.	Madras.	Bombay.	Berar.	TOTAL.	Equivalent in £ at Rs 15 = £1
	R	R	R	R	R	R	R	R	R	R	R	R	£
Accounts, 1901-1902.													
Balance at end of 1900-1901 . . .	1,20,023	1,19,959	1,42,40,087	6,86,524	65,53,733	65,54,266	12,05,787	1,19,621	37,22,082	22,61,323	...	3,55,83,405	2,372,227
Added in 1901-1902 . .	20,212	25,92,921	8,81,601	1,67,283	1,73,377	...	18,58,087	22,721	47,89,108	61,77,603	...	1,66,82,913	1,112,194
Spent in 1901-1902 . .	...	...	...	...	...	5,98,258	...	...	...	...	...	5,98,258	39,884
Balance at end of 1901-1902 . .	1,40,235	27,12,880	1,51,21,688	8,53,807	67,27,110	59,56,008	30,63,874	1,42,342	85,11,190	84,38,926	...	5,16,68,060	3,444,537
Revised Estimate, 1902-1903.													
Balance at end of 1901-1902 (by Accounts) . . .	1,40,235	27,12,880	1,51,21,688	8,53,807	67,27,110	59,56,008	30,63,874	1,42,342	85,11,190	84,38,926	6,12,670	5,22,80,730	3,485,382
Added in 1902-1903 . .	...	...	...	11,22,000	16,80,000	7,35,000	11,27,000	...	10,60,000	...	2,78,000	60,02,000	400,100
Spent in 1902-1903 . .	23,000	69,000	31,57,000	...	...	...	...	10,000	...	19,01,000	...	51,60,000	344,000
Balance at end of 1902-1903 . .	1,17,235	26,43,880	1,19,64,688	19,75,807	84,07,110	66,91,008	41,90,874	1,32,342	95,71,190	65,37,926	8,90,670	5,31,22,730	3,541,482
Budget Estimate, 1903-1904.													
Balance at end of 1902-1903 (by Revised Estimate) . .	1,17,235	26,43,880	1,19,64,688	19,75,807	84,07,110	66,91,008	41,90,874	1,32,342	95,71,190	65,37,926	8,90,670	5,31,22,730	3,541,482
Spent in 1903-1904 . .	29,000	15,89,000	47,90,000	8,82,000	41,75,000	17,30,000	17,26,000	20,000	40,56,000	16,34,000	1,21,000	2,07,52,000	1,383,500
Balance at end of 1903-1904 . .	88,235	10,54,880	71,74,688	10,93,807	42,32,110	49,61,008	24,64,874	1,12,342	55,15,190	49,03,926	7,69,670	3,23,70,730	2,157,982

L. E. PRITCHARD,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

E. N. BAKER,
Offg. Secretary to the Government of India.

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 18, 1903.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India in India and in England.

Revenue and Expenditure.		Accounts, 1901-02.				Revised Estimate, 1902-03.		Budget Estimate, 1903-04.		
		Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
			Refunds and Assignments.	Cost of Collection and Production.						
Revenue Heads.		£	£	£	£	£	£	£	£	
Principal Heads of Revenue.	Land Revenue (excluding that due to Irrigation)	18,288,018	754,376	2,861,735	14,671,907		14,783,400		15,169,600	
	Opium	4,852,022	3,264	1,608,690	3,240,068		2,855,500		2,639,300	
	Salt	5,939,310	265,319	343,630	5,330,361		5,438,400		4,324,300	
	Stamps	3,446,406	36,970	105,817	3,303,619		3,320,400		3,383,100	
	Excise	4,076,681	50,912	166,155	3,859,614		4,143,700		4,215,800	
	Provincial Rates	2,743,154	5,706	42,455	2,694,993		2,686,100		2,734,300	
	Customs	3,833,019	98,502	161,475	3,573,042		3,573,800		3,338,700	
	Assessed Taxes	1,369,310	7,083	23,823	1,338,404		1,379,100		1,154,100	
	Forest	1,157,355	3,535	705,581	448,239		473,900		443,000	
	Registration	312,945	864	171,736	140,345		135,300		140,900	
	Tributes	583,545	26,564	—	556,981		567,600		395,000	
	Total		46,601,765	1,253,095	6,191,097	39,157,573		39,357,200		37,938,300
Total deductions from Revenue			7,444,192							
Expenditure Heads.										
Debt Services	Interest	785,680	1,944,338			1,158,658		967,300	976,000	
Commercial Services	Post Office	1,383,709	1,280,624	103,085		91,400		7,000		
	Telegraph	908,109	904,187	3,922			37,000		129,900	
	Railways	20,225,968	19,379,352	846,616		160,600		40,900		
	Irrigation	2,537,573	2,364,701	172,872		251,800		62,700		
Other Public Works	Military	47,643	964,783		917,140		1,044,500		1,009,700	
	Civil	431,922	3,601,142		3,169,220		3,604,700		4,034,900	
Mint	Mint	555,369	504,029	51,340		7,200			37,500	
Civil Departments	Civil Departments	1,261,198	11,146,799		9,885,601		10,325,800		10,923,400	
	Superannuation	194,536	2,755,584		2,561,048		2,627,300		2,661,400	
Miscellaneous Civil Services	Exchange	25,494	—	25,494		36,900		15,800		
	Miscellaneous	345,057	322,818	22,239			243,200	50,800		
	Other heads	62,913	1,060,980		998,067		1,037,600		1,005,200	
Famine Relief and Insurance	Famine Relief		529,181		529,181		313,500		102,000	
	Other heads		355,331		355,331		674,700		898,000	
Army Services	Effective	885,329	12,791,323		11,905,994		13,334,200		13,762,700	
	Non-effective	92,260	2,972,608		2,880,348		2,900,700		2,889,600	
	Special Defences (1902)								120,000	
Total		76,344,525	70,321,972		6,022,553		2,794,600		434,800	
Provincial Adjustments	Surplus		1,072,310			1,072,310		56,100		
	Deficit		—			—		—	1,383,500	
Total		76,344,525	71,394,282		4,950,243		2,738,500		948,700	
Surplus					4,950,243		2,738,500		948,700	
Capital Account	Railway and Irrigation Capital not charged to Revenue:—									
	Capital raised through Companies towards outlay on State Railways			(net)	764,098		1,453,300		2,050,000	
	Capital raised and deposited by Railway Companies			(net)	2,304,730		1,526,000		1,083,000	
	Outlay on Irrigation Works					547,551		567,500	666,700	
	Outlay on State Railways					3,523,601		4,682,500	5,334,700	
	Outlay of Railway Companies			(net)		2,443,213		2,326,300	2,100,500	
Debt, Deposits, Advances, and Remittances	Charge involved in redemption of Railway liabilities									
	Permanent Debt			(net)	2,582,283		1,037,900		2,643,300	
	Temporary Debt			(net)		1,301,942		500,000	1,500,000	
	Unfunded Debt			(net)	494,896		580,100		595,400	
	Loans and Advances by Imperial Government			(net)		279,385		48,900	50,200	
	Loans and Advances by Provincial Governments			(net)		102,287	128,700		80,600	
	Capital Account of Local Boards			(net)		95,009				
	Deposits and Advances			(net)		264,557	998,700		447,200	
	Remittances			(net)	1,340,597			970,900	676,300	
Secretary of State's Bills drawn				16,599,978		18,000,000		17,000,000		
Secretary of State's Bills paid					16,596,749		18,420,700	17,066,900		
Cash Balance	Opening Balance				29,036,825	25,154,294	26,463,200	27,516,800	25,077,300	
	Closing Balance				14,690,907	18,573,438	18,573,438	17,519,838	17,519,838	
Total					43,727,732	43,727,732	45,036,638	45,036,638	42,597,138	

L. E. PRITCHARD,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

E. N. BAKER,
Offg. Secretary to the Government of India.

APPENDIX II.

Memorandum by the Hon'ble Major-General Sir Edmond Elles, K.C.B., on Military, Military Works, Special Defences, and Marine Expenditure for the years 1902-1903 and 1903-1904.

The estimates with which the Military and Marine Department of the Government of India is concerned are :—

- I.—The Indian Military Estimates.
- II.—The Home (India) Military Estimates.
- III.—The Military Works Estimates.
- IV.—Special Defences.
- V.—The Marine Estimates.

I will deal with them in this order.

2. Taking the Indian and the Home (India) Military Estimates together, the net expenditure in 1903-1904 will, it is estimated, be less than that provided in the Budget for 1902-1903 by £123,200.

In paragraph 2 of my memorandum on the Budget for 1902-03, I referred to the adoption in India of certain proposals of His Majesty's Government to increase the pay of the British soldier by 2*d.* a day from 1st April 1902, and by a further 6*d.* a day from 1st April 1904, under certain conditions.

These proposals were estimated to entail an extra charge of £226,000 in 1902-1903 and £204,800 in 1903-1904, and thereafter a further additional charge of £560,000 a year.

It has been decided that Indian revenues should bear the extra 2*d.* a day above referred to. The question of the liability of India for the further expenditure to be incurred from 1st April 1904, is being submitted to arbitration by the Secretary of State for India.

3. Before dealing with the estimates in detail I will refer to the measures carried out or in progress, during the present year for improving the efficiency of the army, and also to those which we propose to continue or initiate during the ensuing financial year.

In my memorandum on the Budget for 1902-03 I divided the various measures for improving the army into the following heads: Field Army, Frontier Defence, Frontier Railway, Internal Defence, Coast Defence, Ordnance Factories and general requirements; it will be convenient to follow this division.

Budget 1902-03.

4. The following items have been carried out as proposed :—

Field Army.

- (1) Re-armament of the field army.
- (2) Organisation of Ambulance Bearer Corps.
- (3) Addition of 64 officers to the Indian Establishment for admission to the Staff Corps.
- (4) Addition of three Howitzer batteries to the Indian Establishment.
- (5) Raising corps of Native garrison artillery for frontier posts.
- (6) Supply of bandolier equipment to the Native army, that for the British army being delayed for want of the approved pattern which has not yet been decided by the War Office.
- (7) Addition of 60 machine guns.

Re-organisation, Madras Army.—Seven battalions were reorganised during the year and the progress made has fully come up to expectation. One Madras Cavalry regiment has also been re-organised. The experimental measure of enlisting Coorgs in the 11th Madras Infantry is progressing somewhat slowly owing to disinclination on the part of this new class to come forward rapidly.

Engineers.—Sanction was received during the year to raise two extra companies of Sappers for the Bombay Sappers and Miners as well as a fortress company for Aden and a Railway Sapper company. The raising of these units is now progressing.

Improvement in organisation of Horse and Field Artillery.—The Secretary of State sanctioned during the year the introduction of the Brigade Division system and the formation of Ammunition Columns for the field army, the re-organisation is in progress and should be shortly completed.

Hospital Train.—Some delay has occurred in supplying the Hospital Train owing to the necessity of placing the order at home.

Frontier Defence.

Railways.—The Khusalgarh-Kohat-Thal railway has been completed, thus greatly strengthening this part of our frontier for offence or defence. The bridge over the Kabul River at Nowshera has been opened.

The Quetta-Nushki line has been commenced.

Chitral Communications.—The post at Dargai is practically completed and occupied. The bridge over the Swat River at Chakdara, to replace the temporary bridge built in 1895, has been completed and opened to traffic.

Internal Defence.

The re-arming of the Volunteers is being proceeded with, but has been somewhat delayed owing to the decision to arm the Cavalry with '303 rifles.

Ordnance
Factories.

The programme in regard to expenditure on Ordnance Factories has been practically carried out.

General require-
ments.

Of the items referred to last year the following have been sanctioned and have either been carried out or are in progress:—

- (1) Addition of officers and other improvements in the Military Accounts Department.
- (2) Improvement of Army Hospital Corps.
- (3) Increase in reserve of Military Hospital Assistants.
- (4) Addition of officers to the Ordnance Department.
- (5) Various improvements in the Supply and Transport Department generally affecting the pay and prospects of officers and materially re-acting on the efficiency of the Department. Also an addition of 43 British Non-Commissioned officers to the Department.
- (6) An increase of 16 sisters to the Army Nursing Service.

Bounties.—During the past year, bounties were re-opened for men of corps returned from South Africa. The cost involved is estimated at R1,76,000, a moiety of which is recoverable from the War Office, and will form a credit in the home accounts, the other being met from China and South Africa savings.

Revision of the surgical and medical equipment of field hospitals, etc.—In accordance with the recommendations of the Field Hospital Equipment Committee the re-equipment of our field hospitals with surgical instruments of the most modern type has been sanctioned together with revised scales of medical stores, at an initial cost of R2,99,874. This sum has been provided out of China savings during the current year. This revised equipment will, however, result eventually in a saving of R3,97,586.

As leather pakhsals are highly objectionable from a sanitary point of view, the equipment of field hospitals with metal pakhsals has been sanctioned at a cost of R14,500 during the current year. This sum has been found out of China savings.

Maintenance of a reserve of furniture for general hospitals.—Experience having shown that furniture for general hospitals in the field cannot be obtained at short notice, the expenditure of R1,01,322 out of the China savings has been sanctioned during the current year to complete the supply of furniture for these hospitals.

Budget 1903-04.

Field Army.

5. *Re-armament.*—The re-armament of the regular army in India with magazine rifles has been completed, but 78,936 rifles are still required to complete the re-arming of the Volunteers, the reservists, and for an ordnance reserve. An endeavour was made to procure, during 1903-04, 50,000 of the new pattern short rifle, introduced at home, but they could not be supplied. Fifty

thousand L.-E. rifles of the present pattern have accordingly been ordered to be supplied during 1903-04, at a cost of 34 lakhs, and the question of having them fitted for charger loading, and supplied with all the modifications approved for the new pattern short rifle is under consideration.

Machine guns.—Twenty machine guns were purchased during the past year, a lakh being provided in the estimates for the purpose. Forty more were ordered last September at a cost of 2 lakhs to be paid for from China and South Africa savings. These, with 132 already in possession, leave another 96 to make up 288, which number represents our total requirements as at present estimated.

Increase to the reserve of military hospital assistants from 20 to 25 per cent.—With the approval of the Secretary of State the leave reserve of military hospital assistants was increased last year from 15 to 20 per cent. But even after making this increase the number of hospital assistants available from all sources is still insufficient to meet the requirements of the field army. We have therefore recommended to the Secretary of State a further increase to the reserve of military hospital assistants from 20 to 25 per cent., and we have provided Rs. 5,760 in the Military Budget Estimates of 1903-04 to meet the cost of training pupils in medical colleges during their first year.

Supply and Transport.—In continuation of the organisation of the transport service begun in 1900, it is now proposed to organise 12 mule corps with full complement of British and Native Commissioned and Non-Commissioned Officers, as recommended by the Simla Transport Committee, at an estimated cost of Rs. 3,30,000 initial and Rs. 1,82,000 annual recurring, and we have addressed the Secretary of State on the subject.

An addition of 8 more officers to the Supply branch of the Supply and Transport Corps will be made in 1903-04. This is in continuance of the policy inaugurated in 1901-02.

In the present year the control of the Government Kheddah Department has been transferred to the Government of Burma, resulting in a relief of about one lakh to the Military Estimates.

Substitution of horse for bullock draught in the four existing heavy batteries.—The Secretary of State has sanctioned a proposal to substitute horse for bullock draught for the guns and first line of wagons in the four existing heavy batteries. Provision has been made in the estimates of 1903-04 for the estimated cost of the proposal, viz., Rs. 6,31,472 (Rs. 5,21,948 initial and Rs. 1,09,524 recurring).

Conversion of 2 garrison companies into heavy batteries.—The Secretary of State's sanction to the conversion of two garrison companies into heavy batteries with bullocks has been received. To meet the expenditure on this account, Rs. 11,625 has been provided in the home estimates and Rs. 30,473 in the Indian Military Estimates of 1903-04.

Addition of British Officers to the Native Army.—An addition of 110 officers has been recommended this financial year. This will give all Punjab regiments an establishment of 13 officers and all other regiments of 12.

To meet the cost of this addition to the number of British officers the following provision has been made in the estimates for :—

1903-04 Rs. 98,920 for 110 officers,

this sum represents one-third of the cost of the pay of the officers added to battalions of British Infantry for one year in view to their eventual admission to the Indian Army.

Re-organisation, Madras Army.—The reconstitution of three more regiments will be carried out during the coming financial year to complete the 10 battalions sanctioned by the Secretary of State.

Re-organisation of Hindustani Mahomedan Regiments.—Experience having proved that suitable Hindustani Mahomedan recruits are not obtainable in numbers sufficient for the maintenance of four efficient battalions of this class, the number of Hindustani Mahomedan battalions in the Bengal Command has, with the approval of the Secretary of State, been reduced from four to three; the 12th Bengal Infantry is about to be reconstituted as a regiment of Pioneers, composed of four companies of Lobana Sikhs and four companies of Hindustani while the three remaining Hindustani Mahomedan battalions are to

be recruited from the best districts of the Hindustani Mahomedan recruiting area.

Organisation of Mounted Infantry units.—Under the scheme for the organisation of Mounted Infantry, recommended to and approved by the Secretary of State, 160 men will be trained in each battalion of British and Native Infantry, and on mobilisation two battalions of Mounted Infantry (of four companies each) one British and one Native, will be attached to each division. The strength of a Mounted Infantry Company has been fixed at 125.

It was suggested by the War Office that the establishment of a Mounted Infantry Company should be raised to 175 of all ranks; but this, it has been decided, is not desirable, and the Secretary of State has been so informed.

Re-organisation, Hyderabad Contingent.—In connection with the change in the administration of Berar, the following measures for the re-organisation of the Hyderabad Contingent have been sanctioned by the Secretary of State:—

Cavalry.—One regiment to be broken up and the three remaining regiments to be increased by a squadron each. The regiments to be transferred to the Bombay Command.

Artillery.—Three batteries to be maintained pending re-organisation. The remaining battery to be broken up.

Infantry.—The six regiments to be retained and transferred to the Madras Command.

Location of troops.—All Hyderabad Contingent stations to be given up, except Aurungabad and Bolarum, where an extra battalion will be located.

Reduction of Staff.—Appointments of General Officer Commanding, Assistant Adjutant General, Military Secretary to Resident, and Station Staff Officers at abandoned stations to be abolished.

Accounts.—Contingent Accounts to be transferred to Controllers of Commands to which the troops are transferred and to be incorporated in ordinary army estimates.

A considerable annual saving is anticipated by these measures amounting, as far as can be seen at present, to about £1,60,000.

Mounted Sappers.—The formation of a Mounted Sapper detachment has been decided on, the strength of A Company, Bengal Sappers and Miners, being increased by two British Non-Commissioned Officers and 47 native ranks at a cost of £7,573 initial and £16,658 annual recurring. This sum has been provided in the estimates for 1903-04. The question of maintaining horses for the detachment during peace time is now under consideration.

Amalgamation of Mobilisation and Intelligence Branches at Army Head-Quarters.—The Commander-in-Chief has proposed the amalgamation of the Mobilisation and Intelligence Sections at Army Head-Quarters with an increased establishment of officers and clerks, costing £87,138, and recommendations to this effect have been made to the Secretary of State. The system has been introduced with advantage at the War Office and will greatly increase the efficiency of the army for war.

Internal Defence.

The further supply of rifles expected during the ensuing year will permit of the Volunteers being fully re-armed whenever corps are recommended for re-arming by the Inspector-General.

Coast Defences.

The necessity for re-organising the coast defences of the chief ports having been recognised, proposals have been made to the Secretary of State embracing a full scheme for the purpose. The expenditure, which will be heavy, will be spread over five or six years and shown under a new head of account, 47—Special Defences, 1902. A sum of 18 lakhs has been allotted to commence works and armament next year.

Corps of Indian Coast Artillery.—In 1901 His Excellency the Commander-in-Chief submitted a proposal to raise some companies of Native Garrison Artillery for service at Indian ports, with the object of releasing certain British Garrison Companies which were required for frontier positions and the Field Army. In the meantime the War Office suggested that the Hong Kong—Singapore and Ceylon—Mauritius battalions of Royal Artillery should be transferred to the

Indian Government. These two proposals were considered together by a Committee, and the scheme drawn up by them has been since accepted by the Government of India. It contemplates the formation of a corps of eight service companies and one dépôt company: five of these service companies being located at the colonial stations. The cost to India of her share of the proposals is ₹1,47,000 initial and ₹3,41,000 recurring (War Office share being ₹3,18,000 initial and ₹6,32,000 annual). Pending the Secretary of State's sanction ₹3,40,000 have been provided in the Indian Military Estimates of 1903-04.

Cordite Factory.—We anticipate that cordite will be manufactured before the end of 1903, and that 1904 will see the factory in full working order. *Ordnance
Factories.*

Gun Carriage Factory, Jubbulpore.—Considerable progress is being made with the construction of the Central Gun Carriage Factory at Jubbulpore. The cost of machinery is estimated at ₹5,28,750, but this calculation is subject to modification. For this purpose ₹3,15,000 was provided in the home ordnance estimates of 1902-03, and the balance ₹2,13,750 will be provided in coming year's home estimates.

Rifle Factory, Ishapore.—Machinery for the Rifle Factory at Ishapore will cost ₹22,05,000. During the current financial year machinery to the extent of ₹6,75,000 has been ordered, and we have provided ₹15,30,000 in the home ordnance estimates of 1903-04 to complete our requirements in this respect.

Rolling Mills, Ishapore.—The demands on the Foundry and Shell Factory at Cossipore have outgrown the capacity of the factory, especially as regards the manufacture of heavy steel shells, of brass cartridge metal, of cupro-nickel (for the manufacture of .303-inch bullets), of bar steel, and of component parts of guns. We therefore propose to enlarge the scope of the factory, and as land is not available at Cossipore, an extension of the works will be erected at Ishapore, where the manufacture of all steel rods and bars, of cupro-nickel, etc., will be carried on. The scheme, so far as the military estimates are concerned, involves an initial expenditure of ₹10,12,361. There will, however, be an annual saving by the manufacture of these articles in India.

Cossipore.—Another step in the policy of making India self-dependent in the matter of war *matériel* is the manufacture of field guns in this country. We propose to establish a gun factory at Cossipore, and in order to give effect to the measure, machinery to the value of ₹1,05,000 will be purchased in England during 1903-04.

Arsenals.—It has been found necessary to increase the subordinate establishment of the Ordnance Department by 45, a measure which will cost ₹11,700 initial and ₹88,000 recurring.

Increase to the leave reserve of Military Assistant Surgeons from 15 to 20 per cent.—The existing reserve of these men is absorbed to such an extent by temporary duties as to be insufficient for the replacement of men temporarily ineffective on account of sickness and other causes, nor does it admit of a reasonable amount of leave to others; we propose therefore to increase this reserve from 15 to 20 per cent., and we have provided for this purpose a sum of ₹7,920 in the military estimates of 1903-04 to meet the cost of training pupils in medical colleges during their first year. *General
Requirements.*

Increase to the salaries of matrons in station family hospitals.—With a view to induce trained nurses to accept, and remain in, employment as matrons in station family hospitals, the present rates of pay have been improved at an annual cost of ₹18,932.

Increase to the establishment of the Indian Nursing Service.—The Secretary of State sanctioned the addition of 16 nurses to the Indian Nursing Service during 1902-03. A further addition of 16 nurses (3 senior and 13 nursing sisters) to the establishment during 1903-04 has now been sanctioned. For this purpose ₹99,320 have been provided in the military estimates of ensuing year. Of this sum ₹75,000 is for the provision of quarters and will form an addition to the normal military works grant, the balance is to meet six months' recurring expenditure as well as outfit allowances.

Increase in the pay of Medical Officers in India.—In consequence of the improvements made in the pay of Royal Army Medical Corps officers of the home establishment, we have agreed to the grant, at an annual cost of

Rs. 4,04,547, of the following concessions to officers of that corps serving in India:—

	Cost. R
(i) Increased pay to junior officers below the rank of major	2,02,800
(ii) Charge allowances to senior officers in charge of station hospitals	80,640
(iii) Specialist's pay to certain officers below the rank of Lieutenant-Colonel	38,880
(iv) Increased pay to Lieutenant-Colonels	58,428
Add exchange compensation allowance	23,799
TOTAL	4,04,547

Remount Department.—On the recommendation of the Horse and Mule breeding Commission it has been decided, with the approval of the Secretary of State for India, to re-organise the departments controlling horse, mule and donkey breeding operations and the remounting of the army in India. In connection with this re-organisation two large runs for rearing young stock will be started in the Jhelum Canal Colony; and the breeding of horses and mules in that part of India will, we hope, be largely developed by a system to which the Government of the Punjab have agreed, of granting land to colonists on that canal, subject to the condition that one suitable mare will be kept by the grantee for breeding purposes. The initial cost of the measures will amount in all to Rs. 9,45,000, most of which is for the establishment of the large runs for young stock. The recurring cost is estimated at Rs. 3,64,000, which will give a largely increased staff for the control of breeding operations, including seven additional officers, four veterinary surgeons and a few native assistants of the rank of native officers drawn from silladar cavalry. The Civil Veterinary Department is of course correspondingly strengthened for other work by the withdrawal of the heavy duties connected with horse-breeding. We hope that the expenditure involved may result ere long in a marked improvement in the number and quality of the country-bred horses suitable for army purposes which may be obtainable.

We are also taking advantage of the opportunity afforded by the opening up of this new land to transfer to that district the remount dépôt hitherto maintained at Kurnal, which place has of late years proved very unhealthy both for men and horses.

Grass farms and dairies.—The scheme inaugurated a few years ago for establishing Government dairies for the supply of pure milk and butter to British troops is being gradually developed, and dairies have already been established at Allahabad, Cawnpore, Lucknow, Agra, Jubbulpore, Jhansi, Umballa, Rawalpindi, Mhow, Quetta, Aden, and Belgaum. Provision has been made in the next year's estimates for starting dairies at three or four other large military stations.

At Umballa the system of entrusting the Director of Farms with the provision of fodder for all Government and transport animals has resulted in a saving of about Rs. 15,000 in the first year.

An Assistant Director of Farms has recently been posted to the Madras Command, and the adoption of the system obtaining in the Punjab and Bengal Commands is to be gradually introduced in that Command. Eventually, it is hoped to introduce this system into the Bombay Command also, the establishment of grass farms on a proper footing having done much to reduce the cost of supplies to Government animals in Northern India.

Separation of Burma from the Madras Command.—The separation of Burma from the Madras Command has been sanctioned. The want of direct communication with Burma and the fact that its interests are entirely unconnected with Madras rendered this measure necessary.

Increased establishment of paid lance ranks.—An increased establishment of paid Lance-Sergeants and Lance-Corporals in British Cavalry and Infantry regiments having been sanctioned in England, a similar increase has been sanctioned for regiments on the Indian establishments at an extra cost of about Rs. 83,000.

Delhi Manœuvres and Coronation Durbar.—A sum of Rs. 10,00,000 was provided to meet the cost of the arrangements in connection with the Delhi Manœuvres and Coronation Durbar, including all charges for the camps of His

Excellency the Commander-in-Chief and the Lieutenant-Generals Commanding. This sum was provided as under:—

	<i>R</i>
In the Military estimates for 1902-3	8,50,000
From Annual Manœuvres grant	1,50,000
TOTAL .	<u>R10,00,000</u>

The accounts are not yet made up and the actual division of the charges has not been finally ascertained.

Appointment of sergeant cooks to British units in India, provision of cooking ranges and the establishment of a School of cookery at Poona.—A scheme for the training of non-commissioned officers and men in cooking, for the supply of suitable cooking appliances and for the appointment of Sergeant cooks to all British units in India. The necessity for the proposals has been accepted by the Secretary of State and sanction given to the establishment of a school of cookery at Poona, the appointment of sergeant cooks to regiments at hill stations and the provision of cooking ranges.

The following sums have been provided in the estimates:—

I.—Scheme for soldiers doing their own cooking in India—

	<i>R</i>
(i) Home Estimates	97,200
(ii) Indian Estimates—	
Military	29,690
Military Works	23,110
TOTAL .	<u>1,50,000</u>

II.—School of cookery—

	<i>R</i>
(i) Home Estimates	2,262
(ii) Indian Estimates—	
Military	8,125
Military Works	16,834
TOTAL .	<u>27,221</u>

Coronation contingent.—A contingent of 1,000 officers and men from the Indian Army and Imperial Service Troops and 100 volunteers were despatched to England to be present at His Majesty's Coronation. The cost of the voyages was borne by India, but the contingents were the guests of His Majesty's Government during their stay in England. *General Remarks.*

China.—A few battalions of the Indian Army with the necessary staff and departmental units are still employed in Northern China at the cost of the Home Government. From the 1st April the administration of the force will be taken over by the War Office and we hope to withdraw departmental details, but there is every prospect of 2 or 3 battalions in excess of the number we provide for colonial garrisons being still required.

Somaliland.—Owing to disturbances in Somaliland we were called on to send reinforcements to that country consisting of 3 battalions of Native Infantry, 1 company Sappers, 1 section of a Native Mountain Battery, 150 Mounted Infantry and 236 men of the Bikaner Camel Corps with 2 Native Field Hospitals and one section of a British Field Hospital. The whole cost of the operations is paid by His Majesty's Government.

Marine Estimates.—The defence flotilla at Bombay, for the maintenance of which India has hitherto paid the admiralty an annual subsidy of £59,000, has been abolished, with the exception of some of the torpedo boats which are being retained for the present.

It has been decided to replace the *R. I. M. S. Clive*, which is about 21 years old and quite worn out, by a vessel of the same class as the *Hardinge*. A sum of R9,50,000 has been allotted for expenditure on this account during the next year.

In addition to their usual trooping work, Royal Indian Marine vessels have been used to a considerable extent during the year for the conveyance of troops between India, China, and Somaliland. Numerous hired transports have also been taken up and fitted by the Royal Indian Marine for the same service.

The R. I. M. S. *Hardinge* was utilized to carry the coronation contingent to England, and the same vessel is at present employed as a hospital ship for the Somaliland force.

Attention has been given during the year to securing a greater utilization of Indian coal in Royal Indian Marine vessels, and orders have been issued enjoining that course as far as may be practicable.

6. I give below a statement showing the total Military expenditure under the Indian Military Budget, the Military Works Budget including Special Defences and the Home (India) Budget for the past 8 years, in view to comparing the Military expenditure with the total revenue. This statement shows that whereas the percentage of total Military expenditure to revenue for the first period of four years was 25·56 the percentage for the last period of four years was only 21·19. Further that owing to peaceful years the total expenditure in the last period was less than in the first.

Statement showing the proportion of net Military and Military Works including Special Defence Works, expenditure (Indian and Home) to General Revenues for the eight years 1895-96 to 1902-03.

YEARS.	1 Total Revenue.	2 Total Expenditure.	3 Net Military Expenditure.	4 Net Military Works and Special Defence Expenditure.	5 Percentage of Col. 3 to Col. 1.	6 Percentage of Cols. 3 & 4 to Col. 1.
	£	£	£	£		
1895-96	65,422,550	64,399,884	15,576,903	825,195	23·80	25·07
1896-97	62,621,932	63,758,614	15,091,485	786,211	24·09	25·35
1897-98	64,257,207	67,830,014	17,233,296	756,011	26·81	27·99
1898-99	67,595,815	64,954,942	15,385,042	772,467	22·76	23·90
4 Years	259,897,504	260,943,454	63,286,726	3,139,884	24·35	25·56
1899-1900	68,637,164	65,862,541	14,165,743	802,656	20·63	21·80
1900-01	75,272,291	73,602,087	14,265,525	754,051	18·95	19·95
1901-02	76,344,525	71,394,282	14,786,342	917,140	19·36	20·56
1902-03	76,892,500	74,154,000	16,234,900	1,044,500	21·11	22·47
4 Years	297,146,480	285,012,910	59,452,510	3,518,347	20·01	21·19
TOTAL	557,043,984	545,956,364	122,739,236	6,658,231	22·03	23·23

I.—Indian Military Estimates.

Revised Estimates, 1902-1903.

7. The revised Indian Military estimates for 1902-1903, compared with the budget for the year, show a decrease of R86,36,000 caused by an increase in receipts of R12,55,000 and a decrease in expenditure of R73,81,000. Of the above sum of R86,36,000 a sum of R25,94,000 has been made available for expendi-

Comparison—
Revised for 1902-1903
and
Budget for 1902-1903.

ture on arms, ammunition, equipment and stores in England, Rs 15,33,000 has been transferred to Military Works services and Rs 88,000 has been passed to credit of Marine Department.

The increase in receipts is chiefly due to credits on account of the value of kheddah elephants transferred to the Burmah Government and of stores sent from India the cost of which is debitable to the Imperial Government.

8. The more important causes which have led to the decrease in expenditure have been the following:—

(a) The absence of the Indian Contingent in South Africa secures a saving of Rs 52,50,000.

(b) A saving of Rs 17,15,000 and Rs 2,27,000 accrues owing to the employment of the forces in China and Somaliland, respectively.

(c) The difference between the credits taken by debit to Imperial Government for the value of local stores issued from stock and the amounts likely to be spent on their replacement during the financial year accounts for a net decrease of Rs 6,78,000.

(d) Savings to the extent of Rs 14,26,000 are anticipated in the sums specially provided for howitzer batteries, and improvement in organization of Horse and Field Batteries, Army Bearer and Hospital Corps, Transport reorganisation, land at Nowshera for a grass rukh, increased pay to British soldiers, additional officers to the Military Accounts Department, increase and reorganization of Sub-Marine Mining Establishments, increased scale of Cavalry ammunition, increase to the Bombay Sappers and Miners, and reconstitution of a regiment of Madras Cavalry.

(e) Rs 2,93,000 was included in the Indian estimates to cover certain items of expenditure at home. This will not be spent in India.

(f) Smaller expenditure is anticipated to the extent of (i) Rs 11,00,000 for Regimental pay and allowances, etc., (ii) Rs 6,00,000 for Medical establishments, supplies and services, (iii) Rs 4,00,000 in the Ordnance Department, (iv) Rs 2,00,000 under "Remounts," and (v) Rs 1,00,000 on account of "Clothing".

(g) A saving of Rs 1,86,000 is expected in the provision made for special services owing chiefly to the dispersion of the Khar Movable Column.

(h) Short strength of British and Native troops owing to ordinary fluctuations accounts for a decrease of Rs 3,00,000.

(i) Transfer to the Burma Government of the Kheddah Department secures a saving of Rs 80,000 this year, while smaller purchases of Ordnance mules in India account for a decrease of Rs 69,000.

(j) Less charges to the extent of Rs 1,50,000 on account of camps of exercise.

9. On the other hand, there have been increases in expenditure under certain heads, the more important of which are the following:—

(a) Charges on account of the Hyderabad Contingent from 1st October 1902, from which date the Berars have been leased in perpetuity to the British Government, Rs 17,08,000.

(b) Cost of special expenditure to be incurred in India against the Military Estimates from savings due to the absence of troops in China and South Africa, Rs 17,41,000.

(c) The grant of special bounties and gratuities to British soldiers for extension of their service in India accounts for an increase of Rs 1,76,000. A moiety of this is recoverable from the War Office, and will form a credit in the home accounts, the other being met from China and South Africa savings.

(d) Larger pensionary charges owing to heavy capitalized payments and to fresh admissions consequent on the re-constitution of certain Madras Infantry regiments, Rs 3,16,000.

(e) More charges on account of the Delhi Durbar and manoeuvres, Rs 8,64,000.

(f) Larger ordinary expenditure anticipated under Supply and Transport, Rs 4,00,000.

(g) More supernumerary officers as candidates for the Staff Corps and more Unattached List officers than provided for, Rs 1,93,000.

(h) Increased sea transport charges due chiefly to conveyance of details to England, and larger payments of passage money, ₹1,63,000.

(i) Extra expenditure consequent on the re-constitution of seven Regiments of Madras Infantry, ₹95,000.

(j) Expenditure anticipated in connection with the Aden Delimitation Commission, ₹50,000.

Estimates, 1903-1904.

10. The estimates for 1903-1904, in the net, amount to ₹18,09,21,000 or to ₹28,96,000 more than the Budget for 1902-1903. This is due to an increase in receipts of ₹2,70,000 and an increase in expenditure of ₹31,66,000.

Comparison —
Budget for 1902-1903
and
Estimates for 1903-1904.

The increase in receipts is due chiefly to larger sales of malt liquor being anticipated.

The more important causes of increase in expenditure are the following:—

(a) A sum of ₹35,64,000 has for the first time been provided on account of the Hyderabad Contingent in consequence of the Berars having been leased to the British Government. This is balanced by increase of general revenue and is not an actual increase of expenditure.

(b) Substitution of horse for bullock draught in four heavy batteries accounts for an increase of ₹6,31,000, while ₹3,28,000 have been added to provide mules for the machine gun sections of the Field Army.

(c) The reorganization of the departments for the control of horse and mule breeding operations, and of the remounting of the army, necessitates an additional expenditure of ₹3,44,000.

(d) In connection with the formation of the corps of Indian Coast Artillery a special provision of ₹3,40,000 has been made.

(e) The establishment of new military dairies necessitates provision of ₹2,00,000, while the reorganization of 12 mule corps calls for provision to the extent of ₹4,00,000, and improved arrangements for the custody of Supply and Transport Stores for ₹1,15,000.

(f) A sum of ₹4,95,000 has been added to meet increase in pay of and arrears of pay to officers of the Royal Army Medical Corps, charge allowance to senior medical officers of certain station hospitals, and specialist pay to officers below the rank of lieutenant-colonel.

(g) Larger provision for supernumerary and Unattached List officers of the Indian Army is required to the extent of ₹1,68,000; and provision for 12 months, instead of for 6 months only as in 1902-03, for 64 British officers added to certain regiments of the Native Army causes an increase of ₹1,50,000.

(h) Provision to the extent of ₹2,00,000 has been made to secure improvement in efficiency of the Volunteer Force in India, and of ₹1,46,000 for the improvement of the Ordnance Department.

Among other causes of increased expenditure might be mentioned the following:—Brigade Division Staff, Royal Horse and Field Artillery (₹1,52,000); heavier non-effective charges (₹2,79,000); increase in numbers drawing messing allowance (₹1,30,000); conveyance of troops and stores (₹1,74,000); Army Bearer Corps (₹1,17,000); larger clothing supplies (₹1,07,000); *personnel* for the Cordite Factory, Nilgiris (₹99,000); addition of 110 officers to the Indian Army (₹99,000); amalgamation of Mobilisation and Intelligence Branches at Army Head-quarters (₹75,000); and improvement of rifle ranges for regular troops (₹93,000).

11. Against the foregoing increases, there will be a partial set-off by reason of certain decreases, the most important of which are:—

(a) Smaller provision on account of special services due chiefly to cessation of Blockade operations against the Mahsud Waziris, to reduction in strengths of garrisons, and to partial replacement of military by militia, ₹10,21,000.

(b) Provision made in 1902-03 for initial expenditure on account of howitzer batteries (₹5,37,000), for hospital train (₹1,97,000), and for bandolier equipment (₹2,00,000) will not be necessary next year.

(c) Reduced provision on account of food supplies to the extent of ₹7,00,000.

(d) The special provision of Rs. 5,25,000 made in 1902-03 for the despatch of an Indian Contingent to England in connection with the King's Coronation is not repeated.

(e) To meet arrear charges on account of the late Delhi Coronation assemblage, and to provide for the continuance of certain establishments, administrative and audit, in connection with the accounts thereof, a provision of Rs. 53,000 only has been made against Rs. 8,50,000 in 1902-03, securing a decrease in expenditure of Rs. 7,97,000.

(f) Instead of an addition of Rs. 2,93,000 made in 1902-03, a deduction of Rs. 1,00,000 has been made in the Indian Budget, 1903-04, to adjust excess provision in the Home Estimates after the Secretary of State's estimates had closed, which causes a decrease of Rs. 3,93,000.

(g) Smaller provision on account of extra pay to British soldiers accounts for a decrease of Rs. 3,18,000.

Other items causing decrease in expenditure are:—Less provision for improvement in organization of Royal Horse and Field Artillery (Rs. 2,73,000); reduction in establishment of siege train bullocks and smaller provision for transport establishments (Rs. 2,15,000); transfer of Dacca Kheddahs to Burma Government (Rs. 1,34,000); smaller provision for remounts, (Rs. 1,79,000), for medical supplies (Rs. 1,24,000) and for Ordnance establishments and supplies (Rs. 1,88,000).

II.—Home (India) Military Estimates.

Revised Estimates, 1902-1903.

12. The Military Department is next concerned with the home estimates for army effective and non-effective charges.

Comparison—
Revised for 1902-1903
and
Budget for 1902-1903

The Home Budget Estimates for 1902-1903 made provision for a gross expenditure of £5,272,700, but in the Revised

Estimates the provision has been reduced to £5,255,500, or by £17,200.

This decrease of £17,200 in the Revised Estimate as compared with the Budget Estimate, is chiefly brought about by smaller expenditure on ordnance and clothing stores; to less charges for pay and pensions of non-effective and retired officers of the Indian service, calculated on recent payments and to charges on account of the visit of the native contingent on the occasion of His Majesty's Coronation, for which £20,000 were included in the Budget, being now shown under the debt head "Advances Repayable;" counterbalanced by larger payments to the War Office in respect of British forces serving in India; increased charges for furlough allowances of officers of the Indian service; larger expenditure under the head "Indian Troop Service," owing to the fact that a lump sum of £250,000, included in the Budget as a *net* charge under this head in the absence of a detailed estimate, has proved insufficient; and to more miscellaneous expenses, chiefly due to the purchase of mules.

The net figures of the Revised Estimate show an increase of £35,100 over those of the Budget Estimate for 1902-1903, due to less expenditure of £17,200, as explained above, and a decrease in receipts of £52,300.

Estimates, 1903-1904.

Comparison—
Budget for 1902-1903
and
Estimates for 1903-1904

14. The estimated receipts and expenditure for 1903-1904 are as follows:—

	Receipts.	Expenditure.	Net expenditure.
Effective	£ 437,200	£ 2,718,800	£ 2,281,600
• Non-effective	60,700	2,370,000	2,309,300
TOTAL	497,900	5,088,800	4,590,900

13. Under receipts credit is taken for contributions to be made to the extent of £230,000 by the Imperial Government in respect of the cost of the transport of troops, and of military charges for Aden in consequence of the recommendations of the Royal Commission on Indian Expenditure; compared with the Budget for 1902-1903 the receipts show an anticipated increase of £132,300. This addition is due chiefly to an anticipated increase in receipts on account of the Indian Troop service and in the subscriptions to the Indian Military Service Family Pensions. The total gross anticipated expenditure for 1903-1904 is less by £183,900 than the amount provided in the Budget for the preceding year. This decrease is chiefly accounted for by smaller anticipated expenditure on stores for India; to the Budget for 1902-1903 for pay and pensions of non-effective and retired officers of the Indian Service, having been too high; and to the Budget for 1902-1903 having included £20,000 for the expenses of the visit of the Indian contingent on the occasion of His Majesty's Coronation which is not repeated; partly counterbalanced by anticipated increases under "Indian Troop Service" and payments to the War Office in respect of British troops serving in India, etc.

The gross charges on account of effective services, as estimated for the coming year, include payments to the War Office in respect of the British forces serving in India (£775,000); furlough allowances and pay during the voyage of British forces serving in India (£108,000); furlough allowances of officers of the Indian Service (£230,000); Indian Troop Service (£330,100); passage of officers and troops otherwise than in transports (£19,000); miscellaneous (£27,100); and stores for India (£1,229,600).

The gross charges on account of non-effective services are made up of the retired pay, etc., of the British forces for service in India (£650,000); pay of the non-effective Colonels of Royal Artillery (£21,000); pay and pensions of non-effective and retired officers of the Indian Service (£1,570,000), miscellaneous pensions, etc. (£84,000), and the Indian Military Service Family Pensions (£45,000).

The net anticipated expenditure for 1903-1904 is less by £316,200 than that for the preceding year, and, as explained above, this is due to an increase of £132,300 in receipts and a decrease of £183,900 in gross expenditure.

III.—Military Works Estimates.

14. Excluding English expenditure, the Budget Estimate for 1902-03 amounted to R1,46,41,000 (£976,066); the Revised Estimate of expenditure is taken at R1,54,61,000 (£1,030,733). The difference of R8,20,000 (£54,666) is due to additional grants obtained by transfer from the Military Estimates and to an anticipated lapse of R1,90,000 (£12,666) in consequence of short outlay in England on stores.

The Budget Estimate for 1903-04, excluding English expenditure, is R1,54,27,000 (£1,028,466), or an increase over that of 1902-03 of R7,86,000 (£52,400). The difference is due to special grants for certain works which have been recognised by the Government of India to be of special urgency and importance.

The main heads of expenditure in the Military Works Estimate amount to the following sums, in round figures:—

	R	£
For original works including those in progress and those to be commenced	82,66,000	(551,066)
For repairs	36,12,000	(240,800)
For establishment and tools and plant.	28,29,000	(188,600)
For Barrack Department establishment, supplies and tools and plant	8,80,000	(58,666)

Expenditure amounting to R8,16,000 (£54,400) will be incurred on water supply projects; R82,000 (£5,466) for inland fortifications; R5,00,000 will be spent on installing electric lighting and punkah pulling in barracks; provision has been made in the Budget for R1,50,000 (£10,000) for completing the cordite factory in the Nilgiris; R6,00,000 (£40,000) for the central gun-carriage

factory at Jubbulpore ; R6,00,000 (£40,000) for a small arms factory at Ishapore ; R7,00,000 (£46,666) for steel and cartridge metal rolling mills at Ishapore ; and also R3,73,000 (£24,866) for renewal of buildings, etc. The remaining works consist of hospitals, barracks, etc., and the ordinary requirements of the Ordnance, Remount and Marine Departments and of the Supply and Transport Corps.

Excluding renewals, provision is made for 72 new works, of which 65 are in progress and 7 have yet to be commenced. A sum of R6,30,000 (£42,000) is provided for minor works each costing not more than R2,500.

IV.—Special Defences.

15. The Budget Estimate for 1903-04 is R18,00,000 (£120,000), of which R8,00,000 (£53,333) is for expenditure on works and R10,00,000 (£66,666) for armaments.

V.—Marine Estimates.

Revised Estimates, 1902-1903.

16. The net total of the Budget Estimate of Royal Indian Marine for 1902-1903 was R16,68,000 (£111,200), the Revised Estimate stands at R12,23,000 (£81,533) showing decrease of R4,45,000 (£29,667).

Comparison—
Revised for 1902-1903.
Budget for 1902-1903.

The decrease is chiefly due to large recoveries from the Home Government in connection with the employment of Royal Indian Marine vessels on Imperial service, counterbalanced to some extent by increased expenditure in Dockyards, owing, chiefly, to extensive repairs at the Bombay Dockyard, to the *Elphinstone* and the launches at Karachi which had been damaged by cyclonic storms.

Estimates, 1903-1904.

The net total of the Marine Estimates for 1903-1904 is R16,04,000 (£106,933) against R16,68,000 (£111,200), the total of the Budget for 1902-1903 showing a decrease of R64,000 (£4,267).

Comparison—
Budget for 1902-1903.
Estimates for 1903-1904.

The decrease in this case also is due, chiefly, to increased recoveries in connection with the employment of Royal Indian Marine vessels on Imperial service. The decrease would have been larger but for increased expenditure on labour charges and stores in dockyards and on salaries of establishments serving afloat.

E. R. ELLES.

March 18, 1903.

APPENDIX III.

Memorandum by the Honourable Mr. A. T. Arundel, C.S.I., I.C.S.

In preparing the programme of anticipated railway capital expenditure for the year 1903-1904, I have kept the same classification as last year. The proposed allotments for open lines (a) are first shown, including the provision of rolling stock, and the other requirements for the maintenance and development of traffic: (b) next the funds necessary for the steady prosecution and early completion of lines already in progress; and finally (c) the amounts to be allotted for the construction of new lines.

Statement A shows these figures to be as follows:—

	Budget for 1903-1904.
	R
(a) Open lines and rolling stock	(a) 5,76,68,000
(b) Lines already under construction	4,44,24,000
	<u>10,20,92,000</u>
(c) New lines proposed to be begun in 1903-1904	79,08,000
	<u>11,00,00,000</u>

As explained last year, the principle followed has been that the amount required to meet the needs of open lines should be regarded as a first charge upon the money available for railway purposes; and that every effort should be made to provide in full for all demands arising out of the development of existing traffic; that next in order, provision should be made for the steady prosecution and early completion of lines in progress; and lastly, that provision should be made for undertaking new projects so far as the State is able to find money to complete them without financial embarrassment to the Government.

2. In the present Statement A no detailed figures are given of the probable expenditure on railways in the years 1904-1905 and 1905-1906, as any such details must necessarily be misleading, but it may be remarked there is no reason to suppose that the requirements for works necessary for dealing with existing traffic and the development of railways will be in any degree less in those years than during 1903-1904; on the contrary, it is probable that they will continue to increase year by year.

3. In earlier years, the money available for Capital expenditure on railways was comparatively scanty and the allotment for open lines had to be restricted to allow of the construction of new lines, but the demands of open lines have gradually become so pressing that it was found necessary to increase the total allotment for Capital expenditure in 1902-1903 and in the coming year (1903-1904) to 11 crores.

4. The following statement shows the allotments for open lines and for lines under construction during the five years from 1899-1900:—

Year.	Open Lines.	Lines under construction and new lines.	Total. R
1899-1900	2,86,23,000	5,96,04,000	8,82,27,000
1900-1901	2,66,70,000	4,64,14,000	7,30,84,000
1901-1902	4,59,97,000	5,72,47,000	10,32,44,000
1902-1903	5,50,82,000	5,49,18,000	11,00,00,000
1903-1904	(a) 5,76,68,000	5,23,32,000	11,00,00,000

5. Notwithstanding the large increase which has been made in the allotment for railway expenditure, the demands of open lines have grown so much that they now absorb a great part of the money available, and there is every prospect of their continuing to do so if the natural development of the railways is not to be checked.

(a) Includes reserve of R74,08,000 for new lines.

6. The large allotment for open lines has necessarily reduced the money available for the construction of new lines, and it has only been possible this year to authorise work being begun by the State on 479 miles of railway, particulars of which will be found in Statement A.

7. Several offers have, however, been made to the Government for the construction of railways by private promoters or syndicates, a list of which will be found in Statement C. To some, concessions have been given, but the companies have not yet been floated. In the case of others, the terms suggested either are such as to practically amount to a guarantee which of course would necessitate the inclusion of the project in, and subject it to the limitations of, the programme, or go greatly beyond the terms hitherto conceded. Their acceptance would involve a complete departure from the terms offered for the construction of branch lines in Resolution No. 514 R.C. of 1896, and the question is one which necessarily requires very careful investigation. To advise on the best methods of extending construction and of administering and working Indian railways, Mr. Thos. Robertson, C.V.O., was appointed by Government as special Commissioner for Indian railways, and Government anticipate that much benefit will be derived from the recommendations and advice in the report which he is about to present.

8. Statement B, "new lines to be taken up as funds permit", has been prepared on the same lines as last year. No specified order of urgency has been adhered to, the new lines being grouped geographically.

9. After providing for the requirements of "open lines" and "lines under construction," the programme for "new construction" provides for an expenditure of Rs. 55,94,000 in the forthcoming year on the following projects:—

1. Jech-Doab (Southern Section).
2. Bengal-Nagpore, including the Gondia-Chanda and the Brahmapuri-Nagpur extension.
3. Lower Sind extension of the North Western railway.
4. Hapur-Meerut.
5. Rameswaram extension of the South Indian railway.

10. The following lines in the Madras Presidency are being constructed as Protective Works chargeable to the Famine Insurance grant:—

	Length in miles.	Gauge.	Estimated cost.
			R
Bellary-Rayadrug	33'00	Metre.	8,32,872
Hospet-Kottur	38'10	"	10,37,344
Morrapur-Dharmapoori	18'37	2' 6"	7,04,914
Tripatur-Krishnagiri	26'47	"	8,82,271
TOTAL	115'94		34,63,401

It is, however, probable that we shall be relieved of the cost of the two metre gauge lines, since a syndicate has applied for permission to construct them along with other "feeders" to the Southern Mahratta railway, for which they have obtained the promise of a guarantee from the Local District Boards in which the lines will lie.

In consideration of the commendable enterprise which certain District Boards in the Madras Presidency have shewn in the matter of improving the means of communication within their jurisdiction, the Government of India, in order to encourage and expedite the construction of railways, have declared their willingness to advance funds from the Provincial Loan Account, on the security of the resources of the Boards which include the proceeds of a special cess leviable under the Local Boards Act, 1884.

Such loans would be repayable in regular instalments, and it is hoped that full advantage will be taken of this measure.

11. The official year 1902-1903 began with a railway mileage of 25,378'34 miles open for traffic and of 2,784'82 miles under construction. Between the 1st of April 1902 and up to date of going to Press, 863'85 miles have been added to those open for traffic, and 231'98 miles are expected to be opened before the close of this month, making the total mileage open for traffic at the close of the year 1902-1903, as shown by Statement D, 26,470'57 miles.

GOVERNMENT OF INDIA FOR 1903-1904.

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Sanction was given during the year to the construction of 682·22 miles of new railway, details of which will also be found in Statement D, and there are now 2,371·07 miles under construction or sanctioned for construction.

12. The railways of India, taken as a whole, for the third year in succession show a balance to the credit of the general revenues after paying working expenses, interest charges and payments for annuities in redemption of Capital. The approximate figures for 1902-1903, as compared with the two previous years, are as follows :—

	1900-1901. (000 omitted.)	1901-1902. (000 omitted.)	1902-1903. (000 omitted.)
	R	R	R
Surplus of revenue over expenditure .	48,77	1,26,99	24,08

13. Compared with the figures of the previous year the results for the year 1902-1903 show a falling off of R1,02,91. The receipts are less by R29,94, the working expenses are higher by R43,87, while interest charges, etc., have increased by R29,10. Exceptionally favourable conditions obtained in 1901-1902 and the fall in the earnings of the current year was anticipated and allowed for in the Budget Estimate. The increase in working expenses occurs chiefly on the Great Indian Peninsula railway system and on the North Western railway, where largely increased outlay has been necessary on maintenance and renewals of Way and Rolling Stock. The charges for interest, etc., rise with the steadily increasing expenditure on Capital account.

A. T. ARUNDEL.

March 18, 1903.

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open or under Construction,
for the year 1903-1904.

Branch lines under Rebate terms are excluded.

FINANCIAL STATEMENT OF THE

Capital Expenditure on Railways—1903-1904.
(OMITTING 000.)

No.	RAILWAY.	Grants allotted for 1902-03.	Distribution of grants during 1903-04.
		<i>R</i>	<i>R</i>
	OPEN LINES.		
	BY STATE AGENCY.		
1	Eastern Bengal	48,52	46,40
2	Oudh and Rohilkhand	44,45	39,44
3	North-Western	60,16	55,00 ^o
4	Warora Colliery	—70	—32
5	Stores and Reserve	—1,50	74,08
6	Frontier Railway Reserve	58	...
7	Jodhpur-Hyderabad (British Section)	69	30
8	Peshawar Railway Reserve	1	...
	Total Open Lines by State Agency	1,52,21	2,14,90
	BY THE AGENCY OF MAIN LINE COMPANIES.		
9	East Indian	87,74	1,03,95
10	Rajputana-Malwa	24,00	27,00
11	Tirhoot	33,65	15,50
12	South Indian	3,00	15,50
13	Great Indian Peninsula	16,25	26,50
14	Madras Railway—North-East Line	20,00	20,00
15	Bezawada Extension	8	18
16	Guntakal-Mysore Frontier	6	13
17	Bhopal	2,70	3,00
18	Nilgiri	* 35,17	23
19	Palanpur-Deesa	4	...
	Total Open Lines by Agency of Main Line Companies	2,22,69	2,11,99
	Carried over	3,74,90	4,26,89

* Purchase price
Grant for 1902-03 *R*
35,25
—8
35,17

Capital Expenditure on Railways—1903-1904—contd.
(OMITTING 000.)

No.	RAILWAY.	Grants allotted for 1902-03.	Distribution of grants during 1903-04.
	OPEN LINES— <i>contd.</i>	R	R
	Brought forward	3,74,90	4,26,89
	AGAINST THE CAPITAL ACCOUNTS OF THE OLD GUARANTEED RAILWAY COMPANIES.		
20	Madras	20,69	30,00
21	Bombay, Baroda and Central India	21,59	15,00
	Total Open Lines, old Guaranteed Companies	42,28	45,00
	AGAINST THE CAPITAL ACCOUNTS OF INDIAN RAILWAY COMPANIES OTHER THAN THE OLD GUARANTEED RAILWAY COMPANIES.		
22	Bengal Central	2,41	1,31
23	Bengal Nagpur (including Northern Section of East Coast Railway)	8,79	12,00
24	Burma	38,57	30,00
25	Indian Midland	12,04	40,00
26	Lucknow-Bareilly	9,88	10,25
27	Southern Mahratta (including Mysore)	6,93	9,79
	Total Open Lines, other Railway Companies	78,62	1,03,35
	CAPITAL ACCOUNTS OF BRANCH LINE COMPANIES WITH A FIRM GUARANTEE.		
28	Hardwar-Dehra	10	1,20
29	Brahmaputra-Sultanpur	87	24
	Total Open Lines by Branch Line Companies	97	1,44
	TOTAL OPEN LINES—carried over	4,96,77	5,76,68

FINANCIAL STATEMENT OF THE

Capital Expenditure on Railways—1903-1904—contd.

(OMITTING 000.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1901-02.	Grants allotted during 1902-03.	Distribution of grants during 1903-04.
		Miles.	₹	₹	₹	₹
	TOTAL OPEN LINES—brought forward	...	...	...	4,96,77	5,76,68
	LINES UNDER CONSTRUCTION.					
	BY AGENCY OF MAIN LINE COMPANIES.					
30	Sabarmati Dholka	...	...	...	60	...
31	Assam-Bengal { (i) Construction chargeable to Part II.	743	12,00,00	*10,60,90	†72,44	30,00
	(ii) Land chargeable to Part I	...	7,36	6,63		
	(iii) Chittagong jetties	...	...	...	...	4,00
32	East Indian { (i) Barun-Daltonganj	78	76,55	57,32	9,24	2,00
	(ii) Grand Chord	99	1,41,14	5,98	20,95	63,14
	(iii) Colliery Sidings	14	8,86	1,05	5,07	2,91
	(iv) Shikohabad Furukhabad	66	45,20	...	6,50	15,50
33	Madura-Pamban (including Rameswaram Extension)	100	96,64	47,78	12,51	11,00
34	Marina loop	8	14,92	...	6	5,25
35	Tinnevely-Quilon, British Section	50	45,06	26,86	6,17	6,70
36	Ditto, Native State Section	58	1,12,65	50,81	31,19	20,25
37	Azikhah-Mangalore	77	1,08,63	...	4,45	30,00
	TOTAL	1,293	18,57,01	12,57,33	1,69,18	1,90,75
	AGAINST THE CAPITAL ACCOUNT OF THE OLD GUARANTEED RAILWAY COMPANIES.					
38	Calicut-Cannanore branch, Madras Railway	59	67,55	70,23	13,40	1,50
39	Godhra-Baroda, B., B. & C. I. Ry.	44	34,11	...	11,50	12,00
	TOTAL	103	1,01,66	70,23	24,90	13,50
	AGAINST THE CAPITAL ACCOUNT OF INDIAN RAILWAY COMPANIES OTHER THAN THE OLD GUARANTEED RAILWAY COMPANIES.					
40	Bengal-Nagpur { Sini-Midnapur-Cuttack-Calcutta	353	8,02,45	8,52,66	1,66,13	1,32,00
	Jubbulpore-Gondia (Satpura)	253	85,11			
	Midnapur-Jherria Extension	114	1,07,81			
	Grand Chord link	28	31,57			
	Colliery lines	25	18,54	...	...	...
41	Letpadan-Henzada-Bassein Extension, Burma Railways	109	98,62	66,84	19,93 ^a	4,50
	TOTAL	882	11,44,10	9,19,50	1,86,06	1,36,50
	Total Lines under Construction by Companies carried over	22,78	31,02,77	22,47,06	3,80,14	3,40,75 ^c
	c TOTAL OPEN LINES—carried over	...	...	...	4,96,77	5,76,68

^a Includes ₹4,49,38 from Company's funds.[†] Includes a credit of ₹62 to Company's funds.

Capital Expenditure on Railways—1903-1904—contd.

(OMITTING 000.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1901-02.	Grants allotted during 1902-03.	Distribution of grants during 1903-04.
		Miles.	₹	₹	₹	₹
	Total Open Lines—brought forward	...	...	...	4,96,77	5,76,68
	Total Lines under Construction—brought forward	22,78	31,02,77	22,47,06	3,80,14	3,40,75
	LINES UNDER CONSTRUCTION—contd.					
	BY THE STATE.					
42	Agra-Delhi Chord	121	90,76	1,02	17,65	45,00
	(i) Chitpore Extension	...	20,45	17,17	7,53	5,00
	(ii) Doubling the line between Dum-Dum and Kancoorgachi Chord	28	24,51	1,25	7,19	7,25
43	Eastern Bengal					
	(iii) Rungpur-Dhubri	51	45,44	55,02	6,72	1,10
	(iv) Dhubri-Gauhati	151	92,31	...	32	10,00
44	Nowshera-Dargai	42	22,08	20,56	4,87	1,50
45	Khushalgarh-Kohat-Thal	88	50,96	32,26	22,55	1,25
46	Jech-Doab (Northern Section)	52	25,70	1,56	14,47	5,40
47	Allahabad-Fyzabad	97	1,17,09	6,29	53,49	46,25
48	Moorshedabad Branch, Eastern Bengal State Railway	96	84,48	...	16,13	40,00
49	Quetta-Nushki	82	70,06	...	6,75	10,00
50	Hapur-Meerut	20	5,75	...	...	6,94
51	Balamau-Madhoganj	14	3,88	...	...	2,88
	Total Lines under Construction by the State	8,42	6,53,47	1,35,14	1,57,67	1,82,57
	Total Lines under Construction	31,20	37,56,24	23,82,20	5,37,81	5,23,32
	GRAND TOTAL—Open Lines and Lines under Construction	...	...	...	10,34,58	11,00,00

Statement of Capital Expenditure on Railways—1903-1904—concl'd.

(OMITTING 000.)

No.	RAILWAY.	Distribution of grants during 1903-04.	
ABSTRACT BY OPEN LINES AND CONSTRUCTION.			
I.—CAPITAL FOR OPEN LINES.			
i. By State agency		2,14,90	
ii. By agency of Main Line Companies		2,11,99	
iii. By „ „ old Guaranteed Companies		45,00	
iv. By „ „ other Railway Companies		1,03,35	
v. By „ „ Branch Companies		1,44	
TOTAL OPEN LINE		5,76,68	
II.—CAPITAL FOR LINES UNDER CONSTRUCTION BY COMPANIES.			
i. By agency of Main Line Companies		1,90,75	
ii. By „ „ old Guaranteed Railway Companies		13,50	
iii. By „ „ other Railway Companies		1,36,50	
iv. By „ „ Branch Line Companies		...	
TOTAL LINES UNDER CONSTRUCTION BY COMPANIES		3,40,75	
III.—CAPITAL FOR LINES UNDER CONSTRUCTION BY THE STATE		1,82,57	
GRAND TOTAL		11,00,00	
ABSTRACT SHOWING DISTRIBUTION BY FUNDS.			
I.—From Imperial Funds.	i) By State Agency	(a) Open Lines	2,14,90
		(b) Construction	1,82,57
	Total		3,97,47
	(ii) By the Agency of Main Line Companies.	(a) Open Lines	2,11,99
		(b) Construction	1,90,75
	Total		4,02,74
TOTAL I		8,00,21	
II.—Against the Capital Account of the old Guaranteed Railway Companies.		(a) Open Lines	45,00
		(b) Construction	13,50
		TOTAL II	58,50
III.—Against the Capital Accounts of Indian Railway Companies other than the old Guaranteed Railway Companies.		(a) Open Lines	1,03,35
		(b) Construction	1,36,50
		TOTAL III	2,39,85
IV.—Against the Capital Accounts of Branch Line Companies which are in receipt of a firm Government Guarantee.		(a) Open Lines	1,44
		(b) Construction	...
		TOTAL IV	1,44
TOTAL, I TO IV		(a) Open Lines	5,76,68
		(b) Construction	5,23,32
GRAND TOTAL			11,00,00

STATEMENT B IN APPENDIX III.

List of new lines to be taken up as funds permit, with the estimated yearly provision required to ensure an economical rate of progress when once started.

(Lakhs of rupees.)

No.	Railway.	Miles.	Estimated cost.	APPROXIMATE AMOUNT EACH YEAR.				
				1st.	2nd.	3rd.	4th.	Future.
	EAST INDIAN RAILWAY SYSTEM—		Lakhs.	Lakhs.	Lakhs.	Lakhs.	Lakhs.	Lakhs.
1	Agfa City terminus	...	9	9	...	...	...	...
2	Bishenpur-Hooghly	71	132	20	62	50	...	...
3	Hooghly-Cutwa	65	64	4	30	30	...	...
	BENGAL-NAGPUR RAILWAY SYSTEM—							
4	Gondia-Chanda (including Brahmapuri-Nagpur)	200	60	15	25	20	...	...
5	Vizianagram-Raipur	310	250	10	60	60	60	60
	EASTERN BENGAL STATE RAILWAY—							
6	Quadrupling Eastern Bengal State Railway .	20	32	10	10	12	...	...
7	Ganges Bridge at Sara (or elsewhere) . .	...	110	10	30	50	20	...
	BENGAL AND NORTH-WESTERN RAILWAY—							
8	Mansi-Baptiahi	79	50	10	20	20	...	...
9	Bairagnia-Shikarpur	58	35	20	15	...	...	...
10	Bettiah-Bagaha	49	32	20	12	...	...	...
11	Katihar-Godagiri or Sara (exclusive of Ganges bridge).	187	155	15	50	50	40	...
12	Shikarpur-Bikna Thoree	22	5	5	...	...	...	...
13	Sakri-Jainagar	30	16	5	11	...	...	...
	OUDH AND ROHILKHAND RAILWAY—							
14	Moradabad-Rampur	52	25	10	15	...	...	...
15	Allahabad-Jaunpur	62	48	10	30	8	...	...
16	Bareilly-Soron	63	54	10	30	14	...	...
17	Minor feeder lines to Oudh and Rohilkhand Railway.	100	50	10	20	20	...	...
	NORTH-WESTERN RAILWAY—							
18	Lower Sind Extension	61	35	20	15	...	...	...
19	Indus Bridge (Khushalgarh)	2	12	2	10	...	...	...
20	Conversion Khushalgarh-Kohat Railway to 5' 6" gauge.	91	15	5	10	...	...	...
21	Minor feeder lines to North-Western Railway .	100	50	10	20	20	...	...
	BOMBAY, BARODA AND CENTRAL INDIA RAILWAY—							
22	Rewari-Phulera	133	53	3	30	20	...	...
23	Bārān-Ajmer-Marwar	213	135	16	48	48	23	...
24	Bombay-Kutch connection	275	340	10	30	30	30	240
25	Nagda-Bārān-Muttra (or Bandikui) . . .	355	350	10	50	90	90	110
	GREAT INDIAN PENINSULA RAILWAY—							
26	Warora-Chanda	42	46	16	30	...	...	...
27	Minor feeder lines to Great Indian Peninsula Railway.	60	30	5	15	10	...	...
	MADRAS RAILWAY—							
28	Coonoor-Ootacamund	12	19	9	10	...	...	...
	SOUTHERN MAHRATTA AND SOUTH INDIAN RAILWAYS—							
29	Trichinopoly-Tirukoilur	97	75	10	35	30	...	...
30	Nanjangud-Erode	120	123	23	50	50	...	...
31	Phiranjipuram-Gurzala (famine feeder) . .	51	13	3	10	...	...	...
	BURMA RAILWAY—							
32	Henzada-Kyangin	66	55	1 5	30	10	...	...
33	Pegu Moulmein	70	75	5	40	30	...	...
34	Pegu Syriam	100	64	1 0	30	24	...	...
35	Sagaing Bridge	...	50	1 0	25	15	...	...
	TOTAL	3,216	2,667	375	908	711	263	410

FINANCIAL STATEMENT OF THE

STATEMENT C IN APPENDIX III.

Statement showing the lines of railway proposed, or which were or are the subject of negotiations, for construction by private companies.

No.	Name of railway.	Length.	Estimated cost.	REMARKS.
			<i>R</i>	
<i>Madras—</i>				
1	Kurnool Road (Dhone)—Kurnool	32	7,11,000	Negotiations still proceeding, the promoters having asked for certain modifications of the terms offered and for the inclusion, in the original scheme, of railways 3 to 6. Concession extended to 31st March 1903.
2	Bezwada-Masulipatam	50	27,89,000	
3	Guntur-Repalle	38	17,34,000	
4	Phirangipuram Gurzala	51	12,60,000	
5	Bellary-Rayadrug	33	8,33,000	
6	Hospet-Kettur	38	10,37,000	
7	Vizianagram-Raipur with Sointilla branch	359	2,81,05,000	Negotiations in progress.
8	Berhampore-Russelkonda	49	14,91,000	
<i>Hyderabad—</i>				
9	Raichur-Wondalli	43	12,53,000	Concession granted in June 1900, but scheme no further advanced.
<i>Rajputana—</i>				
10	Bārān-Ajmer-Marwar	213	1,36,67,000	Under consideration.
11	Nagda-Bārān-Muttra	355	3,50,65,000	
<i>United Provinces of Agra and Oudh—</i>				
12	Fatehpur-Markundi	72	98,46,000	Negotiations dropped by the promoters.
<i>Punjab—</i>				
13	Kangra Valley	90	50,84,000	Negotiations in progress.
14	Jullundur-Hoshiarpur	24	14,10,000	
15	Amritsar-Tarn Taran-Patti . . .	27	13,39,000	
16	MacLeodganj Road-Fazilka-Ferozepore-Ludhiana	150	(a)	
17	Rawal Pindi-Murree with extension to Kuldana and Gharial	50	(b)	Under consideration.
<i>Bengal—</i>				
18	Shibnibash (Kissengunge)—Kotchandpur-Magura	64	49,94,000	Negotiations dropped by the promoters.
19	Phulbari-Sumjhia	13	4,42,000	
20	Akhaura-Bhairab Bazar	19	19,42,000	Concession lapsed.
21	Hooghly-Cutwa-Ahmedpur-Ondal	139	(c)	Negotiations in progress.
22	Burdwan-Cutwa	34	26,49,000	
<i>Assam—</i>				
23	Tilagaon-Sylhet	39	36,17,000	Concession lapsed.

(a) The Ferozepore-Ludhiana section, 77 miles, has alone been surveyed and is estimated to cost Rs. 44,66,000.

(b) Under survey.

The Hooghly-Cutwa section, 65 miles, and the Cutwa-Ahmedpur section, 32 miles, which have been surveyed, are respectively estimated to cost Rs. 2,00,000 and Rs. 32,00,000.

STATEMENT D IN APPENDIX III.

Memorandum on the construction of Railways.

At the commencement of 1902-1903, i.e., on the 1st April 1902, the total length of railways open for traffic was 25,378·34 miles, made up as follows:—

	Miles.	Miles.
(i) East Indian	1,238·04	
Bengal Central (a)	125·01	
Bengal-Nagpur	1,552·98	
Indian Midland	(b) 796·25	
Great Indian Peninsula	1,548·27	6,532·60
Bhopal-Itarsi (British section)	(b) 13·11	
Godhra-Rutlam-Nagda	(c) 141·14	
Bezawada extension	(d) 20·58	
Madras railway (North-East line)	(e) & (f) 497·22	
(g) & (h) 3,077·12		
(ii) North Western	1,037·53	4,382·69
Oudh and Rohilkhand	268·04	
Eastern Bengal		
(iii) Bombay, Baroda and Central India	960·90	1,334·07
Madras	873·17	
(iv) Delhi-Umballa-Kalka	(i) 162·24	
Tarkessur	(i) 22·23	
South Behar	(j) 78·76	
Southern Punjab	(j) 423·93	882·33
Hardwar-Dehra	(k) 32·04	
Tapti Valley	(c) 155·48	
Calcutta Port Commissioners'	7·65	
(v) Khamsaon	(b) 7·89	
Amraoti	(b) 5·72	
Bina-Goonna-Baran	(b) 145·59	
Bhopal-Ujjain	(b) 113·27	
Bhopal-Itarsi (Native State section)	(b) 44·28	723·50
The Nizam's Guaranteed State	330·13	
Nagda-Ujjain	(c) 34·32	
Petlad-Cambay (Anand-Tarapur section)	(c) 21·50	
Petlad-Cambay (Tarapur-Cambay section)	(c) 10·92	
Kolar Gold-fields	(e) 9·88	
(vi) Rajpur-Bhatinda	(j) 107·05	
Jammu and Kashmir (Native state section)	(j) 15·92	201·63
Ludhiana-Dhuri-Jakhal	(j) 78·66	
(vii) Bengal and North-Western—		
Tirhoot section	519·10	
Company's section (h)	743·00	
Rohilkund and Kumaon (Lucknow-Bareilly section)	231·17	
Rajputana-Malwa	(e), (h) & (m) 1,618·39	
Palanpur-Deesa	(c) 17·28	
Southern Mahratta	1,042·04	7,595·41
Guntakal-Mysore frontier	(n) 119·50	
Mysore section (Southern Mahratta)	(n) 298·36	
South Indian	1,333·63	
Tanjore District Board (Mayavaram-Mutupet)	(e) 54·08	
Assam-Bengal	589·21	
Burma	1,177·70	
Jodhpur-Hyderabad (British section)	(p) 123·98	
(viii) Eastern Bengal—		
Northern and Behar sections (including the Kaunia-Dharila, 2' 6" gauge, branch, and British section, Cooch Behar-Santrabari extension, 2' 6" gauge)	502·41	
Dacca section	85·92	
Cawnpore-Burhwal (Metre gauge link)	(q) 79·60	667·93
(ix) Deoghur	4·79	
Brahmaputra-Sultanpur	(r) 59·19	
Mymensingh-Jamulpur-Jagannathganj	(r) 53·37	
Rohilkund and Kumaon (Company's section)	53·92	
Bengal Dooars	36·40	463·42
Bengal Dooars extensions	77·56	
Dibru-Sadiya	77·50	
Ledo and Tikak-Margherita Colliery	(s) 11·00	
Ahmedabad-Parantli	(c) 54·70	
Saganli-Raxaul	(t) 18·19	
Nigiri	(e) 16·90	
(x) Gaekwar's Mehsana	(c) 92·63	
Hyderabad-Godavari Valley	(d) 391·42	
Kolhapur	(n) 29·27	618·25
Hindupur (Yesvantpur-Mysore frontier)	(n) 11·25	
Mysore-Nanjangud	(n) 15·66	
Birur-Shimoga	(n) 37·92	
(xi) Jodhpur-Bikaner	612·29	
Udaipur-Chitor	57·30	
Bhavnagar-Gondal-Junagad-Forbandar	(u) 333·84	1,134·77
Jetalsar-Rajkot	(v) 46·23	
Jamnagar	(v) & (w) 54·28	
Dhrangadra	(v) 20·83	
(xii) West of India Portuguese	51·11	
Pondicherry	(a) 7·85	73·61
Karaikkal-Peralam	(e) 14·65	
(xiii) Bengal-Nagpur (Raipur-Dhamtari branch (2' 6"))		56·24
(xiv) Jorhat (2' 0")	36·25	
Nowshera-Durgal (2' 6")	(f) 40·25	76·63
Dandot Light (2' 0")	(f) 6·13	
(xv) Darjeeling-Himalayan (2' 0")	51·00	
Barsi Light (2' 6")	21·59	
Howrah-Amra (2' 0")	28·69	
Howrah-Sheakhala (2' 0")	19·75	
Ranaghat-Krishnagar (2' 6")	20·25	239·76
Tarakeshwar-Magra (2' 6")	31·19	
Tezpur-Ballpara (2' 6")	20·10	
Powayan Light (2' 6")	(w) 39·50	
Thaton-Duylnzaik Light (2' 6")	7·76	
(xvi) Gaekwar's Dabhol (2' 6")	(c) 78·80	
Rajpipla (2' 6")	(c) 37·37	267·31
Parlakimedi	(y) 25·00	
Gwalior Light (2' 0")	(b) 128·14	
(xvii) Cooch Behar (2' 6")	(r) 33·78	
(xviii) Morvi (2' 6")	91·26	

5' 6" gauge—

(i) State lines worked by companies . . . 6,532·60

(ii) State lines worked by the State . . . 4,382·69

(iii) Guaranteed companies . . . 1,334·07

(iv) Assisted companies . . . 882·33

(v) Lines owned by native states and worked by companies . . . 723·50

(vi) Lines owned by native states and worked by state railway agency . . . 201·63

3' 3 3/4" gauge—

(vii) State lines worked by companies . . . 7,595·41

(viii) State lines worked by the State . . . 667·93

(ix) Assisted companies . . . 463·42

(x) Lines owned by native states and worked by companies . . . 618·25

(xi) Lines owned and worked by native states . . . 1,134·77

(xii) Foreign lines . . . 73·61

Special (2' 6" and 2' 0") gauges—

(xiii) State lines worked by companies . . . 56·24

(xiv) State lines worked by the State . . . 76·68

(xv) Assisted companies . . . 239·76

(xvi) Lines owned by native states and worked by companies . . . 267·31

(xvii) Lines owned by native states and worked by state railway agency . . . 33·78

(xviii) Lines owned and worked by native states . . . 94·36

768·13

TOTAL . . . 25,378·34

(a) Although for convenience classed amongst State railways, this line is the property of the Bengal Central Railway Company.

(b) Worked by the Great Indian Peninsula Railway Company.

(c) Worked by the Bombay, Baroda and Central India Railway Company.

(d) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(e) Worked by the Madras Railway Company.

(f) Including 2·66 miles laid on a mixed (5' 6" and 3' 3 3/4") gauge, and 0·31 mile on the 3' 3 3/4" gauge.

(g) Including 5·63 miles of military line not used for public traffic.

(h) Including 26·28 miles of mixed (5' 6" and 3' 3 3/4") gauge between Kot Kapura and Bhatinda, worked over by the North Western State and Rajputana-Malwa Railways.

(i) Worked by the East Indian Railway Company.

(j) Worked by the North Western State Railway.

(k) Worked by the Oudh and Rohilkhand State Railway.

(l) Although for convenience classed amongst State railways, this line is the property of the Bengal and North-Western Railway Company.

(m) Including 2·10 miles at Ujjain and 3·07 miles between Agra East Bank and Agra Cantonment, laid on the 5' 6" gauge.

(n) Worked by the Southern Mahratta Railway Company.

(o) Worked by the South Indian Railway Company.

(p) Worked by the Jodhpur-Bikaner railway.

(q) Excluding 3·66 miles of the Lucknow-Bareilly railway between Daliganj and Aishbagh, but including the length, Bara Banki to Durbhal, 16·79 miles, and the length over the Cawnpore bridge, 0·59 mile, laid on a mixed gauge.

(r) Worked by the Eastern Bengal State railway.

(s) Worked by the Assam Railways and Trading Company.

(t) Worked by the Bengal and North-Western Railway Company.

(u) Including 4·87 miles of Bhavnagar Dock estates and Junagad quarry lines.

(v) Worked by the Bhavnagar-Gondal-Junagad-Forbandar railway.

(w) Including 3·00 miles of Reel-Bandar Dock estate siding.

(x) Worked by the Rohilkund and Kumaon Railway Company.

(y) Worked by the Bengal-Nagpur Railway Company.

FINANCIAL STATEMENT OF THE

And the mileage under construction or sanctioned for construction on the same date was 2,784·82 miles, as follows:—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by companies	568·02	
(ii) State lines worked by the State	157·70	
(iii) Guaranteed companies	31·09	
(iv) Assisted companies	0·79	
		757·60

3' 3½" gauge—

(v) State lines worked by companies	760·59	
(vi) State lines worked by the State	36·85	
(vii) Assisted companies	107·41	
(viii) Lines owned by native states and worked by companies	164·57	
(ix) Lines owned and worked by native states	160·85	
		1,230·27

Special (2' 6" and 2' 0") gauges—

(x) State lines worked by companies	252·67	
(xi) State lines worked by the State	92·20	
(xii) Assisted companies	354·45	
(xiii) Lines owned by native states and worked by companies	97·63	
		796·95
TOTAL		2,784·82

There was thus a grand total of railways completed and in hand, on the 1st April 1902, of miles **28,163·16**

	Miles.	Miles.	Miles.
East Indian—			
Shikohabad to Farukhabad (a)	65·82		
Sone East Bank to Daltonganj	78·32		
Manpur to 0·87 mile beyond Gurpa	25·25		
Portion of the main line of the Mughal Sarai-Gya branch	0·94		
Mile 132 from Howrah to Sitarampur	6·99	191·33	
Katragarh to Khanoodih	7·80		
Jheriah to Dhanbaid	3·75		
Tasra siding	1·75		
Northern half of the Mulkeera-Katragarh cross connection	0·71		
(i) Bengal-Nagpur—			
Hooghly foreshore to Kidderpore Docks	0·60		
Midnapore to Bhojudih	114·77		
Ramkanali to Nodceha in the Chowrasse coalfields	9·48		
Bhojudih to Hariharpur (a)	27·90	177·77	568·02
Bhojudih to Farhadih	1·45		
Bhojudih to Mhoda, including the Bhaga connection	21·36		
Bhowra siding	1·50		
Southern half of the Mulkeera-Katragarh cross connection	0·71		
Agra-Delhi Chord (a)		121·16	
Azhikar-Mangalore Extension		77·76	
North Western—			
Jech Doab line—			
Malakwal to the Karana Hills		51·40	
Oudh and Rohilkhand—			
Allahabad to Fyzabad		94·67	157·70
Eastern Bengal—			
Extension of Chitpore terminus	1·66		
Panchooria to the Ganges	6·00	11·63	
Kankurgachi to new junction	3·97		
(iii) Madras—			
Badagara to Azhikal			31·09
(iv) Southern Punjab—			
Delhi Brewery to Delhi			0·79

Bengal and North-Western—			
Tirhoot section—			
Sakri to Jainagar (a)	30·47		
Kosi Bridge and approaches, Kursela to Katraeh	3·75	100·22	
Company's section—			
Azamgarh to Shahganj	34·81		
Ballia to Ghazipur	21·16		
Rohilkund and Kumaon (Lucknow-Bareilly section)—			
Dudhwa to the Mohan river		5·96	
Rajputana-Malwa—			
Rewari-Phulera Chord (a)		133·32	
South Indian—			
Madura to Mandapam	91·33	100·33	760·59
Tirupachettu to Sivagunga	9·00		
Tinnevely-Quilon (Travancore) (British section)—			
Tinnevely Bridge to the British frontier near Shencottah		50·33	
Tanjore District Board (Mayavaram-Mutpet)—			
Mutpet to Arantangi	44·86	50·49	
Adirampatnam and Thambikkottai Salt sidings and Arantangi Quarry branch	5·63		
Assam-Bengal—			
Damchara to Lumding	99·40	155·24	
Lakwa to Tinsukia	55·84		
Burma—			
Hsipaw to Lashio (b)	50·30	164·70	
Bassein via Henzada to Letpadan	114·40		
(vi) Eastern Bengal—			
New Gitaldaha Station to Dhubri			36·85
Bengal Doonars—			
Chalsa to Hantupara		39·00	
(vii) Noakhali (Bengal)—			
Laksam via Noakhali to Ichakhali		34·85	107·41
Ahmedabad-Dholka—			
Sabarmati to Dholka		33·46	
(viii) Vijapur-Kalol-Kadi—			
Vijapur to Kadi		41·80	
Shoranur-Cochin—			
Shoranur to Ernakulam		64·83	164·57
Tinnevely-Quilon (Travancore) (Native state section)—			
Quilon to the frontier of the Travancore state near Shencottah		57·91	
Jodhpur-Bikaner—			
Bikaner section—			
Suratgarh to Bhafinda		88·00	160·85
(ix) Jaipur—			
Sanganer to Siwal-Madhonpur		72·85	

Bengal-Nagpur (Jubbulpore-Gondia extension) (2' 6")—			
Jubbulpore to Gondia	143·43	292·67	
Neinpur to Mandla	21·75		
Neinpur to Chindwara	87·49		
(xi) Khushalgarh-Kohat-Thal (2' 0")			92·20
Barsi Light (2' 6")—			
Barsi Road Junction to Pandharpur (a)	31·00	57·70	
Barsi Town to Tadwala	26·70	61·00	
Kalka-Simla (2' 6")			
Bukhtiarpur-Behar Light (2' 6")—			
Bukhtiarpur to Behar		18·75	
(xii) Madras District Board (2' 4")—			
Ammayanayakkannur to Kotagudi	55·00	93·00	354·45
Periyakulam to Krishna-Manalk's Tope	5·00		
Theni to Karuvannath	23·00		
Shahdara-Saharanpur Light—			
Shahdara-Saharanpur	95·00	125·00	
Baraut to Meerut	30·00		
Rewah (2' 6")—			
Rewah to Satna (a)		31·81	
(xiii) Gaekwar's Dabhol (2' 6")—			
Padra to Mhoba		9·00	97·63
Gwalior Light (2' 0")—			
Gwalior to Sabulgarh		56·82	

(a) Commencement of work not yet authorized.

(b) The portion of the Mandalay-Kunien railway from Lashio to the right bank of the Salween river, 53·02 miles, has been abandoned.

During 1902-1903, *i.e.*, from 1st April 1902 to 31st March 1903, 682·22 miles of new railway have been authorized as follows:—

	Miles.	Miles.	Miles.
(i) East Indian— Mile 0·87 beyond Gurpa to Hariharpur	74·54		
Indian Midland— Ait to Kunch	8·85	24·32	
Madras (North-East line)— Korukkuppetai to Basin Road Station	0·93		
North Western— Junction with North Western State railway 12 miles from Quetta to Nushki	82·50		
(ii) Oudh and Rohilkhand— Bálamau to Madhoganj	14·17	171·97	
Eastern Bengal— Kanaghat to Moorshedabad	75·00		
(iii) Bombay, Baroda and Central India— Godhra to Baroda	...	41·85	

(iv) Bengal and North-Western— Company's section— Aunrihar to Jaunpur	36·14		
Famine lines (Madras Presidency)— Bellary to Rayadrug	33·00	71·10	115·62
Hospet to Kottur	38·10		
South Indian— Marina Loop— Saidapet to Madras Beach	8·38		
(v) Eastern Bengal— Golokganj to the Brahmaputra, opposite Gau- hati		151·62	

(vi) Famine lines (Madras Presidency)— Morappur to Dharmapuri (2' 6")	18·37	44·84	
Tirupattur to Krishnagiri (2' 6")	26·47		
(vii) Howrah-Amra (2' 0")— Jagatballupur to Champadanga	17·50	21·00	40·50
Antpur to Rajbulhat	3·50		
Dwara-Therria (2' 6")— Noorpore to Therria Ghat	19·50		
(viii) Moharbhaj (2' 6")— Baripada to Baripada Road Station		28·50	

(ix) East Indian— Mile 132 from Howrah to Sitárampur	6·93	86·06	
Sone East Bank to Daltonganj	78·13		
Portion of the main line of the Moghal Sarai-Gya Branch	0·94		232·27
Bengal-Nágpur— Hooghly foreshore to Kidderpore Docks	0·60		
Midnapore to Bhojudih	114·77	146·21	
Bhojudih to Mhoda, including the Bhaga connec- tion	21·36		
Ramkanali to Noodecha, in the Chowrasse coal- fields	8·18		
(x) Eastern Bengal— Extension of Chitpore Terminus	1·66	7·66	
Panchooria to the Ganges	6·00		
(xi) Madras— Badagara to Azhikal		31·98	

(xii) Bengal and North-Western— Tirhoot Section— Kosi Bridge and approaches, Kursela to Kata- reah	3·75	69·75	
Company's section— Azamgarh to Shahganj	31·84		
Ballia to Ghazipur	31·16		
South Indian— Madura to Mandapam		90·98	417·35
Tinnevely Quilon (Travancore) (British section)— Tinnevely Bridge to Kallidakurichi		19·07	
Tanjore-District Board (Náyavaram-Mutpet)— Mutpet to Pattukottai		17·03	
Assam-Bengal— Lakwa to Tinsukia		55·84	
Burma— Hsipaw to Lashio	50·30	164·70	
Bassein and Henzada to Letpadan	114·40		
(xiii) Eastern Bengal— New Gitaldaha station to Dhubri		36·85	

(xiv) Bengal-Dooars— Chalsa to Dalna	15·00	48·46	
Ahmedabad-Dholka— Sábarmati to Dholka	33·46		

(xv) Vijapur-Káol-Kádi— Vijapur to Kádi	41·80	106·63	
Shoranur-Cochin— Shoranur to Ernakulam	64·83		

(xvi) Jodhpur-Bikaner— Bikaner section— Syratgarh to Bhátinda		88·00	
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(xvii) Bengal-Nágpur (Jubbulpore-Gondia extension) (2' 6")— Gondia to Balaghat		25·23	
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(xviii) Khushálgarh-Kohát-Thal (2' 6")— Khushálgarh and Kohát to Thal		92·20	
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(xix) Gaekwar's Dabhoi (2' 6")— Padra to Mhoba		9·20	
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5' 6" gauge—

(i) State lines worked by com-
panies 84·32

(ii) State lines worked by the
State 171·97

(iii) Guaranteed companies 44·85

301·14

3' 3½" gauge—

(iv) State lines worked by com-
panies 115·62

(v) State lines worked by the
State 151·62

267·24

Special (2' 6" and 2' 0") gauges—

(vi) State lines worked by com-
panies 44·84

(vii) Assisted companies 40·50

(viii) Lines owned by native
states and worked by
companies 28·50

113·84

TOTAL 682·22

And 1,095·83 miles have been or are likely to
be opened to public traffic as follows:—

5' 6" gauge—

(ix) State lines worked by com-
panies 232·27

(x) State lines worked by the
State 7·66

(xi) Guaranteed companies 31·98

271·91

3' 3½" gauge—

(xii) State lines worked by
companies 417·35

(xiii) State lines worked by the
State 36·85

(xiv) Assisted companies 48·46

(xv) Lines owned by native states
and worked by companies 106·63

(xvi) Lines owned and worked
by native states 88·00

697·29

Special (2' 6") gauge—

(xvii) State lines worked by
companies 25·23

(xviii) State lines worked by the
State 92·20

(xix) Lines owned by native
states and worked by
companies 9·20

126·63

TOTAL 1,095·83

FINANCIAL STATEMENT OF THE

The total length of open line at the commencement of 1903-1904, i.e., on the 1st April 1903, will, therefore, be 26,470·57 miles, comprising—

5' 6" gauge— Miles. Miles.

(i) State lines worked by companies . 6,777·63

(ii) State lines worked by the State . 4,397·92

(iii) Guaranteed companies 1,366·25

(iv) Assisted companies . 882·21

(v) Lines owned by native states and worked by companies . 709·89

(vi) Lines owned by native states and worked by state railway agency . 202·93

3' 3½" gauge— 14,336·83

(vii) State lines worked by companies . 8,024·29

(viii) State lines worked by the State . 699·09

(ix) Assisted companies . 495·40

(x) Lines owned by native states and worked by companies . 725·02

(xi) Lines owned and worked by native states . 1,223·04

(xii) Foreign lines . 73·61

Special (2' 6" and 2' 0") gauges—

(xiii) State lines worked by companies . 81·47

(xiv) State lines worked by the State . 168·88

(xv) Assisted companies . 239·76

(xvi) Lines owned by native states and worked by companies . 276·51

(xvii) Lines owned by native states and worked by state railway agency . 33·60

(xviii) Lines owned and worked by native states . 93·07

TOTAL . 26,470·57

- (a) Although for convenience classed amongst State railways, this line is the property of the Bengal Central Railway Company.
(b) Worked by the Great Indian Peninsula Railway Company.
(c) Worked by the Bombay, Baroda and Central India Railway Company.
(d) Worked by His Highness the Nizam's Guaranteed State Railways Company.
(e) Worked by the Madras Railway Company.
(f) Including 1·66 miles laid on a mixed gauge and 0·31 mile on the 3' 3½" gauge.
(g) Including 5·63 miles of military line not used for public traffic.
(h) Including 26·28 miles of mixed gauge (5' 0" and 3' 3½") between Kot-Kapura and Bhātinda, worked over by the North Western State and Rajputana-Malwa railways.
(i) Worked by the East Indian Railway Company.
(j) Worked by the North Western State railway.
(k) Worked by the Oudh and Rohilkhand State railway.
(l) Although for convenience classed amongst State railways, this line is the property of the Bengal and North-Western Railway Company.
(m) Including 2·10 miles at Ujjain and 3·07 miles between Agra East Bank and Agra Cantonment laid on the 5' 6" gauge.
(n) Worked by the Southern Mahratta Railway Company.

* Correction of mileage.

† Made up as follows:—

Open at the commencement of 1903-1904 25,378·34

Add—Opened during 1902-1903 1,095·83

Add—Increase due to correction of mileage 28,474·17

Less—Mileage abandoned on the opening of the Mughalhat-Dhubri Extension (Kerigram to Jatrampur) 5·69

26,470·57

	Miles.	Miles.
(i) East Indian	1,923·92	
Bengal Central (a)	125·01	
Bengal-Nagpur	1,699·19	
Indian Midland	(b) 796·25	
Great Indian Peninsula	1,517·63	
Khamgaon	(b) (d) 7·89	8,777·63
Amraoti	(b) (d) 5·72	
Bhopal-Itarsi (British section)	(d) 13·11	
Godhra-Rutlam-Nagdā	(c) 141·14	
Bezawada extension	(d) 20·58	
Madras Railway (North-East line)	(e) (f) 497·19	
North Western	(g) (h) 3,080·61	
Oudh and Rohilkhand	1,037·83	4,397·92
Eastern Bengal	279·44	
(iii) Bombay, Baroda and Central India	(d) 460·90	
Madras	905·35	1,366·25
Delhi-Umballa-Kalka	(i) 162·24	
Tarkessur	(i) 22·23	
(iv) South Behar	(i) 78·76	
Southern Punjab	(j) 423·81	882·21
Hardwar-Dehra	(k) 32·04	
Tapil Valley	(c) 155·48	
Calcutta Port Commissioners	7·65	
Bina-Goonā-Bārān	(b) 145·59	
Bhopal-Ujjain	(b) 113·27	
Bhopal-Itarsi (Native state section)	(b) 44·28	
The Nizam's Guaranteed State	330·13	
Nagdā-Ujjain	(c) 34·32	709·89
Petlad-Cambay (Anand-Tarapur section)	(c) 21·50	
Petlad-Cambay (Tarapur-Cambay section)	(c) 10·92	
Kolar Gold-fields	(c) 9·88	
Rajpara-Bhātinda	(j) 107·39	
(vi) Jammu and Kashmir (Native state section)	(f) 15·92	202·93
Ludhiana-Dhuri-Jakhal	(f) 79·62	
Bengal and North-Western—		
Tirhoot section	519·10	
Company's section (i)	809·00	
Rohilkund and Kumaon (Lucknow-Bareilly section)	231·17	
Rajputana-Malwa	(c, h, & m) 1,648·36	
Pātanpur-Deesa	(c) 17·28	
Southern Mahratta	1,042·04	
Guntakal-Mysore frontier	(n) 119·50	8,024·29
Mysore section (Southern Mahratta)	(n) 296·22	
Nilgiri	(e) (z) 16·90	
South Indian	* 1,123·13	
Tianerelly-Quilon (Travancore) (British section)	* 19·05	
Tanjore District Board (Māyavaram-Mutupet)	(e) 71·11	
Assam-Bengal	645·05	
Burma	1,342·40	
Jodhpur-Hyderabad (British section)	(z) 123·98	
Eastern Bengal—		
Northern and Behar sections (including the Kaunia-Dharila 2' 6" gauge branch and British section, Cooch Behar-Santirabari extension 3' 6" gauge)	* 533·57	
Dacca section	85·92	699·09
Cawnpore-Burhwal (Metre gauge link)	(g) 78·60	
Deoghur	4·79	
Brahmaputra-Sultanpur	(r) 59·37	
Mymensingh-Jamāipur-Jagannathganj	(r) 53·37	
Rohilkund and Kumaon (Company's section)	53·92	
(ix) Bengal Dooars	76·40	
Bengal Dooars extensions	* 92·76	495·40
Dibrū-Sadiya	77·50	
Ledo and Likak-Margherita Colliery	(s) 11·00	
Ahmedabad-Parantij	(c) 54·70	
Saganli-Raxaul	(c) 18·09	
Ahmedabad-Dholka	(c) 33·50	
Gaekwar's Melsāna	(c) 92·63	
Hyderabad-Godāvari Valley	(d) 391·42	
Kolhapur	(n) 29·27	
Hindupur (Yesvantpur-Mysore frontier)	(n) 51·35	
(x) Mysore-Nanjangūd	(n) 15·80	725·02
Vijapur-Kalā-Kādī	(c) 41·80	
Shoranur-Cochin	(c) 64·83	
Birur-Shimoga	(n) 37·92	
Jodhpur-Bikaner	700·29	
Udaipur-Chitor	67·30	
Bhāvnagar-Gondal-Junāgad-Porbandar	(u) 334·19	1,223·04
Jetalsar-Rajkot	(v) 46·21	
Jamnagar	(v) 54·22	
Dhrangadri	(w) 20·83	
(xii) West of India Portuguese	(n) 51·11	
Pondicherry	(c) 7·85	73·61
Kāraikkal-Peralam	(c) 14·65	
(xiii) Bengal-Nāgpur (Jubbulpore-Gondia extension) (2' 6")—	25·23	81·47
Gondia to Balaghat	56·21	
Raipur-Dhamtari branch	30·25	
(xiv) Nowshera-Durgal (2' 6")	(j) 40·25	168·88
Dandot Light (2' 0")	(j) 6·18	
Khushālgarh-Kohat-Thal (2' 6")	(j) 92·20	
Darjeeling-Himalayan (2' 0")	51·00	
Barsi Light (2' 6")	21·59	
Howrah-Amra (2' 0")	28·69	
Howrah-Sheakhala (2' 0")	19·75	
(xv) Rānaghat-Krishnagar (2' 6")	20·25	239·76
Tarakeshwar-Magra (2' 6")	31·12	
Tezpur-Ballipara (2' 6")	30·10	
Powayan (2' 6")	(n) 25·50	
Thaton-Dryinzaik Light (2' 6")	7·76	
Gaekwar's Dabhol (2' 6")	(c) 83·00	
(xvi) Rajpipla (2' 6")	(c) 37·37	276·51
Parlakmedil (2' 6")	(v) 25·00	
Gwalior Light (2' 0")	(b) 126·14	
(xvii) Croch Behar (2' 6")		33·60
(xviii) Morvi (2' 6")		93·07

(a) Worked by the South Indian Railway Company.

(b) Worked by the Jodhpur-Bikaner railway.

(c) Excluding 3·66 miles of the Lucknow-Bareilly railway between Dallaganj and Aishbagh but including the length, Bara Banki to Burhwal, 16·70 miles, and the length over Cawnpore bridge, 0·59 mile, laid on a mixed gauge.

(d) Worked by the Eastern Bengal State railway.

(e) Worked by the Assam Railways and Trading Company.

(f) Worked by the Bengal and North-Western Railway Company.

(g) Including 4·93 miles of Bhāvnagar Dock estates and Junāgad quarry lines.

(h) Worked by the Bhāvnagar-Gondal-Junāgad-Porbandar railway.

(i) Including 3·93 miles of Bedi Bandar Dock estate siding.

(j) Worked by the Rohilkund and Kumaon Railway Company.

(k) Worked by the Bengal-Nāgpur Railway Company.

(l) Purchased by the State with effect from the 1st January 1903.

(m) Includes 30·25 miles between Viramgam and Wadhwan converted from the 5' 6" gauge to the 3' 3½" gauge on the 14th December 1902.

(n) Classed as a State railway in consequence of the lease in perpetuity of the Assigned Districts of Berar to the British Government with effect from the 1st October 1902.

(o) Worked by the South Indian Railway Company.

(p) Worked by the Jodhpur-Bikaner railway.

(q) Excluding 3·66 miles of the Lucknow-Bareilly railway between Dallaganj and Aishbagh but including the length, Bara Banki to Burhwal, 16·70 miles, and the length over Cawnpore bridge, 0·59 mile, laid on a mixed gauge.

(r) Worked by the Eastern Bengal State railway.

(s) Worked by the Assam Railways and Trading Company.

(t) Worked by the Bengal and North-Western Railway Company.

(u) Including 4·93 miles of Bhāvnagar Dock estates and Junāgad quarry lines.

(v) Worked by the Bhāvnagar-Gondal-Junāgad-Porbandar railway.

(w) Including 3·93 miles of Bedi Bandar Dock estate siding.

(x) Worked by the Rohilkund and Kumaon Railway Company.

(y) Worked by the Bengal-Nāgpur Railway Company.

(z) Purchased by the State with effect from the 1st January 1903.

And the mileage under construction or sanctioned for construction on the 31st March 1903 will be 2,371·07 miles, made up as follows:—

	Miles.	Miles.	Miles.
(i) East Indian—			
Kātrāgarh to Khanoodih	7·80		
Northern half of the Mulkeera	0·71		
Kātrāgarh cross connection	99·79	179·62	
Manpur to Hariharpur	3·75		
Jheriah to Dhanbaid	1·75		
Tasra siding	65·82		
Shikohabad to Farukhabad			
Bengal-Nāgpur—			
Bhojudih to Parthadhi	1·45		
Bhowra siding	1·50		
Southern half of the Mulkeera-Kātrā-	0·71	31·56	419·39
garh cross connection	27·90		
Bhojudih to Hariharpur			
Indian Midland—			
Alt to Kunch		8·85	
Madras (North-East line)—			
Korukkupettai to Basin Road Station		0·83	
Agra-Delhi Chord		121·16	
Azhikal-Mangalore Extension		77·27	
North Western—			
Malakwal to the Karana Hills	51·40		
Junction with the North Western State	82·50	133·90	
railway 12 miles from Quetta to Nushki			
Ondh and Rohilkhand—			
Allahabad to Fyzabad	91·67		
Bālamau to Madhoganj	14·47	109·14	321·82
Eastern Bengal—			
Rānaghat to Moorshedabad	75·00		
Kankurgachi Chord	2·25		
Kankurgachi to Canal Junction	1·53	78·78	
(iii) Bombay, Baroda and Central India—			
Godhra to Baroda			44·85
(iv) Southern Punjab—			
Delhi Brewery to Delhi			0·79
Bengal and North-Western—			
Lirhoot section—			
Sakri to Jainagar (a)	30·47		
Company's section—			
Aunrihar to Jaunpur	36·14	66·61	
Rohilkund and Kumaon (Lucknow-Bareilly section)—			
Dudhwa to the Mohan river		5·96	
Rajputana-Malwa—			
Rewari to Phulera (a)		133·32	
Famine lines (Madras Presidency)—			
Bellary to Rayadrug	33·00		
Hospet to Kottur	38·10	71·10	
(v) South Indian—			
Tirupachettu to Sivagunga	9·00		
Saidapet to Madras Beach	8·38	17·38	459·03
Tinnevely-Quilon (Travancore) (British section)—			
Kallidaikurichi to the British Frontier			
near Shencottah		31·28	
Tanjore District Board (Māyavaram-Mutupet)—			
Parukottai to Arantangi	28·35		
Adirampatnam and Thambikkottai		33·98	
Salt sidings and Arantangi Quarry			
branch	5·68		
Assam-Bengal—			
Damchara to Lumding		99·40	
(vi) Eastern Bengal—			
Golokganj to the Brahmaputra, opposite Gaubati			151·62
(vii) Bengal Dooars—			
Dainā to Hantupara		23·80	
Noakhali (Bengal)—			58·75
Lāksām via Noakhali to Ichakhali		34·95	
(viii) Tinnevely-Quilon (Travancore) (Native state section)—			
Quilon to the Frontier of the Travancore State near Shencottah			57·94
(ix) Jalpur—			
Sanganer to Siwai-Modhopur			72·85
(x) Bengal-Nāgpur (Jubbulpore-Gondia extension) (2' 6")—			
Balaghat to Jubbulpore	118·20		
Neinpur to Mandla	21·75	227·44	
Neinpur to Chindwara	87·49		
Famine lines (Madras Presidency)—			
Morappur to Dharmapuri (2' 6")	18·37		
Tirupattur to Krishnagiri (2' 6")	26·47	44·84	272·28
(xi) Bārsi (2' 0")—			
Bārsi Road Junction to Pandharpur (a)	30·67		
Bārsi Town to Tadwaia	28·70	57·37	
Howrah-Amta (2' 0")—			
Jagatbulubpur to Champadanga	17·50		
Antpur to Rajbulhat	3·50	21·00	
Kalka-Simla (2' 6")—			
Kalka to Simla		60·00	
Dwara-Therria (2' 6")—			
Noorpore to Therria Ghat		19·50	
Bukhtlarpur-Behar (2' 6")		18·75	394·62
Madura District Board (2' 6")—			
Ammayanayakkanur to Kotagudi	55·00		
Periyakulam to Krishna Manaik's Tope	5·00		
Theni to Karuvannath	33·00	93·00	
Shahdara-Saharanpur (2' 6")—			
Shahdara to Saharanpur	95·00		
Baraut to Meerut	30·00	125·00	
(xii) Moharbhaj (2' 6") (b)—			
Baripada to Baripada Road Station		28·50	
Rewah (2' 6")—			
Rewah to Sutna (a)		0·21·81	117·13
Gwallor (2' 0")—			
Gwallor to Sabulgarh		56·82	

5' 6" gauge—

(i) State lines worked by companies	419·39
(ii) State lines worked by the State	321·82
(iii) Guaranteed companies	44·85
(iv) Assisted companies	0·79
	<u>786·85</u>

3' 3½" gauge—

(v) State lines worked by companies	459·03
(vi) State lines worked by the State	151·62
(vii) Assisted companies	58·75
(viii) Lines owned by native states and worked by companies	57·94
(ix) Lines owned and worked by native states	72·85
	<u>800·19</u>

Special (2' 6" and 2' 0") gauges—

(x) State lines worked by companies	272·28
(xi) Assisted companies	394·62
(xii) Lines owned by native states and worked by companies	117·13
	<u>784·03</u>
TOTAL	<u>2,371·07</u>

Making a grand total of railways completed and in hand, at the commencement of 1903-1904 of miles *28,841·64

And showing, after allowing for corrections of mileage, an advance on the previous year of miles 678·48

(a) Commencement of work not yet authorized.

(b) Quotation of working Agency not yet finally settled.

* Made up as follows:

Completed and in hand at the beginning of 1902-1903	28,163·16
Sanctioned during 1902-1903	632·22
	<u>28,845·38</u>

Add—

Increase due to corrections of mileage	1·95
	<u>28,847·33</u>

Deduct—

Mileage abandoned on the opening of the Mogalhat-Dhubri Extension (Kurigram to Jatraipur)	5·89
	<u>28,841·44</u>

FINANCIAL STATEMENT OF THE

It is expected that the following lengths of unfinished line will be opened for public traffic in 1903-1904 :—

	Miles.	Miles.
<i>5' 6" gauge—</i>		
(i) State lines worked by companies	17'67	
(ii) State lines worked by the State	143'40	
(iii) Guaranteed companies	44'85	205'92
<i>3' 3½" gauge—</i>		
(iv) State lines worked by companies	164'99	
(v) Lines owned by native states and worked by companies	57'94	222'93
<i>Special (2' 6") gauge—</i>		
(vi) State lines worked by companies	165'33	
(vii) Assisted companies	60'00	225'33
TOTAL	654'18	

Leaving the undermentioned lines for completion in 1904-1905 or later :—

	Miles.	Miles.
<i>5' 6" gauge—</i>		
(viii) State lines worked by companies	401'72	
(ix) State lines worked by the State	178'42	
(x) Assisted companies	0'79	580'93
<i>3' 3½" gauge—</i>		
(xi) State lines worked by companies	294'04	
(xii) State lines worked by the State	151'62	
(xiii) Assisted companies	58'75	
(xiv) Lines owned and worked by native states	72'85	577'26
<i>Special (2' 6" and 2' 0") gauges—</i>		
(xv) State lines worked by companies	106'95	
(xvi) Assisted companies	334'62	
(xvii) Lines owned by native states and worked by companies	117'13	558'70
TOTAL	1,716'89	

	Miles.	Miles.	Miles.
<i>East Indian—</i>			
Jheriah to Dhanbaid	3'75		
Kātrāgarh to Khanoodih	7'80		
Tasra siding	1'75		
Northern half of the Mulkeera-Kātrāgarh cross connection	0'71	14'01	
(i) Bengal-Nāgpur—			
Bhojudih to Parthadihi	1'45		
Bhowra siding	1'50		
Southern half of the Mulkeera-Kātrāgarh cross connection	0'71	3'66	
(ii) North Western—			
Jech Doab line—			
Malakwāl to the Karana Hills	51'40		
Oudh and Rohilkhand—			
Phaphamau to Fyzabad	92'00		
(iii) Bombay, Baroda and Central India—			
Godhra to Baroda			4
<i>Rohilkund and Kumaon (Lucknow-Bareilly section)—</i>			
Dudhwa to the Mohan River	5'96		
(iv) Tinnevely-Quilon (Travancore) (British section)—			
Kallidaikurichi to the British Frontier near Shencottah	31'28	168	
Tanjore District Board (Māyavāram-Mutupet)—			
Pattukotai to Arantangi	28'35		
(v) Assam-Bengal—			
Lamchara to Lumding	99'40		
(vi) Tinnevely-Quilon (Travancore) (Native state section)—			
Quilon to the Frontier of the Travancore State near Shencottah			5
<i>Bengal-Nāgpur (Jubbulpore-Gondia extension) (2' 6")—</i>			
Balaghat to Jubbulpore	118'20	168	
Neinpur to Seoni	47'13		
(vii) Kalka-Simla (2' 6")			
			6
<i>East Indian—</i>			
Maunpur to Hariharpur	99'79	165'61	
Shikohabad to Farukhabad	65'82		
(viii) Bengal-Nāgpur—			
Bhojudih to Hariharpur	27'90		
(ix) Indian Midland—			
Alt to Kunch	8'85	401	
Madras (North-East line)—			
Korukkupettai to Basia Road	0'93		
Agra-Delhi Chord	121'16		
Azhikāl to Mangalore extension	77'27		
(x) North Western—			
Junction with the North Western State railway 12 miles from Quetta to Nushki	82'50		
(xi) Oudh and Rohilkhand—			
Allahabad to Phaphamau	2'67	17'14	
Bālamau to Madhoganj	13'47		
(xii) Eastern Bengal—			
Rānaghat to Moorahedabad	75'00		
Kankurgachi Chord	2'25	78'78	
Kankurgachi to Canal Junction	1'53		
(xiii) Southern Punjab—			
Delhi Brewery to Delhi			0
<i>Bengal and North-Western—</i>			
(i) Tirhoot section—			
Sakri to Jainagar(a)	20'47	66'61	
(ii) Company's section—			
Aunrihar to Jaunpur	30'14		
(iii) Rajputana-Malwa—			
Rewāri to Phulera(a)		123'32	
(iv) Famine lines (Madras Presidency)—			
Bellary to Rayadrug	33'00	71'10	
Hospet to Kottur	28'10		
(v) South Indian—			
Tirupachetty to Sivagunga	9'00	17'38	
Saldapet to Madras Beach	8'38		
(vi) Tanjore District Board (Māyavāram-Mutupet)—			
Adirampatnam and Thambikkottai			
Salt sidings and Arantangi Quarry branch		5'63	
(vii) Eastern Bengal—			
Golokganj to the Brahmaputra, opposite Gauhati		151'61	
(viii) Noakhali (Bengal)—			
Lāksam via Noakhali to Ichakhali	34'85	58'71	
(ix) Bengal Doars—			
Dāoga to Hantupara	23'80		
(x) Jaipur—			
Sanganer to Siwal-Mādhopur		2'21	
<i>Bengal-Nāgpur (Jubbulpore-Gondia extension) (2' 6")—</i>			
Neinpur to Mandla	21'75	62'11	
Seoni to Chindwara	40'36		
(xi) Famine lines (Madras Presidency)—			
Morappur to Dharmapuri (2' 5")	18'37	44'84	
Tirupattur to Krishnagiri (2' 6")	28'47		
(xii) Bārsi (2' 6")—			
Bārsi Town to Tadwala	26'70	57'37	
Bārsi Road Junction to Pandharpur(a)	30'67		
(xiii) Howrah-Amra (2' 0")—			
Jagatballupur to Champadanga	17'50	21'00	
Antpur to Rajbulhat	3'50		
(xiv) Dwara-Therria (2' 6")—			
Noorpore to Therria Ghat		19'50	
(xv) Bukhtiarpore-Behar (2' 6")—			
Madura District Board (2' 6")—		18'75	
Ammayanayakanur to Kota-gudi	55'00		
Periyakulam to Krishna Man-aik's Tope	5'00	93'00	
Theni to Karuvannath	33'00		
(xvi) Shahdara-Saharanpur (2' 6")—			
Shahdara to Saharanpur	95'00	125'00	
Baraut to Meerut	30'00		
(xvii) Moharbhaj (2' 6") (b)—			
Baripada to Baripada Road Station	28'50		
(xviii) Rewah (2' 6") (a)—			
Rewah to Sutna	21'81	117'13	
(xix) Gwalior (2' 6")—			
Gwalior to Sabulgarh	56'82		

(a) Commencement of work not yet authorised.
(b) Question of working agency not yet finally settled.

APPENDIX IV.

	1894-95.	1895-96.	1896-97.
Recorded Revenue compared with recorded* expenditure, excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	R 69,31,100	R 1,53,39,980	R 1,70,50,220
Deficit	R 4,44,62,310	R 4,35,88,920	R 6,42,01,230
Capital Expenditure on Public Works not charged against Revenue†			
Ditto charge involved in Redemption of Liabilities	4,822,662	—586,412	5,407,235
Net Public Debt incurred	4,172,650	—500,651	7,538,228
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies			
Value of commodities exported, excluding Gold and Silver	R 1,08,91,40,000	1,14,33,50,000	1,03,98,40,000
Ditto imported, ditto ditto	R 73,52,90,000	72,93,70,000	76,11,70,000
Excess of Exports over Imports, excluding Gold and Silver	R 35,38,50,000	41,39,80,000	27,86,70,000
Net Imports of Gold	R —4,97,40,000	2,52,60,000	2,29,10,000
Ditto of Silver	R 6,32,90,000	6,58,20,000	5,85,60,000
TOTAL NET IMPORTS OF GOLD AND SILVER	R 1,35,50,000	9,10,80,000	8,14,70,000
Excess of Exports over Imports including Gold and Silver	R 34,03,00,000	32,29,00,000	19,72,00,000
Grand Total value of Imports and Exports of all kinds	R 2,00,25,00,000	2,04,89,90,000	1,98,12,30,000
Secretary of State's Bills sold (Rupees)	R 30,96,98,798	31,08,54,373	25,78,70,106
Sterling Equivalent received	£ 16,905,102	17,064,492	15,526,547
Silver coined at the Indian Mints	R 9,45,940	29,27,130	56,86,050
Maximum price in pence of an oz. troy. standard Silver in London	30½ (Aug.)	31½ (Feb.)	31½ (June)
Minimum ditto ditto ditto	27½ (Dec. & Jan.)	29½ (Apl.)	28½ (Mar.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 1'1005d.	1s. 1'6381d.	1s. 1'4505d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 3¼d. 1st quarter. For the remaining quarters, 1s. 1½d.	1s. 1½d.	1s. 1½d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	9 (Apl.)	7 (Feb.)	10 (Dec. 23 to Mar. 31).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (Sept. 6 to Jan. 16.)	3 (July 25 to Nov. 13.)	3 (July 2 to Sept. 2).
Maximum rate of discount at the Bank of England	2	2	4
Minimum ditto ditto	2	2	2
Maximum Government balances at the three Presidency Banks R	4,29,20,000 (Jan.)	4,16,19,000 (May)	3,91,42,000 (Aug.)
Minimum ditto ditto ditto R	3,16,57,000 (Nov.)	3,00,15,000 (Nov.)	2,02,19,000 (Nov.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities	105—2 (June)	...	...
Minimum ditto ditto ditto	102—3 (May)	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	105—7 (Mar.)	109—8 (Oct.)	110—15 (May)
Minimum ditto ditto ditto	102—9 (Jan.)	104—15 (Jan.)	98—11 (Feb.)
Maximum price in Calcutta of 3 per cent Rupee Securities	...	...	105 (Aug.)
Minimum ditto ditto ditto	...	...	97 (Jan. to Mar.)
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	R 23,63,46,000 (Apl.)	25,35,43,000 (Nov.)	26,64,72,000 (Nov.)
Minimum ditto ditto ditto R	13,73,29,000 (Dec.)	24,05,02,000 (Apl.)	23,92,57,000 (Mar.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	59½ (Aug.)	...	...
Minimum ditto ditto ditto	53½ (May)	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	58½ (Mar.)	65½ (Feb.)	65½ (Aug.)
Minimum ditto ditto ditto	53½ (Jan.)	57½ (Apl. & May)	60 (Oct.)
Maximum price in London of India 3½ per cent Stock	116 (Feb.)	120½ (Feb.)	122½ (Apl.)
Minimum ditto ditto ditto	108½ (June)	114½ (Apl.)	114½ (Sept.)
Maximum price in London of India 3 per cent Stock	105 (Jan.)	111½ (Feb.)	115½ (May)
Minimum ditto ditto ditto	98½ (June)	103½ (May)	106 (Oct.)
Maximum price in London of India 2½ per cent Stock	...	...	103 (June)
Minimum ditto ditto ditto	...	...	93½ (Sept.)
Maximum Government Paper Currency outstanding	R 32,35,54,000 (Nov.)	32,42,86,000 (July)	29,58,99,000 (July)
Minimum ditto ditto ditto	R 29,50,00,000 (Jan.)	25,94,07,000 (Mar.)	23,57,85,000 (Feb.)
Number of Post Office Savings Banks	6,384	6,343	6,420
Number of accounts in Post Office Savings Banks	611,947	653,892	713,320
Amount deposited in Savings Banks	R 8,40,17,923	9,04,23,072	9,63,92,411
Average of each deposit	R 137'29	138'28	135'13
Net addition to deposits	R 13,60,603	64,05,149	59,69,339

* Excludes Capital charge involved in redemption of

† In calculating this rate, a re-remittance to India

‡ Excludes remittances of Gold Reserve Fund.

§ Include remittances of the Gold Reserve Fund.

|| Continuing.

DIX IV.

FINANCIAL STATISTICS.

CELLANEOUS.

1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.	1902-1903, Revised.	1903-1904, Budget.
...	£ 2,640,873	£ 2,774,623	£ 1,670,204	£ 4,950,243	£ 2,738,500	£ 948,700
R 5,35,92,110	£ 3,279,316	£ 4,093,159	£ 4,040,958	£ 4,071,152	£ 5,250,000	£ 6,001,400
R 5,30,92,250	£ 2,553,052	£ -121,298	£ 5,922,350	£ 2,582,283	£ 1,037,900	£ 2,643,300
6,077,779	£ 1,169,161	£ -787,763	£ 10,827,153	£ 3,207,898	£ 1,690,900	£ 3,675,800
5,651,626			£ 12,173,251			
97,63,30,000	1,12,80,00,000	1,09,08,30,000	1,07,71,80,000	1,24,89,50,000		
73,64,70,000	72,10,20,000	75,30,40,000	80,89,50,000	88,78,00,000		
23,98,60,000	40,69,80,000	33,77,90,000	26,82,30,000	36,11,50,000		
4,90,90,000	6,50,30,000	9,44,00,000	84,20,000	1,93,80,000		
8,47,30,000	3,98,10,000	3,57,70,000	9,50,70,000	7,19,30,000		
13,38,20,000	10,48,40,000	13,01,70,000	10,34,90,000	9,13,10,000		
10,60,40,000	30,21,40,000	20,76,20,000	16,47,40,000	26,98,40,000		
1,98,95,90,000	2,10,20,80,000	2,13,31,80,000	2,27,41,70,000	2,45,74,86,000		
14,81,28,010	28,07,63,671	28,48,00,943	19,98,37,693	\$ 27,83,01,050	\$ 27,38,01,000	25,50,00,000
9,506,077	18,692,377	19,067,022	13,300,277	\$ 18,539,071	\$ 18,261,000	17,000,000
98,56,910	69,83,650	2,22,59,751	17,26,48,724	5,13,47,732	10,08,30,122	
28½ (Apl.)	28½ (Sept.)	29 (Apl.)	30½ (Oct.)	27½ (Apl.)	24½ (Apl.)	
23½ (Aug.)	25½ (Apl.)	26½ (Oct.)	27½ (Apl.)	24½ (Mar.)	21½ (Nov. & Jan.)	
† 1s. 3'3539d.	1s. 3'9784d.	1s. 4'0676d.	1s. 3'9733d.	1s. 3'9876d.	1s. 4'0066d.	1s. 4d.
1s. 2½d.	1s. 3½d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.
12 (Feb. 24 to Mar. 31).	12 (Apl. 1-27)	8 (Oct. 8 to 25 and Jan. 11 to Mar. 14).	8 (Feb. 7 to Mar. 20).	8 (Feb. 12 to Mar. 26)	8 (Feb. 19 to Mar. 14)½	
5 (July 15 to Sept. 8 & Nov. 25 to Dec. 15)	4 (July 28 to Sept. 7).	4 (July 6 to Sept. 13).	3 (July 5 to Aug. 8).	3 (Feb. 18 to Aug. 21)	3 (July 10 to Oct. 14).	
3 (Oct. to Mar.)	4 (Apl. and May Oct. to Jan.)	6 (Nov. 30 to Jan. 10).	5 (Jan. 3 to Feb. 1).	4 (Apl. to June 5 and Nov. to Jan. 22).	4 (Oct. 2 to Mar. 19)	
2 (May to Sept.)	2½ (July to Sept.)	3 (Apl. to July 12).	3 (June 14 to July 18).	3 (June 13 to Oct. 30, and Feb. 6 to Mar. 31).	3 (Apl. 1 to Oct. 1).	
3,27,96,000 (Mar.)	3,48,23,000 (Aug.)	4,16,05,000 (June)	3,31,13,000 (Jan.)	3,38,00,000 (June)	3,60,28,000 (Dec.)	
2,02,53,000 (Sept.)	2,76,74,000 (Nov.)	2,58,60,000 (Nov.)	2,59,78,000 (Nov.)	2,93,82,000 (Mar.)	3,06,24,000 (Mar.)	
...	...	...	...	...	...	
104-1 (May 21)	101-11 (Feb. 22)	101-9 (May 3 and 4 and 25 to 27).	97-12 (Oct. 24)	97-7 (Aug. 15)	99-9 (May 17)	
94-4 (Jan. 7)	92-10 (Apl. 22)	92-4 (Oct. 6)	93-11 (July 28)	94-7 (May 11)	96-12 (Apl. 2-3)	
97-4 (May & June).	95-8 (Mar. 15 to 17 and 22).	95-8 (May 15 to 29).	89 (5 and 6 Apl. and 1 to 9 May).	87-0 (Apl. 1 to May 8).	87-0 (Sept. 13-16)	
90-0 (Jan. to Mar.)	86-0 (Nov. 16 to Jan. 17).	88 (Mar. 13 and 14, 19, 20 and 22 to 31).	85-12 (Feb. 4 to Mar. 25).	83-0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31)	82-12 (Apl. 1-2)	
23,47,80,000 (Apl.)	21,93,37,000 (Oct.)	21,36,32,000 (Apl.)	22,25,04,000 (Sept.)	22,34,60,000 (Apl.)	20,28,92,000 (Apl.)	
21,39,05,000 (Mar.)	21,33,46,000 (Aug.)	20,28,73,000 (Aug.)	20,84,80,000 (Sept.)	20,23,95,000 (Dec.)	19,18,57,000 (Feb.)	
...	...	...	...	...	...	
64½ (Jan.)	67½ (Mar.)	67½ (Apl.)	65 (Nov.)	64½ (Feb.)	66½ (Feb. and Mar.)	
60½ (Dec.)	61½ (Oct. and Nov.)	62 (Oct. and Dec.)	62½ (July)	63 (July)	64½ (Apl. & June)	
119½ (Aug.)	117½ (Mar.)	116½ (Apl.)	111½ (Apl.)	109½ (Aug.)	110½ (June)	
114½ (Mar.)	111 (Oct.)	104½ (Dec.)	105 (July)	106½ (July)	106 (Oct.)	
112½ (May)	109½ (Feb.)	109½ (Aug.)	103½ (Apl.)	102 (June)	102½ (June)	
105 (Mar.)	103½ (Oct.)	98½ (Dec.)	95 (Aug.)	97½ (Oct.)	98½ (Oct.)	
99½ (Apl.)	94½ (Mar.)	99½ (Apl.)	90½ (May)	87 (Apl.)	90½ (June)	
92 (Mar.)	84½ (Oct.)	86 (Dec.)	85 (Aug.)	81½ (Dec.)	85½ (Apl.)	
24,76,40,000 (Mar.)	28,20,33,000 (Mar.)	29,27,12,000 (July)	30,78,41,000 (July)	31,85,96,000 (Oct.)	35,57,65,000 (Aug.)	
22,86,16,000 (May)	23,24,55,000 (May)	26,26,32,000 (Dec.)	27,89,64,000 (Apl.)	27,67,80,000 (Feb.)	31,24,79,000 (Apl.)	
6,290	6,310	6,479	6,636	7,053		
730,387	755,871	785,729	816,651	866,693		
9,28,72,978	9,42,80,041	9,64,64,466	10,04,32,569	10,68,21,233		
127'15	124'73	122'77	122'98	123'25		
-35,19,433	14,07,063	21,84,425	39,68,103	63,88,664		

Liabilities.

of Rs. 1,00,00,000 by means of Bank drafts is taken into account.

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures except in accounts.)

	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.
Open mileage at end of official year .	2,588	2,588	2,612	1,305	1,334	1,366	1,411
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross traffic receipts	5,41,45,964	6,38,10,069	6,26,01,464	3,78,25,951	2,65,89,776	2,75,85	2,79,50.
Working expenses	3,21,32,048	3,29,83,339	3,39,93,236	1,80,72,459	1,28,64,943	1,38,80	1,41,75
Percentage of working expenses on receipts	59'34	51'69	54'30	47'78	48'38	50'32	50'72
Net Revenue .	2,20,13,916	3,08,26,730	2,86,08,228	1,97,53,492	1,37,24,833	1,37,05	1,37,75
Guaranteed Interest paid in England £	2,154,784	2,162,525	2,172,336	1,589,417	1,009,544	1,028,1	1,046,7
Ditto converted at Rs. 15 = £1 from 1898-99	3,36,81,849	3,24,37,876	3,25,85,042	2,38,41,249	1,51,43,168	1,54,22	1,57,01
Guaranteed interest paid in India plus interest on overdrawn Capital .	88,990	82,089	1,28,387	1,22,657	1,04,551	1,02	1,59
Surplus paid to Railway Companies .	11,03,022	36,18,447	42,03,949	25,81,739	23,16,119	13,00	14,50
Land and Supervision	1,59,111	3,63,890	9,47,051	16,263	1,00,580	—30	—31
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	11,04,620	18,16,734	21,01,940	97,052	—2,80,239	—5,63	—4,07
Total Expenditure .	3,61,37,592	3,83,19,036	3,99,66,369	2,66,26,434	1,71,83,019	1,62,31	1,68,72
Net Expenditure from the Public Treasury	1,41,23,676	74,92,306	1,13,58,141	68,72,942	34,58,186	25,26	30,97

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1901-1902, and estimated expenditure on such works in 1902-1903 and 1903-1904, and to end of 1903-1904.

RAILWAYS.	To end of 1900-1901.	Accounts. 1901-1902.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.	To end of 1903-1904.	Sanctioned outlay.	Balance remaining unspent
OPEN LINES.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian	29,42,16,424	1,42,14,385	1,29,50,000	1,87,50,000	34,01,30,809	34,01,30,809	...
Rajputana-Malwa System	15,36,83,744	15,05,914	24,00,000	27,00,000	16,02,89,658	16,02,89,658	...
Palampur-Deesa	2,33,264	...	4,000	...	2,37,264	2,37,264	...
Bhopal	24,84,596	2,06,467	2,70,000	3,00,000	32,61,063	32,61,063	...
Warora Colliery	16,70,801	—70,915	—70,000	—32,000	14,97,886	14,97,886	...
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...
Jorhat	9,10,126	—5,028	—8,000	—3,000	8,94,098	8,94,098	...
Eastern Bengal	11,25,44,591	32,85,395	48,52,000	62,34,000	12,69,15,986	12,69,15,986	...
Tirhoot	3,02,02,897	4,60,549	18,00,000	15,50,000	3,40,13,446	3,40,13,446	...
Oudh and Rohilkhand	18,94,20,482	22,33,665	44,45,000	43,29,000	20,04,28,147	20,04,28,147	...
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...
North Western	46,11,85,247	47,79,084	60,16,000	63,58,000	47,83,38,331	47,83,38,331	...
Guntakal-Mysore frontier	59,02,377	206	6,000	13,000	59,21,583	59,21,583	...
South Indian	9,56,54,920	4,29,083	3,00,000	15,50,000	9,79,34,003	9,79,34,003	...
Mayavaram-Mutpet	25,22,058	—9,95,605	8,17,000	7,77,000	31,20,453	31,20,453	...
Jodhpur-Hyderabad (British Sec.)	38,57,701	1,28,892	69,000	30,000	40,85,593	40,85,593	...
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...
Frontier Railway Reserve Material	43,45,582	...	58,000	...	44,03,582	44,03,582	...
Peshawar Railway Reserve Material	1,30,734	1,65,149	1,000	...	2,96,883	2,96,883	...
Great Indian Peninsula	10,90,66,094	3,73,378	16,25,000	26,50,000	11,37,14,472	11,37,14,472	...
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...
Madras Railway—North-East Line	6,17,36,438	—10,78,985	20,00,000	20,00,000	6,46,57,453	6,46,57,453	...
Bezwada Extension	11,51,679	5,162	8,000	18,000	11,82,841	11,82,841	...
Nilgiri Railway	...	...	35,17,000	23,000	35,40,000	35,40,000	...
TOTAL	1,64,40,01,835	2,56,36,796	4,10,60,000	4,72,47,000	1,75,79,45,631	1,75,79,45,631	...
LINES UNDER CONSTRUCTION.							
Assam-Bengal (Construction)	5,05,00,646	69,94,629	79,43,000	33,90,000	6,88,28,275	12,00,00,000	4,74,79,555
Ditto (Land)	36,03,883	53,287	25,000	10,000	36,92,170	1,000	438
Ditto (Chittagong Jetties)	6,26,220	36,342	—6,62,000	...	562	1,000	438
Jech-Doab	(a) 12,777	1,43,137	14,47,000	5,40,000	21,42,914	25,70,000	4,27,086
Nowshera-Dargai	15,98,913	4,56,707	4,87,000	1,50,000	26,92,620	22,08,000	—4,84,620
Madura-Pamban	17,00,584	30,77,156	12,51,000	6,00,000	66,28,740	68,90,000	2,61,260
Hajipur-Katihar extension	1,40,72,839	21,28,892	15,65,000	...	1,77,66,731	1,65,82,000	—11,84,731
Madras Famine Feeder lines	...	...	1,54,000	23,00,000	24,54,000	34,63,000	10,09,000
Doubling the line from Tiljola to Dum-Dum (E. B. railway)	...	1,25,629	2,57,000	25,000	4,07,629	35,34,000	31,26,371
Extensions to Chitpore („)	...	17,16,734	7,53,000	5,00,000	29,69,734	29,45,000	—24,734
Rungpur-Dhubri Extension	25,79,597	29,22,685	6,55,000	1,10,000	62,67,282	62,87,000	19,718
Teesta Bridge	17,88,396	41,770	17,000	...	18,53,166	19,58,000	1,04,834
Jullunder-Hoshiarpur	14,531	...	...	...	14,531	15,000	469
Ludhiana-Ferozepur	28,311	...	...	...	28,311	29,000	689
Agra-Delhi Chord	1,00,892	635	17,65,000	45,00,000	63,66,527	90,76,000	27,09,473
Allahabad-Fyzabad	(a) 50,816	5,78,027	53,49,000	46,96,000	1,06,73,843	1,17,09,000	10,35,157
Tinnevely-Quilon—British Sec.	10,24,670	16,61,030	6,17,000	6,70,000	39,72,706	45,06,000	5,33,294
Ditto —Native State Section	14,36,436	36,44,901	31,19,000	20,25,000	1,02,25,337	1,12,65,000	10,39,663
Khushalgarh-Kohat-Thal	3,74,861	28,50,837	22,55,000	1,25,000	56,05,698	67,59,000	11,53,302
Azikhah-Mangalore	...	...	4,45,000	30,00,000	34,45,000	1,08,63,000	74,18,000
Marina Loop	...	...	6,000	5,25,000	5,31,000	14,92,000	9,61,000
Dhubri-Gauhati	...	...	32,000	10,00,000	10,32,000	92,31,000	81,99,000
Moorshedabad Branch	...	...	16,13,000	45,92,000	62,05,000	68,25,000	6,20,000
Kankoorgachi Chord	...	...	3,70,000	5,00,000	8,70,000	18,91,000	7,29,000
Doubling the line between Canal Junction and Kankoorgachi	...	...	92,000	2,00,000	2,92,000	60,000	...
Ahmedabad-Dholka	...	...	60,000	...	60,000	60,000	...
Balamau-Madhoganj	...	...	...	2,88,000	2,88,000	3,88,000	1,00,000
Hapur-Meerut	...	...	...	6,94,000	6,94,000	5,75,000	—1,19,000
Quetta-Nushki	...	...	6,75,000	10,00,000	16,75,000	70,06,000	53,31,000
TOTAL	7,95,14,372	2,64,38,404	3,02,90,000	3,14,40,000	16,76,82,776	24,81,28,000	8,04,45,224
Carried forward	1,72,35,16,207	5,20,75,200	7,13,50,000	7,86,87,000	1,92,56,28,407	2,00,60,73,631	8,04,45,224

(a) Survey outlay brought on to the construction account during 1901-1902.

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1901-1902, and estimated expenditure on such works in 1902-1903 and 1903-1904, and to end of 1903-1904—concluded.

RAILWAYS.	To end of 1900-1901.	Accounts, 1901-1902.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.	To end of 1903-1904.	Sanctioned outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	1,72,35,16,207	5,20,75,200	7 13,50,000	7,86,87,000	1,92,56,28,407	2,00,60,73,631	8,04,45,224
LINES IN ABEYANCE OR TRANS- FERRED TO COMPANIES, ETC.							
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071	5,27,071	..
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	..
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	..
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...
Nagpur-Chhattisgarh Deprecia- tion Account	6,57,038	...	...	...	6,57,038	6,57,038	... *
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...
TOTAL	1,85,67,814	...	...	...	1,85,67,814	1,85,67,814	...
Stores	9,58,766	—2,21,826	—1,50,000	...	5,86,940	5,86,940	...
Reserve	...	...	...	44,08,000	44,08,000	44,08,000	...
TOTAL	1,74,30,42,787	5,18,53,374	7,12,00,000	8,30,95,000	1,94,91,91,161	2,02,96,36,385	8,04,45,224
Distributed as under—							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—							
State Railways—Construc- tion*	1,00,18,72,972	5,28,54,007	7,02,37,000	8,00,21,000	1,20,49,81,979	1,20,49,81,979	...
Redemption of Liabilities†	59,20,83,646	...	...	...	59,20,83,646	59,20,83,646	...
FAMINE RELIEF AND INSUR- ANCE—							
Protective Railways	7,24,12,846	...	1,54,000	23,00,000	7,48,66,846	7,48,66,846	...
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance)	5,45,35,712	...	...	...	5,45,35,712	5,45,35,712	...
CONSTRUCTION OF RAILWAYS (charged to Provincial or Local Revenues)	98,31,429	—10,00,633	8,09,000	7,74,000	1,04,13,796	1,04,13,796	...
OTHER EXPENDITURE charged against Revenue	1,23,06,182	...	...	...	1,23,06,182	1,23,06,182	...
TOTAL AS ABOVE	1,74,30,42,787	5,18,53,374	7,12,00,000	8,30,95,000	1,94,91,91,161	2,02,96,36,385	8,04,45,224

* INCLUDES DEBENTURES RAISED BY
COMPANIES—

East Indian Railway	6,92,18,056	1,63,463	1,95,50,000	1,87,50,000	10,76,81,519
South Indian Railway	37,59,234	1,12,98,004	22,50,000	52,50,000	2,25,57,238
Great Indian Peninsula Railway	...	...	...	67,50,000	67,50,000
TOTAL	7,29,77,290	1,14,61,467	2,18,00,000	3,07,50,000	13,69,88,757

	Rs.
† East Indian Railway	18,05,08,229
Eastern Bengal Railway	2,35,46,757
Oudh and Rohilkhand Railway	15,50,40,735
North Western Railway	7,36,74,320
South Indian Railway	7,03,88,355
Great Indian Peninsula Railway	8,88,35,250
TOTAL	59,20,83,646

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1901-1902, and estimated expenditure on such works in 1902-1903 and 1903-1904, and to end of 1903-1904.

	Actual outlay to end of 1900-1901.	Accounts, 1901-1902.	Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.	Total Actual and estimated outlay to end of 1903-1904.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
IRRIGATION WORKS.							
CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.							
<i>Burma.</i>							
Mandalay Canal	35,03,320	4,86,180	6,24,000	5,49,000	51,62,500	46,06,719	...
Shwebo Canal	1,31,773	7,71,686	10,71,000	11,51,000	31,25,459	46,28,060	15,02,601
Mon Canals	...	...	..	1,00,000	1,00,000	42,63,836	41,63,836
<i>Bengal.</i>							
Orissa Canals	2,58,59,296	35,023	31,000	65,000	2,59,90,319	...	...
Midnapur Canal	82,88,766	1,522	5,000	...	82,95,288	...	...
Hijili Tidal Canal	25,51,729	—88	...	...	25,51,641	...	...
Sone Canals	2,58,44,320	—20,151	—2,000	...	2,58,22,169	...	...
<i>United Provinces.</i>							
Ganges Canal	2,83,79,836	33,956	2,70,000	7,13,000	2,93,96,792	...	...
Lower Ganges Canal	3,37,24,680	59,149	31,000	2,31,000	3,40,45,829	...	...
Ditto Fatehpur Branch	30,52,159	47,395	97,000	49,000	32,55,554	...	...
Agra Canal	89,28,692	63,156	2,57,000	3,49,000	95,97,848	...	...
Eastern Jumna Canal	37,45,714	96,879	1,96,000	3,57,000	43,95,593	...	...
<i>Punjab.</i>							
Western Jumna Canal (including Sirsa Branch)	1,63,40,231	81,860	43,000	26,000	1,64,91,091	...	...
Bari Doab Canal	1,77,92,561	6,64,811	5,98,000	6,50,000	1,97,05,372	...	...
Sirhind Canal (State outlay)	2,32,80,318	12,517	1,67,000	1,90,000	2,36,49,835	...	...
Chenab Canal	2,52,63,656	6,47,792	9,55,000	8,50,000	2,77,16,448	...	...
Jhelum Canal	68,46,889	24,18,894	19,80,000	19,30,000	1,31,75,783	1,21,69,085	...
<i>Madras.</i>							
Godavari Delta System	1,13,02,849	87,353	70,000	1,20,000	1,15,80,202	...	...
Kistna Delta System	1,28,26,009	2,46,944	3,94,000	4,00,000	1,38,66,953	...	...
Pennér River Canals System	49,97,756	1,27,142	1,68,000	1,65,000	54,57,898	...	...
Periyar Project	85,58,295	41,626	1,24,000	3,62,000	90,85,921	...	...
<i>Bombay.</i>							
Desert Canal	17,94,784	4,28,108	3,27,000	50,000	25,99,892	...	...
Begari Canal	16,57,544	...	...	...	16,57,544	...	...
Eastern Nara Works	59,32,488	1,31,870	1,29,000	2,59,000	64,52,358	...	...
Jamrao Canal	74,05,146	4,00,775	4,11,000	...	82,16,921	77,26,671	...
Mutha Canals	64,32,361	45,759	1,61,000	3,49,000	69,88,120	...	...
Other projects	3,47,73,172	14,45,184	6,42,000	15,30,000	3,83,90,356	...	...
Deduct—Outlay incurred from Ordinary Revenues	32,92,24,344	83,55,342	87,49,000	1,04,45,000	35,67,73,686	...	...
	5,62,08,065	1,42,076	2,37,000	4,45,000	5,70,32,141	...	...
TOTAL	27,30,16,279	82,13,266	85,12,000	1,00,00,000	29,97,41,545	...	...
PROTECTIVE IRRIGATION WORKS.							
<i>Bengal.</i>							
Dhaka Canal	30,288	81,839	85,000	50,000	2,47,127	2,85,471	38,344
Trebeni Canal	1,22,723	2,05,057	3,00,000	5,00,000	11,27,780	37,04,802	25,77,022
<i>United Provinces.</i>							
Betwa Canal	42,68,294	19,146	47,000	1,03,000	44,38,040	...	...
<i>North-West Frontier Province.</i>							
Swat River Canal	39,91,707	—1,409	32,000	60,000	40,82,298	...	...
<i>Madras.</i>							
Rushikulya Project	43,89,544	49,577	63,000	40,000	45,42,121	45,53,000	10,879
<i>Bombay.</i>							
Nira Canal	53,57,257	785	4,000	12,000	53,74,042	...	...
Other projects	26,73,145	7,04,786	10,65,000	17,35,000	61,77,931	...	...
Deduct—Outlay incurred from Ordinary Revenues	2,08,32,958	10,60,381	15,96,000	25,00,000	2,59,89,339	...	...
	28,93,110	...	...	...	28,93,110	...	...
TOTAL	1,79,39,848	10,60,381	15,06,000	25,00,000	2,30,96,229	...	...
GRAND TOTAL	29,09,56,127	92,73,647	1,01,08,000	1,25,00,000	32,28,37,774	...	...

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1901-1902, with Revised Estimates for 1902-1903 and Budget Estimates for 1903-1904.

	ACCOUNTS.					Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.		
GUARANTEED RAILWAYS.	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>
Open mileage at beginning of year	2,588	2,588	2,588	2,612	1,305	1,334	1,366
<i>Gross Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Madras	1,13,97,301	1,02,35,380	1,09,06,956	1,15,52,942	1,10,33,035	1,18,00,000	1,16,50,000
Ditto Extensions	...	...	...	...	56,465	1,85,000	3,00,000
Bombay, Baroda and Central India	1,40,17,891	1,67,45,041	1,84,32,686	1,73,43,582	1,55,00,276	1,56,00,000	1,60,00,000
Great Indian Peninsula	2,87,30,772	3,68,29,648	3,32,61,822	89,29,427	...	...	...
TOTAL	5,41,45,964	6,38,10,069	6,26,01,464	3,78,25,951	2,65,89,776	2,75,85,000	2,79,50,000
<i>Working Expenses.</i>							
Madras	55,05,832	51,88,748	57,09,501	56,71,710	56,45,793	60,00,000	62,50,000
Ditto Extensions	...	...	...	...	22,046	80,000	1,25,000
Bombay, Baroda and Central India	78,89,334	72,51,431	90,16,496	83,57,857	71,97,104	78,00,000	78,00,000
Great Indian Peninsula	1,87,36,882	2,05,43,160	1,92,67,239	40,42,892	...	...	...
TOTAL	3,21,32,048	3,29,83,339	3,39,93,236	1,80,72,459	1,28,64,943	1,38,80,000	1,41,75,000
<i>Net Traffic Receipts.</i>							
Madras	58,91,469	50,46,632	51,97,455	58,81,232	53,87,242	58,00,000	54,00,000
Ditto Extensions	...	...	...	...	34,419	1,05,000	1,75,000
Bombay, Baroda and Central India	61,28,557	94,93,610	94,16,190	89,85,725	83,03,172	78,00,000	82,00,000
Great Indian Peninsula	99,93,890	1,62,86,488	1,39,94,583	48,86,535	...	...	...
TOTAL	2,20,13,916	3,08,26,730	2,86,08,228	1,97,53,492	1,37,24,833	1,37,05,000	1,37,75,000

GOVERNMENT OF INDIA FOR 1903-1904.

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APPENDIX IV—continued.

STATE RAILWAYS.		ACCOUNTS.					Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
		1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.		
		M.	M.	M.	M.	M.		
(a) Open mileage at beginning of year		15,378	15,582	16,643	17,136	19,295	19,403	20,241
Gross Traffic Receipts.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian { England	India	3,595	3,455	3,450	3,450	3,450	3,000	3,000
Rajputana-Malwa System		5,88,41,206	6,01,07,531	6,58,04,353	6,75,19,065	7,10,62,672	6,70,00,000	6,82,00,000
Bhopal		1,97,44,695	2,28,60,759	2,77,81,248	2,84,65,308	2,81,18,427	2,45,50,000	2,57,00,000
Palampur-Deesa		1,52,216	1,93,364	2,09,610	2,55,120	2,92,862	3,60,000	3,60,000
Warora Colliery		39,696	40,271	49,701	40,983	39,190	35,000	40,000
Wardha Coal		5,52,256	6,09,393	5,77,182	6,59,350	6,98,956	6,70,000	7,00,000
Bengal-Nagpur		1,98,857	2,09,600	2,07,216	1,75,380	...	...	...
Umaria Colliery		61,53,113	73,81,307	1,07,42,719	1,21,44,574	1,35,36,367	1,46,00,000	1,75,00,000
Burma		3,85,062	4,78,862	14,995	...	...	...	...
Mu Valley		86,92,755	86,77,541	94,69,988	1,13,34,182	1,22,32,691	1,25,00,000	1,30,00,000
Assam-Bengal		10,65,504	14,22,065	16,04,649	18,21,277	20,92,758	21,00,000	24,50,000
Jorhat		1,07,237	94,036	91,299	85,785	83,310	85,000	85,000
Cherra-Companyganj		5,707	6,505	6,355	4,818	2,828	...	...
Eastern Bengal		1,53,02,138	1,41,48,932	1,61,22,698	1,71,05,236	1,70,14,290	1,75,00,000	1,75,00,000
Bengal and North-Western and Tirhoot		62,50,386	66,33,807	81,68,864	84,24,104	99,79,539	1,01,50,000	1,04,00,000
Bengal Central		11,83,699	10,38,158	11,49,611	13,61,919	13,93,160	13,15,000	13,50,000
Brahmaputra-Sultanpur Branch.		...	...	...	...	1,62,203	2,40,000	2,40,000
Oudh and Rohilkhand		88,21,064	1,00,88,265	1,13,25,817	1,16,10,252	1,35,20,795	1,34,00,000	1,35,00,000
Indian Midland { England	India	...	...	...	...	45,000	...	...
Lucknow-Bareilly		56,86,339	57,13,632	73,33,950	89,21,183	83,73,471	92,00,000	88,00,000
Hardwar-Dehra		8,99,020	10,43,931	13,09,526	12,74,927	13,86,506	14,25,000	14,25,000
North-Western		...	...	...	48,031	2,27,429	2,50,000	2,75,000
South Indian		3,48,28,212	3,64,17,015	3,53,04,846	3,22,31,188	4,26,53,446	4,18,00,000	4,10,00,000
Mysore		89,44,017	84,35,906	86,58,220	90,20,566	1,03,68,269	1,06,50,000	1,08,00,000
Nilgiri		18,99,315	12,10,229	11,24,012	14,53,141	14,04,895	16,30,000	15,00,000
Bezwada Extension		...	...	...	...	...	...	3,00,000
North East Line, Madras Railway (East Coast, Southern Section)		...	...	...	...	2,64,398	2,85,000	2,85,000
Guntakal-Mysore Frontier		31,26,053	31,77,776	52,81,401	60,95,150	46,90,260	45,00,000	47,00,000
Tinnevely-Quilon		6,36,828	3,87,828	4,05,156	4,59,810	4,37,238	4,60,000	4,50,000
Mayavaram-Mutpet		...	...	...	...	...	70,000	2,66,000
Dhond and Manmad (net)		2,58,372	2,45,846	2,38,518	2,42,502	2,97,287	3,20,000	3,75,000
Southern Mahratta		2,81,272	2,89,635	2,99,554	2,11,534	...	...	...
Hyderabad-Shadipalli		61,74,980	49,94,337	62,93,041	63,75,599	57,12,614	65,50,000	65,50,000
Jodhpur-Hyderabad (British Sec- tion)		2,11,653	2,29,706	2,20,367	1,97,480	...	...	...
Great Indian Peninsula		...	...	...	12,802	4,00,599	5,15,000	5,20,000
In England		...	...	...	2,67,52,243	4,26,63,480	4,37,50,000	4,23,00,000
„ India		3,595	3,455	3,450	3,450	48,450	3,000	3,000
TOTAL		19,04,41,652	19,61,36,237	21,97,94,896	25,43,03,499	28,91,09,940	28,59,13,000	29,05,71,000

(a) Includes the length of the Bengal and North-Western Railway.

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FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.		
<i>Working Expenses.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	1,95,32,035	2,33,39,483	2,50,54,050	2,44,32,167	2,61,51,049	2,62,00,000	2,56,00,000
Rajputana-Malwa System	99,30,441	1,21,28,709	1,29,30,693	1,46,14,424	1,30,31,577	1,19,00,000	1,24,00,000
Bhopal	91,080	1,13,929	1,25,531	1,27,788	1,48,626	1,76,000	1,65,000
Palampur-Deesa	27,424	26,514	27,831	37,279	25,256	26,000	28,000
Warora Colliery	3,95,929	4,26,619	4,05,760	4,18,647	4,33,330	4,40,000	4,40,000
Wardha Coal	1,40,326	1,31,773	1,24,716	94,626	...	...	...
Bengal-Nagpur	31,70,834	36,16,820	45,80,706	53,76,704	72,65,514	74,00,000	85,00,000
Umaria Colliery	3,77,229	4,51,067	16,848	...	...	...	...
Burma	...	...	...	...	...	...	...
Mu Valley	51,97,806	52,71,162	55,53,838	66,60,429	73,85,882	76,50,000	78,00,000
Assam-Bengal	8,97,608	13,79,359	12,34,774	14,25,435	16,96,274	18,50,000	19,50,000
Jorhat	81,701	88,183	1,03,821	94,770	84,715	88,000	75,000
Cherra-Companyganj	68,628	1,07,271	43,911	19,534	7,640	...	...
Eastern Bengal	66,64,217	66,44,427	72,72,708	81,43,336	87,19,070	89,00,000	92,50,000
Bengal and North-Western and Tirhoot	44,33,591	48,23,561	63,93,740	75,64,228	74,10,199	79,40,000	79,00,000
Bengal Central	8,13,198	7,71,673	8,07,735	9,20,155	9,00,740	9,00,000	9,00,000
Brahmaputra-Sultanpur Branch	...	...	...	...	82,471	1,30,000	1,30,000
Oudh and Rohilkhand	46,15,177	47,92,194	50,44,137	58,76,434	65,83,646	67,00,000	67,50,000
Indian Midland	31,25,639	32,45,596	38,01,188	43,98,626	42,14,819	46,00,000	43,30,000
Lucknow-Bareilly	5,34,976	6,00,961	7,73,507	6,92,805	7,69,986	7,50,000	7,50,000
Hardwar-Dehra	...	...	...	24,016	1,24,969	1,45,000	1,60,000
North Western	1,83,01,773	1,91,54,545	1,90,26,943	1,88,63,796	2,22,52,333	2,40,00,000	2,40,00,000
South Indian	50,78,583	49,58,361	47,25,019	47,99,860	55,50,380	53,50,000	62,00,000
Mysore	13,32,970	9,68,892	8,34,759	10,78,609	11,27,457	12,00,000	11,40,000
Nilgiri	...	...	...	...	...	...	2,25,000
Bezwada Extension	...	...	...	...	1,20,248	1,50,000	1,25,000
North East line, Madras Railway (East Coast, Southern Section)	21,53,985	22,71,399	31,99,538	33,96,835	25,12,717	27,00,000	26,00,000
Guntakal-Mysore Frontier	3,71,670	2,69,557	2,62,609	2,95,561	3,10,308	2,90,000	2,90,000
Tinnevely Quilon	...	...	...	...	...	30,000	1,46,000
Mayavaram-Mutupet	1,49,832	1,69,999	1,39,379	1,35,869	1,63,106	1,67,000	2,25,000
Southern Mahratta	43,78,972	39,46,803	45,93,822	48,03,985	44,92,654	46,50,000	49,25,000
Hyderabad-Shadipalli	1,46,397	1,54,057	1,39,499	1,25,616	...	...	...
Jodhpur-Hyderabad (British Sec- tion)	...	...	...	12,217	2,44,773	2,90,000	2,95,000
Great Indian Peninsula	...	...	...	1,25,52,735	2,05,75,278	2,21,50,000	2,12,50,000
TOTAL	9,20,12,021	9,98,52,914	10,72,17,062	12,69,85,686	14,23,85,017	14,67,72,000	14,85,49,000

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1902-1903.	Budget Estimate, 1903-1904.
	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902.		
<i>Net Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	3,93,12,766	3,67,71,503	4,07,53,753	4,30,90,348	4,49,15,073	4,08,03,000	4,26,03,000
Rajputana-Malwa System	98,14,254	1,07,32,050	1,48,50,555	1,38,50,884	1,50,86,850	1,26,50,000	1,33,00,000
Bhopal	61,136	79,435	84,079	1,27,332	1,44,236	1,84,000	1,95,000
Pālanpur-Deesa	12,272	13,757	21,870	3,704	13,934	9,000	12,000
Warora Colliery	1,56,327	1,82,774	1,71,422	2,40,703	2,65,626	2,30,000	2,60,000
Wardha Coal	58,531	77,827	82,500	80,754	...	...	...
Bengal-Nagpur	29,82,279	37,64,487	61,62,013	67,67,870	62,70,853	72,00,000	90,00,000
Umaria Colliery	7,833	27,795	—1,853	...	...	...	...
Burma	34,94,949	34,06,379	39,16,150	46,73,753	48,46,809	48,50,000	52,00,000
Mu Valley							
Assam-Bengal	1,67,896	42,706	3,69,875	3,95,842	3,96,484	2,50,000	5,00,000
Jorhat	25,536	5,853	—12,522	—8,985	—1,405	—3,000	10,000
Cherra-Companyganj	—62,921	—1,00,766	—37,556	—14,716	—4,812	...	...
Eastern Bengal	86,37,921	75,04,505	88,49,990	89,61,890	82,95,220	86,00,000	82,50,000
Bengal and North-Western and Tirhoot	18,16,795	18,10,246	17,75,124	8,59,876	25,69,340	22,10,000	25,00,000
Bengal Central	3,70,501	2,66,485	3,41,876	4,41,764	4,92,420	4,15,000	4,50,000
Brahmaputra-Sultanpur Branch	...	...	...	...	79,732	1,10,000	1,10,000
Oudh and Rohilkhand	42,05,887	52,96,071	62,81,680	57,33,818	69,37,149	67,00,000	67,50,000
Indian Midland	25,60,700	24,68,036	35,32,762	45,22,557	42,03,652	46,00,000	44,70,000
Lucknow-Bareilly	3,64,039	4,42,970	5,36,019	5,82,122	6,16,520	6,75,000	6,75,000
Hardwar-Dehra	...	...	...	24,015	1,02,460	1,05,000	1,15,000
North-Western	1,65,26,444	1,72,62,470	1,62,77,903	1,33,67,392	2,04,01,113	1,78,00,000	1,70,00,000
South Indian	38,65,434	34,77,545	39,33,201	42,20,706	48,17,889	53,00,000	46,00,000
Mysore	5,66,345	2,41,337	2,89,253	3,74,532	2,77,438	4,30,000	3,60,000
Nilgiri	...	...	...	...	...	...	75,000
Bezwāda Extension	...	...	...	...	1,44,150	1,35,000	1,60,000
North East line, Madras Railway (East Coast, Southern Section)	9,72,068	9,06,377	20,81,863	26,99,115	21,77,543	18,00,000	21,00,000
Guntakal-Mysore Frontier	2,65,158	1,18,271	1,42,547	1,64,249	1,26,930	1,70,000	1,60,000
Tinnevely-Quilon	...	...	...	...	...	40,000	1,20,000
Mayavaram-Mutupet	1,08,540	75,847	99,139	1,06,633	1,34,181	1,53,000	1,50,000
Dhond and Manmad	2,81,272	2,89,635	2,99,554	2,11,534	...	...	...
Southern Mahratta	17,96,008	10,47,534	16,99,219	15,71,614	12,19,960	19,00,000	16,25,000
Hyderabad-Shadipalli	65,256	75,649	80,868	71,864	...	...	...
Jodhpur-Hyderabad (British Sec- tion)	...	...	...	585	1,55,826	2,25,000	2,25,000
Great Indian Peninsula	...	...	...	1,41,99,508	2,20,88,202	2,16,00,000	2,10,50,000
TOTAL	9,84,33,226	9,62,86,778	11,25,81,284	12,73,21,263	14,67,73,373	13,91,41,000	14,20,25,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1901-02, with Revised Estimates for 1902-03, and Budget Estimates for 1903-04.

	ACTUALS.					Revised Estimate, 1902-03.	Budget Estimate, 1903-04.
	1897-98.	1898-99.	1899-1900.	1900-01.	1901-02.		
DIRECT RECEIPTS—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mandalay canal . . .	...	...	...	...	...	24,000	50,000
Orissa canals . . .	5,54,757	4,69,554	4,42,497	4,08,888	3,49,006	4,22,000	4,23,000
Midnapur canal . . .	2,75,636	2,33,772	2,38,652	2,34,213	2,40,992	2,23,000	2,15,000
Hijili Tidal canal . . .	92,210	75,286	53,234	47,349	47,942	44,000	47,000
Sone canals . . .	12,66,974	10,75,265	10,95,351	11,15,881	11,38,971	13,11,000	11,60,000
Ganges canal . . .	36,35,539	32,06,998	36,57,032	38,83,058	28,27,161	35,65,000	32,20,000
Lower Ganges canal . . .	29,09,026	22,79,590	22,29,549	21,86,673	19,96,655	22,93,000	24,10,000
Ditto Fatehpur Branch . . .	...	...	76,330	84,969	80,380	1,50,000	2,00,000
Agra canal . . .	9,74,061	6,81,498	8,28,626	9,27,398	6,65,736	8,90,000	8,80,000
Eastern Jumna canal . . .	14,15,472	12,48,831	12,41,746	12,34,495	11,79,374	13,50,000	11,90,000
Betwa canal . . .	1,37,700	1,10,665	94,267	56,896	75,562	1,10,000	80,000
Western Jumna canal (including Sirsa Branch) . . .	25,48,661	28,00,084	29,79,562	25,33,190	21,84,804	22,57,000	21,00,000
Chenab canal . . .	20,48,891	24,06,523	30,02,897	42,77,499	53,47,867	67,13,000	68,00,000
Bari Doab canal . . .	29,30,064	30,06,435	29,69,561	30,16,243	28,52,395	33,12,000	30,00,000
Sirhind canal . . .	32,96,639	27,53,361	30,90,800	30,53,344	23,15,816	29,54,000	23,00,000
Jhelum canal . . .	...	...	...	...	...	51,000	3,50,000
Swat River canal . . .	3,65,500	4,13,960	4,18,038	4,84,502	4,57,845	4,76,000	4,60,000
Godavari Delta System . . .	96,447	1,09,589	1,13,290	1,15,714	1,10,381	1,10,000	1,11,000
Kistna " " . . .	45,228	78,372	61,565	87,066	70,850	64,000	63,000
Pennér River canals " . . .	1,687	2,302	1,695	2,387	3,512	3,000	3,000
Periyar Project . . .	684	581	1,220	1,624	1,615	2,000	2,000
Rushikulya " . . .	784	1,470	1,789	2,027	5,084	3,000	5,000
Desert canal . . .	32,835	43,442	47,591	39,462	48,290	44,000	45,000
Begari " . . .	37,651	49,964	55,277	59,348	47,713	52,000	51,000
Eastern Nara Works . . .	26,537	26,363	22,808	28,705	27,154	23,000	23,000
Mutha canals . . .	2,34,169	2,57,142	3,20,928	2,12,883	2,05,926	3,10,000	3,00,000
Nira canal . . .	1,35,705	1,42,459	1,48,200	1,33,866	2,28,058	2,43,000	2,43,000
Jamrao canal . . .	...	...	...	2,060	5,128	12,000	1,04,000
Other projects . . .	7,14,583	6,55,795	4,85,433	5,41,411	7,89,448	10,41,000	9,22,000
TOTAL . . .	2,37,77,440	2,21,29,301	2,36,77,938	2,47,71,151	2,33,93,665	2,80,52,000	2,67,57,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal . . .	...	...	...	...	...	...	8,000
Ganges canal . . .	7,15,593	7,15,593	7,80,511	7,80,511	8,26,342	8,72,000	8,72,000
Lower Ganges canal . . .	2,09,586	2,09,586	2,09,586	2,09,586	2,09,586	2,10,000	2,10,000
Eastern Jumna " . . .	2,49,803	2,49,803	2,50,989	2,50,989	2,52,041	2,54,000	2,54,000
Chenab canal . . .	2,79,202	3,31,965	4,57,345	6,32,690	10,46,645	9,59,000	10,22,000
Bari Doab canal . . .	2,13,629	2,21,189	2,27,286	2,33,160	2,36,603	2,30,000	2,30,000
Swat River " . . .	42,418	40,823	41,257	42,550	44,580	50,000	45,000
Godavari Delta System . . .	29,10,856	29,15,743	25,66,115	29,25,382	30,93,882	31,18,000	31,18,000
Kistna " " . . .	23,08,267	24,91,812	25,40,854	26,34,552	27,42,392	27,42,000	27,42,000
Pennér River canals " . . .	3,32,676	3,51,193	2,61,246	3,57,541	3,69,205	3,69,000	3,69,000
Periyar Project . . .	1,06,582	2,62,867	3,24,717	3,88,061	4,43,315	4,44,000	4,53,000
Rushikulya " . . .	58,144	82,033	91,059	87,131	95,844	1,01,000	1,05,000
Desert canal . . .	1,19,348	1,11,398	1,26,878	1,60,930	1,39,985	1,44,000	1,53,000
Begari " . . .	3,62,798	3,54,168	3,90,454	4,16,913	3,34,669	3,37,000	3,59,000
Eastern Nara Works . . .	5,34,332	5,07,038	6,55,531	5,10,522	4,49,513	4,49,000	4,75,000
Mutha canals . . .	—5,604	—6,470	—9,403	—3,869	—8,085	...	...
Nira canal . . .	—6,695	—7,035	—7,330	—6,584	—11,310	...	...
Jamrao canal . . .	...	...	...	3,30,642	4,21,049	3,93,000	5,39,000
Other projects . . .	12,16,446	12,55,880	11,45,511	12,85,539	15,14,701	16,56,000	16,72,000
TOTAL . . .	96,47,381	1,00,87,586	1,00,52,606	1,12,36,246	1,22,00,957	1,23,28,000	1,26,26,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS—continued.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1901-02, with Revised Estimates for 1902-03 and Budget Estimates for 1903-04—continued.

	ACTUALS.					Revised Estimate, 1902-03.	Budget Estimate, 1903-04.
	1897-98.	1898-99.	1899-1900.	1900-01.	1901-02.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TOTAL REVENUE—							
•Mandalay canal . . .	...	...	...	...	...	24,000	58,000
Orissa canals . . .	5,54,757	4,69,554	4,42,497	4,08,888	3,49,006	4,22,000	4,23,000
Midnapur canal . . .	2,75,636	2,33,772	2,38,652	2,34,213	2,40,992	2,23,000	2,15,000
Hijili Tidal canal . . .	92,210	75,286	53,234	47,349	47,942	44,000	47,000
Sone canals . . .	12,66,974	10,75,265	10,95,351	11,15,881	11,38,971	13,11,000	11,60,000
Ganges canal . . .	43,51,132	39,22,591	44,37,543	46,63,569	36,53,503	44,37,000	40,92,000
Lower Ganges canal . . .	31,18,612	24,89,176	24,39,135	23,96,259	22,06,241	25,03,000	26,20,000
Ditto Fatehpur Branch . . .	...	...	76,330	84,969	80,380	1,50,000	2,00,000
Agra canal . . .	9,74,061	6,81,498	8,28,626	9,27,398	6,65,736	8,90,000	8,80,000
Eastern Jumna canal . . .	16,65,275	14,98,634	14,92,735	14,85,484	14,31,415	16,04,000	14,44,000
Betwa canal . . .	1,37,700	1,10,665	94,267	56,896	75,562	1,10,000	80,000
Western Jumna canal (including Sirsa Branch) . . .	25,48,661	28,00,084	29,79,562	25,33,190	21,84,804	22,57,000	21,00,000
Chenab canal . . .	23,28,093	27,38,488	34,60,242	49,10,189	63,94,512	76,72,000	78,22,000
Bari Doab canal . . .	31,43,693	32,27,624	31,96,847	32,49,403	30,88,998	35,42,000	32,30,000
Sirhind canal . . .	32,96,639	27,53,361	30,90,800	30,53,344	23,15,816	29,54,000	23,00,000
Jhelum canal . . .	...	...	...	...	...	51,000	3,50,000
Swat River canal . . .	4,07,918	4,54,783	4,59,295	5,27,052	5,02,425	5,26,000	5,05,000
Godavari Delta System . . .	30,07,303	30,25,332	26,79,405	30,41,096	32,04,263	32,28,000	32,29,000
Kistna " " . . .	23,53,495	25,70,184	26,02,419	27,21,618	28,13,242	28,06,000	28,05,000
Pennér River canals " " . . .	3,34,363	3,53,495	2,62,941	3,59,928	3,72,717	3,72,000	3,72,000
Periyar Project . . .	1,07,266	2,63,448	3,25,937	3,89,685	4,44,930	4,46,000	4,55,000
Rushikulya " " . . .	58,928	83,503	92,848	89,158	1,00,928	1,04,000	1,10,000
Desert canal . . .	1,52,183	1,54,840	1,74,469	2,00,392	1,88,275	1,88,000	1,98,000
Begari " " . . .	4,00,449	4,04,132	4,45,731	4,76,261	3,82,382	3,89,000	4,10,000
Eastern Nara Works . . .	5,60,869	5,33,401	6,78,339	5,39,227	4,76,667	4,72,000	4,98,000
Mutha canals . . .	2,28,565	2,50,672	3,11,525	2,09,014	2,87,841	3,10,000	3,00,000
Nira canal . . .	1,29,010	1,35,424	1,40,870	1,27,282	2,16,748	2,43,000	2,43,000
Jamrao canal . . .	...	...	...	3,32,702	4,26,177	4,05,000	6,43,000
Other projects . . .	19,31,029	19,11,675	16,30,944	18,26,950	23,04,149	26,97,000	25,94,000
TOTAL	3,34,24,821	3,22,16,887	3,37,30,544	3,60,07,397	3,55,94,622	4,03,80,000	3,93,83,000
WORKING EXPENSES—							
Mandalay canal . . .	...	...	...	...	...	35,000	1,10,000
Orissa canals . . .	5,07,948	4,65,598	4,45,106	4,18,409	3,95,100	4,01,000	4,15,000
Midnapur canal . . .	2,30,683	2,69,703	2,71,378	1,63,234	1,61,668	1,64,000	1,80,000
Hijili Tidal canal . . .	38,448	48,535	43,304	30,632	28,658	43,000	30,000
Sone canals . . .	5,74,779	5,59,480	5,47,919	5,76,302	5,47,210	5,91,000	6,00,000
Ganges canal . . .	10,80,004	10,62,597	10,74,296	11,19,864	10,57,425	10,95,000	10,84,000
Lower Ganges canal . . .	8,70,983	9,96,696	8,90,350	10,61,960	10,49,948	11,01,000	10,71,000
Ditto, Fatehpur Branch . . .	...	1,935	49,750	1,03,476	1,26,995	1,14,000	1,54,000
Agra canal . . .	2,25,801	2,34,351	2,83,363	2,33,043	2,60,131	2,45,000	2,14,000
Eastern Jumna canal . . .	3,29,875	3,84,099	4,09,040	4,27,362	4,65,063	5,14,000	4,21,000
Betwa canal . . .	1,07,431	1,01,686	95,360	86,537	1,01,852	1,17,000	85,000
Western Jumna canal (including Sirsa Branch) . . .	8,18,818	8,63,021	9,07,513	9,14,677	8,65,175	8,41,000	8,10,000
Chenab canal . . .	6,21,106	7,08,766	10,53,385	12,00,241	12,86,828	13,20,000	14,05,000
Bari Doab canal . . .	6,26,969	7,86,572	7,97,190	8,26,926	8,40,911	9,30,000	7,90,000
Sirhind canal . . .	6,30,761	6,73,078	8,56,298	7,70,709	7,93,513	8,50,000	7,85,000
Jhelum canal . . .	...	...	...	...	20,046	1,33,000	2,45,000
Swat River canal . . .	1,02,990	99,596	58,345	89,312	86,856	83,000	50,000
Godavari Delta System . . .	4,89,878	5,80,559	5,89,209	6,70,826	6,09,464	5,74,000	5,88,000
Kistna " " . . .	5,85,491	5,25,151	5,23,143	5,04,823	5,11,894	4,90,000	5,20,000
Pennér River canals " " . . .	41,471	36,139	36,687	32,120	43,643	55,000	62,000
Periyar Project . . .	82,262	1,16,138	1,05,351	83,831	98,493	1,26,000	1,26,000
Rushikulya " " . . .	32,859	38,734	49,459	76,220	64,377	71,000	64,000
Desert canal . . .	70,023	59,152	49,102	57,976	56,722	80,000	92,000
Begari " " . . .	96,400	72,152	96,043	69,133	60,329	81,000	93,000
Eastern Nara Works . . .	1,05,929	1,11,007	1,15,630	97,734	98,001	91,000	62,000
Mutha canals . . .	69,662	74,377	73,609	66,768	74,943	73,000	78,000
Nira canal . . .	51,201	52,785	52,281	42,401	44,229	41,000	43,000
Jamrao canal . . .	...	...	...	64,710	1,52,889	2,42,000	2,73,000
Other projects . . .	5,29,418	4,82,021	4,98,172	5,47,118	6,26,442	9,72,000	9,19,000
TOTAL	89,21,190	94,03,928	99,71,283	1,03,36,344	1,05,28,805	1,14,76,000	1,13,69,000

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS—concluded.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1901-02, with Revised Estimates for 1902-03, and Budget Estimates for 1903-04—concluded.

	ACTUALS.					Revised Estimate, 1902-03.	Budget Estimate, 1903-04.
	1897-98.	1898-99.	1899-1900.	1900-01.	1901-02.		
NET REVENUE—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mandalay canal . . .	...	...	...	...	...	—11,000	—52,000
Orissa canals . . .	46,809	3,956	—2,609	—9,521	—46,094	21,000	8,000
Midnapur canal . . .	44,953	—35,931	—32,726	70,979	79,324	59,000	35,000
Hijili Tidal canal . . .	53,762	26,751	9,930	16,717	19,284	1,000	17,000
Sone canals . . .	6,92,195	5,15,785	5,47,432	5,39,579	5,91,761	7,20,000	5,60,000
Ganges canal . . .	32,71,128	28,59,994	33,63,247	35,43,705	25,96,078	33,42,000	30,08,000
Lower Ganges canal . . .	22,47,629	14,92,480	15,48,785	13,34,299	11,56,293	14,02,000	15,49,000
Ditto, Fatehpur Branch . . .	...	—1,935	26,580	—18,507	—46,615	36,000	46,000
Agra canal . . .	7,48,260	4,47,147	5,45,263	6,94,355	4,05,605	6,45,000	6,66,000
Eastern Jumna canal . . .	13,35,400	11,14,535	10,83,695	10,58,122	9,66,352	10,90,000	10,23,000
Betwa canal . . .	30,269	8,979	—1,093	—29,641	—26,290	—7,000	—5,000
Western Jumna canal (including Sirsa Branch) . . .	17,29,843	19,37,063	20,72,049	16,18,513	13,19,629	14,16,000	12,90,000
Chenab canal . . .	17,06,987	20,29,722	24,06,857	37,09,948	51,07,684	63,52,000	64,17,000
Bari Doab canal . . .	25,16,724	24,41,052	23,99,657	24,22,477	22,48,087	26,12,000	24,40,000
Sirhind canal . . .	26,65,878	20,80,283	22,34,502	22,82,635	15,22,303	21,04,000	15,15,000
Jhelum canal . . .	...	...	...	...	—20,046	—82,000	1,05,000
Swat River canal . . .	3,04,928	3,55,187	4,00,950	4,37,740	4,15,569	4,43,000	4,55,000
Godavari Delta System . . .	25,17,425	24,44,773	20,90,196	23,70,270	25,94,799	26,54,000	26,41,000
Kistna " " . . .	17,68,004	20,45,033	20,79,276	22,16,795	23,01,348	23,16,000	22,85,000
Pennér River canals " " . . .	2,92,892	3,17,356	2,26,254	3,27,808	3,29,074	3,17,000	3,10,000
Periyar Project . . .	25,004	1,47,310	2,20,586	3,05,854	3,46,437	3,20,000	3,29,000
Rushikulya " " . . .	26,069	44,769	43,389	12,938	36,551	33,000	46,000
Desert canal . . .	82,160	95,688	1,25,367	1,42,416	1,31,553	1,08,000	1,06,000
Begari " " . . .	3,04,049	3,31,980	3,49,688	4,07,128	3,22,053	3,08,000	3,17,000
Eastern Nara Works . . .	4,54,940	4,22,394	5,62,709	4,41,493	3,78,666	3,81,000	4,36,000
Mutha canals . . .	1,58,903	1,76,295	2,37,916	1,42,246	2,12,898	2,37,000	2,22,000
Nira canal . . .	77,809	82,639	88,589	84,881	1,72,519	1,99,000	2,00,000
Jamrao canal . . .	...	...	...	2,67,992	2,73,288	1,63,000	3,70,000
Other projects . . .	14,01,611	14,29,654	11,32,771	12,79,832	16,77,707	17,25,000	16,75,000
TOTAL	2,45,03,631	2,28,12,959	2,37,59,260	2,56,71,053	2,50,65,817	2,89,04,000	2,80,14,000

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1901-1902.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
GUARANTEED RAILWAYS.		₹	£	₹	₹
RECEIPTS.					
Madras		45,89,771	420,729	63,10,935	-17,21,164
Bombay, Baroda and Central India		56,77,478	377,375	56,60,630	10,858
	TOTAL	1,02,67,259	798,104	1,19,71,565	-17,04,306
ADVANCES					
Madras		53,43,576	439,828	73,47,417	-20,03,841
Madras Extensions		20,04,746	133,257	19,98,858	5,888
Bombay, Baroda and Central India		49,71,069	330,390	49,55,859	15,210
	TOTAL	1,23,19,391	953,475	1,43,02,134	-19,82,743
NET RECEIPTS					
Madras		-7,53,805	-69,099	-10,36,482	2,82,677
Madras Extensions		-20,04,746	-133,257	-19,98,858	-5,888
Bombay, Baroda and Central India		7,06,419	46,985	7,04,771	1,648
	TOTAL	-20,52,132	-155,371	-23,30,569	2,78,437
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Gain on re-mittances to India.	Bengal Central	...	-464	-6,956	6,956
	Bengal-Nagpur	...	545	8,179	-8,179
	Ditto Extensions	...	173	2,602	-2,602
	Indian Midland	...	11,164	1,67,458	-1,67,458
	Lucknow-Bareilly	...	-101	-1,524	1,524
	Southern Mahratta	...	-12,810	-1,92,154	1,92,154
		...	-1,493	-22,395	22,395
Capital received in India.	South Behar	1,88,720	12,582	1,88,720	...
	Mymensingh-Jamalpur-Jagannathganj	1,99,700	13,313	1,99,700	...
	Brahmaputra-Sultanpur	2,71,000	18,066	2,71,000	...
	Hardwar-Dehra	58,044	3,870	58,044	...
	Tapti Valley	-80,000	-5,333	-80,000	...
	Ahmedabad-Dholka	38,000	2,533	38,000	...
		6,75,464	45,031	6,75,464	...
	TOTAL RECEIPTS	6,75,464	43,538	6,53,069	22,395
WITHDRAWALS IN INDIA.					
Assam-Bengal		-4,16,045	-27,652	-4,14,772	-1,273
Bengal Central		30,764	2,247	33,702	-2,938
Bengal-Nagpur		-1,43,370	-9,441	-1,41,608	-1,762
Ditto Extensions		77,30,718	515,381	77,30,718	...
Burma		56,50,393	375,595	56,33,929	16,464
Indian Midland		-8,61,864	-54,482	-8,17,235	-44,629
Ditto Saugor-Katni		12,722	848	12,722	...
Lucknow-Bareilly		-8,448	-563	-8,448	...
Mysore		1,22,044	9,118	1,36,773	-14,729
Southern Mahratta		-7,45,785	-62,148	-9,32,231	1,86,446
		1,13,71,129	748,903	1,12,33,550	1,37,579
South Behar		-68,841	-4,589	-68,841	...
Mymensingh-Jamalpur-Jagannathganj		1,97,807	13,187	1,97,807	...
Brahmaputra-Sultanpur		1,94,977	12,998	1,94,977	...
Hardwar-Dehra		31,687	2,113	31,687	...
Ahmedabad-Parantij		11,595	773	11,595	...
Tapti Valley		16,994	1,133	16,994	...
Sabarmati-Dholka		30,220	2,015	30,220	...
		4,14,439	27,630	4,14,439	...
	TOTAL WITHDRAWALS	1,17,85,568	776,533	1,16,47,989	1,37,579
	Net Withdrawals	1,11,10,104	732,995	1,09,94,920	1,15,184
GUARANTEED AND SUBSIDIZED RAILWAYS.					
	Net Withdrawals	1,31,62,236	888,366	1,33,25,489	-1,63,253

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—continued.

Revised Estimate, 1902-1903.

RAILWAYS.		Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.		R	£	R	R
Receipts.					
Madras		60.00	550.0	82.50	—22.50
Bombay, Baroda and Central India		55.00	365.3	54.94	6
TOTAL		1,15.00	916.3	1,37.44	—22.44
Advances.					
Madras		45.00	412.5	61.87	—16.87
Madras Extensions		13.40	89.3	13.40	...
Bombay, Baroda and Central India		55.00	366.3	54.94	6
TOTAL		1,13.40	868.1	1,30.21	—16.81
Net Receipts.					
Madras		15.00	137.5	20.63	—5.63
Madras Extensions		—13.40	—89.3	—13.40	—
Bombay, Baroda and Central India		—	—	—	—
TOTAL		1.60	48.2	7.23	—5.63
SUBSIDIZED RAILWAYS.					
Receipts.					
Gain on remittances to India.	Bengal-Nagpur	...	1	1	—1
	Ditto Extensions	...	4	6	—6
	Burma	...	—1	—1	1
	Indian Midland	...	6	9	—9
	Southern Mahratta	...	—16.5	—2.47	2.47
		...	—15.5	—2.32	2.32
Capital received in India.	Ahmedabad-Parantij	23	1.5	23	...
	Mymensingh-Jamalpur-Jagannathganj	44	2.9	44	...
	Brahmaputra-Sultanpur	13	9	13	...
	Tapti Valley	34	2.3	34	...
	Ahmedabad-Dholka	7.76	51.7	7.76	...
		8.90	59.3	8.90	...
TOTAL RECEIPTS		8.90	43.8	6.58	2.32
Withdrawals in India.					
Assam-Bengal		—15.75	—104.9	—15.74	—1
Bengal Central		1.54	10.3	1.54	...
Bengal-Nagpur		3.16	21.1	3.16	...
Ditto Extensions		93.48	623.2	93.48	...
Burma		35.71	238.0	35.70	1
Indian Midland		10.14	64.1	9.62	52
Ditto Saugor-Katni		1	1	1	...
Lucknow-Bareilly		29	1.9	29	...
Mysore		1.28	9.5	1.43	—15
Southern Mahratta		—4.21	—35.1	—5.26	1.05
		1,25.65	828.2	1,24.23	1.42
South Behar		—75	—5.0	—75	...
Mymensingh-Jamalpur-Jagannathganj		46	3.1	46	...
Brahmaputra-Sultanpur		87	5.8	87	...
Hardwar-Dehra		10	6	10	...
Ahmedabad-Parantij		28	1.9	28	...
Tapti Valley		41	2.7	41	...
Ahmedabad-Dholka		7.83	52.2	7.83	...
		9.20	61.3	9.20	...
TOTAL WITHDRAWALS		1,34.85	889.5	1,33.43	1.42
Net Withdrawals		1,25.95	845.7	1,26.85	—90
GUARANTEED AND SUBSIDIZED RAILWAYS.					
Net Withdrawals		1,24.35	797.5	1,19.62	4.73

APPENDIX IV—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—concluded.

Budget Estimate, 1903-1904.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.				
Receipts.				
Madras	R 55.40	£ 507.8	R 76.17	£ -20.77
Bombay, Baroda and Central India	55.00	366.7	55.00	...
TOTAL	1,10.40	874.5	1,31.17	-20.77
ADVANCES.				
Madras	44.56	408.4	61.26	-16.70
Madras Extensions	1.50	10.0	1.50	...
Bombay, Baroda and Central India	62.75	418.4	62.75	...
TOTAL	1,08.81	836.8	1,25.51	-16.70
NET RECEIPTS.				
Madras	10.84	99.4	14.91	-4.07
Madras Extensions	-1.50	-10.0	-1.50	...
Bombay, Baroda and Central India	-7.75	-51.7	-7.75	...
TOTAL	1.59	37.7	5.66	-4.07
SUBSIDIZED RAILWAYS.				
Receipts.				
Gain on remittances to India. { Bengal Nagpur Extensions	...	4	7	-7
{ Indian Midland	...	3	4	-4
{ Southern Mahratta	...	-10.5	-1.58	1.58
	...	-9.8	-1.47	1.47
Capital received in India. { Mymensingh-Jamalpur-Jagannathganj	35	2.3	35	...
{ Hardwar-Dehra	1.20	8.0	1.20	...
{ Ahmedabad-Parantij	4	3	4	...
{ Tapti Valley	3.21	21.4	3.21	...
{ Ahmedabad-Dholka	16	1.0	16	...
	4.96	33.0	4.96	...
TOTAL RECEIPTS	4.96	23.2	3.49	1.47
WITHDRAWALS IN INDIA.				
Assam-Bengal	-12.71	-84.7	-12.71	...
Bengal Central	56	3.7	56	...
Bengal-Nagpur	2.79	18.6	2.79	...
Ditto Extensions	54.97	366.5	54.97	...
Burma	19.54	130.3	19.54	...
Indian Midland	39.09	253.4	38.01	1.08
Ditto Saugor Katni	15	1.0	15	...
Lucknow-Bareilly	9.40	62.6	9.40	...
Mysore	2.29	17.1	2.57	-28
Southern Mahratta	-9.95	-66.3	-9.95	...
	1,06.13	702.2	1,05.33	80
South Behar	-40	-2.6	-40	...
Mymensingh-Jamalpur-Jagannathganj	35	2.3	35	...
Brahmaputra-Sultanpur	24	1.6	24	...
Hardwar-Dehra	1.20	8.0	1.20	...
Ahmedabad-Parantij	4	3	4	...
Tapti Valley	3.21	21.4	3.21	...
Ahmedabad-Dholka	16	1.0	16	...
	4.80	32.0	4.80	...
TOTAL WITHDRAWALS	1,10.93	734.2	1,10.13	80
Net Withdrawals	1,05.97	711.0	1,06.64	-67
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	1,04.38	673.3	1,00.98	3.40

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULA-
TIONS UNDER THE PROVISIONS OF THE INDIAN COUN-
CILS ACTS, 1861 AND 1892 (24 & 25 VICT., CAP. 67,
AND 55 & 56 VICT., CAP. 14).

The Council met at Government House, Calcutta, on Wednesday, the 25th
March, 1903.

• PRESENT :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor
General of India, *presiding*.

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M.,
G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidya Vinodha
Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of
Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

The Hon'ble Mr. C. W. Bolton, C.S.I.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1903-1904.

The Hon'ble SIR EDWARD LAW moved that the Financial Statement for 1903-1904 be taken into consideration.

His Highness THE AGHA KHAN said:—"My Lord, I must first most cordially congratulate the Government of India on the financial results of the year, which I venture to say prove that there is a steady though slow progress in the material prosperity of the country, and I must acknowledge the wise, liberal and sympathetic manner in which the Hon'ble the Finance Minister has dealt with the various economic problems relating to this Empire. It is almost needless for me to assure Your Excellency that there is universal joy, gratitude and satisfaction throughout India that Your Excellency's Government has in the same year reduced both the most pressing taxes which fall on the shoulders that are least able to bear the burdens of Empire. I must also add that it is almost universally hoped by the people of this country that the present reduction of the salt-tax is the beginning of a series of annual reductions that will in a few years totally wipe out this tax, which by its very nature presses with undue severity on the poorest of the poor, while it practically does not affect the rich and the well-to-do. My Lord, as to the raising of the income-tax exemption to Rs. 1,000 per annum, there is no doubt that it will be a great boon to the lower middle classes, and all I beg to add is the hope that Your Excellency's Government may be in a position next year to raise the limit to Rs. 1,200 a year and thus carry out the suggestion made by the Hon'ble Sir Montagu Turner last year.

"My Lord, as to the various items of expenditure, it is in my humble opinion a cause of regret that year after year passes and no serious effort is made out of the Imperial Exchequer to raise the standard of intelligence of all classes throughout India. In this age of severe competition the more intelligent and the better educated peoples will slowly but surely gain the capital of the ignorant nations, and as the natural and necessary result of their better mental equipment become the creditors of the backward peoples. My Lord, is it right that under these circumstances and in this age the vast majority of Indian children should be brought up without possessing even the rudiments of learning?

"My Lord, while the British Government in the United Kingdom and the Governments of all the Australian Colonies and of not only great Powers like Germany, France, Austria-Hungary, Italy and the United States but of such nations as Japan, Mexico, Peru, Portugal, Spain, Roumania, Servia and Bulgaria, have adopted compulsory and free primary education for all, the number of illiterates in India according to the census of 1891 was 246,546,176, while those who could read or write was only 12,097,530. My Lord, has not the time come for the commencement of some system of universal primary education such as has been adopted by almost every responsible Government? The extreme poverty of this country has recently been much discussed both here and in England, and all sorts of causes have been found and given to explain the undoubted fact. But, my Lord, in my humble opinion the fundamental cause of this extreme poverty is the ignorance of the great majority of the people, and I venture to add that if by some miracle the angel of peace descended on earth and the military establishments of the Powers disappeared like a mirage and all the gold and silver of Africa and America flowed into this country, yet as long as the present general ignorance of the masses prevailed, in a comparatively few years we would find that the precious metals had returned to the earth and the saving from the military taxes blown into the air in the form of lights and fireworks.

"My Lord, with the ever present fact that this country is advancing very slowly as compared to Europe and America, has not the time come for taking

[*The Agha Khan.*]

a bold and generous step towards some system of universal education suited to the conditions of the various Provinces of the country ?

"Again, my Lord, great efforts are being made in Europe and America towards making higher technical and scientific education general and popular. My Lord, I respectfully venture to suggest that numerous establishments be founded all over India teaching the people by the most scientific and modern methods how to convert the many dormant resources of the country into capital, and even with all this extra expenditure for primary and technical education, there ought to be also an increase in the grants devoted to higher literary education, so that the intellectual and moral development of the people may keep pace with its increased material prosperity.

"My Lord, it may well now be asked, where is the money to come from ? My Lord, I am one of those who feel profoundly convinced that the first duty of the Government of India as the guardians of this country to the people of India is to maintain the military power of this Empire at such a standard of numerical strength and efficiency as to make not only the success of a war with Russia a foregone conclusion but so as to prevent even the most chauvinistic of Russian Tsars from interfering with our many, legitimate political and commercial interests in the various independent Asiatic States that border our vast and extended frontier. My Lord, however, if methods could be found by which, without reducing either the effective strength of the Army in time of war or from its efficiency as a military instrument, Government could at the same time reduce the burden of the military budget, I think no considerations of trouble or labour in bringing about such a result ought to be allowed to prevail as against the fact that it will enable the Government of India to devote so many millions a year towards a system of national education. Here I may say, my Lord, that I recognize that no reduction in the number of British troops in India is for the present possible. But with the Indian Army the case is different. First of all, if short service was introduced and a system not only of regimental reserves but of a permanent territorial reserve was formed, it could be brought about that though the peace establishment of the Indian Army and its cost would be less than at present, yet its effective strength in time of war would be greater. This is the system adopted by almost every European Government, including Russia and Turkey, and also by Japan. My Lord, another step which I would respectfully urge not only from the standpoint of economy but also from that of political expediency as also in the interests of justice is that a certain and limited number of the scions of the noblest houses of India such as have passed through the Imperial Cadet Corps be granted commissions in the Indian Army. Your Excellency, by creating the Imperial Cadet Corps, has shown not only your generous sympathy with the aristocracy of India, but by an act of far-seeing statesmanship demonstrated your anxious solicitude that honourable careers may be open to the younger members of ruling families and the noblest houses of India. But, my Lord, the formation of the Imperial Cadet Corps has not only caused general rejoicing and gratitude specially amongst the aristocracy, but also has raised hopes that some at least of the most successful cadets will be nominated to commissions in the Indian Army. I most earnestly beg of Your Excellency that, if possible, a definite undertaking be given that at least some of the most successful cadets will thus be given commissions so as to fulfil the expectations that have been formed. My Lord, to permanently exclude all the upper classes of British India from ever serving their Emperor in the defence of their own country is, I venture to submit, incompatible with those noble principles of justice and generosity which have all along been accepted as determining the character of British rule in India.

"There is one more suggestion in this connection that I would like to make in common justice alike to the taxpayers of British India and the Rulers and subjects of Native States. The suggestion is that after the glorious and soul-stir-

[*The Agha Khan.*]

ring ceremony held at Delhi it will be an act of wise statesmanship not to allow the spirit of solidarity and common interest which was witnessed there to remain unutilized for the welfare of the Empire. My Lord, as things stand at present, the Imperial Army is bound to defend not only British India but the whole country, including the Native States. This, I submit, is unjust alike to the people of British India as also the Rulers of Native States, for the burden of meeting the entire expenditure of the Imperial Army falls at present exclusively on the taxpayers of British India, while on the other hand the Rulers of Native States—representatives of ancient and warlike dynasties, in whom the cherished traditions of a chequered past are still preserved—are precluded from taking their legitimate place in the defence of this great Empire. Of course, my Lord, I am aware of the existence of the Imperial Service Troops, but their numbers are much smaller than the proportion according to population that would have to be maintained by the Native States if in India there was a system of recruiting according to population or territorial extent. My object in mentioning this is not to suggest that an additional burden be imposed on the shoulders of Native States nor that any Imperial bills be presented to the Rulers of these States for payment. But when, my Lord, as at present, a large irregular armed force is maintained by the various Rulers and a large expenditure is borne by their subjects, it is (specially after the great Imperial ceremony at Delhi, when the collective devotion of the whole of India to the person and throne of the King-Emperor was declared to the world) clearly to the welfare of both the Imperial and feudatory Governments to bring this armed but practically wasted force not only to the highest standard of efficiency but also to bring it within the system of Imperial defence, of course under the direct peace and war command of His Excellency the Commander-in-Chief.

“My Lord, to make such a force really efficient and to win for it the confidence of the public, of course it would be necessary to place a small number of carefully picked British officers in charge just as has been done with such unique success in the case of the Egyptian Army. My Lord, what has been carried out in Egypt in spite of the great difficulties connected with the British occupation of that Province and in spite of the constant intrigues of some of the Great Powers and the interference of Turkey, the Suzerain of Egypt, ought to be done easily enough with the Native States whose Rulers one and all deem it their greatest privilege to be under the paramountcy and protection of British power. My Lord, I admit this proposal as submitted on the present occasion will appear to be the crude and visionary fancy of an irresponsible dreamer, but the presence at the present moment at the head of the Indian Army of the great and most distinguished General who carried out those remarkable reforms in the Egyptian Army and raised even the despised fellaheen to be trustworthy and loyal troops worthy of fighting by the side of the flower of the British Army emboldens me to hope that this proposal may commend itself to Your Excellency's Government. My Lord, this method of placing the whole of their forces under the direction of the Imperial Commander-in-Chief and under the control of superior officers nominated by the Imperial Commander-in-Chief was accepted after the unification of Germany by the Rulers of Saxony, Wurtemberg, Baden and all the other smaller States of the German Empire. Yet the Rulers of these States had been up till then Rulers of International Sovereign States and the equals of the Kings of Prussia. But with Imperial unity it was at once accepted by all as a self-evident axiom that there could be no particularism in military affairs. What was found necessary by all the Rulers of German States is, I venture to suggest, equally necessary in India, only even more so. Here there are no International Sovereigns, no equal allies, but one and all feudatories and tributaries, proud to acknowledge in a spirit of whole-hearted loyalty and devotion the absolute paramountcy of the Imperial Government. My Lord, then why should this particularism in military affairs, which means in practice burdening the Imperial

[*The Agha Khan; the Raja of Sirmur.*]

Exchequer with maintaining a larger force than its proper share and at the same time burdening the treasuries of the feudatories with the cost of a force that is practically useless for its only use, namely, Imperial defence, be allowed to continue? My Lord, such a system as has been suggested above would of course add enormously not only to the influence of the Rulers of these States, but would make them important participators in the responsibility and privilege of fighting for their Emperor and defending their own country. My Lord, I fear that this suggestion may perhaps be misapprehended in certain quarters, but I would appeal to the patriotism of the Rulers of the Native States and ask them to consider whether such a course will not in the end be found to be in the best and highest interest of all—preventing a considerable waste of resources which are sadly needed in the present state of the country for the great work of national education and bringing appreciable relief to the Exchequers of both the Imperial Government and the Native States. Of course, my proposition implies that in proportion as the irregular troops of Native States are brought under the supervision of British officers to the standard of efficiency and included within the regular system of Imperial defence, the Indian Army maintained by the Imperial Government will be correspondingly reduced.

“My Lord, every care must of course be taken that such reorganized troops of each Native State would wear the uniforms of their own State and carry the colours of their Chief and all the traditional emblems associated with each princely House. The Chiefs, moreover, would be able to command the allegiance of the troops not merely as Rulers but also as their Honorary Commanders. I think, my Lord, such an arrangement will greatly enhance the dignity and prestige of the several Chiefs. Again, my Lord, if the personal inclination of the Ruler was, as it probably in the great majority of cases will be, towards an active military life, he could by studying military science become also the active Commander of his troops and with the advice of the British officers supervising his troops be able to command his own men in time of war. This would be, if I am right, analogous to the position of the German ruling Princes towards their own particular army, and what has been done with such conspicuous success in Germany may, there is every reason to hope, be achieved with equal success in India. My Lord, the spirit of unity which moved the German Princes during the ceremony held in the Hall of Mirrors to this day breathes through the German system of defence. Is it too much to hope that that spirit of loyalty and devotion, which was so evident in the great ceremony at Delhi, may live for ever in India as an active force in our system of Imperial defence, and out of it may come not only a greater military power under the control of the Imperial Government than at present, but also release for both the Imperial Government and the Native States the resources by which they can through systematic education raise the whole standard of general intelligence and advance the moral welfare and the material prosperity of this great country?”

His Highness THE RAJA OF SIRMUR said:—“It is not necessary for me to enter into any detailed remarks on the present occasion, but I cannot refrain from congratulating your Lordship's Government on the prosperous condition of the finances of India as exhibited by the Budget Statement for the coming year, which was presented to the Council by the Hon'ble the Finance Member last week. The concessions which the Government have made in the income-tax by raising the present minimum sum liable to the tax and in the salt-tax by reducing the rate of duty are very gratifying to the country at large.

“The abolition of the pandhari-tax in the Central Provinces and the remission of two crores of rupees on account of arrears of land-revenue in the districts distressed by famine were the features of the Budget for the closing year, and the additional benefits now conferred will be the cause of general satisfaction.”

[*Mr. Cruickshank.*]

The Hon'ble MR. CRUICKSHANK said:—“My Lord, on the rare occasion of the presentation to the Council of a Prosperity Budget, such as that which has lately been explained by the Hon'ble Sir Edward Law, it is fit that I should offer the warm congratulations of the United Provinces to Your Excellency's Government. It is also fit that I should confine my remarks to the main questions, rigorously excluding facile criticism or discussion of minor points.

“In the Budget for 1903-1904 the probable income from the various heads has been estimated in a very practical manner; and, unless phenomenally adverse seasons intervene, the forecast should not prove to have been too hopeful.

“In it ample provision has been made for all necessary civil and military expenditure that can be foreseen. At the same time the golden opportunity has at length been taken of restricting the possibility of incurring any undesirable or infructuous expenditure by diminishing the probable surplus to the extent involved in the granting of two long-desired palliations of taxation. The first, the reduction of the salt-tax by 20 per cent., will be joyfully welcomed by the whole of India, for the ultimate effects of this reduction in taxation of a necessary of life will reach to the humblest home.

“The second, the abolition of income-tax on incomes of less than Rs. 1,000 per annum, will relieve a very large number of tax-payers from an impost they can ill afford. Poverty is a relative term, but for purposes of direct taxation those who exist on slender incomes of less than £66·6 per annum are relatively poor, and they deserve, as they will appreciate, this timely relief.

“It is plain from paragraph 187 of the Financial Statement that the Local Governments will not be losers by the ensuing reduction in the figures of Receipts from assessed Taxes. It is satisfactory to note the evidence of a general return to more prosperous times derivable from the Budget figures for 1903-1904 under the head ‘Receipts from Land Revenue’, an item of income to which the United Provinces contribute a larger sum than any other Province in India.

“The stress of years of famine recently experienced has, however, left traces in some of the distressed tracts—notably in Bundelkhand—that will not be obliterated for many years.

“For a much longer period will be remembered by the grateful land-holders and tenants throughout the distressed tract the beneficence of the Government of India in the matter of the recent liberal remission of unrealized balances of land-revenue.

“The proposed legislation to rehabilitate the encumbered estates of Bundelkhand and to exempt land belonging to members of an agricultural tribe from sale in execution of a decree should do much to renew the fortunes of the proprietors in this tract. This end will be further forwarded by the revision of the basis of the demand of Government revenue and the introduction of a system of demand varying almost automatically with the extent of cultivation and the character of the seasons and harvests. The re-settlements of land-revenue recently made in some districts of the United Provinces—and those in progress or to be commenced—will not, in all probability, result in such large proportionate increases of revenue as have resulted in other districts re-settled in former decades on more rigorous systems. It is not, moreover, likely that other sources of income now at the disposal of the Local Government will yield an increase in at all the same proportion as the necessary expenditure will increase on Police, Education and other Departments of Administration in which improvement is of vital importance.

• “The continuance in the Budget of 1903-04 of special grants to the Local Governments to some extent illustrates the inadequacy of the sum allotted to the Government of the United Provinces under the existing Provincial Financial Settlement. I need not re-state the pleas urged in the Budget Discussion of last

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year for a very much larger allotment to the United Provinces. It is to be hoped that when the Financial Settlement of the Provincial Grant from the Government of India to the United Provinces—for the next contractual period—is finally sanctioned, the financial outlook of the Government of India may be as unclouded as now.

“The cane-growers and sugar-manufacturers of the Meerut and Rohilkhand Divisions especially and of other parts of the United Provinces are deeply interested in the question of countervailing duties. In this matter they must feel that the Government of India have done all that could be reasonably expected to uphold the interests of the Indian sugar-industry and cane-cultivation. It remains for them to attempt improved methods of cultivation and manufacture so as to compete successfully with the sugar imported from countries which give no bounty and from cane-growing countries such as Java. I regret that the bulk of the landholders and cultivators of the United Provinces are too conservative to fully adopt the hopeful views of the Hon'ble Sir Edward Law as to the future of indigo. The country folk prefer crops for which the demand is more constant and for which an effective local demand exists. For many other reasons also, they have gladly displaced indigo in favour of the other established crops, such as food-grains, cotton or cane. I have only to add that the large proposed outlay on railways appears to be abundantly justified by past experience, and that the United Provinces, which have certainly not been neglected in the past in this respect, are being well cared for in the present.”

The Hon'ble RAI SRI RAM BAHADUR said:—“My Lord, a non-official Member is under one great disadvantage; it does not often fall to his lot to congratulate the Government with his whole heart, however sincerely anxious he may be to do so. By furnishing such an opportunity this time, Your Excellency has earned our warm thanks. Indeed, this year's Financial Statement reveals some highly interesting and pleasant features. Remission of taxation is a feature which has not marked any Financial Statement during the last two decades; on the other hand, burden after burden was imposed upon the people notwithstanding intense and widespread famines. Your Lordship's Government, however, has not only brought the finances of the Empire to a flourishing condition without adding to taxation, and notwithstanding 'the greatest famine of the century' with which Your Lordship began your rule, but has inaugurated a policy of financial relief, which, if followed by Your Lordship's successors in office, is bound to result in the real prosperity and progress of the country.

“*Remission of taxation.*—It is hardly necessary for me to say that the reduction in the rate of salt-duty from Rs. 2-8 a maund to Rs. 2, and the exemption, from the payment of income-tax, of all annual incomes below Rs. 1,000, have been received with general satisfaction throughout the country. The most distinguishing characteristic of a tax like the salt-duty is its universality, inasmuch as it touches the pockets of the rich and the poor alike, and the reduction in its rate, amounting to 20 per cent., will necessarily afford relief, though in a very slight degree, to all classes of the population, and will be remembered as a happy memento of the Coronation of His Majesty the King-Emperor. It should be noted, however, that the salt-tax is not as oppressive as direct taxes are. It is the least oppressive of all our taxes, at least in the United Provinces and Bengal. The Hon'ble the Finance Minister himself acknowledges that 'it does not, at its present rate, press heavily on the mass of the people.' The wealthy people, again, need no relief in this direction. It would have been more gratifying if the Government could see its way to reduce some such tax as presses on the poorer classes more sorely than the salt-duty, for instance, the land-tax. In that event those who really need relief—I mean the vast agricultural population—might have been benefitted more appreciably than they expect to be by a reduction in the salt-tax. Besides, it cannot be said with certainty whether it is the salt-merchants or the consumers who will be benefitted most by this generous concession of the Government.

“The other form of remission of taxation adopted by Your Excellency's Government, *viz.*, the raising of the minimum limit of incomes assessable to

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income-tax from Rs. 500 to Rs. 1,000 is most satisfactory. The necessity of exemption from payment of income-tax, of persons of small means, who could ill afford to pay it and who not unfrequently were assessed on scanty materials, had been so widely felt, that it formed the subject of representation to Your Excellency in Council, both by the official and non-official Members, and it is highly gratifying that their representations have received a favourable response from Your Excellency. The amount of decrease, in the revenue of the coming financial year, attributable to this remission of taxation is estimated to come to a total of two crores and nine lakhs; one crore and seventy-three lakhs under salt-duty and thirty-six lakhs under income-tax.

"Use of surpluses.—The surplus at the close of the Financial year 1903-1904 is calculated at £948,700—a sum considerably small as compared with the surpluses of the preceding two years. But it is a matter of satisfaction that the Government has this year followed the wise policy of utilizing these surpluses in remitting taxation and thus taking away a portion of the burden from the shoulders of the highly taxed people of India, instead of devoting large portions of them to matters in which they are not directly interested. My Lord, the objects which, in all countries and specially in a country like India in which famines are of frequent occurrence, have a primary claim on the large surpluses are remission of taxation, reduction of the National debt, and construction of works of public utility. Unfortunately these claims cannot always receive due consideration at the hands of the Government, from the peculiar circumstances of the country. It is a matter of regret that the huge surpluses of the two preceding years were not utilized by the Government for any of these purposes. I fervently hope that the policy of utilizing surpluses for the direct and immediate benefit of the people, inaugurated by Your Excellency, will in future be followed by Your Lordship's successors.

"Reduction of postage on newspapers.—The proposal to reduce commission on money orders for sums not exceeding Rs. 5, which had just then been sanctioned by the Government, made the Hon'ble the Finance Member apprehensive about the result of this change on the receipts from the Post Office, and in his Budget estimates for the financial year which is about to expire, he calculated an anticipated loss of revenue amounting to £16,700, but the actual loss is now estimated to come to about £11,400 only. It is further gratifying to notice that in the postal revenue there has been a total increase of £57,000, of which no less than £47,300 comes from letter postage and money-order receipts. The gradual and steady rise in the receipts from Post Office during the past years encourages me to urge again, for the favourable consideration of Your Excellency's Government, the question of raising the weight of newspapers from 4 to 5 or 6 tolas, on payment of one pice worth of postage. The grant of this boon will be much appreciated by the general public.

"Reduction of charges on Inland telegrams.—My Lord, we find that there has been an increase of £51,500, over the Budget estimates, in receipts of the Telegraph Department. The rise in the revenue under this head encourages me to urge again, for the favourable consideration of Your Excellency's Government, the question of reduction of charges for inland telegrams, as has been done in the case of Foreign telegrams. A reduction in the rate of charges of Inland telegrams will benefit a very considerable portion of the Indian public, and the experience gained from the reduction of rates of the postal charges leads us to entertain the hope that no considerable diminution in the revenue is likely to occur, as the reduction in charges will give impetus to a larger number of messages being transmitted, and thus, instead of causing loss, it is probable that a rise of revenue may ultimately take place. There is another way in which reform in this matter may be effected for the benefit of the public. Instead of reducing the rates which are charged at present for each word in the three classes of telegrams, the Government may lower the minimum of number of words from eight to four in the three different classes of messages, retaining the same rate of charges for each word, as at present.

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"Agricultural Reform.—My Lord, in his review of the economic progress of the country, the Hon'ble the Finance Member has briefly noticed some of the measures recently taken for the improvement of agriculture, and he has expressed the willingness of the Government to provide funds for agricultural purposes where there is a likelihood of their profitable employment. The creation of the post of Director General of Agriculture in India, the appointment of an agricultural expert to that post, and the assignment of a large portion of the munificent donation of Mr. Phipps (to whom the people of India are grateful) for the establishment of an Agricultural Research Laboratory, show what a deep interest Your Excellency takes in the question of agricultural improvement of the country.

"In connection with this subject, however, I consider it my duty to state that the special departments of the several Local Governments, to which the task of improving and reforming agriculture in their respective Provinces is assigned, are, through circumstances beyond their control, obliged to devote by far the larger portion of their time and energy in supervising the preparation and maintenance of the land-records required by Government for its fiscal purposes, and in the collection and submission of statistics on a host of subjects, than to matters of agricultural reform and improvement. My Lord, the mere discovery of more efficient methods or the invention of, and experiments with, agricultural instruments of a superior nature, cannot alone do much towards the reform and improvement of agriculture. In order to attain this object, the Agricultural Department should adopt more efficient means to diffuse, as widely as possible, among the agricultural classes, the practical knowledge gained from scientific research and experiments, to drive home to their hearts and minds the benefits to be gained from the adoption of improved methods in ploughing their lands, in using the different kinds of manures and in selecting the best seeds for sowing. That this result has not been achieved is admitted by the Officiating Director of Agriculture in Bengal, so far as his province is concerned, in a letter dated 13th September last, addressed to the Local Government. It can safely be asserted that the remarks contained in the letter above referred to are applicable, in a more or less degree, to other Provinces also. As pointed out in that letter, absence of popular element from the organization of the department is a very potent cause of its failure to achieve the objects above described. In my humble opinion, the scheme of the creation of a Board of Agriculture for the Province, and the establishment of Agricultural Committees in each district, suggested in the letter quoted above, is one which deserves favourable consideration, and it may be adopted for other Provinces too, subject to necessary modifications required by their circumstances and local wants.

"Agricultural Banks.—My Lord, the expectation of the general public has met with disappointment from the announcement made by the Hon'ble the Finance Member that he was unable at present to inform the public of any definite decision arrived at by the Government on the subject of Mutual Credit Societies and Agricultural Banks—a subject which is justly characterised by him as 'one of the highest importance.' It was as early as 1854 that the consideration of this subject was for the first time introduced in this country. The first Famine Commission, which sat about a quarter of a century ago, expressed their opinion in favour of introduction of such institutions in this country. It formed one of the recommendations of the last Famine Commission. More than a year ago this subject was revived with great warmth, and all India expected that its solution was near at hand. In Sir Antony MacDonnell's time a good many experimental banks were started in the districts of the United Provinces. The experience gained from the working of those institutions leads one to entertain the hope that, if properly and cautiously worked, they will, in time, attain a fair amount of success; the conservatism of the rural classes, and the influence of the village money-lenders, are not such potent factors as to make one despondent in the matter. It was expected that speedy action will be taken by the Government to give these institutions a legal status by legislation, and thus remove from the minds of the public the uncertainties and doubts which are naturally entertained with respect to dealings with

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them. If such measures are delayed any longer, it is feared that the public enthusiasm will die out and the labour bestowed and the trouble taken in giving a start to these institutions will be lost. It is therefore hoped that the Government will be pleased to take some definite action in the matter, with as little delay as the circumstances will allow.

“Technical and Industrial Education.”—My Lord, besides the expansion of general education in all its branches, the subject of technical and industrial education requires greater consideration at the hands of the Government than has been bestowed on it. I refrain at present from making any remarks on the subject of University education, as it has formed the topic of discussion in so many quarters, and the views of the public on this subject are already known to the Government. But I hope I shall be pardoned for saying that the subject of technical and industrial education has not hitherto received that attention which it deserves by its importance and its effects on the material advancement of the people. The comparatively very small sums spent by the Government on this branch of education can be taken as a fair criterion of the interest taken in this matter. In the three last years (1899-1900 to 1901-1902) the sums spent on Technical Schools were Rs. 3,87,598, Rs. 4,01,253 and Rs. 4,17,880, respectively. The figures for Professional Colleges during the same years were Rs. 6,65,725, Rs. 7,04,592 and Rs. 7,03,440. My Lord, the sum which is annually spent on the technical schools cannot but be characterised as trifling when we consider the importance of the subject, the necessity for the diffusion of this branch of education and the very considerable sums which are spent by the European countries and by America for the maintenance of technical and industrial institutions. The Financial Statement is silent on this subject. It is submitted that the Government will pay more attention to this branch of education and devise a scheme for the establishment throughout the country of technical and industrial institutions for imparting such education.

“Cotton Excise-duties.”—My Lord, the country is just now resounding with a general expression of desire for the development of its industrial resources. It is often complained that the Indians do not employ the money they have in the development of the resources of their country. These charges are apparently well-founded to a certain extent, the chief reason being that the Indians as a whole are not a commercial people, and they are not yet fully conversant with the benefits which can be derived from the union of capital with labour. But a question may be asked whether the Government has extended its helping hand towards the attainment of this object. During the administration of Your Lordship's predecessors, no measure of any importance was adopted to encourage the people in saving their own decaying industries or to start new ones. On the contrary, during the viceroyalty of Your Lordship's immediate predecessor, excise-duty on cotton-goods manufactured in India was imposed in the year 1896, more with the view of pleasing Lancashire than gaining any substantial advantage to the Indian Exchequer, as may be inferred from the fact that the total receipts from the newly imposed duty in the year following its imposition came to about 11½ lakhs of rupees only. And even now the yield has not gone up to any considerable extent: the amount for this year is calculated about 17 lakhs of rupees. It cannot, therefore, be said that the receipts under this head make any considerable addition to the revenues of the Government, specially when we take into account the present prosperous condition of the Indian finances, which has enabled Your Excellency to remit taxes to the extent of more than two crores of rupees. Moreover, figures recently published by some private individuals—the accuracy of which, if doubted, can be tested—show that the Indian cotton-mills do not now yield the same profits as they used to do before the imposition of the excise-duty. It seems that the calculations of Sir James Westland at the time of the imposition of this duty were based more on possibility than actuality. My Lord, this duty really constitutes a serious additional burden upon the industry. Its retention cannot but act as a discouragement of the free development of the resources of the country in that branch, and, not being of any considerable pecuniary advantage to the Treasury, it is hoped that the Government will take the question of its repeal into its favourable consideration.

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"Military Expenditure.—My Lord, the Indian military expenditure has for years been one of the foremost topics for discussion, as affecting the taxation and finances of the country. In the course of the recent debate on the address, the Secretary of State for India is reported to have admitted two facts, *viz.*, that the cost per head of the British Army in India is comparatively great and that a large portion of the taxation in this country is supplied by the poor people. My Lord, if the Indian Exchequer can be relieved of a portion of the expenditure on the Army, the money so saved may be applied in making further reduction in the taxes, and in this way greater relief may be afforded to the poor tax-payer. A saving in the military expenditure of this country is possible in two ways only, namely, by a reduction in the numerical strength of the Army, or by receiving a contribution from the British Exchequer. In 1885, an increase in the number of the British troops located in India was made to the extent of 30,000 men. But no occasion has ever arisen for the employment of these troops for any local purposes. In 1884—the year before the increase in the number of the British Army—the total military charges amounted to £16,975,750. For the year 1903-1904 they are estimated to run to £17,782,000—£16,772,300 under the head of Army Services and £1,009,700 under Military Public Works. From the 1st April 1902 there has been an increase in the pay of the British soldier by 2*d.* a day, which will cost, in the year 1903-1904, £204,800. There is a further proposal to increase it by 6*d.* a day from 1st April 1904, which will involve a further additional expenditure of £560,000 a year. But it appears that we are not to stop here. We are threatened with further additions to the Army expenditure, in the near future, by the introduction of the Army Corps scheme into this country. During the last three years a large number of the British and Native troops were employed in South Africa and China without in any way endangering the safety of India. This fact fully demonstrates the proposition that for internal purposes the large Army kept here at present is not required. The Army in India is utilized as a reserve for England, who does not hesitate to draw upon these forces for Imperial purposes and yet contributes nothing for the maintenance of any portion of them. My Lord, cannot India, under these circumstances, justly claim from England for the contribution of a fair share of the expenses incurred by her in maintaining the additional forces not wanted by her for local purposes?

"Economic Progress.—In his review of the economic progress of the people, the Hon'ble the Finance Minister comes to the conclusion 'that the material prosperity of the people is making good progress,' and the increase in revenue under certain heads, and the growth of deposits in the Post Office Savings Banks, are taken by him 'as a general indication of increasing wealth of the tax-payer.' My Lord, I wish I could join with him in taking as hopeful a view of the situation as he does. But stubborn facts compel me to differ from him on the question of the growing prosperity of the people as a whole. The Hon'ble gentleman gives the figures of increase in revenue under the heads Salt, Excise, Customs, Post Office and Stamps as sure indications of this growing prosperity. Now, any comparison of the figures for the present year with those of the years from 1896-1897 to 1901-1902 cannot be accepted as a safe guide, because during all those years severe and widespread famine has been prevalent in one part of the country or the other, and the purchasing and consuming powers of the people were necessarily curtailed to a very large extent. For the purposes of this comparison, the Hon'ble the Finance Member has taken the figures for the years 1899-1900 to 1902-1903 only. These increases cannot be accepted as a good criterion of the material progress of the people, because they may be due to several other causes. Further, it is also to be noted that a rise in the import of dutiable articles of certain classes is, in many cases, followed by a proportionate fall in the consumption of home-made articles of those classes, and by a consequential decline in the indigenous industries of the country, and the loss occasioned to certain classes of the people by throwing them out of employment. By way of illustration may be

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cited the sugar-industry of India, which has fallen to such a low ebb in consequence of the import of foreign sugar. The same remark applies to the import of kerosine oil, which has replaced the vegetable oils produced in the country. Regarding the rise in the Customs-duty, it may also be said that we have not got before us any statement showing the increases under the different classes of articles, so that it may be known whether the rise is due to a larger import of articles which fall within the categories of luxuries or of necessities of life. My Lord, that there is deep and chronic poverty among the agricultural and the rural labouring classes is a fact which is known to every man in the country. In many cases a large number of the people belonging to those classes do not get the normal ration of food for months and months together. The extraneous indications of prosperity met with in the urban centres should not be taken as a safe standard of the growth of any material prosperity among the masses of the rural population. The idea of recuperation involves the notion of restoration to the former condition. It is a well-known fact that in the famine-stricken areas the agricultural classes have lost millions of cattle and the country has thus been deprived, by one sweep, of property of the value of several millions. It is impossible to say how long it will take before the wealth so lost will be regained, if regained at all. Regarding the growth of deposits in the Post Office Savings Banks, it is to be noted that it has not been shown if this growth is due to any increase in the deposits made by the agricultural classes, who generally, as a matter of fact, do not resort to the Savings Banks to deposit any little money that they may be able to save.

"*Provincial Contracts.*—With Your Lordship's permission I shall now refer to some matters which directly concern the United Provinces. The Hon'ble the Finance Minister's inability to make in his Budget Statement any definite announcement regarding the new settlements with the Provincial Governments will be received with feelings of regret. Ever since the introduction of the decentralization scheme, the usual period for which the settlement with the Local Governments is made has been five years. The last of the quinquennial settlements with the United Provinces expired at the close of the financial year 1896-97, but, as the Provinces were then in the midst of one of the severest famines, it was thought proper that no renewal of the settlement should take place at that time, as the figures for such an exceptional year could not afford any reliable data for the future years; a working arrangement for one year only was arrived at. In March 1896 a biennial settlement for the years 1898-99 and 1899-1900 was made, and at the close of the last-named period the same settlement was allowed to stand for a further period of two years. No renewal of the settlement took place for the current year, but in the last Budget an additional grant of Rs. 13,00,000 was made to meet some of the growing wants of the Provinces. A grant of the same amount is announced for the coming financial year too. The consequence of the delay in the settlement of the Provincial Contract is that, in order to keep the Provinces going, the Local Government is obliged to draw largely upon its credit balances.

"I give below the actual income and expenditure for the last five years, as well as the revised and estimated income and expenditure for the current and the next years—

Year.	Total Revenue.	Total Expenditure.
	Rs.	Rs.
1897-98	3,52,97,000	3,52,97,000
1898-99	3,77,81,000	3,44,95,000
1899-1900	3,64,77,000	3,57,23,000
1900-01	3,69,76,000	3,61,72,000
1901-02	3,62,46,000	3,72,10,000
1902-03	3,89,88,000	3,86,86,000
1903-04	3,82,13,000	3,97,80,000

"An examination of the above figures will show that the Provinces have not been receiving their proper share of revenue to be spent locally. The estimated

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expenditure for the year which is to commence from the first April next comes to Rs. 3,97,80,000. These figures will also show that the minimum sum required to meet the administrative wants of the Provinces is 4 crores of rupees. The most important heads which require additional expenditure are Education, Police, District Boards (which require to be placed on a financial proper footing), Municipalities (which require sufficient funds to carry out urgent measures of sanitary reform), and measures adopted for the prevention of and protection against plague. On the occasion of the Budget debates of the two past years, I have tried to show by facts and figures that the United Provinces have not been fairly treated in the matter of allotment of revenue to be locally expended by them. Their claim to be liberally treated deserves special recognition at the hands of the Supreme Government, as they contribute a larger portion of their revenues to the Imperial Exchequer than any other Province. It is therefore hoped that the Hon'ble the Finance Minister will give a more sympathetic response to their claims than has hitherto been done and the new Provincial Settlement will be made on more equitable and advantageous terms to them than the former ones.

"Municipalities.—The burning question of the day with all the Municipal Boards of the United Provinces is the reduction in their octroi-rates in consequence of their loyal compliance with the orders of the Government of India to restrict octroi-duty to a rate of Rs. 1-9 per cent. on all the important classes of articles in their schedules, though, as a special case, the Municipalities of Lucknow, Benares and certain other places, which are hard pushed to make both ends meet, have been permitted to have exceptional rates. But the general reduction of octroi-rates in other municipalities has produced substantially injurious effects on their finances. Another result of this change has been the lightening of taxation on the luxuries, by raising it on the necessities of life. This is a grievance which is much felt by the people. No intrinsic reason can be assigned for this step. The municipalities have obeyed the mandate of the Government of India loyally, though in many cases they have been obliged to have recourse to direct taxation in order to recoup the loss they have incurred by reduction in the octroi-rates. In reply to my objections against the substitution of direct for indirect taxation, the Hon'ble the Finance Minister, in the course of last year's Budget debate, was pleased to express his approval of direct tax such as the house-tax. I do not for a moment contend that the octroi-tax has no drawbacks, but in matter of taxation the circumstances of the country and the prejudices of the people should be well considered. Direct taxation, with its rigidity of demand and the possibility of petty oppression in its assessment and realization, is always distasteful to the people of Northern India. My Lord, these are not my personal views, but statesmen like Sir Charles Crosthwaite, who spent the best portion of their life in this country and who had acquired experience by a lifetime's working, have expressed the same opinion. The elaborate system of giving refunds which is in force in the municipalities of the United Provinces is a completely effectual protection against the taxation of through-trade, and the municipalities of my Province are uniting in making the octroi as easy to work as possible. My Lord, these remarks of mine are not based on information obtained second hand, but on actual experience gained in the working of the biggest municipality in the United Provinces, namely, Lucknow.

"District Boards.—As regards the District Boards in the United Provinces, I regret to say that their move towards reform is at a standstill, as the legislation proposed by the Local Government concerning them has not yet been sanctioned by Your Excellency's Government and the Secretary of State for India. The existing legislation on the subject (which is embodied in an Act of this Council passed as long ago as 1883) is wanting in many respects. New legislation is required with a view to simplifying the procedure for collecting and bringing to account the local rates and to giving the District Boards larger powers of organization and greater financial independence. The success of municipal administration in the United Provinces has been so marked as to justify an extension of the experiment of real self-government to District Boards. The latter bodies have, from want of the same powers as the Municipalities possess, not been able to achieve

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much success up to the present, but it is not owing to any fault of theirs; and it by no means follows that they are not capable of taking their proper place in the local self-government of the country. One of the things required to make their administration more successful is to put a stop to the system of the anomalous resumptory by Government, that are taken from local rates for canal and railway purposes; and to charge the Boards only for those purposes which Government takes on their behalf, such as the up-keep of their roads, the maintenance of central asylums, normal schools and the like. The balance of the rates should be left at the disposal of the Boards themselves, for employment on works of public utility in their own districts and should not be resumed and merged in the common Provincial fund.

"My Lord, the last subject of provincial importance is the proposed legislation relating to Bundelkhand. Whatever may be my personal views concerning that legislation, and which I have expressed elsewhere, there is one point regarding this measure which I wish to impress on the view of the Government. When the Bills now before the local Council are passed and are put into working, the Government of India will have to put its hand in its pocket for some years and to assist the Local Government with substantial pecuniary contributions for carrying out the purposes of the proposed legislation.

"*Exclusion of Indians from South Africa and Australia.*—My Lord, I cannot refrain from alluding briefly to one of the most important questions of the day, affecting my countrymen and which has been the subject of discussion in the Anglo-Indian and the Indian Press alike, and regarding which representations from certain public bodies have been submitted to the Government. I mean, my Lord, the practical exclusion of the Indians from the Colonies of South Africa and Australia. I need hardly say that if the decision of the matter had rested solely with Your Lordship's Government the complaint would have been removed long ago. It does not look just and equitable that the British colonies should accord such a treatment to the Indians who are citizens of the same Empire, subjects of the same Sovereign and who are second to none in their attachment and loyalty to the British throne; their virtues as citizens, their sobriety and frugality and their peaceful mode of life have been universally acknowledged. Had such a treatment been accorded to the people of any of the great Continental Powers, it would have certainly been the subject of a most emphatic and energetic protest. Circumstanced as the Indians are, the only power, to which they can appeal for redress, or look for help, is Your Excellency's Government. They, therefore, have a fervent hope that Your Excellency will be pleased to move the Home Government so that the disabilities under which they labour may be removed, and they may be placed on the same footing as the other subjects of His Majesty with regard to going to, residing in, and settling in any part of His Majesty's dominions, unfettered by any legislative restrictions.

"*Measures for prevention of famine.*—The Hon'ble the Finance Minister in his remarks on the Budget makes the following statement regarding famine—

'We may congratulate ourselves upon the favourable results of last year's monsoon, a prolonged break in which at one time threatened disaster. But the rainfall was resumed in time and the result was to add to the happiness and prosperity of the people, and was immediately reflected in our revenue collections.'

"The above shows, that, in spite of all its efforts, the Government has not been able to bring famine within its control. We are told that, if the rains had not fallen a little earlier, the country would have been under the grip of another terrible famine. Does not this show that we are really not in a safe position with regard to recurrence of famine in future, and that we are completely at the mercy of the weather? My Lord, without meaning disparagement to anybody, I may say without fear of contradiction that no Government of India showed such well directed liberality and genuine anxiety in the matter of dealing with Indian famines as that of Your Lordship.

"Your Excellency laid the country under deep obligation and elicited the admiration of the world, by travelling from one famine centre to another, regard-

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less of your comfort and health, infusing hope and cheerfulness in the hearts of the famine-stricken people, and zeal and energy in those of the officers in charge of the famine administration. To such a sincere friend of the people I venture to think that it will not be in vain to appeal to apply his great mind in devising some scheme which may strike at the very root of the evil and render the recurrence of famines in this country almost impossible. India is not the only country in the world which is subject to freaks of the weather. Why should then this country alone be overtaken by disastrous famines when there is a scanty rainfall in a single season, while other civilized countries under similar circumstances are not sufferers to the same extent? Before 1877 it appears that famines were not of so frequent occurrence, nor were such extensive areas affected by them. Why should there be this change for the worse? It cannot be solely ascribed to total or partial failure of rainfall, for droughts were not unknown in the former days in this land. The cause or the causes of the evil must therefore be sought elsewhere than in the occasional cessation of rains. It must be acknowledged that the experience gained in the last famines has been made best use of in devising means for meeting them when they come. The organization is complete to combat them successfully when they make their appearance. This has been conclusively established by Your Lordship's dealing so successfully with the great famine of 1899-1900. But, on the principle that prevention is better than cure, what is now needed is to provide against their future occurrence. Of course, it is not for ordinary people to solve this great problem, and hence I venture to appeal to Your Lordship to go to the root of the evil and to devise means of prevention before Your Lordship's tenure of office comes to an end. It may be that Your Excellency's successor may be as good and able as yourself, but he will lack the experience which Your Lordship has gained in the matter of famine administration, and he is not likely to take any serious step in this direction before some time expires after his assumption of office. Your Excellency will be pleased to forgive me if I have digressed a little in making this direct appeal to Your Lordship. The exceptional importance of the subject, as well as a belief that a master mind like that of Your Lordship, if directed towards this subject, is sure to show a way out of the difficulty, is my apology for having adopted this course.

"Police reform.—Before concluding, I crave Your Lordship's permission to make a few remarks on another very important matter and in which Your Excellency has shown an equally deep interest by appointing a Commission of enquiry. My Lord, you have conferred a great obligation upon the country not only by appointing the Police Commission but by placing at its head such a capable and sympathetic ruler as Sir Andrew Fraser. The importance of a reformed police, specially in a country like India, cannot be overstated, for it is through the working of the police that the Government is, to a large degree, judged by the common people. No one was more competent to speak with authority on this subject than the late lamented Sir John Woodburn, whose eloquent words uttered about this time last year in this Hall must still be ringing in the ears of many of us. This is what he said on the subject:—

'But there is another, in which the voice of the people is unmistakeable. The first and commanding requirement is the reform of the Police. The Police bear sorely on the people. They harass them. Police exactions, police apathy, police inefficiency, are the universal complaint. * * * * * The reform of the police is of the first importance to the comfort of the people and to the credit of the State.'

"The appeal of the late ruler of Bengal did not go in vain, for, as stated above, Your Excellency has appointed a Commission and their report is likely to be submitted to Your Excellency in a few months. The final settlement of the question is, however, not in the hands of the Commission but in those of Your Lordship's Government, and hence I take the liberty of drawing Your Excellency's attention to one or two important points upon which the true reform of the police in this country, from a popular point of view, mainly depends.

"The duties of the Police, generally speaking, are to protect the honest from the wrongdoings of the dishonest and to detect crime. Unfortunately, under

[*Rai Sri Ram Bahadur ; Mr. Rampini.*]

the present system, people get very little protection, and the energies of the Police are almost wholly devoted to hunt down criminals. It is not, however, possible for the Police to always get hold of the real culprit, and innocent persons are often handed up by them. The Police are censured by the authorities if they fail in their duty of detection. The principle reason of this failure is that they do not get any help from the people because the latter are oppressed by them and not protected. This would not have happened if the Police had done their duty properly. The real reform, therefore, requires the creation of a friendly feeling between the Police and the people. This can be effected to a large extent by the separation of the Police from the Magistracy. Under the present system the Magistrate is the head of the District Police, and in many cases his sympathies are with the latter. The Magistrate, being the executive head of the district, should be placed in such a position as to be looked upon by them as their true friend and protector. As long as the existing condition is maintained, the Magistrate cannot be able to inspire the same confidence in the people as he ought to do. Your Excellency will do a great good to the people by effecting reform in this direction. The country will ever remember with gratitude Your Excellency's rule if this measure of reform is inaugurated under your *regime*."

The Hon'ble MR. RAMPINI said:—"My Lord, it will not be expected that I, as a purely Judicial Member of Your Excellency's Council and appointed to it for a special purpose, should say anything with regard to the Financial Statement generally. But I would wish, with Your Excellency's permission, to indicate two objects to which a small part of the surplus of receipts over expenditure, which the Hon'ble Financial Member estimates will accrue during the coming financial year, might be devoted with the view of improving the administration of justice in this Empire, more especially in the province of Bengal with which I have during the whole of my official career been connected. And I do so with the less hesitation as I observe from the 'Finance and Revenue Accounts of the Government of India for the year 1901-1902' that there was a nett profit under the head of 'Courts of Law' of Rs. 69,82,817 throughout India, and in Bengal of Rs. 50,70,480. According to the Hon'ble Financial Member's Statement in Council on the 26th March last year the nett profits under this head amounted to Rs. 74,21,000 and, though this sum may be reduced on a different system of accounting being adopted, there would seem reason to conclude that the receipts from 'Courts of Law', including Court-fees, yield a profit throughout India, while, in Bengal there is an excess of receipts over expenditure annually of between 40 to 50 lakhs. I have not been able to ascertain from the Financial Statement for 1902-1903 what the estimated surplus under this head will be in the coming financial year: but I think I may safely conclude that it will not be less than in previous years, for in Bengal at least, the receipts are always rapidly increasing, while the expenditure increases in a much slower ratio. Thus, as has been pointed out in the annual report of the High Court of Calcutta on the administration of civil justice for 1900, the revenue derived from Court-fees has during the last 10 years increased by about 30 per cent., while the corresponding increase in expenditure has been only 8 per cent. There is, therefore, it would seem to me, no danger of there being any insufficiency of funds to meet the expenditure I would advocate.

"The first object to which in my opinion part of this surplus might with advantage be devoted is the strengthening of the judicial staff of Bengal both in its superior and subordinate branches. The judicial work of the province, civil and criminal, has in recent years increased to such an extent as to be beyond the powers of the present staff to cope with. There were 642,807 civil suits instituted in 1902, and there were 664,597 such suits disposed of. But this number of suits disposed of included many cases pending from the previous year; so that, notwithstanding the efforts of the judiciary to keep abreast of the work, there were 105,003 suits pending at the end of the year (as compared with 82,807 suits pending at the end of 1892), of

[*Mr. Rampini.*]

which 1,838 had been pending for more than a year. A large proportion of these arrears occurred in the superior Courts, there being 964 cases pending for over a year in such Courts out of a total file of 7,121 cases: so that the arrears of cases pending for more than a year amounted to about one-seventh of the total of their files. There were also 13,050 appeals remaining to be disposed of, of which 624 had been pending for over a year. These figures, I venture to say, show that the ranks of both the District and the Subordinate Judges of this province require to be added to. I need not give details of the increase in criminal work, but that it has been substantial will be seen when I mention that, while in 1892, or about 10 years ago, District Judges were able to devote 4,161 days to the disposal of civil, and 3,852 days to the disposal of criminal, work, in 1901 they were engaged for 4,984 days on criminal, and had only 3,115 days to spare for civil, work. The result of this increase of criminal work is not only that the civil work of the District Judges' Courts, over which it has to be given preference, is either neglected or has to be done by Subordinate Judges, but that the efficiency of the Subordinate Courts is impaired owing to the impossibility of the District Judges finding time for their inspection and supervision. The ranks of the Subordinate Judges also want strengthening; for the bulk of the arrears, original and appellate, is in their Courts. At present there are only 56 Subordinate Judges in Bengal as against an average number of 59½ in 1901 and of 61 in 1902, and additional assistance is urgently wanted. Such assistance to be efficacious should be promptly granted, as otherwise the Courts cannot effectively cope with any temporary increase of work that may arise from an unforeseen increase in the number of institutions. It is true that the appointment of four additional permanent Subordinate Judges was sanctioned in 1902, but these are not enough to meet the requirements of litigation, and unless a further temporary increase in the number of Subordinate Judges is from time to time promptly granted, as the need for their services arises, arrears will increase so rapidly as to exceed the powers of the Courts to deal with them.

"Another object to which some part of the surplus which the Hon'ble Financial Member expects, might, with advantage, be devoted is the increasing of the attractions of the judicial branch of the Civil Service in this Province. Notwithstanding the facts that promotion to the High Court has recently been quickened and that a new grade of District Judges on a salary of Rs. 3,000 per mensem has been created, the judicial branch continues to be unpopular and it is difficult to recruit it. This is perhaps due to judicial work being less varied and more monotonous and laborious than executive work. A Judge is more confined to his office than a Collector, and it is impossible for the former to discharge his duties efficiently without a considerable amount of home study and reading. But whatever the causes may be, it is beyond question that retirements from the ranks of District Judges in Bengal have, of late years, been numerous and that the junior members of the Civil Service are reluctant to enter the judicial branch. Hence, the average standing of the District Judges of this province is now less than it was formerly. Twenty years ago the average length of service of the then District Judges was 22 years and 4 months. Now it is 15 years and 6 months, and several officers have been appointed to officiate as District Judges in Bengal when they were of little more than six or seven years standing. I doubt whether in any other province there are such junior officers filling the posts of District Judges as in Bengal. This is a serious matter, as the District Judges of the present day are necessarily officers of less experience than they were twenty years ago, and the less experience an officer has, the less quickly he can work and the greater risk there is of his decisions being wrong and requiring to be set right in appeal. Some means should, therefore, be taken to induce members of the Civil Service to enter the judicial branch more readily than they now do, and to remain in it after they have completed the period of 25 years' service which renders them eligible for a pension, when their services are most valuable to the State. On the other hand, it is still more desirable that better arrangements than

[*Mr. Rampini.*]

at present exist should be made for ensuring that members of the service who elect to serve in the judicial branch should, when they are first appointed to be District Judges, be competent to discharge the important duties entrusted to them. Unfortunately, there are at present no rules or regulations which require a junior civilian to be thoroughly acquainted with any branch of civil law before he is appointed to be a District Judge. The regulations framed by the Secretary of State for India for the examination of selected candidates for the Indian Civil Service require them, before they are permitted to proceed to India, to pass an examination in criminal law and the Indian Evidence Act. They may also, if they choose, pass an examination in Hindu and Mohammedan law, but this is an optional subject. In former years, selected candidates might also, at their option, pass an examination in the Code of Civil Procedure and the Indian Contract Act, but in the regulations for the examinations of 1903 there is no mention at all of this subject. After their arrival in India, junior civilians have to pass a departmental examination in certain Acts of the Indian legislature, chiefly Revenue Acts. They have to be in charge of a Treasury for six weeks and to learn settlement work for two months during the first two years of their service. They have further to be examined with the aid of books in all unrepealed Acts of the Government of India, the Bengal Regulations, the Bengal Acts, the Circulars of the Bengal Government and the High Court and the Manuals of the Board of Revenue. As this examination is in writing and the examinees are allowed to consult books, it is evident that it affords no guarantee of their having carefully studied the Acts they are examined in. Then, the subjects of this examination do not embrace Hindu or Mohammedan law or any branch of civil law, except the Acts of the Indian legislature, and as a matter of fact the examinees are generally examined only in Revenue Acts and Acts relating to criminal law; so that it will be seen that when a junior civilian is appointed to officiate for the first time as a District Judge, when he has to hear appeals in civil suits from the judgments of experienced Subordinate Judges and Munsifs, he may be totally unacquainted, not only with the provisions of the laws he applies to the facts before him, but even with the general principles which should guide him in administering justice. This would seem to be very undesirable both in the interests of the public and in that of the officers themselves.

"A further change has of late years been made in the training of selected candidates for the Indian Civil Service, which in my opinion, cannot fail to have a detrimental effect on the administration of justice, both civil and criminal, in this Empire. In former years, selected candidates were required during the period of their noviciate to attend the Courts in England and study the cases they heard tried there. All civilians were therefore bound to be conversant to a greater or less extent with the mode in which trials are conducted in England. But, recently, it was made optional for candidates to attend the Courts. They were recommended to visit them, and they were given a card to facilitate their admission to them. The regulations of 1903 contain no reference at all to this matter. The result is that it is possible for junior civilians to be vested with criminal powers and appointed to preside over Courts, though they may never have seen a trial conducted in any Court. I am informed by competent authority that the abrogation of the rule making attendance in the Courts in England compulsory has resulted in a noticeable deterioration in the judicial work of junior civilians. In any case it is clear that when they begin to administer justice in this country, they may have to learn their work at the expense of the parties or from the judgments of Appellate Judges, whose training may have been as defective as their own.

"My Lord, I apologise for having taken up so much of the time of Your Excellency's Council in calling attention to these matters, but they seem to be defects in our judicial system which need to be removed, and if the Hon'ble Financial Member will devote some of his anticipated surplus to the provision of remedies for these defects, I feel certain the result will be beneficial to the administration of justice in Bengal, if not throughout the Empire."

[Mr. Whitworth.]

The Hon'ble MR. WHITWORTH said:—"My Lord, I propose, like the last speaker, to offer a few remarks on certain points in connection with our judicial administration. That administration is usually charged with two principal faults: (1) delay, and (2) the unsatisfactory character of work done in the execution of decrees.

"Delay is usually due either to cumbersomeness of procedure affecting the individual case; or it is due to cases blocking one another through accumulation. As to the first of these causes some attempts have been made to meet it in the Civil Procedure Code Bill recently reported on by a Committee of this Council. But the second is one which, I think, requires constant attention on the part of the Executive Government as well as the Judicial authorities. Judging by the Bombay Presidency (of which alone I have experience), I am inclined to think that the work of the Courts is not on the whole too much for the Courts. But the distribution is unequal. We have lightly-worked Courts and heavily-worked Courts. Changes in the condition of different parts of the country require redistribution of areas; and intermediately much relief can be given by the temporary employment of additional Judges or temporary deputation of existing Judges from one Court to another. Accumulation of arrears is a double evil: besides the delay itself, a long pending case is more difficult to try than one of recent origin. Litigation is pretty heavily paid for in this country, and I think it is due to the litigant that heavy arrears should never be allowed to accumulate.

"As regards the unsatisfactory character of execution work, I have some more definite proposals to make. I suppose no one but a bailiff, or a very experienced decree-holder, knows all the secrets of execution; and in order to get any accurate conception of it, it is necessary to deal with specific cases on the spot, and with every officer concerned, and every document connected with the case, at hand.

"Execution is primarily in the hands of bailiffs; who are superintended by an officer called nazir, aided by a few clerks; and all are under the control of the Subordinate Judge. To appreciate the evil so universally complained of, it is necessary to regard execution in connection with each of these three classes of officials.

"First, the bailiffs fail, because they are very badly paid, with very bad prospects both as to service and to pension, and because while so conditioned they are constantly dealing, out of sight of all control, with comparatively well-to-do persons who want their decrees executed, or want decrees against them to be not executed. The well-to-do decree-holder and the badly paid bailiff go together to effect execution: the bailiff has all the official authority, but it is the decree-holder who wants the work done. The result, in the absence of a high standard of morality, is obvious. A bailiff's pay in Bombay varies from Rs. 9 to Rs. 15 a month. A bailiff on Rs. 15, if young enough, will gladly take a clerkship on Rs. 12, because then it is open to him to rise to a salary of Rs. 100 or more. But the ordinary bailiff never rises above the Rs. 15 grade. Yet his duties are more difficult and responsible, for he has to conduct auctions of valuable property, effect attachments, and give delivery of property decreed; while the clerk only writes and keeps accounts.

"Secondly, the nazir fails, because he has never been a bailiff. He is often a very intelligent and energetic man, but he has been a clerk all his service, and is suddenly taken from his desk in the office to superintend a number of bailiffs carrying out execution anywhere in three or four hundred villages. He has also to carry out the most difficult executions himself though he has had no experience even of simple ones.

"Lastly, the Subordinate Judge fails, because he ordinarily gives all his attention to his purely judicial work, knowing that his advancement depends upon his reputation in that branch of his duties. His judgments from time to time come before the High Court, and according to their quality, and the number of cases he disposes of, he is known as an efficient or inefficient Judge. But of his superintendence of the execution establishment, little is ever heard outside his district.

[*Mr. Whitworth.*]

"Thus, there is failure, greater or less, at every point, and our executive work remains a scandal and a reproach. Obviously, a higher class of officer is needed for the work in hand. Now it is very easy—as the Police Commission must know well by this time—it is very easy to say you must offer higher salaries and get a higher class of man. Any department can be reformed on those lines. But what I propose is to get the higher class of man without paying higher salaries. The men are ready to hand. We are now paying comparatively high rates of salary to one class of men who are doing easy work, without much handling of money, and under the eye of a judicial officer, while we are paying lower rates to another class, who are doing harder work, and constantly dealing with valuables, out of sight of all authority, and under circumstances of the strongest temptation. All we have to do is to combine the executive officials with the clerical officials into one roster. Then the official charged with the execution of decrees, instead of being one who can never earn more than Rs. 15 per mensem, and who under present standards is disposed to make what he can while he has the opportunity, and who can afford to risk his petty pension for substantial present gains, is at once in a position in which he may rise to a salary of Rs. 100 or Rs. 150. He has prospects and hopes, and his reputation becomes a matter of much greater importance to him. He would also in the future be recruited from a higher class with a higher standard of education.

"It is not the whole of the existing body of bailiffs that would have to be enrolled with the clerical establishments. Bailiffs do all kinds of work, from the execution of decrees down to the serving of summonses and mere peons' work. A line would have to be drawn, those required for execution purposes being graded with the clerks, and the rest might appropriately be called peons or chaprasis. There is so much of evil association with the term bailiff that it might be well to get rid of it altogether.

"Under this scheme the nazir, or head of the executive branch, would from the beginning be well versed in execution proceedings, and would know how to supervise his bailiffs.

"An incidental advantage of the change I advocate would be to introduce some variety into the lives of that little regarded but highly deserving class—the judicial clerk. The monotony of his work and the atmosphere in which he works are alike appalling, but his industry and devotion are great. That the long hours of writing should be occasionally varied by out-of-door duties cannot but be beneficial.

"It is not of course to be supposed that the adoption of the change I recommend would have the immediate effect of wholly purifying our execution work. The evil is too gigantic for that. But the most salient point in that evil is the fact that the difficult and delicate work of execution is entrusted to ill-paid, uneducated persons, who carry it on out of sight and under conditions of great temptation, and what I urge is a distinct step towards meeting that particular factor of the evil. I give the scheme merely in rough outline, as it would not be appropriate to trouble this Council with all the details of the transition.

"I desire now to say a word about the Courts in the Province of Sindh. There are two points I would urge:—

(1) the unsatisfactory constitution of the Sadar Court, which is the High Court of the Province, and

(2) the inadequate remuneration of the Subordinate Judges.

"In order to appreciate the great anomalies existing in Sindh, it is necessary to realize that that Province is roughly $\frac{1}{4}$ th of the whole Presidency, including Sindh, or equal to $\frac{1}{3}$ rd of the remaining part of the Presidency. In population, it is something less than $\frac{1}{4}$ th of the whole; in revenue it is something more than $\frac{1}{4}$ th. (These statements are based on the figures given in the last Administration Report of Bombay.) In area it is more than $\frac{1}{3}$ rd; but that is not so important a factor. For general administrative purposes it may be taken as $\frac{1}{4}$ th of the whole. And, like each of the three remaining divisions of the Presidency,

[Mr. Whitworth.]

it consists of six districts, *i.e.*, 6 out of 24, or just $\frac{1}{4}$ th. I may add that it is regarded as a more important charge than any of the other three divisions.

"For the 18 districts of the Presidency proper there is a High Court of seven Judges. For the six districts of Sindh there is a High Court of one Judge. Alone he has to determine just the same questions as under a Chartered High Court are necessarily reserved for two or more Judges. The two Judges can refer to a third Judge or consult other Judges. The Judge of the Sadar Court can refer to no one and consult no one. His salary is only very minutely differentiated from that of some of the District Judges serving under him and is less than that of some District Judges in Bengal. This is interesting with reference to the suggestion just made by the Hon'ble Mr. Justice Rampini that some of the subsisting balances should be devoted to Bengal. Sindh is not on the Bengal side of the *pankah*. Then Sindh possesses in Karachi a great seaport. The sea-borne trade of Sindh is a full $\frac{1}{2}$ th of that of the Presidency proper, and is increasing much more rapidly than the latter. But the Judge of the Sadar Court in Sindh is only a District Judge from the Presidency who can hardly have had much experience of mercantile law.

"I proceed to another anomaly. Broadly speaking, under the British system of administration, the Civil Courts in any Province consist of three principal classes. There are (1) the Subordinate Judges, who are usually natives of the country; (2) the District Judges, who are usually covenanted civilians; and (3) the High Court. Now, comparing Sindh with the Bombay Presidency proper, we find that as regards the middle class of Courts there is perfect equality. The District Judges in the two areas have the same powers and the same salaries. Indeed, they are one body of men, all belonging to one graded list; and a District Judge who is serving in the Presidency today may be serving in Sindh tomorrow, and *vice versa*. Surely this suggests a similarity of conditions for judicial purposes in the two areas. Yet the High Courts differ, as I have just pointed out. And unfortunately the Subordinate Judges in the two areas are very differently circumstanced too. Their duties are the same, and their merits are very equal; but their remuneration is strikingly different. I need not go into details. Suffice it to say that a Subordinate Judge in Sindh if he gets to the top of the list will receive only Rs. 500 salary (and even that is a recent concession), while in the Presidency he might rise to Rs. 800. Yet, in spite of this discouragement—which they feel acutely—the Subordinate Judges in Sindh are on the whole a zealous and deserving class and their industry is most commendable. Only in Sindh have I ever observed lamps kept for regular use in Court, because the hours of daylight were not long enough for the Court work. And the Court work is, of course, not nearly the whole of a Judge's work.

"I pass to another matter. There is great need in the Bombay Presidency for the provision of more suitable buildings as Court-houses in several places. Not only are several Subordinate Courts very inadequately housed, but some District Courts also. There is one so closely surrounded by other buildings that there is no access to it except at one single point, and that by so narrow a lane that no ordinary carriage can drive up to the door. Both light and ventilation are necessarily extremely deficient under such circumstances.

"On page 57 of the Financial Statement I notice a provision of £13,300 for the improvement of the Volunteer Force in India. I speak only from local experience,—if Bengal experience is different, no doubt His Honour the Lieutenant-Governor will correct me—but so far as that experience goes I am strongly of opinion that one essential step towards making the force efficient is by limiting recruitment. The difficulties which beset a Commanding Officer of Volunteers are of a nature and degree of which officers of the Regular Army probably have no conception. There are, no doubt, many very keen and enthusiastic Volunteers in this country. I remember many such with gratitude. But there are many others who join from some motive difficult to discern, and who never lose the sense that they have conferred a favour upon Government by doing so. They know that the income of the corps depends upon the capitation grants, and that the Commanding Officer is therefore

[*Mr. Whitworth, Sir Montagu Turner.*]

concerned to keep up his numbers. So they hold their resignations *in terrorem* over him. But the keeping up of numbers sometimes means the keeping up of inefficiency. And I should be inclined to limit the numbers of each corps to something far within the possible recruitment. Then men would come to regard membership rather as a privilege than a favour conferred. And that is, I think, the first step towards efficiency."

The Hon'ble SIR MONTAGU TURNER said,—“ My Lord, it must be freely and unreservedly admitted that the Budget now presented for our consideration is of a most satisfactory character, indicating as it does increased prosperity on the part of the country and a thoroughly sound financial condition of the Indian Empire. It is, indeed, most gratifying that Your Excellency's Government should find itself in the happy position of being able to grant a remission of taxation, and further that, both in the reduction of duty on salt and in raising the limit for taxable incomes, you have anticipated correctly the views and wishes of the people at large. It is true that the reduction in the salt-duty may not immediately benefit those whose condition we are all so anxious to improve, the very poorest of the inhabitants of this country; but the remission at any rate indicates the desire on the part of Your Excellency's Government to help that particular class of deserving people. It opens the way for possible further remissions, if we are fortunate enough to have a further succession of prosperous years free from the disturbing elements of political complications with our neighbours, and by cheapening this universal article of consumption so necessary to the health of the people, it may lead to an increased consumption which would, to some extent, make up for the present loss of revenue.

“ I am disappointed that the limit for taxable incomes has not been made at least Rs. 1,200 per annum. Government are doubtless aware there are many upon whom the Income-tax will still bear heavily and who deserve very sympathetic consideration. It has always been an obnoxious tax, and now that the cost of living in India has so much increased it tells particularly hardly on Europeans with fixed and limited incomes. Further, the Income-tax has always been looked upon as a tax of a temporary nature, as one that could well be enforced at times of great perils or of financial straits, but, being entirely unsuited to this country by reason of the circumstances generally attending its collection and payment, it should not be regarded as a permanent source of revenue and its total abolition should be kept constantly in view.

“ Under the head of Coinage, Currency and Exchange the Hon'ble Member on page 13 of the Budget refers to a nett import of silver bullion up to the end of February of 4 millions sterling. He goes on to say that ‘ of the silver importation, however, a large amount was for dollar coinage and for consumption in the country, but a certain proportion was apparently imported by speculators for a rise in silver as a profitable method of remittance.’

“ And in the note by the Financial Secretary it is stated in paragraph 149:—

‘ The leading features of the year have been the great increase in the receipts from the Export-duty on rice and the Import-duty on silver. The former is due to the bumper crop in Burma. The causes of the latter are somewhat obscure, but it is believed that silver is largely used as a convenient form of remittance.’

“ In other words, it is apparently difficult to assign any definite reason for the increased import of silver bullion, though it may be that the abnormally small imports in 1900-1901 may explain in part the heavy increase in 1901-1902—stocks being low, and the people with a return of ordinary prosperity being in a better position to buy silver for domestic purposes.

“ For the ten months ended 31st January, 1903, I make the imports of silver to be as follows:—

	Rs.
Less Exports	10,05,32,573
	4,18,01,200
	5,87,31,373

[Sir Montagu Turner.]

As against imports for the same period in 1902—

Imports	:	:	:	:	:	8,97,28,424
Less Exports	:	:	:	:	:	4,30,55,031
						4,66,73,393

"I consider that Government should give their careful attention to this matter and ascertain definitely what has caused this increased import of silver. Especially should very careful attention be directed to the point as to whether there is any abnormal development of illicit coinage of rupees in this country. The general impression is that such is the case, but I have no definite data to submit beyond what is already in possession of Your Excellency's Government.

"I listened with great interest to the remarks made by the Hon'ble Member in connection with the countervailing duties on bounty sugar imported into India, and it is satisfactory to find that the imposition of the countervailing duties has had the intended effect, although it has resulted in a decreased revenue under the particular head of countervailing duties. It is noticeable, however, that the quantity of sugar imported, and for which an ordinary 5 per cent. duty is paid, has not much diminished in volume. I trust, my Lord, that the Government of India will absolutely decline to become a party to the Brussels Convention, in other words, that they will hold themselves entirely free to act as may be best in the interests of India after sufficient time has elapsed to ascertain the result of the working of the Brussels Convention Agreement. I also trust that the Government of India will continue the present countervailing duties after the 1st of September until such time has elapsed as will allow of the disposal of the surplus stocks which it is believed are in existence, and which have benefited by the bounties which will cease from the 1st September. It must be borne in mind that should India give its adherence to the Brussels Conference the duty leviable on sugars imported from other contracting countries would be restricted to 6 francs per 100 kilos or say Rs. 1-5 per maund for the refined and 5 francs 50 cents per hundred kilos on other sugars, that being the maximum surtax permissible in terms of Article 3rd of the Convention.

"By remaining outside the Convention, India would be in a very strong position with a free hand to levy such duties as may be considered essential to guard her cane-crushing and sugar-refining industries, on which considerable fresh capital is now being spent, from unfair competition. If by agreeing to the Convention we bind ourselves to abolish taxation on imported sugar from Continental ports, might it not perhaps necessitate the abolition of the 5 per cent. *ad valorem* duty levied on sugar in common with other imported goods? This alone calculated on the imports of sugar from Austria, Hungary and Germany during the twelve months ended 31st December 1902 at Rs. 9 per cwt. amounts roughly to Rs. 10½ lakhs, in other words, it would affect price to the extent of about 5½ annas per maund. It is interesting to note that from the Budget figures the 5 per cent. ordinary duties on sugar are estimated at Rs. 28 lakhs for the current year apart from any income which may be derived from the countervailing duties.

"My Lord, I am somewhat disappointed to find that no reference is made to a possible reduction in the cost of Inland Telegrams. That Department has shown for some time fairly big surpluses in its working. It is true that an additional expenditure of about Rs. 9 lakhs is budgetted to provide for the cost of stores and new lines, but apart from this I notice that the estimated surplus for 1903-04 amounts to Rs. 39,23,000, and that the surpluses for the past four years have varied from Rs. 43 to 55 lakhs per annum. It would seem as though the time had arrived when the Government of India could well afford to make a reduction which would be exceedingly popular, and which I have no doubt will lead to a great increase in the number of messages tendered for transmission throughout the country.

"I feel sure that the matter of Military expenditure will receive the careful attention of the Government of India. From the figures given in the Budget it would seem that there is a tendency to increase the expenditure under this head,

[*Sir Montagu Turner.*]

the Budget estimate being some Rs. 18,90,46,000. It is, however, not surprising that the estimate for the current year should be heavy, considering the important works that have been lately undertaken in regard to the establishment of a Cordite Factory, a Gun Carriage Factory, a Rifle Mill Factory, and improvements in machinery at Ishapore and Cossipore, all of which will tend eventually to the reduction of the cost of armaments in this country, and to the more satisfactory provision of ammunition and armaments in cases of emergency. I note with satisfaction that under the heading of Military Works Estimates, an expenditure of Rs. 5 lakhs is allowed for the installation of electric light and punkha pulling in barracks. The lives of our soldiers are so valuable, and the benefit arising from the improved system of lighting and punkha pulling so great, that I would regard it as an absolute economy to provide these very necessary adjuncts in every barracks in India. It would naturally tend to improve the health of the soldiers and put an end to those regrettable accidents which occasionally happen to unfortunate punkha coolies.

"I note with satisfaction under the head of Foreign Tariffs that both the Government of India and the British Foreign Office are giving their continued attention to the question of the new Persian Customs Tariff. The Bengal Chamber of Commerce have recently addressed Your Excellency's Government in this matter and have pointed out the very prejudicial effect on Indian trade (in particular the Tea Trade) with Persia the new Tariff will have. The Bombay Chamber of Commerce have made a similar representation, and it has been suggested that the Government of India should endeavour to secure a postponement of the operation of the new Tariff for at least six months. I have recently received letters from Agents in the Persian Gulf who write to the following effect :—

'The scale of duties now leviable on imports and exports will have the merit of destroying the bulk of the present volume of trade between India and Persia. Duty on specified goods have been enhanced not only out of all proportion to those paid hitherto, but also apparently for the preclusion of the staples of each country. Cased cargo, such as liquors, etc., will require to pay on gross weight of each case or package including the casing and wrappers. The hasty introduction of the Tariff has evoked feelings of intense dissatisfaction and indignation throughout the country, and merchants have telegraphed cancelling orders and contracts for tea and other goods directly affected.'

"And in another letter the same Agents report that although the merchants have petitioned the Government of Persia for grace to complete the existing orders and contracts they had not received a reply to the memorial, but it was suggested that they should accept the situation in view of the fact that the Foreign Legations have unanimously accepted the new Tariff. Merchants, however, preferred to leave their goods untouched, only clearing such goods as were landed anterior to the introduction of the Tariff. It seems remarkable, if correct, that the British Representative should have accepted the new Tariff without realizing what it meant so far as the trade between India and Persia is concerned. It seems as though we were likely to suffer a very severe reverse in the development of Indian trade with Persia the effect of which will be felt for many years to come. It is, indeed, deplorable that such should be the case and that the interests of this country should have been so neglected as apparently is the case.

"In making these remarks I am aware of the fact that an official opinion has been expressed in England that the augmentation of a duty on tea though disliked by the consumers is not likely to reduce the trade in that commodity. But the fact remains that for the present trade is utterly stopped and Persian dealers are shipping their stocks of tea from England to Bombay and doing their best to cancel orders.

"My Lord, I have been surprised at no declaration having been as yet made by Your Excellency's Government on the proposal for payment of interest on Government rupee paper at the sterling rate of 1s. 4d. per rupee. A critic of this proposal has argued that it means that a number of people holding rupee paper have no confidence in the fixity of exchange. The real point is that the foreign investor has not yet acquired confidence in the fixity of exchange, that it,

[*Sir Montagu Turner; Rai Bahadur Bipin Krishna Bose.*]

is desirable to attract the money of the foreign investor for this country's development, and that the confidence of the foreign investor in the fixity of the sterling value of the rupee and in Indian investments generally can be best and most cheaply secured by Government giving proof of their own confidence. I take for granted that it is desirable to encourage the investment in rupee paper not only in India but outside India, and that Government desires to see rupee paper as popular with the ordinary investor as any other form of gilt-edged security. The hesitation of Government to give this guarantee would seem, although we know that such is not the case, as though they lacked confidence in the comparative fixity of the sterling value of the rupee."

The Hon'ble RAI BAHADUR BIPIN KRISHNA BOSE said:—"My Lord, the most noteworthy and at the same time the most gratifying feature of the Financial Statement is the substantial remission of taxation it announces. The ediction in which the remission is granted is also such as will, I make no doubt, commend itself to all. The only reasonable objection that could be urged against the Income-tax, a tax which, disagreeing with the Hon'ble Sir Montagu Turner, I look upon as eminently fair and just, disappears with the raising of the limit of exemption. As regards the reduction of the duty on salt, had it stood by itself, its benefit might not perhaps have reached those for whom it is intended, but operating in combination with the progressive cheapening of the cost of carriage, to which allusion has been made in the Statement, it cannot fail to make its influence felt in the right direction. The last of a series of fiscal measures adopted with a view to add to the resources of the Government in order to enable it to meet the yearly increasing burden of its sterling payments, was the imposition of duties on cotton-goods. After this the Currency, Legislation of 1893, which linked the rupee to 16*s.* gold unit, began to make its influence felt. The fixity in our measure of value in relation to the pound sterling having been established, the Government was able to save what it formerly used to lose on the Home charges. Such being the position, the country will acknowledge with the deepest gratitude the decision of Your Excellency's Government to take off a substantial portion of the burden of taxation.

"*Economic progress.*—Regarding the economic situation, India, as has been often pointed out, is such a vast country with such diverse conditions prevailing in its different parts that any generalization intended to apply to the whole empire is apt to mislead. My remarks will be confined to the Province with which I am familiar. The Central Provinces reached the low water mark of adversity in the agricultural year 1893-1900. Cultivation had then contracted to what it had been nearly a quarter of a century back, the area lost to the plough being represented by nearly two millions of acres. This decrease in the cultivated area was, owing to want of resources, accompanied by the displacement of superior by inferior crops. The export of wheat shrank to nearly $\frac{1}{10}$ th of the normal and that of rice to $\frac{1}{8}$ th. In contrast with the low ebb to which the export of agricultural produce fell, there was an enormous development in the export of hides, bespeaking heavy loss of cattle. The recovery during the current year, though not without hopes in some parts, has not everywhere been as satisfactory as could be desired. During the year ending 30th September, 1902, the exports of wheat were a little less than a fifth and those of rice a little over a quarter of what they used to be in good years before the cycle of lean years began. The season, though unpropitious for other crops, was, however, favourable for cotton, and its export was a third more than the highest figure attained at any previous period. As for prospects during the current season, they are on the whole favourable in the northern districts. The area placed under wheat is still no more than a third of the normal of past good years, but the yield is expected to be a full crop. Cotton has also given an excellent return. Unfortunately rice has badly failed throughout the rice-producing tracts. Relief is now being given in these localities. The total number on relief according to the latest return is 36,825. It would be premature at this juncture to say anything about the adequacy of the relief measures. It is hoped that the judgment passed by the Famine Com-

[*Rai Bahadur Bipin Krishna Bose.*]

mission that the relief given during the late famine was excessive, an opinion, however, not endorsed by the Secretary of State, would not make the pendulum swing in the opposite direction.

"Manufactures play but an unimportant part in the economy of the Province. But the people are not wanting in self-help and they have not been slow to take advantage of the great expansion in cotton cultivation. In the cotton-producing tracts, especially in Nagpur, there has been a material development in the cotton-industry. The number of factories has risen to 70, and yarn and cloth turned out by our local mills have been successful in establishing themselves in markets outside the Province. Under the severe stress of the calamities of the past decade, village industries are, however, showing signs of permanent decay. To make up for the loss that the disappearance of these industries is entailing on the people, it is to be fervently hoped that the Government will deal in no niggardly spirit with the efforts that private enterprise is putting forth to work the mineral resources of the Province, which is peculiarly rich in iron, manganese and coal. The export trade in manganese has received a great impetus during recent years, but I would fain indulge the hope that under a happy combination of rich iron ore, manganese and coal, all within easy reach of one another, a prosperous local industry in iron and steel will spring up in the near future and consume at least some portion of the manganese that now goes out.

"*Land-revenue Collection.*—The accounts for 1901-1902 show that the land-revenue collections in the Central Provinces were better by six lakhs of rupees as compared with the Budget figure, the actual being 86 lakhs as against an estimate of 80 lakhs. This is stated to be due to improvement in the agricultural condition. I may, however, be permitted to point out that the Budget Estimate was framed on the basis of an average season tempered by an application of the salutary principle of adjusting the collection to the special circumstances and necessities of the people. It seems doubtful whether in all the districts due regard has been paid to this generous policy. Turning to the Local Administration Report for the year I find it stated that the material condition of the tenants has deteriorated. Their indebtedness has largely increased, not by extravagance in expenditure, but by reason of their inability to repay seed-loans. They have also suffered grievous loss in the death of plough-cattle. The malguzars are said to have suffered even more severely. They have become more involved in debt, while their estates have depreciated in value. Apart from losses in their home-farm and rent collection, they have lost heavily in their grain advances to their tenants regarding seed and subsistence. As was inevitable under the circumstances, the area under plough was, if the cotton tracts be excluded, less than the normal, and on this contracted area the conditions under which kharif and rabi were sown were equally unfavourable. The revenue as fixed at the new settlement on the basis of an almost unbroken record of good seasons accompanied by a large expansion of the cultivated area was 94 lakhs, and we find that with a diminished cultivated area, an outturn below the average and an impoverished peasantry and proprietary body, the realizations were only 8 lakhs less than the above. I have nothing to say regarding the northern districts, or the Nagpur Province. Here, as far as I have been able to make out, the policy of forbearance as laid down in Your Excellency's Resolution of last year was, generally speaking, given effect to. I regret I cannot say the same of the Chhatisgarh. I must confess I have heard the people often and often complain of the rigour with which the collections were enforced, especially in Raipur and Bilaspur. I am aware the people are prone to exaggerate, and it is often difficult to find out the truth in an over-coloured account of a person smarting under a sense of supposed wrong. But official records when properly examined seem to indicate that the complaints were not wholly unfounded. I find the Commissioner, while admitting that the malguzars have suffered most heavily, laying down in his divisional report that 'the necessity of firm administration was never more apparent' than when the 'appetite of the people' had been 'whetted by concessions' and that 'a firm hand was needed to bring them to their bearing'. Everybody who has any

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experience of these matters knows that the subordinate officials directly responsible for the collection are seldom lacking in zeal and I would not wonder if, knowing that the key-note of their Commissioner's policy was 'firm administration,' they did not err on the side of leniency. In 1894-95, in Raipur (Khalsa), with an area under plough of $25\frac{1}{2}$ lakhs of acres and with an excellent rice-crop, the land-revenue paid was $8\frac{1}{2}$ lakhs. During the year under discussion, the area under plough was about 19 lakhs and the outturn three-fourths of a normal average. The export of rice, which is a sure index to the character of the season and the paying capacity of the people, was, during the year ending 30th September 1901, $3\frac{1}{4}$ lakhs and during the year ending 30th September 1902 5 lakhs of maunds, as against $37\frac{1}{2}$ lakhs in 1894-95. And yet it is found that the realizable land-revenue was $8\frac{1}{2}$ lakhs, the same as in old prosperous years, and the actual realization 7 lakhs 45 thousand, or 88 per cent. A part of this was no doubt on account of arrears, but to the payee it was all the same under what account his payment was distributed. The Commissioner admits that these results, so satisfactory from a revenue point of view, were not obtained 'without a certain amount of coercion,' which is justified on the ground of 'demoralization of the people'. But it was apparently overlooked that Raipur was the most acutely affected district in the acutest famine the Province has ever passed through. The rice, its staple crop, had been blasted almost in its entirety, and it was not possible for the people with seasons below the average following the famine to have so far improved their position as to be able to pay 88 per cent. of the full assessment without being compelled to borrow and to stint the necessities of life. And this is what seems to have taken place. In spite of the restrictions on alienation recently imposed and the depressed condition of landed property, transfers largely increased. I will not detain the Council by an examination of Bilaspur figures. They tell the same tale. The realizations have reached 90 per cent. of the demand as per *kistbandi*. I gratefully acknowledge that the Budget figure for the ensuing year has been framed in a spirit of generous recognition of the depressed condition of the people, and I hope the same generosity will characterise actual administration.

"*Agricultural Banks.*—After over a quarter of a century of more or less academic discussion, an important fresh start was given to the question of introduction of Rural Banks by the publication of the reports of the Simla Committee and the Famine Commission. While unable to make any definite pronouncement, the Hon'ble the Finance Minister held out the hope that definite proposals would soon be formulated. I make no doubt they will be instinct with the same feeling of deep sympathy with the misfortunes of our agriculturists as have characterised other measures of Your Excellency's Government. The question being under consideration, I may be excused for submitting a few remarks. The system that seems to find most favour is what is known as the mutual credit or co-operative system. I do not deny that if we had only to deal with a class of men in a fairly prosperous condition and possessed of sufficient business habits and credit to combine for their mutual benefit, they could well have been left to work out their own salvation. But such unfortunately is not the actual state of the case. In many parts of the country our peasantry are in such a chronic state of indebtedness and their credit is so low that nothing short of an extraneous organization, able and willing to extricate them from their present condition of virtual serfdom to their creditors and thereafter to advance them money on fair terms to meet their ordinary current wants and for land improvement, can bring about the devoutly-wished-for reform. For the success of such an organization something more substantial than mere 'good will', the only contribution that, according to a distinguished Bombay officer, the Government would be prepared to make to the solution of this difficult problem, is wanted. If the newspaper accounts are correct, it was not by this mode of grappling with the problem that Lord Cromer has succeeded with his Egyptian peasantry under conditions somewhat similar to the conditions obtaining here. What is needed in the case of men, who owing to their present helpless condition, aggravated, if not induced, by the recent seasonal disasters, are unable to help themselves, is an institution that would take the place of the present

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money-lenders and be able to lend on individual credit on reasonable terms. And as, in spite of what is said to the contrary, you cannot run a Bank that is to meet the demands of a large population from year's end to year's end on mere philanthropic principles, special facilities, subject to such conditions as the Government may think fit to impose, have to be granted to place the concern in a position gradually to take the place of the money-lenders and at the same time to earn a fair return on the capital invested. I do not advocate anything which the Government, of which Lord Cromer was a member, was not prepared to give in 1884. A complete scheme intended to have operation in the Purandur Taluqa of the Poona District was then formulated. It is said to have fallen through because the Secretary of State would not sanction it. But matters have become more critical since then, and it is possible that a similar scheme may now receive favourable consideration. In any case I respectfully draw attention to the proposals of 1884.

"Octroi Taxation in Municipalities.—Last year the Hon'ble Mr. Sri Ram had referred to a Resolution of Government laying down the broad principle that octroi in municipal towns should not be levied on articles subject to sea-customs duty at a rate higher than one-quarter anna per rupee, except in the case of ghee, timber and tobacco. Since then a further development has taken place. Octroi is the mainstay of municipal revenue in great many important towns in the Central as in the United Provinces, and, considering the all-embracing character of the sea-customs duty, the Government order threatened a serious dislocation of municipal finance. It was accordingly represented by the local bodies in my Province—and their representation had to a great extent the support of the Local Administration—that the existing rate, which ranged from one-quarter to one anna per rupee, should be permitted to be maintained, except in cases where it may degenerate into a transit-duty on through trade. Final orders have recently been received. They are to the effect that the utmost concession the Government is prepared to make is to allow in the case of six articles only a special rate of three-quarters of an anna, this rate, however, being worked down within the next five years to one quarter anna. As the exempted articles occupy only a subordinate position in the schedule and as moreover five years is not a long period in the history of municipal administration, how best to meet the heavy loss of revenue thus threatened is already causing the committees the greatest anxiety, especially as nowhere are their funds equal to the strain of the progressive need for improvement which is every day gaining in urgency in our growing towns. The Hon'ble the Finance Member said last year that octroi gave special openings for fraud and that he could hardly think of a more useful municipal tax than a house-tax. I venture respectfully to draw his attention to the remarks of Sir Charles Crosthwaite, who, when he says that it would be impossible to raise in Northern India or in the Central Provinces by direct taxation anything like the sum raised by octroi taxation, that the attempt to substitute direct taxation for octroi taxation would lead to much and serious trouble, and that the discontent created would be out of all proportion to any advantage that would result, crystallizes local knowledge and experience. In the Central Provinces octroi is as old as the days of the Bhosla rulers. It is paid mostly by traders, and the rest of the community do not feel that they pay any tax. Moreover, it is the presence in the schedule of the very rates which the Government order aims at reducing which gives equality of incidence. For most of the articles coming within the purview of the Resolution are luxuries, and the relief which the reduction of rates would give would be a relief to the rich at the expense of the poor. As to cost of collection, our experience has been that in large towns octroi costs the least to collect, and, as for fraud, it is reduced to a minimum under the system of fixed-value-passes that we have introduced. Under these circumstances, I venture to hope that the Government would be graciously pleased to reconsider the matter and permit a maximum rate of at least three-quarters of an anna as a permanent measure as recommended by our late Chief Commissioner, Sir Andrew Fraser, in the case of such municipalities only where the incidence of deduced average consumption shows that nothing that is not consumed

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within municipal limits is taxed. Any other course would, I am afraid, mar the usefulness of an institution that under the sympathetic guidance of officers of Government is doing good work to the advantage of the people and to the satisfaction of the Local Administration.

"*Excise-duty on cotton-goods.*—In view of the present depressed condition of the mill-industry, especially in Bombay, I am tempted to say a few words regarding the excise-duty on cotton-goods. It would appear, from the discussion which took place in this Chamber when this duty was imposed in 1894, that its introduction was a measure undertaken by the Government of India not of its own initiative but in obedience to a mandate from Her late Majesty's Government in England. Even so, one is never without hopes that the burden of a tax, imposed not on its own merits but under the pressure of the overpowering influence of an authority which is supreme in this as in other matters, may, if it be found to be injuriously affecting an industry, which is deserving of every fostering care the Government can bestow on it, be taken off, or at least made less onerous. Indeed, circumstances have so altered since the duty was imposed that one feels impelled to draw attention to the hardship that is involved in its continued existence. In 1894, the mill-industry was in a fairly prosperous condition. The purchasing power of the Indian people had not been paralyzed, as it since has been, by devastating famines. Competition of Japan in the China market had only just made its appearance, but had not succeeded in making its influence felt to any appreciable degree. And it was said in justification of the duty that with increasing prosperity its burden would in due course be transferred to the consumer through the medium of a rise in prices. But unfortunately the contrary has happened. The price of cloth, instead of going up, has gone down by about 12 per cent. since 1894, nor has it been found possible to reduce the cost of production to such an extent as to leave a margin for profit large enough to make up for the fall in prices. Thus the anticipated transfer of the burden from the producer to the consumer not having taken place, it has necessarily to be borne by the former. But since some time past the mill-industry has been passing through a severe crisis; and thus the pressure of the duty, which might, under favourable circumstances, have been borne with ease, has become oppressive. A concrete example will explain this. A competent authority has put the average selling price of Bombay mill-made ordinary cloth at $7\frac{1}{2}$ annas and the average net profit, taking good with bad years, at $\frac{1}{2}$ anna per lb. Thus the profit made on 100 lbs. which costs 750 annas to produce, is 50 annas, and this profit has to bear a duty of 26 annas, or over 50 per cent. The foreign trade is said to be subject to an equally onerous charge. I do not possess the necessary technical knowledge to discuss the currency question, but there are some broad facts which, in my humble judgment, seem to deserve consideration. Prior to the closing of the Mints to the free coinage of silver, the par of exchange was on the same footing as regards our rupee and the Chinese dollar. But since the adoption of the closure policy, the rupee is not on the natural basis of its intrinsic value. An artificial value has been placed on it, so that while the metal of which it is composed has gradually dwindled down to 22*d.* the rupee itself has been maintained at 42*d.* per ounce. But as such a state of things does not exist in China; the Indian manufacturer, who sells his goods in China, receives in exchange a certain number of dollars, which, when he converts them into rupees, give him a smaller number of that coin than what they did before the currency was contracted. Thus where he used to get 220 rupees for every 100 dollars, he now gets 120 rupees. At a recent meeting of the Bombay Chamber of Commerce, the Hon'ble Mr. Moses said that the condition of the Bombay mills was deplorable. Ten mills had been closed or sold at a third of their original value, eleven were about to go into liquidation, and the rest were eking out a bare existence. Even when acting in combination the fiscal measures of Government may not, as is sometimes alleged, have brought about this state of things. Other causes may be in operation, but that the excise-duty and the dislocation of the dealings with China owing to the currency policy have had their share in aggravating the present depression seems to be clear. I am not com-

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petent to say whether the benefits which have flowed from the currency policy do not outweigh the disadvantages it may have caused, and I should not be understood to criticise that policy in an adverse spirit. All I wish to urge is that our mill-industry has a special claim to indulgent treatment. Its ruin involves not merely the ruin of a venture in which 15 to 20 crores of capital has been sunk, but such a misfortune is sure to operate as a deterrent to the development of manufacturing industries in the future. Considering how vitally important it is that the Indian population should not be reduced to one dead level of poverty-stricken agriculturists to sink under the strain of the first failure of crops in spite of all the aid the Government in its bounty may give, it is not too much, I submit, to ask for an enquiry. And if, as has been said by persons entitled to speak with authority, it be found that much of the goods which pay excise do not enter into competition with Manchester, or if they did, do so only to a microscopic degree, a strong case would be made out for the abolition or the partial abolition of the duty, which might influence the Government in England. The recent imposition of an import-duty on corn in England, without any countervailing excise-duty on home-grown corn, would also justify a re-opening of the question.

"Irrigation.—Soon after Your Excellency assumed the government of this country, you were pleased to say, 'the subject of irrigation appealed very closely to my concern.' This declaration has been followed up by prompt action, and irrigation now occupies a foremost place in the financial arrangements of the year. For this the Central Provinces have cause to be especially thankful. For they had hitherto been conspicuous by their absence in the accounts relating to irrigational expenditure. All that is changed now. Until the report of the Commission and the Government order thereupon are received, no definite line of action can be taken. But in the meantime the provisional recommendations of the Commission are being given effect to, especially in the Chhatisgarh, where the appearance of distress has, to some extent, precipitated matters. Our three big rivers, Weinganga, Mahanuddy and Nerbudda, lend themselves, more or less, to large projects, and these are being investigated by the Public Works Department, and will, when feasible plans are formulated, be carried out. Besides these, minor works, such as tanks, wells and field embankments, are being taken in hand through the agency of the District Revenue Staff and in consultation with the landholders, who are cordially co-operating and contributing funds to supplement Government grants. It would be impossible to overrate the good that these works will do. It costs nothing to belittle projects like these of immense practical utility by calling them mere matters of administrative detail, but those who are benefitting by them, and they are the entire agricultural population, think and hold otherwise.

"Agricultural Improvement.—Reference has been made to what is going on in the Central Provinces in the matter of agricultural improvement. Indeed, much useful work is being done there. The principle kept in view is not to force reforms inconsistent with the condition of our agriculture but to help in the introduction of such improved methods as can readily assimilate with our existing methods. And as this is best done by working in the midst of the people themselves where they can watch and learn what is being done, small demonstration farms, subsidiary to the experimental farm at Nagpur, have been started in suitable localities in various parts of the Province. Selected seeds and seeds of improved varieties are being distributed. Local methods are being improved by importation of more skilled labourers from one district to another. Intelligent landholders and cultivators are being helped in every way to introduce improved methods in their own farms. Useful information written in simple language is being disseminated. All this and much more, which I need not dilate upon, is being silently done. Our local Victoria Memorial is to take the form of an Institute for improvement of agriculture and industries. We have already registered ourselves under the Literary Societies' Registration Act, 1866, and, before leaving the Province, Sir Andrew Fraser laid down the foundations of an organization that is to cover the whole Province and that will be worked by a body of official and non-official members

[*Rai Bahadur Bipin Krishna Bose; Sayyid Husain Bilgrami.*]

in harmonious co-operation with the Department of Agriculture. Our Director is to have an assistant, who will devote himself exclusively to this and cognate matters, and, I understand, our present Superintendent of the Nagpur Farm, Mr. R. S. Joshi, is to be that assistant. A worthier selection could not be made. Thoroughly trained in modern methods, intensely practical, possessing a complete knowledge of local systems and bringing to bear on his work a whole-hearted devotion, the Province, to quote the words of our Director, 'owes him a considerable debt for his many years of good work in the efforts to improve agriculture.' I hope and pray that, helped by these measures, the Province under the blessings of Providence will at no distant date once more enter upon an era of plenty and prosperity."

The Hon'ble SAYYID HUSAIN BILGRAMI said:—"My Lord, the congratulations with which Your Lordship has been greeted in the Council Chamber to-day will be echoed throughout the country, and though the tax-payer at large may not understand the skill and economy that have led to the signal financial success revealed in the Budget Statement of the year, he will none the less appreciate the relief which Your Lordship has been able to grant him from a part of his burden. Nor will the good deed go unrewarded, for I am persuaded that the remission of eight annas on salt will lead to an increased consumption in future years and reduce appreciably the loss estimated to accrue from this source.

"But while the relief afforded by the reduction of duty on salt will take some time in reaching the consumer, the raising of the limit of taxable income will be hailed at once by thousands of petty traders, clerks and pensioners and be a pleasant remembrance and happy augury to them of the year of His Majesty's Coronation.

"The recuperative power of the country, and the wise measures taken by Your Lordship's Government for its development, have resulted in a succession of four prosperous years, and we may be permitted to hope that these four years will be followed by many more of increasing prosperity. If the monsoons do not fail us, and war is averted, we may indeed count on recurring surpluses and a condition of stability in the finances of the country to which she has long been a stranger. With such a prospect before us, it may not be out of place to consider what use might be made of our anticipated prosperity, and in which direction our future surpluses might be employed with the greatest advantage to the country.

"I believe, my Lord, in the efficacy of education, and I believe that, as times permit, we should ask Your Lordship's Government for increased expenditure in this direction, and ask year after year until we get it. Much of the poverty, a great deal of the oppression of which we hear, is due to ignorance. Reforms in administrative departments may polish the surface; the real evil remains beneath and will never be reached until the people come to know their rights and are able to resist the petty oppression of subordinates. The simplicity of the Indian raiyat is easily imposed upon. The most benevolent measures only reach him in an emasculated condition, if they are not turned into fresh engines of extortion. One of the best abused departments is the Police in India, but half of its evil odour would evaporate if the people whom the Police is supposed to protect were not ignorant of the most elementary concerns of life. The administration of plague measures would give little trouble but for the same reason. The remission of part of the duty on salt which Your Lordship's Government has so graciously conceded will not, it is apprehended, reach the poor consumer at once, because in his ignorance he will let the middleman pocket the difference. Many an epidemic would be isolated and extinguished, many a serious riot would be prevented, but for the most childish misapprehensions bred of ignorance. In short, instances might be multiplied *ad infinitum* to show how the best intentions of our rulers often miscarry owing to the simplicity and ignorance of those who should benefit by them.

"I venture to submit, my Lord, that funds spent in dispelling this ignorance would be remunerative expenditure, as remunerative I was going to say as funds

[*Sayyid Husain Bilgrami.*]

spent on irrigation, though in a different way. If its direct benefits are only moral, not material, it will indirectly and in its ultimate results bring in returns convertible into rupees, annas and pies. It will promote order, fortify and enhance the prestige and power of the executive and help to reduce expenditure in various directions, and in time even directly increase the receipts of the State. It is not an exaggeration to hold that no industrial revival, on which so much of the future prosperity of the country must necessarily depend, can take place until the general intelligence of the masses of its inhabitants has been raised to a higher level by the spread of education.

"Yet how has the work of educating the people been done up to this time? India is spending something under a crore of rupees from Provincial funds on education for the service of a population of 232 million souls. A comparative study, in this connection, of the outlay on education from public funds in the foremost civilized countries of the world is very instructive.

"Taking the year 1896-97 for convenience of comparison, one finds that while India was spending Rs. 95,22,000 in round numbers on education, both direct and indirect, England was spending on direct education alone no less a sum than Rs. 12,03,54,000; France was spending Rs. 12,42,98,000; Russia Rs. 5,24,81,000; Germany Rs. 5,19,78,000; and the United States of America Rs. 11,61,86,000!

"It will be seen from a Tabular Statement* which I will, with Your Lordship's permission, take the liberty of laying on the table, that, taking the respective populations of the countries concerned, the cost to the State per head of population works out at Rs. 3'9 for England; Rs. 3'2 for France; annas 6'4 for Russia; Re. 1 for Germany; Rs. 1'6 for the United States of America; and pies 7'7 only for India!

"Total expenditure on education from all sources, including endowments, subscriptions, the large item of fees, local and Municipal funds, etc., was, for the same year, Rs. 3,52,00,000 in round numbers, so that the net contribution of the State towards education was less than one-third of the total cost. And yet the total cost, not quite a third of which, be it remembered, was borne by the State, will not work out to more than annas 2'3 per head of population, so that, if we wished to overtake even a backward country like Russia, we should still have to spend little short of three times the amount we are spending now from all sources, public and private.

"When we remember that in some of these countries vast sums are contributed by private munificence to the higher education of the people, and that State funds are mostly appropriated to primary education, we can form some conception of the disparity of the position India occupies in the civilized world. Even Russia, where the subject population is kept in a state bordering on slavery, spends nearly ten times as much as India!

"So much for State expenditure on education. Now let us enquire how many children are under instruction in India compared with other countries. I find for the same year that while we had some 37 lakhs of children under instruction in our schools (including aided and recognized private schools) out of a population of 232 millions, England had 65 lakhs out of a population of 31 millions, Japan 46 lakhs out of a population of 43 millions, and Russia 45 lakhs out of a population of 129 millions! If we were moving at the rate of our British fellow-subjects we should have 480 lakhs under instruction, if we took Japan for our model we should have 248 lakhs, but if we were content to follow the lead of a backward country like Russia, we should still have 80 lakhs in our schools for our population! Another Tabular Statement†, which I take the liberty of laying on the table, will bear out my contention.

"I think I have shown, my Lord, that His Majesty's Indian subjects are far behind every other civilized nation in the world in the matter of education. It is as much to the advantage of the rulers as of the ruled that this disparity

* *Vide* Appendix A.† *Vide* Appendix B.

[*Sayyid Husain Bilgrami; Rai Bahadur P. Ananda Charlu.*]

should no longer be allowed to exist, and that the State should help us to overtake fellow-travellers who have left us far behind them on their onward way. To argue, as some will argue, that our condition would be a great deal worse if our affairs were not cared for by our English rulers, would be neither just nor generous. We are grateful for the innumerable blessings we enjoy under British rule, but we claim the right of a backward and struggling people to be helped to work out our salvation out of taxes paid by ourselves. India is a poor country: if it ever grows rich again it will be with the help of its generous rulers. In a matter of vital importance, like that of education, it would be fatal to wait till we can help ourselves. That would be reasoning in a vicious circle. Hitherto when the need for economy has risen the shears have been applied impartially and education has not been spared. In years of financial depression this was perhaps inevitable, but now that prosperity has once more made its appearance and promises to stay with us, what better use could be made of it than to make a more generous grant towards education and extend its boundaries forward in all directions? The people of India expect a great deal from Your Lordship in this and in other directions, and they have no doubt that they will get it before you leave her shores.

"I would have ventured to indicate another direction in which financial prosperity might afford relief to India—I mean the abolition of some of the duties that hamper our industries; but I feel persuaded that the question of the economic freedom of India will have to be fought on English, not Indian, ground, and when the battle is joined we know from past experience on which side Your Lordship's voice will be raised.

"I do not wish to trespass on Your Lordship's time much longer, but there is one small matter to which I will, with Your Lordship's permission, call attention. The history of this Council, I need not remind Your Lordship, has been one of slow and cautious progress. There was a time when the Ordinances of the Governor General issued at his own initiative or with the consent of the Executive Council had the force of law. Judges of the Supreme Court were sometimes invited to help in the elaboration of enactments, but there was no representation of any kind. The next step was taken in 1861 by the constitution of the Legislative Council and the appointment on it of a few non-official Members, Indian and European, nominated by Government. In 1892 a further advance was made and the number of non-official Members was increased, and in 1893 a restricted amount of representation was conceded which has over and over again sent to the Council Members, both European and Indian, who have proved an ornament to the Legislature and a source of strength to its deliberations. The right of interpellation granted at the same time has often proved a means of clearing away misunderstandings and of justifying the Government to the public. At this point, however, the progress of popular principles has rested since 1892. There has been no further expansion, and, considering all interests, it is difficult to indicate in which direction further expansion is possible in the near future. There is one point of procedure, however, which Your Lordship might consider without making the smallest change in the constitution of the Council. The present practice is to allow one day for the presentation of the Budget and another immediately afterwards for what is called the debate. The interval between the two proceedings is far too short to permit of the non-official Members offering their views and criticisms with any fulness of preparation, while the official Members have hardly time to deal fully or adequately with any controversial matter that might have been brought up in the course of the debate. I therefore venture to suggest for Your Lordship's consideration whether it would not be in the best interests both of the Government and of the public in future to grant an extra day, and, if practicable, to increase the interval between the Budget Statement and the debate."

The Hon'ble RAI'BAHADUR P. ANANDA CHARLU said:—"The widest and deepest thanks are due to Your Excellency's Government for the two reliefs in taxation which have been announced in the Budget we are considering—though one of them, the Salt-tax, does not come up to Your Excellency's ideal that the

[*Rai Bahadur P. Ananda Charlu.*]

reduction must be on a sufficient scale to relieve the people on whom it pressed with the greatest weight or to the rule admitted by Sir Edward Law that a very small reduction would be of no avail to the consumer. More than these have been claimed and were claimable for these many years and were admittedly capable of being granted last year but for certain schemes, three in number which were named, and possibly two contingencies which loomed in front—both unspoken. One of these contingencies was a military scheme which was then in an embryonic form and which threatened to develop, on birth, into half a dozen Oliver Twists rolled into one. It had to be mentally reckoned with, as it was sure to come down upon the country—whether it is liked or not—with all the force of *vis major* with which there is no arguing. The other contingency arose in connection with the Delhi Darbar, for which an allotment had indeed been made, but which, like most human forecasts, *might* exceed the initial provision by a good bit, having regard to new phases in variety and attractions which would, too surely, obtrude into view in the interval and tempt acceptance and dovetailment. Ungrudgingly, however, had this contingency to be silently taken into account, as the scheme and its scale were determined upon with a *sincerity*, which there is no doubting—although there was a second side to the question and although many, whose standpoints and ideas of fitness of things were and are different, have, with equal sincerity, held the grand display as an outcome of the unconscious, and amiable frailty of masterminds, conscious of their strength—a display, by the way, that was calculated to outweigh a hundred homilies on the value of thrift and impressively convey to the public mind a practical lesson that expensive demonstrations are, after all, not out of place on festive occasions. But now that the boons are accomplished facts, by-gones must be by-gones and there ought to be room, in our hearts, for no other than a feeling of unmixed rejoicing, so far as these items of relief are concerned—especially as our minds would involuntarily and not unreasonably associate these concessions with the Coronation of our new Sovereign, though they had not synchronised with its celebration here or elsewhere. The remission in Salt-tax, so far as it goes, ought to open up proportionately a vista of gladness in many a poor household, where that tax has hitherto been remembered with ill-repressed irritation and a sense of injustice as each morsel entered the mouth. So at least, it must be in my Presidency, where a meal, with a stinted supply of salt, is worse than a loaf without leaven or sweets without sugar. It is, however, a pity that the remission has been given a *form* which may not bring the relief home to the understanding of hosts of small buyers and may, in practice, even keep them out of the blessing for a time—being in their credulity liable to be hoodwinked and bamboozled by the plausible representation that the reduction is meant as a premium to purchasers in maunds and not for the rest. 'So much a seer' would have been a happier form; for the seer is the measure of most men's purchase. Without laying myself open to the charge of looking a gift-horse in the mouth, I should suggest that the reduction should be a little more—and it could easily be a little more—so as to admit of its being realized in terms and units familiar to the masses, *i.e.*, as a pice, and not as four-fifths of a pice, per seer.

"Then the relief would be both intelligible to and demandable by the poorer classes for whom—as I take it—it was distinctly meant. I trust the suggestion is not too late. Obviously, it could not be made earlier and it is never too late to mend. Otherwise, there is every risk of the capitalist and wholesale dealer absorbing the profit and doing the masses out of all participation in what to them would too surely be a blessing and not a 'trifle' as is put in the Budget, in strange incongruity with the immediate admission *that the tax (in question) is paid mainly by those who can least afford to contribute anything.* It is indeed true that this sort of game on the part of capitalists and wholesale dealers could not last long and economic laws must sooner or later assert themselves and arrest the mischief. But, in spheres where there is little knowledge of rights and less of competition, the mischief would enjoy a regrettably longish lease. This the authors of the benefaction must devise methods to minimise.

[*Rai Bahadur P. Ananda Charlu.*]

"Coming next to the relief respecting the income-tax, no less warm and general is the satisfaction that it has taken—not the form of lowering the *rate* or its abolition as has been pathetically suggested today, both of which would mean a favour to such as can pay—but the more generous form of saving from payment hosts who cannot afford it, without crippling their already slender resources and without foregoing many a homely comfort which would lend a charm to otherwise humdrum lives of fret and of dull monotony. There is, however, a manifest danger to this relief reaching most of those for whom it is expressly intended. Widows and orphans in receipt of small pensions and meagrely paid clerks in Commercial and Government offices will, of course, taste of the fruit, inasmuch as the definite amounts of their income will bar the use of the long bow and the inventive faculties on the part of the informer-class which is none the less unscrupulous for being governmentally employed. But the petty traders and others of unceasing and fluctuating income—the classes who make up the bulk of the donees of the relief—may, quite as now, be the victims of the very hardships and harassments which the Government expressly wish to preclude, *vis.*, harsh inquisitorial proceedings and over-assessments at unjustifiably high rates. Nothing is easier for the informer-class, which is behind the assessing class, than to overestimate the income and, being the masters of the situation as at present, frustrate the benevolent intentions of the Government in a vast majority of cases, if not wholly.

"On the evils of the method which has been all along pursued in the assessment of this tax I unbosomed myself at some length last year. My remarks are on record. I do not wish to repeat or paraphrase them today. I will only add this:—that the staff of informers who are behind the assessor and on the strength of whose assurances the assessments are virtually made are no better than the class miscalled King's witnesses, and that they should be rated no higher. If only their secret promptings are in a few instances thrown aside when not independently corroborated, their occupation would be gone and matters would right themselves wonderfully rapidly. At least in this single respect, the procedure of judicial tribunals ought to be accepted and acted upon, to be judicious and just, if for no other reason. It is certainly worthy of adoption to render the boon, now given, to become one in reality. That it may result in the acceptance of the interested assessee's version, though unsatisfactory, is true enough. But it certainly has at least the guarantee that it is given under the risk and trepidation of prosecution for a false return, while the allegations of the informer are both tainted and free from all fear of the criminal law.

"Looking at this in the light of a Coronation Budget as it appears to me to be, I notice with pleasure that even the comparatively rich, *vis.*, a number of Native States, have had their gift in the shape of three years' interest on Government guaranteed debt, etc., though in my selfishness as a tax-payer I may grumble at their being cried off. This, however, must materially aid them in regaining their equilibrium after the severe strain they and their credit must have been put to, in actively displaying their rejoicing at the Coronation, whether it was at Delhi and in their own States. The cattle too, which cannot speak for themselves, are not forgotten; for they are expressly mentioned as meant and expected to participate in the salt-tax relief. With this may be coupled the comforting declaration, made in answer to my questions, that adequate provision is recognized as existing to enable them to live and to thrive. It will hereafter be their own fault if they deteriorate, die out or ignore the laws of trespass, as heretofore, and entail loss or prosecutions and other forms of harassment on their possessors by their neighbours or by Forest officials. But if facts, as they are, do not tally with the above-noted declaration, it is for the villages concerned to bring to light matters which appear to the Government too onerous and plainly useless—though in my opinion it will not be useless, if undertaken and accomplished notwithstanding that it would be onerous, which I must admit. I put the questions, not without some substratum of doubt as to things being all that they should be or are believed to be. In support of that doubt and out of some

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instances which have fallen within my observation I shall now only point out that, in respect of two villages of no less than 524 and 307 acres respectively, their printed settlement Registers, ready to hand contain this sentence: 'Pasturage. No lands have been set aside for this purpose,' without a word to explain why. It is perhaps a truism that the up-keep of plough-cattle at the requisite standard in numerical and staminal strength is as necessary an element of agricultural well-being as water and lessons on methods of cultivation, on rotation of crop and on suitable manure, all which might as well not exist, if *this* element is not up to the mark. It is, however, a truism, which, like many others, does often drop out of mind. It would be emphatically a case of the chain being as weak as the weakest link in it.

"Now that a continuous attention to irrigation is as good as ensured under Your Excellency's *regime*, it becomes urgent to study how best to improve the breed and the stamina of plough-cattle and how machine-devising ingenuity may be stirred up to supplement cattle-labour or supply its deficiencies in dealing with farms of a few acres each—say 20 to 50 acres—not of thousands, for which and for which alone even America appears as yet to have provided. Perhaps the new Agricultural Department and the Inspector-General of Agriculture may not find work in these directions out of place within their sphere of labours or too modest for achievement of striking distinction or startling results.

"The tiller of the soil too has not been lost sight of in the joyous moment. He gets his 25 lakhs for minor irrigation; but it is unfortunate that the remark is more or less tacked on to it that, out of the 25 lakhs allotted last year, no more than 16 lakhs has been spent. If so, it is surely not the tiller's fault; nor is it due to the absence of deficiencies which need remedying. The fact of this year's further allotment is an ample corroboration of the existence of the need for activity—unless it be like what it is not, *vis.*, the liberality of Dr. Primrose in Goldsmith's Vicar of Wakefield who put a guinea in the pocket of his market-going children to prevent them from sulking but with a distinct admonition not to change or to spend. Then again, the remark that water cannot flow up hill, involving as it does a sarcastic fling at the advocates of irrigation as the panacea of many ills, is no less unfortunate. It implies that all the tanks and reservoirs are in the best of repairs and in the best of conditions with their supply-channels in perfect order, that wells have been exploited for and sunk all over the area wherein needs and facilities have existed for them and that, apart from schemes which are said to require much time and careful preparation (grand canals presumably), the water millenium has reached the point where it is checked only by the natural law to which attention is drawn pointedly and with an undertone of triumph. Having some idea of the deficiencies in the several respects above enumerated, I beg leave to hold that the interval has not been long enough and the energy, brought to bear on that particular task, has not been in evidence strikingly enough, to impress one that the limits of feasibility have been reached. But, after all, no one asked that water should be made to flow uphill—though, if a proper case arose, science would have her solution. All that is asked, which was liable to be so satirised as a demand to carry water uphill is, wherever possible, to raise the waters of rivers to levels higher than their beds and banks as is done by Krishna and Godavari anicuts and similar embankments. This and like demands cannot be scoffed at, as though they were a bid to jump into the moon. Now, coming back to the Budget, one has to note, with some concern, that as to the vast body of the middle classes, they get no special gift. Spread of education, in its many forms, with a special eye to the technical side, a larger share in the government of their country so as to admit of retrenchments and of a just distribution of patronage, are among the special gifts which would be fittest for them. On these and some other points in the Budget worthy of criticism, I would fain enlarge. But time forbids.

"I cannot, however, omit to take up just three or four minutes to touch on the subject of our army, on which I felt bound to speak year after year and at considerable length last year and which—by its immensity, concretely and

[*Rai Bahadur P. Ananda Charlu; Mr. Gokhale.*]

palpably exhibited to the eye at Delhi—had upon me quite a stunning effect. In spite of the peremptory defence which was made by way of reply to my remarks last year and of the chaff to which I was benignly treated, I must confess I remain incorrigible. In adhering to the position I have all along taken to the best of my judgment, I have this day only to point out that, as regards my view as to absence of real fears to India from Russia it is concurred in by no less than Sir Edward Grey—not a sentimental pro-Indian, or an ill-informed dabbler in politics nor yet a pretentious globe-trotter—but one who—if my humble judgment is worth anything—might one day rise to the highest position under his Sovereign—one too whom—be it said to his lasting credit—not even the party-muzzle could gag when duty and truth seemed to him to demand outspoken utterance of his mind. Sir Charles Dilke—a keen observer and more or less an accepted authority on questions of Greater Britain—is virtually of the same way of thinking. I say 'virtually' as his statement that the present Indian Army is adequate for its purposes might be misconstrued into a denial of its being, to any extent, superfluous. As I understand him in the context, he was speaking—not on the issue whether it is or is not too much—but on the proposal of virtually adding to it. The need for such addition he denied, and all other considerations were irrelevant and were left untouched or taken for granted for the time being.

"If as Sir Edward Grey has said—and said truly as I hold—the North-West Frontier of India is a bugbear and it would be more difficult for Russia to place 200,000 men there than for England, the only vulnerable point in this peninsula is practically safe and the only outside foe, if Russia is a foe as taken for granted, is powerless for harming her. Where then is India's enemy and where else is the weak point open to attack? Internal peril there is none. All turbulent spirits have been not only quelled but happily crushed once for all. The loyalty of the people is impregnable, if only on the basis of the strongest self-interest.

"While thus we are busy pressing our case—so to speak—for an inch, a demand is sprung upon us for quite a mile in the opposite direction. We read, in the papers, that the problem is raised and hotly debated in England whether we ought not to be saddled with a contribution virtually to the cost of the British forces, on what I should, in this connection, call the shadowy ground of imperial obligations. But this is far too vast and too-many-sided a problem to be dwelt upon here within the extremely limited time and with the very slender materials I may just now lay claim to. But this I feel I have a right to say, that, freed from all adventitious considerations and vague issues with which the problem is obscured and confused, the real imperial interests and obligations of Great Britain—as the local *Statesman* neatly put it the other day—lie 'in safeguarding of the over-sea portions of the Empire and the protection of the trade-routes which are the very life-blood of British prosperity'. To this must perhaps be added the obligations, still inchoate, which might arise from the relations which are beginning to be fostered between Britain and her colonies. Towards the first of these purposes, India would be doing more than ample by maintaining an army of her own, even with the reductions contended for. But would it be just to call upon her to open her already lean purse directly or even remotely for the benefit of people who, on the score of the out-of-date colour-privilege, are intolerant of Indians even as willing, useful, skilful and sober coolies, with the tokens upon them of a civilisation, of which sobriety and cleanliness are, and I hope will ever be, the distinguishing marks? It is for unbiassed statesmanship and British conscience to give the response."

The Hon'ble MR. GOKHALE said:—"Your Excellency, I desire at the outset respectfully to associate myself with what has been said by my Hon'ble Colleagues, who have preceded me, in recognition of the important measures adopted by Government this year to give relief to the tax-payers of this country. For five successive years now, the Hon'ble Finance Member has been able to announce a large surplus of revenue over expenditure, and these surpluses

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have aggregated over 22 crores of rupees, as may be seen from the following figures:—

Year	Surplus in crores of Rupees.
1898-99	3.9
1899-1900	4.2
1900-1901	2.5
1901-1902	7.4
1902-1903	4.1
Total for 5 years	22.1

“Moreover, a sum of over 11 crores has been spent during the period out of current revenues for meeting extraordinary charges, but for which the aggregate surplus would have amounted to over 33 crores of rupees. My Lord, to take from the people a sum of 22 crores in five years over and above the requirements of Government—ordinary and extraordinary—at a time again when the country was admittedly suffering from famine and plague and general industrial depression as it had never suffered before, is a financial policy, the justification of which is not at all clear, and I cannot help thinking that even the cautious mind of the Hon’ble Member ought to have been satisfied with a shorter period than five years and a smaller total surplus than 22 crores to be able to recognize that with a 16d. rupee Government were bound to have large and recurring surpluses year after year, when the level of taxation had been so determined as to secure financial equilibrium on the basis of a 13d. rupee. However, it is better late than never, and I sincerely rejoice that my Hon’ble friend was at last able to advise Government that the time had come when the claims of the tax-payers, who have had to submit to continuous and ceaseless additions to the taxation of the country during the last eighteen years, to some measure of relief might be safely considered. My Lord, as regards the particular form of relief, decided upon by Government, I have nothing but the warmest congratulations to offer. I confess I was not without apprehension that Lancashire, with its large voting strength in the House of Commons and its consequent influence with the Secretary of State for India, might once more demonstrate how powerless the Indian Government was to resist its demands and that the abolition of cotton-duties might take precedence of the reduction of the duty on salt. My fears, however, have happily been proved to be groundless, and I respectfully beg leave to congratulate Government on the courage, the wisdom and the statesmanship of their decision. Public opinion in India has for a long time prayed for these very measures of relief, and the National Congress has, year after year, urged upon the attention of Government the necessity of raising the taxable minimum limit of the income-tax from five hundred rupees to one thousand, and of reducing the duty on salt from Rs. 2-8 a maund to Rs. 2 at the earliest opportunity. My Lord, I am surprised to hear the opinion expressed in some quarters that the reduction of the salt-duty will not really benefit the vast mass of our population, but that it will only mean larger profits to small traders and other middlemen. I think that those who express such an opinion not only ignore the usual effect on prices of competition among the sellers of commodities, but that they also ignore the very obvious lesson which the figures of salt consumption during the last twenty years teach us. An examination of these figures shows that, during the five years that followed the reduction of the salt-duty in 1882, the total consumption of salt advanced from 28.37 millions of maunds to 33.71 millions—an increase of 5.35 million maunds or fully 18 per cent. In 1887-88, the duty was raised from Rs. 2 to Rs. 2-8 a maund, which not only arrested the steady increase of the previous five years but actually led to a reduced consumption during the next four years, and this in spite of the fact that the figures for these years included for the first time the figures of salt consumption in Upper Burma. It was not till 1891-92 that the ground thus lost was again recovered, but since then consumption has remained virtually stationary—only a very slight

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advance of less than 6 per cent. being recorded in 14 years as against an increase of 18 per cent. in five years previous to the enhancement of the salt-duty. My Lord, I am confident that what has happened before will happen again, and that the Finance Member will not have to wait long before he is able to announce that the consumption of salt is once again steadily on the increase. And the loss of revenue caused by the reduction in duty at present will be only a temporary loss, and that in a few years' time it will disappear altogether in consequence of increased consumption. Again, my Lord, I have heard the opinion expressed that the duty on salt does not after all constitute any serious burden on the resources of the poorer classes of our community, because this duty, it is urged, is the only tax which they contribute to the State. Here, again, I must say that those who express such a view hardly realize what they are talking about. Our revenue is principally derived from Land, Opium, Salt, Excise, Customs, Assessed Taxes, Stamps, Forests, Registration and Provincial Rates. Of these, the Opium Revenue is contributed by the foreign consumer and may be left out of account. Of the remaining heads, the proceeds of the Assessed Taxes are the only receipts that come exclusively from the middle and upper classes of the people, and they are represented by a comparatively small sum—being less than two crores of rupees a year. On the other hand, the bulk of the Salt Revenue comes from the pockets of the poorer classes. The Abkari Revenue again is contributed mainly by them; so also is the Forest Revenue. Under Stamps and Registration, they contribute their fair share—possibly more than their share, as the bulk of our litigation is about small sums. I believe they also contribute their share under Customs. And as regards Land Revenue and Provincial Rates, in raiyatwari tracts at any rate, a large proportion of this revenue comes from very poor agriculturists. So far, therefore, from contributing less than their fair share to the exchequer of the State, the poorer classes of our community contribute, as a matter of fact, much more than they should, relatively to their resources; and Government have therefore done wisely in deciding to give relief to these classes by a reduction of the duty on salt. I trust it may be possible for Government to reduce this duty still further in the near future, for the consumption of salt, which in the time of Lord Lawrence was found to be about 12lb per head in some parts of India, is now not even 10lb per head, whereas the highest medical opinion lays down 20lb per head as a necessary standard for healthful existence.

"My Lord, in the remarks which I made in the course of the Budget discussion of last year, I dwelt at some length on the heavy and continuous additions made by Government to the taxation of the country since 1886, and I urged that as the currency policy adopted by Government had put an end to their exchange difficulties, some relief should be given to the sorely-tried tax-payers by a reduction of the salt-duty, a raising of the taxable minimum limit of the income-tax, and the abolition of the excise-duties on cotton-goods. Two of these three prayers have been granted by Government this year, and it was much to be wished that they had seen their way to grant the third also. These excise-duties illustrate what John Stuart Mill has said about the Government of the people of one country by the people of another. They were levied not for revenue purposes but as a concession to the selfish agitation of Manchester. They are maintained owing to a disinclination on the part of Government to displease that same powerful interest, though the mill-industry in this country, owing to various causes, not the least important of which is the currency policy of Government themselves, is in a state of fearful depression. The justification ostensibly urged in favour of their retention is that the principles of free trade would be violated if they were removed while the imports from Manchester were liable to Customs-duties. The hollowness of this justification has, however, been effectively shown up by the present Editor of the *Times of India* in the brief Introduction contributed by him to a pamphlet, published some time ago by my friend Mr. B. J. Padshah, in which the question of the effect produced by the excise-duties on the cotton-industry of India has been examined with elaborate care and a clear grasp of principles.

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'In deference to the representations of Lancashire mill-owners,' says the writer of the Introduction, "India was compelled to impose an excise-duty upon her own cotton-manufactures. That is to say, she was forced to tax an internal industry at a peculiarly inopportune time for the benefit of Lancashire. She was practically sacrificed to the political exigencies of the moment. The British Parliament has now imposed a duty—not large but enough to be felt—upon imported corn. India sends corn to England just as Lancashire sends piece-goods to India. If the British Parliament really desires to render that justice to India which it so frequently professes, its only logical course must be to place an excise-duty on its own home-grown corn. Such a proposition is naturally impossible, but it serves to throw into strong relief the essential injustice of the present treatment of the Indian cotton-industry. The British Parliament is willing enough to thrust taxation upon Indian mill-owners for the benefit of their Lancashire brethren: but it places a protecting arm round the British farmer as against India."

"In no other country would such a phenomenon of the Government taxing an internal industry—even when it was bordering on a state of collapse—for the benefit of a foreign competitor be possible, and I am inclined to believe that the Government of India themselves regret the retention of these duties as much as any one else. I earnestly hope that before another year is over the Secretary of State for India and the British Cabinet will come to realize the great necessity and importance of abolishing these duties, whose continued maintenance is not only unjust to a great Indian industry but also highly impolitic on account of the disastrous moral effect which it cannot fail to produce on the public mind of India.

"My Lord, the Financial Statement rightly observes that for the first time, since 1882, the Government of India have this year been able to announce a remission of taxation. Twenty-one years ago, a Viceroy, whose name will ever be dear to every Indian heart, assisted by a Finance Minister who has since risen to a most distinguished position in the service of the Empire, took advantage of the absence of any disturbing elements on the financial horizon to modify and partially reconstruct the scheme of our taxation and expenditure. The financial reforms of Lord Ripon and Major Baring (now Lord Cromer), joined to other great and statesmanlike measures of that memorable administration, roused throughout the country a feeling of enthusiasm for British rule such as had never before been witnessed: and the mind of every Indian student of political and financial questions constantly harks back to that time, because it sought to fulfil in a steady and earnest manner the higher purpose of England's connection with India. The fiscal status established during that period was rudely disturbed in 1885 in consequence of an apprehension of Russian aggression on the North-Western Frontier, and a period of continuous storm and stress, financial and otherwise, followed, which I venture to think has now happily come to a close. During the 14 years—from 1885 to 1898—the Government of India took about 120 crores of rupees from the people of this country over and above the level of 1882–85 (inclusive of about 12 crores for Upper Burma) under the larger heads of Revenue—about 36 crores under Land Revenue, 25 under Salt, 12 under Stamps, 18 under Excise, 15½ under Customs, and 13½ under Assessed Taxes. Nearly 80 crores out of this additional 120 crores, *i.e.*, fully two-thirds, was swallowed up by the Army services, whereas the shares that fell to the lot of public education out of this vast sum was represented by less than a crore of rupees. My Lord, I mention these facts not to indulge in vain regrets about a past which is now beyond recall, but because I wish earnestly and respectfully to emphasise the great necessity of increased expenditure in future on objects which have so far been comparatively neglected, as on these the ultimate well-being of the people so largely depends. As things stand at present, Indian finance is virtually at the mercy of military considerations, and no well-sustained or vigorous effort by the State on an adequate scale for the material advancement or the moral progress of the people is possible while our revenues are liable to be appropriated in an ever-increasing proportion for military purposes. My Lord, I do not wish to speak to-day of the serious and alarming increase that has taken place during the last eighteen years in the military expenditure of the country, which has risen in a time of profound peace from about 17½ crores—the average for 1882–85—to 26½ crores—the amount provided

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in the current year's Budget, *i.e.*, by over 50 per cent, when the revenue derived from the principal heads has risen from 51 crores to 69 crores only, *i.e.*, by about 35 per cent. Our Military expenditure absorbs practically the whole of our Land-revenue and exceeds the entire civil expenditure of the country by about $2\frac{1}{2}$ crores, thus demonstrating the excessive preponderance of the military factor in Indian finance. In no country throughout the civilised world do the Army Services absorb so large a proportion of the national income. Not even in Russia is this expenditure more than one-fourth of the total ordinary revenue, while with us it is about one-third, omitting, of course, from the Revenue side Railway receipts, which are balanced by a corresponding entry on the Expenditure side. Military safety is no doubt a paramount consideration to which every other must yield, but military preparedness has no definite standard and might absorb whatever resources can be made available for it practically without limit. Moreover, the demands of military improvement must grow more and more numerous and insistent as years roll by, and there can be no finality in such matters. Military efficiency must, therefore, as Lord Salisbury once pointed out, be always *relative, i.e.*, determined in the case of each country by a combined consideration of its needs of defence and the resources that it can fairly devote for the purpose. Judged by this test, our military expenditure must be pronounced to be much too heavy, and unless effective measures are taken to bring about its reduction, or at any rate prevent its further increase, there is but little hope that Government will ever be able to find adequate funds for public education or other important and pressing measures of internal improvement. The question cannot be put better than in the eloquent words used by Lord Mayo in his memorable minute on the subject dated 3rd October 1870—words which are as true to-day as they were 30 years ago—if anything, even more so.

"Though the financial necessities of the hour," said he, "have brought more prominently to our view the enormous cost of our army (16·3 crores) as compared with the available resources of the country, I cannot describe fiscal difficulty as the main reason for the course we have taken. I consider that if our condition in this respect was most prosperous, we should still not be justified in spending *one shilling more* on our army than can be shown to be absolutely and imperatively necessary. There are considerations of a far higher nature involved in this matter than the annual exigencies of finance or the interests of those who are employed in the military service of the Crown. Every shilling that is taken for unnecessary military expenditure is so much withdrawn from those vast sums which it is our duty to spend for the moral and material improvement of the people."

"The present strength of our Army is in excess of what the Simla Commission of 1879—of which Lord Roberts was a member—pronounced to be sufficient both for the purpose of maintaining internal peace and for repelling foreign aggression, not only if Russia acted alone, but even if she acted with Afghanistan as an ally. General Brackenbury, some time ago Military Member of the Governor General's Council, admitted in his evidence before the Welby Commission that the present strength was in excess of India's own requirements and that a portion of it was maintained in India for Imperial purposes. The truth of this statement was forcibly illustrated during the last three years when India was able to spare, without apparent danger or inconvenience, a large number of troops for Imperial purposes in South Africa and China. Again, since the Army increases of 1885 were made, a great deal has been done at a heavy outlay of money to strengthen our coast and frontier defences and to place the administration of the Army on a sounder basis. The armed strength has, moreover, improved in other directions also. The number of Volunteers has increased by nearly 13,000 men. The Native Army reservists now number close upon 20,000 and the Imperial Service troops about 18,900—both new and recent creations. My Lord, I am free to admit that in these matters Government are bound to be guided, mainly, if not exclusively, by the opinion of their expert military advisers. But there are certain broad features of the situation—certain large questions of general policy—which, I believe, it is open to every one to discuss: and I venture to submit, with much diffidence and not without a sense of responsibility, a few remarks on this subject for the consideration of Your Excellency's Government. Our Army is for all practical

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purposes a standing army, maintained on a *war footing* even in times of peace. It is altogether an *inexpansive* force, without any strong auxiliary supports in the country such as exist in European States, and its strength can be augmented only by an arithmetical increase of its cost. In Western countries and even in Japan, which has so successfully copied the Western system, the establishment maintained in times of peace can, owing to their splendid system of reserves, be increased three, four, five, even six times in times of war. Japan, for instance, which spends on her Army in times of peace about one-fourth of what we spend, has a peace establishment half our own and can mobilize in times of war nearly double the number of men that India can. The British troops in this country are under the Short Service system, but owing to the peculiarity of the situation, the main advantage of Short Service—*viz.*, securing for the country a large body of trained reservists—goes to England, while all the disadvantages of the system—the paucity of seasoned soldiers, increased payments to the British War Office for recruitment charges and increased transport charges—have to be borne by us. The Native Army is in theory a Long Service army, but it was calculated by the Simla Army Commission, on the basis of the strength which then existed, that as many as 80,000 trained Native soldiers obtained their discharge and returned to their homes in ten years' time. And the formation of reserves was proposed by the Commission so as to keep the greater number of these men bound to the obligations of service and also in the hope that the reserves so formed in time of peace might 'enable the Government to reduce the peace strength of the Native Army.' The Commission apprehended no political danger from such a restricted system of reserves, and it was calculated that the proposed reserves, if sanctioned, would absorb about 52,000 out of the 80,000 men retiring from the Army every ten years. Acting on this recommendation, Lord Dufferin's Government decided on the formation of such reserves, and proposed to begin with two kinds—regimental and territorial reserves—of which the latter system was naturally better suited to the circumstances of such a large country and would undoubtedly have succeeded better. But the India Office, more distrustful in the matter than the men on the spot, disallowed the formation of territorial reserves, with the result that our reservists today do not number even 20,000 men. Practically, therefore, we have to place our sole reliance on a standing army, and while the plan is, financially, the most wasteful conceivable, even as an organization of national defence it is radically faulty. No pouring out of money like water on mere *standing battalions* can ever give India the military strength and preparedness which other civilized countries possess, while the whole population is disarmed and the process of de-martialization continues apace. The policy of placing the main reliance for purposes of defence on a standing army has now been discarded everywhere else, and at the present moment India is about the only country in the civilized world where the people are debarred from the privileges of *citizen soldiery* and from all voluntary participation in the responsibilities of national defence. The whole arrangement is an unnatural one; one may go further and say that it is an impossible one, and, if ever unfortunately a day of real stress and danger comes, Government will find it so. My Lord, I respectfully plead for a policy of a little more trust in the matter. I freely recognize the necessity of proceeding with great caution, and if Government are not prepared to trust all parts of the country or all classes of the community equally, let them select particular areas and particular sections of the community for their experiment. What I am anxious to see is the adoption of some plan, whereby while a position of greater self-respect is assigned to us in the work of national defence, the establishments necessary during peace and war times may be separated and thus our finances may be freed from the intolerable pressure of an excessive and ever-growing military expenditure.

“My Lord, the question which, in my humble opinion, demands at the present moment the most earnest and anxious attention of Government is the steady deterioration that is taking place in the economic condition of the mass of our people. In my speech on last year's Budget, I ventured to dwell at some length on this subject and I have no wish to repeat again today what I then

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said. But the Hon'ble Sir Edward Law has made a few observations on the question in the Financial Statement under discussion which I deem it my duty not to allow to pass unchallenged. At page 20 of the Statement, under the heading of Economic Progress, my Hon'ble friend observes :—

“As a general indication of the increasing wealth of the taxpayers, I think that a very fairly correct estimate of the position is to be obtained by noting the increase in revenue returns under heads the returns from which are manifestly dependent on their spending power. Such heads are Salt, Excise, Customs, Post Office and in a lesser degree Stamps, and I give the following figures, showing progress in revenue under these heads during the last three years. . . . The inevitable deduction from the figures tabulated must be that *the material prosperity of the people as a whole is making good progress.*”

“My Lord, I can only say that I am amazed at the Hon'ble Member's idea of what he calls the ‘good progress’ of the material prosperity of the people. Are the figures really so striking that they should convey to his mind a clear and emphatic assurance on a momentous question and fill him with such evident satisfaction? Last year, in replying to some of the remarks which I had made on this subject, the Hon'ble Member was pleased to state that I had been arbitrary in my selection of certain periods for comparison and that I had compared the statistics of an earlier period which was normal with those of a later period which was disturbed by successive famines. The Hon'ble Member's criticism was based on a misapprehension, because I had precisely avoided doing what he said I had done. However, having passed that criticism on me, one would have expected that the Hon'ble Member would be particularly careful in the selection of his own statistics. I am sorry, however, my Lord, to find that some of his figures are not only arbitrarily selected but are used in a manner which I can only describe as misleading. Take, for instance, the figures of Salt-revenue. The Hon'ble Member starts with the year 1899-1900, when the Salt-revenue was 5·85 millions sterling, and points out that it had risen to 6·04 millions for 1902-1903. Now, in the first place, the rise here is very small. But will the Hon'ble Member tell me why he took 1899-1900 as his starting year and not the preceding one, *viz.*, 1898-99, the Salt-revenue for which was 6·06 millions sterling, *i.e.*, slightly over the figure for 1902-03? If we take 1898-99 as our starting year, we can deduce from these same figures the conclusion that the Salt-revenue has actually diminished during these four years and that the ground lost since 1898-99 has not yet been regained. Again, take the figures for Stamps. As they are presented by the Hon'ble Member they no doubt show a small steady increase and the revenue for 1902-03 appears larger than for 1901-02, the figures given by the Hon'ble Member being 3·472 millions sterling for 1902-03 as against 3·446 millions sterling for 1901-02. But the Hon'ble Member seems to have lost sight of the fact that the figure for 1902-03 includes the revenue for Berar, which the figure for 1901-02 does not do; so that for purposes of a fair comparison the Berar revenue must be deducted from the former. The amount for Berar included in the figure for 1902-03 is, as Mr. Baker tells us, about £28,700. And, this amount being deducted, we get for 1902-03 a revenue of 3·443, which, it will be seen, is slightly lower than for the preceding year; and in fact Mr. Baker himself speaks in his note of the Stamp-revenue declining slightly during the year. The Hon'ble Member has also omitted to deduct receipts for Berar under Excise and Post Office from his figures for 1902-03, and has moreover made no mention, as Mr. Baker has done, of the recent assemblage at Delhi being responsible for a portion of the increase under Post Office. It is true that even after deducting the Berar quota the Excise-revenue shows some increase, but the Hon'ble Member must forgive me if I say that that is not necessarily a sign of increased prosperity though it is undoubtedly a sign of increased drunkenness in the land. Finally, many will decline to accept an increase of Customs-revenue in the present circumstances of India as any evidence of growing material prosperity. The bulk of our imports consists of manufactured goods, and almost every increasing import of foreign goods—far from indicating any increase in the country's purchasing power—only connotes a corresponding displacement of the indigenous manufacturer. Thus, while

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the import of cotton-goods has been for years past steadily increasing, we know, as a matter of fact, that hundreds and hundreds of our poor weavers throughout the country have been and are being driven by a competition they cannot stand to give up their ancestral calling and be merged in the ranks of landless labourers—and this typifies, to a great extent, the general transformation that is fast proceeding throughout the country. The process of such displacement is not yet complete, but the large and progressive totals of our import-trade only show that the transition of the country from the partially industrial to the purely agricultural phase of economic life is going on at a rapid pace, and that the movement has already reached an advanced stage. There is at present hardly a country in the world which has become so preponderatingly agricultural or sends abroad so much of its food-supply and raw material for manufacture as British India. When the disastrous transformation is completed—and this is now only a question of time, unless remedial measures on an adequate scale are promptly undertaken—it will reveal a scene of economic helplessness and ruin before which the heart of even the stoutest optimist will quail. No doubt there are here and there signs of an awakening to the dangers of the situation, but the first condition of this awakening producing any appreciable practical results is that the fact of our deep and deepening poverty and of the real exigencies of the economic position should come to be frankly recognized by the Government of this country. And, my Lord, it is a matter for both surprise and disappointment that a few paltry increases in revenue under certain heads should be accepted by the Finance Minister of this country as conclusive evidence of our growing material prosperity, when many most important indications point just the other way. The annual death-rate, independently of famine and plague, has been steadily rising for the last twenty years, showing that a steadily increasing proportion of the population is being underfed; the increase of population during the last decade has been much less than normal; there has been a diminution of the net cropped area in the older Provinces and a more or less general shrinkage of the area under superior crops; the indebtedness of the agricultural population has been alarmingly on the increase all over the country; their losses in crops and cattle during the last five years have been estimated at 300 crores of rupees; the currency legislation of Government has enormously depreciated their small savings in silver; the wages of labourers have not risen, during the last twenty years and more, in proportion to the rise in the prices of necessaries. I venture to think that unless these disquieting symptoms are properly diagnosed, not even the high authority of my Hon'ble friend will suffice to convey any assurance to the public mind that 'the material prosperity of the people as a whole is making good progress,' and that no apprehensions need be entertained for the future, if only the revenue under certain heads continues to advance as it has done during the past three years.

"My Lord, Indian finance seems now to be entering upon a new and important phase, and the time has come when Government should take advantage of the comparative freedom, which the country at present enjoys from the storm and stress of the past eighteen years, to devote its main energies to a vigorous and statesmanlike effort for the promotion of the material and moral interests of the people. Speaking roughly, the first half of the nineteenth century may be said to have been for British rule a period of conquest and annexation and consolidation in this land. The second half has been devoted mainly to the work of bringing up the administrative machine to a high state of efficiency and evolving generally the appliances of civilized Government according to Western standards. And I venture to hope that the commencement of the new century will be signalized by a great and comprehensive movement for the industrial and educational advancement of the people. After all, the question whether India's poverty is increasing or decreasing under the operation of the influences called into existence by British rule—though of great importance in itself—is not nearly so important as the other question as to what measures can and must be taken to secure for this country those moral and material advantages which the Governments of more advanced countries think it their paramount duty to bring within the easy reach of their subjects. My Lord, I have no wish to judge; it is perhaps not quite just to judge, the work done so far in these directions by

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the British Government in India by the standard of the splendid achievements of countries, more fortunately circumstanced and having a more favourable start than ourselves in the field. I admit the exceptional character of our Government and the conflicting nature of the different interests which it has got to weigh before taking any decisive action in this matter. But after so many years of settled government and of unchallenged British supremacy, it is, I humbly submit, incumbent now upon the rulers of this country to gradually drop the exceptional character of their rule and to conform year by year more and more to those advanced notions of the functions of the State which have found such wide, I had almost said such universal, acceptance throughout the Western world. European States for years past, have been like a number of huge military camps lying by the side of one another. And yet in the case of those countries, the necessity of military preparedness has not come and does not come in the way of each Government doing its utmost in matters of popular education and of national industries and trade. Our record in this respect is so exceedingly meagre and unsatisfactory, even after making allowances for our peculiar situation, that it is almost painful to speak of it along with that of the Western nations. In Europe, America, Japan and Australia, the principle is now fully recognized that one of the most important duties of a Government is to promote the widest possible diffusion of education among its subjects, and this not only on moral but also on economic grounds. Professor Tews of Berlin, in an essay on Popular Education and National Economic Development, thus states his conclusions on the point:—

“1. General education is the foundation and necessary antecedent of increased economic activity in all branches of national production in agriculture, small industries, manufactures and commerce. (The ever-increasing differentiation of special and technical education, made necessary by the continual division of labour, must be based upon a general popular education and cannot be successful without it.)

2. The consequence of the increase of popular education is a more equal distribution of the proceeds of labour contributing to the general prosperity, social peace, and the development of all the powers of the nation.

3. The economic and social development of a people, and their participation in the international exchange of commodities, is dependent upon the education of the masses.

4. For these reasons the greatest care for the fostering of all educational institutions is one of the most important national duties of the present.”

“My Lord, it is essential that the principle enunciated with such lucidity by Professor Tews in the foregoing propositions should be unreservedly accepted in this country as it has been elsewhere, and that a scheme of mass education should now be taken in hand by the Government of India so that in the course of the next twenty-five or thirty years a very appreciable advance in this direction might be secured. It is obvious that an ignorant and illiterate nation can never make any solid progress and must fall back in the race of life. What we therefore want—and want most urgently—is first of all a widespread diffusion of elementary education—an effective and comprehensive system of primary schools for the masses—and the longer this work is delayed the more insuperable will be our difficulties in gaining for ourselves a recognized position among the nations of the world. My Lord, the history of educational effort in this country during the last 20 years is sad and disheartening in the extreme. Lord Ripon's Government, which increased the State contribution to education by about 25 per cent., *i.e.*, from 98 lakhs to 124 lakhs between 1880 and 1885, strongly recommended, in passing orders upon the Report of the Education Commission of 1882, that Local Governments and Administrations should make a substantial increase in their grants to Education and promised special assistance to them from the revenues of the Government of India. But, before the liberal policy thus recommended could be carried out, a situation was developed on the frontiers of India which led to increased military activity and the absorption of all available resources for Army purposes, with the result that practically no additional funds were found for the work of Education. And in 1888 the Government of India actually issued a Resolution stating that as the duty of Government in regard to Education was that of merely pioneering the way, and as that duty had on the whole been

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done, the contribution of the State to Education should thereafter have a tendency to decrease. Thus, while in the West the Governments of different countries were adopting one after another a system of compulsory and even free primary education for their subjects, in India alone the Government was anxious to see its paltry contribution to the education of the people steadily reduced! In the quinquennium from 1885-86 to 1889-90 the State grant to Education rose from 124·3 lakhs to 131·6 lakhs only, *i.e.*, by less than 6 per cent., and this in spite of the fact that the amount for the latter year included State expenditure on Education in Upper Burma which the former year did not. Since 1889-90 the advance under the head of Educational expenditure from State funds has been slightly better, but part of this increase since 1893 has been due to the grant of exchange compensation allowance to European officers serving in the Educational Department throughout India. It is only since last year that the Government of India has adopted the policy of making special grants to Education, and I earnestly hope that, as year follows year, not only will these grants be increased, but that they will be made a part of the permanent expenditure of the State on Education. In this connection I would earnestly press upon the attention of Government the necessity of making Education an Imperial charge, so that the same attention which is at present bestowed by the Supreme Government on matters connected with the Army Services and Railway expansion might also be bestowed on the education of our people. Under present arrangements, Education is a Provincial charge and the Provincial Governments and Administrations have made over Primary Education to local bodies whose resources are fixed and limited. No serious expansion of the educational effort is under such arrangements possible. In the Bombay Presidency, for instance, District Local Boards, who have charge of Primary Education in rural areas, derive their revenue from the one-anna cess which they have to devote in certain fixed proportions to Primary Education, Sanitation and Roads. Now, our revenue-settlements are fixed for 30 years; which means that the proceeds of the one-anna cess in any given area are also fixed for 30 years; and as Government, as a rule contributes only $\frac{1}{3}$ rd of the total expenditure of these boards on Education, it is clear that the resources that are available at present for the spread of Primary Education in rural areas are absolutely inelastic for long periods. There are altogether about $5\frac{1}{2}$ lakhs of villages in British India, out of which, it has been calculated, four-fifths are at present without a school; the residents of these villages pay the local cesses just like other villagers, and yet the necessary educational facilities for the education of their children are denied them!

“The position as regards the spread of primary education and the total expenditure incurred in connection with it in different countries is shown in the following table. The figures are taken from the Reports of the United States Commissioner of Education, and are for 1897 or 1898 or 1899 or 1900 as they have been available :—

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Name of Country.	Population in Millions.	Total enrolment in Primary Schools in Millions.	Ratio of enrolment to population.	Total expenditure in millions of pounds.	Expenditure per head of population.	REMARKS.
					s. d.	
EUROPE.						
Austro-Hungary	41'4	6'2	15	5'35	2 6	
Belgium	6'7	'8	14'5	1'5	4 6	
Denmark	2'2	'3	14	...	...	Expenditure figures not available.
France	38'5	5'5	14'4	8'9*	4 11	*On public Schools only, which enroll about three-fourths the total.
Prussia	34'5	6'3	20	9'2	5 4	
England and Wales . . .	31'7	5'7	17'7	12'1	5 0	
Scotland	4'3	'7	17	1 6	7 8	
Ireland	4'5	'8	17'6	1'2	5 5	
Greece	2'5	'16	6'7	...	...	Figures of expenditure not available.
Italy	3'	2'4	7'3	2'5	1 7	
Norway	2	'3	16'4	4'5	4 6	
Portugal	5	'24	4'7	...	...	Do. Do.
Russia	126'5	3'8	3	†4	0 8	† State contribution only.
Spain	18'2	1'4	7'4	...	...	Figures of expenditure not available.
Sweden	5'1	'74	14'5	1'1	4 2	
Switzerland	3'1	'65	20'7	1'3	8 5	
ASIA.						
India (British)	221'2	3'16	1'4	'76	0'83	
Japan	42'7	3'3	7'8	2	0 11	
AFRICA.						
Cape Colony	1'5	'15	9'65	'27	3 6	
Natal	'54	'02	4'50	'00	2 2	
Egypt	9'7	'21	2'17	...	...	Expenditure figures not available.
AMERICA.						
United States	75'3	15'3	20'9	44'5	91 0	
Canada	5'2	'95	18	2	7 9	
AUSTRALASIA.						
	4'3	'79	18	2'5	11 7	

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"The figures of expenditure on Higher Education in various countries are also most interesting and instructive :—

Name of Country.	Total amount spent.	Expenditure per capital of population.
Austria	•56 millions sterling	6d.
Belgium	•16 " "	6d.
Denmark	•06 " "	8d.
France	•92 " "	6d.
Germany	1•6 " "	7d.
Great Britain & Ireland	1•7 " "	11d.
Greece	•02 " "	2d.
Italy	•46 " "	3½d.
Norway	•04 " "	4d.
Russia	•95 " "	2d.
Spain	•1 " "	1½d.
Sweden	•14 " "	6½d.
Switzerland	•14 " "	11d.
United States	3•5 " "	11d.
Canada	•21 " "	10d.
Australasia	•13 " "	8d.
India	•28 " "	½d.

"Except in England, the greater part of the cost of higher education, about three-fourths and in some cases even more, is met everywhere out of the funds of the State.

"My Lord, even allowing for the difference in the purchasing power of money in this country and elsewhere, these figures tell a most melancholy tale and show how hopelessly behind every other civilized nation on the face of the earth we are in the matter of public education. It is sad to think that, after a hundred years of British rule, things with us should be no better than this, and, unless the work is taken up with greater confidence and greater enthusiasm, there is small hope of any real improvement in the situation taking place. In other countries, national education is held to be one of the most solemn duties of the State and no effort nor money is spared to secure for the rising generations the best equipment possible for the business of life. Here it has so far been a more or less neglected branch of State duty, relegated to a subordinate position in the general scheme of State action. Now that an era of substantial surpluses has set in, Government will not find themselves debarred from taking up the work in right earnest by financial difficulties. In this connection, I respectfully desire to make one suggestion—*viz.*, that henceforth, whenever there is a surplus, it should be appropriated to the work of promoting the educational and industrial interests of the country. At present these surpluses go to reduce the amount of our debt, but, as the Hon'ble Sir Edward Law has pointed out in the Financial Statement, our burden of debt is by no means heavy, and there are valuable assets on the other side to cover the whole of it. Surpluses, after all, mean so much more taken from the people than is necessary for the purposes of the administration, and I think it is most unfair that these surplus revenues should be devoted to the reduction of a debt which is not at all excessive, when questions concerning the deepest welfare of the community and requiring to be taken in hand without any delay are put aside on the ground of want of funds. We have seen that the surpluses during the last five years have amounted to over 22 crores of rupees. If this vast sum had been set apart for the promotion of our educational and industrial interests instead of being needlessly devoted to a reduction of debt, what splendid results the Government would have been able to shew in the course of a few years! My Lord, the question of expenditure lies really at the root of the whole educational problem. The country has recently been agitated over the recommendations of the Universities Commission appointed by Your Excellency's Government last year. I do not desire to say anything on the present occasion on the subject of University reform, but it strikes me that if Government made its own institutions really model ones by bringing up their equipment to the highest standard and manning

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them only with the best men that can be procured both here and in England, the private colleges would necessarily find themselves driven to raise their own standard of equipment and efficiency. And if a number of post-graduate research scholarships were established by Government to encourage lifelong devotion to higher studies, the whole level of higher education in the country will be raised in a manner satisfactory to all. I think it is absolutely necessary that men whom the Government appoints to chairs in its own Colleges should set to their students the example of single-minded devotion to learning, and should, moreover, by their tact and sympathy and inborn capacity to influence young men for good, leave on their minds an impression which will endure through life. Only such Englishmen as fulfil these conditions should be brought out, and I would even pay them higher salaries than at present if the latter are found to be insufficient to attract the very best men. They should further be not young men who have just taken their degree, but men of some years' educational standing, who have done good work in their subjects. My Lord, it is difficult to describe in adequate terms the mischief that is done to the best interests of the country and of British rule by the appointment of third or fourth rate Englishmen to chairs in Government colleges. These men are unable to command that respect from their students which they think to be due to their position, and then they make up for it by clothing themselves with race pride, which naturally irritates the young men under them. The result often is that young students leave college with a feeling of bitterness against Englishmen, and this feeling they carry with them into later life. On the other hand, the influence which a first class Englishman, who knows how to combine sympathy with authority, exercises upon his pupils shapes their thoughts and feelings and aspirations throughout life, and they continue to look up to him for light and guidance even when their immediate connection with him has come to an end. My Lord, the question of technical instruction has often been discussed during the past few years in this country, and some time ago Your Excellency was pleased to ask if those, who so often spoke about it, had any definite proposals of their own to make. I do not, however, see how such a responsibility can be sought to be imposed upon our shoulders. Government have command of vast resources, and they can procure without difficulty the required expert advice on the subject. If a small Commission of competent Englishmen and Indians, who feel a genuine enthusiasm for technical education, were deputed to those countries, where so much is being actually done by their Governments for the technical instruction of their people, to study the question on the spot, in a year or two a workable scheme would be forthcoming, and with the large surpluses which the Hon'ble Finance Member is now able to announce year after year, a beginning could almost at once be made, and actual experience would suggest the rest.

"My Lord, there is one more question on which I beg leave to offer a few observations. The question of the wider employment of Indians in the higher branches of the Public Service of their own country is one which is intimately bound up, not only with the cause of economic administration, but also with the political elevation of the people of India. There is no other country in the world where young men of ability and education find themselves so completely shut out from all hope of ever participating in the higher responsibilities of office. Everywhere else, the Army and the Navy offer careers to aspiring youths which draw forth from them the best efforts of which they are capable. These services, for us in this country, practically do not exist. The great Civil Service, which is entrusted with the task of general administration, is also very nearly a monopoly for Englishmen. But it is not of these that I propose to speak today. I recognize that, in the present position of India, our admission into these fields of high employment is bound to be very slow, and I can even understand the view that, for the purpose of maintaining British supremacy intact, there must be for many years to come a large preponderance of Englishmen in the ranks of these services. But, my Lord, our exclusion from high office does not end here. In all the Special Departments, or Minor Services, as they are called, our position is even worse. In the Judicial and

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Executive branches of the public service, the subordinate ranks at any rate are manned by us. But in such departments as Forests, and Customs and Salt and Opium, our exclusion from even lower ranks is practically complete. Thus, in the Survey Department of the Government of India, there are altogether 132 officers, with salaries ranging from 300 to 2,200 rupees a month, and of these only two are Indians and they are in the last grade of Rs. 300. There are, moreover, 45 officers in this Department whose salaries range between Rs. 160 to 300, and even among these, only ten are Indians. Again, take the Government Telegraph Department. There are 52 appointments in it, the salaries of which are Rs. 500 a month and more, and of these only one is an Indian. In the Indo-British Telegraph branch, there are 13 officers with salaries above five hundred rupees a month, and among these there is not a single Indian. In the Mint Department, there are six officers with salaries above five hundred, and there too, there is not a single Indian. So too in the Post Office. Last year there was only one Indian in that Department among the ten men who drew salaries above five hundred. But he was a member of the Civil Service, and it was in this capacity that he was there. In the Geological Survey, 2 out of 14 officers, drawing salaries above Rs. 500, are Indians; in the Botanical Survey, none. In the Foreign Department, out of 122 such officers, only 3 are Indians; under Miscellaneous there are 22 such officers, but not a single Indian is among them. It is only in the Financial Department that there is any appreciable proportion of Indians, namely, 14 out of 59, among those whose salaries are above five hundred a month. Turning to the Departments under Provincial Governments, and taking the Presidency of Bombay, we find that in the Forest Department there are 29 officers whose salaries and allowances come to Rs. 500 and above a month; of these only one is an Indian. In the Salt Department, there are 13 places with salaries above four hundred a month, and not a single one among these is held by an Indian. In the Customs Department of Bombay, there are 13 officers who draw Rs. 300 a month and above, and of these only three are Indians. The Medical Department is of course practically a monopoly of Englishmen. In the Police Department, there are 49 officers classed as Superintendents and Assistant Superintendents with salaries from Rs. 200 upwards, and there is not a single Indian among them. Only among 11 Probationary Assistant Superintendents there are 4 Indians. In the Educational Department, there are 25 officers drawing salaries of Rs. 500 and above, and of these only 5 are Indians. In the Public Works Department the proportion of Indians is larger, there being 26 Indians classed as Executive Engineers and Assistant Engineers out of 81 Superior Officers of the Department. Turning next to Bengal, we find that in the Forest Department there are 26 officers whose salaries range between Rs. 200 and Rs. 1,200 a month, and among these only 2 are Indians and they are in the lowest grades. In the Salt Department there are 4 officers with salaries ranging from Rs. 300 to Rs. 1,000. There is no Indian among them. In the Customs Department there are 41 appointments, with salaries ranging from Rs. 260 to Rs. 2,250; not a single one among them is held by an Indian. In the Opium Department there are 87 officers with salaries coming down from Rs. 3,000 to so low a point as Rs. 140 a month: only 12 out of these are Indians. Two officers belong to the Stamps and Stationery Department; one draws Rs. 1,100 a month and the other Rs. 500; but neither of them is an Indian. In the Jail Department there are 1 Inspector General, 12 Superintendents and 4 Deputy Superintendents. There is only one Indian among them, and he is in the rank of Deputy Superintendents. In the Educational Department there are 59 officers drawing Rs. 500 and above, and out of these only 10 are Indians. Lastly, in the Public Works Department, 84 officers draw a salary of Rs. 500 a month and above, of whom only 15 are Indians. The other provinces tell the same mournful tale, and I do not wish to trouble the Council with any more details in this matter.

"Now, my Lord, I would respectfully ask if such virtual exclusion of the children of the soil from these Special Departments can be justified on any grounds. Reasons of political expediency may be urged for our exclusion

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from the Army. It might also be urged with some show of reason that the Civil Service of India must continue to be recruited, as at present, by means of a competitive examination held in London, because that Service represents the traditions of British rule to the mass of the people, and its members must therefore be imbued with the English spirit and be familiar with English modes of thought: and that in theory at any rate Indians are free to compete for entrance into the service on the same terms as Englishmen. But why this shutting out of our people from the Special Departments also? There is no question of political expediency involved here. If Indians are found to sit on High Court Benches with dignity to themselves and honour to their country, it cannot be contended that they would be found wanting, if they were entrusted with responsible duties in the Opium or Salt or Customs Department. If it be argued that for the technical instruction that is necessary in the Telegraph and some other Departments there are no adequate facilities in the country, the answer to that is that Government should provide those facilities to the people of this country. But the virtual monopoly of these Departments is so jealously guarded that where competitive examinations for entrance into them exist, those examinations have been surrounded with stringent restrictions such as are unknown in the case of the great Civil Service. Thus, while an Indian, by passing the Indian Civil Service Examination, might one day be the Head of a District or of a Division as some Indians actually are at present, no Indian is allowed to compete for entrance into the Police Department at the competitive examination that is held in London, because, if he passed, he might one day be the head of the Police in a district. Again, only two years ago the rules for admission into the Engineering and Telegraph Departments from Cooper's Hill were altered with the express purpose of preventing more than two Indians in any particular year from entering those services. This alteration of the rules was a grievous wrong done to the people of India, and it has produced a feeling of bitter resentment throughout the country. In the Educational and Public Works Departments, our numbers are slightly more satisfactory than in the other departments, but even here the constitution of a Provincial Service, with a lower status and a lower scale of pay, has caused much dissatisfaction and discontent. My Lord, if all posts were equally open to Indians and Europeans, something may be said in favour of paying the Indian a smaller salary, if Government in the interests of economic administration, preferred the Indian to the Englishman, when both were equally eligible; but to restrict the employment of Indians and at the same time to pay such of them as are employed a lower salary is to inflict upon them a double disadvantage, the reason for which it is not easy to understand. My Lord, the Universities turn out every year a large number of young men who have received a fairly high education. It is a natural aspiration on the part of many of them to seek responsible employment in the service of their own country. If they find a bar in front of them, whichever way they turn, how can they be blamed, if they occasionally show signs of discontent? They belong to what may be called the articulate classes of this country, and what they say sinks slowly but steadily into the minds of the mass of the people. We have been promised equality of treatment, both in the Act of 1833 and the Proclamation of 1858. I for one am prepared to allow that such equality of treatment is under existing circumstances possible only within certain limitations; only I am anxious that there should be a constant movement in the right direction, and that, as year succeeds year, the sphere of employment should widen for my countrymen more and more. I ask this in the name of good policy as well as of justice, and I earnestly trust that the spirit of my remarks will not be misconceived.

"My Lord, I must apologize to the Council for having spoken at such unconscionable length and strayed over a somewhat wide variety of topics. But this is the only day in the year when the non-official Members of the Council find an opportunity to place before Government their views, such as they may be, in regard to the more important questions connected with the administration of India. No one denies that the difficulties of the position are great, and no one expects radical or far-reaching changes

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all in a day. What one regrets most, however, in the present system of administration is that it favours so largely a policy of mere drift. The actual work of administration is principally in the hands of members of the Civil Service, who, taken as a body, are able and conscientious men; but none of them individually can command that prestige, which is so essential for inaugurating any large scheme of policy involving a departure from the established order of things. The administrators, on the other hand, who come out direct from England, command, no doubt, the necessary prestige, but their term of office being limited to five years, they have not the opportunity, even if they had the will, to deal in an effective and thoroughgoing manner with the deeper problems of the administration. The result is that there is an inveterate tendency to keep things merely going, as though every one said to himself 'This will last *my* time.' What the situation really demands is that a large and comprehensive scheme for the moral and material well-being of the people should be chalked out with patient care and foresight, and then it should be firmly and steadily adhered to and the progress made examined almost from year to year. My Lord, speaking the other day at the Imperial Assemblage at Delhi, Your Lordship was pleased to observe: 'If we turn our gaze for a moment to the future, a great development appears with little doubt to lie before this country. There is no Indian problem, be it of population or education or labour or subsistence, which it is not in the power of statesmanship to solve. The solution of many is even now proceeding before our eyes. . . .

The India of the future will, under Providence, not be an India of diminishing plenty, of empty prospect, or of justifiable discontent; but one of expanding industry, of awakened faculties, of increasing prosperity, and of more widely distributed comfort and wealth. I have faith in the conscience and purpose of my own country, and I believe in the almost illimitable capacities of this. But under no other conditions can this future be realized than the unchallenged supremacy of the Paramount Power, and under no other controlling authority is this capable of being maintained, than that of the British Crown.' My Lord, the people of India have all along accepted with willing allegiance the condition so justly insisted upon by Your Lordship, namely, the unchallenged supremacy of the Paramount Power, and the faith expressed in the purpose and conscience of England is our main ground of hope for the future. Both sides stand to lose a great deal if their harmonious co-operation is ever disturbed, and working in a spirit of mutual understanding and appreciation they may realize for this country an honoured position among the nations of the earth and for England the glory of having helped India to such a position."

The Hon'ble SIR DENZIL IBBETSON said:—"My Lord; when I addressed the Council in the Budget discussion of last year, I ventured to speak to them rather as the late head of a Province than as a Member of the Government which I had so recently joined, to describe the financial starvation from which so many of the Indian Administrations had been suffering during a series of distressful years, and to insist upon the absolute propriety of devoting a large proportion of the available surplus to in some measure regaining the headway that had thus been lost, and to providing for expenditure, urgently needed, which the pressure of circumstances had unavoidably postponed.

"In the present Budget, while devoting somewhat more than two crores to the reduction of taxation in a form which public opinion, as expressed in the comments of the Press and in the speeches which we have listened to this morning, has emphatically endorsed as the best possible, we have not neglected to provide still further for that deferred expenditure of which I have just spoken. The 40 lakhs of special provision for increased expenditure upon education has been repeated this year, as was indeed inevitable, since most of the objects to which it was devoted involved a recurring charge. Similarly, of the grant of 18 lakhs which was to be applied mainly to improvement in the pay of district establishments, 15 lakhs are again repeated in the present Budget; while, in addition to these renewals, a special grant of 40 lakhs has been made for non-recurring expenditure.

"It may interest Hon'ble Members to know how the grant for the improvement of establishments has been distributed. Details are not yet complete,

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and the proposals have not yet in all cases received final sanction. But, roughly speaking, the grant has been allotted as follows. Two lakhs have been devoted to the Provincial Service. Two and a half lakhs have been allotted to the Subordinate Judicial Agency which disposes of so large a portion of our judicial work, three and a quarter lakhs to the Tahsildars and Naio Tahsildars who form the backbone of our revenue administration, and three lakhs to the Land Record staff which assists them. No less than three and a half lakhs have been devoted, most wisely and properly, to improving the pay of the clerical establishment in district offices, both revenue and judicial, than whom I venture to say no men in India work harder, or for more moderate remuneration. The menial establishment, who, with their small salaries, have been severely affected by the rise in the cost of living, have also shared in the improvement to the amount of three-quarters of a lakh; while a similar sum has been spent in improving the prospects of the Subordinate Medical Service.

"When addressing the Council last year, I alluded to the appointment of an Irrigation Commission under a distinguished president, which was then visiting the several provinces of India. The Commission has now completed its inquiries, and we hope that its report will reach us before the end of next month, and that it will enable the Government to lay down a well-matured and comprehensive policy for the future development of irrigation in India. Meanwhile, the enhanced grant of one crore for major works has been continued, and the provision for protective works has been increased by 11 lakhs. Nor have minor works been neglected. The special grant of 25 lakhs which was made last year has been repeated, and an additional provision has been made of nearly 10 lakhs, so that while the expenditure upon minor works during the first three years of the lustrum stood constant at about 106 lakhs, it rose to 128 lakhs in 1902-03, and the present Budget provides for 147 lakhs under this head. Nothing was impressed upon me more forcibly, when serving upon the Irrigation Commission, than the large scope which exists for the immediately profitable expenditure of capital upon minor irrigation works, to the advantage both of Government and of the people. But it would have been unwise to embark upon any extensive policy while the experts who have been appointed to advise us are still examining the matter; and I think that the figures given above represent as rapid an advance as would be advisable until the subject has been carefully considered as a whole. It is satisfactory to note that a provision of 17 lakhs was made last year, and is now repeated, for extending to the dry zone of Upper Burma, which is one of the most precarious tracts in the Empire, that canal irrigation which has proved of such infinite service in North-Western India.

"At the Budget Debate last year, the Hon'ble Member who officially represented the United Provinces reproached us—very gently, I admit—with not having included irrecoverable takavi in the famine arrears which we were remitting. In reply, while explaining why it would not have been possible to do so, I freely admitted that a certain portion of the advances made during the famine would be found to be irrecoverable, and should properly be regarded as an integral portion of the cost of relief. But I pointed out that 22 lakhs of such advances had already been written off, and that the Budget for 1902-03 contained a further provision of 20 lakhs. Hon'ble Members will see that in the Revised Estimate these 20 have grown into 31 lakhs, while the present Budget provides for a further remission of 10 lakhs under the same head.

"With reference to the remarks which the Hon'ble Mr. Bose has made upon land-revenue collections in Chhattisgarh, he will be glad to learn that the Chief Commissioner has suspended or remitted no less than three and three-quarter lakhs of the current demand in the two districts of Raipur and Bilaspur. The fact will shew that the Local Government is prepared to deal leniently with people who have undoubtedly suffered greatly. At the same time, it must be remembered that the assessment in Chhattisgarh is one of extraordinary lightness. And, even before I left the province, there were distinct indications (and not only in Chhattisgarh) of the necessity for that 'firm hand' to which the Hon'ble Member alludes. Firmness, however, is not incompatible with a

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well-considered leniency. As regards the development of the mineral resources of the Province, my Hon'ble friend may rest assured that no effort on the part of Government will be spared to assist and encourage it, and already there is good reason to believe that active steps will presently be taken to start that industry of which he has spoken.

"The figures which the Hon'ble Mr. Rampini quotes as showing the 'nett profit' upon the administration of justice are for my Hon'ble Financial Colleague to deal with rather than for me. But I think the Hon'ble Member will himself admit that the mere subtraction of current income from current expenditure, as shown under the heading 'Courts of Law' in the annual accounts, affords no safe basis for such an estimate. And I note that no longer ago than last March, the Hon'ble Mr. Pugh, when addressing the Council upon the same subject, admitted that, taking India as a whole, the surplus was not more than sufficient to afford a necessary and reasonable margin of safety. On that occasion I protested strongly against the idea which was then put forward, and which seems also to underlie the Hon'ble Mr. Rampini's remarks, that in considering this matter the several provinces of India can be treated as so many water-tight compartments; and to that position I still adhere.

"As regards the two specific suggestions which my Hon'ble friend puts forward, namely, the strengthening of the Judicial staff in Bengal, and the improvement of the prospects of the Judicial Branch of the Service, I would remind him that there are constitutional authorities who are charged with the care of these matters, and whose representations always meet with the fullest consideration from the Government of India. Moreover, the mere existence of arrears does not of itself prove the insufficiency of the staff. It may result from slack and dilatory procedure, the remedy for which is to be found in closer and more effective supervision; or, as pointed out by the Hon'ble Mr. Whitworth, it may result from the fact that the existing staff is not utilized to the best advantage. Both these are matters which can be satisfactorily dealt with by the local authorities alone. I may add that we have at this moment proposals before us for strengthening the Subordinate Judicial Service in Bengal at a cost of over a lakh of rupees.

"On one point I am in entire sympathy with him, and that is the necessity for taking all possible precautions to ensure that men who are called upon to perform judicial duties of importance have received the necessary training. It is a necessity which is greater now than it ever was before, or than I hope it ever will be again, because the under-recruitment for the Civil Service which prevailed not many years ago, has resulted in the unprecedentedly rapid promotion of its junior members. Curiously enough, only a few days ago—but I may add, before I had received the advance copy of his speech which the Hon'ble Member has been good enough to send me—the very point to which he calls attention came under my notice. I had observed that the rules for Departmental Examinations in India had not been modified since the regulations at Home were changed; and I had already directed a draft to be prepared, asking Local Governments to consider the best method of securing a reasonable acquaintance with at least the text of the Civil law of India on the part of our Junior Civilians.

"As regards the reporting cases in the Courts which was a part of the Home training when my Hon'ble friend and I entered the service, my own experience leads me to regard it as of the greatest value, and to regret its omission from the present course. But its retention or omission depends upon the larger question of the period for which it is advisable to retain selected candidates under training in England; and that again forms part of the still larger question of the age at which they shall be permitted to compete.

"The Hon'ble Mr. Whitworth admits that the arrears of judicial work to which he refers can be avoided by improved administrative arrangements, and that is essentially a matter to be dealt with by the Local Government and the High Court. So, too, is the reorganization of the execution department which he recommends. We have lately received a representation from the Bombay Government regarding the constitution of the Sadr Court in Sindh, which I

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hope to deal with very shortly. Any proposal for improving the position of the Subordinate Judges in that Province which the Bombay Government may think fit to put forward, will receive the most careful consideration. But, in so far as it may rest upon the regular use of lamps because the hours of daylight are not long enough, I could, on the same ground, put forward a very strong claim in behalf of many officials in the Punjab—and also, may I add, of at least one Member of Council.

“More than one Hon’ble Member has alluded to the legislation which results in the virtual exclusion of Indians from South Africa and Australia. It will be sufficient for me to say that the Secretary of State is already in possession of our views on the subject; and that, in our recent negotiations with the Delegates from Natal, we have not failed to bear in mind the strong feeling which exists in India.

“When I addressed the Council last year, I said that, now that an Inspector General of Agriculture had been appointed, I hoped that substantial progress would soon be made in the development of that agricultural inquiry and experiment which is one of the crying needs of the country. In such matters it is well to make sure of your ground before you take important steps, and the Inspector General has rightly devoted his first year to making himself acquainted with what is being done in the various Provinces. Meanwhile we have been collecting a small staff of experts. Besides an Agricultural Chemist, we already have a Cryptogamic Botanist whose business it is to investigate the diseases which attack our agricultural staples, while an Entomologist who will study the insect pests from which they suffer is just about to land in India. The services of an Economic Chemist are also at the disposal of the Agricultural Department, to which an Economic Botanist has just been transferred by the Madras Government. We are indenting or have indented upon the Secretary of State for two more trained experts and another Agricultural Chemist to be attached to the Provincial Establishments, and, when they arrive in India, there will be one only of the larger Provinces which will be without the benefit of highly-trained scientific advice in matters agricultural.

“In order to assist the Government in controlling and co-ordinating the various branches of scientific enquiry which are concerned with the economic development of the country, we have constituted a Board of Scientific Advice. At the same time, the Royal Society at Home has consented to appoint from among its members a Committee which will examine the proceedings of the Board and of the various Departments with which it deals, and will advise us in all matters connected with economic science, and from which we hope to receive the same invaluable assistance which we already receive from the Royal Society’s Observatories Committee in all that concerns pure physical science in India.

“Meanwhile, during the past month or two a scheme has been elaborated which will, if sanctioned, be the first important outcome of the new departure, and will, I hope, prove the cornerstone of agricultural progress in India. The scheme has not yet been submitted to the Secretary of State; but something of the sort must come sooner or later, and I will briefly outline its main features. Hon’ble Members will remember that His Excellency the Viceroy has decided to devote the greater portion of Mr. Phipps’ munificent benefaction of 4½ lakhs to an Agricultural Research Laboratory. It was at first proposed to place it at Dehra Dun, where some kindred institutions are already located, and which would thus become the head-quarters of economic science in Northern India. But the scheme has grown since then, with the cordial sympathy and approval of my Hon’ble Colleague in charge of the Finance Department; and it is now proposed to combine a large Experimental Farm and an Agricultural College with the institution for Research, so as to form an Imperial Institution in which the field, the classroom and the laboratory may mutually assist one another under the direction of one common head. For such an institution Dehra would be unsuitable, and it is proposed to utilize the fine Government estate at Pusa, which is preëminently well suited for the purpose. The staff which I have already enumerated will have its head-quarters there, and will be materially strengthened; and the Hon’ble

[*Sir Denzil Ibbetson.*]

Mr. Ananda Charlu will be glad to learn that we shall teach the elements of mechanics as applied to agriculture. It will be our aim to provide for education in the science and art of agriculture up to a point which may correspond with the M. A. degree in letters, and so to combine practical training with theoretical instruction, that those of our pupils whose natural bent inclines towards scholarship, and who will find employment as teachers and professors, shall have a practical acquaintance with the subject which they teach, while those of a practical turn, who will find more active service in executive appointments, will have a sound foundation of theory upon which their practical knowledge will be securely built. The most encouraging feature of the situation lies, to my mind, in the awakening of native public opinion to the importance of agricultural education and enquiry which has taken place during the last few years. The volume of this opinion has grown steadily, so far as one can judge from the columns of the native papers, and its existence has a very important practical bearing upon the success of our institution. It is no use building a College if we fail to attract pupils; and pupils will not come unless they see a prospect of profitable employment before them. In providing such employment, Government will do its best. There will be a certain demand for educational service—a demand which will expand as the supply of teachers at the top enables us gradually to extend instruction downwards until we reach the village-school. A certain number will be employed by the Courts of Wards in the various Provinces. More will, I hope, be needed for those demonstration farms alluded to by the Hon'ble Mr. Bose, as to the value of which I agree with him entirely, but which we are not yet in a position to start, simply for want of men qualified to take charge of them. And qualifications in agriculture will be given due weight in selection for the revenue side of Government service. But what Government can do will be a mere fleabite compared with what the great landowners of India can do; and with what the great landowners *will* do, if the demand for men with agricultural training which is so constantly put forward in the native papers is the expression of a genuine opinion. I realize that much will depend upon the class of men that we turn out. They must be, not mere theorists with heads crammed full of book knowledge, but thoroughly practical men, accustomed to apply in the field what they have learned in the laboratory. I believe that we shall turn out such men; and if only the great landowners will appreciate their value and give them employment, they will be doing more than could be done in any other way to promote the agricultural development of their country.

"The Púsa institution will also include a cattle-farm for the improvement of the local breed of cattle. And this leads me to a subject which is of vital importance to the agriculture of the country, and which has been too much neglected in the past. Hitherto the Civil Veterinary Department has been, in many parts of India at least, so fully occupied with the care of horse-breeding in order to supply remounts for the Army, that it has had but scanty leisure to devote to its more proper duty of improving the local breeds of cattle, and of combating the infectious diseases which annually impose such a heavy tax upon the cultivator. Much has been done within the past two years to elaborate a method of inoculation against rinderpest, and to induce the people to avail themselves of it; and already there are the most encouraging signs that the idea has taken root and is spreading steadily. But no great progress could be expected so long as our superior Veterinary establishment were not free to devote themselves to this and kindred subjects. The care of horse-breeding, at any rate in those parts of India in which it forms the heaviest charge upon the attention of our staff, is now about to be transferred to the Military Department; and I hope that before long the good effects of the change will become apparent, and that we shall be able to show substantial progress in dealing with the question of agricultural cattle in India.

"The Hon'ble Sir Edward Law remarked last Wednesday that the alleged deterioration in the quality of fibre of the jute grown in Bengal appeared to him to be a matter which required the close attention and advice of agricultural experts, assisted by agricultural chemists, and that he hoped

[*Sir Denzil Ibbetson.*]

that it would be taken up. The subject was brought to the notice of Government in August 1900, and inquiries were immediately set on foot. The first step was to ascertain the local facts precisely—always a work of difficulty where a staple is cultivated over a large tract of country. The next was to conduct a carefully arranged series of experiments in the cultivation of different varieties under varied conditions. Now, unfortunately, a plant will not allow itself to be hustled; it insists upon taking its own time to grow, and will ripen only once a year. Consequently, such experiments take time. We may be fortunate enough to hit upon the cause of the deterioration and its remedy almost at once, or it may take us some years of careful experiment. But I think I can promise that the inquiry will be practical and thorough.

“The Hon'ble Mr. Cruickshank has alluded to the important measures that are in hand for the rehabilitation of Bundelkhand. The measures are, in the main, the proposals of the Local Government; but they have had throughout the hearty approval and support of the Government of India. The Hon'ble Rai Sri Ram Bahadur reminds us that we shall have to put our hands into our pockets if our plans are to succeed; and he refers us to an expression of his opinion, in another place, upon the intrinsic merits of our measures. I gather that he and those who think with him approve of the extension of the Encumbered Estates Act. But they consider that the proposals for restricting the alienation of land are unjustifiable and unsound, and that they should at least be postponed until experience has shown how a similar measure works in the Punjab. Now it cannot be too clearly understood that in this matter the whole scheme stands or falls together, and that it is not open to choose one portion of it and reject another. We fully recognize that the depressed condition of the Bundelkhand landholders, though due in the main to causes for which the Government is in no way responsible, such as the character of the soil and a long series of unfavourable seasons, is also in some degree the result of a revenue system which was unsuited to the tract. We have accordingly changed the basis of assessment, and in future the demand will be periodically adjusted upon a fluctuating system, under which the burden will vary with the means of bearing it. We are granting an immediate reduction of some five lakhs in the annual assessment, which will reduce it to a very moderate proportion of the assets as they now stand; and we are also granting a further special reduction of some $2\frac{1}{2}$ lakhs upon the already reduced demand, in the hope of giving the old landowners a fair start under the new system. Finally, we have sanctioned rules under which remissions will follow upon failure of crops upon a scale of unprecedented liberality. So far as the Revenue-administration is concerned, I am sure that my Hon'ble friend will admit that the matter has been dealt with in a large and generous spirit.

“But there remains a cause of indebtedness with which it is far more difficult to deal; and that is, the character and habits of the people. Just twenty years ago the same indebtedness for which we are now endeavouring to find a remedy prevailed in Jhansi, one of the Bundelkhand districts. The Government then passed the Jhansi Encumbered Estates Act, constituted a special Court with equitable jurisdiction, at a cost of a lakh of rupees, to enquire into and adjust the debts of the landowners, and advanced a further sum of 5 lakhs for their liquidation, with the result that the greater number were restored to solvency. But no sooner had this been done than the old process began again, and at the present moment indebtedness in Jhansi is as great as ever. It is agreed by all who know them best, that this result is largely due to the thriftless character of the people, who are unable to resist the temptations that spring from the gift of a proprietary right which will fetch money in the market; and that so long as they are left with an unrestricted power of alienation, so long must any amelioration that may result from proceedings such as I have described be of a purely temporary character.

“We are now proposing to repeat the experiment of 1882 upon a greatly extended scale, to apply the Jhansi Act to the whole of Bundelkhand, to create

[*Sir Denzil Ibbetson; Major-General Sir Edmond Elles.*]

special Courts in five and a half districts instead of one at a cost which will presumably exceed 5 lakhs, to advance 25 lakhs for the liquidation of debt, and to spend one lakh on the purchase of estates in special cases in order to retain their old proprietors upon the land. But we are not prepared to take these measures unless we have some assurance that the benefits which result will be more lasting than before. We have not the slightest intention of spending 6 and lending 25 lakhs of rupees, if the process is to be repeated for the third time twenty years hence. We are therefore proposing legislation to restrict the power of alienation of land by the agricultural classes of Bundelkhand, on similar lines, though somewhat less stringent, to those followed in the Punjab; and it must be distinctly understood that this legislation is an integral portion of the scheme. If that is to be postponed, then the whole scheme for the redemption of debt must be postponed also; and the Hon'ble Rai Bahadur knows what that will mean for the people."

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES said:—"My Hon'ble Colleagues Rai Sri Ram Bahadur, Mr. Gokhale, His Highness the Agha Khan and Mr. Ananda Charlu have all reiterated, with their usual eloquence, the demand, with which we are all familiar, for the reduction of Army expenditure.

"His Highness the Aga Khan does not advocate a reduction of the British force, a sentiment on which I congratulate him, but suggests short service for the Native Army as a means of decreasing the burden. In this he is strongly supported by Mr. Gokhale. In reply I would say that I cannot think that this system on European lines is applicable to India.

"My Hon'ble Colleague Mr. Ananda Charlu says that, notwithstanding the manner in which his previous representations have been met, he remains 'incurable.' I am afraid I must plead to being equally incurable on the other side and must give very much the same answer as last year, that I see no probability of any decrease in Military expenditure, but rather the other way. Our critics both here and in the Press are apt, I think, to attribute this steady increase to the innate viciousness of the soldier rather than to natural causes. The increases are, I believe, due to four main causes:—

first, the addition to the army in 1885;

second, the increase of pay which was a few years ago given to the Native Army, and this year to the British;

third, the loss by exchange, as the British soldier is a large gainer by a low exchange;

fourth, the enormously enhanced cost of war material, whether guns, rifles, ammunition, etc.

"As to the first item, I fear the Government of India will remain at variance with its critics. The addition to the army was considered necessary in 1885 by the then Government, and the maintenance of the addition is considered necessary by the present Government. It is justified by the addition of the Provinces of Burma and Baluchistan to the Empire. It is argued that because we spared 10,000 men for South Africa we can spare them altogether. In every concern I know of, whether business or engineering, there is a factor of safety. A mill or factory may work extra time under pressure, or underhanded owing to sickness, but no sane manager would therefore advocate a reduction of establishment. No engineer would build a railway bridge to carry the exact load it may be called on to bear. Similarly, because we spared 10,000 men and many officers in 1900 to 1902, it does not follow we were not pushed ourselves. In fact we were, as regards officers especially, and every Lieutenant-General considered that efficiency was suffering owing to the efforts we made to help the empire. The wonder of Foreign Powers is not the enormous army we keep up, but the fact that we have such a small army to hold the enormous tract called India. We cannot admit, as stated by the Hon'ble Rai Bahadur Sri Ram and Mr. Gokhale, that the army is too great for local purposes or defence. I may venture to suggest that perhaps the Government of India, backed by the Home Government, are the best judges. Any one who said five years ago that we should place over 200,000 men

[*Major-General Sir Edmond Elles; the Lieutenant-Governor.*]

in South Africa during 1899 to 1901 would have been scoffed at. When can we say when our necessity may arise?

"In regard to the second item I would remark that the amount spent in increasing the pay of the Native soldiers and in fact their whole pay, some crores, goes back to the country and benefits the people. The extra pay of the British soldiers of 2*d.* a day was accepted by us as being a necessity on recruiting grounds; it amounts to a little over 30 lakhs. The further increase of 6*d.* a day which will be a heavy addition to the Indian Estimates is under arbitration by Lord Alverstone. It will not become due until 1st April, 1904.

"In regard to the third item, exchange is now stable and we need not anticipate any further increase due to a lower exchange.

"In regard to the fourth item I need only mention that the re-armament of our Native Army, Volunteers and Imperial Service Troops will cost 2½ crores, and in the last three years we have spent 65½, 59½ and 49 lakhs for the purpose. A single gun for our coast defences may now cost £10,000. We are powerless to resist the advance of science in these matters and the necessity for keeping pace with our neighbours. No one could seriously contemplate re-arming our Native army with an obsolete weapon, or mounting a smooth-bore gun at the cost of a few pounds in the Bombay defences.

"I have here a statement* showing for a period of twenty years the total revenue and the Military and Marine expenditure under the following heads:—India Military, Home Military, Military Works, India Marine, Home Marine, and Special Defences (Home and India). I shall have much pleasure in supplying any Hon'ble Member of the Council with a copy.

"A study of this is instructive and I think entirely refutes the views of our critics who assert that increased revenue is swallowed up by the rapacity of the military cormorant. With reference to the Hon'ble Mr. Gokhale's remarks, in the last 11 years the Revenue of India has increased by nearly 17 millions sterling, no doubt a paltry increase due to the machinations of a wasteful and wicked Government, whereas the net Military expenditure has risen from £16,170,000 to £17,608,000, or barely 1½ millions. It would therefore appear that owing to wise statesmanship which, whilst fully alive to the requirements of the Army as a means of ensuring peace, has been equally alive to developing the material prosperity of the country, a trifle of 14 to 15 millions of revenue in this financial year has been made available for spending on the people of India and its further development. The percentage of net military expenditure has fallen from 26 per cent. for the 9 years before 1892-93 to 24 per cent. for the last 11 years.

"People are apt to forget that if you wish for peace you must be ready for war. It will, I firmly believe, be the first sign of the decadence of our power in India if the counsel of neglecting military requirements is ever listened to. It is the fact of our being strong that permits of the great development we are witness to and the increased prosperity of our finances. Rather than find fault with Army expenditure, I would urge our critics to be thankful that we have a broad-minded statesman at our head to whom the Army owes much and who has not shrunk from the necessary expenditure for its improvement; and I would ask them to be further grateful that we have the leading soldier of the day at the head of that Army, under whose auspices it will, we feel assured, become stronger and better fitted to guard the interests of this vast Empire and thus maintain that peace from which cometh prosperity."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, at this late stage of the debate, I do not intend to detain this Council long, or to make large demands upon their patience, but I desire to take this opportunity, as other speakers have done, first to congratulate the Government of India and still more the people of India upon the prosperity budget which has been laid

before us, and secondly to draw attention to a few matters with which the Province of Bengal is chiefly concerned.

“ My Lord, a surplus of $2\frac{3}{4}$ millions sterling, which is better by 2 millions than the estimate framed at the beginning of the year, is a matter for sincere congratulation, even though it be swelled by an incident for which no provision was made, for it connotes a period of favourable seasons and good harvests—a year of peace and prosperity. That the Government of India should have decided to spend part of this surplus in remitting taxation is also a matter for universal satisfaction, and I think that the methods by which that remission will be effected will, on the whole, be generally applauded. Whether the price of salt to the petty consumer will immediately be lowered by a reduction of 20 per cent. of the duty may admit of some doubt, but the conception is a noble one which will be readily understood by the people, and if the benefits of the reduction do not at once penetrate to the lowliest consumers, they will at any rate reach the petty trader and shop-keeper and will increase the profits of a poor but indispensable class of the community. The raising of the minimum taxable for income-tax will also be received with thankfulness by a large body of struggling bread-winners to whom the payment of the tax is no small matter. The amount foregone is actually small, but the gratification and relief it will afford will be relatively large and out of all proportion to the actual amount surrendered. Lastly, my Lord, may I be permitted to say that to be able to announce a surplus and to remit taxation in a year which has been signalled by the great Coronation Durbar at Delhi is an achievement which will make memorable for all time the fifth year of Your Excellency's Viceroyalty.

“ So far as Bengal is concerned, the announcement to which the Province has looked forward with the greatest interest is that which regards the Provincial Contract. On this subject the late Lieutenant-Governor made an earnest appeal to the Government of India last year, and urged that the assignment of revenue to Local Governments should be so arranged as to include a fair proportion of growing revenue, while in another place he pleaded that the contract should be permanent or at any rate for a longer period than five years. Therefore, it was with some disappointment that we have learned that no definite statement can yet be made. I trust, however, that the announcement of the final decision will not long be delayed, and that when it is made it will be found that Bengal has obtained a larger share of the revenue under the divided heads, and above all things a greater permanency of allotment. We acknowledge with gratitude the liberal assistance which has been given us from time to time by grants from Imperial funds, but, acceptable though those have always been, they are for obvious reasons less capable of useful application than even smaller sums would be if their continuance were assured, or if the grants themselves could be longer foreseen.

“ Though Bengal is an ancient Province with a teeming population, a fruitful soil, valuable products, and for the most part practical immunity from famine, yet in some material respects it lags behind other Provinces of the Empire and lacks many of the advantages and developments which it would seem to be entitled to enjoy from its wealth, size and importance.

“ The department in which the most crying need for reform still exists is the Police, and the appointment by Your Excellency's Government of a Police Commission was hailed with satisfaction by rulers and ruled alike: to carry out the reforms which that Commission will recommend, and others which may be found necessary by the local circumstances of this Province, will require large expenditure, which will, however, be ungrudgingly incurred to the utmost extent of our resources.

“ Under the great head of Public Works also much remains to be done. The offices of Government all over this Province are in constant need of improvement. Many of them are dark, over crowded, ill-ventilated and unhealthy and are quite unfit for the uses to which they are put: specially is this the case with the Courts of Civil Justice. Again, the question of residences for officials is one which becomes more acute year by year: not only is the accom-

[*The Lieutenant-Governor.*]

modation for Munsifs in many outlying stations squalid beyond belief; but even in the large stations (if the houses which they inhabit are not the property of Government) the difficulty of accommodating officials presses more and more. Indian gentlemen are realizing gradually the advantages of good houses in good situations, and there is a tendency for houses in which the officials of the district have lived for years to pass out of their occupation. Once more the development of railways all over the Province necessitates the construction of feeder roads as a complement to the railway system: the construction of roads in sufficient number and within a reasonable time is often beyond the resources of District Boards, and the aid of the Local Government is necessarily invoked. Similarly, much remains to be done in opening out and improving the great water highways of the province: several projects of undoubted benefit and importance are under consideration, foremost among which are the development of the Bhil route in the Faridpur District, and the dredging and clearance of the Bhagirathi. It is such projects as these which could be carried through with confidence and energy to the immense advantage of the people of Bengal if the Government were assured of the long continuance of a liberal Provincial contract, but which are now undertaken with hesitation and conducted with anxiety.

"In other Departments of the administration also the demand for funds and for prolonged and well-sustained development is equally imperious. The needs of Bengal in the direction of primary education are very great. Something has already been done for the Provincial Executive Service, and it is hoped that before long an improvement may be announced in the prospects of the Subordinate Executive Service; but the prospects of the Subordinate Judicial Service and of the Educational Service in Bengal, both Provincial and Subordinate, are far from good, and it is admitted that both require reforms which only await the allotment of funds.

"Lastly, ere my list grows too large, I would mention the needs of agricultural development and improvement. Bengal is before all things an agricultural province, and any measures which would result at reasonable cost in increasing the productiveness of the soil, in reducing the expenses of cultivation and in giving the agriculturist a larger return for his toil would have far-reaching and widely beneficent results. There was a time when, in this Province as in others, it was generally believed that the Indian peasant had nothing to learn in respect of husbandry, and that his apparently crude methods, the heritage of a hoary past, were those which were best suited to the conditions of the climate and the soil. But those days are past; it is recognized now both by Europeans and Indians that much can be done for Indian agriculture in many ways, and Bengal is ready to share fully and eagerly in that advance in the theory and practice of agriculture which has been so marked a feature of Your Excellency's administration. Moreover, while it is true that scientific research and improved methods are likely to do much for the general agriculture of the country, still more is the remark true of the large industries which have led to the investment of great sums, the introduction of European capital and the employment of an army of labourers of every degree. Most of these, alas, are now in a decadent condition; indigo is, I fear, almost doomed, tea has seen its best days, and jute we are told is deteriorating. On the other hand, there are indications that sugar may be destined to save the situation in Behar and, that, while preventing the total loss of the capital sunk in indigo, it may give employment to thousands of labourers, both agriculturists and artizans, who would otherwise have been thrown back into the mass of humanity which presses upon the soil of that densely populated Province. The commercial company which commenced its operations in 1900 has already expended £250,000 in the country and claims to have demonstrated that they may expect to get a sufficient return in sugar from an improved variety of cane to give the planter who grows the cane an adequate agricultural profit, and to the cultivator a large increase of employment at a season of the year when such increase is most welcome.

"My Lord, in concluding his observations a year ago, the late Sir John Woodburn emphatically avowed the loyalty of the Bengal Government to the Govern-

[*The Lieutenant-Governor; Sir Edward Law.*]

ment of India in matters of finance as in others, and he assured Your Excellency that while he desired to have a share in the growing prosperity of the Government of India he was equally ready to accept without demur their decisions on financial questions, and to yield to their requests for assistance when this assistance is required. With this declaration of loyalty I desire heartily to associate myself, and I will ask you to believe that the foregoing remarks are not the complaints of a suppliant begging for further favours, but that they represent the aspirations of a Government which looks out with wistful eyes upon a great field for development and enterprise, which is eager to devote all its energies to that task, and which desires nothing more earnestly than larger funds and greater capacity in order to utilize to the full for the good of its people the immense opportunities which lie before it."

The Hon'ble SIR EDWARD LAW said :—"Your Excellency, I will endeavour to reply to the observations and criticisms of the Hon'ble Members who have spoken.

"His Highness the Agha Khan has, in addition to his kindly congratulatory remarks, dealt chiefly with military subjects on which it is not within my province to offer any reply.

"I can only express to His Highness the Raja of Sirmur my gratification at the cordial terms of his acknowledgments of the efforts of Government for the benefit of the people.

"With reference to the Hon'ble Mr. Cruickshank's remarks concerning the alleged inadequacy of the sum allotted under the existing Provincial Settlement for the Government of the United Provinces, I need only say that in our next settlement every possible effort will be made to treat the various Provinces in a thoroughly equitable manner. My Hon'ble friend is as fully aware as I am of the very great difficulty of the question and of the utter impossibility of satisfying everybody.

"My Hon'ble friend Mr. Sri Ram seems to be under a strange misapprehension when he says that the surplus of 1901-1902 was not used for any of the purposes which he enumerates, namely, remission of taxation, reduction of the National Debt, or construction of works of public utility. Human memories are, alas, short-lived, but I must admit that it is to me most astonishing to find that the Hon'ble Member has already forgotten that the surpluses of the last two years enabled us to devote £1,321,500 to remission of land-revenue arrears, and further a very considerable sum directly for public works, as is shown by the reduction of our balances in India by the sum of £1,213,300, which, coupled with a reduction in the balances in England, enabled us to devote the very large sum of £3,011,000 to our railway and irrigation programme. In addition we sanctioned grants-in-aid to Provincial Governments for works of public utility amounting in the aggregate to £1,203,200.

"I may here note that the Hon'ble Mr. Gokhale has complained, in his speech, that the whole of our surpluses were devoted to the reduction of public debt. There is a distressing conflict of opinion between our advisers.

"I note that my Hon'ble friend advocates a further reduction in the postage charge for the transmission of newspapers. He says that this is in the interest of the general public. I venture to demur to this statement. I believe that it is only the very smallest fraction of the general public who are interested in the question. The general public is interested in the question of the charge for money orders, and I think that we rightly gave preference to the claims of the great majority of the public.

"As regards Agricultural Banks, I have already stated that the reason of delay in taking action is to be found in the complicated nature of the questions involved, which require the most careful consideration. If my Hon'ble friends were to be obliged to study the very numerous and often conflicting opinions which we have received from the large number of authorities whom we considered it our duty to consult, he would readily understand the cause of the delay. Certainly no one wishes more heartily than I do that it may be found

[Sir Edward Law.]

possible to take reasonable action with a fair prospect of success, at an early date.

"Regarding the cotton excise-dues I must say that I am surprised that the Hon'ble Mr. Sri Ram should consider an increase approximating 50 per cent. in six years, in the returns from the cotton excise, as unimportant. I should be very glad to find anything approaching a similar percentage of increase in any other branch of revenue.

"I have now obtained later figures which show a still greater advance than indicated in my Financial Statement:—

Net total receipts of cotton excise-dues.

	Rs.
1897-98	11,38,950
1898-99	13,53,128
1899-1900	13,09,514
1900-01	11,62,947
1901-02	17,16,836
1902-03	17,76,450

"I fully sympathise with the Hon'ble Member in his desire to see the development of a system of scientific and technical education. It is manifest that the Finance Department must be keenly interested in progress in a direction which must increase the earning power of the people.

"I must admit to being startled at the remark that the local production of kerosine oil has decreased, when the very contrary is the case, and, as I noted in my Financial Statement, the imports of Burmese oil had increased to the port of Calcutta, alone, by some 25 per cent. in the last eleven months.

"As regards the local production of sugar, I am not aware of any falling off, whilst a new sugar industry on scientific principles has been started in Behar. I have little doubt that in course of time the crude and unsatisfactory methods of sugar-making now almost universal throughout the country will have to give way to something superior, and, if the natives of India do not advance with the times, they will, I fear, find their industry succumbing before the competition of improved methods of production. We can only hope that a spirit of enterprise will be developed among the native community, inducing them to invest capital in working up the raw products of the country.

"The Provincial Settlements have, as I explained last year, been delayed out of regard for the interests of the Provinces concerned. I hope, however, that the majority will be fixed during the coming year. I must state that, as regards the United Provinces, I cannot account for the statement that these Provinces are living on the reduction of former surpluses. According to the figures which the Hon'ble Mr. Sri Ram has himself tabulated, the revenue during the period he refers to has exceeded the expenditure by over 26 lakhs, and it would appear that the Provincial balances should have increased by a similar amount.

"It has been observed that the figures given by the Finance Secretary, the Hon'ble Military Member and myself in connection with Army expenditure do not correspond. The Finance Secretary showed that, excluding the cost of the Hyderabad Contingent, the gross expenditure in 1903-04 is estimated at £210,400 less than the Budget of 1902-03. The Hon'ble Sir Edmond Elles says that the net expenditure of the coming year will be £1,23,200 less than the Budget of 1902-03, whilst I have shown that the Budget Estimate for 1903-04 exceeds the Revised Estimate for 1902-03 by £417,400. The apparent discrepancies are accounted for by the fact that the comparisons in each case are of different kinds and on a different basis. The table given in my Statement shows only net figures for the comparative military expenditure in the respective years; I have given actual figures for the first three years tabulated, for the fourth year the Revised Estimate, and for the coming year the Budget figures which are alone available; and I am inclined to think that this is the clearest manner in which, without book-keeping complications, the situation can be exhibited to the public; but my results do not really differ from those shown either by the Hon'ble Military Member or by the Financial Secretary.

[Sir Edward Law.]

"I have had a statement compiled showing the percentage of net ordinary military expenditure to general revenue during the last eight years. Beginning with the year 1895-96, the percentages are as follows :—

Comparison of net ordinary Military expenditure with Revenue.

YEAR.	Total Revenue excluding Army and Military Works receipts.	Net Army and Military Works expenditure, excluding warlike operations costing over 50 lakhs each, and Special Defences.	Percentage of Military expenditure to Revenue.
	£	£	
1895-96	64,894,971	15,984,476	24·6
1896-97	62,076,762	16,256,298	26·2
1897-98	63,671,720	15,616,630	24·5
1898-99	66,965,278	15,489,986	23·1
TOTAL	257,608,731	63,347,390	24·6
1899-1900	67,882,901	14,945,586	22·0
1900-01	74,419,262	15,009,519	20·2
1901-02	78,319,293	15,711,537	20·9
1902-03	75,932,600	17,279,400	22·8
TOTAL	293,554,056	62,946,042	21·4

"These figures show that our military expenditure is not advancing in proportion to the growth of our resources.

"They do not include the cost of military expeditions individually exceeding half a crore. Over such expenditure we can exercise no control. And here I may once more call attention to the large sums included in military expenditure in the last two or three years for the creation of ordnance establishments. Although we prefer to debit these sums to expenditure against Revenue, they are in reality Capital expenditure, which, I believe, will not only return good interest by resulting economy as regards future military requirements, but will, in ways I explained in the Budget Statement, prove of real value to the industrial community in India.

"It may possibly be objected by some critics that our total military expenditure is in any case too large. I am happy to join issue at once and directly with such critics. They cannot, for want of information which cannot be made public, be in a position to pronounce an opinion on the necessity or otherwise of greater or smaller military preparation and consequent expenditure. The Government of India, acting on the fullest information and with the advice of the competent military authorities, consider that certain things are necessary to meet certain eventualities and it is their duty to take action and provide accordingly.

"There is nothing more unbusinesslike than to delay purchases till market prices are high. If military preparations were delayed till the last moment, we should not only find the market against us for hurried purchases, but in our hurry we should be obliged to accept indifferent quality, even if the articles required were procurable in time to be of any use.

[*Sir Edward Law.*]

"There was a school, and indeed a very important one, though now in my opinion happily moribund, if not dead, which recoiled with horror before the shibboleth 'unproductive expenditure' which they were pleased to fasten on all military expenditure. If consistent, men of this school could never have accepted the idea of insuring their lives till their state of health was such that the Insurance Companies either charged exorbitantly high premiums for their policies, or refused altogether to grant them.

"This is a business question, and the very worst kind of finance is that which, for the convenience of the moment, wilfully shuts its eyes to possible eventualities and seeks to swell present surpluses at the cost of the future.

"The Government of India has sufficiently shown its appreciation of the many needs for the adequate development of the natural resources of this great country. Every anna we spend on military preparations is so much deducted from our means of advancing that most desirable development; and we sanction military expenditure with real regret and solely because we know that it is necessary. Our only consolation lies in the fact that we have perfect confidence that our present military advisers have both the will and the competence to secure for us the fullest possible value for the money which they call upon us to expend.

"The Hon'ble Mr. Justice Rampini calls attention to various questions connected with the administration of justice, and to the profit which Government is supposed to make out of the excess of fees over the cost of the Courts, particularly in Bengal.

"I thought that I had sufficiently explained last year that the assumed profit is more imaginary than real, as in the accounts from which the figures indicating a profit are taken there is no allowance for pensions, buildings, stationery (legal gentlemen use a good deal of paper) and other items, not to speak of the cost of gaols and police which are necessary parts of the machinery of justice.

"It is not in my province to discuss the possibility of improvement in the organization or procedure of the Bench or Bar. My connection with these questions is confined to the scrutiny from a financial point of view of such proposals as may be made for increased expenditure. Such proposals have latterly been both numerous and heavy, particularly from the Calcutta High Court, as also from many Provincial Courts. The only part of the Finance Department in such matters is to sanction, without any possibility of the control which it is accustomed to exercise over expenditure in most other spending branches of the administration.

"The Hon'ble Mr. Whitworth has made remarks on judicial matters and on recruitment for the Volunteers, to which it does not fall within my province to reply.

"With reference to his complaint as to the condition of court-houses in the Bombay Presidency, I may point out that, as mentioned in my Budget Statement, we are making a special grant-in-aid of 40 lakhs to Provincial Administrations for Minor Public Works. The Bombay Government will receive its share of this grant, and a portion will doubtless be applied to meet the requirements indicated by the Hon'ble Member.

"The Hon'ble Sir Montagu Turner expresses his regret that we did not find it possible to raise the limit of exemption from income-tax to include incomes of Rs. 1,200 per annum. I think there is a good deal to be said in favour of the limit he desires, from the point of view especially of the result to a considerable class of clerks whose incomes just reach that figure; but we feel that we have been able to grant a considerable measure of relief, and we did not consider it prudent to go further for the moment.

"The Hon'ble Sir Montagu Turner, however, goes much further when he speaks of the income-tax as a tax which should not be regarded as a permanent source of revenue. Here I am entirely at issue with him. I look on the income-tax as an excellent source of revenue, and I believe that it is most desirable that

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it should be continued. As years roll by, the methods of assessment should steadily improve; and I trust that this tax will in course of time, perhaps with some modifications, enable us to obtain some reasonable share of contribution towards the expenses of Government, from an important class whom many think have hitherto escaped unduly lightly. At its present very light rate the tax is a mere nothing to many men of large incomes.

"With reference to his remarks about the very large recent importations of silver, I need hardly assure the Hon'ble Member that Government is fully alive to the danger of illicit coining, and that we shall continue to use every means in our power to check unlawful practices.

"As regards the continuance of countervailing duties on sugar after September 1st, I can only say that it seems too early to decide on the measures which may be necessary after that date. When the time comes, we shall do our best to frustrate all attempts to put us once more in the undesirable situation which the countervailing duties were introduced to obviate. I do not think that the question of the levy of the general import-duty of 5 per cent. on sugar will be found to be in any way connected with that of countervailing duties.

"On the question of a reduction of telegraph charges I observed last year that 'I should be very glad if circumstances should hereafter permit us to reduce charges.' Certainly, we should be very pleased to reduce present rates, if it were found possible to elaborate any scale of charges which would cheapen the use of the telegraph to the public who send telegrams, without causing such loss of revenue as would be fairly objected to by the great body of tax-payers who seldom or ever send a telegram. I do not say that some small loss may not properly be incurred, for although the direct advantage of cheapening telegraph rates would accrue chiefly to the mercantile community, yet everything tending to facilitate trade operations must, more or less, indirectly benefit the public at large.

"At present, according to the calculations of some experts, not only does Government incur loss on the transmission of private telegrams, a loss amounting to Rs 10,51,500 in 1901-1902, but, unfortunately, under the present system of rates, it would seem possible that the more private telegrams are sent the greater the loss. The average loss on each private telegram is according to some calculations about $3\frac{1}{2}$ annas; but I should observe that our authorities are not at all in accord as regards the basis on which the calculation should be made, and I must admit that, having given my best personal attention to the question, I find it so full of complications that I should not like to be held responsible for the exact figure of loss.

"I may mention that, according to American calculations, the mere cost of each operation in connection with transmission of a telegram is $\frac{1}{2}$ a cent (approximately $\frac{1}{4}$ anna) for each operation, and it is calculated by our Telegraph Department that, as an average, there are five operations in India for three in Europe.

"It will be asked how, as a matter of accounting, we have hitherto shown a book profit on the transactions of the Telegraph Department. The answer is that this book-keeper's correct statement of profit is calculated by including in the accounts the sums debited to Government Departments for official telegrams at the same rates as are charged to the general public. It must be remembered, however, that the loss on private telegrams is mainly due to the free transmission of addresses which in private telegrams are frequently inordinately long as compared with the paying part of the message—the body of the telegram. In Government telegrams the non-paying part of the message (the address) is relatively short as compared with the paying body of the telegram; also a large proportion of Government telegrams are sent at the paying urgent rates. Considering the importance to the Telegraph Department of its work for Government, it is certain that, were the Department a private commercial undertaking, Governments would demand and would be granted a very large reduction on the ordinary rates, such as is given for Press telegrams; and here it may be mentioned that there is a heavy loss on the transmission of Press messages.

[*Sir Edward Law.*]

"The difficulties and complications in connection with our present system of telegraph charges, and especially as regards free addresses, are extraordinary; but we have been and are giving the whole subject our most attentive consideration in the hope of finding a justification for some change advantageous to the public, particularly as regards the possibility of sending a non-urgent private telegram for a small charge.

"As regards the Persian tariff, I am afraid that I have nothing to add to the remarks made on the subject in my Financial Statement. I regret to say that the Persian Government has already refused any concession in the matter of postponing the operation of the new tariff. Disappointing as is this refusal, I understand that they are fully within their rights.

"The question of the advisability of guaranteeing the rate of exchange for interest payments on Rupee paper has been under the consideration of the Government of India for a considerable time. It has latterly been discussed by some organs of the Press in India, and representations have been received from the Calcutta and Madras Chambers of Commerce recommending the guarantee. Bombay has refrained from offering an opinion, and public opinion is by no means unanimous in approving the proposal.

"Many serious points must be considered and decided before we could formulate or recommend a definite proposal. But first of all we must be clear in our own minds as to the objects for which change of any sort might be considered advisable. Such advisability must depend on the advantages which might be directly secured by the Government of India and consequently indirectly, but none the less effectually, by the Indian tax-payer. The interests of the investor can only be considered as far as they coincide with those of Government, but in the important points of the price of our securities (in so far as they affect our credit) and the investor's readiness to make further investments, these interests do coincide.

"Here, I think I should note that a fundamental financial principle is that the public debt of a country should, as far as possible, be held by the citizens of the debtor country, and that the obligations connected with such debt should be in the currency of that country. I may point out that the adoption of the present proposal in any form would constitute, to a greater or less extent, a breach of at least one of these fundamental principles, and therefore we must be very cautious in accepting any change unless we are very fairly assured of securing really important compensating advantages to the State.

"For my own part, I do not, as at present advised, find such certain compensating advantages to the State, in a proposal to fix the rate of exchange for interest payable on existing securities. Doubtless its acceptance would raise the price of Rupee paper in the market; but, though I am quite open to conviction in a contrary sense, it seems to me that such appreciation of the market price of existing securities, although a considerable gain to present holders of stock, would not offer any advantage to Government, and, as regards future investors, they will only think of the terms under which future investments may be offered to them. I am inclined to think then that the only question for practical consideration is the advantage or disadvantage in guaranteeing exchange on future issues.

"I may point out some of the disadvantages which have been suggested as connected with the acceptance of even such a limited proposal:—

(1) We should be incurring debt payable in a currency which is not that of the debtor country.

(2) We should be introducing a new class of stock, for which the market would for some time to come be limited and the stock therefore not readily saleable.

(3) We should, it has been alleged, depreciate existing stock held under present conditions.

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(4) We should, it has been suggested, discourage the fortunately growing tendency among Indian investors to hold Government stock, since the concession whilst raising the price of the stock would not present to them the same advantages as to investors living abroad, who are obliged in any case to convert their rupee dividends into gold.

"I do not say that I accept all these objections as well-founded or as unavoidable, but, at all events, they require very careful consideration.

"As regards (1) the objection cannot, in my opinion, be controverted. All that can be said is that the proportion of the stock which might become subject to the objection might, by arrangement, be so limited as compared with the total debt, that the objection becomes insignificant as compared with advantages which may possibly be secured in compensation.

"As regards (2) I do not think that the objection need necessarily be encountered. It seems to me that there are various possible arrangements, such as conversion of a limited portion of existing stock into stock of the new class, by which it could be met. I do not undertake to recommend such an arrangement, but I point out that it is possible.

"(3) is an objection which, personally, I do not think would arise in practice. I believe that there are two different categories of investors—those to whom the question of exchange is all-important, that is, to the investors permanently resident in Europe, and those to whom it is of little or no importance, that is, to those permanently resident in India. Each category would, in my opinion, hold the class of stock which suited it best and for which it would be willing to pay a full price.

"(4) If existing stock were left under present conditions, or only a small proportion of it converted, there would, I apprehend, be a sufficient quantity of such stock available to meet all requirements of Indian investors for a very long time to come, and should it, as is quite possible, command a lower price in the market than another class of stock the exchange value of the interest on which was guaranteed, I see nothing in the contingency to discourage the Indian investor.

"I have endeavoured to show that there are many important and difficult points for consideration, in connection with the proposal which has been made. I have no desire to prejudge the general question, which is receiving our careful attention.

"The Hon'ble Mr. Bose deals with many important questions in a temperate though earnest spirit which must command respect and attention. It is not within my province to reply to his remarks on the collection of land-revenue, beyond stating that he is certainly right in his assumption that the Central Government have no desire to be harsh in their dealings with the agricultural classes in impoverished districts, and I trust that the Finance Department is credited with too much good sense for it to be believed that we would knowingly injure the goose which lays our golden eggs.

"I am afraid that I cannot accept the views put forward by the Hon'ble Mr. Bose on the question of the excise-duties on cotton-manufactures and their effect on the cotton-industry. All industries have their ups and downs, and the cotton-industry in India cannot hope to fare better than other industries in the world, including the cotton-industry in Lancashire. I do not myself believe that the cotton-industry in India has been in any way seriously affected by the imposition of the excise-dues at the very moderate rate of $3\frac{1}{2}$ per cent. I am told that the average expenditure for clothing for the class who consume the bulk of the product of our cotton-mills is from 5 to 6 rupees per annum. Taking the highest figure, a charge of $3\frac{1}{2}$ per cent. thereon amounts to less than $3\frac{1}{2}$ annas per annum, even assuming, what is not the case, that clothing of no other material than cotton is worn.

"I cannot believe that $3\frac{1}{2}$ annas per annum paid by the consumer will limit his purchases of cotton cloth. Were I inclined to believe it, the figures showing the net receipts from excise-dues during the last six years, which I have quoted, flatly contradict the assumption. It is impossible that the

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amount of dues received from the cotton excise could have increased in so remarkable a manner if there had not been a corresponding increase in the outturn of the mills and in the consumption of their products. Where then is there a vestige of proof of the injurious effect of the excise? In my opinion it is a very useful tax, one which presses very lightly on the consumer, and which provides us with a rapidly increasing contribution towards the very heavy expenditure required for the development of the country. Personally, I must say that I hope that the tax will be long maintained, and that the continuance of a steady increase of the returns will continue to indicate the vitality of the cotton-industry, and the increasing prosperity of the people, whilst furnishing Government with increasingly important contributions towards meeting some of their more urgent wants.

"The Hon'ble Member says that the price of cotton-goods has fallen by 12 per cent. since 1894. I have no means of checking his figure or of comparing it with the general fall of prices in Europe, but I know that the latter has been heavy, and there is no reason why the industry in India should escape influences which have had similar results elsewhere. If the profits of the capitalist manufacturer are somewhat reduced by lower prices, the consumer is securing the full benefit of the reduction.

"I am quite prepared to admit that some of the cotton-mills in Bombay and perhaps in other parts of the country have of recent years been doing badly as regards profits, but it is a matter of common knowledge that many of them were being worked on an unsound financial basis, and that, no matter what the general conditions of trade might have been, they were bound sooner or later to feel the effect of their unfortunate financial position.

"The Hon'ble Mr. Charlu, I am inclined to think that there is something to be said in favour of the idea of a reduction of the salt-tax by an amount which could be readily calculated per seer. But, even if the idea were generally approved, to give effect to its acceptance would have entailed a reduction in the tax of 10 annas instead of 8 annas per maund—an addition of 25 per cent. to the loss of revenue which has been admitted. This addition the Government of India was not prepared to accept.

"The Hon'ble Mr. Gokhale criticises the action of Government in not having remitted taxation at a somewhat earlier date than the present. I can only say that, if we had accepted and acted on the opinion of Mr. Gokhale, we should not have ventured to reduce taxation now. Mr. Gokhale never tires of asserting that the people of this country are impoverished and going from bad to worse, and, if such were really the case, it is evident that without an increase of taxation affording temporary financial relief at the expense of the future, it would be impossible to maintain our present scale of expenditure. Nevertheless we are increasing expenditure, and instead of increasing taxation we are reducing it. I should be indeed sorry for the inhabitants of this country if Government had been persuaded to act on my Hon'ble friend's opinion.

"It is not, however, surprising if the Hon'ble Member should fall into error in his general conclusions, since he seems to have been misled in the assumptions in detail from which he draws them. For instance, if he has ever glanced at our Customs-returns, it is beyond comprehension how he can assume that the poorer classes of the community pay their share of Customs-duties. Almost the only imported articles which I believe are consumed by those classes are grey cotton-goods, copper, in smaller proportion silver, and in very small proportion petroleum. Taking a liberal estimate of the share of these commodities imported for the use of the classes referred to, the proportion of Customs-duties they pay will not amount to more than 20 per cent. of the total returns, and, should we accept an estimate of even 25 per cent., it must be admitted that, in comparison with their numbers and aggregate taxable capacity, the poorer agricultural classes contribute but a trifling proportion to our revenue from Customs. If the Hon'ble Member should take the trouble to make any calculation on his own lines, he will arrive at a very much smaller percentage than I am prepared to admit, since, last year, he told us that the bulk of the people have nothing to do with the imports of sugar or cotton-goods.

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"Again, as regards Forest revenues, the Hon'ble Member seems to be unaware that the bulk of the returns are derived from the sale of timber and that the receipts from the agricultural classes are but a small item in the general total. Sales of timber yielded 114 lakhs out of a total of 194 lakhs, and there are also sales of sabai grass, rubber, tannin, resin, turpentine and many other minor products. It must also be noted that the balance which is paid by agriculturists is not a tax, but a payment for value received, in grazing and other rights.

"I have already answered certain criticisms on the question of our military expenditure. The Hon'ble Mr. Gokhale, however, takes a line of his own in comparing the proportion of Indian military expenditure to total revenues, with the proportion in Russia. I do not know where he obtained the information as regards Russian expenditure, which has led him to the extraordinarily erroneous conclusions at which he has arrived. I receive every week the official journal of the Russian Finance Ministry, and from that undoubtedly trustworthy organ I can quote figures showing that the proportion of military expenditure to the total Russian revenues derived from taxation is nearly 40 per cent. and not as the Hon'ble Member assumes 25 per cent. And Indian figures include naval expenditure, which Russian military figures do not. I do not, however, recognise any useful object in such comparisons. We have no more interest in other people's military expenditure than they can have in ours.

"My Hon'ble friend says that he has no wish to repeat the remarks which he made last year in criticism of my expressed opinion on the general economic condition of the country. I am glad of it, since it saves me from all thought of wearying Council with a repetition of the refutation of his arguments which I believe I gave wherever they were of a nature to be tested by established facts and figures. He now wants to know why I selected the last four years for a comparative statement of the returns of certain revenues. The answer is simple. I took them because they were the last four years, and therefore the most interesting. It so happens also that, as these four years commenced with a terrible famine, the period immediately following that visitation is particularly interesting as affording evidence of the power of recuperation from its effects. But, if the Hon'ble Member would like to go back further, and take another four years, so as to include the last two great famines, his contentions equally fall to the ground. These figures which I have tabulated show that, between the years 1895-96 and 1902-1903, the revenues from the sources I selected for my argument increased by some 10 per cent. This is not a bad record for a period which, as I have recalled, included the series of famine years.

	1895-96.	1902-03.
	£	£
Salt	5,907,897	6,040,000
Stamps	3,151,370	3,471,900
Excise	3,814,945	4,377,600
Customs	3,107,606	3,509,700
Post Office	1,142,330	1,435,000
TOTAL ^o	17,124,148	18,834,200

"I must confess to a feeling of regretful surprise that such a student of the conditions prevailing in this country should suggest an accusation of drunkenness against his compatriots. The Hon'ble Member says that the increase in excise receipts is a sign of 'increased drunkenness.' I have hitherto been

[*Sir Edward Law; The President.*]

under the impression that one of the great virtues of the peoples of India was their extraordinary sobriety. Perhaps, however, we may hope that the Hon'ble Mr. Gokhale is as mistaken as to the moral habits of certain classes as I think he has been clearly shown to be on many points in connection with their material condition.

"I will only notice one other statement made by my Hon'ble friend. To-day he has spoken feelingly of the hardship caused to the people by the great rise in prices. May I remind him that last year he spoke with equal feeling on the hardship involved in the fall of prices, in connection with a remarkable argument intended to show that taxation of the producers in this land was increasing to an alarming extent!

"In concluding my replies to the Hon'ble Member I would assure him that I am very grateful for all criticisms which may be passed on my Statements. If criticisms are based on fallacious assumptions, I am grateful for the opportunity of exposing fallacies. If they are well founded, I am still more grateful for being corrected. Nothing can be more valuable as an assistance to the honest study of a question than the pointing out of errors which may lead to false conclusions.

"My Hon'ble friend has pointed out an error which I made in including Berar revenues in a comparative statement of advance in Revenue. I am much obliged to him, and I can only beg to be excused when such errors creep into a statement prepared under the great stress for time inevitably accompanying the preparation of the Budget Statement.

"In correction of my mistake, I may say that the amount of the Berar revenues, inadvertently included in my Statement, is £79,400—out of the total increase of revenue amounting to £630,000—to which I was referring."

His Excellency THE PRESIDENT said:—"Among the objects that I have set before myself ever since I have been in India, and high up among the tasks of which I have sometimes spoken, has been a reduction of the burdens that rest upon the shoulders of the people. In my first Budget speech in 1899, I discussed the question of remission of taxation, and showed that the time was not yet. Then we found ourselves caught in a cyclone of famine and general suffering, and all such ideas had to be postponed. In my third Budget speech, I again cautiously alluded to the matter; but, as we were still in the wood and had not got out into the open, I dared neither to be sanguine nor prophetic. Last year we had a large surplus, and I discussed in my Budget remarks the different ways in which we might have spent it. We decided to make a substantial gift to those classes of the population who had been hardest hit in the recent visitations, and we wiped off arrears of Land-revenue amounting to nearly two crores, or a sum of £1,320,000. Now at last in my fifth year we are able to take the further step that has all along been in our minds; and my present Budget speech is the pleasantest that I have yet been called upon to deliver, since it is associated with the first serious reduction of taxation that has been made in India for twenty years.

"My view about taxation in this country has all along been this. I have never believed that, judged by any or all of the tests that are commonly and fairly applied, it is excessive or even high. I believe, on the whole, that so long as a liberal policy of remissions and suspensions of Land-revenue is pursued in bad times, it presses very lightly upon the people. But the material condition, or the relative acquiescence, of a people is not the sole measure of what taxation should be. Otherwise there would be a good argument for squeezing everybody up to the point at which he can give forth moisture without an audible groan. Another test which a just and liberal-minded Government cannot fail to apply is the observance of a due proportion between the revenues that are drawn from the people, and the calls that are made upon them by a reasonably progressive standard of administration. When it is found that for a series of years, including years of misfortune, the revenues of a country produce a considerable annual surplus over and above what is required by

[*The President.*]

administrative needs, even interpreting these in the most generous spirit, then I think that the time has arrived for taking from the people somewhat less: and it is these considerations that have led my Colleagues and myself to give this relief, added to the fact that it has been long promised, and that the patience of the community has itself enhanced the case for remission. Sir Edward Law, whom I must take leave to congratulate both upon the results that he has achieved, and upon the modesty with which he has announced them, has shown in his Statement that we have endeavoured to bring our bounty home to those classes of the community that most require it, through the relief of the income-tax to the struggling members of the middle class, through the reduction in the salt duty to the cultivating millions. The total annual sacrifice of revenue which we have thus accepted amounts to nearly 210 lakhs, or £1,400,000, and it will not, I hope, henceforward be in the power of anyone to say that we have refused to the people a due share in the improving prosperity of the country, or that Government has either selfishly absorbed or unwisely dissipated the fruits of the national industry. Some fear has been expressed that the benefits of the reduction on the salt-tax may be frittered away before they reach the consumer. But if we examine the result of what happened at the last reduction in 1882, and again when the duty was reimposed in 1883, we find good reason for thinking that a difference of 8 annas per maund does filter down to the people, and is reflected both in the price of the commodity and in an increase or decrease of consumption. I am glad to see that this view was endorsed by the Hon'ble Mr. Gokhale, who made a speech today, characterised by the great ability which we have learned to associate with his utterances. Of course the reduction of taxation now does not carry with it any promise that it will never at any time be reimposed. The income-tax in England, which is the great national reserve, goes up and down according to the financial position; and every civilized Government must have at its disposal the means of meeting an emergency, whether caused by war or anything else. The utmost that the community can demand is that taxation which has been taken off, upon its own merits, shall not be lightly reimposed, and that the financial emergency which is held to justify its reimposition shall be proportionate in degree to the prosperity which was responsible for the original relief. I hope myself that the consumption of salt may increase steadily under the lowered rate of duty, and that Government will gradually reap its reward in a recovery of revenue as well as in the gratitude of the people.

"One thing it may interest Hon'ble Members to know, namely, that since the salt duties were equalised throughout India, there has never been a period, except the six years between 1882 and 1883, at which the duty anywhere in India has stood so low as the rate to which we have now reduced it, and that since India was taken over by the Crown in the middle of the last century, the duty in Northern India and Bengal was never lower than two rupees eight annas except during the period above mentioned. These facts are, I think, of importance as tending to show the genuine and exceptional character of the present boon, and also the desire of Government, so far from making increasing expenditure an excuse for increasing calls upon the poorer classes of the population, to allow them to be the first to profit by an all round improvement in the national resources. There is one consequence that I hope may ensue from these measures of financial relief. I hope they may give the public at large, both in India and outside of it, a little greater confidence in the position and prospects of this country. Year after year we have put forward at this table statements of figures and facts tending irresistibly to show that there is a great reserve of economic vitality in India, which not even plague and famine and the expenditure entailed thereby have availed to subdue. We have shown steadily improving revenues, large and increasing surpluses, advances in all the tests that indicate material prosperity. We have even been able from time to time to confer, as we did last year, very large and substantial boons. But there has always remained a school of thought that declined to be convinced. With them the poverty of the Indian peasant, the decline of the country, and I may almost say its ultimate ruin, have almost become an article of political belief,

[*The President.*]

based upon sentiment rather than reason, and impervious to the evidence of facts. And the final argument that has always been used by critics of this class is the following—‘We are not impressed by your figures; we do not believe in your surpluses; we are not even convinced by your occasional doles. Not until you give a permanent relief of taxation, shall we be persuaded, either of the sympathy of Government, or of the prosperity of the country. That is the sure and final test of the condition of India and of the statesmanship of its rulers.’ Well, I feel inclined to take these critics at their own word, and to invite them, now that we have subscribed to their test, to abate their melancholy, and to be a little more generous and less sceptical in the future.

“I do not wish it for a moment to be thought that, because we have been able to remit the best part of $1\frac{1}{2}$ million sterling per annum in taxation, therefore there is no poverty in India. Far from it. There is enough, and far more than enough. There is a great deal more than anyone of us can contemplate with equanimity or satisfaction. The size and growth of the population, the character of their livelihood, and to some extent their own traditions and inclinations, render this inevitable. But I do not believe that the people are getting poorer. On the contrary, I hold that they are making slow but sure advances, and that in normal conditions this progress is certain to continue. But in my view this can only be achieved, if all those who are concerned with the problem, whether as administrators or critics, do so in the spirit not of pessimism but of cheerfulness. As little by little we get forward, I would crown every milestone on the path with roses instead of wetting it with tears.

“There is another point of view from which I would for a moment invite the Council and the outside public to regard the relief which has been announced in this Budget; since I think that here again we may find a useful corrective to some of the dangers of premature criticism. How often have we not been told in certain quarters in the past three months that the Delhi Durbar was a foolish and even wicked extravagance, because we spend the money of the people—how much or how little I shall presently show—without announcing to them a substantial benefit in return. I am not sure that my Hon’ble friend Mr. Charlu is not a little unsound on this point himself, for he generously offered to let bygones be bygones, as though there was something that we would rather like to forget. That is not at all our view. I may remark that I should have been glad enough to make the announcement at the Durbar, but that it is the usual practice of modern Governments to connect relief of taxation with Budget Statements, and with the beginning or end of the financial year. I should have thought that this was tolerably clear from my Durbar speech. However, our eager and incredulous friends would not wait even for three months. In their view the golden opportunity had been thrown away, and the Government that had sacrificed it had proved its indifference to the public interest. I feel tempted to wonder whether the Durbar, which I firmly believe that $\frac{2}{10}$ ths, I think I might say $\frac{2}{100}$ ths, of those who either saw it or know anything about it, regard as having been a unique success, will be relieved from the charge of failure at the hands of the minority who have hitherto so represented it, now that the solitary cause which was alleged to have been responsible for that failure has disappeared by the announcement in March of the bounty which they would have preferred to secure in January. When the Durbar is cited in the history of the future, even from the narrow point of view of material result alone, will it be quoted by the class of opinion of which I am speaking as a success because it heralded the present relief, or as a failure because it fell short by three months of anticipating it? I do not fancy that there can be much doubt as to the response.

“These remarks lead me by a natural transition to say something about the Durbar itself. And first I must devote a few words to the cost. As I said in my speech in September last, though this is not the test which I would dream of applying myself as the final or crucial touchstone to a ceremony which I at any rate regard as having had a profound political significance, and an almost immeasurable political effect, yet I have no right to object to its being applied by others, and I realize that even symbolism presents itself to many

[*The President.*]

minds in terms of rupees and pies. If, however, we apply this standard, then I do not hesitate to claim an absolute vindication for all that I said last autumn. I remarked then that of the 26½ lakhs estimated for Imperial Expenditure, we should recover the greater part, and I added that a great State ceremonial would never have been conducted in India upon more economical lines. These prophecies were not universally accepted at the time, but they have turned out to be scrupulously correct. And indeed they over-estimated, rather than understated, the actual outlay. The net charge against Imperial Revenues for the entire Durbar works out at little more than 12½ lakhs, or £84,000. If to this we add the expenses incurred by Local Governments for their Provincial Camps, over which, from the circumstances of the case, the Government of India could exercise little control, and which amounted to a net total of a little over 14½ lakhs, or £99,000, we get a net final charge, Imperial and Provincial, of about £180,000 for the Durbar. Is there any one who will tell me that this is an excessive charge upon a population of over 230 millions in British India, exclusive of the Native States, for celebrating the Coronation of their Sovereign? In Great Britain, with a population of 41 millions of people, they voted, I believe, £100,000 for a similar purpose, or a charge of less than ½d. per head of the people. They also spent £70,000 in entertaining the representatives who came from India to attend the ceremony. In India, we have spent £180,000 with a population of nearly 300 millions in all, or about ⅙th of a penny per head of the entire community. Is this too heavy a price for the people to pay for the Coronation of their Emperor? Has a similar sum never been spent upon an Indian marriage or upon an Indian accession? Why the sum is only about one-seventh part of the relief which we are going to give, not once, but in each succeeding year, to the Indian people by our relief of taxation. Each one of them paid in January a great deal less than a farthing for the Coronation of his Emperor. But he goes away in March with nearly eight times that sum in his pocket per annum. Spread over such enormous masses, the bounty may, in individual cases, seem small, but the recipient, I am sure, would be the first to recognise the degree to which he has gained; and I expect, if we could consult him, that he would at once respond by a request to have a Durbar every year, if only it was likely to be attended with similar results. There are, I know, some who say that this is all very well, but that we must look at what the Durbar cost the Princes and their people. Well, I do not know what it cost them, nor does anybody else, though I have seen a good many extravagant and random calculations. But I do know that these sums were voluntarily spent, that they were all spent in the country, that they diffused employment and radiated contentment far and wide, and that it would be impossible to get up a protest or a petition against them in a single Native State or in any part of the Indian Continent.

"But I would ask whether we may not leave this somewhat sordid field of controversy, and pause for a moment to enquire what was the effect of the Durbar itself. I have deprecated the financial criterion. Here let me deprecate the ceremonial criterion also. I have read a great deal since January about pomp and pageantry, and the idea of some persons seems to be that the Durbar was intended only to show the magnificence of the Empire and the trappings of the East. How strangely we often misread each other in the world. I suppose that reams of paper and gallons of ink have been expended upon the delineation of the splendours of the Durbar. May I make a confession? I have never read these accounts without a positive pang. For all the while I have been thinking about something else. I hope I am not a rhapsodist or a dreamer. But to me, and I hope to the majority of us, the Durbar meant not a panorama or a procession. It was a landmark in the history of the people, and a chapter in the ritual of the State. What was it intended for? It was meant to remind all the Princes and peoples of the Asiatic Empire of the British Crown that they had passed under the dominion of a new and single Sovereign, to enable them to solemnise that great and momentous event, and to receive the Royal assurance and greeting. And what was its effect? They learned that under that benign influence they were one, that they were not

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scattered atoms in a heterogeneous and cumbersome mass, but coordinate units in a harmonious and majestic whole. The scales of isolation and prejudice and distrust fell from their eyes, and from the Arab Sheikhs of Aden on the west to the Shan Chiefs of the Mekong on the borders of China, they felt the thrill of a common loyalty and the inspiration of a single aim. Was there nothing in this? Is it nothing that the Sovereign at his Coronation should exchange pledges with his assembled lieges, of protection and respect on the one side, of spontaneous allegiance on the other? Is it nothing that the citizens of the Empire should learn what that Empire means? Even if we take the rest of India, which could not be present at Delhi, but held its own rejoicings in its own place, is it nothing to lift an entire people for a little space out of the rut of their narrow and parochial lives, and to let them catch a glimpse of a higher ideal, an appreciation of the hidden laws that regulate the march of nations and the destinies of men? I believe that the Durbar, more than any event in modern history, showed to the Indian people the path which, under the guidance of Providence, they are treading, taught the Indian Empire its unity, and impressed the world with its moral as well as material force. It will not be forgotten. The sound of the trumpets has already died away. The Captains and the Kings have departed. But the effect produced by this overwhelming display of unity and patriotism is still alive and will not perish. Everywhere it is known that upon the throne of the East is seated a power that has made of the sentiments, the aspirations, and the interests of 300 millions of Asiatics a living thing, and the units in that great aggregation have learned that in their incorporation lies their strength. As a disinterested spectator of the Durbar remarked, 'Not until to-day did I realize that the destinies of the East still lie as they always have done, in the hollow of India's hand.' I think too that the Durbar taught the lesson not only of power but of duty. There was not an officer of Government there present, there was not a Ruling Prince, nor a thoughtful spectator who must not at one moment or other have felt that participation in so great a conception carried with it responsibility as well as pride, and that he owed something in return for whatever of dignity or security or opportunity the Empire had given to him.

"Passing from the Durbar, Hon'ble Members may like to hear something of the results of the Art Exhibition which we held at Delhi at the same time, and which was designed exclusively in the interests of the indigenous arts and industries of this country. What effect the Exhibition will have upon the future of Indian Art, it is of course impossible as yet to determine. But that it had a wonderful success in calling the attention of the outside public, foreign as well as Native, to the still vital capacities of Indian Art, is, I think, certain. Though the Exhibition was open but a short time, no fewer than 48,000 persons paid for admission, the cash sales amounted to over 3 lakhs of rupees, and the total receipts to more than 4 lakhs. The building cost something more than 1½ lakhs; and, apart from that, the net cost of the Exhibition was only ½ lakh. I think, therefore, that we may fairly claim, for a very moderate outlay, to have given an impetus to Indian art, which ought not to fade away, while the presence in so many museums and private collections of the beautiful objects that were purchased from the Exhibition ought to act as a timely advertisement to the still unexhausted skill of our craftsmen and artisans.

"Among the most contented of the participators at Delhi were the Ruling Chiefs of India, and not the least contented of them, I venture to say, was the Chief of premier rank, His Highness the Nizam of Hyderabad. I have had no previous opportunity of alluding to the agreement that I was fortunate enough to be able to conclude with him a little while before the Durbar. I may perhaps indulge in a brief reference to it now.

"It was an agreement regulating the future of the districts hitherto designated the Assigned Districts of Hyderabad, and more popularly known as Berar. The papers concerning that agreement have been made public; and it is open to anyone to form his opinion of the arrangement arrived at, and of the steps by which it was attained. I believe that it has generally been accepted as an agreement honourable to both parties, and bringing to a satisfactory termin-

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ation a state of affairs that had for half a century been neither satisfactory nor profitable to either. I will only add here, as the correspondence has shown, that the agreement, following upon a friendly exchange of views between His Highness the Nizam and myself, represented the free and unfettered disposition of both parties, and that no trace of any opposite influence entered at any moment into its negotiation. His Highness is not less gratified with the agreement than we are, and if both parties are equally content, then I think that there is nothing unreasonable in asking the public to join in our felicitations. There are few questions of delicacy or difficulty connected with Native States in which it has not been my experience that the Chief is ready to discuss them in the most frank and courteous spirit with the head of the Government of India.

"I now pass to the wider range of subjects that is apt to be opened up by a Budget Debate. In some of these discussions I have spoken of the duties with which Government has charged itself, and of the manner in which they are being fulfilled. I do not propose today to say much of the labours that lie behind us. I will merely allude to a few that are in a state of transitional development, and the course of which we watch with natural anxiety from year to year. Our Currency Policy is working well, and is bringing back confidence to every branch of Indian finance and trade. Our Frontier Policy has so far been fortunate. The new Province is prospering, and we are gradually extending the application of the principles upon which our Frontier Policy depends. The Punjab Land Alienation Act is reported to be succeeding beyond expectation, and encourages us to approach with greater confidence attempts to arrest the evils of indebtedness and expropriation of the agricultural population elsewhere. You have heard Sir Denzil Ibbetson speak about these, and I have nothing to add to what he has so well said. The industrial legislation that we have passed during the past two years is bearing good fruit: and the increased wage for the coolie in the tea gardens of Assam will come into operation in the ensuing year. Rearmament has been completed in the regular Army, and only remains to be extended to the Volunteers, and we are proceeding to the organization of internal factories so as to render ourselves self-sufficing in the future. There is one matter which I have before now mentioned at this table, and to which I have attached an importance that has not always been recognized. I allude to the orders that we passed for a reduction in the number and length of official reports—that time-honoured foible and snare of Indian Administration. Some people said that the idea was excellent, but that the orders would be nugatory, and the difference *nil*: others applauded conciseness in the abstract, but deplored it in the case of every report to which it was applied. Of course we could not expect all in a moment to hit off the exact mean between prolixity and undue contraction, or to teach every officer straight away how to frame the ideal report. But that our orders have not only not been abortive, but have produced very material results, will, I think, be evident from the following figures. The total number of obligatory reports to Government has been reduced from nearly 1,300 to a little over 1,000. But the difference in their contents is more notable still. Before the issue of the new orders, the number of pages of letter-press submitted and printed was 18,000; it is now 8,600. The number of pages of statistics was 17,400; it is now 11,300, or a total reduction of pages of contents from 35,400 to less than 20,000. I do not think that this reduction has been achieved at any cost whatever to administrative efficiency. What it has meant in relief to the compiling officers, and in the release of energy for other and more important branches of work, will be patent to anyone who has the smallest experience of Indian administration.

"I do not now propose to dwell further upon the past. I prefer, in what I have to say, to look ahead, and to form an estimate of the work that still awaits my Colleagues and myself, before we can say that the work of reform and reconstruction that we assumed has been duly started on its way, or before we can afford to rest a little on our oars. Sometimes I confess that I get a little appalled at the magnitude of the undertaking, and disappointed at the reception

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that appears to await reform. The very people who applaud reform and cry for the reformer are apt to express immense surprise at the one, and no small resentment at the other, when they are forthcoming. There are so many excellent arguments for doing nothing, such a reposeful fascination in just scraping along. I have even learned in this country a new and captivating doctrine, *viz.*, that it is considered a mistake in some quarters to enquire at all. I came here with the idea that no sphere of administrative work in the world admits less of hasty generalisation or abrupt action than India: that the features of race, religion, and locality are so divergent, the needs of different provinces so opposite, the general lack of uniformity so striking, that before any organic changes could be introduced, profound and careful investigation was required, and a consultation of local authority and opinion, however bewildering the differences might be, was essential. If I held these views four years ago, still more do I hold them now. They are the commonplaces of Oriental administration. They seem to me the A. B. C of Indian politics. I cannot conscientiously recede from them in any respect. And yet how familiar I now am with the charge that it is a waste of time and a proof of insincerity to enquire, that Commissions are an expensive extravagance, and that the problems which we are engaged in laboriously investigating are so well known that only the meanest capacity is required to solve them without further ado. I do not think that the withers of my Colleagues or myself have been wrung by these remarks. Indeed, I have a shrewd suspicion that the very persons who protest against enquiry before action as a superfluity, would equally denounce action without enquiry as an outrage. I am afraid, therefore, that we shall obstinately continue our policy of ascertaining the data before we proceed to act upon them, although it will be gratifying to those who are so impatient for deeds to know that, in the case of the whole of our Commissions, the stage of investigation is now almost at an end, and that there lies immediately in front of us the onerous and responsible task of translating so much of their recommendations as we may decide to accept into practice. Who knows that before long we shall not have the charge brought against us of acting too much after having enquired too little? Perhaps we shall even be told, as we have been in a well-known case, that it was not necessary either to enquire or to act at all.

"There is one respect in which we have just taken the final steps in dealing with the policy recommended by one of the most important Commissions that have sat and reported during my time. I allude to Sir Antony MacDonnell's Famine Commission. Soon after the Report first reached us, we issued orders to the Local Governments upon so much of the Report as we accepted ourselves without demur, and as we knew to be similarly acceptable to them. Since then we have conducted an exhaustive correspondence with the Local Governments and with the Secretary of State upon the more disputed aspects of the case; and we are now about to issue a Resolution, embodying final orders on the subject. A revised code of Famine procedure, based upon the latest experience, will then be at hand throughout India, which will regulate the operations of the next campaign as soon as it has to be undertaken. I do not assume for a moment that the last word on Famine Relief has been spoken, or that later experience may not guide us to even further improvements of system. The utmost that we can do at each stage is to profit by the lessons hitherto learned, and to translate our experience with as little delay as possible into executive orders and action, so that when the next calamity comes, Governments and individuals may go calmly to their task, instead of rushing into all sorts of experiments, and making all kinds of blunders which have to be paid for at a heavy cost later on.

"The Hon'ble Rai Sri Ram Bahadur addressed to me to-day a personal appeal to do something before I go to strike at the root of the evil, by preventing the recurrence of famine in the future in this country. If there was one accessible root, and if the axe of Government could be laid to it, who can doubt that, not this Government alone, but every one of its predecessors, would long ago have discerned the seat of the evil, and have applied the instrument of destruction to it? We are cutting at the subsidiary roots. Extended irrigation, improved education, attempts to relieve the indebtedness and to increase the

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material prosperity of the people, crop-experiments, scientific research, and a careful overhauling of the machinery with which we meet drought when it comes—all these are efforts which will gradually diminish the severity and, I hope, contract the area of famines in India. But to ask any Government to prevent the occurrence of famine in a country, the meteorological conditions of which are what they are here, and the population of which is growing at its present rate, is to ask us to wrest the keys of the universe from the hands of the Almighty. I cannot furnish a better illustration of this than that which was given by the Hon'ble Member himself. In the autumn of the past year, it was by the dispensation of Providence alone, when the monsoon suddenly revived in the months of August and September, that what might have been famine conditions were turned into prosperity conditions during the present winter. The best Government in the world could not have accelerated that change by a single second; the worst Government could not have retarded it. The Hon'ble Member seems to think that famines in this country used not to be so bad in former years, and that similar calamities do not occur under similar conditions elsewhere. If he will study the Reports of the various Famine Commissions, he will find a good deal to throw doubt upon the former statement. If he turns to the history of Russia, he will find good reason for changing his opinion upon the latter. Government should never slacken for one moment in its peace-campaign, just as much as in its war-campaign, against famine. Thus we shall render it less formidable, and shall gradually gain the upper hand. But we are not, in my judgment, as yet within measurable distance of the time when the word prevention can be much upon our lips.

"As to the work that still lies before us, it falls under eight headings, concerning each of which I have a few words to say. It must not be thought that the order in which I happen to name them is the order of their importance. All are equally important, and all are simultaneously being taken up. Neither must it be thought, when I speak of them in the future, that we are now about to start work upon any of them for the first time. Throughout the past four years there is not one among them that has not been almost continuously under our notice. In every case we have reached an advanced stage of enquiry, and in some cases of action, and it only remains for us to carry these proceedings to the final stage, and to present to the Secretary of State and to the country the bases of a definite policy to be consistently pursued in the future.

"The first of these is Education. Do not let any one suppose that in any aspect of education we shrink from the duty that we have undertaken, which is that of formulating for the country a revised scheme of education in all its branches, University, Secondary, Primary, Technical, and Commercial. But we must postulate a little patience and ask for a little time. The proposals are so multiform, the needs so different, the guidance that we receive from the public so perplexing, that sometimes one scarcely sees light through the trunks of the trees. The subject of Education, however, and particularly of University Education in India, illustrates very forcibly what I said a little while back. More than a year and a half ago, I presided over a Conference of leading educational authorities, official and unofficial, at Simla, in order to assure myself of the trend of expert knowledge and opinion on these subjects. I remember at that time that the prevailing apprehension was lest the Government should suddenly spring a new educational policy upon the country, without giving to the interested parties an opportunity of having their say, and that the Simla decrees would be issued as a mandate to the nation. Nobody, I may say, ever entertained such a notion in the Government itself. On the contrary, we meant from the start to give to the qualified public the fullest opportunity for expressing its views. Accordingly, we appointed a Commission, under my Hon'ble Colleague Mr. Raleigh to examine into the question of the Universities, and we consulted the Local Governments upon every other feature of our plans. Since then the public has had the best part of a year in which to expend its energies upon discussion—an opportunity by which no one can say that it has not profited. Whether Gov-

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ernment has profited equally by these proceedings is open to doubt, for I observe that whereas a year and a half ago every one was agreed that education in India stood most urgently in need of reform, that it had got entirely into the wrong groove, and was going steadily down hill, dispensing an imperfect education through imperfect instruments to imperfect products with imperfect results—a great many of the interested parties now meet together, and proclaim in injured tones that they stand in no need of reformation at all. Now let me say at once that this is not good business. I lay down as an absolute and unassailable proposition that our Educational systems in India are faulty in the extreme; and that, unless they are reformed, posterity will reproach us for the lost opportunity for generations to come. I remind the public that that proposition was most cordially endorsed by every shade of opinion 1½ years ago. Since then we have shown a consideration for the interests of all concerned and a reluctance to act with precipitation that have been pushed almost to extremes, and have exposed us to the charge of timidity and irresolution. My object throughout has been to carry the public with us in our reforms, and to base them upon the popular assent. I am still hopeful that better counsels will prevail, and I shall spare no effort to attain this result. But if every reform proposed is to be overwhelmed with obloquy and criticism, because it touches some vested interest or affects some individual concern, if change of any kind is to be proscribed merely because it is change, if the appetite for reform, so strong two years ago, has now entirely died down, then I must point out that the educated community will have forfeited the greatest chance ever presented to them of assisting the Government to place the future education of this country upon a better footing, and Government will be left to pursue its task alone. I should be most reluctant to be driven to this course. I want to reform education in India, I will not say *omnium consensu*, because that may be an impossible aspiration, but with the good will and assent of reasonable and experienced men, and I have a right to ask that, in so far as they are dissatisfied with the *status quo*, they shall render our course not more difficult, but more easy.

“I am well aware that University Education does not exhaust the field or the requirements of education in this country. There are many other aspects of the problem scarcely less important which we also have under examination—Secondary Education, or education in the High Schools leading up to the Colleges, Primary Education or the education of the masses in the vernacular, Commercial Education, or the provision of a training that shall qualify young men for a business career, Agricultural Education, *i.e.*, a practical as well as a theoretical instruction in the staple industry of the country, Technical and Industrial Education, or the application of scientific methods and principles to the practice of national industries and handicrafts—all of these have come under review, and we are little by little shaping the principles that will presently form the basis of a policy and a programme. I would only say to the public—Do not be impatient, and do not be censorious. Do not impute dark conspiracies or assume that all the misguided men in the country are inside the Government, and all the enlightened outside it. What could be easier than for Government not to have taken up educational reform at all, or even now to drop it altogether? All the wild talk about killing Higher Education and putting education under the heel of Government merely obscures the issue, and paralyses action. Surely there are enough of us on both sides who care for education for education's sake, who are thinking not of party triumphs, but of the future of unborn generations, to combine together and carry the requisite changes through. I cannot imagine a worse reflection upon the educated classes in India, or a more crushing condemnation of the training that we have given them, than that they should band themselves together to stereotype existing conditions, or to defeat the first genuine attempt at reform that has been made for a quarter of a century. I agree with the Hon'ble Mr. Gokhale that education is one of the most solemn duties of the State. But the State, I venture to point out, is the aggregate of its own citizens, and not a mere governing organization alone, and in the latter capacity the State cannot discharge its educational responsibility without the cordial co-operation of the community at large. Before I leave the subject of Education, I will only add one word upon

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the subject of Scientific Research. This is of course the apex of educational advancement; and, in relaying the foundations, nothing would give the Government greater pleasure than to contribute to the possibility of adding the crown. I hope that Mr. Tata's splendid benefaction will shortly take practical shape. I have seen all sorts of assertions that it has languished for want of sympathy in official quarters. There is not an atom of truth in this insinuation, and when the history is published, as it shortly will be, no further misapprehension need arise. On the contrary, I hope that the scheme may then move rapidly towards realization.

"The second subject that awaits our treatment, and that will occupy us in the forthcoming year, is Irrigation. For two cold winters has the Irrigation Commission been pursuing its energetic researches; and soon after we get to Simla, the report will be in our hands. It will give us an exhaustive review of the capabilities for water storage or water utilisation of every part of the Indian Continent; and then we shall have to set to work to provide for every province its reasoned programme of tanks, or reservoirs, or wells, or canals, mapped out over a long series of years, and devised with strict regard to the experiences or the exigencies of drought. Much money will be required; many experiments will have to be made; some failures will be registered. But at least it will not be possible to say that the Government of India has ignored this aspect of the agricultural and industrial problem, or that we are wasting our water, because we do not know how to use it.

"Then we have the impending Report of the Police Commission and the impending reform of the Indian Police. I know no more of the proceedings of the Commission than has appeared in the newspapers, and I am unaware what our Commissioners will say. But, if any one had any doubt as to the need of enquiry, I should think that this must have been dissipated by the nature of the evidence that has been forthcoming; and, if anyone questions the need of reform, he cannot, I think, be a resident in this land. Upon this subject, however, I should like to add one word of caution. Reform we must, and reform we shall. But the main improvement that is required, which is a moral improvement, cannot come all in a gallop. Men are on the whole what their surroundings make them, and men do what their opportunities permit. It is not all in a moment that you can take one section of a society and create in it a different standard from that which prevails in another, even if you pay the former to look after the morals of the latter. We shall, I hope, get a better and a purer Police as a consequence of the changes that we shall introduce, but we shall not straightway found a new Jerusalem until we have educated the people who are to build and to inhabit it.

"I have often before spoken of my desire to introduce a more commercial element into the management of Indian Railways: and already we have made some progress in this direction. From our published Histories of Projects, from our Railway Conferences, and from our Travelling Commissions—all initiated during the past four years—the public, I think, know more than they used to do of our policy and aims. But I have never thought that this was enough. Railways in India have now climbed out of the cradle. They provide us with a recurring annual surplus. Before I came out here as Viceroy, I made a speech in London, at which I was thought rather sanguine for saying that while less than 21,000 miles were then open, I hoped that the total would exceed 25,000 miles in my time. It has already reached 26,500. But it is not mileage that impresses me, nor receipts. I am more concerned with up-to-date management and efficiency, and I hope that the Report of our Special Commissioner, Mr. Robertson, which is on the eve of being submitted, may give us the clue that will guide us to far-reaching reforms, intended to place Indian Railways and their administration on a level with the most progressive achievements of other and more developed countries.

"There is a subject long under our notice, which we hope to deal with in the ensuing year. This is that of the union or separation of Judicial and Executive functions. If any one could stand in my shoes, and with his ten hours work a day, could cast a glance at that file, the best part of a foot

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high, with its mass of opinions from Local Governments, High Courts, officials, and private persons, all waiting to be read and digested, and most of them saying different things, he would probably understand how it is that everything cannot be pushed forward at the same time. But the question is of great importance, and, whatever our ultimate decision may be, I should like it to be taken up and dealt with in my time.

"I should have been tempted to say something about Agriculture to-day—the sixth subject in my present category—were it not that I have been so ably anticipated by my Hon'ble Colleague in the Revenue and Agriculture Department, Sir Denzil Ibbetson. When he is the inspiring genius and the spokesman of a Department, it seems superfluous for anyone else to add a word. I can, however, supplement what he has said by tracing the logical as well as chronological sequence of our labours. First let me say what we have attempted so far to do. We have endeavoured to deal with the indebtedness of the agricultural classes by the Punjab legislation which I before mentioned, and now by the Bundelkhand legislation which he has defended to-day. We have laid down broad and liberal principles explaining and regulating our policy of Land Revenue Assessments in India. We have created an Inspector-General of Agriculture at the head of an expert department, and we have constituted a Board of Scientific Advice. But before us lies the much bigger experiment of combined agricultural research, agricultural experiment, and agricultural education, which Sir Denzil Ibbetson has outlined, and which, if we can carry it through, ought to be of incalculable service to the country. If we can simultaneously train teachers, provide estate managers and agents, and foster research, we shall really have done some good in our time.

"Then behind these proposals lies a scheme which we have greatly at heart, and about which I should like to add a word—I mean the institution of Co-operative Credit Societies or, as they are often called, Agricultural Banks. I have seen some disappointment expressed that we have not moved more quickly in this matter. If any one had studied, as I have had to do, the replies of all the Local Governments and their officers on the subject, he would begin to wonder when and how we are to move at all. Of course it is easy enough to express an abstract approval of Agricultural Banks, to denounce everybody who does not share your views, and to rush into experiments foredoomed to failure. But that is exactly what Government does not want to do, and what the replies of its advisers would render it suicidal to do. When there are many who say that the co-operative spirit does not exist in the rural community, that it is unsuited to the conditions of Indian character and life, that the Savings Banks are not patronised as it is, and that the requisite capital will not be forthcoming, it is impossible to pooh-pooh all these assertions as idle fancy. But even when we get beyond them, and justify the desirability of making the experiment on a moderate and cautious scale, we are still confronted with all manner of questions. Is the experiment to be made with village or urban societies, or with both, and which first? Should Government aid these societies, and, if so, to what extent, and for how long? What restrictions should be placed upon them, and should loans be permitted for unproductive as well as productive expenditure? What privileges or concessions should be granted to them by Government, and what restrictions should be imposed? All these are questions which have called for a good deal of thinking over before they could be answered. All the same, I think that we are beginning to see our way. Certain broad principles seem to stand out crisp and clear. The difference between rural organization in one part of India and another is so great that no one rule can apply to all. Different systems will have to be tried in different places. The one common feature must be simplicity. We must go slowly and surely, learning as we proceed. The people must be the final workers out of their own salvation, but we, *i.e.*, Government, may give them such assistance as we properly can. We can bestow certain advantages, and we can remove certain disabilities. But, in the main, the venture must depend on the people themselves. These are the broad general outlines that emerge from our study, and I believe that my Hon'ble Colleague Sir Denzil

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Ibbetson is prepared to advise us to legislate in this direction. I hope, therefore, that the matter may not be much longer delayed.

"I have upon another occasion spoken of projects that we have before us for improving and strengthening the position of Commerce in this country. Sir Edward Law is a firm friend of these interests, and I share his desire to do what we can. I wish that we had been in a position to-day to say something about the Commercial Bureau which excites so much interest. But we have not as yet had a reply from the India Office. Some persons, I believe, have even larger ideas afloat. I would venture to say to them—Let us get our Bureau and make a success of it before we begin to agitate about a separate Department and a separate Minister. Even Great Britain has not yet secured a Minister of Commerce. Let us begin, as I hope we shall shortly be in a position to do, with a more modest ambition, and let the official and mercantile communities put their heads together to make it a success. Connected with Commerce is the question of a reduction in internal telegraphic rates. Sir Edward Law has made a few observations on this point. The matter has been under our study for many months. *Primâ facie* we should all like to increase the facilities enjoyed by the public, and I hope we may discover some means of doing so. But the question is not free from difficulty or financial risk.

"Lastly, I come to the heading of Finance, and by finance I do not mean those calculations which must inevitably lurk in the background of all the proposals that I have hitherto discussed, but the principles that regulate our control and dispensation of the Indian revenues. Here I will mention two matters only that have always seemed to me matters of the deepest importance, and of which I should like, if it were possible, to advance the solution in my time. The first of these is the constitution and employment of the present so-called Famine Insurance Fund. I have never been quite satisfied as to the position of this feature in our Accounts; and for two years we have been in correspondence with the Secretary of State on the matter. There is a good deal to be said upon both sides: and for the present we have not been able to arrive at a solution. The second question is that of the Provincial Settlements, which, though they have had their obvious merits, have not been unattended with friction and with drawbacks in operation. My Colleagues and I would greatly like, if we can, to invest these agreements between the Supreme and the Local Governments with a more permanent character, that would stimulate the energies of Local Governments and give them a greater interest in economy and good administration, while retaining for the Imperial Government the necessary measure of ultimate control. I do not know whether we shall be successful in these efforts. But we are about, with the assent of the Secretary of State, to take them in hand.

"I have now covered the entire field of administrative work that appears to me to lie before the Government of India in the immediate future. We may, to use a slang phrase, be thought by some to have bitten off more than we can chew. We may be diverted from our laborious meal by other and unforeseen pre-occupations. I hope myself that neither apprehension will turn out to be genuine. The work that I have indicated is waiting to be done, and ought most certainly to be attempted. Whatever of time and energy remains to me, I hope to devote to the prosecution of the task, and my dearest ambition is to see it carried safely through.

"There is one final subject that is rarely mentioned in these debates, and that finds little place in the many utterances which the head of the Government is called upon to make in the course of the year, and yet in a sense it is the most important of all. I allude to Foreign Affairs; and it must be remembered that in the case of India the phrase includes her relations with the whole of her neighbours; and that this carries with it the politics of the greater part of the Asiatic Continent. I doubt if even the thoughtful public has at all realized the silent but momentous change that is going on, and that will one day have an effect upon India that is at present but dimly discerned. In the old days, and it may almost be said up to the last fifteen years, the foreign relations of India were practically confined to her dealings with Afghanistan, and to the designs

[*The President.*]

or movements of the great Power beyond : and the foreign policy of India had little to do with any other foreign nation. It is true that we had territories or outposts of influence that brought us into contact with Persia and Turkey, and that we had occasional dealings with the Arabian tribes. Now all that is changed ; and events are passing, which are gradually drawing this country, once so isolated and remote, into the vortex of the world's politics, and that will materially affect its future. The change has been due to two reasons. Firstly, as our own dominion has expanded, and our influence upon our frontier consolidated, we have been brought into more direct and frequent relations with the countries lying immediately beyond. For instance, the annexation of Upper Burma brought us into contact with an important corner of the Chinese Empire, and created a batch of frontier and other political problems of its own. But the second reason is much more important. Europe has woken up, and is beginning to take a revived interest in Asia. Russia with her vast territories, her great ambitions, and her unarrested advance, has been the pioneer in this movement, and with her or after her have come her competitors, rivals and allies. Thus, as all these foreigners arrive upon the scene and push forward into the vacant spots, we are slowly having a European situation recreated in Asia, with the same figures upon the stage. The great European Powers are also becoming the great Asiatic Powers. Already we have Great Britain, Russia, France, Germany, and Turkey ; and then, in place of all the smaller European kingdoms and principalities, we have the Empires and States of the East, Japan, China, Tibet, Siam, Afghanistan, Persia—only a few of them strong and robust, the majority containing the seeds of inevitable decay. There lie in these events and in this renewed contact or collision, as the case may be, between the East and the West, omens of the greatest significance to this country. Europe is so accurately parcelled out between the various States and Powers, the balance of power is suspended on so fine a thread, and the slightest disturbance would imperil such wide interests, that short of some serious and unforeseen convulsion, which every one would wish to avert, great changes are not to be anticipated there. Africa is rapidly being overrun by the few European Powers who have obtained a foothold upon that Continent ; and before long its political destinies and territorial grouping will have taken something like definite shape. But in Asia a great deal is still in flux and solution, and there must, and there will be, great changes. It will be well to realize what an effect these must have upon India, and how they must add to our responsibilities and cares. Our Indian dominions now directly touch those of Turkey in many parts of the Arabian peninsula, those of Russia on the Pamirs, those of China along the entire border of Turkestan and Yunnan, those of France on the Upper Mekong. In our dealings with them, the Foreign Department in India is becoming the Asiatic branch of the Foreign Office in England. Then round all our borders is the fringe of Asiatic States to which I just now alluded, whose integrity and whose freedom from hostile influence are vital to our welfare, but over whose future the clouds are beginning to gather. In Europe we are a maritime Power, who are merely called upon to defend our own shores from invasion, and who are confronted by no land dangers or foes. In Asia we have both a seaboard and a land frontier many thousands of miles in length, and though Providence has presented us on some portion of our land frontiers with the most splendid natural defences in the world, yet the situation must become more and not less anxious as rival or hostile influences creep up to these ramparts, and as the ground outside them becomes the arena of new combinations and the field of unforeseen ambitions. All these circumstances will tend, they are already tending, to invest the work of the Indian Foreign Department with ever-increasing importance, and they demand a vigilance and a labour of which there are but few indications in anything that reaches the public ear or falls under the public eye. Questions of internal development, administrative anxieties, agrarian and fiscal problems, fill all our minds, just as they have occupied the greater part of my speech this afternoon. But do not let the people of India think that we shall never have anything but domestic cares in

[*The President.*]

this country. Do not let them forget that there are other and not inferior duties that devolve upon her rulers, that the safety of the Indian Frontier, and the maintenance of the British dominion in those parts of Asia where it has for long been established, and where it is the surest, if not the sole, guarantee for peace and progress, are in their hands, and that this no less than internal reform is part of England's duty. I see no reason for anticipating trouble upon our borders, and I know of no question that is at present in an acute or menacing phase. But do not let any one, on the strength of that, go to sleep in the happy illusion that anxiety will never come. The geographical position of India will more and more push her into the forefront of international politics. She will more and more become the strategical frontier of the British Empire. All these are circumstances that should give us food for reflection, and that impose upon us the duty of incessant watchfulness and precaution. They require that our forces shall be in a high state of efficiency, our defences secure, and our schemes of policy carefully worked out and defined. Above all, they demand a feeling of solidarity and common interest among those—and they include every inhabitant of this country, from the Raja to the raiyat—whose interests are wrapped up in the preservation of the Indian Empire, both for the sake of India itself and for the wider good of mankind.

"We will now bring the labours of the present session to a close, and I declare this Council adjourned."

The Council accordingly adjourned *sine die*.

CALCUTTA:

The 28th March, 1903.

J. M. MACPHERSON,

Secretary to the Government of India,
Legislative Department.

APPENDIX A.

[Vide the Hon'ble SAYYID HUSAIN BILGRAMI'S speech.]

Comparative View of State Expenditure on Education.

COUNTRY.	Source of Information.	Year for which figures are taken.	STATE PORTION OF EXPENDITURE ON EDUCATION.		State portion of the cost of Education per pupil.	State portion of the cost of Education per head of population.	REMARKS.
				In rupees.			
INDIA	Cotton's Quinquennial Report, 1896-97.	1896-97	...	(a) 9,55,22,985	Rs. 2'5	Rs. '04 or 7'7 ps.	
ENGLAND	Report of the Commissioner of Education, United States, 1898-99, Vol. I.	1897	(b) 38,513,373 dollars	12,03,54,291	Rs. 18'4	Rs. 3'9	
FRANCE	Ditto	1898	(c) 39,775,615 dollars	12,42,98,797	Rs. 19'1	Rs. 3'2	
RUSSIA	Statesman's Year Book, 1902.	1900	(d) 33,588,128 roubles	5,24,81,450	Rs. 11'6	Rs. '4 or 6'4 ans.	
UNITED STATES	Report of the Commissioner of Education, U. S., 1898-99, Vols. I, II.	1898-99	(e) 37,179,385 dollars	11,61,86,578	Rs. 6'9	Rs. 1'6	
GERMANY [For elementary education only.]	Statesman's Year Book, 1902.	1899	(f) 69,305,000 marks	5,19,78,750	Rs. 6'5	Re. 1'0	

(a) Sum-total of direct and indirect expenditures from *Provincial Revenues*. Vide General Table IV, Cotton's Report.

(b) Current (direct) expenditure only, detailed as follows :—

Government Annual Grant for elementary schools	22,405,930 dollars	} vide page 4	} Vol. I, Comr.'s Report.
" Fee Grant do.	11,351,725 "		
State appropriation for normal schools for elementary teachers	795,489 " " " 6		
Government Annual Grant to Scientific and Art Dept.	3,960,229 " " " 34		
Total	38,513,373 dollars		

= Rs. 12,03,54,291 [1 dollar = 4s. 2d. or 50d. = 50 as. or Rs. 3-2.]

(c) Current expenditure only. Vide page 1088. Vol. I, Comr.'s Report.

(d) (Actual) State Finance ordinary expenditure on Public Instruction. Vide page 994, Statesman's Year Book.

[1 rouble = $\frac{1}{4}$ dollar = 2s. 1d. = Rs. 1-9.]

(e) Detailed as follows :—

Receipts from State taxes for common (Public Elementary and Secondary) Schools.

= 36,197,338 dollars.

Vide page 13, Vol. I, Comr.'s Report.

United States Government appropriation for Universities and Colleges.

= 982,047 dollars.

Vide page 1600, Vol. II, Comr.'s Report.

Total = 37,179,885 dollars.

(f) Immediate Expenditure from State funds on Elementary education.

Vide page 644, Statesman's Year Book.

[20 marks = £1 = Rs. 15.]

FINANCIAL STATEMENT OF THE

APPENDIX B.

[Vide the Hon'ble SAYYID HUSAIN BILGRAMI'S speech.]

Comparative Statistics of Scholars under Instruction.

COUNTRY.	No. of Students under instruction (excluding unrecognised Private Schools).	Population.	REMARKS.
INDIA. Number on 31st March, 1897. Average monthly Number, 1896-97.	3,738,382 } 3,640,273 } (a)	(b) 232,490,022	(a) Vide General Table III, Cotton's Report. Either figure may be used in working out the cost per pupil. (b) Vide General Table I.
ENGLAND. Total enrollment in colleges and schools (rough estimate).	(a) 6,525,404	(b) 31,055,035 (b) vide page 10 estimated for 1897.	(a) Vide page 9, Commissioner's Report, Vol. I. Includes figures for Universities and 4 technical institutes for 1898 and those for the secondary, primary and primary normal schools, also Science and Art Department schools for 1897.
FRANCE. Number enrolled in public and private schools and colleges.	(a) 6,494,845	(b) 38,517,975	(a) Vide page 1088, Commissioner's Report, Vol. I. Includes figures for Universities for 1893, those for the schools for 1897. (b) Vide page 1085 for 1896.
RUSSIA. Number in universities, middle schools and elementary schools.	(a) 4,507,762	(b) 129,000,000	(a) Vide pages 988 and 989, Statesman's Year Book. (b) Vide page 982, Statesman's Year Book.
UNITED STATES. Number in public and private colleges and schools	(a) 16,738,362	(b) 73,960,220	(a) Vide page XII, Commissioner's Report, Vol. I. (b) Vide page XII, Commissioner's Report, Vol. I, Estimated.
GERMANY. Number in elementary schools only.	(a) 7,925,000	(b) 49,428,470	(a) Vide page 640, Statesman Book, figure for 1891. (b) Vide page 640, Statesman's Year Book, on December 1, 1890.

GOVERNMENT OF INDIA FOR 1903-1904.

APPENDIX C.

[Vide the speech of the Hon'ble MAJOR-GENERAL SIR EDMOND ELLES.]

Statement showing the total revenue (Home and Indian) and the net Expenditure (Home and Indian) under Military, Marine, Military Works, and Special Defences from 1883-84 to 1902-03, and the proportion of the total net expenditure each year to General Revenues.

YEAR.	Total Revenue.	NET EXPENDITURE.						TOTAL.	Percentage to Revenue.
		India Military.	Home Military.	Military Works (Home and India).	India Marine.	Home Marine.	Special Defences (Home and India).		
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
1883-84 . . .	71,842,020	11,048,392	6,107,081	975,397	170,647	195,675	...	18,497,192	25.74
1884-85 . . .	70,690,681	11,292,633	4,856,600	909,232	131,384	153,071	...	17,342,320	24.53
1885-86 . . .	74,464,197	14,361,135	4,772,772	927,762	127,722	142,131	...	20,331,522	27.30
1886-87 . . .	77,337,134	13,706,298	4,833,741	873,254	321,646	229,508	325,626	20,290,073	26.23
1887-88 . . .	78,759,744	14,103,208	5,253,911	1,191,647	260,166	141,047	456,017	21,405,996	27.18
1888-89 . . .	81,696,678	13,807,515	5,431,963	1,065,662	178,812	101,640	789,595	21,375,187	26.16
1889-1890 . . .	85,085,203	14,064,725	5,668,382	1,094,944	209,675	105,888	689,481	21,833,095	25.66
1890-1891 . . .	85,741,649	14,069,220	5,835,213	1,176,631	132,049	113,638	491,837	21,818,588	25.44
1891-92 . . .	89,143,283	15,021,639	6,478,558	1,164,724	158,000	133,321	604,848	23,561,090	26.43
1892-93 (a) . . .	£ 60,086,914	£ 9,866,033	£ 4,842,420	£ 764,930	£ 111,148	£ 288,908	£ 298,814	£ 16,170,253	26.91
1893-94 . . .	60,286,201	10,131,062	4,368,101	754,881	80,394	243,704	206,837	15,784,979	26.18
1894-95 . . .	63,261,489	10,240,802	4,216,571	626,672	84,188	184,485	127,057	15,479,775	24.46
1895-96 . . .	65,422,550	11,516,416	4,060,487	765,466	76,103	235,915	59,729	16,714,116	25.54
1896-97 . . .	62,621,932	10,958,147	4,133,338	727,841	87,742	212,444	58,370	16,177,882	25.83
1897-98 . . .	64,257,207	13,035,471	4,197,825	740,952	77,986	212,358	15,059	18,279,651	28.44
1898-99 . . .	67,595,815	11,100,271	4,284,771	771,493	82,132	204,215	974	16,443,856	24.32
1899-1900 . . .	68,637,164	10,188,377	3,977,366	801,782	49,390	327,355	874	15,345,144	22.38
1900-1901 . . .	75,272,291	9,859,176	4,406,349	747,187	74,522	351,036	6,864	15,445,134	20.51
1901-02 . . .	76,344,525	10,680,048	4,166,294	917,140	118,683	313,936	...	16,136,101	21.13
1902-03 Revised Estimate	76,892,500	11,292,700	4,942,200	1,044,500	81,534	247,500	...	17,608,434	22.90

(a) From this year the conversion has been made at Rs. 15 = £1.