

EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of the Honourable The House of Commons,
dated 8 May 1905;—for,

RETURN of the INDIAN FINANCIAL STATEMENT for 1905-6, and of the Proceedings
of the Legislative Council of the Governor-General thereon."

India Office,
17 May 1905.)

ARTHUR GODLEY,
Under Secretary of State for India

(*Sir Henry Fowler.*)

Ordered, by The House of Commons, to be Printed,
17 May 1905.

LONDON:
PRINTED FOR HIS MAJESTY'S STATIONERY OFFICE,
BY EYRE AND SPOTTISWOODE,
PRINTERS TO THE KING'S MOST EXCELLENT MAJESTY.

And to be purchased, either directly or through any Bookseller, from
WYMAN AND SONS, LTD., FETTER LANE, E.C., and
32, ABINGDON STREET, WESTMINSTER, S.W.; or
OLIVER AND BOYD, EDENBURGH; or
E. PONSONBY, 116, GRANTON STREET, DUBLIN.

GOVERNMENT OF INDIA:
FINANCE DEPARTMENT

FINANCIAL STATEMENT

FOR

1905-1906.



CALCUTTA:
OFFICE OF THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA,
1905.

CALCUTTA:
GOVERNMENT OF INDIA-CENTRAL PRINTING OFFICE,
8, HASTINGS STREET.

GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

FINANCIAL STATEMENT FOR 1905-1906.

CONTENTS.

PART I.

	PARA.	PAGE
Introduction	1	3
Accounts of 1903-1904	4	3
Revised Estimate, 1904-1905	5	4
REVENUE	7	4
EXPENDITURE	12	6
Budget Estimate, 1905-1906	14	6
Application of Surplus	20	7
Army Services	29	10
Railway Construction and Earnings	33	11
Irrigation	39	13
Ways and Means	47	14
Provincial Settlements	48	15
Comparison of Estimates with Actuals	51	15
Currency and Coinage	56	17
Exchange	62	19
Rupee Debt	65	20
Circulation of Currency Notes	68	20
Universal Five-rupee Note	70	21
Light-Weight Coin	73	22

PART II.

DETAILS OF ACCOUNTS AND ESTIMATES.

	PARA.	PAGE
I.—Accounts of 1903-1904	84	25
II.—Revised Estimate of 1904-1905	92	26
III.—Budget Estimate of 1905-1906	125	33
IV.—Statements comparing the Estimates under the more important heads of Revenue and Expenditure with the actuals of past years—		
LAND REVENUE	164	42
OPIMUM	165	43
SALT	166	43
STAMPS	167	44
EXCISE	168	44
PROVINCIAL RATES	169	45
CUSTOMS	170	45
ASSESSED TAXES	171	46
FOREST	172	46
INTEREST RECEIPTS	173	47
INTEREST EXPENDITURE	174	47
POST OFFICE	176	48
TELEGRAPH	177	48
MINT	181	49
CIVIL DEPARTMENTS	182	49
MISCELLANEOUS CIVIL CHARGES	183	50
FAMINE RELIEF AND INSURANCE	185	50

FINANCIAL STATEMENT OF THE

IV.—Statements comparing the Estimates under the more important heads of Revenue and Expenditure with the Actuals of past years—*continued.*

	PARA.	PAGE
RAILWAY REVENUE ACCOUNT	186	51
IRRIGATION	189	52
OTHER PUBLIC WORKS	191	53
ARMY SERVICES	193	54
V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue—		
RAILWAY CONSTRUCTION	197	56
IRRIGATION CONSTRUCTION	201	58
VI.—Provincial Finance	203	58
VII.—Ways and Means—		
HOME TREASURY	211	62
INDIA	227	68
VIII.—Summary	234	71

APPENDIX I.

ACCOUNTS AND ESTIMATES.

	PAGES
I.—General Statement of the Revenue and Expenditure charged to Revenue of the Government of India, in India and in England	76—77
II.—General Statement of the Receipts and Disbursements of the Government of India, in India and in England	78—79
A.—Statement of the Revenue of India, in India and in England	80—81
B.—Statement of the Expenditure charged to the Revenues of India, in India and in England	82—85
C.—Statement of Receipts and Disbursements of the Government of India, in India and in England	86—89
D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial settlements	90
E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England	91

APPENDIX II.

The Honourable Major-General Sir Edmond Elles' Minute on the subject of Military Expenditure	93
--	----

APPENDIX III.

Report of the Railway Board on the development and working of Indian Railways, March 1905	107
A.—Statement of Anticipated Capital Expenditure on Railways, 1905-1906	111
B.—List of proposed new lines in alphabetical order	117
C.—Statement showing proposed lines which are under negotiation for construction by private companies	119
D.—Memorandum on the construction of Railways	121

APPENDIX IV.

COMMERCIAL AND FINANCIAL STATISTICS.

I.—Miscellaneous	129
II.—Guaranteed Railway Companies: Financial Results	130
III.—Capital expenditure on State Railways	131
IV.—Capital Expenditure on Irrigation Works	133
V.—Receipts and Working Expenses of Railways	134
VI.—Receipts and Working Expenses of Irrigation Works	138
VII.—Capital Account of Guaranteed and Subsidized Railways	141

PROCEEDINGS OF COUNCIL, 27TH MARCH 1905.

Discussion of the Financial Statement	145
---	-----

FINANCIAL STATEMENT FOR 1905-1906.

PART I.

I beg to lay on the table the Financial Statement for 1905-1906, together with the usual figures relating to the Accounts of 1903-1904, and the Revised Estimate for 1904-1905.

2. Before presenting the figures, I may state that the good fortune which has attended the finances of the Government of India during the last six years has not failed us. It is true that in parts of Bombay and Madras there was some failure of the monsoon, and that in certain districts of Northern India the *rabi* crop which had promised to be magnificent has been seriously damaged by frost. But notwithstanding these local misfortunes, which have our hearty sympathy and shall receive a full measure of relief, we expect that the year 1904-1905 will close with the large surplus of £3,485,500. For next year, we estimate that on the present basis of revenue and expenditure we should have had a surplus of £3,398,800. We have, however, decided to make certain large remissions of taxation, and also to devote considerable sums of money to the improvement of various branches of the civil administration. These are estimated to absorb £2,495,000 per annum. The effect of these measures, an account of which will be presented in its proper place, is to reduce the estimated surplus of 1905-1906 to £903,800.

3. The figures for the three years, exhibited in their simplest form and excluding Capital, Debt, and Remittance transactions, are as follows:—

		1903-1904 (Accounts).
		£
Revenue	. . . . .	83,756,155
Expenditure charged against Revenue	. . . . .	80,759,755
	Surplus	2,996,400
		1904-1905 (Revised Estimate).
		£
Revenue	. . . . .	84,699,100
Expenditure charged against Revenue	. . . . .	81,213,600
	Surplus	3,485,500
		1905-1906 (Budget Estimate).
		£
Revenue	. . . . .	83,433,000
Expenditure charged against Revenue	. . . . .	82,529,200
	Surplus	903,800

Accounts of 1903-1904.

4. This time last year, we estimated that the year 1903-1904 would close with a surplus of £2,711,200. The actual result has been better by £285,200. The revenue exceeded the estimate by £688,355, and the expenditure increased by £403,155. The receipts and charges of our Railways exceeded the estimate by £118,465 and £112,397, respectively, and those formerly shown under "Mint" (which represent chiefly the profits on coinage, and payments into the Gold Reserve Fund) were larger by £172,566 and £168,485, respectively. In both cases the net variation was small. The same remark applies to the receipts and charges under "Marine." The receipts from Salt, Excise, Forests, and Customs were better than the estimate by £90,465, £54,596, £43,216, and £36,798, respectively. In the last case the import of cotton piece goods contributed materially to the improvement. An advance payment of interest by the Bombay Port Trust led to an increase under that head; while in

FINANCIAL STATEMENT OF THE

England there was an unexpected receipt of £90,204 from the War Office on account of British troops serving in India. On the other hand, there was a reduction of £28,012 under Land Revenue, chiefly due to the change of *kist* day in Assam. There was also a reduction of £28,276 in the cost of the Telegraph service, of which £16,500 was due to short payments under the Joint Purse agreement, and the remainder represented reduced capital outlay in India. Further explanations on all material points will be found in the Memorandum by the Financial Secretary which is appended to the Financial Statement.

Revised Estimate, 1904-1905.

5. The Revenue of the year has largely, and the expenditure has considerably, exceeded the estimates which we framed last March. At that time we anticipated that the revenue would amount to £80,148,600, the expenditure (including Provincial surpluses and deficits) to £79,229,900, and the surplus to £918,700. These figures have risen, according to our latest calculations, to £84,699,100, £81,213,600, and £3,485,500, respectively; the surplus exceeding the estimate by the large sum of £2,566,800.

6. The causes which have led to this result are, firstly, the remarkable elasticity of our Railway revenue, which exceeded the estimate by £2,381,500 (or by £1,900,300 *net*); secondly, the high prices obtained for Bengal opium, which have augmented the revenue from this source by £1,088,900; and thirdly, the general prosperity of the year throughout the greater part—though not the whole—of India, which has led to an expansion of revenue under every head except Land Revenue and small sums under Assessed Taxes and Provincial Rates. The aggregate improvement under these various heads was £1,080,100. There has been a reduction of expenditure under most of the heads of the civil administration, amounting to £990,200, but the charges on account of Railways rose by £481,200, while under Army there was an increase of £1,200,000, due mainly to the Tibet Mission and outlay in connection with the reorganization and redistribution of the army in India. The remainder of the difference is due to the adjustment of the Provincial surpluses and deficits, the Provincial balances being drawn upon to the extent of only £24,100 in place of £1,316,800 taken in the budget. The greater part of this difference is due to the two grants of 50 lakhs each, or £667,000, which were made to the Local Governments of the Punjab and Bombay in connection with the revision of their Provincial Settlements.

7. The principal variations of revenue from the Budget Estimate were as follows:—

	£
DECREASE—	
Land Revenue	628,700
INCREASE—	
Opium	1,088,900
Salt	218,400
Stamps	105,900
Excise	252,000
Customs	444,200
Other heads	132,800
Interest	100,700
Post Office	95,400
Telegraph	54,800
Civil Departments	89,900
Miscellaneous	28,500
Railways	2,381,500
Irrigation	68,200
Other Public Works	54,800
Receipts by Military Department	62,300
TOTAL	<u>5,178,300</u>

8. The falling off under Land Revenue was wholly due to the large remissions and suspensions which have been granted in Bombay and Madras, in consequence of the failure of the monsoon in Gujerat and certain districts of the Madras Presidency. These amounted to 47 and 44 lakhs, respectively. The estimate of collections in the United Provinces has also been reduced by ₹8,24,000, mainly in consequence of a poor *khariif* crop in Bundelkhand. (The injury done to the *rabi* in the United Provinces by frost affects the revenue of 1905-1906 rather than that of the current

year). These three failures, of which the first two were undoubtedly serious to the areas affected by them, constitute almost the only drawback from the generally favourable character of the seasons during the past year. It may be stated that the curtailment of revenue collections mentioned above is by no means the only measure adopted for the relief of the tracts concerned. Additional takavi advances aggregating ₹10,00,000 have been authorized by the Local Governments in question: famine relief works on a small but sufficient scale have already been undertaken in Bombay: and provision for similar works to the extent of 15 and 16½ lakhs, respectively, has been made in the estimates for 1905-1906.

In most of the other Provinces the Land Revenue exceeded the estimate, especially in Burma and the Punjab.

9. As regards Opium, the Budget Estimate adopted an average price of ₹1,250 per chest of Bengal opium. This has been largely exceeded in every month of the year. The price obtained in April was ₹1,740, and, though the market was quieter in September and October, it recovered in the cold weather, prices reaching ₹1,621 in February and ₹1,552 in March, with an average of ₹1,587 for the whole year. The poppy crop was an excellent one, and the payments to cultivators were proportionately large, though they fell short of the liberal budget provision by 5 lakhs of rupees.

The pass duty on Malwa opium was raised from ₹500 to ₹600 per chest with effect from the 7th May 1904. The demand for export was weaker than in 1903-1904, though stronger than in the two preceding years. The number of chests cleared is estimated at 19,370, and the higher rate of duty has only yielded one lakh above the original estimate.

10. The Salt Revenue has again shown a healthy expansion and is now estimated at ₹5,351,700, as compared with ₹5,250,465 in 1903-1904, and ₹5,133,300 taken in the Budget. The issues are estimated at 39,165,000 maunds, or, excluding Burma, at 37,750,000 maunds. The latter figure is an increase of 1,366,358 maunds over the issues of 1903-1904. This follows increases of 1,174,458 maunds and 815,385 maunds, respectively, in the two previous years, and affords reasonable ground for the belief that the reduction made in the duty two years ago has reached a large proportion of the small consumers by whom the bulk of the revenue is contributed.

11. The revenue from Stamps continued to develop in almost every Province, the growth being greatest in Bengal. Under Excise, an increase of 10½ lakhs over the actuals of 1903-1904 was taken in the Budget, but this will be exceeded by ₹37,79,000. Every Province has exceeded the estimate except Burma (where the decrease is nominal), the increase being greatest in Bombay, Madras, the Central Provinces and Berar. This branch of the administration demands, and is receiving, the constant attention of Government. Fluctuations from one year to the next afford no sure ground for any general conclusions, but if the facts relating to a substantial period of time are examined they lend little colour to the belief that the habit of drinking is on the increase. The main cause of the growth of revenue from liquor is undoubtedly the higher rate of taxation now imposed upon it. Our receipts from Customs have exceeded the estimate by ₹444,200, and the actuals of last year by ₹395,102, the increase being distributed with tolerable uniformity between Bengal, Bombay, and Burma. The chief factor in the increase of revenue was the imports of cotton piece goods, which yielded ₹154,960 more than in 1903-1904. Manufactured articles gave an increase of ₹77,922; the export duty on rice was the highest on record and gave an increase of ₹51,242; and smaller increases were furnished by most other heads, including petroleum, sugar, metals, silver, and the cotton excise duties. There has been a large development of postal and telegraph business, due, in the latter case, to the reduction of inland rates and increased foreign traffic across India in consequence of the Russo-Japanese War. The only other head that need be mentioned is Railways. The increase of net earnings over the Budget Estimate was ₹1,900,300, of which State Railways contributed ₹1,789,600. Of this large sum, no less than ₹900,000 has been contributed by the North Western Railway, where the wheat traffic has largely exceeded the remarkable figures of 1903-1904. All the other principal systems, however, shared in the growth of revenue, the principal improvements being on the East Indian Railway (51 lakhs), the Great Indian Peninsula Railway (21½ lakhs), the Bengal Nagpur Railway (13 lakhs), and the Rajputana-Malwa Railway (12 lakhs). Railway earnings are necessarily a matter of great uncertainty, as they are dependent on causes which are beyond our control, and which it is often quite impossible to foresee long in advance. The general tendency must in the long run be in the direction of expansion, as the length of open mileage increases, and the country served thereby becomes opened up.

Expenditure.

12. Many of the Local Governments have failed to expend the full amount of their allotments, especially those under Land Revenue (which really represent the charges on account of district administration), Courts of Law, Jails, Police, Education, Medical, and Civil Works. A similar explanation applies to the Military Works Department and the Postal and Telegraph administrations. In the latter case, however, a part of the reduction represents merely postponement of payments due under the Joint Purse Agreement, but not likely to be adjusted till after the close of the year. The reduction under "Mint" is only apparent, and is due to the transfer to the Debt and Deposit section of the accounts of the profits on coinage and payments into the Gold Reserve Fund. The increase of £73,600 under the group entitled "Famine Relief and Insurance" is mostly nominal. It was formerly the practice to treat the net loss on the Indian Midland and Bengal Nagpur Railways as a part of the sum of one million sterling for which we budget every year as an insurance against famine. This practice has now been discontinued, and the full million is shown irrespective of whatever loss there may be on the two Railways in question. There has, however, been a real increase of £8,800 under this head for Famine Relief works in Bombay. Under Irrigation, there has been an increase of £103,400, of which £52,200 represents working expenses of productive works, and £58,800 is on account of minor works.

13. The only other head that calls for notice is Army Services, in which the excess over the Budget is £1,200,000. Of this amount, £417,000 represents the increase of expenditure over the estimate on account of the Aden Delimitation Commission, the Seistan Boundary Commission, and the Tibet Mission, chiefly the latter. The charge on account of reorganization for which no provision was made in the Budget, is shown as accounting for £1,191,500, but this includes expenditure incurred in England from the provision of £500,000 for new artillery for which Budget provision was made as explained in paragraph 193 of last year's Financial Statement. Under other Military heads there was an increase of £91,400.

Budget Estimate, 1905-1906.

14. For next year we estimate that the revenue will amount to £83,433,000, and the expenditure (after allowing for a reduction of £1,370,300 in Provincial balances), to £82,529,200, thus leaving a surplus of £903,800.

15. We anticipate that the loss of Land Revenue which has occurred in the current year (as compared with the Budget) will be nearly, though not quite, made good by the revision of settlements and the bringing of new land under assessment, especially in Burma, Bengal, and Madras. In Bombay, on the other hand, the recovery is not expected to bring up the collections to the level of 1903-1904; and in the United Provinces and the Punjab realizations will probably be prejudicially affected by the injury done to the *rabi* by frost. In the former province, the estimate has been placed 50 lakhs lower than was contemplated before this misfortune occurred, and of this 42½ lakhs will be treated as remissions. Under Opium, we have taken the price of Bengal opium at ₹1,400 a chest, which is as high as it is safe to go. This will place the receipts £566,300 below those of 1904-1905, but this item is notoriously uncertain. Under Stamps and Excise we have assumed that the revenue will continue to grow to a moderate extent. Under Customs, the high figures of the current year under piece goods and the export duty on rice are not certain to be maintained, and we have thought it prudent to assume that the total revenue will virtually be stationary.

16. Under the important head of Railways, it would be unsafe to reckon on a continuance of the remarkable returns of the present year. The receipts and charges for the past and the current years, and those for which we have taken credit in 1905-1906 are as follows:—

	1903-1904, Actuals.	1904-1905, Revised Estimate.	1905-1906, Budget Estimate.
	£	£	£
Receipts	21,557,866	23,997,300	23,856,400
Charges	20,697,197	21,742,800	22,292,200
NET REVENUE	860,669	2,254,500	1,564,200

17. On the expenditure side the only important reductions are under Interest (£273,500) and Opium (£134,100). The latter is due to the comparatively poor prospects of the poppy crop now upon the ground. The former is due partly to the discharge of one and a half millions sterling of India Bills during the current year, and the intended discharge of half a million more during 1905-1906, but principally to the transfer of debt from the non-productive account to the Railway and Irrigation revenue account. This process is continued year by year, being determined by the extent to which capital expenditure has been provided for otherwise than from loan funds. The annual interest charge on non-productive debt has in this manner been reduced to £895,800.

Under Army Services, there is a small decrease of £32,400, which represents the difference between an increase of £1,013,200 on account of the Reorganization scheme (to which reference is made in paragraphs 30 to 32 below), and a decrease of £1,045,600 under ordinary expenditure, effective and non-effective. Of the latter £645,300 is due to the practical cessation of expenditure on the Tibet Mission and the Aden and Seistan Commissions. The remainder of the decrease is due to the curtailment of special measures for the improvement of the army which will hereafter be to a large extent merged in the Reorganization scheme.

18. Under the other principal heads of expenditure, we anticipate an increase as follows:—

	Increase on Revised Estimate of 1904-1905.
	£
Direct Demands on the Revenue	161,000 ^o
Telegraph	119,100
Salaries and Expenses of Civil Departments	1,026,800
Other Public Works	888,100
Special Defences	105,300

Under the first of these heads, the increase is due to fuller provision being made for the expanding requirements of district administration in all Provinces, especially Bengal and Madras, and the strengthening of Excise establishments in the Central Provinces, Bengal, Burma, and Bombay. The Army Reorganization scheme accounts for an increase of £232,900 shown under "Other Public Works." Of the remaining increase under this head, £125,000 represents expenditure on the Simla improvement scheme which was not carried out during the current year, and £153,000 are on account of a variety of new works chiefly in Burma and Bengal. The bulk of the increase, however, is due to the cause explained in paragraph 27 below. Of the large increase shown under Salaries and Expenses of Civil Departments £700,000 are explained in paragraphs 24 to 26 below. The remainder is made up of increases of Provincial expenditure under Police (£69,200), Education (£132,200), Medical (£78,100) mainly on account of plague charges in Bombay, Madras, the United Provinces and Burma, and Scientific and Minor Departments (£83,800) mainly on account of the Pusa Agricultural College. These are partially counterbalanced by decreases of small individual amount under other heads of this group. The increase under Telegraphs is due to the development of the service. The increase under Special Defences merely indicates that there was a large lapse on the grant for the current year. The causes of the increase under the remaining heads are explained below.

19. Had we maintained taxation on the same scale as in the current year, and provided merely for the normal growth of Civil expenditure as well as for the charges involved by the reorganization of the Army, the surplus in 1905-1906 would have amounted, not to £903,800, but to £3,398,800. As intimated in paragraph 2, it has been decided to apply a large part of this sum to the remission of taxation, and to effecting improvements in certain important branches of the Civil administration. I now proceed to set these forth in detail.

Application of the Surplus.

20. The measures to which we have resolved to apply the surplus at our disposal are seven in number. Two of these are remissions of taxation; one is an administrative reform involving a sacrifice of revenue; and four are measures of improvement of branches of the Civil administration involving permanent increase of expenditure.

21. In the first place, we have decided to make a further reduction in the salt tax of 8 annas a maund, thus fixing it at R1-8-0 a maund throughout India, exclusive of Burma where the rate is already only R1. The reduction will take effect from to-day, and is estimated to involve a loss of revenue of 6 lakhs in the remainder of the current year and of 1,83 lakhs in 1905-1906. Some portion of the loss may be made up by increase of consumption, but allowance has been made for this in the estimate. The rate of duty will then be at least 25 per cent lower than at any date since the duties were made uniform throughout India in 1878.

22. The second measure is the abolition of the so-called famine cesses which are levied in the United Provinces, the Central Provinces, and the Punjab, including the districts transferred to the North-West Frontier Province in 1901. These cesses were first imposed in 1878, at rates approximately equivalent to 2 per cent on the land revenue, as a part of the measures then being carried out for the creation of an annual surplus of $1\frac{1}{2}$ crores of rupees as an insurance against famine. The provision for this purpose has now been made up in other ways, and the retention of these cesses, which are paid in no other part of India, is no longer necessary. The question of abolishing them was considered some years ago, but it was found to be doubtful whether the remission would reach the actual cultivator, and it was further held that other measures then in contemplation were entitled to priority. The former consideration still holds good, but the latter does not, and we have therefore decided that the time has come when the payers of these cesses, whether landlords or tenants, may rightly be relieved of them. The loss of revenue involved is :—

	R
United Provinces	13,30,000
Punjab (including districts transferred to North-West Frontier Province)	7,39,000
Central Provinces	1,96,000
TOTAL	<u>22,65,000</u>

The cesses at present form an asset of Provincial revenues, which will be compensated by an assignment through the adjusting head.

23. The third measure is an improvement of postal facilities. At present the weight of a letter which the Indian Post Office carries for half an anna is limited to half a tola. We have decided to raise this to three-quarters of a tola, and we estimate that this will involve a loss of revenue of 7 lakhs of rupees per annum. The alteration in the limit of weight has often been advocated in the press and elsewhere, and will be appreciated by a large section of the public. So long as the postal services are not conducted at a loss, it is not the desire of Government to treat them as a source of revenue; and we believe that the margin of net receipts is sufficiently assured to justify us in undertaking this reform without serious danger of incurring a postal deficit.

24. Turning now to the four measures of administrative improvement which involve increased recurring expenditure, the first in urgency, though not in immediate magnitude, is the reform of the Police, in accordance with the approved recommendations of the Police Commission. To carry out those recommendations in full will cost a very large sum of money, and must necessarily occupy a considerable time. For next year, however, we have arranged to make a beginning by providing a sum of 50 lakhs of rupees which will be distributed among the Provinces as follows :—

	Lakhs.		Lakhs.
Madras	10	Burma	5
Bombay	5	Central Provinces	4
Bengal	12	Berar	1
United Provinces	6 $\frac{1}{2}$	Assam	$\frac{1}{2}$
Punjab	5	Minor Provinces	1

These grants will be permanent and will be added to the fixed assignment of each province which has a Provincial Settlement. The principal measures to which these grants will be applied during 1905-1906 are the following :—

- (a) the strengthening of the armed Police reserve;
- (b) an increase to the pay of the rank and file of the force;
- (c) the grant to all constables of a free kit on enlistment, together with local allowances in special tracts, and a deputation allowance of 2 annas a day (or 4 annas in Burma) when deputed on duty beyond their circle; and
- (d) an increase of strength and pay and improved grading for Sub-Inspectors.

It is estimated that these measures, which for the most part can be carried out without delay, will absorb the whole of the provision made for 1905-1906. The remainder of the approved reforms will be carried out in due course, the requisite funds being provided partly from Provincial revenues, and partly by means of additional assignments from Imperial. It is hoped that not less than 25 lakhs per annum will be made available for this purpose in 1906-1907 and succeeding years until the entire scheme has been carried out; but it is evidently impossible to guarantee this rate of progress in advance.

25. The next measure is a permanent grant of 35 lakhs per annum to Provincial Governments for expenditure on Primary Education. This grant will be provincialized in the same way as the grants for Police, and will be distributed as follows:—

	Lakhs.		Lakhs.
Madras	6	Burma	2
Bombay	5	Central Provinces	1.6
Bengal	10	Berar	4
United Provinces	6	Assam	1
		Punjab	3 lakhs.

It is unnecessary to dwell on the importance of making better provision for the needs of primary education in India. Not only are there too few primary schools; but in most of them the teachers are untrained, underpaid, and insufficient in number; the school buildings in some provinces are squalid and unsuitable; the appliances and apparatus fall far short of the standard recognized as desirable; and the inspecting staff is inadequate and of inferior attainments. In so far as these defects are due to want of funds, the grants now made will go some way to remove them. Steps will be taken to ensure that they shall be reserved exclusively for the purpose for which they are given, and not diverted to other objects however desirable in themselves.

26. Next, we have decided to set apart a sum of 20 lakhs per annum for the development of agricultural experiment, research, demonstration, and instruction. The ultimate aim which we set before ourselves in this matter is the establishment of an experimental farm in each large tract of country of which the agricultural conditions are approximately homogeneous, to be supplemented by numerous small demonstration farms, the creation of an agricultural college teaching up to a three years' course in each of the larger Provinces, and the provision of an expert staff in connection with these colleges for purposes of research as well as education. This programme will be a work of time, and the details will have to be worked out carefully with the Local Governments. The eventual cost will largely exceed 20 lakhs a year, but we believe that that sum can be usefully spent during 1905-1906 in the establishment of seed and demonstration farms, the construction of buildings, the acquisition of land, and the like. The distribution of the total grant between the various Local Governments has not yet been settled, and for the present, the whole grant is shown as Imperial expenditure. It will be passed on to the Provincial head when the distribution has been finally arranged. The cost of these three measures is 1.05 lakhs of rupees, or £700,000 per annum. It is charged under the head "Salaries and Expenses of Civil Departments," and accounts for the greater part of the increase under that head.

27. The last measure to which we have decided to devote a part of our surplus involves the largest expenditure of all. It has been resolved to make a grant-in-aid of the funds of all District and Local Boards throughout India, equal approximately to one-fourth of their income from rates or cesses imposed upon the land. It is estimated that this will cost us 56½ lakhs per annum, and the amount will grow as the income from cesses increases. Each Local Government will for the present have power to distribute its share of the grant among its Local Boards at its discretion in accordance with their respective needs, but it is not intended that the grants now to be sanctioned shall be accompanied by any transfer of charges which are at present Provincial. The allotments to each Province for 1905-1906 are as follows:—

	Lakhs.		Lakhs.
Madras	14	Burma	4½
Bombay	7	Central Provinces	1.10
Bengal	12½	Berar . . . . .	.90
United Provinces	8	Assam	1½
Punjab	6½	Minor Provinces	½

The charge, which amounts to £377,000, is shown under "Other Public Works."

Although individual Boards have sometimes received grants from Provincial Revenues in the past, no permanent subvention of a general character has ever been made in India. In the United Kingdom, however, there are precedents for grants-in-aid of local taxation; and even if there were none, we entertain no doubt that in the circumstances of this country such a grant as is now proposed can be most usefully applied. It is a general complaint that the resources of the Boards are incommensurate with the duties imposed upon them; and throughout a great part of India from sheer want of funds it is impossible to make adequate provision for their roads and bridges, for their hospitals and dispensaries, for their schools, for water-supply and sanitation, and for veterinary aid for cattle. We hope that the substantial assistance now given to the Boards will afford them the means of effecting material improvements in all these branches of their administration. In the distribution of the allotments it is intended that special consideration shall, wherever possible, be paid to the wants of the several districts in the matter of communications.

28. The cost of these seven measures is £2,495,000, and it is distributed as follows:—

	£
Remission of Taxation	1,371,000
Increase of Postal facilities	47,000
Reforms of Civil Administration	1,077,000
TOTAL	2,495,000

Army Services.

29. The expenditure on the Army during the last four years and that proposed for 1905-1906 are as follows:—

	Army.	Military Works.	Marine.	Special Defences.	TOTAL.
	£	£	£	£	£
1901-1902	15,763,931	964,783	464,500	...	17,193,214
1902-1903	17,346,392	1,096,669	378,211	...	18,821,272
1903-1904	17,865,208	1,034,654	580,307	27,054	19,507,223
1904-1905 (Revised Estimate)	20,314,700	987,600	572,700	147,900	22,022,900
1905-1906 (Budget-Estimate)	20,282,300	1,149,100	547,900	253,200	22,232,500

We have continued our policy of providing funds year by year for the improvement of the Army. Since 1899, the practice has been to bring together all projects of this character into an annual schedule, and to select the items to be proceeded with after determining the aggregate allotment which the state of our finances permits. The total sum allotted in this way during each of the past five years has been as follows:—

	£
1900-1901	606,100
1901-1902	1,001,400
1902-1903	981,300
1903-1904	1,123,000
1904-1905	1,009,800

30. For next year practically all measures of this nature in contemplation are merged in, and their cost is dwarfed by the great scheme for the redistribution and reorganization of the Army which has attracted so much public attention during the past few months. The leading principle of this scheme is the recognition of the fact that the chief function of the Army is now the defence of the North-West Frontier, and that the Army in peace should be organized and trained in units of command similar to those in which it would take the field in time of war. As a result the troops will be more concentrated, a number of small cantonments being abandoned, and their distribution will be mainly in three Army Corps Commands, each consisting of three divisional commands. Each divisional command will in the event of general mobilization supply a full division to take the field, in addition to providing the troops which would still be necessary for maintaining internal security. The old system under which the field Army arrangements were entirely distinct from those regulating the peace commands, will thus disappear;

mobilization will become a natural and relatively easy supplement to the peace organization; and the number and efficiency of the field forces will be materially increased.

31. The financial aspect of the scheme may be summarized very briefly. Having regard to its great magnitude, its intrinsic importance, and its lasting character, we should have been justified, according to the practice of most other nations, in providing for it from loan funds; and, if necessity should arise hereafter, the Government of India will still be prepared to recommend that course. The present state of our finances, however, is such as enables us to make the necessary provision from current revenue, without transferring any part of the burden to future generations. Accordingly during the year now drawing to a close, in addition to a sum of £500,000 provided in the budget for new artillery, we have made special grants aggregating £1,040,000 (making £1,540,000 in all, of which, however, only £1,193,800 has been spent) for the supply of rifles, maxim guns, ammunition, ordnance stores, hospital equipment, additional mule transport, and additions to our reserve of horses. For next year we have provided £951,312 for the re-armament of our artillery with quick-firing guns of the newest and most efficient pattern: we shall regrant the unspent balance of £333,300 which has lapsed from the allotment for 1904-1905; and we make a further grant of £1,145,288 to carry out those portions of the main scheme to which priority has been allotted. The most important of these are the provision of lines and land for native troops, the increase of our reserves of artillery and small arms ammunition, the provision of additional mule corps and cadres, the supply of transport carts and ammunition wagons, and additional ordnance field parks. The total grants for Reorganization in 1905-1906 thus amount to £2,439,900.

32. For the next few years, we intend to allot a sum of £2,000,000 per annum for the prosecution of the scheme, which we hope to carry to completion within the period accepted by the military advisers of Government. If circumstances should indicate the expediency of accelerating the pace, we shall not shrink from whatever measures may be necessary to that end. When the scheme has been fully carried through, it will involve a considerable permanent addition to our expenditure in the form of recurring charges. I do not propose at the present time to put forward an estimate of what this will amount to, but there is no reason to apprehend that it will be beyond our power to meet.

Railway Construction and Earnings.

33. The following statement shows the capital expenditure on Railways during the last five years, and the Budget Estimate for 1905-1906, whether incurred by the State or by Guaranteed or Assisted Railway Companies:—

	1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905. (Revised.)	1905-1906. (Budget.)
	£	£	£	£	£	£
Open lines, including rolling stock	3,521,489	2,350,510	3,211,634	3,725,134	3,492,600	3,720,067
Lines under Construction—						
(A) Started in previous year	1,674,013	3,393,756	3,016,666	2,091,200	3,431,334	4,265,600
(B) Started in current year	122,266	170,933	476,764	564,134	554,000	347,667
TOTAL	5,317,768	5,915,199	6,705,064	6,380,468	7,477,934	8,333,334

34. On the 31st March 1904, the total length of open lines was 27,138 miles, classified as follows:—

5' 6" gauge	14,523
Metre "	11,513
Special gauges	1,102
TOTAL	27,138

We have added to this during the current year—

5' 6" gauge	226
Metre "	188
Special gauges	210
TOTAL	624

During the ensuing year, we hope to increase this length by 1,138 miles more.

35. As regards open lines, we expect to complete the doubling of the Great Indian Peninsula Railway from Khandwa to Itarsi, and we shall undertake the doubling of the North Western Railway from Rohri to Samasata, a length of 208 miles. This work is very necessary in the interests of the port of Karachi. As regards other lines, we hope to finish the Quetta-Nushki Railway and nearly or quite to finish the Gaya-Barakur branch of the East Indian Railway. We shall commence work on the Katihar-Godagiri metre-gauge line and the southern section of the Nagda-Muttra line, while progress will also be made with the Golakganj-Gauhati line in Assam, the Azhikhal-Mangalore line in Madras, the Southern Section of the Jech-Doab line in the Punjab, and two important branch lines in Burma, besides several minor extensions of the Tirhoot Railway. The expenditure which we have recently incurred and which we contemplate for next year is undoubtedly on a liberal scale; but if the projects to be undertaken are as judiciously selected as has been done in the past, the figures which I am about to present afford ample justification.

36. For a long series of years, the Railways of India imposed a net burden on the revenues of the country, *i.e.*, the net earnings fell short of the annual expenditure on account of interest on debt and other charges debitable to the Railway account. Even when the burden was heaviest, it was far outweighed by the collateral benefits which the country derived in a hundred ways from the existence of the Railways. But the burden itself has at last slipped from our shoulders. For six years past, the Railway revenue account has shown, not a deficit, but a surplus. The following figures show the net profit in cash which has accrued to Indian revenues in those years, after deduction of every item which can possibly be charged against the account, including working expenses, interest on capital, the surplus profits payable to the Companies, the annuity charges for purchase of the old guaranteed lines, and all miscellaneous Railway expenditure whatsoever:—

	£
1899-1900	76,756
1900-1901	325,124
1901-1902	846,616
1902-1903	228,949
1903-1904	860,669
1904-1905 (Revised Estimate)	2,254,500

37. The true commercial results are still more favourable, for in the figures summarized above, there are included (1) the charges on account of lines not yet open for traffic, which are necessarily earning nothing at present; (2) the charges on account of strategic and military lines, and lines constructed solely as a protection against famine, which cannot be expected to yield a direct return; (3) the annuity payments by which we are liquidating out of revenue the capital cost of the East Indian, the Great Indian Peninsula, the Eastern Bengal, and the North-Western Railways; and (4) payments under the old guarantee to the Madras, and Bombay, Baroda and Central India Railways at a rate of exchange which has long since become obsolete.

38. The capital at charge at the end of the present year is estimated at £242,547,677. The net receipts during 1904-1905 are estimated at £12,923,500, which represents a return on the capital of 5.33 per cent. If we have regard to open lines only, the capital at charge would amount to £237,495,798 and the yield to 5.44 per cent. Other countries may show a far greater mileage in proportion to area and population, but there are few whose railway balance sheet presents a healthier appearance. And while we congratulate ourselves on the flourishing state of our property, let us not forget the debt of gratitude that India owes to the statesmen from Lord Dalhousie onwards, by whose foresight, confidence, and steadfast perseverance that property has been created. With the constitution of the Railway Board, a new era of Railway development has been inaugurated, and we may look forward during the next generation to a still more vigorous policy than heretofore.

Irrigation.

39. The following are the most important figures of Expenditure and Receipts in connection with irrigation :—

		1901-1902.	1902-1903.	1903-1904.	1904-1905. Revised.	1905-1906, Budget.
		₹	₹	₹	₹	₹
PRODUCTIVE WORKS.	Capital Outlay to end of year	22,505,313	23,137,270	23,718,032	24,125,899	24,995,232
	Direct Receipts	1,506,879	1,760,295	1,857,460	1,923,800	1,907,100
	Land Revenue due to Irrigation	804,842	805,713	828,371	850,800	906,200
	TOTAL	2,311,721	2,566,008	2,685,831	2,774,600	2,813,300
	Working Expenses	681,438	732,819	789,225	848,000	833,600
	Interest	886,889	910,285	933,105	950,800	974,600
TOTAL	1,568,327	1,643,104	1,722,330	1,798,800	1,808,300	
	NET PROFIT	743,394	922,904	963,501	975,800	1,005,000
PROTECTIVE WORKS.	Outlay on Construction to end of year	1,453,122	1,500,174	1,572,594	1,714,294	2,039,961
	Direct Receipts	52,699	55,973	62,570	59,700	65,200
	Land Revenue due to Irrigation	8,555	8,680	8,768	9,500	9700
	TOTAL	61,254	64,653	71,338	69,200	74,900
	Working Expenses	20,482	21,791	21,526	25,400	20,500
	Interest	57,234	58,820	61,129	65,100	73,700
TOTAL	77,716	80,611	82,655	90,500	94,200	
	NET LOSS	16,462	15,958	11,317	21,300	19,300
MINOR WORKS AND NAVIGATION.	Direct Receipts	164,598	138,329	154,594	187,400	167,100
	Expenditure	718,658	851,529	875,021	922,000	991,000
	NET LOSS	554,060	713,200	720,427	734,600	823,900

40. Our canals classed as productive works (which alone are constructed out of capital) are a still more profitable investment than our railways. To the end of 1903-1904 we had expended 35,58 lakhs of rupees on these works, and had constructed 8,790 miles of main and branch canals, and 26,236 miles of distributaries. These commanded and protected 29 million acres of culturable land, and actually irrigated more than $12\frac{1}{2}$ millions of acres in that year. The direct net return to Government in 1903-1904 amounted to 7'99 per cent on the capital outlay, and the net profit to the State after payment of all charges, including interest on the capital was 1,44 $\frac{1}{2}$ lakhs of rupees. For the current year also, the return is estimated at 7'99 per cent, and the net profit is expected to amount to 1,46 $\frac{1}{2}$ lakhs of rupees.

41. These results are largely due to the remarkable returns obtained from the Chenab Canal. This great work to date has cost 2,80 lakhs of rupees. It commands more than 3 million acres of culturable land, of which nearly 2 millions were actually

irrigated last year. It yields a net return to the State of over 65 lakhs a year, equal to 23 per cent on the capital outlay, and the revenue is still developing. It has enabled us to give out 1,805,000 acres of Crown waste land to settlers for colonization. Before the opening of the canal, this area yielded a revenue of only a few thousand rupees on account of grazing rights. The same land now pays a land revenue of approximately 10 lakhs of rupees, in addition to that which is credited to the canal. The area had, at the census of 1901, a population of 800,000 souls, and it is estimated that by next year this will have grown to 1,200,000.

42. The value of the crops raised by irrigation from the canal is estimated at $5\frac{1}{2}$ crores of rupees per annum, almost the whole of which is the direct creation of the canal. To carry off the surplus produce a railway has been constructed from Wazirabad to Khanewal on the North Western Railway at a cost of 68 lakhs of rupees. In 1904 this line yielded a direct return of 22.7 per cent on its capital cost. It carried away, among other things, 357,000 tons of wheat, and over 100,000 tons of other food-grains, oil-seeds, and cotton, the total railway freight on which to its destination exceeded 68 lakhs of rupees. The aggregate value of the exports from the port of Karachi of goods carried from this railway in 1904 is estimated at 4.15 lakhs of rupees, which considerably exceeds the whole capital cost of the canal and the railway taken together. Most of this is entirely new trade, due to the opening up of the Rechna Doab by the canal.

43. Though the Chenab Canal comes easily first, it does not stand alone. The Jhelum Canal has been constructed to render similar services to the Jech Doab. It was opened in the end of 1901, and is in too early a stage to yield good direct returns at present. But it has been designed to command and protect 1,100,000 acres of culturable land, and last year it actually irrigated 305,000 acres. This will, it is believed, ultimately increase to over 760,000 acres, and the work is estimated eventually to yield a direct return of over 15 per cent on a capital cost of 1,87 $\frac{1}{2}$ lakhs of rupees. Ninety-three thousand acres of Crown waste have already been given out for colonization, and nearly 400,000 acres still remain.

44. Three more projects of similar character have recently been sanctioned by the Secretary of State at an aggregate cost of 7.82 lakhs of rupees. These are the Upper Jhelum, the Upper Chenab and the Lower Bari Doab Canals. The three works together are estimated to command 4 $\frac{1}{2}$ million acres of culturable area and to irrigate 1,875,000 acres: and when they are fully developed it is expected that they will yield a direct return of nearly 10 per cent on their capital cost.

45. While returns such as these may be hoped for, there is no excuse for stinting the provision of funds. The difficulty lies rather in finding the army of labour which is required to carry out works of such magnitude. For next year, we have fixed the grant for capital expenditure at 1.25 lakhs of rupees, and we hope hereafter to raise this to 1.50 lakhs per annum and to maintain this rate of progress until we shall have exhausted the programme drawn up by the Irrigation Commission, which contemplates an aggregate expenditure of 44 crores in all.

46. The works classed as Protective and as minor works, of necessity show very different financial results, but, as already explained, these are not constructed from loan funds, and their protective value is, broadly speaking, not less great than that of the more directly profitable works referred to above. If all three classes of canals be taken together, *viz.*, productive, protective, and minor works, it will be found that in the 20 years from 1883-1884 to 1903-1904, we have increased the number of miles of open canal including distributaries from 26,128 to 48,567 and the area actually irrigated from 11 $\frac{1}{8}$ millions to 21 $\frac{1}{2}$ millions of acres.

Ways and Means.

47. As stated in paragraph 14, our revenue account closes with a surplus of £903,800 which is carried forward to the second part of the statement dealing with Capital and Debt transactions, including Deposits, Remittances and Advances. Our total estimate of Capital Expenditure not chargeable to Revenue, on Railways and Irrigation Major Works is £9,783,700, of which £833,400 is for Irrigation, £6,862,000 for State Railways, £1,588,300 for expenditure by Railway Companies, and £500,000 for the purchase of the Bengal Central Railway. The purchase of the Bombay, Baroda and Central India Railway will also be effected towards the close of the year, but this transaction will not affect our ways and means. In addition to the above, we have to find £393,300 for the discharge of permanent debt (chiefly Railway debentures) and we

propose to discharge the remainder (£500,000) of the India Bills now outstanding, thus extinguishing the whole of our temporary debt. We have also to make a net payment of £985,200 under Deposits and Remittances, and of £213,700 on account of loans to local bodies, takavi advances to cultivators, etc. Our aggregate capital requirements thus amount to £11,875,900.

To meet this outlay we have (1) the revenue surplus of £903,800, (2) the net receipts of the Post Office Savings Banks which are estimated at £846,500, and (3) a sum of £2,520,800 to be raised by Railway Companies. These various resources amount to £4,271,100, leaving £7,604,800 still to be provided. We propose to meet this by borrowing £4,666,700, of which £2,000,000 will be raised in England, and 4 crores of rupees or £2,666,700 in India. The remainder will be obtained from our cash balances. These are expected to stand on the 31st March 1906 at £12,160,052 in India, and at £5,573,482 in England.

The announcement regarding the amounts to be borrowed in England and India is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, to any extent that may be considered desirable.

The present intention of the Secretary of State is to draw bills on India to the amount of £16,500,000, in addition to £1,333,000 on account of a part of the Currency Reserve which will be remitted to England for investment in sterling securities; but this also is subject to a similar reservation.

Provincial Settlements.

48. In paragraph 39 of the last Financial Statement, Sir Edward Law explained the principles of the reform which was then being introduced into the conditions of the Provincial settlements with the Local Governments. During the past year, we have concluded settlements of a *quasi*-permanent character with two more Provinces, *vis.*, the Punjab and Bombay. The principles followed are generally similar to those adopted in the settlements with the four Provinces dealt with last year, but the opportunity has been taken to extend the interest of the Local Governments to the important head of Irrigation, which has hitherto been almost wholly Imperial. In view of the very large and remunerative projects of irrigation which have been and are being carried out in the Punjab, it is of special importance that the Local Government should have a direct financial interest in their efficient management; and to a less extent this also applies in Bombay.

49. In these two provinces, the settlement of 1897 has been a failure, mainly in consequence of the effects of famine and plague from which both of them have suffered so severely; and for the last few years their finances have been in constant deficit, necessitating large annual grants from Imperial revenues to preserve nominal equilibrium. To put an end to this state of things it has been necessary to assign to the Local Governments a considerably larger share of the revenues of their respective Provinces than they received in 1897. Their assignments have therefore been increased by R36,92,000 per annum in the case of Bombay, and by R16,51,000 per annum in the case of the Punjab. Moreover, the Provincial shares of the heads of revenue and expenditure divided between Imperial and Provincial have been so adjusted that the average Provincial annual increment of revenue will be raised from R6,30,000 to R8,55,000 in the former Province, and from R3,08,000 to R6,78,000 in the latter. Initial grants of 50 lakhs in each case, including special grants for plague charges, have also been allotted, to start the Provinces with a liberal sum in hand at the outset of the new settlements. The terms have been framed with the concurrence and approval of the two Governments concerned.

50. The only provinces which now remain outside the new system are the Central Provinces and Burma. A settlement for the former will be framed during the ensuing year. In the case of Burma, the existing settlement has still two years to run.

Comparison of Estimates with Actuals.

51. It is sometimes made a reproach against the Government of India, that their estimates of Revenue and Expenditure are wanting in accuracy, and that the actual results, when made up at the end of the year, are apt to differ somewhat widely from those forecasted in the Budget at its beginning. Latterly, this charge has taken the form of a

suggestion that we habitually underestimate our revenue and overestimate our expenditure, with the result that the surplus on the year's transactions is constantly in large excess over that shown in the budget.

52. To examine how far this charge is justified, I have had a statement prepared showing the actual revenue and expenditure of India for each year since 1893-1894, compared with the figures of the budget, and the percentage of variation from the latter. In this statement the figures for the Railway Revenue Account, and for the head "Mint," have been taken *net, i.e.*, in the former case the working expenses of our Railways have been shown by deduction from the gross earnings, and in the latter the payments to the Gold Reserve Fund have been deducted from the profits on coinage. Both of these adjustments are clearly right.

Revenue and Expenditure of the Government of India, in thousands of pounds.

YEAR.	REVENUE.			EXPENDITURE.		
	Budget.	Actuals.	Percentage of variation from Budget.	Budget.	Actuals.	Percentage of variation from Budget.
	£	£		£	£	
1893-1894	45,921	46,245	+·70	46,985	47,276	+·62
1894-1895	46,974	48,769	+3·82	47,175	48,307	+2·39
1895-1896	49,970	50,730	+1·52	49,939	49,707	-·46
1896-1897	49,977	47,897	-4·16	49,668	49,034	-1·27
1897-1898	48,584	49,315	+1·50	50,227	52,888	+5·30
1898-1899	50,227	51,739	+3·01	49,633	49,098	-1·08
1899-1900	51,748	52,070	+·62	49,126	49,206	+·35
1900-1901	52,487	54,151	+3·17	52,326	52,481	+·30
1901-1902	53,531	56,462	+5·48	52,840	51,511	-2·51
1902-1903	54,604	57,106	+4·58	53,767	54,036	+·50
1903-1904	55,659	60,273	+8·28	54,711	57,277	+4·69
Average Variation . . . . .	...	...	3·35	...	...	1·77

Note.—The net revenue under the heads "Mint" and "Railway Revenue Account" has been taken on the Revenue side of the statement.

53. I now give a statement which compares the average results obtained in India with the similar figures for the United Kingdom, France, Spain, Italy, and Egypt. In the case of the United Kingdom the period embraced is the same as that given in the foregoing paragraph for India: the figures are taken from the statements of Revenue and Expenditure laid before the House of Commons by the Chancellor of the Exchequer, and the comparison is made with the Exchequer receipts and issues. In the case of the other countries specified, the figures are taken from the Statesman's Year Book, and they cover different periods, as full comparative information for the whole term is not available.

Average percentage of variation of the actual figures from the Budget in various countries.

	Revenue.	Expenditure.
India	3·35	1·77
United Kingdom	2·54	5·54
France	3·17	2·18
Spain	4·06	3·80
Italy	3·11	2·59
Egypt	12·19	1·38

In all cases, war charges are included. If, in the case of the United Kingdom, we exclude the years of the Boer War, 1899-1900 and 1900-1901, the average variation of actual expenditure from the budget figure is 2 per cent instead of 5·54 per cent. The lower figure may be taken for purposes of comparison.

These figures do not lend very much support to the charge of faulty estimating. They show that we estimate our expenditure more closely than England, France, Spain,

or Italy; that our estimates of revenue are somewhat less accurate than those of England, France, or Italy, but that the difference is not very marked. They are better than those of Spain, and much better than those of Egypt.

54. It should be borne in mind that there are in India three great factors of uncertainty incident to our estimates from which most other countries are free. The first of these is Opium. Two years ago, the average price realized from the sales of Bengal opium was R1,144 per chest. In the following year it jumped up to R1,462, making a difference of over a million sterling in our receipts from this source. During the current year, it has averaged R1,587 per chest. These fluctuations arise from causes which are often obscure, always beyond our control, and invariably impossible to predict with any approach to confidence twelve months in advance. The second element of uncertainty arises from the inclusion of railway earnings in our accounts. The magnitude of these is perhaps not always fully realized. For the current year the net earnings of State Railways are estimated at 1,765 lakhs of rupees or £11,768,400. The gross receipts represent more than one-third of the whole revenue of India, apart from railways, and are manifestly liable to all the vicissitudes attendant on the working of a gigantic commercial undertaking. In 1902-1903, the net railway earnings actually fell off by 71 lakhs of rupees, as compared with the previous year, notwithstanding that there was an increase in the mileage open for traffic. In the current year there has been an enormous and unprecedented increase of 235½ lakhs over the high receipts of 1903-1904. Lastly, it must be remembered that both our Revenue and Expenditure are dependent in a degree unknown elsewhere on the success or failure of the rains. So long as these conditions prevail the most careful budgets that we can frame will be liable to be vitiated by causes beyond our power to control or even foresee.

55. I would not, however, be understood to contend that the criticisms to which I have referred are wholly without justification. That would be an over-statement of the case. Even when allowance is made for the disturbing elements to which allusion has been made above, the figures in the statement in paragraph 52 show that during the last three years the revenue has exceeded the estimate by more than these causes fairly explain. This feature probably has its origin in the former uncertainty of sterling exchange. So long as all growth of revenue and the fruits of all retrenchment were liable to be swallowed up by a fall in exchange, it was common prudence to frame the estimates in the most cautious manner, and to take no credit for developments of revenue until they were absolutely assured. When this factor was eliminated, the traditions of excessive caution remained, and due allowance was not always made in the estimates for the normal expansion of the growing heads of revenue. For the ensuing year, we have endeavoured to take these considerations fully into account, and to assign to each head of revenue and expenditure the figure to which, according to the best calculations we can make, it is likely actually to amount. Whether our anticipations prove correct or not, we have at least done our utmost to eliminate all avoidable sources of error.

One consequence of this change of method is that it becomes incumbent upon us to provide for a larger margin of revenue in excess of expenditure than would otherwise have been necessary. If opium fails us, or railway earnings shrink, or if unforeseen charges have to be met, we cannot expect that the deficiency will be made good by the elasticity of other heads of revenue.

Currency and Coinage.

56. The demand for rupees for trade purposes, which was so prominent a feature of the financial history of 1903-1904, continued during the year now ending, though the course of the demand differed somewhat from that of the previous year. We have accordingly had to purchase £4,500,000 worth of silver and the greater part of this has been coined into rupees during the year or held in the ingot reserve to which reference is made hereafter.

57. It may be of interest to take stock of the net additions made to the rupee coinage since the closing of the mints in 1893. From 1894-1895 down to 1898-1899 there was no new coinage, except on account of Native States. On the other hand, during these five years, 1,94 lakhs of old and worn out rupees, chiefly of the 1835 issue, were withdrawn from circulation. In the winter of 1899-1900 this state of things came to an end. The trade demand was active, the strain on our resources became acute, and on the 28th February 1900 the stock of rupees in the Currency reserve had fallen to the dangerously low figure of 4,93 lakhs. It became apparent that the circulation, supplemented though it had been from hoards and from the Currency reserve, was no longer

adequate to meet the demands of trade, and that steps must be taken to make good the annual consumption by direct replenishment. Government accordingly began to purchase silver for new coinage, and this process has continued, as circumstances required, down to the present time. The actual addition to the coinage in each year, since 1899-1900 to date, exclusive of the recoinage of withdrawn rupees and of the small amount required for Native States, has been as follows :—

	Lakhs.
1899-1900	52
1900-1901	13,27
1901-1902	3,11
1902-1903	14
1903-1904	10,65
1904-1905 (Estimate)	7,43

58. During the same period, the sales of Council Bills and Telegraphic Transfers by the Secretary of State have averaged 29,34 lakhs per annum as compared with an average of 26,15 lakhs in the previous five years. The net imports of gold on private account have aggregated 86,22 lakhs, or an average of 14,37 lakhs per annum. The whole of this latter sum does not, of course, represent a demand on our stock of rupees, as a considerable quantity of gold passes into circulation or is otherwise absorbed. But the net amount of gold presented at our Mints and Currency offices during the period in question has averaged 6,50 lakhs per annum, and this added to the average annual increment in the Secretary of State's drawings gives a total exceeding $9\frac{1}{2}$ crores of rupees, and affords some idea, though an imperfect one, of the demand that may fall on our resources.

59. The drain, however, is not distributed evenly throughout the year. Experience shows that large demands may be presented with little or no warning. This contingency has led us during the past year to adopt a plan to which our attention had been called by Colonel Scott, lately Master of the Calcutta Mint. The nature of this plan is as follows: Silver cannot be procured in India, in any considerable quantity, and when new coinage has to be undertaken, it is necessary to purchase and import it from abroad. This occupies three weeks or a month at the very least. Moreover, when it arrives in Bombay or Calcutta, the mechanical process of coinage occupies about 11 days before the first batch of new rupees can be passed into the Treasury. It follows, therefore, that from the date when Government decides to buy silver for coinage, down to the date when the new rupees coined therefrom become actually effective for meeting the trade demand, there is an interval of not less than five weeks, which may easily be exceeded. This is a condition which might in certain eventualities become one of danger. We have therefore arranged, with the approval of the Secretary of State, to maintain a reserve of silver bullion in this country sufficient to keep the mints occupied for about a month, *i.e.*, until the first shipments of newly purchased silver can arrive. We shall also pass this bullion through several of the preliminary stages of the process of minting, such as melting, alligating, assaying and casting into ingots of the dimensions and fineness used for rupee coinage. In this way we expect that it will be in our power to begin to pass new rupees into the Treasury within not more than five days from the date on which the order to coin is given, and to be able to maintain a continuous supply until the new shipments arrive from Europe. The total amount at which this special ingot reserve—so called from the shape in which the bullion is kept—has been fixed for the present is a stock of standard silver sufficient to coin 3 crores of rupees. The reserve was gradually formed during last autumn, and reached its full limit in the second-half of November. The intention is that it shall never be used for ordinary coinage, but only in an emergency to meet sudden demands, and whenever it is drawn upon, it will be restored to its authorized figure at the earliest possible date. During the year now expiring, it was temporarily drawn upon in December and January to the extent of 1,50 lakhs, in order to make up the rupee portion of the Currency reserve to one-third of the gross note circulation, but it was restored to 3 crores by the 22nd of January 1905. It may be anticipated that drafts will be made upon it during the cold weather months which are frequently a time of comparative pressure, but not, we hope, during the rest of the year. The silver thus held is treated as a part of the Paper Currency reserve, and is shown separately in the weekly accounts which are published in the *Gazette of India*. Credit is there taken for it at its bullion value, *i.e.*, at the sum which we have actually paid for it in sterling, and not at the token value which it will eventually acquire after being coined and issued. Thus, in the return for the first week of the current month, the value of

the silver held in the ingot reserve was shown at 1,87½ lakhs of rupees. This represents the price actually paid for 3,00 lakhs of tolas of standard silver, and the latter was the quantity held on that date.

60. It is desirable that the existence of this special reserve should be known as widely as possible among the banking and commercial public, in order to strengthen their confidence in the power of Government at all times to meet the demands of trade. Had it been in existence in December 1903, I do not think that we should have heard anything of the apprehensions which were then expressed in some quarters of a possible failure of the supply of rupees.

61. I have heard this scheme criticized on the ground that it would be better to go a step further and coin the bullion into rupees at once, and that it is wasteful not to secure the profit on the additional coinage thus called into being. I do not share these views. If it is the intention, not to merge the reserve into our ordinary stocks, but to retain it for use only in an emergency, it is better to keep it in a form which automatically renders it impossible to do the former. If we coined the bullion, we should have to ask bankers and merchants to accept our assurance that we were maintaining a stock of rupees greater by three crores than we should otherwise do. I think they would regard this as a poor substitute for a visible additional reserve. The loss of interest on the difference between the bullion and the token value of the reserve is not too high a price to pay for the greater confidence which we hope thus to inspire.

Exchange.

62. There is, happily, little new to say on the subject of sterling exchange. The rate was maintained at an average throughout the year to date of 16'045 and the variations have been insignificant. This is the seventh year in succession in which practical stability has been secured, the average rate obtained by the Secretary of State for sales of Council Bills in each year since 1898-1899 having been as follows:—

	s.	d.
1898-1899	1	3'978
1899-1900	1	4'068
1900-1901	1	3'973
1901-1902	1	3'987
1902-1903	1	4'002
1903-1904	1	4'049
1904-1905 (to 11th March)	1	4'045

63. In the long run, the maintenance of a stable exchange depends on the continuance of a favourable balance of trade, and in my judgment the most tireless vigilance should be exercised to ensure that the balance we now possess shall not be trampled upon nor imperilled. But as regards fluctuations due to temporary causes, our most effective guarantee lies in the creation and maintenance of a reserve of gold and gold securities. The Gold Reserve Fund is the creation of the last five years, and the following figures illustrate its rapid growth and the magnitude of its present amount. I add figures showing the gold held in the Currency Reserve on the last day of each year during the same period—

Year.	Amount of the Gold Reserve Fund at the end of the year.	Gold in Currency Reserve.
	£	£
1900-1901	3,031,000	5,778,000
1901-1902	3,454,000	7,023,000
1902-1903	3,811,000	9,859,000
1903-1904	6,544,000	10,789,000
1904-1905 (estimated)	8,478,000	10,984,000

64. The Gold Reserve Fund is invested in gilt-edged sterling securities which yield from 2½ per cent to 3 per cent on their face value, and the interest now exceeds £200,000 per annum. This is regularly invested in its turn and goes to swell the corpus of the Fund. The opinion has been expressed in some quarters that it would be more prudent to hold a portion of the Fund in gold rather than in securities, and this view found expression at the recent conference of the Indian Chambers of Commerce. In present circumstances, however, I do not think that the suggestion possesses more than an academic interest. A time may come when it will no longer be expedient to increase further our holding of sterling securities. But it has not come

yet; and when it does, it is by no means certain that our greatest advantage will be found to lie in holding the money idle and uninvested. If a drain of gold should set in, its first encroachments will take effect upon the gold in the currency reserve. Now, so far is this from being the case at present that the currency reserve is actually filled with gold to saturation point. In present conditions it can hold no more gold than it does now, consistently with the discharge of its primary function of preserving the convertibility of the note circulation into the current coin of the country. So long as this state of things prevails, the idea of forming a second stock of uninvested gold is not a question of practical politics. Our true policy is to put out our reserve at compound interest, and build it up as rapidly and as largely as we can.

Rupee Debt.

65. Last summer we raised a rupee loan of 3 crores, which was taken up at an average of Rs 7 9a. 2 1/2 p., in the circumstances a fairly satisfactory rate.

66. The rupee debt of India now amounts to 1,22,30 lakhs, of which 1,05,79 lakhs are held in this country, and 16,51 lakhs in London. The following table shows the amount of rupee paper held in London on the last day of each year since 1892, in which year it reached its maximum, and the net amount transferred to or from India.

Year.	[In lakhs of rupees.]		
	Amount of Rupee paper held in London.	Amount transferred to India (net).	Amount transferred to London (net).
31st March 1892	27,50	...	77
1893	25,93	1,57	...
1894	24,16	1,77	...
1895	23,62	54	...
1896	25,35	...	1,73
1897	24,07	1,28	...
1898	21,51	2,56	...
1899	21,44	7	...
1900	20,82	62	...
1901	22,18	...	135
1902	20,36	1,82	...
1903	18,63	1,73	...
1904	17,14	1,49	...
28th February 1905	16,51	63	...

67. It will be seen that during the last 13 years, India has bought back more than 10 crores of its own securities which were formerly held abroad. While the mints were open to free coinage, and exchange was liable to large and violent fluctuations, rupee paper was in considerable demand in London for purposes of speculation. With the establishment of a stable exchange this attraction has disappeared. But it has never been popular with *bonâ fide* investors in England, for a variety of reasons, of which one is that it is commonly quoted in sterling at its rate per piece of Rs 1,000. For instance, on the 25th January last, the price of enfaced 3 1/2 per cent rupee paper was quoted at £65 1/8, and the small investor naturally imagined that the security was at a discount of over 34 per cent. Attempts have been made to induce the London Stock Exchange to give quotations for pieces of Rs 1,500, which is now the true equivalent of £100, but without success. Transfers to London are now mostly induced by the price of the paper, as in 1900-1901, or by the cheapness of money at home, which led to the set-back in 1895-1896, and the comparative set-back during the current year.

The gradual re-transfer of rupee paper to India is by no means a matter for regret. If we wish to increase our calls on the London market, it is more advantageous to us to do so through the medium of India 3 per cent sterling stock, than through that of 3 1/2 per cent rupee paper. In present circumstances, the additional 1/2 per cent which the latter security carries is far too much to pay as an insurance against the chance of a fall in exchange. Whatever the true value of the latter risk may be at any moment, it is tolerably certain that the investing public will estimate it at something more, and make us pay in proportion.

Circulation of Currency Notes.

68. I append the usual statements illustrating the note circulation, and the Government balances with the Presidency Banks. The former shows separately (1) the gross circulation, and (2) the circulation, excluding the notes held by the Reserve Treasuries, and by the Presidency Banks at their head offices.

Circulation of Currency Notes.

[In lakhs of rupees.

	1901-1902.	1902-1903.	1903-1904.	1904-1905. (11 months).
STATEMENT I.				
Average	30,03	33,74	36,41	39,20
Maximum	31,86	35,72	38,21	42,52
Minimum	27,68	31,25	33,94	36,11
STATEMENT II.				
Average	23,16	25,74	28,70	30,65
Maximum	24,40	27,35	30,30	31,82
Minimum	22,39	23,93	27,44	29,63

Government Balances with the Presidency Banks.

[In thousands of rupees.]

	1900.	1901.	1902.	1903.	1904.	1905.
January	2,48,75	2,64,54	2,85,89	3,07,63	2,69,52	2,92,99
February	2,56,23	2,86,73	2,97,16	3,32,02	2,91,84	3,00,50
March	2,79,18	3,15,79	3,11,24	3,36,91	3,26,74	...
December	2,48,90	2,82,02	3,05,84	2,79,07	3,01,32	...

The note circulation has continued to expand in a satisfactory manner, thus affording further justification for the decision to increase the currency investment by 2 crores, to which effect has this day been given by legislation.

69. It was hoped that by this time two other measures would have been added to the Statute Book, *viz.*, one to revise and re-enact the Indian Coinage Act of 1870, and the other to effect certain reforms in the law relating to the Presidency Banks. The former was, however, delayed in consequence of the necessity for consulting public opinion on the most important innovations which it embodied, *viz.*, the introduction of a nickel coin, and the substitution of bronze for copper in the subsidiary coinage. These measures have received general support, and have been approved by the Secretary of State; the Bill is now ready for introduction, and will be proceeded with shortly in the usual way. The Presidency Banks Bill has been delayed for other reasons, and it is not possible to make any announcement regarding it.

Universal five-rupee note.

70. By an Act passed in March 1903, five-rupee notes of any circle other than Burma were made legal tender throughout India (except in Burma) and encashable accordingly. There was considerable delay in obtaining the new note forms from England, and these did not reach this country till the summer of 1904. It does not seem to have been realised that in the meantime the new privileges attached to outstanding notes of the old pattern, and the issues of 1903-1904 show little change from those of previous years. Immediately on the issue of the new pattern, however, a rapid expansion of the circulation took place, as the following figures will show:—

Year.	NUMBER OF PIECES ISSUED. MONTHLY AVERAGE.	
	Gross.	Net.
1901-1902	1,19,397	9,655
1902-1903	1,31,059	7,029
1903-1904	1,50,402	9,425
1904-1905 (9 months)	2,30,212	32,558

These figures include all circles except Burma. The largest expansion took place in Bombay where five-rupee notes are always in greater demand than elsewhere.

FINANCIAL STATEMENT OF THE

71. The extent to which these notes are actually used for the purpose of remittance cannot be exactly determined. A record has, however, been kept of all issues from Currency offices in which parcels of 2,000 notes or more were taken avowedly for this purpose, and the following is a summary of the result :—

	R
1903-1904	3,05,000
1904-1905—	
May	1,86,000
June	4,66,000
July	6,99,000
August	3,53,000
September	40,000
October	85,000
November	45,000
December	7,32,000

So far, it cannot be said that the figures are embarrassing, but it will be necessary to watch the transactions closely and gain as much experience of them as possible before we can undertake to extend the privilege of universal encashment to any higher denominations.

72. The first pattern of the new note has been found unsatisfactory, and a fresh one has recently been approved in which great improvements have been introduced. Some months must still elapse before a supply can be expected to arrive.

Light-Weight Coin.

73. A matter which has received a good deal of attention during the past year is the treatment of light-weight rupees, and it may be of interest to explain briefly the origin of the present rules on the subject, the reasons which led Government to contemplate a modification of them, and the action which, in view of the representations of the banking public, it has now been decided to take.

74. The Indian Coinage Act of 1870 provides that when a genuine rupee, more than 2 per cent light, is tendered to certain classes of officers, the latter shall cut or break it, and either return it to the tenderer or, at the option of the latter, pay for it at the rate of one rupee per tola, subject always to the proviso that the shortage of weight is due to fair wear, and not to fraudulent maltreatment. If the shortage is due to the latter cause, the coin is to be cut and returned to the tenderer, who bears the loss. In other words, the cost of maintaining the integrity of the coinage is, by law, imposed upon the last holder of the coin.

75. In this respect the Indian law followed the law of England. The policy underlying the English law has, however, often been challenged, notably by Jevons, who maintained that the cost of preserving the coinage should be borne by the State, and effect has been given to his view to a large extent in the United Kingdom by the legislation of 1889 and 1891. Before this, however, India had shown the way. By rules issued in 1881, it was directed that Government officers should receive all genuine rupees at their full face value, however short in weight they might be, provided only that the shortage was not due to fraudulent treatment. The same provision was repeated in the later rules published in 1891, and these continued in force down to 1899, when the present rules were issued.

76. Between 1891 and 1899 two events had happened which had an important bearing on the matter. The first of these was the closing of the mints in 1893 and the transformation of the rupee into a token coin, whose value as bullion was different from and materially less than its nominal value. The effect of this was that, when a light-weight rupee was cut and returned to the tenderer, the loss devolving upon him was no longer merely proportionate to the loss of weight, but also extended to the whole difference between the bullion and the token value of the coin. In these circumstances, to enforce the law strictly as it stands would have been a harsh measure, imposing very disproportionate loss on the last and possibly innocent holder of the coin. If, before this time, it was equitable for Government to protect the innocent holder against loss, it was still more necessary now.

77. The other event to which I have referred was the elaborate and skilful examination made in 1895 and 1896 by Colonel Baird, Master of the Calcutta Mint, of a very large number—exceeding 31 lakhs—of rupees, chiefly of the older issues of 1835

and 1840. Colonel Baird's investigations showed that the average legal life of a rupee—*i.e.*, the time during which it would circulate in ordinary course without losing more than 2 per cent of its weight—was slightly over 55 years: that the total amount of light-weight coin in the circulation was about 394 lakhs, or approximately 3 per cent of the whole (a rate which compares very favourably with that found to prevail in the United Kingdom): but that among the older coinages, the percentage was as high as 27·1 per cent in the issue of 1835, 19·3 per cent in the first issue of 1840, and 8·4 per cent in the second issue of 1840. On the other hand, the proportion of light-weight rupees among coinages later than 1873 was less than $\frac{1}{2}$ per cent.

78. These researches for the first time placed it in the power of Government to give some instructions to its officers as to the amount of shortage which should be held to indicate fraudulent maltreatment of the coin. Full details as to the average shortage of the rupees found light were still wanting, but there appeared good grounds for believing that in no case had a loss of 10 grains, or 5·5 per cent in weight been caused merely by fair wear. To be on the safe side, therefore, it was decided to allow a tolerance of $11\frac{1}{2}$ grains, or $6\frac{1}{2}$ per cent, and to accept at full face value all genuine coins which were within that limit. Coins whose shortage exceeded $6\frac{1}{2}$ per cent were to be received at a proportionate discount up to a limit of 25 per cent short. If the shortage exceeded 25 per cent, it was considered that the holder must have been so careless as to deserve no consideration, and he was accordingly left to bear the whole loss due to the cutting of the coin. Rules to this effect were accordingly issued in 1899, and have been in force ever since.

79. I now come to the reasons which led the Government of India to contemplate the modification of these rules. In 1896, in connection with Colonel Baird's enquiries, Government had issued orders for the withdrawal from circulation of the rupees of 1835: and in 1901 and 1902 similar orders were issued for the withdrawal of the two issues of 1840. The amount of these issues in circulation was estimated at 2 crores and 20 crores respectively, and up to the 31st March 1904, the amounts withdrawn or held in the treasury pending recoinage were 2,52 and 14,11 lakhs respectively. These two issues include all rupees bearing date prior to 1862, *i.e.*, the whole of the older coinage outstanding, in which the percentage of light-weight coin was necessarily greatest. It followed that in the remainder of the circulation, all of which is of more recent date, both the number of light-weight coins and the degree of shortage due to fair wear must be substantially less than in 1899. Moreover, the enquiries initiated by Colonel Baird had been continued and systematized; and an attempt had been made to ascertain not merely the number of light coins in each year's issue, but also the degree of shortage in each case. The result of these enquiries was to indicate that not more than one in a thousand of the coins issued prior to 1873 has lost more than 4 per cent by honest wear, and that coins of later date have not lost so much as 2 per cent from the same cause.

80. For these reasons it seemed to Government that the rules issued in 1899 were needlessly liberal and even lax, and offered a premium on the practice of "sweating." It was accordingly proposed to revise them, and to reduce the tolerance from $6\frac{1}{2}$ per cent to 4 per cent, and the maximum limit of acceptance from 25 per cent to 10 per cent, with other subsidiary modifications for intermediate degrees of shortage.

81. These proposals were received with great disfavour in banking circles, and it was represented either that they would impose heavy loss on the banks, or that the latter would be compelled to use scales for the weighment of all coin tendered to them across the counter, a course which would very seriously hamper their business. In view of these representations, the matter has been fully re-examined by Government, and the decision we have arrived at is that the rules of 1899 shall be maintained unchanged for the present, but that we shall continue our examination of the coinage, and if it should hereafter be found that the present regulations have actually led to an increase of fraudulent maltreatment of the coinage, or have failed in a serious degree to preserve its integrity, they shall be subject to appropriate revision.

82. The reasons which have led us to this conclusion are the following:—In the first place, the number of coins examined since 1899, though considerable, is not yet sufficiently large to enable us to form an absolutely incontrovertible judgment of the loss due to fair wear. Our advisers do not think it probable that further researches will lead to any material modification of the calculations worked out last year; but inasmuch as the number of light coins received by the banks in the course of their business is reported to be greater than might have been expected according

to our estimates, it is expedient that the loss should be subjected to the fullest and widest possible test. Secondly, there is no tangible evidence that sweating is on the increase. The profits of this operation must now be less, and the chances of loss considerably greater, than when the mints were open; and the number of coins which are annually cut and returned or cut and paid for is so small a proportion of the total number of light coins actually in circulation, and is so liable to fluctuate from extraneous causes, that no safe inference can be drawn therefrom at present. Thirdly, in France, where the five-franc piece is a token coin like the rupee of unlimited legal tender, it is not the practice to refuse or cut them, whatever their weight, unless they show signs of fraudulent reduction. Lastly, it is certainly impossible for an ordinary person to detect so small a shortage as 4 per cent in weight without the aid of scales. And in the circumstances of the Indian currency, a general resort to weighment is out of the question. In the United Kingdom it was estimated a few years ago that the number of sovereigns in circulation was 80 millions. In India, the number of rupees has been similarly estimated at 1,300 millions, or 16 times as many. In the former country weighment in small parcels, if not of individual coins, may be practicable: but in the latter it would involve intolerable inconvenience. It must also be borne in mind that in India cash transactions form a far more important part of the monetary business than in England. Moreover, the penalty devolving on the holder of a cut coin is far heavier in India than in England. Under the English Statute of 1891, a tolerance of 3 grains, or about $2\frac{1}{2}$ per cent in weight, is permitted. The loss on a sovereign which is just over this limit is, therefore, about 6*d.* In India, under the present rules, we pay 14 annas for a rupee which has lost just over $6\frac{1}{2}$ per cent, and the loss is therefore 2*d.* in the rupee.

83. In giving effect to the decision which is set forth above the Government will look for the co-operation of the commercial public, and in particular of the banks, in their efforts to maintain the purity of the coinage without resort to stricter rules than those now in force. If it should be found that these are not effectual, Government reserve to themselves full discretion to reopen the question: but no measures of the kind will be taken until those interested have been placed in possession of the facts and had an opportunity of expressing their opinions.

E. N. BAKER.

March 22, 1905.

PART II.

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

Section I.—The Accounts of 1903-1904.

84. The Accounts of the year show a surplus of £2,996,400, being better by ^{1903-1904.} £285,200 than the surplus of £2,711,200 anticipated in the Revised Estimates ^{General Result of Accounts.} framed in March last.

85. 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 11th instant.

86. The following is a general comparison of the Revised Estimates with ^{1903-1904.} the Accounts of the year :— ^{Statement of the gross figures.}

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
REVENUE.				
India	£ 82,348,100	£ 83,009,411	£ 661,311	...
England	719,700	746,744	27,044	...
TOTAL	83,067,800	83,756,155	688,355	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	60,947,900	61,418,022	...	470,122
Adjustment of Provincial and				
Local Surplus or Deficit	1,201,200	1,195,259	5,941	...
NET.	62,149,100	62,613,281	...	464,181
England	18,207,500	18,146,474	61,026	...
TOTAL	80,356,600	80,759,755	...	403,155
SURPLUS	2,711,200	2,996,400	285,200	...

87. Both revenue and expenditure were higher in India than the amounts taken in the Revised Estimate, the net improvement being £191,189. In the ^{1903-1904.} Imperial Section of the accounts, there was an improvement of £197,130, while ^{General Remarks.} the Provincial and Local Section was worse by £5,941. The latter amount does not affect the surplus of the year. In England there was an improvement both in Revenue and Expenditure, the total being £88,070.

88. The more important items which contributed to the increase of ^{1903-1904.} £661,311 in revenue in India were Salt (£90,465), Excise (£54,596), Customs ^{Revenue in India.} (£36,798), Forests (£43,216), Interest (£70,074), Mint (£172,517), Marine (£31,490), and Railways (£118,414); while there was a falling-off under Land Revenue (including that due to Irrigation) of £59,673, besides smaller sums under other heads. The increase under Salt was fairly distributed, but was highest in Northern India and Bombay; that under Excise occurred chiefly in Burma, Bengal, Madras, and Bombay. The increase under Customs was largest under import duty on liquors, and on cotton and other manufactures.

89. The improvement under Forests arises from larger outturn of timber in Bombay and Burma, while that under Interest is chiefly due to an advance payment by the Bombay Port Trust. The improvement under Mint was due to larger coinage of silver and was, as usual, counterbalanced by a corresponding increase in expenditure by reason of the transfer of the profit on coinage to the

Gold Reserve Fund. Under Marine there was an increase in pilotage receipts, and in recoveries in connection with the fitting of transports for Somaliland and the employment of Royal Indian Marine vessels on Imperial service. The larger railway earnings were contributed mainly by the East Indian, Bengal-Nagpur, North Western, Great Indian Peninsula, and the Bengal and North-Western Railways. The falling off in Land Revenue occurred chiefly in Assam, in consequence of the postponement of date of kist payments and the remission of old arrears.

1903-1904.
Expenditure in
India.

90. The excess expenditure in India, amounting to £470,122, was made up of increases under a number of heads of which the most important were £167,489 under Mint, representing payment of larger profits to the Gold Reserve Fund; £122,358 under Working Expenses of State Railways consequent upon improved earnings; £30,142 and £21,294 under Police and Marine, respectively; £38,908 under Miscellaneous, due chiefly to further remissions of famine advances in Bombay; £60,028 under Civil Works; and £50,093 under Army.

1903-1904.
Revenue and
Expenditure in
England.

91. The increase in the revenue in England was obtained chiefly from the sale of torpedo boat defence vessels to the Admiralty, a transaction which took place after the Revised Estimates had been framed. There were also increased receipts from interest on the invested cash balances, and from fines and penalties incurred by contractors in providing stores. The saving in expenditure occurred chiefly under Army and was due to the refund of £90,204 by the War Office in respect of payments made in 1902-1903 on account of British troops serving in India. This was partially counterbalanced by larger expenditure on clothing and ordnance stores, to the extent of £27,956 and £18,270, respectively.

Section II.—The Revised Estimate of 1904-1905.

1904-1905.
Statement of the
gross figures.

92. The following is a general comparison of the Budget Estimate with the Revised Estimate of 1904-1905:—

	Budget.	Revised.	Revised, better.	Revised, worse.
	£	£	£	£
REVENUE.				
India	79,601,100	84,028,400	4,427,300	...
England	547,500	670,700	123,200	...
TOTAL	80,148,600	84,699,100	4,550,500	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	61,563,300	61,766,000	...	202,700
Adjustment of Provincial and Local Surplus or Deficit	—1,316,800	—24,100	...	1,292,700
NET	60,246,500	61,741,900	...	1,495,400
England	18,983,400	19,471,700	...	488,300
TOTAL	79,229,900	81,213,600	...	1,983,700
SURPLUS	918,700	3,485,500	2,566,800	...

1904-1905.
General Remarks.
Increase of
Revenue.

93. The predominant feature of the year is the continued development of the revenue in almost all important branches outside Land Revenue, where there is a decrease owing to partial failure of the rains in Madras and Bombay and to failure of the *khari* crop in Bundelkhand. The receipts from Salt, Stamps, Excise, Customs and Forest have all expanded beyond expectation, but by far the largest improvement has occurred under Opium and Railways. The total Opium receipts exceed the Budget Estimate by more than 163 lakhs. The price of Bengal opium was unexpectedly high throughout the year, the average price obtained at the monthly sales being ₹1,587 per chest against ₹1,250

assumed in the Budget. Railway traffic receipts have also expanded very largely, owing to bumper wheat crops in the Punjab and exceptionally good traffic on most of the important lines in cotton, grain, seeds and coal. The total increase in railway receipts is about 357 lakhs.

94. A considerable part of the additional revenue thus obtained has been devoted to meet extra expenditure required for the reorganisation of the army, more than a crore of rupees having been spent on this account during the year, in addition to £500,000 allotted for the purchase of new artillery. Provision for this last amount was made in the Budget Estimate in England as ordinary army expenditure, but the charge has now been shown under reorganisation. The cost of the Tibet expedition has also exceeded the Budget Estimate by ₹57,00,000. A crore of rupees (50 lakhs to each province) has been assigned to the Local Governments of Bombay and the Punjab to enable them to start, under favourable conditions, on the new settlements made with them. Similar grants were, it will be remembered, assigned to Madras, Bengal, the United Provinces and Assam, in connection with the settlements made with these Provinces in 1903-1904.

95. These items of special expenditure, and other special assignments to Provincial revenues, aggregate $2\frac{1}{2}$ crores of rupees and, after meeting them, the Revised Estimates show a surplus of ₹3,485,500 or ₹5,22,82,000, against ₹918,700 (₹1,37,80,000) in the Budget.

96. Comparison of the Budget and Revised Estimates is now no longer disturbed by the profits on rupee coinage. Formerly these receipts, the amount of which can obviously not be foreseen, swelled the receipt figures on one side and those of expenditure on the other, being entered under the latter head as for credit to the Gold Reserve Fund. With effect from 1904-1905, these transactions have been confined to the more appropriate head of "deposits and advances," and cease to load the accounts of current revenue and expenditure with entries which were in that connection merely nominal.

97. In England there is an improvement in the revenue of £123,200, but the expenditure has exceeded the Budget Estimate by £488,300, the net result being thus worse than the Budget by £365,100. In India, both revenue and expenditure are higher than the amounts taken in the Budget Estimate, the net improvement being ₹4,224,600. From this must be deducted ₹1,292,700 which appertains to the Provincial and Local Section, and consequently does not affect the surplus of the year. The net betterment under Imperial revenues is thus ₹2,931,900. This improvement in India, less the net excess expenditure of ₹365,100 in England, gives the net increase of ₹2,566,800 in the surplus of the year shown in the table above.

98. As above stated, the revenue in England exceeds the Budget Estimate by £123,200. Of this, £120,000 is obtained from the temporary investment of part of the cash balances at rates of interest higher than estimated. Under Army Receipts there is an increase of £11,600 on account of the trooping service, and of £11,900 in the value of articles in possession of regiments on their transfer from the Indian to the British establishment. On the other hand, there is a decrease of £21,500 under Marine. The Budget Estimate provided £26,000 for the sale-proceeds of torpedo boat defence vessels; but as observed in paragraph 91, the sale of these vessels was effected in the previous year.

99. The expenditure in England exceeds the Budget Estimate by £488,300. The discount on the India 3 per cent stock for ₹2,500,000 issued during the year involved a charge under Interest of ₹107,200 for which no provision was made in the Budget. On the other hand, there is a decrease of ₹57,200 in Interest on India Bills, due partly to ₹1,500,000 of Bills having been discharged and not replaced, and partly to a lower estimate of the rate of interest on replacements. The charges for Stationery and Printing, and Military Works Stores are in excess by ₹39,300 and ₹34,300, respectively. Under Miscellaneous there is an excess of ₹40,200, chiefly on the value of stores lost in transit to India, mainly owing to the loss of the *Den of Seaton*. Under Army, the Reorganisation expenditure amounts to ₹700,000, consisting of about ₹540,000 on account of ordnance stores, including new artillery for which ₹500,000 was provided in the Budget as ordinary military expenditure; ₹10,000 for medical

stores; and £150,000 under Supply and Transport. There is also an increase of £88,600 in the payments to the War Office, caused chiefly by the refund of £90,204 referred to in paragraph 91 having been received in 1903-1904, instead of in 1904-1905 as anticipated. Payments on account of furlough pay and allowances, and the Indian trooping service have exceeded the Budget Estimates by £55,000 and £45,200, respectively. There is also an increase of £18,000 in the Miscellaneous military expenditure. On the other hand, there are savings of £30,200 and £50,000 on the amounts provided in the Budget Estimate for the Telegraph Department and Special Defence Works, respectively. The Civil furlough and absentee allowances have also fallen short of the estimate by £35,900.

1904-1905.
Decrease in
Revenue in India.

100. The only important decrease in revenue in India is one of ₹97,92,000 under Land Revenue, including that due to Irrigation. As already mentioned, this has occurred chiefly in Madras and Bombay, owing to insufficient rainfall in certain districts, and to a smaller extent in the United Provinces by reason of the failure of the *khari* crop over large areas in Bundelkhand. The serious damage caused to the crops in the United Provinces by the recent frosts will not materially affect the revenue realisable in the current financial year. The falling off of Land Revenue in the provinces above mentioned has been partially counterbalanced by improvements in Burma and the Punjab owing to favourable agricultural conditions.

1904-1905.
Increase of
Revenue in India.

101. Under almost all other heads there is improvement, the more important items being—

	R
Opium	1,63,34,000
Salt	32,75,000
Stamps	15,88,000
Excise	37,79,000
Customs	66,62,000
Forest	19,93,000
Post Office	14,32,000
Telegraph	8,07,000
Marine	13,88,000
State Railways—Gross Receipts	3,41,10,000
Guaranteed Companies—Net Traffic Receipts	15,80,000
Irrigation, Major Works—Direct Receipts	10,27,000
Civil Works	7,56,000
Army Receipts	5,95,000

1904-1905.
Opium Revenue.

102. Of the increase of ₹1,63,34,000 in Opium revenue, ₹1,61,82,000 has occurred in Bengal and ₹1,00,000 in Bombay. The quantity of Bengal opium sold was the same as taken in the Budget Estimate, *viz.*, 48,000 chests, but the average price realised has been ₹1,587 instead of ₹1,250. In Bombay there has been a falling off in the exports of Malwa opium, and the number of chests on which duty is paid is now estimated at 19,370, against 22,920 in the Budget. The loss due to this has, however, been more than made up by the increase of the duty from ₹500 to ₹600 per chest.

1904-1905.
Salt Revenue.

103. The reduction in the rate of the salt duty with effect from to-day (paragraph 126) is expected to involve a loss of revenue of ₹6,00,000 in the current year; but for the year as a whole there is an increase of ₹32,75,000 under Salt by reason of larger consumption. The increase is most marked in Bombay (₹15,00,000), and Madras (₹13,50,000).

1904-1905.
Stamp Revenue.

104. Stamp revenue has also grown in all provinces, the largest increase being in Bengal (₹6,00,000), chiefly from the sale of court-fee stamps.

1904-1905.
Excise Revenue.

105. The improvement in Excise revenue has exceeded the Budget anticipations in all provinces except Burma where, owing to the date of payment of certain instalments of vend fees having been altered from March to April, the Revised is less than the Budget Estimate by ₹3,50,000. Madras and Bombay show the largest increase (₹11,00,000 and ₹12,50,000), and are followed by Berar and the Central Provinces with ₹4,70,000 and ₹4,50,000, respectively.

106. The remarkable increase in Customs revenue has been obtained chiefly ^{1904-1905.} under the following heads, the only important decrease being in the imports of ^{Customs Revenue} liquors:—

<i>Increase in Receipts.</i>		R
Import Duty—		
Cotton manufactures		22,58,000
Manufactured articles		9,50,000
Petroleum		5,00,000
Sugar (ordinary duty)		2,50,000
Silver		4,25,000
Other metals and manufactures of metals		1,00,000
Articles of food and drink (excluding sugar)		2,30,000
Export Duty on rice		18,00,000
Excise Duty on cotton goods		1,50,000
<i>Decrease in Receipts.</i>		
Liquors		1,40,000

The increase has been contributed by all the maritime provinces with the exception of Madras, where there has been a falling-off in the exports of rice owing to the unfavourable agricultural conditions now prevailing there. By far the largest increase has been obtained from cotton goods, the import of which has been stimulated by an abundant American cotton crop, and an increase in the demand in India in consequence of the depletion of stocks in the previous year (when the price of the raw material was high) and the general prosperity of the country. The increase under manufactured articles is chiefly in silk and woollen goods; apparel, including haberdashery; glassware; and paper. There has been a large increase in the imports of kerosine oil from Sumatra and Borneo, while the imports of the Russian product have fallen off. The receipts from petroleum would have been much larger but for an increase in the consignment of Burma oil to Calcutta. The increased imports of sugar come chiefly from Austria-Hungary and Java. The large imports of silver noticed last year continue to increase: the receipts from the duty under this head have risen from ₹13,34,953 in 1900-1901 to ₹43,50,000 (Revised Estimate) in the current year. The exports of rice have exceeded those of 1902-1903 which were, previously the largest on record. The last crop in Burma was exceptionally heavy, and large quantities have been imported by Japan. There has also been a considerable increase in the exports to Austria-Hungary, Ceylon and Arabia. The imports of liquors have also exceeded those of 1903-1904, but not to the extent anticipated.

107. The Forest receipts show an improvement in every province, the largest ^{1904-1905.} increase being in Burma (₹6,50,000). In this province the revenue has been ^{Forest Revenue.} growing steadily since 1901-1902, having risen from ₹58,73,938 in that year to ₹84,50,000 in the present revised estimate. The increase in the current year is attributed partly to favourable conditions for floating timber to the coast, and partly to the high market price of teak timber.

108. The growth of Post Office receipts during the year is the largest ^{1904-1905.} on record. The Budget provided for a falling-off in the receipts from mail cart ^{Post Office} and tonga service in consequence of the opening of the Simla-Kalka Railway, ^{Revenue.} and in the receipts from newspapers and foreign parcels owing to a reduction in the rates; and for a moderate increase under other heads. The actual receipts are, however, now expected to exceed the Budget Estimate by ₹14,32,000.

109. The increase under Telegraphs is mainly due to enhanced inland traffic ^{1904-1905.} consequent on the reduction in the charges for telegrams effected in January ^{Telegraph} 1904, and to India's share of an increased foreign traffic in consequence of the ^{Revenue.} Russo-Japanese war.

110. Recoveries from the Imperial Government on account of the employment ^{1904-1905.} of Royal Indian Marine vessels for Imperial purposes in connection with Somali- ^{Marine Receipts.} land, China, etc., have led to a large increase in the Marine Receipts.

1904-1905.
State Railways,
Gross and Net
Traffic Receipts
and Guaranteed
Railways (Net
Traffic Receipts).

111. In 1903-1904 there was a large improvement in the earnings of nearly all the more important railway systems, due mainly to exceptionally heavy grain traffic, notably on the North-Western Railway. In the Budget Estimate of 1904-1905 provision was made for a recovery on the backward lines, for expansion of traffic on recently opened extensions, and for increased traffic on the additional mileage to be opened during the year. Allowance was, however, made for a considerable falling-off in the earnings of the North-Western Railway, as it was not safe to anticipate that the exceptionally heavy wheat traffic of the previous year would continue. The net improvement under earnings provided for in the Budget was thus small. The wheat traffic of the North-Western Railway has, however, again proved unusually heavy, and the traffic on most of the other large systems has continued exceptionally favourable. The gross traffic receipts of State Railways have thus exceeded the Budget Estimates by ₹3,41,10,000. The working expenses are also in excess by ₹78,38,000, chiefly in consequence of charges for working the increased traffic, and increased outlay on maintenance, renewals of permanent-way, and rolling-stock, and repairs to flood damages. There is thus a net increase of ₹2,62,72,000 to which must be added an enhancement of ₹15,80,000 under the net traffic receipts of Guaranteed Companies, *vis.*, the Bombay, Baroda and Central India, and the Madras Railways. The more important increases over the Budget under State Railways are as follows:—

	INCREASE +	DECREASE —	
	Receipts.	Working Expenses.	Net Receipts.
	₹	₹	₹
North Western Railway	+1,60,00,000	+25,00,000	+1,35,00,000
East Indian Railway	+58,00,000	+7,00,000	+51,00,000
Great Indian Peninsula Rail- way	+27,00,000	+5,50,000	+21,50,000
Bengal-Nagpur Railway	+18,00,000	+5,00,000	+13,00,000
Rajputana-Malwa Railway	+10,00,000	—2,00,000	+12,00,000

1904-1905.
Irrigation—Major
Works—Direct
Receipts.

112. The increase in Irrigation, Major Works, (Direct Receipts) occurs primarily in the Punjab (₹5,19,000) and is due to an extension of cultivation under the Chenab and other canal systems. The next largest increase (₹3,68,000) is in the United Provinces, by reason of a favourable *rabi* season.

1904-1905.
Civil Works
Receipts.

113. Under Civil Works, there is an increase in most of the provinces in the receipts from sale of houses, lands and produce, and tolls and ferries.

1904-1905.
Army Receipts.

114. The increase under Army receipts in India is chiefly due to larger realisations from sale of malt liquor, supplies of mules to Native States, and cultivation of grass; to greater demand for medical stores by civil institutions; to abnormal sale of unserviceable ordnance stores; and to contributions towards pensions of native soldiers lent for Imperial Service. These increases are partly counter-balanced by the credits given to His Majesty's Government on account of the value of European stores returned from China and Somaliland.

1904-1905.
Increases of
expenditure
in India.

115. The important increases of expenditure in India are:—

	₹
Reduction or Avoidance of Debt	14,56,000
State Railways, Working Expenses	78,38,000
Irrigation, Major Works, Working Expenses	7,83,000
Irrigation, Minor Works, and Navigation	8,76,000
Army Services	35,69,000
„ Reorganisation	73,73,000
	<u>1,09,42,000</u>

The increase in the working expenses of State Railways has been explained in paragraph 111.

1904-1905.
Reduction of
Debt.

116. Provision was made in the Budget for the full amount of the Famine Insurance Grant of ₹1,50,00,000; but out of this ₹11,04,000, on account of the excess of interest charges over net receipts of the Bengal-Nagpur and Indian

Midland Railways, was shown against the Railway Revenue Account, and only the balance of ₹1,38,96,000 was shown against the section "Famine Relief and Insurance." It has now been decided to discontinue the practice of charging to this grant the excess of interest over net receipts on account of the two railways above mentioned, and the Revised Estimate accordingly shows the full amount of ₹1,50,00,000 against the Famine Relief and Insurance section. Of the ₹11,04,000 thus transferred, ₹1,32,000 is expected to be required in Bombay for famine relief works, but on the other hand there have been savings of ₹2,52,000 and ₹2,32,000 on the grants for the construction of Protective Railways and Irrigation Works: the net increase of ₹14,56,000 appears as an excess charge under the head "Reduction or Avoidance of Debt."

117. Of the increase of ₹7,83,000 under Irrigation, Major Works, (Working Expenses) ₹7,10,000 occurs in the Punjab, and is due partly to the construction of some urgent works which were not anticipated at the time the Budget was framed, and partly to a smaller expenditure under 49.—Irrigation, Capital Expenditure, having necessitated the debit to the former head of a larger share of establishment charges.

1904-1905.
Irrigation Major Works, Working Expenses.

The increase under Minor Works and Navigation occurs chiefly in Madras and Bengal, and is due to additional works undertaken in these provinces.

Minor Works and Navigation.

118. Army expenditure is in excess of the Budget Estimate by ₹1,09,42,000, namely, ₹35,69,000 under ordinary expenditure and ₹73,73,000 on account of the scheme for the redistribution and reorganisation of the army. The Tibet Mission has cost ₹57,00,000 in excess of the Budget Estimate of ₹36,00,000. The Aden Delimitation and the Seistan Boundary Commissions have likewise cost, together, about 5½ lakhs in excess of Budget provision. There are a number of excesses under other heads also; but these have been more than counterbalanced by savings in consequence of the absence of troops in China and Somaliland and other causes. The more important increases and decreases are as follows:—

1904-1905.
Army Expenditure

<i>Increases.</i>	R
Tibet Mission	57,00,000
Aden Delimitation Commission	4,01,000
Seistan Boundary Commission	1,55,000
Excess strength of British troops in India	7,50,000
Excess charges for conveyance of troops and stores	3,34,000
Net cost of local stores returned from Somaliland and China	2,15,000
Freight, fittings, etc., of the S. S. <i>Matta</i> for conveyance of troops to England	3,39,000
Formation of the 2/6th and 2/9th Gurkha Rifles	1,40,000
Purchase and freight of mules bought from the Imperial Government in Somaliland	3,69,000
Reorganisation	73,73,000
<i>Decreases.</i>	
Savings in pay and other charges of troops absent in China	7,34,000
Ditto ditto Somaliland	7,93,000
Charges for service pay	3,75,000
Expenditure on food supplies	15,00,000
Charges for purchase of remounts	3,50,000
Charges under Army and Garrison staff, Clothing, and Ordnance	5,00,000
Lapses on special grants	10,11,000

1904-1905.
Decreases in
Expenditure in
India.

119. Under almost all the remaining major heads of importance, there are savings on the Budget Estimate. The most noticeable of these are as follows:—

	R
Land Revenue	18,97,000
Opium	4,69,000
Telegraph	7,86,000
Mint	17,75,000
Courts of Law	4,91,000
Jails	8,30,000
Education	13,66,000
Medical	7,23,000
Military Works	15,81,000
Civil Works	35,18,000
Special Defences	8,82,000

1904-1905.
Land Revenue,
Courts of Law,
Jails, Education,
and Medical
Expenditure.

120. The savings under Land Revenue, Courts of Law, Jails, Education and Medical occurred in almost all the provinces and are, as usual, due to the provision made in the Budget for salaries and other charges having proved larger than required, and to the non-utilisation of the allotments for a number of new schemes. Under *Land Revenue* the largest savings have occurred in the allotments for Survey and Settlements in Bengal, the United Provinces and Madras. The grants for increase of pay of ministerial establishments, and for additional Deputy Collectors and Sub-Deputy Collectors, in Bengal, and for improvement of the kanungo and patwari establishments in the United Provinces, have also not been utilised. There is, on the other hand, an excess in Bombay, due to additional charges for destruction of locusts. The largest savings under *Jails* are in the charges of the Port Blair Settlement, and in the Punjab, where the proposed Mung Rasul jail has not been opened during the year, and the allotment for wool spinning machinery in the Montgomery jail has not been utilised. In Bengal there is an increase owing to the larger purchase of raw material for oil manufacture. The savings under *Education* are mainly accounted for by provision for additional establishments, and for grants-in-aid not having been worked up to. Under *Medical*, there is a saving of Rs 1,59,000 on plague expenditure in Bengal, while Rs 1,00,000 out of the allotment for plague expenditure in the United Provinces has been granted to District Boards for cleansing towns and villages, and is now shown under Civil Works. In some provinces, too, the expenditure on account of the increased pay of Indian Medical Service Officers in civil employ, sanctioned by the Secretary of State with effect from 1st April 1904, had been over-estimated, while in Madras this provision has had to be increased and additional expenditure has been incurred in connection with plague.

1904-1905.
Opium and
Telegraph
Expenditure.

121. The decrease under Opium is due to over-estimate of expenses of production, and that under Telegraphs to short outlay on repairs of lines and to smaller expenditure on the Central Persia line.

1904-1905.
Mint transactions.

122. The decrease under Mint expenditure is nominal and is due to the change of procedure referred to in paragraph 96. In the Budget of the current year provision was made for the profits on the coinage of silver already purchased, and for a corresponding entry on the expenditure side for payment to the Gold Reserve Fund. Under the present procedure these transactions have been shown under "Deposits and Advances" in the first instance. The Mints are, however, credited with two per cent, representing the cost of coinage, on the silver thus coined. There has been larger coinage of rupees, the percentage charge on which has made good a considerable part of the deficiency in the receipts due to the change in the system of accounts. The coinage of dollars for the Straits Settlements has also been much larger than provided for in the Budget and has brought in an additional revenue of Rs 1,37,000. The gain on copper coinage also exceeds the Budget Estimate by Rs 2,00,000.

1904-1905.
Military Works
and Special
Defence Works
Expenditure.

123. The decreases under Military Works and Special Defence works represent portions of the grant which it will not be possible to utilise in the current year.

124. Under Civil Works, the Budget provided for an expenditure of ^{1904-1905.} R20,00,000 for the extension and improvement of Simla against the special grant ^{Civil Works} of that amount given from Imperial revenues in 1903-1904, but only ^{Expenditure.} R1,25,000 is likely to be spent in the current year. The Budget also provided for the expenditure of special grants to the Local Governments for a variety of objects, as explained in paragraphs 223—225 of the last Financial Statement, some of which have not been utilised in the current year.

Section III.--The Budget Estimate of 1905-1906.

125. The following is a general comparison of the Budget Estimate of ^{1905-1906.} 1905-1906 with that of 1904-1905:— ^{Statement of} ^{Gross figures.}

	1904-1905.	1905-1906.	1905-1906, better.	1905-1906, worse.
REVENUE.				
India	£ 79,601,100	£ 82,862,700	£ 3,261,600	£ ...
England	547,500	570,300	22,800	...
TOTAL	80,148,600	83,433,000	3,284,400	...
EXPENDITURE.				
India—				
Imperial, Provincial and Local.	61,563,300	64,066,400	...	2,503,100
Adjustment of Provincial and Local Surplus and Deficit	—1,316,800	—1,370,300	53,500	...
NET	60,246,500	62,696,100	...	2,449,600
England	18,983,400	19,833,100	...	849,700
TOTAL	79,229,900	82,529,200	...	3,299,300
SURPLUS	918,700	903,800	...	14,900

126. The above figures allow for the reduction of taxation, and the special expenditure on measures of administrative reform and economic development, referred to in Part I of the Financial Statement, *viz.*—

Estimated cost.

R . .

1. Reduction of the salt duty, except in Burma and on Kohat salt, by eight annas a maund with effect from the 22nd March 1905. This is estimated to cost R6,00,000 in the current year and 183 lakhs in 1905-1906

This makes the duty on salt R1-8-0 per maund throughout India outside Burma where it is R.1. The only exception is in regard to salt produced in the small State of Mandi in the Punjab. Under special arrangements with the Raja, the duty on this salt, which is taxed at a low rate, is increased or decreased in accordance with changes in the general salt duty in British India to the extent of half an anna for every 2½ annas of British duty. The duty on Mandi salt will accordingly be reduced from 6 annas a maund, its former figure, to 4½ annas a maund with reference to the reduction now announced.

1,83,00,000

Carried over

1,83,00,000

^{1905-1906.} Remission of taxation, and special allotments for measures of administrative reform and economic development.

	Estimated cost.
	R
Brought forward	1,83,00,000
2. Remission of the so-called famine cesses levied in the United Provinces, the Punjab, the former Punjab Districts now appertaining to the North-West Frontier Province and the Central Provinces	22,65,000
As the receipts from the cesses with the exception of those in the North-West Frontier Province are Provincial, compensatory assignments have been made to the Local Governments concerned through the adjusting head of Land Revenue.	
3. Reduction in Postal charges, the letter-weight carried for half an anna being raised from half to three-fourths of a tola	7,00,000
4. Assignments to Local Governments towards the re-organisation of their police, in accordance with the recommendations of the Police Commission	50,00,000
5. Permanent additions to Provincial Revenues for expenditure on primary education	35,00,000
6. Additional grants for the purposes of expenditure on agricultural development	20,00,000
These are at present shown in lump in the Imperial section of the Budget, but will hereafter be distributed among the Provinces.	
7. Grants-in-aid to District and Local Boards, to the extent approximately of 25 per cent of their receipts from cesses levied on land	56,53,000
These grants will be paid by the Provincial Governments, who accordingly receive compensatory contributions from Imperial revenues. The gradual future increase required will, however, be met out of their growing revenues by Local Governments which have definite financial settlements. The object of these grants is to enable the Boards to provide more efficiently for local needs, and especially for the improvement of road communications.	

3,74,18,000

But for these special measures the surplus of 1905-1906 would be about £3,398,000, while the revenue would be £84,850,700, against £80,148,600 in the Budget, and £84,699,100 in the Revised Estimate of 1904-1905.

1905-1906.
General Results.

127. After allowing for these important remissions of taxation, and measures for the improvement of the administration and of the material welfare of the country, the Budget Estimate of next year shows, as above mentioned, a surplus of £903,800, against £918,700 estimated for the current year in March last. The total revenue in India is £3,261,600 better, and the total expenditure £2,503,100 worse; but as £53,500 of the latter amount will be met from Provincial and Local Balances, the net improvement in the Imperial section of the accounts is £3,261,600—2,503,100+53,500=£812,000. In England revenue is better by £22,800 and expenditure worse by £849,700, the net deterioration being £826,900. Deducting from this the improvement of £812,000 in the Imperial section in India, we get the net decrease of £14,900 compared with the surplus in the Budget Estimate of the current year.

1905-1906.
Revenue in
England.

128. As compared with the current year's Budget, the estimate of revenue in England shows decreases of £26,000 under Marine and £33,500 under Army, while there is an increase of £48,000 under Interest. Under Marine, the Budget of the current year provided for a special receipt of £26,000 on account of the sale of torpedo boat defence vessels referred to in paragraphs 91 and 98. The decrease under Army is chiefly in receipts on account of the Indian trooping service. The increase under Interest accrues on the investment of cash balances, the sums available for investment being expected to be larger, and also on the investment in sterling securities of a part of the currency reserve in accordance with the Act just passed.

129. The estimate of expenditure in England exceeds the Budget Estimate of the current year by £849,700. The more important variations are as follows:—

<i>Increases—</i>	£
Telegraph	64,700
Mint	30,700
Interest on State Railways	18,000
Interest chargeable against Companies on Advances	40,600
Interest on Capital deposited by Companies	75,800
Army Reorganisation 1,635,600	
<i>Less—</i> Decrease shown under ordinary Army charges 919,900	
	715,700
Special Defence Works	25,000
<i>Decreases—</i>	
Interest	66,800
Post Office	30,800
Protective Railways	23,500

*1905-1906.
Expenditure
in England.*

130. The increases under Telegraph, Mint and Special Defences are in the charges for stores for India. Under State Railways—Interest on Debt, the increase is accounted for by the interest payable, between the 2nd January and 31st March 1906, on the debentures of the Bombay, Baroda and Central India Railway, the liability for which will be assumed by the Secretary of State on the purchase of the Railway. Additional advances made to the Great Indian Peninsula, the Bombay, Baroda and Central India, and the Bengal Nagpur Railways under Act 51, Vict., c. 5, will lead to larger charges under the head 'State Railways—Interest chargeable against Companies on Advances.' The interest on additional capital raised by the East Indian and Bengal Nagpur Railways accounts chiefly for the increase under 'State Railways—Interest on Capital deposited by Companies.' Under ordinary Army Services there is an increase of £90,000 in the payments to the War Office, as the special refund referred to in paragraphs 91 and 99 was provided for in the Budget Estimate of 1904-1905: there is also an increase of £23,000 in the payments of furlough and other allowances. On the other hand, there is a decrease of £1,010,300, chiefly under ordnance stores, due mainly to the cost of new artillery, which was provided for in the Budget Estimate of 1904-1905 as ordinary expenditure, being shewn in the estimates of next year under the head 'Reorganisation.' The principal items of expenditure provided under 'Reorganisation' are—

Rearmament of field and horse artillery	£ 863,700
Increase of reserves of artillery ammunition	144,800
Increase of reserves of small arms ammunition	219,800

*1905-1906.
Variations in
Expenditure in
England as
compared with the
Budget for the
current year.*

The Budget Estimate for 1904-1905 under Post Office included £48,000 on account of arrears of previous years due under the postal arrangements with His Majesty's Treasury: no such provision is necessary in the estimate for next year. The decrease under Protective Railways is chiefly in the cost of stores required for India. Under Interest provision was made in the Budget of the current year for the replacement of India Bills for £2,000,000; but £1,500,000 of these have been discharged and £500,000 are intended to be paid off next year. No provision has accordingly been made next year for interest on temporary debt.

131. The only heads of revenue in India in which an appreciable falling-off is expected as compared with the Budget Estimate for the current year are—

	R
Land Revenue—Ordinary	—18,43,000
Less " Due to Irrigation	+4,71,000
	13,72,000
Salt	1,31,00,000
Provincial Rates	8,14,000
Mint	13,58,000
Guaranteed Companies—Net Traffic Receipts	13,25,000

*1905-1906.
Decrease in
Revenue in
India as
compared with
the Budget
for the current
year.*

132. The falling-off under Salt and Provincial Rates is due to the remission of taxation referred to in paragraph 126: otherwise these heads would have shown increases of R52,00,000 and R14,51,000, respectively. There has been a remarkable increase in the consumption of salt in the last three years, and the

reduction in the rate of duty is expected to stimulate it still further. Under Provincial Rates the increase is largest in Bengal, owing to the revaluation of the road and public works cesses in some districts; and (apart from the elimination of the famine cess) in the Punjab, owing to extension of cultivation.

1905-1906.
Land Revenue
including portion
due to Irrigation.

133. The serious damage done to the *rabi* crops by the recent untimely frosts in the United Provinces will necessitate remissions and suspensions of land revenue there, which are estimated at 50 lakhs. In the Punjab and the Central Provinces, too, agricultural prospects are less favourable than they were last year; and in Bombay receipts will be considerably affected by the failure of the rains in Gujerat last autumn. The falling-off in these Provinces is estimated at about 65 lakhs. There are, however, partially counterbalancing increases in other provinces, the most important being in Burma (over 29 lakhs), in Madras (12 lakhs), and in Bengal (7½ lakhs). These are mainly due to new and revised settlements, and (in Burma) to extension of cultivation.

1905-1906.
Mint Revenue
and Guaranteed
Companies' Net
Traffic Receipts.

134. The decrease under Mint is due to the change in the system of accounts explained in paragraph 96; that under Guaranteed Companies' Net Traffic Receipts is explained in paragraph 140 below.

1905-1906.
Increase in
Revenue in
India
as compared with
the current year's
Budget.

135. An improvement, as compared with the Budget Estimates of 1904-1905, is expected under almost all other heads of revenue in India, the most considerable items being as follows:—

	R
Opium	78,39,000
Stamps	25,52,000
Excise	58,97,000
Customs	67,02,000
Forest	26,23,000
Post Office	16,95,000
Telegraph	11,54,000
State Railways, Gross Traffic Receipts	3,48,91,000
Irrigation, Major Works, Direct Receipts	8,59,000
Army Receipts	9,21,000

1905-1906.
Opium Revenue.

136. The increase under Opium is mainly due to the receipts from Bengal opium having been taken at ₹1,400 per chest as against ₹1,250 in the current year's Budget. The actual average price in 1904-1905 has been ₹1,587; but having regard to the large fluctuations in recent years, and to the fact that the price attained at the March sales showed a decrease on those of February (₹1,552 against ₹1,620), it would be unsafe to estimate for a continuance of such favourable conditions. The higher rate of duty now levied on Malwa opium accounts for an estimated increase of ₹5,40,000 in Bombay.

1905-1906.
Stamps, Excise and
Forest Revenue.

137. The increases under Stamps, Excise and Forest are justified by the results of the current year in which there has been a marked improvement in the revenue under all these heads. A further moderate improvement, as compared with the Revised Estimate, is anticipated next year in most of the provinces, the notable exceptions being the Stamp and Forest revenue of Bombay where there were certain special receipts in the current year which are not likely to recur, the Forest receipts of the United Provinces and the Excise revenue of Madras and Bombay in which some decline is expected in consequence of the unfavourable agricultural conditions prevailing there.

1905-1906.
Customs Revenue.

138. Under Customs, the Budget Estimate is ₹67,02,000 higher than that of the current year but only ₹40,000 higher than the Revised Estimate. It is not considered safe to count upon a continuance of the high receipts of the current year from imports of cotton goods and exports of rice, while a moderate improvement is anticipated under other heads. The articles under which important variations, as compared with the Revised Estimate, are expected are as follows:—

Increases—	R
Liquors	1,20,000
Sugar (ordinary duties)	2,50,000
Other metals and manufactures of metals	2,50,000
Manufactured articles	4,00,000
Excise duty on cotton goods	2,00,000
Decreases—	
Cotton manufactures	5,31,000
Export duty on rice	8,00,000

139. After making allowance for the loss of revenue due to the reduction in the postal rates referred to in paragraph 126, it is anticipated that there will be an improvement of Rs. 2,63,000 in the revenue of the Postal Department compared with that of the current year (Revised Estimate). 1905-1906.
Post Office and
Telegraph Receipts.

The increase under Telegraph also represents a normal growth of transactions.

140. As explained in paragraph 111, there has been a remarkable expansion of the traffic on, and the net earnings of, State Railways in the current year. In view of the unfavourable agricultural prospects in some of the provinces, it is not considered safe to provide for a like increase in 1905-1906. Including small transactions in England, the Budget estimate of gross earnings under State railways is taken at Rs. 34,36,04,000 against Rs. 34,28,23,000 in the Revised Estimate and Rs. 30,87,13,000 in the Budget of the current year. The estimates for next year exclude transactions of the Bengal and North-Western Railway which formerly came under this head by reason of its management of the Tirhoot State Railway, since, under the terms of the new contract with the Company for working the Tirhoot State line, an entirely separate account of the gross earnings of each railway is to be kept, the working expenses of the combined lines being divided proportionately. The necessity for including the transactions of the Bengal and North-Western Railway proper in the Government estimates and accounts has thus ceased. The reduction of the Budget Estimate due to this cause is, however, partially counterbalanced, though at the expense of receipts under the "Guaranteed Companies" head, by the inclusion under this head of the transactions of the Bombay, Baroda, and Central India Railway for the last three months of the year, in consequence of the contemplated purchase of that railway by the State with effect from 1st January 1906. Up to that date, the transactions of the Railway will be shown under the head Guaranteed Railways. The decrease provided for in some of the lines on which the traffic has been exceptionally heavy this year is more than counterbalanced by an increase on newly opened lines, and by the earnings from the additional mileage to be opened. 1905-1906.
State Railways,
Gross Receipts.

141. But, as observed in last year's Statement, under State and Guaranteed Railways the net earnings are of greater significance than gross receipts. The progress of these has been as follows:— 1905-1906.
Net Railway
earnings.

	Accounts, 1903-1904. ₹	Budget, 1904-1905. ₹	Revised, 1904-1905. ₹	Budget, 1905-1906. ₹
<i>State Railways—</i>				
Gross Receipts	30,86,48,969	30,87,13,000	34,28,23,000	34,36,04,000
Working Expenses:	15,56,72,375	15,84,59,000	16,64,97,000	16,85,54,000
Net Earnings	15,29,76,594	15,02,54,000	17,63,26,000	17,50,50,000
<i>Guaranteed Companies—</i>				
Net Traffic Receipts	1,41,21,946	1,48,25,000	1,64,05,000	1,35,00,000
TOTAL	16,70,98,450	16,50,79,000	19,29,31,000	18,85,50,000

The net earnings are thus estimated at nearly 235 lakhs more than in the Budget for the current year, but at about 44 lakhs less than in the Revised Estimate, the abnormal railway prosperity of 1904-1905, which was most marked in the North Western Railway being, as above mentioned, not likely to be fully continued.

The more important differences as compared with the Revised Estimate are anticipated on the following lines:—

	INCREASE +		DECREASE —
	Receipts. ₹	Working Expenses. ₹	Net Earnings. ₹
<i>Better than Revised—</i>			
Bengal Nagpur Railway	+ 20,00,000	+ 10,00,000	+ 10,00,000
Assam Bengal Railway	+ 5,00,000	+ 1,50,000	+ 3,50,000
Eastern Bengal and Bengal Central Rail- ways	+ 10,00,000	+ 6,85,000	+ 3,15,000
East Indian Railway	- 3,00,000	- 6,00,000	+ 3,00,000

	INCREASE +		DECREASE —
	Receipts.	Working Expenses.	Net Earnings.
<i>Worse than the Revised—</i>	R	R	R
North Western Railway	—25,00,000	+ 35,00,000	—60,00,000
South Indian Railway	+ 2,50,000	+ 6,00,000	—3,50,000
Bombay, Baroda and Central India Railway	—4,25,000	+ 50,000	—4,75,000

1905-1906.
Irrigation, Major Works, Direct Receipts.

142. Under Irrigation, Major Works (Direct Receipts) the Budget Estimate is R8,59,000 higher than that of the current year, but R1,68,000 less than the Revised Estimate. The decrease is mainly due to the winter rains in the United Provinces having reduced the demand for canal water.

1905-1906.
Army Receipts.

143. The increase under Army Receipts is due mainly to a change in the system of adjusting receipts from dairy farms. Hitherto only the net charges of these farms have been brought on the accounts, but in future the gross charges and the receipts will both appear. An increase is also expected in the receipts from the sale of malt liquor, ordnance stores and camp equipage.

1905-1906.
Decrease of Expenditure in India as compared with the Budget of 1904-1905.

144. The most noticeable heads under which a material decrease of expenditure in India is expected are the following:—

	R
Opium	25,00,000
Interest on ordinary Debt	25,30,000
Mint	20,93,000
Marine	9,14,000
Protective Railways	13,27,000
Reduction or Avoidance of Debt	25,93,000

1905-1906.
Opium.

145. The provision made under Opium in the current year was in respect of a specially good crop and has not been fully worked up to. The crop of the present season has suffered from the recent untimely frost and rains, and the payments for outturn will be proportionately less.

1905-1906.
Interest on Debt.

146. The Interest on ordinary non-productive Debt is reduced by R35,05,000, owing to transfers from this head to the Railway and Irrigation Revenue accounts by reason of capital expenditure on productive works incurred from revenue. The repayment of a temporary loan from Gwalior last April, the annual payment of 12 lakhs towards the principal of the Gwalior loan of 1887, and the discharge of Provincial Debentures on the 1st April 1905 will give savings of R50,000, R48,000 and R34,000, respectively. On the other hand, the interest on the loan of three crores raised in the current year will increase the charges by R10,50,000.

1905-1906.
Mint Expenditure.

147. The decrease under Mint expenditure is nominal and is due to the change of procedure referred to in paragraph 96.

1905-1906.
Marine Expenditure.

148. Under Marine there is a decrease of R6,17,000 in Bengal mainly in the charges for the new pilot cruiser "Fraser." The charges of the Imperial Marine Department also show a decrease, as the Budget of the current year contained a special provision for the hire of transport for the return of the Aden Boundary Commission.

1905-1906.
Protective Railways.

149. The provision under Protective Railways (R5,26,000) represents the probable outlay required next year on the four famine protective lines in Madras.

1905-1906.
Reduction of Debt.

150. Provision is made in the Budget Estimate of next year for the full amount of the Famine Insurance grant of R1,50,00,000. A provision of R31,76,000 under Famine Relief (see paragraph 158 below) and an increase of R23,11,000 under Protective Irrigation Works (paragraph 159) cause corresponding decreases under the head Reduction of Debt, which is partially counterbalanced by the smaller provision under Protective Railways mentioned in the foregoing paragraph, and by the change in the method of dealing with the excess of interest over net receipts of the Bengal-Nagpur and Indian Midland Railways explained in paragraph 116.

151. The following are the important increases in expenditure in India in 1905-1906 as compared with the Budget Estimates of 1904-1905.

	R
Land Revenue	8,86,000
Forest	4,71,000
Post Office	6,51,000
General Administration	7,24,000
Courts of Law	6,96,000
Police	55,88,000
Education	41,32,000
Scientific and Minor Departments	27,77,000
Superannuation Allowances	7,30,000
Stationery and Printing	6,24,000
Famine Relief	31,76,000
Protective Irrigation Works	23,11,000
State Railways, Working Expenses	1,00,95,000
Interest on Railway and Irrigation Debt, including Interest chargeable against Companies on Advances	35,05,000
Guaranteed Companies—Surplus Profits	6,39,000
Irrigation, Major Works, Working Expenses	4,94,000
Minor Works and Navigation	19,11,000
Military Works—Reorganisation	35,28,000
Less decrease under ordinary Expenditure	22,00,000
Net excess	13,28,000
Civil Works	71,14,000
Army Services—Reorganisation	85,36,000
Less decrease in ordinary Expenditure	17,57,000
Net excess	67,79,000

Increase of Expenditure in India, as compared with current year's Budget.

152. The increase under Land Revenue occurs mainly in Burma, where it is largely due to payment of commission to village officers on the anticipated larger collections; in Bengal, where provision is made for expenditure on the administrative and ministerial establishments which could not be incurred during the current year (*vide* paragraph 120), for extension of survey and settlement operations, and for reclamation of waste lands in the Sunderbans; in the Punjab, where a new Provincial Service scheme is being introduced, a new district (Lyallpur) has recently been created, and provision has also been made for certain incidental settlement charges which used formerly to be borne by land-owners, but will now have to be borne by Government; and in Bombay, where a revision of the establishments in Sind and some other parts of the Presidency is in contemplation. These increases are partially counterbalanced by decreases in other provinces, due mainly to reduction in the Budget proposals with a view to bring the estimates into closer accord with the probable actuals.

1905-1906. Land Revenue Expenditure.

153. The increase under Forests represents for the most part expenditure necessary to yield the additional revenue which is anticipated, and is largest in Burma and Madras.

1905-1906. Forest Expenditure.

154. The Post Office expenditure increases every year with the progress of the Department. Provision has also been made for the transfer of Provincial District Dak establishments in the Punjab and Bombay to the Imperial Postal Department.

1905-1906. Post Office.

155. The increases under General Administration, Courts of Law, and Stationery and Printing are distributed over most provinces and represent the additional expenditure required to meet the growing requirements of the various departments. The only points which need special mention are the creation of the Commerce and Industry Department; the transfer of Rs 1,70,000 from the head General Administration (Public Works Secretariat) to the Railway Revenue Account, due to the constitution of the Railway Board; the development of the Judicial service in Burma; the provision for temporary additional Judges in the Chief Court of the Punjab; and a reduction (21 lakhs) in the Printing and Stationery charges in Bengal, which is more than counterbalanced under India General, owing to the department of Stationery and Stamps in Calcutta, which

1905-1906. General Administration, Courts of Law and Stationery and Printing.

was formerly under the Local Government, having been transferred to the control of the Government of India during the current year.

1905-1906.
Police, Education,
Scientific and
Minor Depart-
ments and Civil
Works.

156. The increases under Police, Education, Scientific and Minor Departments, and Civil Works, represent, for the most part, expenditure to be incurred out of the special grants made, as explained in paragraph 126, for the reform of the police, improvement of primary education, agricultural development and grants-in-aid to District and Local Boards. As there stated, the grant for Agriculture has not yet been distributed. The other grants have been allotted as follows among the principal provinces:—

	Grant for Police reform.	Grant for Primary Education.	Grant to District and Local Boards.
	₹	₹	₹
Central Provinces	4,00,000	1,60,000	1,10,000
Berar (Imperial)	1,00,000	40,000	90,000
Burma	5,00,000	2,00,000	4,50,000
Assam	50,000	1,00,000	1,50,000
Bengal	12,00,000	10,00,000	12,50,000
United Provinces	6,50,000	6,00,000	8,00,000
Punjab	5,00,000	3,00,000	6,50,000
Madras	10,00,000	6,00,000	14,00,000
Bombay	5,00,000	5,00,000	7,00,000
TOTAL	49,00,000*	35,00,000	56,00,000†

* One lakh more (making the whole grant 50 lakhs) is reserved for distribution to the minor provinces.

† In addition, ₹33,000 will be granted in minor provinces.

Increase of ordinary expenditure is also provided in most of the provinces to meet the growing requirements of the departments. Under Civil Works, the flourishing condition of the Provincial finances in Burma, and the grants made in connection with the recent settlements to Bengal and Bombay, have enabled these Local Governments to provide considerable additional expenditure next year. In Bengal provision has also been made for expenditure of ₹4,31,000 on the improvement of the Chittagong Port which will be met from Imperial revenues by an adjustment through the Land Revenue head. Of a total special grant of 20 lakhs made from Imperial Funds to the Madras Harbour Trust Board, ₹7,00,000 appears under this head in the Budget of 1905-1906, and ₹6,26,000 in the Revised Estimate for the current year.

1905-1906.
Superannuation
Allowances.

157. The increase under Superannuation Allowances, etc., represents the normal growth of the pension list.

1905-1906.
Famine Relief.

158. Allotments of ₹15,00,000 and ₹16,76,000 are made on account of Famine Relief in Madras and Bombay, in view of the distress due to deficient rainfall.

1905-1906.
Protective Irriga-
tion Works.

159. Larger provision has been made for Protective Irrigation Works in Bengal, the United Provinces and Bombay, while there is a decrease in Madras owing to no further grant being required next year for the investigation of the Tungabhadra project and the Kistna reservoir.

1905-1906.
Railway charges.

160. The increase under Working Expenses of State Railways is due partly to the increased traffic anticipated, and partly to special repairs of rails and rolling stock, and repairs to flood damages.

The increase in the Railway and Irrigation interest charges represents the interest on new capital expenditure. The increase under Guaranteed Companies' Surplus Profits, etc., follows a rise in the net earnings of the Bombay, Baroda and Central India Railway. There is also an increase on account of the land required for staff quarters.

1905-1906.
Irrigation Works—
Major and Minor.

161. The expansion of irrigation in the Punjab accounts mainly for the increase in the working expenses of Major Irrigation works.

Under Minor Works and Navigation provision is made for a special grant of ten lakhs from Imperial revenues in accordance with the recommendations of the Irrigation Commission.

162. Including expenditure in England, the ordinary and special items in the Budget Estimates of the current and ensuing years for expenditure under Military Works are as follows :—

	Budget Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	₹	₹
Fixed quinquennial grant	97,00,000	93,53,000
Large works costing over ₹50,000 each	58,50,000	43,55,000
Reorganisation . . . . .	...	35,28,000
Re-grant of expected lapses	3,00,000	...
	<u>1,58,50,000</u>	<u>1,72,36,000</u>

The decrease in the fixed grant is due to the transfer of some works to Local Governments: the charges for these, for which assignments have been given through the adjusting head, now appear under Civil Works.

163. The following statement compares the Budget Estimates of ordinary Army expenditure (India) for 1905-1906 with those of the current year's Budget after excluding the following items of special expenditure from both :—

	Budget Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	₹	₹
Tibet Mission	36,00,000	6,00,000
Escort with the Aden Delimitation Commission	11,29,000	6,12,000
Escort with the Seistan Boundary Commission	1,61,000	2,54,000
Special measures for increasing the efficiency of the Army	34,16,000	25,82,000
Reorganisation . . . . .	...	85,36,000
Total special items	83,06,000	1,25,84,000
Remaining ordinary expenditure	19,45,09,000	19,70,10,000
TOTAL	<u>20,28,15,000</u>	<u>20,95,94,000</u>

The Budget Estimate of normal ordinary expenditure for next year thus exceeds that of the current year by ₹25,01,000. The more important variations which have led to this increase are as follows :—

<i>Increases.</i>	₹
Charges on account of the 44th Merwara Infantry hitherto shown as Political expenditure	2,03,000
New scheme for the supply of clothing to the Native Army in India	5,08,000
Larger provision for stores and material for the Ammunition Factory, Dum-Dum; the Rolling Mills, Ishapur; and the Harness and Saddlery Factory, Cawnpore	8,01,000
Full charges of dairy farms and piggeries, of which only the net charges have hitherto been shown in the accounts. The receipts will now be credited also	6,63,000
Conveyance of troops and stores and purchase of camp equipage	6,84,000
<i>Decreases.</i>	
Deduction made for savings anticipated in consequence of the employment of Indian troops in China and Somaliland	8,67,000
Less purchase of remounts	4,81,000

Information as to new measures sanctioned for adoption next year and the reorganisation expenditure is given in paragraphs 195 and 196, and in the memorandum by the Honourable Military Member (Appendix II).

Section IV.—Statements comparing the estimates under the more important heads of Revenue and Expenditure with the actuals of past years.

LAND REVENUE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
REVENUE (including that due to Irriga- tion)—	R	R	R	R	R	R
India General	14,05,222	12,37,032	14,72,513	14,56,000	15,45,000	14,51,000
Central Provinces	86,85,541	79,11,373	83,86,263	89,00,000	89,68,000	88,00,000
Berar . . . . .	...	70,8,389	78,30,166	82,69,000	82,31,000	83,28,000
Burma	3,31,48,222	2,33,74,368	3,52,43,662	3,64,30,000	3,74,25,000	3,93,75,000
Assam	61,67,279	64,58,053	54,43,025	65,06,000	64,22,000	66,27,000
Bengal	4,03,11,631	4,11,49,522	4,10,03,080	4,11,50,000	4,10,00,000	4,19,03,000
United Provinces of Agra and Oudh	6,45,25,467	6,41,12,450	6,46,71,000	6,52,87,000	6,44,63,000	6,06,38,000
Punjab	2,64,16,932	2,30,31,032	2,51,51,468	2,56,44,000	2,63,80,000	2,55,00,000
N.-W. Frontier Province	8,97,627	17,18,531	18,29,849	19,00,000	20,22,000	19,32,000
Madras	5,87,40,216	6,13,34,153	6,06,29,257	6,20,96,000	5,64,39,000	6,33,22,000
Bombay	4,57,23,091	4,14,33,666	4,94,12,623	4,95,03,000	4,44,54,000	4,78,93,000
TOTAL	28,65,21,228	28,87,68,569	30,10,72,906	30,71,41,000	29,73,49,000	30,57,69,000
Shown under XXIX. —Irrigation	1,22,00,957	1,22,15,889	1,25,57,090	1,32,67,000	1,29,05,000	1,37,38,000
Shown under I.— Land Revenue	27,43,20,271	27,65,52,680	28,85,15,816	29,38,74,000	28,44,44,000	29,20,31,000
EXPENDITURE—						
India—						
District Adminis- tration	1,98,39,403	2,02,44,519	2,08,17,850	2,16,04,000	2,16,58,000	2,25,25,000
Other Charges	2,30,76,569	2,33,95,466	2,49,09,285	2,81,73,000	2,62,22,000	2,81,38,000
TOTAL	4,29,15,972	4,36,39,985	4,57,27,135	4,97,77,000	4,78,80,000	5,06,63,000
England—	£	£	£	£	£	£
Other Charges	670	148	408	900	900	500

164. The figures have been already referred to in paragraphs 100, 120, 133 and 152. There is a falling off in Madras and Bombay in the current year, owing to deficient rainfall, which will affect the collections in Bombay next year also. In the United Provinces the *rabi* crop has been seriously damaged by frost, and it is expected that there will be a considerable decline in the revenue in 1905-1906. There will also be decrease, though to a much less extent, in the Punjab and the Central Provinces, where the recent abnormal cold weather has likewise affected the crops unfavourably. In the other provinces the revenue is growing steadily, partly owing to revision of settlements, and partly to extension of cultivation, brought about in many cases by development of irrigation.

OPIUM.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—						
Bengal—Sale of Opium	R 6,22,54,350	R 5,49,39,005	R 7,01,75,570	R 6,00,00,000	R 7,61,94,000	R 6,72,00,000
Bombay—Pass Fees.	81,40,250	99,15,500	1,30,70,750	1,14,60,000	1,15,60,000	1,20,00,000
Excise Opium and other revenue	23,85,734	26,22,071	27,94,355	28,66,000	29,06,000	29,65,000
TOTAL	7,27,80,334	6,74,76,576	8,60,40,675	7,43,26,000	9,06,60,000	8,21,65,000
Expenditure—						
Payments to Cultivators, including purchase of opium	2,16,45,838	2,22,84,345	3,07,70,477	2,74,12,000	2,71,58,000	2,48,31,000
Other Charges	24,55,486	23,76,208	25,61,683	26,26,000	23,81,000	27,07,000
TOTAL	2,41,01,324	2,46,60,553	3,33,32,160	3,00,38,000	2,95,39,000	2,75,38,000
ENGLAND.						
Other Charges	£ 1,935	£ 4,446	£ 3,600	£ 1,400	£ 2,200	£ 1,500
Statistics—						
Bengal—						
Chests sold	48,000	48,000	48,000	48,000	48,000	48,000
Average Price	₹1,297	₹1,144	₹1,462	₹1,250	₹1,587	₹1,400
Chests produced	44,457	44,724	64,738	...	50,000	...
Chests in Balance, March 31	54,303	51,025	67,758	...	69,758	...
Reserve, December 31	21,846	18,300	15,024	31,764	31,762	33,762
Bombay—						
Chests passed for export	16,280	19,831	26,141½	22,920	19,370	20,000
Rate of duty	₹500	₹500	₹500	₹500	₹500 & 600	₹600

165. The quantity of Bengal opium to be sold is, as usual, taken at 48,000 chests. In view of the high average price obtained this year the average price for 1905-1906 has, as already explained (paragraph 136), been taken at ₹1,400 per chest, the maximum rate which it is considered safe to adopt.

The decrease under charges is, as already stated in paragraph 145, due to expectation of a smaller crop this season.

SALT.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	R 1,90,47,984	R 1,97,31,548	R 1,72,13,079	R 1,69,00,000	R 1,69,50,000	R 1,36,25,000
Burma (b)	15,28,881	18,30,199	15,48,365	16,00,000	16,75,000	16,75,000
Bengal (b)	2,60,37,624	2,07,94,565	2,18,01,075	2,20,00,000	2,23,00,000	1,74,00,000
Madras (a)	1,91,53,622	2,03,16,107	1,95,35,805	1,80,00,000	1,93,50,000	1,55,00,000
Bombay (a)	2,33,21,533	2,40,93,650	1,80,58,649	1,85,00,000	2,00,00,000	1,57,00,000
TOTAL	8,90,89,644	9,27,66,069	7,87,56,973	7,70,00,000	8,02,75,000	6,39,00,000
CHARGES.						
India	51,41,683	51,86,238	49,35,853	56,35,000	51,64,000	55,98,000
England	£ 851	£ 142	£ 2,134	£ 900	£ 900	£ 100

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

166. The Revised and Budget Estimates are placed at 6 lakhs and 183 lakhs, respectively, lower than they would have been but for the reduction in the rate of duty. There has been a considerable increase in consumption subsequent to the reduction of duty in 1903, and it is anticipated that the fresh reduction now made will lead to a further increase next year.

FINANCIAL STATEMENT OF THE STAMPS.

REVENUE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
	R	R	R	Budget.	Revised.	R
Court Fees and Plain Paper	3,58,65,792	3,58,89,411	3,67,25,008	3,74,58,000	3,82,81,000	3,90,69,000
Commercial and other Stamps	1,49,00,263	1,51,99,912	1,59,38,860	1,61,38,000	1,71,86,000	1,74,73,000
Other Revenue	9,30,028	10,16,344	10,39,831	9,61,000	6,78,000	5,67,000
TOTAL	5,16,96,083	5,21,05,667	5,37,03,699	5,45,57,000	5,61,45,000	5,71,09,000
CHARGES.						
India	11,43,750	11,61,149	12,02,373	12,12,000	12,31,000	12,69,000
England (Stores)	£ 29,567	£ 31,898	£ 42,221	£ 37,500	£ 39,500	£ 40,100

167. The revenue has continued to develop in every province, the growth being largest in Bengal. A further moderate improvement is anticipated next year.

EXCISE.

REVENUE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
	R	R	R	Budget.	Revised.	R
Burma	54,24,494	57,64,060	74,64,332	79,00,000	75,50,000	86,00,000
Bengal	1,50,25,698	1,57,87,914	1,62,95,944	1,65,00,000	1,67,00,000	1,73,50,000
United Provinces of Agra and Oudh	74,10,028	83,23,741	94,58,526	98,00,000	1,01,00,000	1,05,00,000
Madras	1,43,08,674	1,56,16,618	1,77,02,209	1,76,50,000	1,87,50,000	1,83,00,000
Bombay	1,05,34,745	1,08,49,937	1,19,99,390	1,20,00,000	1,32,50,000	1,31,00,000
Berar . . . . .	...	9,14,176	19,94,331	19,50,000	24,20,000	26,00,000
Other Provinces	84,46,575	91,42,283	97,86,714	99,50,000	1,07,59,000	1,11,97,000
TOTAL	6,11,50,214	6,63,99,629	7,47,01,446	7,57,50,000	7,95,29,000	8,16,47,000
CHARGES.						
India	24,91,879	28,37,618	32,08,429	37,57,000	36,22,000	40,27,000
England	£ 30	£ 9	£ 33	£ ...	£ 800	£ 100

168. The figures have been explained in paragraphs 105 and 137. The revenue has grown steadily, and a further improvement upon the current Revised Estimate is anticipated in every province next year, except in Madras and Bombay where the unfavourable agricultural conditions of the present year are expected to affect the receipts.

The increase in charges is due to the entertainment of larger establishments in connection with measures for the improvement of local excise systems, and is largest in Burma, Bombay, the Central Provinces and Bengal.

PROVINCIAL RATES.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
REVENUE.						
District Local Funds	2,44,62,708	2,44,71,407	2,55,68,247	2,57,04,000	2,54,77,000	2,65,63,000
Provincial Cesses, including Famine Insurance	68,97,833	69,19,660	70,66,975	70,77,000	72,81,000	51,50,000
Village Service and Patwaris	81,79,374	81,47,838	79,81,295	80,97,000	79,71,000	81,20,000
Other Cesses	16,07,402	16,71,949	17,63,711	16,07,000	16,46,000	18,38,000
TOTAL	4,11,47,317	4,12,10,854	4,23,80,228	4,24,85,000	4,23,75,000	4,16,71,000
CHARGES	6,36,825	6,28,226	5,88,173	6,21,000	5,72,000	5,86,000

169. As compared with Budget expectations, there is a falling off in the current year in the United Provinces, Madras and Bombay, while there is a considerable increase in Bengal and the Punjab. The remission of the famine cesses will cause a loss of ₹22,65,000 next year, namely, ₹1,96,000 in the Central Provinces, ₹13,30,000 in the United Provinces, ₹6,63,000 in the Punjab, and ₹76,000 in the North-West Frontier Province. The provincial revenues have been compensated for the loss through the Land Revenue head. Apart from the remission of the famine cesses there would, as observed in paragraph 132, have been some increase of revenue in the current year, owing mainly to enhanced receipts in Bengal and the Punjab.

CUSTOMS.

SEA CUSTOMS.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
IMPORTS.						
<i>Special Import Duties.</i>						
Arms, Ammunition, and Military Stores	3,58,820	3,57,148	3,49,248	3,60,000	4,10,000	4,00,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	2,29,381	2,39,294	2,54,022	2,60,000	2,75,000	2,90,000
Spirits and Liqueurs	64,96,863	69,63,189	75,16,341	78,00,000	76,50,000	77,50,000
Wines	3,49,553	3,91,230	3,80,174	3,80,000	3,75,000	3,50,000
Opium	3,419	3,340	2,990	3,000	4,000	3,000
Petroleum	52,58,383	53,76,744	43,99,535	42,00,000	47,00,000	47,50,000
Sugar (countervailing duties, 1899)	40,48,294	17,04,465	2,31,977	50,000	15,000	15,000
do. (do., 1902)	—	3,32,703	20,573	—	8,000	—
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding Sugar)	15,13,581	14,57,463	15,43,568	15,70,000	18,00,000	17,50,000
Sugar (ordinary duties)	31,93,443	25,12,999	29,27,323	29,50,000	32,00,000	34,50,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials	12,09,503	12,07,077	13,83,834	14,20,000	13,80,000	14,00,000
Cotton Manufactures	1,03,75,550	99,15,217	98,83,003	99,50,000	1,22,00,000	1,16,77,000
Metals and Manufactures of :—						
Silver, Bullion and Coin	30,64,948	39,40,632	40,27,301	39,25,000	43,50,000	44,00,000
Other Metals and Manufactures of Metals	23,40,000	30,62,040	34,18,323	35,00,000	36,00,000	38,50,000
Oils (excluding Petroleum)	2,32,662	1,41,712	92,941	90,000	1,00,000	1,00,000
Manufactured Articles	61,17,900	61,37,209	70,81,173	73,00,000	82,50,000	86,50,000
Raw Materials and Unmanufactured Articles	8,86,010	8,27,951	9,17,898	9,00,000	9,75,000	10,25,000
TOTAL IMPORTS	4,56,77,326	4,42,70,813	4,44,32,844	4,46,58,000	4,93,00,000	4,93,90,000
EXCISE DUTY ON COTTON GOODS	17,67,498	18,60,213	20,77,449	21,50,000	23,00,000	25,00,000
EXPORT DUTIES—						
Rice	91,76,822	1,26,55,716	1,20,31,375	1,10,00,000	1,28,00,000	1,20,00,000
LAND CUSTOMS AND MISCELLANEOUS	8,73,642	8,71,796	9,52,802	9,50,000	10,20,000	10,70,000
GRAND TOTAL	5,74,95,288	5,96,64,538	5,94,94,470	5,87,58,000	6,54,20,000	6,54,60,000
Charges	24,19,723	24,17,843	25,20,550	26,96,000	27,17,000	28,31,000

170. The principal features in the Revised Estimate as compared with the current year's Budget are the extraordinary increase in the imports of cotton goods and manufactured articles, and to a less extent of petroleum, silver and

sugar, and the expansion of the rice exports. The increase in the growth of the receipts from excise duty on cotton goods noticed last year continues. As observed in paragraph 138, in framing the Budget for 1905-1906, it has been thought safe to estimate for some set back under cotton manufactures (imports) and rice (exports).

The charges are increasing in Bengal, owing to the necessity for improving the Customs and Preventive service in Calcutta.

ASSESSED TAXES.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
Deduction by Government from Salaries, Pensions, and Interest payments	45,44,754	46,46,579	42,56,216	42,22,000	43,37,000	43,75,000
Other Collections	1,59,94,900	1,65,09,844	1,39,63,760	1,47,36,000	1,45,00,000	1,48,38,000
TOTAL	2,05,39,654	2,11,56,423	1,82,19,976	1,89,58,000	1,88,37,000	1,92,13,000
Charges	3,57,348	3,62,255	3,48,126	3,30,000	3,38,000	3,38,000

171. Enhanced receipts are gradually making up for the loss of revenue entailed by the exemption of incomes between Rs500 and Rs1,000 in 1903-1904. The relief which that measure afforded to the poorer taxpayers may be gauged by the fact that the number of assesseees exempted by its operation in 1903-1904 was about 293,000, or some 55 per cent of the whole number who would otherwise have been liable.

FOREST.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India—						
Revenue	1,73,60,322	1,94,71,540	2,22,16,747	2,14,22,000	2,34,15,000	2,40,45,000
Expenditure	1,05,20,701	1,12,49,331	1,21,66,993	1,34,01,000	1,30,68,000	1,38,72,000
NET	68,39,621	82,22,209	1,00,49,754	80,21,000	1,03,47,000	1,01,73,000
	£	£	£	£	£	£
Equivalent in Sterling	455,975	548,148	669,983	534,700	689,800	678,200
Expenditure in England	4,201	1,828	2,485	1,300	4,700	1,700
NET REVENUE	451,774	546,320	667,498	533,400	685,100	676,500

172. The revenue is increasing in every province, the largest growth being in Burma. This fact necessitates increase in expenditure also, and the net receipts taken for 1905-1906, while 21½ lakhs in excess of the Budget figure for 1904-1905, are slightly below the amount anticipated in the Revised Estimate.

INTEREST RECEIPTS.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
India	1,06,27,928	1,06,55,278	1,13,14,112	1,09,35,000	1,06,45,000	1,07,61,000
England	₹ 77,151	₹ 157,315	₹ 141,788	₹ 40,000	₹ 1,60,000	₹ 88,000

173. The variations in England as compared with the Budget Estimate for the current year are explained in paragraphs 98 and 128. In India the interest on overdrawn capital of the Burma, Bengal-Nagpur and Indian Midland Railways, and on the Berar Famine loan, was overestimated.

INTEREST EXPENDITURE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
Interest on Debt—						
India	4,03,88,541	4,09,18,933	4,17,76,092	4,29,25,000	4,30,00,000	4,39,00,000
Deduct charged to—						
Irrigation	1,41,61,844	1,43,36,567	1,49,13,519	1,53,52,000	1,52,38,000	1,57,25,000
Railways	4,78,23,864	4,99,00,997	5,24,72,714	5,55,25,000	5,55,72,000	5,86,57,000
Balance charged to Interest	-2,15,97,167	-2,35,18,631	-2,56,10,141	-2,79,52,000	-2,78,10,000	-3,04,82,000
Equivalent in sterling England	₹ 1,439,811 ₹ 3,003,726	₹ 1,567,909 ₹ 3,003,159	₹ 1,707,343 ₹ 2,983,545	₹ 1,863,500 ₹ 2,994,700	₹ 1,854,000 ₹ 3,045,100	₹ 2,032,100 ₹ 2,927,900
TOTAL	1,563,915	1,435,250	1,276,202	1,131,200	1,191,100	895,800
Interest on other Obligations—						
On Savings Bank Balances converted at R15 = £1	245,797	260,001	280,968	303,000	306,500	326,500
Other items	134,626	137,434	140,457	142,100	140,800	142,600
GRAND TOTAL £	1,944,338	1,832,685	1,697,627	1,576,300	1,638,400	1,364,900
Debt outstanding, March 31—						
Sterling	₹ 134,307,090	₹ 133,796,261	₹ 133,045,844	₹ 134,694,161	₹ 133,043,644	₹ 137,221,044
Rupee Debt—						
4 per cent	4,71,61,750	4,59,61,550	4,47,61,525	4,35,61,550	4,35,61,525	4,15,06,325
3½ per cent	99,15,12,200	1,00,65,18,700	1,02,65,22,700	1,05,65,18,700	1,05,65,22,700	1,09,65,22,700
3 per cent	11,07,07,200	11,07,08,300	11,07,10,300	11,07,08,300	11,07,10,300	11,07,10,300
Other Debt	1,25,32,683	1,23,52,110	1,22,48,510	1,21,52,110	1,21,48,510	1,20,53,710
Savings Bank Balances	12,36,16,334	13,27,61,060	14,36,75,142	15,28,03,060	15,53,20,142	16,82,90,142

174. The Budget Estimate of the current year did not provide for the discount on the India 3 per cent stock of ₹ 2,500,000 raised in the current year. The transfer of a considerable amount of debt year by year from the non-productive account to the Railway and Irrigation revenue accounts, as an equivalent for productive capital expenditure incurred from surplus revenue, is materially reducing the charge under this head which is already nearly 30 per cent less than it was in 1901-1902.

175. The Postal Savings Bank deposits are increasing substantially year by year, giving unmistakable evidence of the growing prosperity of the country.

FINANCIAL STATEMENT OF THE
POST OFFICE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue	2,07,55,636	2,14,49,928	2,26,07,287	2,24,29,000	2,38,61,000	2,41,24,000
Expenditure	1,77,83,206	1,87,02,940	1,94,77,958	2,06,98,000	2,04,54,000	2,13,49,000
NET REVENUE IN INDIA	29,72,430	27,46,088	31,29,329	17,31,000	34,07,000	27,75,000
EQUIVALENT IN STERLING	£	£	£	£	£	£
NET EXPENDITURE IN ENGLAND	198,162	183,072	208,623	115,400	227,100	185,000
TOTAL NET REVENUE	95,077	99,915	104,694	151,000	149,500	120,200
TOTAL NET REVENUE	103,085	83,157	103,929	-35,600	77,600	64,800

176. The above shows a continued development of the operations of the Department. The concession in regard to the letter weight conveyable for half an anna will, as explained in paragraph 126, involve a loss of 7 lakhs of revenue.

TELEGRAPH.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue Accounts—						
Revenue	1,34,94,365	1,30,62,086	1,27,66,375	1,24,20,000	1,32,27,000	1,35,74,000
Expenditure	82,59,928	86,33,598	88,11,552	94,92,000	89,96,000	93,22,000
NET	52,34,437	44,28,488	39,54,793	29,28,000	42,31,000	42,52,000
Equivalent in sterling	£	£	£	£	£	£
Net Expenditure in England	348,962	295,233	263,653	195,200	282,100	283,500
Capital Expenditure—						
India (converted at R15 = £1)	57,994	71,212	85,809	117,300	98,000	100,500
England	218,182	190,967	131,656	171,000	163,000	263,500
TOTAL NET REVENUE	276,176	262,179	270,465	288,300	266,000	364,000
TOTAL NET REVENUE	3,922	-32,763	-59,189	-163,500	-26,100	-125,300

177. Of the increase in the Revised Estimate of revenue in India which has been explained in paragraph 109, Rs. 5,00,000 is in the receipts of the Indian Telegraph Department and Rs. 3,07,000 in the receipts of the Indo-European Telegraph Department. The receipts of 1905-1906 are framed on the assumption of a normal increase in traffic.

178. The Revised Estimate of expenditure on revenue account, in India, is smaller than the Budget Estimate by Rs. 4,96,000. The decrease occurs mainly in the Indian Telegraph Department, and is due to outlay on repairs of lines and other items of expenditure not having been incurred to the extent

provided in the Budget. The Budget Estimate of next year shows a small decrease as compared with that of 1904-1905.

179. The decrease in the Revised Estimate of expenditure in England on revenue account is mainly due to the net outpayments in respect of revenue being £6,000 against £39,000 provided in the Budget Estimate. On the other hand, the provision in the Revised Estimate for payment of the joint purse guarantee in respect of loss of receipts by the reduction in the tariff for foreign messages in 1902, *vide* paragraph 176 of last year's Statement, has been raised to £18,400 as against £12,300 in the Budget. The payment is on account of the period from 1st March 1902 to 31st March 1904 and is far less than was anticipated when the reduction in charges took place, owing to the compensatory growth of traffic. The Budget Estimate for next year does not contain any provision on this account.

180. The reduction in capital expenditure in India in the Revised Estimate occurs both in the Indian and Indo-European Telegraph Departments and is due to short outlay on works.

MINT.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
India— Revenue	83,29,925	61,68,083	4,32,70,754	29,41,000	29,55,000	15,83,000
Expenditure	73,71,901	62,34,258	4,16,62,331	33,87,000	16,12,000	12,94,000
NET REVENUE	9,58,024	—66,175	16,08,423	—4,46,000	13,43,000	2,89,000
Equivalent in ster- ling	₹ 63,868	₹ —4,411	₹ 107,228	₹ —29,700	₹ 89,500	₹ 19,200
Net expenditure in England	12,528	8,365	8,047	6,300	13,200	37,000
TOTAL NET REVENUE	51,340	—12,776	99,181	—36,000	76,300	—17,800

181. It has been explained in paragraph 96 that, with effect from the current year, the profits on the coinage of rupees will not appear as revenue and expenditure under this head.

EXPENDITURE ON CIVIL DEPARTMENTS.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
INDIA.						
General Administration	1,65,54,642	1,89,62,104	1,82,06,139	1,75,93,000	1,79,68,000	1,83,17,000
Law and Courts	3,23,58,574	3,32,26,413	3,41,38,317	3,54,64,000	3,49,66,000	3,61,60,000
Justice. { Jails	1,15,61,297	1,08,81,591	1,06,95,458	1,13,40,000	1,05,10,000	1,13,40,000
Police	4,43,41,080	4,52,71,032	4,62,95,126	4,77,22,000	4,72,76,000	5,33,10,000
Marine	42,58,472	40,20,772	66,82,412	72,14,000	75,52,000	63,00,000
Education	1,69,43,997	1,94,36,735	2,04,57,210	2,33,95,000	2,20,29,000	2,75,27,000
Ecclesiastical	16,84,155	16,55,652	16,92,069	18,46,000	17,97,000	18,82,000
Medical	1,28,87,984	1,42,81,869	1,41,36,131	1,56,74,000	1,49,51,000	1,60,68,000
Political	1,02,00,690	1,21,83,251	1,04,62,173	1,49,43,000	1,20,07,000	1,00,19,000
Scientific and Minor Departments	70,79,786	71,24,439	77,32,054	77,21,000	73,38,000	1,04,98,000
TOTAL INDIA	15,78,70,677	16,70,43,858	17,04,97,089	18,29,12,000	17,63,94,000	19,14,21,000
ENGLAND.						
General Administration	₹ 259,112	₹ 251,474	₹ 279,602	₹ 268,200	₹ 272,000	₹ 279,600
Marine	314,351	247,914	281,182	280,200	272,000	281,600
Other heads	48,624	53,598	51,975	53,100	49,900	57,700
TOTAL ENGLAND	622,087	552,986	612,759	601,500	593,900	618,900

182. The figures have been sufficiently dealt with in paragraphs 120, 155 and 156. The increase in 1905-1906 is mainly due to the special grants for Police, Education and Agriculture, referred to in paragraphs 126 and 156.

FINANCIAL STATEMENT OF THE
MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
INDIA.						
Territorial and Political Pensions	R 38,04,743	R 38,70,229	R 36,99,387	R 36,83,000	R 36,65,000	R 37,63,000
Civil Furlough and Absentee Allowances	11,492	5,480	4,271	8,000	6,000	8,000
Superannuation Allowances and Pensions	1,16,83,183	1,21,31,479	1,26,66,561	1,30,12,000	1,32,98,000	1,37,42,000
Stationery and Printing Exchange	67,03,453	70,25,818	68,96,961	68,20,000	72,50,000	74,44,000
Miscellaneous	45,39,511	85,09,175	64,80,127	35,20,000	36,97,000	35,32,000
TOTAL INDIA	2,67,42,382	3,15,42,211	2,97,47,307	2,70,43,000	2,79,16,000	2,81,89,000
ENGLAND.						
Civil Furlough and Absentee Allowances	£ 251,807	£ 244,026	£ 238,303	£ 257,500	£ 221,600	£ 250,000
Superannuation Allowances and Pensions	1,976,705	2,006,754	2,011,722	2,026,500	2,018,000	2,025,500
Other Heads	128,045	140,396	116,466	92,600	172,100	100,800
TOTAL ENGLAND	2,356,557	2,391,176	2,366,491	2,376,600	2,411,700	2,376,300

183. The main variations have been referred to in paragraphs 155 and 157.

The increases occur mainly under Superannuation Allowances and Pensions (India) and Stationery and Printing, and are due to the normal growth of the pension list and larger consumption of stationery articles.

184. The following statement shows the amount of agricultural and other loans written-off and charged under the head Miscellaneous:—

PROVINCE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906.
				Budget Estimate.	Revised Estimate.	Budget Estimate.
	R	R	R	R	R	R
India . . . . .	...	...	64,247	...	...	...
Central Provinces	5,19,334	39,769	12,12,723	1,00,000	2,00,000	50,000
Bengal . . . . .	...	...	1,05,637	...	6,000	14,000
United Provinces of Agra and Oudh	1,19,109	1,50,041	12,154	5,000	10,000	5,000
Punjab	6,778	2,59,651	6,49,099	23,000	53,000	3,000
Bombay	14,56,464	26,75,809	8,93,404	..	2,000	...

FAMINE, RELIEF AND INSURANCE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
Famine Relief	R 79,37,720	R 48,22,634	R 3,05,264	...	R 1,32,000	R 31,76,000
Construction of Protective Railways . . . . .	...	24,375	14,49,083	22,05,000	19,53,000	5,26,000
Construction of Protective Irrigation Works	10,60,386	14,21,131	21,66,690	35,00,000	32,68,000	57,00,000
Reduction or Avoidance of Debt	42,69,574	84,70,500	96,64,163	81,91,000	96,47,000	55,98,000
TOTAL	1,32,67,680	1,47,38,640	1,35,85,200	1,38,96,000	1,50,00,000	1,50,00,000
Net charge on account of the Bengal Nagpur and the Indian Midland Railways shown in the Railway Revenue Account	17,32,320	2,61,360	14,14,800	11,04,000	...	...
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000

185. As explained in paragraph 116, it has been decided that, with effect from the current year, the excess of the interest charges of the Bengal Nagpur

and Indian Midland Railways over their net earnings is not to be taken against the Famine Insurance Grant. As the four Protective railways in Madras are approaching completion, it is proposed to increase the expenditure on Protective Irrigation Works considerably next year. The expenditure on Famine relief works is provided for in Bombay and Madras to relieve distress due to the failure of the autumn and winter rains in Gujerat and the Deccan district. The balance which accrues, after meeting these various needs, is, as usual, devoted to Reduction or Avoidance of Debt.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
STATE RAILWAYS—						
Gross Receipts	28,91,58,390	28,70,64,842	30,86,48,869	30,87,13,000	34,28,23,000	34,36,04,000
Working Expenses	14,23,85,017	14,74,08,163	15,56,72,365	15,84,59,000	16,62,97,000	16,85,54,000
Net Receipts	14,67,73,373	13,96,56,679	15,29,76,504	15,02,54,000	17,65,26,000	17,50,50,000
Net Revenue equivalent at R15 = £1	₹ 9,784,892	₹ 9,310,445	₹ 10,198,433	₹ 10,017,000	₹ 11,768,400	₹ 11,670,000
Interest and other Charges—						
India converted at R15 = £1	3,223,480	3,346,997	3,526,753	3,750,300	3,737,100	3,942,700
England	5,406,829	5,511,831	5,557,330	5,622,000	5,624,100	5,761,100
Net Result	-1,154,583	451,617	1,114,350	644,700	2,407,200	1,366,200
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at R15 = £1	914,989	946,182	941,463	988,300	1,093,600	900,000
Surplus Profits, In- terest and other Charges—						
India converted at R15 = £1	154,673	90,884	117,311	134,300	139,900	174,300
England	1,009,544	1,026,892	1,032,772	1,056,100	1,045,100	1,039,000
Net Result	-249,228	-171,594	-208,620	-202,100	-91,400	-313,300
Other Receipts	33,753	50,062	39,812	46,600	48,800	49,500
Other Charges	92,492	101,136	84,873	135,000	110,100	138,200
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	114,330,144	117,729,962	122,406,787	127,379,662	127,700,887	135,928,287
Expenditure by Companies	36,590,076	38,699,861	40,392,021	41,821,161	41,701,121	42,844,221
Outlay on the East Indian Railway from Debentures raised by the Company	4,328,351	5,630,490	5,630,490	6,830,490	6,194,090	8,193,790
Outlay on the South Indian Railway by the Company	1,001,250	1,001,250	1,001,250	1,451,250	1,401,250	1,512,250
TOTAL	156,249,821	163,061,563	169,430,548	177,482,563	176,997,348	188,478,548
Miles open on April 1	19,295	19,380	20,119	20,767	20,744	20,347*
Guaranteed Rail- ways—						
Miles open on April 1	1,305	1,334	1,349	1,409	1,408	1,408

* Decrease due to the transfer of the main line of the Bengal North-Western Railway from this head as explained in paragraph 140.

186. The Revised Estimate of net receipts from State Railways in 1904-1905 is better than the Budget Estimate by R2,62,72,000 or £1,751,400; the

gross receipts having exceeded expectation by Rs. 3,41,10,000 and working expenses necessary in connection therewith by Rs. 78,38,000. Details of the most important variations are given in paragraph 111 above.

The dominating features of the year are an exceptionally heavy export traffic in wheat on the North-Western Railway, and a large pilgrim and coal traffic on the East Indian Railway, while the earnings of the Great Indian Peninsula Railway have been swollen by a favourable cotton crop.

187. The estimate of net receipts from State Railways in 1905-1906 is placed at Rs. 14,76,000 (£98,400) below the Revised Estimate of 1904-1905, but the comparison is affected by the inclusion in the Budget figures of the net receipts of the Bombay, Baroda and Central India Railway for the last three months of the official year as explained in paragraph 140. Allowing for this, the real decrease below the Revised Estimate is Rs. 38,26,000 or £255,100. The estimate of receipts allows for normal expansion of traffic and for development of traffic on extensions recently opened; but assumes that, owing to damage done to wheat and other crops by the recent frost and rains, the very high rate of increase recently obtained on the North Western Railway and some other lines will not be maintained. Working expenses follow the receipts; but it has also been found necessary to provide for special renewals of permanent way and rolling-stock, and for repairs to flood damages in continuation of those undertaken in the current year. 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 1905-1906 is less by £441,000 than in the Revised Estimate for 1904-1905, but greater by £1,321,500 than in the Budget for that year.

The principal modifications allowed for in the estimates of net receipts have been specified in paragraph 141.

188. The Revised Estimate of net receipts from Guaranteed Railways shows an improvement of £105,300 compared with the original estimate, due chiefly to a large increase in goods traffic on the Madras Railway and in passenger traffic on the Bombay, Baroda and Central India Railway, partly counteracted by an increase in working expenses. In the Budget Estimate for 1905-1906 the nominal decrease of £193,600, compared with the Revised Estimate, is due, as explained in paragraph 140, to the inclusion of the net receipts of the Bombay, Baroda and Central India Railway for the last three months of the year under State Railways. The increase in the Budget Estimate for 1905-1906 under Surplus Profits, Interest and other charges in India is due to the transfer of the net credit for Government supervision and control from this head to "Other Charges."

IRRIGATION.

IRRIGATION.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
MAJOR WORKS.						
Revenue { Direct Receipts	2,33,93,665	2,72,44,019	2,88,00,449	2,87,25,000	2,97,52,000	2,95,84,000
Revenue { Land Revenue	1,22,00,957	1,22,15,889	1,25,57,090	1,32,67,000	1,29,05,000	1,37,38,000
Expenditure { Working Expenses	1,05,28,805	1,13,19,158	1,21,61,268	1,23,18,000	1,31,01,000	1,28,12,000
Expenditure { Interest	1,41,61,844	1,45,36,567	1,49,13,519	1,53,52,000	1,52,38,000	1,57,25,000
NET	+1,09,03,973	+1,36,04,183	+1,42,82,752	+1,43,22,000	+1,43,18,000	+1,47,85,000
MINOR WORKS.						
Receipts—Direct	24,68,966	20,74,935	23,18,910	24,53,000	28,11,000	25,07,000
Expenditure	1,07,79,865	1,27,72,936	1,31,25,317	1,29,47,000	1,38,31,000	1,48,64,000
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31	35,93,76,519	36,95,61,658	37,93,59,394	38,41,68,720	38,76,02,894	40,55,21,894

189. The net receipts under Major Works are almost the same in the Revised Estimate for 1904-1905 as in the Budget. Explanation of the principal variations has been given in paragraphs 100, 112 and 117.

In 1905-1906, the Direct receipts are expected to be less than in the Revised Estimate of the current year (paragraph 142), and the interest charges have increased with the amount of the productive debt. On the other hand, Land Revenue (Irrigation) receipts are larger and working expenses less, and the net result is an increase in receipts by R4,67,000.

190. As regards "Minor Works" the increase of R3,58,000 under receipts in the Revised Estimate occurs in nearly all the provinces. The decrease of R3,04,000 in the Budget for 1905-1906, as compared with the Revised Estimate, occurs mainly in the Punjab, Bengal and the United Provinces.

The variations in expenditure, and the addition of 10 lakhs from Imperial revenues in 1905-1906, have already been noticed in paragraphs 117 and 161.

OTHER PUBLIC WORKS.

EXPENDITURE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India—						
Military Works	1,39,52,561	1,55,10,922	1,47,25,195	1,55,84,000	1,40,34,000	1,69,12,000
Civil Works, Imperial	66,37,813	72,01,046	86,48,595	97,37,000	97,99,000	94,07,000
Civil Works, Provincial	3,01,94,023	3,52,06,548	4,00,31,031	4,41,26,000	4,11,37,000	4,60,97,000
Civil Works, Local	1,66,08,290	1,81,65,666	1,89,73,803	2,07,64,000	2,01,73,000	2,62,37,000
TOTAL INDIA	6,73,92,687	7,60,84,182	8,23,78,624	9,02,11,000	8,51,43,000	9,86,53,000
England—						
Military Works	£ 34,612	£ 62,607	£ 52,974	£ 17,700	£ 52,000	£ 21,600
Civil Works	105,176	107,562	92,026	90,800	76,600	87,500
TOTAL ENGLAND	139,788	170,169	145,000	108,500	128,600	109,100
RECEIPTS.						
India	R 67,63,743	68,73,931	79,39,985	68,04,000	76,63,000	72,97,000
England	£ 28,649	28,679	26,171	26,800	24,300	17,000

191. The Military Works expenditure of the current year in India is expected to be less than the Budget Estimate by R15,50,000, owing partly to the transfer of R5,15,000 to the grant for Expenditure in England upon stores and partly to inability to spend the full allotment. The Budget Estimate for next year has been fixed at R1,72,36,000 for India and England, and is made up as follows:—

	R
Fixed quinquennial grant	93,53,000
Large works costing over R50,000 and schedule items	43,55,000
Reorganisation	35,28,000
	1,72,36,000

192. The Revised Estimate of Provincial and Local Civil Works shows a decrease of R35,80,000 as compared with the Budget, due chiefly to the special grants provided in the Budget Estimate not being fully utilised in the Punjab, Madras, and Berar, and to a less extent in some of the other provinces. The most notable of these items is R20,00,000 provided for the Simla Improvement scheme, of which only R1,25,000 will be spent during the year. The Provincial and Local Civil Works Budget for 1905-1906 is R74,44,000 in excess of that of the current year. Of the excess, R56,53,000 represents expenditure provided out of the special grants to District Boards referred to in paragraph 126. The flourishing condition of the provincial finances in Burma, and the special grants made to some of the Local Governments in connection with their new settlements and for other special purposes have also enabled them to provide for considerable additional expenditure next year. On the other hand, there is a considerable reduction in the allotment made in the United Provinces.

FINANCIAL STATEMENT OF THE
ARMY SERVICES.

EXPENDITURE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
	R	R	R	Budget.	Revised.	R
INDIA—						
<i>Effective Services—</i>						
Regimental Pay and Allowances.	7,85,63,254	8,25,96,895	8,85,44,754	9,84,04,000	9,76,37,000	9,84,97,000
Supply and Transport.	4,09,64,916	4,19,46,895	4,19,01,868	4,24,34,000	4,18,83,000	4,36,97,000
Ordnance.	96,46,625	1,12,99,554	1,09,25,486	1,25,73,000	1,21,47,000	1,36,52,000
Other Heads.	3,22,11,150	3,51,55,659	4,13,42,750	3,95,67,000	4,47,12,000	3,51,87,000
	16,13,85,945	17,09,99,003	18,27,14,858	19,29,78,000	19,63,79,000	19,10,33,000
<i>Non-effective Services</i>	93,27,144	98,37,015	1,00,92,048	98,37,000	1,00,05,000	1,00,25,000
<i>Reorganisation</i>	...	...	...	...	73,73,000	85,36,000
TOTAL INDIA	17,07,13,089	18,08,36,018	19,28,06,906	20,28,15,000	21,37,57,000	20,95,94,000
ENGLAND—						
<i>Effective Services—</i>						
Payments to War Office in respect of British Forces serving in India.	64,010	851,993	627,109	556,000	644,600	646,000
Furlough Allowances and Pay during Voyage of British Forces serving in India.	94,074	112,750	141,132	113,000	138,000	126,000
Furlough Allowances of Officers of the Indian Service.	216,620	250,605	261,115	240,000	270,000	250,000
Indian Troop Service.	196,521	345,499	360,039	333,800	379,000	321,300
Other Heads.	32,590	75,062	55,285	53,000	63,000	61,000
Stores for India—						
Clothing.	191,178	183,149	238,956	233,600	198,100	203,300
Ordnance and Miscellaneous.	1,147,238	1,015,005	795,670	1,529,300	1,140,000	527,100
Other Heads.	90,029	92,795	139,474	100,900	104,300	123,100
	2,032,260	2,926,858	2,618,780	3,159,600	2,937,000	2,257,800
<i>Non-effective Services—</i>						
Payments to War Office for Retired Pay, etc., of British Forces for services in India.	554,562	615,037	659,895	716,800	715,800	725,000
Pay and Pensions of Non-effective and Retired Officers of the Indian Service.	1,650,391	1,602,887	1,580,924	1,560,000	1,545,000	1,530,000
Other Heads.	145,846	145,875	151,816	157,300	166,500	161,000
	2,350,799	2,363,799	2,392,635	2,434,100	2,427,300	2,416,000
<i>Reorganisation—</i>						
Stores for India.	...	...	...	...	700,000	1,635,600
TOTAL ENGLAND	4,383,059	5,290,657	5,011,415	5,593,700	6,064,300	6,309,400
RECEIPTS—						
India	1,05,12,361	1,09,79,881	95,85,634	80,59,000	86,54,000	89,80,000
England	276,765	392,998	450,386	362,400	385,100	328,900

193. The variations in the receipts and ordinary expenditure, both in India and England, between the Budget and Revised Estimates of the current year

* have been explained in paragraphs 98, 99, 114, and 118. The following are the more important items of expenditure included under the head Reorganisation in the Revised Estimate in India—

Supply and Transport—Additional mule corps and cadres; local stores for 40 additional field hospitals; and mobilisation equipment.

Remounts—Increase in the reserve of horses.

Clothing—Clothing for general and field hospitals.

Ordnance—Materials for manufacture of 303 ammunition; ordnance stores for 40 additional field hospitals; mobilisation equipment and completion of the four existing ordnance field parks.

The £700,000 in the Revised Estimate under Reorganisation in England represents the cost of rifles, guns, ammunition and ordnance and other stores ordered from England this year.

194. The following table gives a comparison of the Budget Estimates of 1904-1905 with those of 1905-1906, for the whole Military expenditure of India, both in this country and in England, under all the heads of account under which it is charged :—

	Ordinary Expenditure.	Reorganisation.	*Special measures.	Special services.	TOTAL.
	R	R	R	R	R
Budget, 1904-1905—					
India—					
Army	19,45,09,000	...	34,16,000	48,90,000	20,28,15,000
Military Works	95,47,000	...	60,37,000	...	1,55,84,000
Marine	35,42,000	...	27,000	6,80,000	42,49,000
Special Defences . . . . .	...	...	16,00,000	...	16,00,000
TOTAL	20,75,98,000	...	1,10,80,000	55,70,000	22,42,48,000
	£	£	£	£	£
Converted at R15=£1	13,839,800	...	738,700	371,400	14,949,900
England—					
Army	4,593,700	...	992,100	7,900	5,593,700
Military Works	17,700	...	...	...	17,700
Marine	170,200	...	110,000	...	280,200
Special Defences . . . . .	...	...	150,000	...	150,000
Total England	4,781,600	...	1,252,100	7,900	6,041,600
Total India and England	18,621,400	...	1,990,800	379,300	20,991,500
Budget, 1905-1906—					
India—					
Army	19,70,11,000	85,36,000	25,82,000	*14,65,000	20,95,94,000
Military Works	90,29,000	35,28,000	43,55,000	...	1,09,12,000
Marine	38,12,000	...	2,000	1,81,000	39,95,000
Special Defences . . . . .	...	...	11,73,000	...	11,73,000
TOTAL	20,98,52,000	1,20,64,000	81,12,000	16,46,000	23,16,74,000
	£	£	£	£	£
Converted at R15=£1	13,990,100	804,300	540,800	109,700	15,444,900
England—					
Army	4,662,900	1,635,600	10,900	...	6,309,400
Military Works	21,600	...	...	...	21,600
Marine	181,600	...	100,000	...	281,600
Special Defences . . . . .	...	...	175,000	...	175,000
Total England	4,866,100	1,635,600	285,900	...	6,787,600
Total India and England	18,856,200	2,439,900	826,700	109,700	22,232,500

195. The increase in total expenditure in 1905-1906 is entirely due to reorganisation. The variations in the ordinary expenditure have been explained in Section III. The chief objects upon which the Reorganisation grants for next year are expected to be spent are as follows :—

INDIA.

Army.

Additional mule corps, and mule cadres.
 Increase in the reserve of horses.
 Native troops' lines and land.
 Increase in reserves of small arm ammunition.
 Rearmament of horse and field artillery.
 Increase to reserve of rifles.
 Provision of G. S. wagons for artillery ammunition.
 Mobilisation equipment for units.
 Change of administration in Supply and Transport Corps.
 Provision of additional army transport carts.
 Carts for 8 cavalry brigade ammunition columns and 8 divisional ammunition columns.

Military Works.

Construction of buildings for storing increase in reserves of artillery ammunition.
 Construction of buildings in connection with the redistribution of the army.

ENGLAND.

- Increase in reserves of artillery ammunition.
- Increase in reserves of small arm ammunition.
- Rearmament of horse and field artillery.

196. The principal grants for special measures in India under Army and Military Works are for the purposes shown below. Under Marine, provision has been made in England for a ship required to replace the R. I. M. vessel *Canning*.

Army.

Formation of a Pioneer battalion of Hazaras.
 Establishment of new and extension of existing dairies.
 Personnel, labour and local stores for Cordite, Rifle, etc., factories.

Military Works.

Central Gun Carriage Factory, Jubbulpore.
 Rifle Factory, Ishapur.
 Stock and Cartridge Metal Rolling Mills, Ishapur.
 Electric installation for lighting and punkha pulling.
 • Staff College, Quetta.
 Lansdowne-Dogadda cart road.
 Water-supply of Umballa and Secunderabad buildings, and railway sidings for the arsenal at Kirkee.

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

RAILWAY CONSTRUCTION.

197. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee is now estimated at ₹11,21,69,000 in 1904-1905 and at ₹12,50,00,000 in 1905-1906, against ₹9,57,06,265 in 1903-1904, and ₹12,00,00,000 in the Budget Estimate of the current year, inclusive of ₹60,00,000 for the purchase of four branch railways. During the course of the year, however, a sum of ₹25,00,000 was transferred from head 49.—Irrigation, and the total grant for the year was thus raised to ₹12,25,00,000. The lapse of ₹1,03,31,000 is due to short outlay in England against some of the amounts placed at the disposal of the Secretary of State and Companies' Boards for the purchase of rolling-stock

and stores. This was largest in the case of the East Indian, Madras, Southern Mahratta, and Bombay, Baroda and Central India Railways. It was partly compensated for by increased outlay in India, and by the commencement of construction work on the Rameswaram Extension of the South Indian Railway. The grant of Rs 12,50,00,000 for 1905-1906 is inclusive of a regrant of 50 lakhs out of the lapses of 1904-1905.

198. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1903-1904 to 1905-1906 is as follows :—

	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
<i>Expenditure in England.</i>			
1. State Lines	£ 1,301,774	£ 1,509,000	£ 2,346,000
2. Old Guaranteed Railways	437,172	329,500	493,700
3. Extensions of ditto	54	1,500	...
4. Other Guaranteed or Assisted Railways	832,031	763,700	648,900
TOTAL	2,571,031	2,603,700	3,488,600
<i>Equivalent in rupees of Expenditure in England.</i>			
1. State Lines	₹ 1,95,26,605	₹ 2,26,35,000	₹ 3,51,90,000
2. Old Guaranteed Railways at contract rates	57,17,811	39,82,000	58,91,000
3. Extensions of ditto at prescribed rates	807	23,000	...
4. Other Guaranteed or Assisted Railways at contract rates	1,24,80,459	1,14,56,000	97,34,000
TOTAL	3,77,25,682	3,80,96,000	5,08,15,000
<i>Expenditure in India.</i>			
1. State Lines	4,84,99,967	6,91,77,000	6,77,40,000
2. Old Guaranteed Railways	—35,97,070	—30,64,000	—9,91,000
3. Extensions of ditto	1,46,750	—54,000	50,000
4. Other Guaranteed or Assisted Railways	1,29,02,320	79,45,000	73,52,000
5. Branch Lines on firm guarantee	28,616	69,000	34,000
TOTAL INDIA	5,79,80,583	7,40,73,000	7,41,85,000
TOTAL OF PROGRAMME	9,57,06,265	11,21,69,000	12,50,00,000

199. 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 is as follows :—

	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	₹	₹	₹
Total as in preceding table	9,57,06,265	11,21,69,000	12,50,00,000
Famine Protective lines	14,49,083	19,53,000	5,26,000
Branch lines not on firm guarantee	1,89,719	1,12,000	1,18,000
Railways outside the Government account	62,80,366	1,04,41,000	96,79,000
Provincial and Local State lines	3,98,248	1,01,000	12,04,000
GRAND TOTAL	10,40,23,681	12,47,76,000	13,65,27,000

200. Details of the expenditure on State and Companies' lines, whether open or under construction, for 1904-1905 and 1905-1906, will be found in statement A of Appendix III, furnished by the Railway Board.

Irrigation Construction.

201. The figures are:—

Accounts, 1903-1904.	Budget, 1904-1905.	Revised, 1904-1905.	Budget, 1905-1906.
R	R	R	R
76,18,475	1,25,00,000	60,38,000	1,25,00,000

Of the original Budget grant of R1,25,00,000 for 1904-1905, a sum of R25,00,000 was transferred during the year to "48.—State Railways," and a further sum of R14,00,000 was surrendered, leaving the grant at R86,00,000, against which the Revised Estimate is placed at R60,38,000.

The Budget grant for 1905-1906 has been fixed at R1,25,00,000.

202. The following table shows the projects included in the present programmes of 1904-1905 and 1905-1906, and the amounts to be spent on each:—

Name of projects	Expenditure in	
	1904-1905.	1905-1906.
<i>Canals in operation—</i>	R	R
Mandalay Canal	1,75,000	56,000
Ganges "	2,30,000	4,06,000
Lower Ganges Canal	3,50,000	5,47,000
Fatehpur Branch, Lower Ganges Canal	60,000	65,000
Eastern Jumna Canal	2,30,000	2,20,000
Western " "	20,000	33,000
Bari Doab "	2,50,000	2,40,000
Sirhind Canal	50,000	1,00,000
Chenab "	1,50,000	5,50,000
Upper Chenab Canal	30,000	15,00,000
Jhelum "	10,80,000	19,00,000
Upper Jhelum "	30,000	14,50,000
Indus Inundation Canals	5,00,000	6,48,000
Godavery Delta	1,70,000	2,33,000
Kistna "	5,00,000	4,24,000
Penner River Canals	60,000	1,10,000
Cauvery Delta	1,50,000	2,18,000
Periyar Project	1,20,000	1,38,000
Desert Canal	18,000	4,000
Eastern Nara Works	70,000	43,000
Jamrao Canal	—1,52,000	11,000
<i>Canals under construction—</i>		
Shwebo Canal	6,78,000	7,40,000
Mort Canals	3,77,000	8,01,000
<i>Other Projects</i>	8,92,000	14,34,000
<i>Reserve</i>	...	6,29,000
TOTAL	60,38,000	1,25,00,000

Section VI.—Provincial Finance.

*Features of
new settlements
with Bombay and
the Punjab.*

203. The system of *quasi*-permanent settlement described in paragraphs 211 to 213 of the last Financial Statement has been extended to Bombay and the Punjab; the new settlements with these provinces will take effect from the ensuing year. The principles followed are generally the same as those adopted for the four provinces dealt with last year, but the following modifications have been found necessary:—

Bombay.—The Provincial share of revenue under the principal divisible heads has been raised to one-half, except under Registration, which has, as in Madras and Bengal, been made a wholly Provincial head. The alteration of expenditure under the corresponding heads follows that of receipts, save that under 3.—Land Revenue, the expenditure, which represents the cost of the ordinary district administration, has been made wholly Provincial. The Local Government has also been given an interest in Irrigation works by

provincialising half the revenue and expenditure (including interest on debt) under the Irrigation heads. The Government of India have likewise agreed that if in any year the Provincial share of Land Revenue (divided portion) should fall below 1,89½ lakhs, the deficit shall be made good from Imperial resources. The Government of India have also undertaken to secure the Province from loss in connection with the project for irrigating territory in Baluchistan from Bombay, if and when this is carried out.

Finally, the fixed assignment, which has been largely added to, is to be further increased when the division of the Khandesh district, and the revision of the Sind Sadar court are carried out. A sum of ₹50,000 has been provided for these purposes in the ensuing Budget.

Punjab.—The Provincial share of Revenue has been raised to ¾ under Land Revenue, to the whole under the head Registration, and to one-half under the remaining divided heads. On the expenditure side the proportions are the same, except that the head 3.—Land Revenue will be wholly Provincial. The scope of the settlement has also been enlarged by the provincialisation of three-eighths of the revenue and expenditure (including interest) under Major Irrigation works. The Government of India have also agreed that if the net revenue from Irrigation, after deducting the Provincial share of the interest charge, should fall below 28 lakhs, the deficit will be made up from Imperial resources.

204. Both these provinces have suffered severely from famine and plague, and during the last few years their finances have been in constant deficit, necessitating large grants from Imperial revenues to secure nominal equilibrium. The new settlements have accordingly been framed on a very liberal basis, and the fixed assignments to the two Governments, have been increased by ₹53,43,000 per annum, namely, ₹36,92,000 in the case of Bombay and ₹16,51,000 in the case of the Punjab.

The shares of growing revenue and the fixed assignments from Imperial to Provincial stand as follows:—

	Bombay.	Punjab.
	₹	₹
Growing revenue	4,48,98,000	2,46,50,000
Fixed assignment	42,77,000	3,00,000
TOTAL	4,91,75,000	2,49,50,000

Allotment of growing revenues and fixed assignments.

The following table shows the share of the average annual increment of revenue which would accrue to Provincial revenues, calculated on the basis of the figures for the years 1887-1888 to 1895-1896 (which is here taken as the last normal year) in the case of Bombay, and 1892-1893 to 1903-1904 in the case of the Punjab:—

	Under the old Settlement.	Under the new Settlement.
Bombay	6,30,000	8,55,000
Punjab	3,08,000	6,78,000

In other words, out of the annual increment of revenue of the two Provinces taken together, the Supreme Government will receive ₹5,95,000 less than they have hitherto done. On the other hand, owing to larger provincialisation of expenditure, the Government of India will have to bear ₹2,21,000 less of the average annual increment under charges. On the whole, therefore, the net loss to the Supreme Government by sacrifice of annual increment of revenue is ₹3,74,000. As a result of the changes above described, Bombay will now receive 59 per cent and the Punjab 33·7 per cent of the net average annual increment of revenue under the divided heads including Irrigation.

205. Finally, in order that the Local Governments may start the new settlement under favourable conditions, the Government of India have sanctioned an initial lump grant of ₹50,00,000 in each case. These sums are intended *inter alia* to cover all future plague charges.

Initial grants.

Additional grants made to major Provinces in previous years.

206. The only major provinces in which the new scheme of *quasi*-permanent settlement now remains to be introduced are the Central Provinces and Burma, and the case of the Central Provinces will be taken up during the current year.

207. Of the recurring grants to Provincial Governments for education and improvement of district administration, shown in paragraphs 223 and 226 of last year's Statement, those to the Central Provinces (3·9 lakhs), to Burma (4 lakhs), to the Punjab (6·41 lakhs) and to Bombay (9·5 lakhs) continued to be paid during the current year, the remainder being merged in the new settlements with Assam, Bengal, the United Provinces and Madras. In the coming year the above grants to the Punjab and Bombay will merge in the fresh settlements with those provinces, leaving only the grants to Burma and the Central Provinces still outstanding.

Principal Fresh grants in 1905-1906.

208. On the other hand, as explained in paragraphs 126 and 156, considerable recurring grants have been made to the provinces in the next year for the reform and development of Police administration, Education and Agriculture, for assignment to District and Local Boards, and to compensate those provinces in which the famine cesses are to be remitted. These payments, which will be made through the adjusting head of Land Revenue, are as follows for each major province:—

PROVINCE,	For Police reform.	For Primary education.	For agricultural development.	For grants-in-aid to District and Local Boards.	In compensation for remission of Famine cesses.
	R	R	R	R	R
Central Provinces including Berar	5,00,000	2,00,000	As yet undistributed.	2,00,000	2,00,000
Burma	5,00,000	2,00,000		4,50,000	...
Assam	50,000	1,00,000		1,50,000	...
Bengal	12,00,000	10,00,000		12,50,000	...
United Provinces	6,50,000	6,00,000		8,00,000	13,30,000
Punjab	5,00,000	3,00,000		6,50,000	6,50,000
Madras	10,00,000	6,00,000		14,00,000	...
Bombay	5,00,000	5,00,000		7,00,000	...
TOTAL	49,00,000	35,00,000	20,00,000	56,00,000	21,80,000

In addition to the above special grants, a grant of 5 lakhs for the improvement of University Education has been distributed as follows in the Revised Estimate of the current year:—

	R
Bengal	2,00,000
United Provinces	1,33,000
Punjab	34,000
Madras	70,000
Bombay	63,000

A similar sum of 5 lakhs will be distributed in 1905-1906.

Other assignments.

209. The assignments to Provincial Governments in compensation for their diminished receipts by the exclusion of incomes between ₹500 and ₹1,000 from Income Tax in 1903-1904, will, in the coming year, be merged in the new settlements in the case of all the major provinces except the Central Provinces and Burma. In Burma the compensation amounts to ₹97,000 and in the Central Provinces to ₹30,000. The Central Provinces also obtains ₹35,000 as contribution for the Provincial share of the Pandhri Tax abolished in 1902-1903, and ₹2,20,000 for extra expenditure consequent on the addition of Berar to this Administration. Bengal receives ₹4,31,000 as special contribution towards the improvement of the Port of Chittagong, in addition to ₹75,000 allotted for this purpose in the Revised Estimate. Madras receives ₹6,26,000 in the Revised Estimate, and ₹7,00,000 in the Budget for 1905-1906, as Imperial contribution towards the improvement of the Madras Harbour.

210. The following table gives the usual information regarding revenue, expenditure, and balances of each province, compared with the standards assumed in the settlements in force in each:—

Revenue, expenditure, and balances of the various provinces.

	Estimate for the old Settlement.	Estimate for the new quasi-permanent Settlement.	ACCOUNTS.		Revised, 1904-1905.	Budget, 1905-1906.
			1902-1903.	1903-1904.		
	1	2	3	4	5	6
	R	R	R	R	R	R
CENTRAL PROVINCES—						
Balance on April 1, 1902 . . . . .	...	...	22,43,000	...	...	...
Total Revenue, including adjustments	83,93,000	...	1,02,98,000	1,14,39,000	1,14,92,000	1,28,49,000
Total Expenditure	83,93,000	...	1,02,99,000	1,21,80,000	1,21,93,000	1,28,49,000
Closing Balance . . . . .	...	...	22,42,000	15,01,000	8,00,000	8,00,000
BURMA—						
Balance on April 1, 1902 . . . . .	...	...	1,38,17,000	...	...	...
Total Revenue, including adjustments	3,31,33,000	...	3,40,43,000	3,70,48,000	3,85,53,000	4,13,10,000
Total Expenditure	3,31,33,000	...	3,73,30,000	3,90,80,000	4,05,81,000	4,42,62,000
Closing Balance . . . . .	...	...	1,05,30,000	84,98,000	64,70,000	35,18,000
ASSAM—						
Balance on April 1, 1902 . . . . .	...	...	6,00,000	...	...	...
Total Revenue, including adjustments	66,43,000	72,07,000	84,16,000	92,84,000	75,84,000	80,30,000
Total Expenditure	66,43,000	72,07,000	74,07,000	81,44,000	77,79,000	77,84,000
Closing Balance . . . . .	...	...	16,09,000	27,49,000	25,54,000	28,00,000
BENGAL—						
Balance on April 1, 1902 . . . . .	...	...	49,06,000	...	...	...
Total Revenue, including adjustments	4,43,49,000	4,98,87,000	5,23,92,000	6,33,54,000	5,16,41,000	5,63,70,000
Total Expenditure	4,43,49,000	4,98,87,000	5,17,69,000	5,46,30,000	5,34,08,000	6,06,07,000
Closing Balance . . . . .	...	...	55,29,000	1,42,53,000	1,24,86,000	82,49,000*
UNITED PROVINCES OF AGRA AND OUDH—						
Balance on April 1, 1902 . . . . .	...	...	38,80,000	...	...	...
Total Revenue, including adjustments	3,42,62,000	3,66,64,000	3,89,87,000	4,30,39,000	3,73,97,000	3,83,04,000
Total Expenditure	3,42,62,000	3,66,64,000	3,90,51,000	3,93,28,000	3,88,89,000	4,07,71,000
Closing Balance . . . . .	...	...	38,16,000	75,27,000	60,35,000	35,68,000
PUNJAB—						
Balance on April 1, 1902 . . . . .	...	...	14,96,000	...	...	...
Total Revenue, including adjustments	1,90,28,000	2,49,50,000	2,24,54,000	2,30,40,000	2,71,32,000	2,67,31,000
Total Expenditure	1,90,28,000	2,49,50,000	2,14,25,000	2,23,65,000	2,23,25,000	3,01,66,000
Closing Balance . . . . .	...	...	25,25,000	32,00,000	80,07,000	45,72,000
MADRAS—						
Balance on April 1, 1902 . . . . .	...	...	42,87,000	...	...	...
Total Revenue, including adjustments	3,10,65,000	3,50,48,000	3,64,05,000	4,22,11,000	3,58,20,000	4,03,66,000
Total Expenditure	3,10,65,000	3,50,48,000	3,64,21,000	3,69,70,000	3,77,13,000	4,33,93,000
Closing Balance . . . . .	...	...	42,71,000	95,12,000	76,28,000	46,01,000
BOMBAY—						
Balance on April 1, 1902 . . . . .	...	...	58,23,000	...	...	...
Total Revenue, including adjustments	4,16,53,000	4,91,75,000	4,67,70,000	4,60,62,000	5,12,05,000	5,19,95,000
Total Expenditure	4,16,53,000	4,91,75,000	4,91,93,000	4,61,85,000	4,68,72,000	5,50,39,000
Closing Balance . . . . .	...	...	34,00,000	33,77,000	76,10,000	45,66,000

* Includes ₹50,00,000 held for the Calcutta improvement scheme referred to in paragraph 219 of last year's Statement.

The large excesses of expenditure over revenue in Bengal, the United Provinces, the Punjab, Madras and Bombay are due to partial utilisation of the lump grants given towards the starting of the settlements with these provinces.

Section VII.—Ways and Means.

HOME TREASURY.

211. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1904-1905 and in the Budget Estimates of 1905-1906:—

	Budget, 1904-1905.	Revised, 1904-1905.	Budget, 1905-1906.
	£	£	£
Opening Balance	7,003,387	7,294,782	10,338,282
RECEIPTS.			
Permanent Debt incurred for the Redemption of Railway Liabilities . . . . .	...	...	2,927,400
Capital raised and deposited by Railway Companies—			
For Capital outlay	1,252,600	1,467,400	402,600
For discharge of Debentures	2,070,100	47,100	2,274,800
Deposits and Advances—			
Gold Reserve Fund	166,800	2,001,200	254,000
Currency Reserve . . . . .	...	...	1,333,000
Other items	7,500	16,500	14,300
Remittance Account between England and India—			
Railway transactions	2,453,000	1,781,200	2,114,000
Remittance of Gold from India for purchase of silver . . . . .	...	4,492,300	...
Other transactions	504,000	1,015,600	301,000
Total Receipts, excluding Council Bills, Loans, and Opening Balance	6,454,000	10,821,300	9,621,100
DISBURSEMENTS.			
Excess of Expenditure over Revenue	18,435,900	18,801,000	19,262,800
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	1,715,800	1,517,000	2,372,500
Redemption of Railway Liabilities . . . . .	...	...	3,427,400
Outlay of Railway Companies	1,264,900	1,107,900	1,145,200
* Payments to Railway Companies for discharge of debentures	2,070,100	61,200	2,274,800
Permanent Debt discharged	1,002,100	1,002,200	250,000
Temporary Debt discharged	2,000,000	2,000,000	500,000
Deposits and Advances—			
Gold Reserve Fund	166,800	2,001,200	254,000
Currency Reserve . . . . .	...	...	1,333,000
Other transactions	7,900	119,100	3,600
Remittance Account between England and India—			
Railway transactions	2,747,000	2,668,500	1,654,300
* Purchase of silver . . . . .	...	4,540,000	...
Other transactions	350,600	459,700	408,300
Total Disbursements	29,761,100	34,277,800	32,885,900
Net Disbursements, excluding Council Bills, Loans, and Opening Balance	23,307,100	23,456,500	23,264,800
<i>Financed as follows :</i>			
Council Bills	16,500,000	23,500,000	16,500,000
Permanent Debt incurred	2,500,000	2,500,000	2,000,000
Temporary Debt incurred	2,000,000	500,000	...
Reduction of + or addition to — Cash Balance	+ 2,307,100	— 3,043,500	+ 4,764,800
TOTAL	23,307,100	23,456,500	23,264,800
Closing Balance	4,696,287	10,338,282	5,573,482

* The heads marked with an asterisk appear both on the receipt and payment sides. As the receipts and disbursements under each of them are practically equal, they do not affect the Ways and Means of the year to any material extent.

212. Apart from receipts from loans and the sale of Council Bills, the net disbursements of the Home Treasury were taken in the Budget Estimate of the current year at £23,307,100, including £1,002,100 and £2,000,000, respectively, on account of discharge of Great Indian Peninsula Railway debentures and India Bills which fell due during the year. It was anticipated that the net disbursements would be met by the sale of £16,500,000 of Council Bills; the issue of £2,500,000 and £2,000,000 of India Stock and India Bills, respectively; and by drawing upon the cash balance of the Home Treasury to the extent of £2,307,100. The net disbursements are now taken in the Revised Estimate at £23,456,500 or £149,400 more than in the Budget. But, owing to the demand for trade purposes, the sales of Council Bills are expected to exceed the Budget Estimate by £7,000,000, excluding £700,000 appropriated for the remittance to London of a part of the profit on the rupee coinage of the year which has accrued to the Gold Reserve Fund. Of the extra £7,000,000, £1,500,000 has been applied to discharge India Bills for that amount which it was anticipated would be replaced during the year, and the remainder after meeting the increase in the net disbursements, has gone to swell the closing balance of the year which is now estimated at £10,338,282.

1904-1905.
General Remarks.

213. The increase of £149,400 in the net disbursements is the result of a number of variations. The receipts of fresh capital from Railway Companies, which in the Budget Estimate were taken at £2,900,000, are now estimated at £2,403,700, i.e., £496,300 less than the Budget. There is also an increase of £365,100 in the net expenditure chargeable to Revenue, and of £102,200 in the net disbursements on account of Advances. The payments for the purchase of silver likewise exceeded the value of the gold remitted from India for the purpose by £47,700. On the other hand, there are decreases of £198,800 in the expenditure on State Railways and Irrigation Works not charged to Revenue, and of £260,700 in the net payments to Railway Companies (including Companies working State lines in India) for the purchase of stores, etc. There is also a considerable improvement (£402,500) in the net result of the miscellaneous remittance transactions between England and India: these consist chiefly of miscellaneous payments in England which are transferred to India to be recovered or brought to account and of recoveries in England from the Imperial Government on account of expenditure incurred in India in connection with the Somaliland expedition and for emigration bills, Chelsea out-pensioners and supplies to His Majesty's Navy. The net result of these several factors is an increase of £149,300 which, with a small increase of £100 in the amount of the Permanent Debt discharged, gives the total increase of £149,400 in the net outgoings.

1904-1905.
Increase in net disbursements as compared with Budget.

214. The demand for Council Bills and telegraphic transfers has been very large throughout the year and it is expected that the sales of the year will reach £24,200,000. Of this sum, £700,000 has been appropriated, as mentioned above, for the remittance to London of a part of the profit on the rupee coinage of the year which has accrued to the Gold Reserve Fund. The balance of £23,500,000, which has been shown against the item "Council Bills" in the foregoing table, represents the amount of the ordinary drawings of the Secretary of State.

1904-1905.
Council Bills.

215. The Secretary of State has also received from India remittances of gold on account of the Gold Reserve Fund, in August, September and December 1904. The sale proceeds of this gold (£1,099,500), as also the remittance by Bills of £700,000 referred to above, have as usual been invested in sterling securities. The balance shown under Gold Reserve Fund in the receipts and disbursements transactions exhibited in the table on the preceding page represents interest on investments already made. Investments on behalf of the Gold Reserve Fund are made in London at the earliest possible date after receipt of the remittances, and do not therefore affect the balances of the Home Treasury otherwise than temporarily.

1904-1905.
Remittances for Gold Reserve Fund.

216. The Budget Estimate, as mentioned above, provided for the issue of £2,500,000 India Stock and £2,000,000 India Bills to discharge Railway debentures and India sterling bills falling due during the year, as well as for advances to Indian Railway Companies under Act 51 Vict., c. 5. There has been a variation from this programme in the issue of India Bills: the new issues have been

1904-1905.
Loans.

restricted to £500,000, and the balance of £1,500,000 has been discharged. This reduction in the amount of the floating debt has been effected without a corresponding increase of the issue of India Stock, the cash balances in India having admitted of the increased drawings of Council Bills.

The sterling loan was announced in April last, tenders being invited for £2,500,000 of 3 per cent India Stock at a minimum rate of 94½ per cent. The applications received amounted to £12,059,600, and the average rate of accepted tenders was £95-18-6. The issue of India Bills was made in May 1904 for a period of twelve months. The aggregate amount tendered was £3,331,000, and the average rate of interest payable on the £500,000 accepted was £2-11-0 per cent per annum.

217. The details of the transactions under capital raised and deposited by Railway Companies are as follows:—

1904-1905.
Capital raised
and deposited by
Railway
Companies.

RECEIPTS.	Budget, 1904-1905.	Revised, 1904-1905.
<i>Subscribed Capital.</i>		
To discharge debentures—	£	£
Bengal Nagpur Railway	25,000	...
" " Extensions	375,000	...
Indian Midland Railway	1,000,000	...
Rohilkund-Kumaon Railway	147,000	...
Bombay, Baroda and Central India Rail- way	120,000	...
Madras Railway	403,100	47,100
	2,070,100	47,100
To meet Capital outlay—		
Bengal Nagpur Railway	...	200,000
" " Extensions	...	800,000
Bombay, Baroda and Central India Rail- way	500,000	...
Madras Railway	750,000	454,200
	1,250,000	1,454,200
Miscellaneous (Transfer fees, etc.)	2,600	13,200
TOTAL RECEIPTS	3,322,700	1,514,500
ISSUES.		
For Discharge of Debentures	2,070,100	61,200
For Capital outlay, <i>i.e.</i> , Stores, Establishment Charges, etc.	1,264,900	1,107,900
TOTAL ISSUES	3,335,000	1,169,100

The conditions obtaining in the London money market have not been favourable for the raising of fresh capital by Railway Companies: £2,023,000 of Railway debentures which matured during the course of the year have therefore been renewed instead of being discharged in accordance with the Budget programme. The discount paid on renewal amounted to £14,100. The Madras Railway Company alone paid off £47,100 of debentures. The total issues for capital outlay are £157,000 less than the Budget Estimate.

218. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and withdrawn by them in England are brought directly to account in the Home Treasury. There are, however, other Companies which work railways that are the property of the State, namely, the East Indian, the South Indian, the Great Indian Peninsula, the Bengal and North-Western and the Rajputana-Malwa Railways. Advances are made to the Companies in England for the purchase of stores, and funds are sometimes raised by them and deposited with the Secretary of State: these deposits and advances, instead of being brought directly to account in England, are treated as remittances from or to India and are brought

1904-1905.
Remittance
Account between
England and
India—Railway
transactions.

to account in this country. The details of the transactions during the current year are as follows:—

RECEIPTS.	Budget, 1904-1905.	Revised, 1904-1905.
<i>Debentures raised—</i>	£	£
East Indian Railway { To replace Debentures	800,000	800,000
{ For additional Capital	1,200,000	563,600
South Indian Railway Ditto	450,000	400,000
	<u>2,450,000</u>	<u>1,763,600</u>
<i>Transfer fees, etc.</i>	3,000	17,600
TOTAL RECEIPTS	<u>2,453,000</u>	<u>1,781,200</u>
ISSUES.		
<i>To replace Debentures—</i>		
East Indian Railway	800,000	800,000
<i>Advances for Purchase of Stores—</i>		
East Indian Railway	750,000	630,800
Rajputana-Malwa Railway	172,000	87,800
South Indian Railway	155,000	127,300
Bengal and North-Western Railway	120,000	117,200
Great Indian Peninsula Railway	750,000	905,400
TOTAL ISSUES	<u>2,747,000</u>	<u>2,668,500</u>

The East Indian Railway issued only £1,500,000 of Debenture Stock instead of the £2,000,000 entered in the Budget Estimate. The net proceeds amounted to £1,363,600.

219. Large purchases of silver for rupee coinage have been made during the year. The Secretary of State's payments on this account are now estimated at £4,540,000, of which a sum of £4,492,300 has been reimbursed to the Home Treasury by remittances of gold from India. *1904-1905.
Purchase of silver
and Remittance of
gold from India.*

220. In the Budget Estimate of 1905-1906 the net disbursements, exclusive of receipts from Council Bills and Loans, are taken at £23,264,800: of this, £250,000 is for the discharge of Great Indian Peninsula Railway Debentures and £500,000 for the purchase of the Bengal Central Railway. The net outgoings in the Budget Estimate of the current year were £23,307,100: there is thus a decrease of £42,300 next year, the net result of several variations, of which the more important are:— *Budget
1905-1906.
Main Features.*

<i>Better.</i>	£
Debenture Capital raised by Railway Companies working State Railways (Debentures raised, less £339,000; Debentures discharged, less £799,700), net better	460,700
Issues to Railway Companies for capital outlay, less	119,700
Issues to Railway Companies working State Railways, for capital outlay, less	293,000
Permanent Debt discharged (Great Indian Peninsula Railway Debentures), less	752,100
Temporary Debt discharged (India Bills), less	1,500,000
	<u>3,125,500</u>

<i>Worse.</i>	£
Net Expenditure on Revenue Account (Increase due mainly to Army Reorganisation expenditure), more	826,900
Outlay on State Railways and Irrigation Works, more	656,700
Redemption of Railway Liabilities:—	
Purchase of the Bengal Central Railway	500,000
Capital raised by Railway Companies for capital outlay (Debentures raised, less £645,300; Debentures discharged, more £204,700), net worse	850,000
Remittance Account between England and India:—	
Net receipts in England, less (chiefly in recoveries on account of expenditure incurred in India in connection with the Somaliland Force and the war in South Africa, and owing to larger miscellaneous payments in England which are transferred to the Indian books)	260,700
	<u>3,094,300</u>

221. Of the net disbursements of £23,264,800 next year, it is proposed to meet £16,500,000 by the sale of Council Bills and £2,000,000 by the issue of India Stock. The remainder, £4,764,800, will be met by drawing upon the cash balance of the Home Treasury which is expected to stand at £10,338,282 at the close of the current year. The cash balance on the 31st March 1906 is therefore estimated at £5,573,482.

The Secretary of State also intends to sell additional Council Bills for £1,333,000, against the Currency Reserve here, for the additional investment of 2 crores of rupees in sterling securities permissible under the new Currency Act just passed. But this does not affect the estimate of Ways and Means either of India or of the Home Treasury.

222. The only temporary Sterling Debt now outstanding consists of India Bills for £500,000, and it is intended to discharge these when they fall due next year. Of the £2,000,000 India Stock which it is at present intended to place upon the market next year, £250,000 is for the discharge of Great Indian Peninsula Railway Debentures, which expire on the 30th June 1905, and £500,000 for the purchase of the Bengal Central Railway, it having been decided to acquire the line on the 30th June 1905; the remainder, £1,250,000 will be used for advances to Railway Companies under Act 51 Vic., c. 5, and other purposes.

The Budget Estimate also includes under the head Permanent Debt incurred, £2,927,400 on account of the debenture capital of the Bombay, Baroda and Central India Railway Company. This entry has been made in view of the probability that the Railway will be purchased on the 31st December 1905, in which case the Secretary of State will incur the liability for the discharge of the debentures at maturity. The entry of £3,427,400 under payments against Redemption of Railway Liabilities in the table in paragraph 211 is made up of the two items of £2,927,400 and £500,000 connected with the purchase of this and the Bengal Central Railway.

223. The details of the estimates of capital to be raised by Railway Companies are as follows:—

1905-1906.
Loans.

1905-1906.
Capital of
Railway
Companies.

	To replace Debentures.	Additional Capital.
	£	£
<i>Subscribed Capital of Railway Companies—</i>		
Assam-Bengal Railway	300,000	...
Bengal-Nagpur Railway Extensions	400,000	...
Indian Midland Railway	150,000	...
Southern Mahratta Railway	688,100	100,000
Bombay, Baroda and Central India Railway	636,700	...
Madras Railway	100,000	300,000
	<hr/>	<hr/>
	2,274,800	400,000
<i>Transfer fees and miscellaneous refunds</i>	...	2,600
	<hr/>	<hr/>
	2,274,800	402,600
	<hr/>	<hr/>
<i>Debenture Capital of Companies working (purchased Railways—</i>		
East Indian Railway	300	1,999,700
South Indian Railway . . . . .	...	111,000
	<hr/>	<hr/>
	300	2,110,700
<i>Transfer fees and miscellaneous refunds</i>	...	3,000
	<hr/>	<hr/>
TOTAL	300	2,113,700
	<hr/>	<hr/>

224. The following are the details of the transactions of the Gold Reserve Fund in England :—

	1904-1905.		1905-1906.	1904-1905 and 1905-1906. Gold Reserve Fund.
	Budget.	Revised.	Budget	
<i>Receipts.</i>				
(a) Profit on coinage, remitted to England from India—	£	£	£	
By Council Bills	...	700,000	...	
In gold (less charges for remittance £6,500)	...	1,099,500	...	
(b) Dividends on investments	166,800	201,700	254,000	
TOTAL	166,800	2,001,200	254,000	
<i>Payments.</i>				
Investments made	166,800	2,001,200	254,000	
<i>Balances.</i>				
Opening Balance—				
Invested	6,376,500	6,376,500	8,377,700	
Uninvested	5,700	167,600	100,300	
Closing Balance—				
Invested	6,543,300	8,377,700	8,631,700	
Uninvested	129,000	100,300	250,300	
Profits on new coinage in India	123,300	1,738,700	150,000	

The Budget, as usual, makes no provision, save in respect of silver already ordered, for profits on coinage, since additional coinage is only undertaken when it becomes manifestly necessary to increase the existing stock of rupees.

225. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies included in the Estimates for 1904-1905 and 1905-1906 :—

	Budget, 1904-1905.	Revised, 1904-1905.	Budget, 1905-1906.	1904-1905 and 1905-1906. Summary of Debt transactions and Capital Account of Railway Companies.
RECEIPTS.	£	£	£	
Council Bills (exclusive of Bills for £700,000 in the Revised Estimate on account of the Gold Reserve Fund, and £1,333,000 in the Budget Estimate of 1905-1906 on account of the Currency Reserve)	16,500,000	23,500,000	16,500,000	
Permanent Debt incurred for the Redemption of Railway Liabilities	...	...	2,927,400	
Permanent Debt incurred (India Stock)	2,500,000	2,500,000	2,000,000	
Temporary Debt incurred (India Sterling Bills)	2,000,000	500,000	...	
Receipts on account of the Subscribed Capital of Railway Companies	3,320,100	1,501,300	2,674,800	
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian and South Indian Railway Companies)	2,450,000	1,763,600	2,111,000	
<i>OUTGOINGS.</i>				
Redemption of Railway Liabilities	...	...	3,427,400	
Permanent Debt discharged	1,002,100	1,002,200	250,000	
Temporary Debt discharged	2,000,000	2,000,000	500,000	
Discharge of Railway Companies' Debentures	2,070,100	61,200	2,274,800	
Discharge of East Indian Railway Company's Debentures	800,000	800,000	300	

226. 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, represents 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 be given that this programme will be adhered to either in amount or in 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.

227. The following is a summary of the Estimates of Ways and Means in India during 1904-1905 and 1905-1906:—

	BUDGET ESTIMATE, 1904-1905.		REVISED ESTIMATE, 1904-1905.		BUDGET ESTIMATE, 1905-1906.	
	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.
RECEIPTS.						
1. Excess of Revenue over Expenditure charged to Revenue	R 29,03,19,000	£ 19,354,600	R 33,42,97,000	£ 22,286,500	R 30,24,99,000	£ 20,166,600
* 2. Capital raised through Companies for outlay on State Railways (net)	2,47,50,000	1,650,000	1,44,54,000	963,600	3,16,61,000	2,110,700
3. Capital raised and deposited by Railway Companies	2,59,000	17,200	1,40,000	9,300	1,52,000	10,100
4. Unfunded Debt incurred, mostly Savings Bank deposits (net)	1,03,22,000	688,100	1,33,53,000	890,200	1,26,98,000	846,500
5. Appropriation for Reduction or Avoidance of Debt	81,91,000	546,100	96,47,000	643,100	55,98,000	373,200
6. Other Deposits and Remittances (net)	5,93,000	39,500	47,69,000	318,000	—3,53,000	—23,500
7. Remittance account between England and India—						
(a) Silver remitted from England	...	...	6,22,29,000	4,148,600	60,50,000	403,300
(b) Transactions of Railway Companies (net) excluding debenture capital	2,91,60,000	1,944,000	2,77,63,000	1,850,900	2,47,65,000	1,651,000
TOTAL RECEIPTS EXCLUDING LOANS.	36,35,94,000	24,239,500	46,66,52,000	31,110,200	38,30,70,000	25,537,900
DISBURSEMENTS.						
8. Capital Expenditure not charged to Revenue—						
(a) State Railways and Irrigation Works	8,14,18,000	5,427,800	7,50,95,000	5,006,300	7,98,43,000	5,322,900
(b) Outlay by Companies (net)	80,27,000	535,000	47,01,000	313,400	66,86,000	445,700
9. Permanent Debt discharged	13,00,000	86,700	13,00,000	86,700	21,50,000	143,300
10. Temporary Debt discharged	50,00,000	333,300	50,00,000	333,300	...	...
11. Balances of Provincial allotments†	1,97,52,000	1,316,800	3,62,000	24,100	2,05,55,000	1,370,300
12. Loans granted and repaid (net)	—1,98,000	—13,100	—29,73,000	—198,100	32,06,000	213,700
13. Remittance account between England and India—						
(a) Gold remitted to England for purchase of silver	...	...	6,73,85,000	4,492,300	...	...
(b) Capital raised by Railway Companies (net)	2,47,50,000	1,650,000	1,44,54,000	963,600	3,16,61,000	2,110,700
(c) Other transactions (net)	85,90,000	572,700	62,00,000	413,400	—4,85,000	—32,300
14. Council Bills‡	25,15,45,000	16,769,700	34,81,71,000	23,211,400	25,20,54,000	16,803,600
TOTAL DISBURSEMENTS	40,01,84,000	26,678,900	51,96,95,000	34,646,400	39,56,70,000	26,377,900
NET DISBURSEMENTS	3,65,90,000	2,439,400	5,30,43,000	3,536,200	1,26,00,000	840,000
FINANCED AS FOLLOWS:						
Permanent Debt incurred	3,00,00,000	2,000,000	3,00,00,000	2,000,000	4,00,00,000	2,666,700
From Treasury Balances	65,90,000	439,400	2,30,43,000	1,536,200	—2,74,00,000	—1,826,700
TOTAL	3,65,90,000	2,439,400	5,30,43,000	3,536,200	1,26,00,000	840,000
Opening Balance	17,25,00,240	11,500,016	17,80,43,274	11,869,552	15,50,00,274	10,333,352
Closing Balance	16,59,10,240	11,060,616	15,50,00,274	10,333,352	18,24,00,274	12,160,052

* The figures under heads 2 and 13 (b) balance each other.

† Head 11 represents expenditure defrayed by reduction of Provincial and Local balances.

‡ The figures shown under head 14 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

1904-1905.
Main features.

228. In the Budget Estimate of 1904-1905 it was assumed that the year would open with a cash balance in Indian Treasuries of 17,25 lakhs. It was calculated that the net Revenue receipts would amount to 29,03 lakhs; that the deposits in Savings Banks and Provident Funds would result in the net receipt of 1,03 lakhs; that the net result of the transactions referred to in items 3, 6, and 7(b) of the above table, consisting mainly of advances granted in England to Railway Companies for purchase of stores, would give 3,00 lakhs on the receipt side; and that a sum of 82 lakhs would be available from the Famine Insurance grant for avoidance of debt, after meeting the expenditure required for construction of Protective Works. On the other hand, provision was made (1) for net expenditure from Provincial balances for 1,98 lakhs; (2) for Capital expenditure in India on Railways and Canals, to the extent of 8,94 lakhs; (3) for discharging the temporary debt of 50 lakhs taken from the Gwalior Durbar in January 1904 for the purpose of strengthening the rupee balances, and for the payment of 13 lakhs towards discharge of permanent debt; (4) for 84 lakhs for remittance and other transactions, chiefly payments made in this country on behalf of His Majesty's Government; and (5) for payment of Council Bills for 25,15 lakhs. The payments mentioned aggregate 37,54 lakhs, while the receipts amount to 33,88 lakhs. The deficiency of 3,66 lakhs was proposed to be met (1) by a rupee loan of 3 crores and (2) by drawing on the cash balances to the extent of 66 lakhs.

229. The results according to the Revised Estimate show considerable variations from this forecast. The actual opening balance of the year was 55 lakhs more than the estimate. The excess of revenue over expenditure chargeable to Revenue is now estimated at 33,43 lakhs: the reasons contributing to this large improvement have already been explained in detail in previous sections of this statement. The Provincial balances will be drawn upon to the extent of 4 lakhs only, giving an improvement of 1,94 lakhs, the result partly of increases in Provincial revenue and savings in Provincial expenditure, and partly of the initial contributions aggregating 1,00 lakhs granted to Bombay and the Punjab to start their new settlements. There is likewise an improvement of 30 lakhs in Savings Banks, etc., deposits, and the balance of the Famine Insurance Grant available for the avoidance of debt is 15 lakhs more. Remittances of railway companies [item 7(b) in the last table] and payments on behalf of the Imperial Government and other miscellaneous transactions (items 3, 6, 12, and 13 c) will result in a larger net receipt of 78 lakhs, chiefly in consequence of the conversion into effective coin balances of a portion of the silver bullion left at the Mints at the close of last year, and of smaller payments and larger recoveries on account of loans to Native States, municipalities, cultivators, etc. The capital outlay on Railways and Canals is also expected to be 96 lakhs less than anticipated in the Budget. On the other hand, a large demand for rupees during the year necessitated the remittance of about £4,500,000 in gold to England for the purchase of silver, but the value of silver received in India during the year was 51 lakhs less: the balance will arrive next year. The net result of these variations is an improvement of 8,57 lakhs; but this is more than counterbalanced by a very large increase in the Secretary of State's drawings, the payments of which are now expected to exceed the Budget Estimate by 9,66 lakhs. The year is thus expected to close with a balance of 15,50 lakhs, instead of 16,59 as in the Budget forecast.

230. The demand for Council Bills during the year was even larger than in 1903-1904; and in addition to the 34,82 lakhs shown in the table in paragraph 227 as paid from treasury balances, another 1,05 lakhs was paid from the Gold Reserve Fund for investment in England against 3,30 lakhs so paid in 1903-1904. Taking these transactions into account, the total payments of Council Bills in 1904-1905 exceed those of 1903-1904 by 17 lakhs.

1904-1905.
Council Bills.

1904-1905 and
1905-1906.
Post Office Savings
Banks, etc.

231. The following table gives the details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1904-1905 and 1905-1906:—

YEAR.	Net additions to deposits, cash,	Interest.	Total addition.
	₹	₹	₹
1892-1893	54,89,000	33,94,000	88,83,000
1893-1894	17,99,000	36,80,000	54,79,000
1894-1895	-8,45,000	29,70,000	21,25,000
1895-1896	24,77,000	33,85,000	58,62,000
1896-1897	-58,11,000	34,66,000	-23,45,000
1897-1898	-65,71,000	32,70,000	-33,01,000
1898-1899	-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	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905 (Budget)	51,05,000	45,45,000	96,50,000
1904-1905 (Revised)	80,47,000	45,98,000	1,26,45,000
1905-1906 (Budget)	70,73,000	48,97,000	1,19,70,000

A net deposit in the Post Office Savings Banks of 40 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 more than 82 lakhs. There is some indication that the usual withdrawals in the closing months of the year are likely to be specially heavy owing to the unfavourable conditions now prevailing in several parts of the country; but after making due allowance for this, it is now expected that, apart from interest, there will be a net increase in the deposits of ₹71,08,000 during the year.

In the Budget Estimate for 1905-1906, a net deposit in the Post Office Savings Banks of 60 lakhs apart from interest is anticipated.

1904-1905.
Rupee Loan.

232. In accordance with the intention expressed in paragraph 245 of the last Financial Statement, a $3\frac{1}{2}$ per cent loan of 3 crores was announced in July last. Tenders were opened on the 13th idem and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
₹	₹	₹ a. p.	₹ a. p.
8,06,54,600	3,00,00,000	97 9 21	97 7 0

1905-1906.
Main features.

In 1905-1906 the net Revenue in India is calculated at 30,25 lakhs; 56 lakhs are expected to be available out of the Famine Insurance grant for Avoidance of Debt; and Savings Banks deposits are expected to yield a net receipt of 127 lakhs: it has not been considered safe to assume a larger increase in these deposits in view of the unfavourable agricultural outlook in several provinces. 61 lakhs worth of the silver bullion purchased in England this year will arrive in 1905-1906; and the remittances of railway companies and other miscellaneous transactions are estimated to yield a net receipt of 249 lakhs. The receipts from the above sources aggregate 35,18 lakhs. On the other hand, provision has been made (1) for expenditure from Provincial balances of 206 lakhs, (2) for Capital expenditure in India of 865 lakhs, (3) for 9 lakhs for the discharge of Provincial Debenture loans, which fall due during the year, and 12 lakhs for the annual repayment of the Gwalior loan, and (4) of 32 lakhs for loans to Native States, and for cultivators, municipalities, etc. Payments of Council Bills are taken at 25,20 lakhs. The payments mentioned aggregate 36,44 lakhs against a total receipt of 35,18 lakhs, a net excess of 126 lakhs.

1905-1906.
New Rupee Loan.

233. It is also considered necessary to increase the cash balances in India which have been reduced by about 2,30 lakhs during the current year. Having regard to these circumstances, and to the desirability of obtaining as much as possible of the loan capital required for productive works in this country, it is intended to raise a rupee loan in India of 4 crores in 1905-1906. The year is thus expected to close with a cash balance of 18,24 lakhs. The announcement now made regarding the rupee loan is in accordance with the present programme; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

Section VIII.—Summary.

234. The principal features in this statement are the following:—

I.—The Accounts of 1903-1904 closed with a surplus of £2,996,400, being £285,200 higher than the surplus expected in the Revised Estimate of that year.

II.—1904-1905—

(1) The Revised Estimates show a total revenue of £84,699,100, a total expenditure charged to Revenue of £81,213,600, and a surplus of £3,485,500. This surplus is higher than that estimated in March 1904 by £2,566,800.

(2) There has again been a large development of revenue in all branches outside Land Revenue, net earnings of Railways and Opium showing the largest increases.

The price of Bengal opium was unexpectedly high and the revenue has exceeded the estimate by £1,088,900.

Railway traffic receipts have also expanded largely, and the net receipts have exceeded the estimate by £1,856,700.

Salt has yielded an increase of £218,400, Stamps of £105,900, Excise of £252,000, Forest of £132,900 and Customs of £444,200.

Interest receipts show an improvement of £100,700.

Land Revenue receipts, including the portion credited to Irrigation, are expected to fall short of the estimate by £652,900, chiefly in Madras and Bombay owing to partial failure of rains.

(3) Army expenditure is expected to exceed the estimate by £1,200,000. The Tibet Mission has cost £380,000 more and Reorganisation £1,191,500, including £500,000 provided in the Budget for new artillery.

The grant of £256,700 for Special Defences has been used only to the extent of £147,900.

Irrigation expenditure shows an increase of £103,400, Stationery and Printing of £67,900, Miscellaneous of £52,000, and Interest charges of £62,100.

Owing to the inability of the Local Governments to expend their full allotments, there are savings under most of the chief administrative heads, the more important being Land Revenue £126,500, Civil Departments £442,100 and Civil Works £248,800.

The profits of rupee coinage have ceased to be shown as Mint revenue and expenditure, and have been credited direct to the Gold Reserve Fund. Mint charges are accordingly less by £111,400. The corresponding deficiency in Mint receipts has been made up by receipts from larger coinage of rupees, 2 per cent on which continue to be shown as Mint revenue.

Telegraph expenditure is also less by £82,600.

Famine relief expenditure was only £8,800 in Bombay.

(4) Special grants, aggregating £666,700, have been made to the Governments of Punjab and Bombay to start their new settlements.

(5) Silver to the value of £4,500,000 was purchased with gold remitted from India—most of this has been coined into rupees.

(6) A loan of three crores of rupees was raised in India; and India 3 per cent stock of £2,500,000 was raised in England of which £1,002,100 was applied to the discharge of Great Indian Peninsula Railway Debentures. £2,000,000 of India Bills, temporary, fell due, of which £1,500,000 were discharged and £500,000 were replaced.

FINANCIAL STATEMENT OF THE

- (7) Fresh capital was raised through Railway Companies to the extent of £2,413,000 as compared with £2,917,200 entered in the Budget.
- (8) The temporary loan of £333,300 obtained from the Gwalior Durbar, in January 1904, to strengthen the rupee balances has been discharged.
- (9) The drawings of Councils in 1904-1905 are expected to amount to £24,200,000. Of this £700,000 represent remittances on account of the Gold Reserve Fund, and £23,500,000 are remittances on ordinary account, as compared with £16,500,000 entered in the Budget.
- (10) In addition to Councils, a sum of £1,099,500 in gold was remitted to the Secretary of State on account of the Gold Reserve Fund.

III.—1905-1906—

- (1) The Budget Estimates of 1905-1906 show a total revenue of £83,433,000, a total expenditure charged to Revenue of £82,529,200 and a surplus of £903,800.
- (2) This surplus is obtained after providing for the following important measures of remission of taxation, administrative reform and economic development.
- (a) Reduction of the salt duty, except in Burma and on Kohat salt, by eight annas a maund, involving a sacrifice of revenue of £1,220,000. The duty will now stand at R1 a maund in Burma and at R1-8-0 a maund in the rest of India.
 - (b) Remission of famine cess levied in the United Provinces, Punjab, North-West Frontier Province and the Central Provinces. This involves a loss of £151,000.
 - (c) Reduction in postal charges, the letter weight carried for half an anna being raised from half to three-fourths of a tola. This involves a sacrifice of revenue of £47,000.
 - (d) Permanent assignments to Local Governments aggregating £333,400 towards the reorganisation of their police in accordance with the recommendations of the Police Commission.
 - (e) Permanent additions aggregating £233,300 to Provincial Revenues for expenditure on primary education.
 - (f) Additional grants amounting to £133,300 for expenditure on agricultural development.
 - (g) Grants-in-aid aggregating £377,000 to District and Local Boards to the extent approximately of 25 per cent of their receipts from cesses levied on land.

The total cost of these seven measures is estimated at £2,495,000. Under existing conditions the surplus would therefore have been £3,398,800.

- (3) Opium Receipts are estimated at £566,300 less than the Revised Estimate of 1904-1905. The other principal heads of Revenue, except Salt and Provincial Rates which are affected by the reductions of taxation, are expected to yield an increase of £768,600 to which Land Revenue contributes £505,800 and Excise £141,100.
- (4) The Famine Insurance Grant is maintained at £1,000,000, and of this £211,700 is assigned for direct famine relief in Madras and Bombay.
- (5) Army expenditure is expected to be greater than the Budget Estimate of 1904-1905 by £1,167,600. The ordinary expenditure is expected to be less by £1,037,100, including savings of £234,500 on the Tibet and Aden Missions, and £700,000 provided in the previous year for new artillery and rifles. The Re-organisation expenditure is estimated at £2,204,700 under

- Army and £235,200 under Military Works. A sum of £253,200 is also provided for Special Coast Defences.
- (6) Most of the other heads of expenditure show an increase which is due in large part to the employment of the special grants for police and other purposes above referred to.
 - (7) The system of *quasi*-permanent Provincial Settlements introduced last year, has been extended to Punjab and Bombay. The revision involves the assignment to the Local Governments of net additional interest in growing revenues amounting to £24,900 and increase under fixed assignments to the extent of £356,200 yearly.
 - (8) Subject to the usual reservations, loans of £2,000,000 in England and of 4 crores in India are announced as contemplated. The Sterling Loan is required partly to pay £500,000 for the purchase of the Bengal Central Railway and to pay off £250,000 debentures of the Great Indian Peninsula Railway, and partly for advances to Railway Companies. The Rupee Loan is intended for capital expenditure on Railways and Irrigation Works. The drawings of Council Bills are entered at £16,500,000, exclusive of £1,333,000 from the Currency Reserve for investment in Sterling Securities.
 - (9) Subject to the usual reservations, provision is also made for the raising of capital through Railway Companies as follows: namely, (a) for outlay on State Railways £2,110,700, (b) for expenditure on Company's Railways £410,100.
 - (10) It is intended to pay off £500,000 of India Bills which will fall due within the year.

IV.—Capital Expenditure.

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

	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
RAILWAYS.	R	R	R
Included in the Government programme	9,57,06,265	11,21,69,000	12,50,00,000
Famine Protective lines	14,49,083	19,53,000	5,26,000
Branch lines not on firm guarantee	1,89,719	1,12,000	1,18,000
Railways outside the Government Account	62,80,366	1,04,41,000	96,79,000
Provincial and Local State lines	3,98,248	1,01,000	12,04,000
TOTAL RAILWAYS	10,40,23,681	12,47,76,000	13,65,27,000
Irrigation Works	76,18,475	60,38,000	1,25,00,000

W. S. MEYER.

March 22, 1905.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1903-1904
Revised Estimates	1904-1905
Budget Estimates	1905-1906

CONTENTS.

	PAGES
I.—GENERAL STATEMENT of the REVENUE, and EXPENDITURE charged to REVENUE, of the GOVERNMENT of INDIA, in INDIA and in ENGLAND	76—77
II.—GENERAL STATEMENT of the RECEIPTS and DISBURSEMENTS of the GOVERNMENT of INDIA, in INDIA and in ENGLAND	78—79
A.—STATEMENT of the REVENUE of INDIA, in INDIA and in ENGLAND	80—81
B.—STATEMENT of the EXPENDITURE charged to the REVENUES of INDIA, in INDIA and in ENGLAND	82—85
C.—STATEMENT of RECEIPTS and DISBURSEMENTS of the GOVERNMENT of INDIA, in INDIA and in ENGLAND	86—89
D.—ACCOUNT of PROVINCIAL and LOCAL SAVINGS charged to REVENUE, and held at the disposal of PROVINCIAL GOVERNMENTS under their PROVINCIAL SETTLEMENTS	90
E.—ABSTRACT STATEMENT of the RECEIPTS and DISBURSEMENTS of the GOVERNMENT of INDIA, in INDIA and in ENGLAND	99

FINANCIAL STATEMENT OF THE

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

	For details, <i>vide</i> Statement.	Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	19,234,388	19,591,600	18,962,900	19,468,700
Opium	"	5,736,045	4,955,100	6,044,000	5,477,700
Salt	"	5,250,465	5,133,300	5,351,700	4,260,000
Stamps	"	3,580,247	3,637,100	3,743,000	3,807,300
Excise	"	4,980,096	5,050,000	5,302,000	5,443,100
Customs	"	3,966,298	3,917,200	4,361,400	4,364,000
Other Heads	"	6,457,118	6,484,400	6,617,200	6,625,100
TOTAL PRINCIPAL HEADS . . . . .	...	49,204,657	48,768,700	50,382,200	49,445,900
Interest	A	895,062	769,000	869,700	805,400
Post Office	"	1,507,153	1,495,300	1,590,700	1,608,300
Telegraph	"	857,635	834,400	889,200	909,100
Mint	"	2,884,766	196,100	197,000	105,500
Receipts by Civil Departments	"	1,597,345	1,470,100	1,560,000	1,508,800
Miscellaneous	"	693,977	656,100	684,600	707,200
Railways	"	21,557,866	21,615,800	23,997,300	23,856,400
Irrigation	"	2,911,763	2,963,000	3,031,200	3,055,300
Other Public Works	"	555,503	480,400	535,200	503,500
Receipts by Military Department	"	1,089,428	899,700	962,000	927,600
TOTAL REVENUE . . . . .	...	83,756,155	80,148,600	84,699,100	83,433,000

H. G. H. KEENE,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE-DEPARTMENT;
March 22, 1905.

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

	For details, vide Statement.	Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	8,593,755	8,823,300	8,595,800	8,756,800
Interest	"	1,697,627	1,576,300	1,638,400	1,364,900
Post Office	"	1,403,224	1,530,900	1,513,100	1,543,500
Telegraph	"	916,824	997,900	915,300	1,034,400
Mint	"	2,785,585	232,100	120,700	123,300
Salaries and Expenses of Civil Departments	"	11,979,232	12,795,600	12,353,500	13,380,300
Miscellaneous Civil Charges	"	4,349,645	4,179,500	4,272,700	4,275,600
Famine Relief and Insurance	"	905,680	926,400	1,000,000	1,000,000
Railway Revenue Account	"	20,697,197	21,261,600	21,742,800	22,292,200
Irrigation	"	2,680,007	2,707,900	2,811,300	2,893,400
Other Public Works	"	5,663,458	6,143,800	5,811,500	6,699,600
Army Services	"	17,865,208	19,114,700	20,314,700	20,282,300
Special Defences (1902)	"	27,054	256,700	147,900	253,200
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	79,564,496	80,546,700	81,237,700	83,899,500
<i>Add—</i> Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	1,381,770	...	623,400	2,500
<i>Deduct—</i> Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	186,511	1,316,800	647,500	1,372,800
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	80,759,755	79,229,900	81,213,600	82,529,200
SURPLUS . . . . .	...	2,996,400	918,700	3,485,500	903,800
TOTAL . . . . .	...	83,756,155	80,148,600	84,699,100	83,433,000

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
		£	£	£	£
Surplus	C	2,996,400	918,700	3,485,500	903,800
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (Net)	C	...	1,650,000	963,600	2,110,700
Capital raised and deposited by Railway Companies (Net)	"	...	1,267,200	1,449,400	410,100
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	2,146,825	3,411,200	3,411,100	7,200,800
Unfunded Debt (net Incurred)	"	770,221	688,100	890,200	846,500
Deposits and Advances (net)	"	1,973,191	...	871,700	...
Loans and Advances by Imperial Government (net Repayments)	"	...	50,800	101,000	3,500
Loans and Advances by Provincial Governments (net Repayments)	"	471,724	...	97,100	...
Remittances (net)	"	1,214,730	..	...	328,300
Secretary of State's Bills drawn	"	21,659,303	16,500,000	23,500,000	16,500,000
TOTAL RECEIPTS . . . . .	...	31,232,394	24,486,000	34,769,600	28,303,700
Opening Balance—India . . . . .	...	12,082,416	11,500,016	11,869,552	10,333,352
England . . . . .	...	5,767,787	7,003,387	7,294,782	10,338,282
TOTAL . . . . .	...	49,082,597	42,989,403	53,933,934	48,975,334

Government of India, in India and in England.

	For details, <i>vide</i> Statement.	DISBURSEMENTS.			
		Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	507,898	833,300	402,500	833,400
Outlay on State Railways	"	4,535,105	6,310,300	6,120,800	6,852,000
Outlay of Railway Companies (net)	"	1,854,690	1,797,300	1,408,100	1,588,300
Capital raised and deposited by Railway Companies— (Net payments for discharge of debentures)	"	66,595	...	...	...
Capital involved in Redemption of Railway Liabilities . . . . .	"	...	...	...	3,427,400
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	6,964,288	8,940,900	7,931,400	12,711,100
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	1,166,667	333,300	1,833,300	500,000
Deposits and Advances (net)	"	...	731,600	...	1,009,900
Loans and Advances by Imperial Government (net Advances)	"	112,849	...	...	...
Loans and Advances by Provincial Governments (net Advances)	"	...	37,700	...	217,200
Remittances (net)	"	...	419,300	286,200	...
Secretary of State's Bills paid	"	21,674,459	16,769,700	23,211,400	16,803,600
TOTAL DISBURSEMENTS . . . . .	...	29,918,263	27,232,500	33,262,300	31,241,800
Closing Balance—India . . . . .	...	11,869,552	11,060,616	10,333,352	12,160,052
England . . . . .	...	7,294,782	4,696,287	10,338,282	5,573,482
TOTAL . . . . .	...	49,082,597	42,989,403	53,933,934	48,975,334

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

A.—STATEMENT of the REVENUE of

HEADS OF REVENUE.	ACCOUNTS, 1903-1904.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R 15 = £ 1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	R	R	£	£	£	R	R
Principal Heads of Revenue—							
I.—Land Revenue	13,41,08,194	15,44,07,622	19,234,388	...	19,234,388	13,79,92,000	14,64,52,000
II.—Opium	8,60,40,675	...	5,736,045	...	5,736,045	9,06,60,000	...
III.—Salt	7,77,85,865	9,71,108	5,250,465	...	5,250,465	7,93,22,000	9,53,000
IV.—Stamps	1,46,11,231	3,90,92,468	3,580,247	...	3,580,247	2,50,60,000	3,10,85,000
V.—Excise	5,21,72,314	2,25,29,132	4,980,096	...	4,980,096	5,60,73,000	2,34,56,000
VI.—Provincial Rates	73,367	4,23,06,661	2,825,349	...	2,825,349	79,000	4,22,96,000
VII.—Customs	5,89,51,507	5,42,963	3,966,298	...	3,966,298	6,52,23,000	1,97,000
VIII.—Assessed Taxes	1,01,80,732	80,39,244	1,214,665	...	1,214,665	1,31,05,000	57,32,000
IX.—Forest	1,18,12,661	1,04,04,086	1,481,116	...	1,481,116	1,41,28,000	92,87,000
X.—Registration	25,23,400	23,80,136	326,902	...	326,902	10,87,000	40,09,000
XI.—Tributes from Native States	91,36,285	...	609,086	...	609,086	95,36,000	...
TOTAL	45,73,96,231	28,06,73,620	49,204,657	...	49,204,657	49,22,65,000	26,34,67,000
XII.—Interest	91,67,854	21,46,258	754,274	141,788	896,062	86,06,000	20,39,000
XIII.—Post Office	2,25,45,668	61,619	1,507,153	...	1,507,153	2,38,09,000	52,000
XIV.—Telegraph	1,27,66,375	...	851,092	6,543	857,635	1,32,27,000	...
XV.—Mint	4,32,70,754	...	2,884,717	49	2,884,766	29,55,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	3,24,743	35,47,746	258,166	...	258,166	3,22,000	35,87,000
{ Jails	3,67,622	32,41,556	240,612	...	240,612	3,64,000	32,13,000
XVII.—Police	2,36,748	46,09,154	323,060	...	323,060	2,29,000	46,74,000
XVIII.—Marine	36,42,095	19,12,252	370,290	21,000	391,290	34,95,000	19,54,000
XIX.—Education	59,676	27,33,863	186,236	...	186,236	67,000	28,32,000
XX.—Medical	9,069	12,67,961	85,135	1,351	86,486	10,000	11,87,000
XXI.—Scientific and other Minor Depart- ments	1,91,742	14,69,813	110,770	725	111,495	1,41,000	12,32,000
TOTAL	48,31,695	1,87,82,345	1,574,269	23,076	1,597,345	46,28,000	1,86,79,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	13,07,240	5,06,342	120,905	78,254	199,159	12,78,000	4,46,000
XXIII.—Stationery and Printing	4,36,546	6,33,807	71,357	...	71,357	4,50,000	6,22,000
XXIV.—Exchange	8,76,433	...	58,429	...	58,429	14,87,000	...
XXV.—Miscellaneous	10,87,286	41,92,817	352,007	13,025	365,032	8,66,000	39,51,000
TOTAL	37,07,505	53,32,566	602,698	91,279	693,977	40,81,000	50,19,000
Railways—							
XXVI.—State Railways (Gross Receipts)	30,81,45,278	5,00,141	20,576,361	230	20,576,591	34,22,15,000	6,05,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,41,21,946	...	941,463	...	941,463	1,64,05,000	...
XXVIII.—Subsidised Companies (Repayment of Advances of Interest)	4,88,845	...	32,590	7,222	39,812	5,88,000	...
TOTAL	32,27,56,069	5,00,141	21,550,414	7,452	21,557,866	35,92,08,000	6,05,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	2,13,38,294	74,62,155	1,920,030	...	1,920,030	1,95,77,000	1,01,75,000
Portion of Land Reve- nue due to Irrigation	1,25,57,090	...	837,139	...	837,139	1,29,05,000	...
XXX.—Minor Works and Navigation	9,47,932	13,70,978	154,594	...	154,594	12,63,000	15,48,000
TOTAL	3,48,43,316	88,33,133	2,911,763	...	2,911,763	3,37,45,000	1,17,23,000
Other Public Works—							
XXXI.—Military Works	6,76,244	...	45,083	...	45,083	6,77,000	...
XXXII.—Civil Works	2,76,005	69,87,736	484,249	26,171	510,420	2,78,000	67,08,000
TOTAL	9,52,249	69,87,736	529,332	26,171	555,503	9,55,000	67,08,000
Receipts by Military Department—							
XXXIII.—Army: Effective	81,81,045	...	545,403	402,632	948,035	73,02,000	...
Non-Effective	14,04,589	...	93,639	47,754	141,393	13,52,000	...
TOTAL	95,85,634	...	639,042	450,386	1,089,428	86,54,000	...
TOTAL REVENUE	92,18,23,350	32,33,17,818	83,009,411	746,744	83,756,155	95,21,33,000	30,82,92,000

INDIA, in India and in England.

ESTIMATE, 1904-1905.			Increase + Decrease— of Revised, as com- pared with Budget Estimate, 1904-1905.	BUDGET ESTIMATE, 1905-1906.				Increase + Decrease— of Budget, 1905-1906, as compared with Budget Esti- mate, 1904- 1905.	Increase + Decrease— of Budget, 1905-1906, as compared with Revised Estimate, 1904-1905.	
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.			TOTAL.
£	£	£	£	R	R	£	£	£	£	
18,962,900	...	18,962,900	-628,700	13,78,75,000	15,41,56,000	19,468,700	...	19,468,700	-122,900	+505,800
6,044,000	...	6,044,000	+1,088,900	8,21,65,000	...	5,477,700	...	5,477,700	+522,600	-566,300
5,351,700	...	5,351,700	+218,400	6,30,63,000	8,37,000	4,260,000	...	4,260,000	-873,300	-1,091,700
3,743,000	...	3,743,000	+105,900	2,81,24,000	2,89,85,000	3,807,300	...	3,807,300	+170,200	+64,300
5,302,000	...	5,302,000	+252,000	5,34,12,000	2,82,35,000	5,443,100	...	5,443,100	+393,100	+141,100
2,825,000	...	2,825,000	-7,400	2,000	4,16,69,000	2,778,100	...	2,778,100	-54,300	-46,900
4,361,400	...	4,361,400	+444,200	6,53,67,000	93,000	4,364,000	...	4,364,000	+446,800	+2,600
1,255,800	...	1,255,800	-8,100	1,33,52,000	58,61,000	1,280,900	...	1,280,900	+17,000	+25,100
1,561,000	...	1,561,000	+132,900	1,44,56,000	95,89,000	1,603,000	...	1,603,000	+174,900	+42,000
339,700	...	339,700	+5,700	7,03,000	44,38,000	342,700	...	342,700	+8,700	+3,000
635,700	...	635,700	+9,700	93,06,000	...	620,400	...	620,400	-5,600	-15,300
50,382,200	...	50,382,200	+1,613,500	46,78,25,000	27,38,63,000	49,445,900	...	49,445,900	+677,200	-935,300
709,700	160,000	869,700	+100,700	£6,28,000	21,33,000	717,400	88,000	805,400	+36,400	-64,300
1,590,700	...	1,590,700	+95,400	2,40,86,000	38,000	1,608,300	...	1,608,300	+113,000	+17,600
881,800	7,400	889,200	+54,800	1,35,74,000	...	904,900	4,200	909,100	+74,700	+19,900
197,000	...	197,000	+900	15,83,000	...	105,500	...	105,500	-90,600	-91,500
260,600	...	260,600	+6,500	3,25,000	36,36,000	264,100	...	264,100	+10,000	+3,500
238,500	...	238,500	+900	3,27,000	33,51,000	245,200	...	245,200	+7,600	+6,700
326,900	...	326,900	+11,000	2,23,000	46,41,000	324,300	...	324,300	+8,400	-2,600
363,300	4,500	367,800	+71,100	22,78,000	19,25,000	280,200	...	280,200	-16,500	-87,600
193,200	...	193,200	-3,800	70,000	30,21,000	206,000	...	206,000	+9,000	+12,800
79,800	1,200	81,000	+3,300	10,000	13,85,000	93,000	1,200	94,200	+16,500	+13,200
91,500	500	92,000	+900	1,48,000	12,67,000	94,300	500	94,800	+3,700	+2,800
1,553,800	6,200	1,560,000	+89,900	33,81,000	1,92,26,000	1,507,100	1,700	1,508,800	+38,700	-51,200
114,900	74,900	189,800	-6,900	12,90,000	4,71,000	117,400	73,800	191,200	-5,500	+1,400
71,500	...	71,500	+6,800	4,09,000	6,19,000	68,600	...	68,600	+3,900	-2,900
99,100	...	99,100	+29,200	8,21,000	...	54,700	...	54,700	-15,200	-44,400
321,200	3,000	324,200	-600	9,83,000	42,40,000	348,200	44,500	392,700	+67,900	+68,500
606,700	77,900	684,600	+28,500	35,03,000	53,30,000	528,900	118,300	707,200	+51,100	+22,600
22,854,700	200	22,854,900	+2,274,000	34,29,26,000	6,75,000	22,906,700	200	22,906,900	+2,326,000	+52,000
1,093,600	...	1,093,600	+105,300	1,35,00,000	...	900,000	...	900,000	-88,300	-193,600
39,200	9,600	48,800	+2,200	5,63,000	...	37,500	12,000	49,500	+2,900	+700
23,987,500	9,800	23,997,300	+2,381,500	35,69,89,000	6,75,000	23,844,200	12,200	23,856,400	+2,240,600	-140,900
1,983,500	...	1,983,500	+68,500	1,28,08,000	1,67,76,000	1,972,300	...	1,972,300	+57,300	-11,200
860,300	...	860,300	-24,200	1,37,38,000	...	915,900	...	915,900	+31,400	+55,600
187,400	...	187,400	+23,900	9,99,000	15,08,000	167,100	...	167,100	+3,600	-20,300
3,031,200	...	3,031,200	+68,200	2,75,45,000	1,82,84,000	3,055,300	...	3,055,300	+92,300	+24,100
45,100	...	45,100	+6,800	6,76,000	...	45,100	...	45,100	+6,800	...
465,800	24,300	490,100	+48,000	2,91,000	63,30,000	441,400	17,000	458,400	+16,300	-31,700
510,900	24,300	535,200	+54,800	9,67,000	63,30,000	486,500	17,000	503,500	+23,100	-31,700
486,800	358,100	844,900	+54,100	76,28,000	...	508,600	300,900	809,500	+18,700	-35,400
90,100	27,000	117,100	+8,200	13,52,000	...	90,100	28,000	118,100	+9,200	+1,000
576,300	3,5100	962,000	+62,300	89,80,000	...	598,700	328,900	927,600	+27,900	-34,400
84,028,400	670,700	84,699,100	+4,550,500	91,70,61,000	32,58,79,000	82,862,700	570,300	83,433,000	+3,284,400	-1,266,100

FINANCIAL STATEMENT OF THE

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1903-1904.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial	Provincial and Local.
Direct Demands on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	30,70,731	8,49,972	261,380	...	261,380	26,34,000	7,53,000
2.—Assignments and Compensations	76,18,766	99,04,918	1,168,246	...	1,168,246	78,86,000	1,00,77,000
Charges in respect of Collection, vis.:—							
3.—Land Revenue	33,24,343	4,24,02,792	3,048,476	408	3,048,884	63,86,000	4,14,94,000
4.—Opium (including cost of Production)	3,33,32,160	...	2,222,144	3,600	2,225,744	2,95,39,000	...
5.—Salt (including cost of Production)	45,27,222	4,08,631	329,057	2,134	331,191	51,53,000	11,000
6.—Stamps	—2,39,028	14,41,401	80,158	42,221	122,379	1,12,000	11,19,000
7.—Excise	21,58,814	10,49,615	213,895	33	213,928	24,85,000	11,37,000
8.—Provincial Rates . . . . .	...	5,88,173	39,212	...	39,212	...	5,72,000
9.—Customs	9,13,071	16,07,479	168,037	128	168,165	23,24,000	3,93,000
10.—Assessed Taxes	1,72,290	1,75,835	23,208	...	23,208	2,21,000	1,17,000
11.—Forest	65,24,082	56,42,911	811,133	2,485	813,618	80,13,000	50,55,000
12.—Registration	13,65,731	13,01,278	177,800	...	177,800	4,97,000	22,18,000
TOTAL	6,27,68,182	6,53,73,006	8,542,746	51,009	8,593,755	6,52,50,000	6,29,46,000
Interest—							
13.—Interest on Debt	3,43,02,489	74,73,603	2,785,973	4,342,826	7,127,899	3,54,93,000	75,02,000
<i>Deduct—</i> Amounts chargeable to Railways†	5,24,35,672	37,042	3,498,181	1,359,281	4,857,462	5,55,10,000	62,000
" Amounts chargeable to Irrigation	91,86,052	57,27,467	994,235	...	994,235	94,56,000	57,82,000
Remainder chargeable on Ordinary Debt	—2,73,19,235	17,02,034	—1,707,343	2,983,545	1,276,202	—2,54,68,000	16,58,000
14.—Interest on other Obligations	62,98,216	23,116	421,422	3	421,425	66,82,000	27,000
TOTAL	—2,10,21,019	17,32,210	—1,285,921	2,983,548	1,697,627	—2,27,86,000	16,85,000
15.—Post Office	1,80,97,624	13,80,334	1,298,530	104,694	1,403,224	1,91,71,000	12,83,000
16.—Telegraph	1,00,98,716	...	673,248	243,576	916,824	1,04,65,000	...
17.—Mint	4,16,62,331	...	2,777,489	8,096	2,785,585	16,12,000	...
Salaries and Expenses of Civil Departments—							
18.—General Administration	79,31,559	1,02,74,580	1,213,743	279,602	1,493,345	76,70,000	1,02,98,000
19.—Law and Justice	11,36,934	3,30,01,383	2,275,888	778	2,276,666	11,93,000	3,37,73,000
{ Courts	18,61,718	88,33,740	713,030	83	713,113	16,76,000	88,34,000
{ Jails	23,21,369	4,39,73,757	3,086,342	967	3,087,309	23,92,000	4,48,84,000
20.—Police	44,86,870	21,95,542	445,494	281,182	726,676	45,11,000	30,41,000
21.—Marine (including River Navigation)	5,41,811	1,99,15,399	1,363,214	3,708	1,367,522	5,80,000	2,14,49,000
22.—Education	16,92,069	...	112,805	936	113,741	17,97,000	...
23.—Ecclesiastical	6,67,914	1,34,68,217	942,409	5,887	948,296	6,61,000	1,42,90,000
24.—Medical	97,63,823	6,98,350	697,478	5,092	702,570	1,13,64,000	6,43,000
25.—Political	46,35,351	30,96,703	515,470	34,524	549,994	40,42,000	32,96,000
26.—Scientific and other Minor Departments	...	...	...	...	...	...	...
TOTAL	3,50,39,418	13,54,57,671	11,366,473	612,759	11,979,232	3,58,86,000	14,05,08,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	36,99,387	...	246,626	10,843	257,469	36,65,000	...
28.—Civil Furlough and Absentee Allowances	4,271	...	285	238,303	238,588	6,000	...
29.—Superannuation Allowances and Pensions	11,40,582	1,15,25,979	844,437	2,011,722	2,856,159	12,15,000	1,20,83,000
30.—Stationery and Printing	8,40,937	60,56,024	459,798	89,866	549,664	11,98,000	60,52,000
32.—Miscellaneous	9,82,906	54,97,221	432,008	15,757	447,765	8,80,000	28,17,000
TOTAL	66,68,083	2,30,79,224	1,983,154	2,366,491	4,349,645	69,64,000	2,09,52,000
Famine Relief and Insurance—							
33.—Famine Relief	3,05,786	—522	20,351	...	20,351	...	1,32,000
34.—Construction of Protective Railways	11,22,834	...	74,855	21,750	96,605	15,48,000	...
35.—Construction of Protective Irrigation Works	21,58,845	...	143,923	523	144,446	32,68,000	...
36.—Reduction or Avoidance of Debt	96,64,163	...	644,278	...	644,278	96,47,000	...
TOTAL††	1,32,51,628	—522	883,407	22,273	905,680	1,44,63,000	1,32,000
Carried over	16,65,64,963	22,70,21,923	26,239,126	6,392,446	32,631,572	13,10,25,000	22,75,06,000

† Included under the following heads—
State Railways Interest on Debt

‡ Ditto Interest chargeable against Companies on Advances

ACCOUNTS, 1903-1904.				REVISED ESTIMATE, 1904-1905.			
INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs15=£1.			Amount in Rupees.	Equivalent in £ at Rs15=£1.		
₹ 4,95,20,758	₹ 3,301,384	1,140,397	₹ 4,441,781	₹ 5,22,93,000	₹ 3,486,200	₹ 1,141,500	₹ 4,627,700
29,51,956	195,797	218,884	415,681	32,79,000	218,600	237,300	455,900
TOTAL	5,24,72,714	1,359,281	4,857,462	5,55,72,000	3,704,800	1,38,880	5,083,600

Revenues of India, in India and in England.

ESTIMATE, 1904-1905.			Increase + Decrease — compared with Budget Estimate, 1904- 1905.	BUDGET ESTIMATE, 1905-1906.					Increase + Decrease — of Budget, 1905-1906, as compared with Budget Esti- mate, 1904- 1905.	Increase + Decrease — of Budget, 1905-1906, as compared with Revised Estimate, 1904-1905.
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
£	£	£		Imperial.	Provincial and Local.	£	£	£		
225,800	...	225,800	+ 10,300	25,12,000	7,74,000	219,100	...	219,100	+ 3,600	-6,700
1,197,500	...	1,197,500	-22,400	77,56,000	1,01,03,000	1,190,600	...	1,190,600	-29,300	-6,900
3,192,000	900	3,192,900	- 126,500	68,99,000	4,37,64,000	3,377,500	500	3,378,000	+ 58,600	-185,100
1,969,300	2,200	1,971,500	-32,400	2,75,38,000	...	1,835,900	1,500	1,837,400	- 1,66,500	-134,100
344,300	900	345,200	-31,400	55,82,000	16,000	373,200	100	373,300	- 3,300	+ 28,100
82,100	39,500	121,600	+ 3,300	2,22,000	10,47,000	84,600	40,100	124,700	+ 6,400	+ 3,100
241,500	800	242,300	-8,200	26,12,000	14,15,000	268,500	100	268,600	+ 18,100	+ 26,300
38,100	...	38,100	-3,300	...	5,86,000	39,100	...	39,100	-2,300	+ 1,000
181,100	400	181,500	+ 1,700	24,15,000	4,16,000	188,700	200	188,900	+ 9,100	+ 7,400
22,500	...	22,500	+ 500	2,24,000	1,14,000	22,500	...	22,500	+ 500	...
871,200	4,700	875,900	- 18,800	85,49,000	53,23,000	924,800	1,700	926,500	+ 31,800	+ 50,600
181,000	...	181,000	- 300	3,23,000	24,99,000	188,100	...	188,100	+ 6,800	+ 7,100
8,546,400	49,400	8,595,800	-227,500	6,46,32,000	6,60,57,000	8,712,600	44,200	8,756,800	-66,500	+ 161,000
2,866,700	4,423,900	7,290,600	+ 55,100	3,37,78,000	1,01,22,000	2,926,700	4,365,700	7,292,400	+ 56,900	+ 1,800
3,704,800	1,378,800	5,083,600	-2,800	5,86,09,000	48,000	3,910,500	1,437,800	5,348,300	-267,500	-264,700
1,015,900	...	1,015,900	+ 7,600	73,78,000	83,47,000	1,048,300	...	1,048,300	-24,800	-33,400
-1,854,000	3,045,100	1,191,100	+ 59,900	-3,22,09,000	17,27,000	-2,032,100	2,927,900	895,800	- 235,400	-295,300
447,300	...	447,300	+ 2,200	70,10,000	27,000	469,100	...	469,100	+ 24,000	+ 21,800
-1,406,700	3,045,100	1,638,400	+ 62,100	-2,51,99,000	17,54,000	-1,563,000	2,927,900	1,364,900	-211,400	-273,500
1,363,600	149,500	1,513,100	- 17,800	2,02,84,000	10,65,000	1,423,300	120,200	1,543,500	+ 12,600	+ 30,400
697,700	217,600	915,300	- 82,600	1,08,29,000	...	721,900	312,500	1,034,400	+ 36,500	+ 119,100
107,500	13,200	120,700	- 111,400	12,94,000	...	86,300	37,000	123,300	-108,800	+ 2,600
1,197,900	272,000	1,469,900	+ 28,800	77,74,000	1,05,43,000	1,221,100	279,600	1,500,700	+ 59,600	+ 30,800
2,331,100	500	2,331,600	- 33,500	12,14,000	3,49,46,000	2,410,700	500	2,411,200	+ 46,100	+ 79,600
700,700	100	700,800	- 55,400	19,41,000	93,99,000	756,000	200	756,200	...	+ 55,400
3,151,700	600	3,152,300	-29,900	26,94,000	5,06,16,000	3,554,000	800	3,554,800	+ 372,600	+ 402,500
503,500	272,000	775,500	+ 14,400	39,95,000	23,05,000	420,000	281,600	701,600	- 59,500	- 73,900
1,468,600	5,000	1,473,600	- 88,900	12,70,000	2,62,57,000	1,835,100	4,000	1,839,100	+ 276,600	+ 365,500
119,800	400	120,200	- 3,200	18,82,000	...	125,500	400	125,900	+ 2,500	+ 5,700
996,700	6,100	1,002,800	- 46,100	7,35,000	1,53,33,000	1,071,200	9,700	1,080,900	+ 32,000	+ 78,100
800,400	3,700	804,100	- 196,000	93,49,000	6,70,000	667,900	2,200	670,100	- 330,000	- 134,000
489,200	33,500	522,700	- 32,300	64,87,000	40,11,000	699,900	39,900	739,800	+ 184,800	+ 217,100
11,759,600	593,900	12,353,500	- 442,100	3,73,41,000	15,40,80,000	12,761,400	618,900	13,380,300	+ 584,700	+ 1,026,800
244,300	10,800	255,100	- 1,200	37,63,000	...	250,900	10,800	261,700	+ 5,400	+ 6,600
400	221,600	222,000	- 36,000	8,000	...	500	250,000	250,500	- 7,500	+ 28,500
886,500	2,018,000	2,904,500	+ 10,500	12,27,000	1,25,15,000	916,100	2,025,500	2,941,600	+ 47,600	+ 37,100
483,300	101,900	585,200	+ 67,900	11,63,000	62,81,000	496,300	70,500	566,800	+ 49,500	- 18,400
246,500	59,400	305,900	+ 52,000	9,58,000	25,74,000	235,500	19,500	255,000	+ 1,100	- 50,900
1,861,000	2,411,700	4,272,700	+ 93,200	71,19,000	2,13,70,000	1,899,300	2,376,300	4,275,600	+ 96,100	+ 2,900
8,800	...	8,800	+ 8,800	...	31,76,000	211,700	...	211,700	+ 211,700	+ 202,900
103,200	27,000	130,200	- 16,800	5,26,000	...	35,100	...	35,100	- 111,500	- 95,100
217,900	...	217,900	- 15,400	56,94,000	...	379,600	400	380,000	+ 146,700	+ 162,100
643,100	...	643,100	+ 97,000	55,98,000	...	373,200	...	373,200	- 172,900	- 269,900
973,000	27,000	1,000,000	+ 73,600	1,18,18,000	31,76,000	999,600	400	1,000,000	+ 73,600	...
23,902,100	6,507,400	30,409,500	- 652,500	12,81,18,000	24,75,02,000	25,041,400	6,437,400	31,478,800	+ 416,800	+ 1,069,300

BUDGET ESTIMATES, 1905-1906.

INDIA.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	TOTAL.
5,41,37,000	3,675,800	1,158,800	4,834,600
35,20,000	2,34,700	279,000	513,700
5,86,57,000	3,910,500	1,437,800	5,348,300

* The following further sums, included under XXVI and 38.—State Railways, were taken in the Accounts of 1903-04 as chargeable to the grant for Famine Relief and Insurance as representing the net charge on the Revenue on account of Protective Railways constructed through the agency of Companies—

	Accounts, 1903-1904.
Benzal-Nagpur Railway	73,404
Indian Midland Railway	20,916
TOTAL	94,320

This charge will no longer be taken against the grant for Famine Relief and Insurance.

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1903-1904.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R:15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	R	R	£	£	£	R	R
Brought forward	16,65,64,963	22,70,21,923	26,239,126	6,392,446	32,631,572	13,10,25,000	22,75,05,000
Railway Revenue Account—							
38.—State Railways: Working Expenses	15,53,86,504	2,85,861	10,378,158	...	10,378,158	16,59,34,000	3,63,000
Interest on Debt	4,95,20,758	...	3,301,384	1,140,397	4,441,781	5,22,93,000	...
Annuities in purchase of Railways	...	...	...	3,004,620	3,004,620	...	...
Interest chargeable against Companies on Advances	29,14,914	37,042	196,797	218,884	415,681	32,17,000	62,000
Interest on Capital deposited by Companies	3,82,590	45,986	28,572	1,193,429	1,222,001	4,16,000	68,000
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	15,3,908	...	102,066	...	102,066	18,21,000	...
Interest	2,28,672	...	15,245	1,032,772	1,048,017	2,78,000	...
40.—Subsidized Companies: Land, etc.	4,49,953	7,537	30,499	...	30,499	8,83,000	4,000
41.—Miscellaneous Railway Expenditure	7,21,235	94,381	54,374	...	54,374	6,74,000	90,000
TOTAL	21,11,35,614	4,70,807	14,107,095	6,590,102	20,697,197	22,55,16,000	5,87,000
Irrigation—							
42.—Major Works: Working Expenses	81,80,491	39,80,777	810,751	...	810,751	90,11,000	40,90,000
Interest on Debt	91,86,052	57,27,467	994,235	...	994,235	94,56,000	57,82,000
43.—Minor Works and Navigation	43,08,190	87,84,877	872,871	2,150	875,021	45,20,000	92,78,000
TOTAL	2,16,74,733	1,84,93,121	2,677,857	2,150	2,680,007	2,20,87,000	1,91,50,000
Other Public Works—							
44.—Military Works	1,47,25,195	...	981,680	52,974	1,034,654	1,40,00,000	...
Do. Re-organisation	...	...	...	...	...	34,000	...
45.—Civil Works	86,48,595	5,90,04,834	4,510,228	92,026	4,602,254	97,99,000	6,13,10,000
45 A.—Construction of Railways charged to Provincial or Local Revenues	...	3,98,248	26,550	...	26,550	...	1,01,000
TOTAL	2,33,73,790	5,94,03,082	5,518,458	145,000	5,663,458	2,38,33,000	6,14,11,000
Army Services—							
46.—Army: Effective	18,27,14,858	...	12,180,990	2,618,780	14,799,770	19,63,79,000	...
Non-Effective	1,00,92,048	...	672,803	2,392,635	3,065,438	1,00,05,000	...
Re-organisation	...	...	...	...	...	73,73,000	...
TOTAL	19,28,06,906	...	12,853,793	5,011,415	17,865,208	21,37,57,000	...
Special Defence Works—							
47.—Special Defences (1902)	3,25,395	...	21,693	5,361	27,054	7,18,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	61,58,81,401	30,53,88,933	61,418,022	18,146,474	79,564,496	61,78,36,000	30,86,54,000
<i>Add</i> —Portion of Allotments to Provincial Governments not spent by them in the year	...	2,07,26,556	1,381,770	...	...	...	93,51,000
<i>Deduct</i> —Portion of Provincial Expenditure defrayed from Provincial Balances	...	27,97,671	186,511	...	1,195,259	...	97,13,000
Total Expenditure charged to Revenue	61,58,81,401	32,33,17,818	62,613,281	18,146,474	80,759,755	61,78,36,000	30,82,92,000

	ACCOUNTS, 1903-1904.			
	INDIA.		England.	Total.
	Amount in Rupees.	Equivalent in £ at R:15=£1.		
	R	£	£	£
Capital Expenditure not charged to Revenue—				
48.—State Railways	4,84,99,967	3,233,331	1,301,774	4,535,105
49.—Irrigation Works	75,61,340	504,089	3,809	507,898
TOTAL	5,60,61,307	3,737,420	1,305,583	5,043,003
51.—Redemption of Liabilities	...	...	...	...

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

ESTIMATE, 1904-1905.			Increase + Decrease — of Revised, as compared with Budget Estimate, 1904-1905.	BUDGET ESTIMATE, 1905-1906.					Increase + Decrease — of Budget, 1905-1906, as compared with Budget Estimate, 1904-1905.	Increase + Decrease — of Budget, 1905-1906, as compared with Revised Estimate, 1904-1905.
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	
23,902,100	6,507,400	30,409,500	-652,500	12,81,18,000	24,75,02,000	25,041,400	6,437,400	31,478,800	+416,800	+1,069,300
11,086,500	...	11,086,500	+522,600	16,81,31,000	4,23,000	11,236,900	...	11,236,900	+673,000	+150,400
3,486,200	1,141,500	4,627,700	+3,100	5,51,37,000	...	3,675,800	1,158,800	4,834,600	+210,000	+206,900
...	3,009,300	3,009,300	+800	...	...	...	3,013,200	3,013,200	+4,700	+3,900
218,600	237,300	455,900	-300	34,72,000	48,000	234,700	279,000	513,700	+57,500	+57,800
32,300	1,236,000	1,268,300	-14,700	4,14,000	69,000	32,200	1,310,100	1,342,300	+59,300	+74,000
121,400	...	121,400	-4,800	25,32,000	...	168,800	...	168,800	+42,600	+47,400
18,500	1,045,100	1,063,600	-600	83,000	...	5,500	1,039,000	1,044,500	-19,700	-19,100
59,200	...	59,200	-17,800	10,00,000	1,40,000	76,000	...	76,000	-1,000	+16,800
50,900	...	50,900	-7,100	8,67,000	66,000	62,200	...	62,200	+4,200	+11,300
15,073,600	6,669,200	21,742,800	+481,200	23,16,36,000	7,46,000	15,492,100	6,800,100	22,292,200	+1,030,600	+549,400
873,400	...	873,400	+52,200	62,00,000	66,12,000	854,100	...	854,100	+32,900	-19,300
1,015,900	...	1,015,900	-7,600	73,78,000	83,47,000	1,048,300	...	1,048,300	+24,800	+32,400
919,800	2,200	922,000	+58,800	41,44,000	1,06,89,000	988,900	2,100	991,000	+127,800	+69,000
2,809,100	2,200	2,811,300	+103,400	1,77,22,000	2,56,48,000	2,891,300	2,100	2,893,400	+185,500	+82,100
933,300	52,000	985,300	-71,300	1,33,84,000	...	892,300	21,600	913,900	-142,700	-71,400
2,300	...	2,300	+2,300	35,28,000	...	235,200	...	235,200	+235,200	+232,900
4,740,600	76,600	4,817,200	-248,800	94,07,000	7,23,34,000	5,449,400	87,500	5,536,900	+470,900	+719,700
6,700	...	6,700	-14,500	...	2,04,000	13,600	...	13,600	-7,600	+6,900
5,682,900	128,600	5,811,500	-332,300	2,63,19,000	7,25,38,000	6,590,500	109,100	6,699,600	+555,800	+£88,100.
13,091,900	2,937,000	16,028,900	+4,100	19,10,33,000	...	12,735,500	2,257,800	14,993,300	-1,031,500	-1,035,600
667,000	2,427,300	3,094,300	+4,400	1,00,25,000	...	668,300	2,416,000	3,084,300	-5,600	-10,000
491,500	700,000	1,191,500	+1,191,500	85,36,000	...	569,100	1,635,600	2,204,700	+2,204,700	+1,013,200
14,250,400	6,064,300	20,314,700	+1,200,000	20,95,94,000	...	13,972,900	6,309,400	20,282,300	+1,167,600	-32,400
47,900	100,000	147,900	-108,800	11,73,000	...	78,200	175,000	253,200	-3,500	+105,300
61,766,000	19,471,700	81,237,700	+691,000	61,45,62,000	34,64,34,000	64,066,400	19,833,100	83,899,500	+3,352,800	+2,661,800
623,400	...	...	...	...	38,000	2,500	...	...	...	...
647,500	...	24,100	+1,292,700	...	2,05,93,000	1,372,800	...	1,370,300	-53,500	-1,346,200
61,741,900	19,471,700	81,213,600	+1,983,700	61,45,62,000	32,58,79,000	62,696,100	19,833,100	82,529,200	+3,299,300	+2,615,600

REVISED ESTIMATE, 1904-1905.				BUDGET ESTIMATE, 1905-1906.			
INDIA.		England.	Total.	INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
₹.	£	£	£	₹	£	£	£
6,91,77,000	4,611,800	1,509,000	6,120,800	6,77,40,000	4,516,000	2,346,000	6,862,000
59,18,000	394,500	8,000	402,500	1,21,03,000	806,900	26,500	833,400
7,50,95,000	5,006,300	1,517,000	6,523,300	7,98,43,000	5,322,900	2,372,500	7,695,400
...	...	...	...	...	...	3,427,400	3,427,400

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	83,009,411	746,744	83,756,155	84,028,400	670,700	84,699,100	82,862,700	570,300	83,433,000
Excess of Revenue over Expenditure charged to Revenue.	...	...	2,996,400	...	...	3,485,500	...	...	903,800
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (Net)	...	...	...	963,600	...	963,600	2,110,700	...	2,110,700
OUTLAY OF RAILWAY COMPANIES—									
Repayments NET	1,002,554	6,959	1,009,513 0	997,600	13,200	1,010,800 0	811,500	2,600	814,100 0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital NET	13,405	...	13,405 0	9,300	1,501,300	1,510,600 1,449,400	10,100	2,674,800	2,684,900 410,100
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
India Stock	...	1,500,000	...	...	2,500,000	...	...	2,000,000	...
B. B. C. I. Debentures	...	...	...	...	...	...	...	2,927,400	...
<i>Rupce Debt—</i>									
Rupce Loan	1,333,333	...	...	2,000,000	...	...	2,666,700	...	...
TOTAL NET	1,333,333	1,500,000	2,833,333 2,146,825	2,000,000	2,500,000	4,500,000 3,411,100	2,666,700	4,927,400	7,594,100 7,200,800
Temporary Debt Incurred—									
Temporary Loans NET	333,333	2,000,000	2,333,333 0	...	500,000	500,000 0	...	...	...
Unfunded Debt—									
Deposits of Service Funds	96,555	...	...	102,800	...	...	103,300	...	...
Savings Bank Deposits	3,643,472	...	...	4,022,800	...	...	4,122,100	...	...
TOTAL NET	3,740,027	...	3,740,027 770,221	4,125,600	...	4,125,600 890,200	4,225,400	...	4,225,400 846,500
Deposits and Advances—									
Balances of Provincial Allotments	1,381,770	...	...	623,400	...	...	2,500	...	...
Appropriation for Reduction or Avoidance of Debt	644,278	...	...	643,100	...	...	373,200	...	...
Excluded Local Funds	756,891	...	...	799,700	...	...	725,200	...	...
Railway Funds	64,215	...	...	62,500	...	...	52,000	...	...
Deposits of Sinking Funds	9,884	...	...	10,300	...	...	10,700	...	...
Gold Reserve Fund	2,627,575	(a) 2,566,189	...	1,738,700	(b) 2,001,200	...	150,000	254,000	...
Currency Reserve; Council Bills appropriated	...	...	...	...	...	...	...	1,333,000	...
Departmental and Judicial Deposits	17,457,532	...	...	19,008,000	...	...	17,600,100	...	...
Advances	8,614,137	49,533	...	4,435,100	16,500	...	4,333,200	14,300	...
Suspense Accounts	207,422	...	...	109,000	...	...	1,700	...	...
Exchange on Remittance Accounts, net	15,235	...	...	10,200	...	...	...	...	...
Miscellaneous	14,162	...	...	...	...	...	3,600	...	...
TOTAL NET	31,793,101	2,615,722	34,408,823 1,973,191	27,440,000	2,017,700	29,457,700 871,700	23,252,200	1,601,300	24,853,500 0
Carried over	121,225,164	6,869,425	...	119,564,500	7,202,900	...	115,939,300	9,776,400	...

(a) Includes £ 2,200,000 remitted from India by means of Council Bills.

(b) Includes £ 700,000 ditto ditto ditto ditto.

Government of India, in India and in England.

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	61,418,022	18,146,474	79,564,496	61,766,600	19,471,700	81,237,700	64,066,400	19,833,100	83,899,500
Add—Provincial Surpluses transferred to "Deposits"	1,381,770	...	1,381,770	623,400	...	623,400	2,500	...	2,500
Deduct—Provincial Deficits charged to "Deposits"	186,511	...	186,511	647,500	...	647,500	1,372,800	...	1,372,800
TOTAL	62,613,281	18,146,474	80,759,755	61,741,900	19,471,700	81,213,600	62,696,100	19,833,100	82,529,200
Excess of Expenditure charged to Revenue, over Revenue—			0			0			0
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	504,089	3,809	507,898	394,500	8,000	402,500	806,900	26,500	833,400
OUTLAY ON STATE RAILWAYS	3,233,331	1,301,774	4,535,105	4,611,800	1,509,000	6,120,800	4,516,000	2,346,000	4,862,000
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES	...	...	...	...	...	...	...	3,427,400	3,427,400
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	1,587,987	1,276,216	2,864,203	1,311,000	1,107,900	2,418,900	1,257,200	1,145,200	2,402,400
NET			1,854,690			1,408,100			1,588,300
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	80,000	80,000	...	61,200	61,200	...	2,274,800	2,274,800
NET			60,950			0			0
Permanent Debt Discharged—									
Sterling Debt—									
India 5 p. c. Stock	...	...			100			...	
G. I. P. Railway Debentures	...	600,000			1,002,100			250,000	
Ruppes Debt—									
4½ p. c. Loans	500	...		400	...		700	...	
4 p. c. Loans	83,766	...		85,300	...		84,600	...	
3½ p. c. Loans	2,240	...		1,000	...		1,300	...	
Stock Notes	2	...		...	...		...	...
Provincial Debentures	...	...		...	...		56,700	...	
TOTAL	86,508	600,000	686,508	86,700	1,002,200	1,088,900	143,300	250,000	393,300
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	...	3,500,000	3,500,000	333,300	2,000,000	2,333,300	...	500,000	500,000
NET			1,166,667			1,833,300			500,000
Unfunded Debt—									
Special Loans	58	...		700	...		300	...	
Deposits of Service Funds	83,739	...		89,200	...		90,200	...	
Savings Bank Deposits	2,886,009	...		3,145,500	...		3,288,400	...	
TOTAL	2,969,806	...	2,969,806	3,235,400	...	3,235,400	3,378,900	...	5,378,900
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	186,511	...		647,500	...		1,372,800	...	
Excluded Local Funds	719,941	...		762,500	...		709,200	...	
Railway Funds	66,548	...		59,000	...		76,700	...	
Gold Reserve Fund	2,461,445	2,566,189		1,905,800	2,001,200		150,000	254,000	
Currency Reserve: sums invested	...	...		...	...		...	1,333,000	
Departmental and Judicial Deposits	17,406,651	...		18,919,200	...		17,592,600	...	
Advances	8,650,148	214,373		4,150,600	119,000		4,350,500	3,600	
Suspense Accounts	130,367	...		19,200	...		21,000	...	
Exchange on Remittance Accounts, net	...	...		...	...		...	...
Miscellaneous	33,159	300		1,900	100		...	...
TOTAL	29,654,770	2,780,862	32,435,632	26,465,700	2,120,300	28,586,000	24,272,800	1,590,600	25,863,400
NET			0			0			1,009,900
Carried over	100,049,772	27,689,135		98,180,300	27,280,300		97,071,200	31,393,600	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	121,225,164	6,869,425		119,564,500	7,202,900		115,939,300	9,776,400	
Loans and Advances by Imperial Government	387,235	...	387,235	358,500	...	358,500	261,100	...	261,100
NET			0			101,000			3,500
Loans and Advances by Provincial Governments	988,400	...	988,400	554,800	...	554,800	511,300	...	511,300
NET			471,724			97,100			0
Capital of Local Boards NET	...	...	...	...	...	...	66,700	...	66,700
Remittances— Inland Money Orders	21,415,931	...		22,266,600	...		22,933,300	...	
Other Local Remittances	365,450	...		1,250,800	...		440,300	...	
Other Departmental Accounts	231,936	...		389,800	...		372,900	...	
Net Receipts by Civil Treasuries from— Post Office	724,156	...		922,300	...		827,700	...	
Guaranteed Railways	1,124,905	...		1,370,700	...		945,900	...	
Public Works	2,958,878	...		3,393,200	...		1,921,900	...	
Net Receipts from Civil Treasuries by— Telegraph	109,537	...		80,200	...		82,100	...	
Marine	334,095	...		271,200	...		177,700	...	
Military	13,015,788	...		13,519,000	...		13,046,000	...	
Remittance Account between England and India— Gold remitted from India	5,939	3,997,128		...	4,492,300		...	...
Purchase of silver	4,043,365	...		4,148,600	...		403,300	...	
Railway transactions	1,559,090	17,302		2,668,500	1,781,200		1,654,300	2,114,000	
Other	883,261	2,700,850		925,700	1,015,600		2,208,900	301,000	
TOTAL	46,772,331	6,715,280	53,487,611	51,206,600	7,289,100	58,495,700	45,014,300	2,415,000	47,429,300
NET			1,214,730			0			328,300
Secretary of State's Bills drawn	...	(a) 21,659,303	21,659,303	...	(b) 23,500,000	23,500,000	...	(c) 16,500,000	16,500,000
TOTAL RECEIPTS	169,373,130	35,244,008		171,684,400	37,992,000		161,792,700	28,691,400	
Opening Balance	12,082,416	5,767,787		11,869,552	7,294,782		10,333,352	10,338,282	
GRAND TOTAL	181,455,546	41,011,795		183,553,952	45,286,782		172,126,052	39,029,682	

(a) In addition to £2,200,000 for remittance of the Gold Reserve Fund.

(b) In addition to £700,000 ditto ditto ditto.

(c) In addition to £1,333,000 for remittance of the Currency Department.

H. G. H. KEENE,
Deputy Comptroller General.FORT WILLIAM,
FINANCE DEPARTMENT;

March 22, 1905.

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

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	100,649,772	27,689,135		98,180,200	27,280,300		97,071,200	31,393,600	
Loans and Advances by Imperial Government	500,084	...	500,084	257,500	...	257,500	257,600	...	257,600
NET			112,849			0			0
Loans and Advances by Provincial Governments	516,676	...	516,676	457,700	...	457,700	728,500	...	728,500
NET			0			0			217,200
Capital Account of Local Boards	...	...	...	...	...	...	66,700	...	66,700
Remittances—									
Inland Money Orders	21,419,658	...		22,266,600	...		22,933,300	...	
Other Local Remittances	...	...		1,247,400	...		440,300	...	
Other Departmental Accounts	239,263	...		389,800	...		372,900	...	
Net payments into Civil Treasuries by—									
Post Office	724,205	...		922,300	...		827,700	...	
Guaranteed Railways	1,124,905	...		1,370,700	...		945,900	...	
Public Works	2,912,326	...		3,433,900	...		1,921,900	...	
Net Issues from Civil Treasuries to—									
Telegraph	108,189	...		80,200	...		82,100	...	
Marine	333,174	...		271,200	...		177,700	...	
Military	13,015,788	...		13,519,000	...		13,046,000	...	
Remittance Account between England and India—									
Gold remitted from India	4,000,001	...		4,492,300	...		...	...
Purchase of Silver	...	4,055,327		...	4,540,000		...	...
Railway transactions	...	1,576,392		1,781,200	2,668,500		2,114,000	1,654,300	
Other	2,367,494	396,159		1,339,100	459,700		2,176,600	408,300	
TOTAL	46,245,003	6,027,878	52,272,881	51,113,700	7,668,200	58,781,900	45,038,400	2,062,600	47,101,000
NET			0			286,200			0
Secretary of State's Bills paid	(a) 21,674,459	...	21,674,459	(b) 23,211,400	..	23,211,400	(c) 16,803,600	...	16,803,600
TOTAL DISBURSEMENTS	169,585,994	33,717,013		173,220,600	34,948,500		159,966,000	33,456,200	
Closing Balance	11,869,552	7,294,782		10,333,352	10,338,282		12,160,052	5,573,482	
GRAND TOTAL	181,455,546	41,011,795		183,553,952	45,286,782		172,126,052	39,029,682	

(a) In addition to £2,200,000 for payment from the Gold Reserve Fund.
 (b) In addition to £700,000 ditto ditto ditto.
 (c) In addition to £1,333,000 for payment from the Currency Reserve.

FINANCIAL STATEMENT OF THE

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.	Berar.	Burma.	Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	N.-W. Frontier Province.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs 15 = £1.
	R	R	R	R	R	R	R	R	R	R	R	R	£
Accounts, 1903-1904.													
Balance at end of 1902-1903	1,63,255	27,06,339	9,15,256	1,18,62,131	20,18,843	79,49,376	61,61,134	42,24,338	1,38,254	88,65,216	63,40,838	5,34,40,980	3,422,999
Added in 1903-1904	167	...	85,066	...	11,48,784	89,00,967	39,17,133	8,41,577	8,155	54,88,899	3,35,808	2,07,26,556	1,381,770
Deducted in 1903-1904	...	8,81,819	...	19,15,852	...	...	...	...	...	...	...	27,97,671	186,513
Balance at end of 1903-1904	1,63,422	18,24,520	10,00,322	99,46,279	31,67,627	1,68,50,343	1,00,78,267	50,65,915	1,46,409	1,43,54,115	66,76,646	6,92,73,865	4,618,258
Revised Estimate, 1904-1905.													
Balance at end of 1903-1904 (by Accounts)	1,63,422	18,24,520	10,00,322	99,46,279	31,67,627	1,68,50,343	1,00,78,267	50,65,915	1,46,409	1,43,54,115	66,76,646	6,92,73,865	4,618,258
Added in 1904-1905	...	...	90,000	...	...	...	...	51,64,000	3,000	...	40,94,000	93,51,000	623,400
Deducted in 1904-1905	22,000	6,72,000	...	19,70,000	1,99,000	19,60,000	15,13,000	...	...	33,77,000	...	97,13,000	647,500
Balance at end of 1904-1905	1,41,422	11,52,520	10,00,322	79,76,279	29,68,627	1,48,90,343	85,65,267	1,02,29,915	1,49,409	1,09,77,115	1,07,70,646	6,89,11,865	4,594,158
Budget Estimate, 1905-1906.													
Balance at end of 1904-1905 (by Revised Estimate)	1,41,422	11,52,520	10,00,322	79,76,279	29,68,627	1,48,90,343	85,65,267	1,02,29,915	1,49,409	1,09,77,115	1,07,70,646	6,89,11,865	4,594,158
Added in 1905-1906	...	...	...	...	38,000	...	...	...	...	...	...	38,000	2,500
Deducted in 1905-1906	19,000	55,000	1,58,000	34,43,000	...	37,07,000	25,64,000	36,08,000	5,000	38,65,000	31,69,000	2,05,93,000	1,372,800
Balance at end of 1905-1906	1,22,422	10,97,520	9,32,322	45,33,279	30,06,627	1,11,83,343	60,01,267	66,21,915	1,44,409	71,12,115	76,01,646	4,83,56,865	3,223,858

H. G. H. KEENE,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1905.

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

Revenue and Expenditure.	Accounts, 1903-1904.				Revised Estimate, 1904-1905.		Budget Estimate, 1905-1906.		
	Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	£	£	£	£	£	£	£	£	£
<i>Revenue Heads.</i>									
Land Revenue (excluding that due to Irrigation).	19,234,388	725,650	3,048,884	15,459,854		15,025,500		15,354,000	
Opium	5,736,045	4,123	2,225,744	3,506,178		4,069,000		3,636,800	
Salt	5,250,405	268,761	331,191	4,650,113		4,741,100		3,625,300	
Stamps	3,580,247	42,010	122,379	3,415,858		3,800,200		3,640,700	
Excise	4,980,096	47,596	213,928	4,718,572		5,012,000		5,128,100	
Provincial Rates	2,825,349	3,382	39,212	2,742,755		2,783,100		2,735,600	
Customs	3,066,298	127,232	168,165	3,670,901		4,077,000		4,077,000	
Assessed Taxes	1,214,665	8,029	23,208	1,183,428		1,226,200		1,250,900	
Forest	1,481,116	3,723	813,618	663,775		682,600		673,600	
Registration	3,650,2	861	177,800	148,241		158,000		153,800	
Tributes	609,086	198,259	...	410,827		421,400		412,700	
Total	49,204,657	1,429,626	7,164,129	40,610,902		41,786,400		40,689,100	
Total deduction from Revenue		8,593,755							
<i>Expenditure Heads.</i>									
Debt Services	896,062	1,697,627			801,565		768,700		559,500
Commercial Services	1,507,153 857,635 21,557,866 291,1763	1,403,224 916,824 20,697,197 2,680,007		103,929 59,189 860,669 231,756		77,600 26,100 2,254,500 219,900		64,800 125,300 1,564,200 161,900	
Other Public Works	45,083 510,420	1,034,654 4,628,804			989,571 4,118,384		940,200 2,300 4,333,800		868,800 235,200 5,092,100
Mint	2,884,766	2,785,585		99,181		76,300			17,800
Civil Departments	1,597,345	11,979,232			10,381,887		10,793,500		11,871,500
Miscellaneous	199,159 58,429 365,032 71,357	2,856,159 447,765 1,045,721		58,429	2,657,000 82,733 974,364		2,714,700 99,100 18,300 990,800		2,750,400 51,700 137,700 1,010,400
Famine Relief and Insurance		20,351 885,329			20,351 885,329		8,800 991,200		211,700 788,300
Army Services	948,035 141,393	14,799,770 3,065,438		13,851,735 2,924,045		15,184,000 2,977,200 1,191,500 147,900		14,182,800 2,965,200 2,204,700 253,200	
Total	83,756,155	79,564,496		4,191,659		3,461,400			466,500
Provincial Adjustment		1,195,259			1,195,259	24,100		1,370,300	
Total	83,756,155	80,759,755		2,996,400		3,485,500		903,800	
Surplus				2,996,400		3,485,500		903,800	
Capital Account									
Railway and Irrigation Capital not charged to Revenue:—									
Capital raised through Companies towards outlay on State Railways			(net)			963,600		2,110,700	
Capital raised and deposited by Railway Companies			(net)		66,595	1,449,400		410,100	
Outlay on Irrigation Works			(net)		507,898		402,500	833,400	
Outlay on State Railways			(net)		4,535,105		6,120,800	6,862,000	
Outlay of Railway Companies			(net)		1,854,690		1,408,100	1,589,300	
Capital involved in Redemption of Railway Liabilities			(net)					3,427,400	
Debt, Deposits, Advances, and Remittances									
Permanent Debt			(net)	2,146,825		3,411,100		7,200,800	
Temporary Debt			(net)		1,166,667		1,833,300	500,000	
Unfunded Debt			(net)	770,221		890,200		846,500	
Loans and Advances by Imperial Government			(net)		112,849		101,000	3,500	
Loans and Advances by Provincial Governments			(net)	471,724		97,101		217,200	
Deposits and Advances			(net)	1,973,191		871,700		1,005,900	
Remittances			(net)	1,214,730			286,200	328,300	
Secretary of State's Bills drawn			(net)	21,659,393		23,500,000		16,500,000	
Secretary of State's bills paid			(net)		21,674,459		23,211,400	16,803,600	
Cash Balance									
Opening Balance			(net)	31,232,394	29,918,263	34,769,600	33,262,300	28,303,700	31,241,800
Closing Balance			(net)	17,859,203	19,164,324	19,164,324	20,671,634	20,671,634	17,733,534
Total	49,082,597	49,082,597		53,933,934	53,933,934	48,975,334	48,975,334		

H. G. H. KEENE,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1905.

APPENDIX II.

Memorandum by the Hon'ble Major-General Sir Edmond Elles, K.C.B., K.C.I.E., on Military, Military Works, Special Defences, and Marine Expenditure for the years 1904-1905 and 1905-1906.

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 1905-1906 will, it is estimated, be more than that provided in the Budget of 1904-1905 by £1,139,800, and more than the revised Budget by £2,100.

The cause of the excess over the Budget for 1904-1905 is the necessity felt by the Government of India to provide funds for carrying out the scheme for the reorganisation of the Field Army framed by His Excellency the Commander-in-Chief. The small excess over the revised Estimate is due to the fact that some of the measures of the scheme such as the provision of Stores, Equipment, Ammunition, Remounts and Transport have taken effect in the current year and account to a great extent for the increase of the revised Estimate of 1904-1905 over the original Budget. The total extra grant allotted during this year was 1,56 lakhs partly by a special grant and partly by re-appropriation. Necessary provision had also to be made during the year for the Tibet Mission.

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 institute, during the ensuing year.

Budget, 1904-1905.

4. *Reorganisation of the Army in India.*—Various measures have been taken during the past year towards carrying out Lord Kitchener's scheme for the reorganisation of the Army in India. The Madras Command has been abolished, and India (exclusive of Burma) has been divided into three Commands, each comprising three divisions, or altogether nine divisions. For the present, however, the Secunderabad Division is to remain an independent Command directly under Army Head Quarters. Certain additional appointments of Colonel on the Staff and Brigade Major have been created with a view to completing the redistribution of Commands and staff, and consolidated rates of pay have been sanctioned for General Officers and Colonels on the Staff commanding brigades. *Field Army.*

A special grant of 1,56 lakhs was given for reorganisation measures in 1904-1905, and it is anticipated that the greater part of this money will have been expended on various measures for the equipment and armament of the army, such as the purchase of imported stores and the provision of local stores for the revised Field Army. Additions have also been made to the Reserve of Horses and to Army Transport.

Organisation of Mounted Infantry units for Field Service.—A revised scheme has been sanctioned for the organisation of companies and battalions of Mounted Infantry, British and Native, for field service. As these units will not be formed except on mobilisation, the scheme involves no immediate expenditure.

Revised scheme for Mounted Infantry Schools.—A revised scheme for the training of Mounted Infantry, British and Native, has been sanctioned. The scheme involves an estimated annual extra expenditure of ₹13,245.

Factories.

Cordite factory, Wellington.—Manufacture of cordite was commenced at the cordite factory, Wellington, on the 28th July 1904. The chemical tests and practical proof of this cordite shew that it is well within the standard specifications and has given better results at proof than the Waltham Abbey standard. The saving from the manufacture of cordite in India, as compared with the cost of importation, is calculated to amount to about ₹2,60,000 a year.

Acetone, the solvent used in the manufacture of cordite, has at present to be imported, but the question of its manufacture in India from locally grown blue gum (eucalyptus) wood has been taken up. Ten tons of this timber were sent to England in March 1904 for distillation, and the satisfactory results obtained shew that the manufacture of acetone in India is a perfectly feasible project and that there are no technical difficulties in the way.

Gun-carriage factory, Fubbulpore.—Good progress has been made towards the completion of this factory, and manufacture will shortly commence. The gun-carriage factory at Fatehgarh was closed for outturn work on the 1st January last, and it is anticipated that it will be possible to close the gun-carriage factories at Bombay and Madras by 1907.

Rolling mills, Ishapore.—All the buildings have been practically completed. The whole of the machinery will have been received by the 1st April and manufacture will be started by the end of April next. The cost of machinery amounts to about ₹64,000.

Gun factory, Cossipore.—All the machinery is under delivery, and the buildings are ready. The manufacture of guns will be started some time in May next.

General**Requirements.**

Establishment of runs for young stock on the Jhelum Canal.—In connection with the horse and mule breeding operations of the Army Remount Department, it was decided in 1903 to establish two runs on the Jhelum Canal of 10,000 acres each for young stock. One of these runs, which is for young horses, has already been started at Mona and is now in working order. Land for the second run was taken up at Sargoda in February 1904 and is under clearance. This run will be for young mules which will be reared there and issued to the service.

Studs for breeding stallions in India.—With the approval of the Secretary of State for India stud farms for breeding stallions have been established at Ahmednagar and Mona with the object of preserving the pure eastern breeds of horses and of producing animals suitable for use as Imperial stallions. The cost of the measure is estimated at ₹1,51,000 initial and ₹63,000 eventual annual recurring, but it is anticipated that the recurring expenditure will be fully balanced after the fifth year by the value of the produce.

The breeding of donkey stallions on a small scale at Mona and Mirpur (near Abbottabad) has also been sanctioned owing to the successful experiments made by the Civil Veterinary Department at Hissar. The cost is estimated at ₹7,686 initial and ₹6,660 annual recurring. It is hoped by this means to produce suitable jacks in India, thus obviating the necessity for importing expensive animals from America and elsewhere.

Addition of the Gujrat district to the selected horse-breeding districts.—The Gujrat district has, on the representation of the Punjab Government as to its suitability for horse-breeding, been added to the breeding areas under the control of the Army Remount Department. The cost is estimated at ₹40,600 initial and ₹13,515 annual recurring.

Administration of the Army Clothing Department.—As the system of administration of the Army Clothing Department which was introduced in 1891 was found by experience to be cumbrous and ill-adapted for the rapid despatch of business, it was decided to place it under the direct control of the Government of India. There are two factories, one at Alipore and the other at Madras, each of them being in charge of a Superintendent who has under him an Assistant Superintendent. The senior Superintendent, in addition to his duties as head of a factory, has been appointed Head of the department with the title of

- Director of Army Clothing. It is expected that under the new arrangements greater efficiency in the working of the factories and more despatch in dealing with clothing questions will be obtained. The subordinate establishments of the clothing factories and that of the Government Inspector, Army Boot Factory, have been reorganised and brought on one list.

Supply of clothing to British troops in India.—The system of manufacture and supply of clothing for British troops in India has been changed and simplified. Up to the present time a great deal of clothing was made up in regiments, a course which proved to be needlessly expensive to the State, while it was also inconvenient to corps. In future all clothing for British troops will be made up in factories. The adoption of this system will effect an annual saving of some R1,70,000, while the manufacturing power of the factories by being maintained at high level in peace will be readily capable of expansion to meet demands in time of war. The system of accounts has also been considerably simplified. Units will not in future be required to render clothing accounts, but regimental books will be inspected by officers deputed for the purpose. The supply of articles of necessaries which was hitherto arranged regimentally now devolves on the Army Clothing Department and permits of the maintenance of a reserve.

Accelerated promotion in the Indian Medical Service.—The conditions under which the promotion of officers of this service in the rank of Captain may be accelerated have been notified.

Revised scale of leave pay for officers of the Indian Medical Service.—Consequent on the improvement in their pay, a revised scale of leave pay for those officers of the Indian Medical Service who are subject to the leave rules of 1886 for the Indian Army, has been authorised.

Revision of the pay of certain military medical appointments.—Increased rates of pay have been sanctioned by the Secretary of State in the case of certain military medical appointments which derived no benefit from the higher pay sanctioned last year for officers of the medical services in India. The cost of this measure amounts to R12,000 a year.

Improved pensions for Departmental Officers with honorary rank and Warrant Officers of the Indian Service.—The Secretary of State agreed to an enhancement of the rates of pension, which had been lower than those allowed to similar ranks of the British Service. The new scale of pensions came into effect from 1st April 1904. The extra expense is estimated at R18,305 per annum.

Certain measures having for their object an improvement in the pensionary conditions applicable in the case of families of the above officers and warrant officers, have also been accepted by Government and proposed to the Secretary of State.

Grant of special pensions to Mutiny veterans in indigent circumstances who are domiciled in India.—In September 1904 the Secretary of State accepted certain general proposals made by the Government of India on this subject. It is not practicable to estimate the expense involved in the measure. It is in contemplation to extend the concession to Mutiny veterans residing elsewhere than in India. Assistance has already been given to a number of deserving old soldiers, such as will enable them to pass the rest of their days in comparative comfort.

Improved rifle ranges for regular troops.—The rifle ranges of regular troops have been much improved during the past three years, and will in many cases now afford facilities for long and extreme range fire. Measures have also been taken to ensure the safety of persons in the vicinity of these ranges. The programme of works is now approaching completion.

Buildings and ranges for Volunteer corps.—In pursuance of a programme of works which has been undertaken in consequence of the rearmament of the volunteer force with the Lee-Metford rifle, a sum of about R1,20,000 has been spent on the provision of buildings and ranges for volunteer corps in the places where they are most urgently required.

Increase to the establishment of Royal Engineer officers in India.—The establishment of Royal Engineer officers in this country has been raised

from 320 in 1903-1904 to 365 on the 1st April 1905. This increase is necessary, so that a sufficient number of officers may be available in time of war, and will also permit of adequate progress with the building works connected with the Reorganization scheme.

Improved lighting and ventilation of the barracks and hospitals of British troops in the plains.—Progress has been made with the scheme for providing electrical installations in the larger cantonments where the hot weather is of long duration. The installations in Fort William and the station hospital at Alipore have been practically completed; those at Meerut and Jhansi are still in progress.

Partial abolition of rest camps and acceleration of the movement of British troops travelling by rail.—The old system under which British troops moving by rail in relief or to and from the ports of embarkation were required to halt at rest camps every twelve hours has been modified, and we have sanctioned, as a tentative measure for 1904-1905, certain proposals for the partial abolition of rest camps and for accelerating the movement of British troops travelling by rail. It is expected that this measure will result in an annual saving of about one lakh.

General remarks.—The various measures detailed in my statement last year have been proceeded with and in most cases have been carried out. There has been some delay in the provision of the Quick Firing guns for the Field Artillery owing to some points regarding the equipment having been still under the consideration of the War Office, but it is hoped the first instalment ordered last year for delivery this year will be very shortly received.

It has not yet been found possible to establish the Indian Staff College, but the sanction of the Secretary of State has been received for provisional arrangements being made pending the erection of the necessary buildings at Quetta.

Troops in the Colonies.—We have still four battalions of Native Infantry in the Colonies in addition to the five permanently found for the War Office. There are two in North China, one at Hong Kong and one in Somaliland.

Sikkim-Thibet.—The Sikkim-Thibet Mission was successfully withdrawn before the winter. The climatic conditions were a severe test of our Indian troops and the result has proved that the Indian Army has equalled if not surpassed its best traditions.

Somaliland.—The troops were withdrawn from Somaliland during the autumn and one battalion was lent to the War Office in their place, the whole cost of the expedition was borne by the War Office including the hire of the ships of the Royal Indian Marine.

Budget, 1905-1906.

Field Army.

5. *Reorganisation.*—In pursuance of the policy, accepted by the Secretary of State, of carrying out the Reorganisation Scheme framed by His Excellency the Commander-in-Chief, the Government of India have provided 331 lakhs for reorganisation measures—this sum includes 50 lakhs on account of lapses on the Home and Indian estimates this year (1904-1905). Of this balance of 281 lakhs, a sum of 144 lakhs is required for rearming the Field Artillery, and the remainder chiefly for the following measures:—

- (a) Increase in the reserves of small arm ammunition due to experience of the Russo-Japanese War.
- (b) Increase of reserves of Artillery Ammunition due to the introduction of the Quick Firing gun.
- (c) Increase of Ammunition Columns due to the extra ammunition required in the Field.
- (d) Completion of the Reserve of Rifles.
- (e) Provision of mobilisation equipment for the increased Field Army.
- (f) Increase of officers and subordinates in the Supply and Transport Corps due to reorganisation.
- (g) Provision of Transport Carts.
- (h) Reserve of Telegraph Equipment.

It is also proposed to provide 17 lakhs for the redistribution of the Army, of which 7 lakhs will be spent on hutting and 10 lakhs on extra land for British and

Native Troops. This is exclusive of 22 lakhs budgeted for under Military Works Expenditure.

Reorganisation of Artillery.—The Secretary of State has sanctioned the proposal to raise 5 Horse and 21 Field Batteries to the higher establishment for purposes of mobilisation. A sum of ₹3,00,000 was provided on this account in the Estimates of 1904-1905, out of which ₹20,650 was surrendered to provide funds required in the year on account of special reorganisation. The remaining provision has been found sufficient to meet the cost of horses and a portion of the cost of saddlery, line-gear, etc. For the balance of line-gear, saddlery, etc., and for additional recurring expenditure a sum of ₹1,67,000 has been provided in the Estimates of 1905-1906.

Reintroduction of signalling into batteries of Horse, Field, Heavy and Native Mountain Artillery in India.—The cost of this measure was originally estimated at ₹2,20,849 initial; and ₹2,11,852 annual recurring. The whole of the initial, and ₹50,000 of the recurring expenditure was provided in the Estimates of 1904-1905 in anticipation of the sanction of the Secretary of State. His sanction having been received in July 1904, the balance of funds required on account of recurring expenditure, *vis.*, ₹1,56,457 for additional horses, saddlery and men, has been provided in the Estimates of 1905-1906 in addition to ₹50,000 which has been repeated in those Estimates.

Delocalisation of the 7th Gurkhas.—The battalion has been delocalised and transferred from Assam to the Punjab. The estimate of the extra cost involved was ₹79,216 initial and ₹45,872 annual. Of the expenditure incurred in 1904-05, ₹79,216 initial and ₹7,645 recurring, the sum of ₹62,600 will be met from war savings, and the balance ₹24,261 by reappropriation from ordinary savings. The expenditure to be incurred in future years will be debited to the grant for reorganisation.

Delocalisation of the 2nd battalion, 10th Gurkha Rifles.—This battalion is at present localised in Burma and it has been decided to delocalise it also and to transfer it to Quetta. The financial effect of the measure has been estimated to involve an initial expenditure of ₹79,368 but an annual saving of ₹60,502.

The initial expenditure to be incurred in the current financial year will be met from the Special Reorganisation Grant.

Pioneer battalion of Hazaras.—It was estimated that a sum of ₹1,33,068 would be required to meet Indian initial charges in connection with the raising of a pioneer battalion of Hazaras, the formation of which had been sanctioned by the Secretary of State. Of this sum ₹83,068 was provided in the estimates of 1904-1905. The balance of ₹50,000 still required to meet Indian initial charges, and a sum of ₹3,51,500 for additional recurring charges have been provided in the estimates of 1905-1906. There will be also some Military Works expenditure.

Peace strength of certain Infantry regiments of the Indian Army.—The peace strength of ten locally recruited infantry regiments of the Madras Army has been reduced from 832 to 600, an equivalent increase being made concurrently in the establishment of certain selected regiments, so as to raise their strength to 912 of all ranks. This measure will not cause any extra expense.

Increase to the Native Army reserves.—For this measure ₹3,00,000 was provided in the estimates for 1904-1905; but of this sum ₹2,00,000 was surrendered to the Finance Department to meet reorganisation expenditure. It has been decided to repeat the provision of ₹3,00,000 in the estimates of the coming financial year. The question of the formation of a cavalry reserve is under consideration.

Disbandment of the 65th Carnatic Light Infantry and the 71st Coorg Rifles and raising in their place of the 2nd battalion, 6th Gurkhas, and the 2nd battalion, 9th Gurkhas.—The Secretary of State having sanctioned the disbandment of the 65th Carnatic Light Infantry and the 71st Coorg Rifles and the raising in their place of the 2nd battalion, 6th Gurkhas, and the 2nd battalion, 9th Gurkhas, the sum of ₹1,40,363 was required in 1904-1905 to meet initial and recurring charges connected with the raising of the new battalions. This was met partly from savings due to the disbandment of the 65th and 71st being carried out three months before the raising of the 2-6th and 2-9th was begun, and partly by reappropriation. A sum of ₹1,82,810 will be required in 1905-1906 to

meet the initial and recurring charges of the battalions in that year and the necessary provision has been made in the estimates.

Double company system in the 42nd, 43rd and 44th Infantry.—The Secretary of State has been asked to sanction the extension of the double company system to the 42nd Deoli and 43rd Erinpura regiments and the 44th Merwara Infantry. In addition to a temporary extra expenditure of R1,530 a year, the measure involves a permanent annual extra charge of R7,380 per annum.

Factories.

Appointment of an Inspector General of Ordnance factories.—The importance of the Ordnance manufacturing establishments in this country has greatly increased during recent years, owing to the policy of rendering India self-supporting as far as possible in the matter of the supply of munitions of war. It is considered necessary, therefore, for the efficient and economical working of the factories, that they should be administered under the orders of the Director General of Ordnance, by an officer, styled the Inspector General of Ordnance factories. This officer will be responsible for the control of the outturn of factories and for its correctness in detail and economy in cost. Proposals on the subject are under submission to the Secretary of State. The extra expenditure involved is estimated at R45,683 per annum.

Rifle Factory, Ishapore.—The erection of this factory is nearing completion and the manufacture of rifles will be commenced during 1905-1906. A large saving is anticipated from the manufacture of small arms and components in this country instead of importing them.

Manufacture of horse shoes in India.—In furtherance of the policy of rendering India self-supporting as far as possible in the matter of the supply of military stores, it has been decided (subject to the sanction of the Secretary of State) to erect buildings and set up plant at the harness and saddlery factory at Cawnpore for the manufacture of horse shoes. The expenditure involved is estimated at R1,05,870 for machinery and R34,000 for buildings. It is anticipated that the measure will result in a large saving as compared with the cost of importing horse shoes from England.

Carriage Factory, Jubbulpore.—This factory is approaching completion and will be opened for work during the year.

Cossipore Factory.—An extension of this factory will be carried out to provide for a larger outturn of ammunition due to the greater requirements of Quick Firing guns.

General Requirements.

Supply of clothing to the Native Army.—The sepoy now receives from Government the sum of R30 as kit money on enrolment and an annual half-mounting allowance for the provision and up-keep of his khaki uniform and certain other articles classed as necessaries. He also receives full dress uniform or compensation in lieu and has certain other privileges entitling him to compensation. This system has been found exceedingly unsatisfactory and the rules regarding the grant of compensation are illogical, inconsistent, and so complicated as to be hardly workable. Moreover, the sum of R30 granted as kit-money on enrolment is inadequate for the provision of the articles required. The adoption of a simpler system, which will not involve the grant of compensation, has therefore become necessary.

The introduction of the following measures has accordingly been recommended to the Secretary of State:—

- (a) increase of kit-money to R40; (b) purchase of all existing rights to compensation with a view to their extinction; (c) grant of an annual allowance in addition to the annual half mounting allowance of R5 which is now admissible. With the amounts provided under (a) and (c) the soldier will be able to obtain his uniform on payment from the clothing factories, as he requires it without being subjected to the present excessive deductions from pay. The expenditure in connection with (a) will amount to R1,00,000 a year; that under (b) and (c) to R5,07,909, initial, against which, however, there will be recoveries on account of payment issues of clothing amounting to R1,50,000 next year, and an annual saving of R17,930.

Supply and Transport—Ghilzai Camel Corps.—Orders have been issued for

the raising at Quetta of one sub-division (1 British officer, 81 native ranks and 143 camels) of a camel corps, which will be manned by Ghilzai camelmen. In peace time the corps will be employed in carrying work for government departments and private individuals, and the amount earned will, it is anticipated, cover the cost of its maintenance, the pay and allowances of the Commandant alone being borne by the State. If the measure on the small scale now under trial proves successful, it is intended to raise the strength of the corps by degrees to its full strength of four sub-divisions and a depot troop (1 British officer, 364 native ranks and 1,072 camels).

Grantee Camel Corps.—Orders have been issued for completing the existing 3½ grantee camel corps to 4 corps of 972 camels each. The strength of the combined depot troop for the 4 corps will also be raised from 262 to 384 camels.

Extension of the Punjab Military Transport Animals Act to the North-West Frontier Province.—The Punjab Military Transport Animals Act (I of 1903) was extended to the North-West Frontier Province and rules framed under that Act for the rapid collection of animals on mobilisation have been approved.

Importation of mules.—During 1904-05, 3,132 mules were obtained from Argentina, South Africa, Persia and Somaliland to complete deficiencies in the authorised complement. Mules have also been purchased in Argentina and in Persia for the additional Transport ordered to be raised last September.

Increased establishment of officers in the Supply and Transport Corps.—Since 1901-02 thirty-two officers have been added to the Supply Branch of the Supply and Transport Corps. Eight officers were added during 1904-1905.

Military Dairy Farms.—The establishment of dairies in connection with military grass farms has been steadily progressing during the last four years. A sum of 3½ lakhs has been provided in the estimates of 1905-1906 for expenditure on the formation of new and extension of existing dairies.

Scheme for soldiers doing their own cooking in India.—The necessity for the scheme was accepted in 1902, and sanction was accorded in 1903 to a partial introduction of the measure. The Secretary of State's sanction has been asked to proceed further with it, and a sum of ₹1,02,360 has been provided on this account in the Military Estimates for 1905-1906.

Establishment of a Staff College in India.—The Secretary of State has finally sanctioned the initiation of the scheme, and the details connected with the institution of the College are being considered.

The financial effect was estimated at an extra expenditure of ₹6,33,440*

* Military 17,000 } initial, and ₹69,892 annual (recurring).
 Military Works 6,16,440 }

The total expenditure on buildings to the end of 1904-05 has been approximately ₹2,00,000. The following further provision has been made in the estimates of 1905-1906:—

	₹
Initial (exclusive of two lakhs on account of Military Works Expenditure)	17,000
Annual (recurring)	69,892

In addition to this, a sum of ₹84,060 for recurring expenditure has been repeated from the current year's estimates, in the Military Estimates of 1905-1906 for garrison instruction.

Revision of the surgical equipment of military hospitals in India.—In order to bring the surgical equipment of military hospitals in India up to date, a sum of ₹1,50,994 has been provided in the home (military) estimates of 1905-1906.

Establishment of an X-ray Institute in India.—At present no facilities exist for the systematic study and application of radiography in India; there is no accommodation for the storage of the apparatus in a suitable climate and no trained personnel to look after it. Moreover, damaged parts have to be sent to England for repair and this involves much delay and expense. To place matters on a proper footing, it has been decided, subject to the sanction of the Secretary of State, to establish an Institute at Dehra Dun for use as a centre for the instruction of classes of medical officers and subordinates in the management of

the apparatus and as a depot for its storage and repair. The initial and recurring cost is estimated at Rs 80,355 and Rs 31,797, respectively. As the extension of the use of X-ray apparatus in India will benefit the community at large and not merely the army, the charges connected with it will be borne by the civil estimates.

Increase in the pay of Officers of the Army Veterinary Department serving in India.—A recommendation has been made to the Secretary of State for India for the grant of increased pay to officers of the Army Veterinary Department below the rank of lieutenant-colonel serving in India.

Buildings and ranges for volunteer corps.—A sum of Rs 1,00,000 will be provided in the Military Works Budget Estimates, to allow of progress with these works, which will contribute towards the greater efficiency of the volunteer force.

Improved lighting and ventilation of the barracks and hospitals of British troops.—The works at Meerut and Jhansi, which are in hand, will be completed; and installations at other stations, probably Lucknow and Mian Mir, will be taken in hand.

Changes in the administration of the Military Works Services.—With effect from the 1st April 1903, the Military Works Services will be reorganised to accord with the present system of military command.

Corps of Indian Coast Artillery.—The Secretary of State sanctioned, with certain modifications, the scheme for the formation of a corps of Indian Coast Artillery. The modifications were accepted by the Government of India, but in view of the large recurring cost involved His Excellency the Commander-in-Chief recommended the postponement of the measure for the present. The Government of India concurred in this view, and no provision has accordingly been made in the estimate of 1905-1906 on this account.

I.—Indian Military Estimates.

Revised Estimates, 1904-1905.

6. The Revised Indian Military estimates for 1904-1905, compared with the Budget for that year, show a net increase of Rs 1,03,47,000. This is caused by an increase in receipts of Rs 5,95,000 and an increase in expenditure of Rs 1,09,42,000.
- | | |
|--|--|
| <p>Comparison—
Revised for 1904-1905
and
Budget for 1904-1905.</p> | <p>the Budget for that year, show a net increase of Rs 1,03,47,000. This is caused by an increase in receipts of Rs 5,95,000 and an increase in expenditure of Rs 1,09,42,000.</p> |
|--|--|

The increase in receipts is chiefly due to larger receipts under Supply and Transport; to larger issues of medical stores to Civil Institutions; to abnormal sales of unserviceable Ordnance stores; to contributions towards pensions of native soldiers lent for Imperial Service, and to larger receipts on account of Indian Military Service Family Pensions: this increase is partly counterbalanced by the adjustment, by credit to His Majesty's Imperial Government, of the value of Europe stores returned from China and Somaliland.

7. The more important causes which have led to an increase in expenditure have been the following:—

- (a) The extra grant of Rs 73,73,000 for expenditure on Reorganisation measures in India.
- (b) Extra grants amounting to Rs 57,00,000 for military expenditure in connection with the Tibet Mission.
- (c) The cost of special military measures sanctioned during the year amounting to Rs 6,76,000. Of this sum, Rs 6,20,000 was sanctioned against the Military estimates from war savings due to the absence of troops in China and Somaliland, and Rs 56,000 was met from lapses on schedule measures provided in the India Military Budget.
- (d) Excess strength of British troops in India, and the deduction made for probable savings not having been fully realized, account for an increase of Rs 7,50,000.
- (e) More charges for conveyance of troops and stores, and freight, fittings, etc., of the S.S. *Malta* for conveyance of troops to England, amount to Rs 6,73,000.
- (f) Rs 4,01,000 on account of the Aden Delimitation Commission and Rs 1,55,000 in connection with the Seistan Boundary Commission.

- (g) Net debit on account of local stores (including peace equipment) returned from, and sent to, Somaliland and China, ₹2,15,000.
 - (h) The formation of the 2-6th and 2-9th Gurkha Rifles account for ₹1,40,000.
 - (i) More non-effective charges, ₹1,64,000.
8. On the other hand, there have been decreases of expenditure under certain heads, the more important of which are the following:—
- (a) Savings in pay and maintenance charges of troops absent on service in China, ₹7,34,000 and Somaliland, ₹7,93,000.
 - (b) Less expenditure on food supplies, ₹15,00,000.
 - (c) Lapses expected on account of schedule measures so far as known at present, ₹10,11,000.
 - (d) Smaller expenditure anticipated under Army and Garrison Staff, Clothing and Ordnance, amounting to ₹5,00,000.
 - (e) Less charges for service pay and purchase of remounts for ordinary requirements account for a decrease of ₹7,25,000.
 - (f) Payments made in England for the value of coal supplied at Bombay to the Indian Troop Service Transports, ₹1,15,000.

Estimates, 1905-1906.

9. The estimates for 1905-1906, in the net, amount to ₹20,06,14,000 or ₹58,58,000 more than the Budget for 1904-1905. This is due to an increase in receipts of ₹9,21,000, and in expenditure of ₹67,79,000. —
- | | |
|--|---|
| <p>Comparison—
Budget for 1904-1905
and
Estimates for 1905-1906.</p> | <p>or ₹58,58,000 more than the Budget for 1904-1905. This is due to an increase in receipts of ₹9,21,000, and in expenditure of ₹67,79,000. —</p> |
|--|---|

The increase in receipts may be chiefly attributed to anticipated realizations from dairy farms, which, with effect from the 1st April 1905, will be worked on the Budget system, and to larger sale-proceeds of malt liquor, Ordnance Stores and camp equipage.

10. The more important causes of increase in expenditure may be classified under three main heads, *vis.*, "Ordinary Expenditure," "Reorganisation Expenditure," and "Other Special Measures." They are the following:—

I.—Ordinary Expenditure.

- (a) Larger provision for local stores for ordinary outturn in the Ammunition Factory, Dum-Dum, and the Rolling Mills, Ishapur, ₹4,64,000.
- (b) Larger demands for hides and tanning materials for the Harness and Saddlery Factory, Cawnpore, and rise in price of hides, ₹3,37,000.
- (c) Larger provision for conveyance of troops and stores, and for malt liquor, ₹5,35,000.
- (d) Charges on account of the 44th Merwara Infantry which have been transferred from the Civil to the Military Estimates, ₹2,03,000.
- (e) Larger purchase of camp equipage for ordinary requirements, ₹2,97,000.
- (f) Budget provision for dairy farms and piggeries, ₹6,63,000.
- (g) More non-effective charges, ₹1,50,000.
- (h) New scheme for the supply of clothing to the Native Army in India, ₹5,08,000.

II.—Reorganisation Expenditure.

The total provision for Military expenditure in India on account of Reorganisation amounts to ₹85,36,000. The following are some of the principal measures:—

- (a) Extra cost of Commands and Staff, ₹47,400.
- (b) Additional mule corps, and mule cadres, ₹19,62,190.
- (c) Increase in the reserve of horses, ₹5,16,441.

FINANCIAL STATEMENT OF THE

- (d) Native troops' lines and land, ₹17,00,000.
- (e) Increase in reserves of Artillery ammunition, ₹1,08,615.
- (f) Increase in reserves of small arms ammunition, ₹6,93,770.
- (g) Re-armament of Horse and Field Artillery, ₹13,89,075.
- (h) Increase to reserve of rifles, ₹2,05,334.
- (i) Provision of G. S. wagons for Artillery ammunition, ₹2,47,102.
- (j) Mobilisation equipment for units, ₹3,56,260.
- (k) Change of administration, Supply and Transport Corps, ₹3,00,000.
- (l) Provision of additional Army Transport Carts, ₹6,96,005.
- (m) Reserve of metal components for Army Transport carts, ₹1,03,995.
- (n) Carts for eight Cavalry brigade ammunition columns, and eight divisional ammunition columns, ₹1,74,493.

III.^s—Other Special Measures.

- (a) Re-organisation of Artillery, ₹1,67,000.
 - (b) Formation of a Pioneer Battalion of Hazaras, ₹4,02,000.
 - (c) Scheme for soldiers doing their own cooking in India, ₹1,02,000.
 - (d) Establishment of a Staff College in India, ₹1,71,000.
 - (e) Electric lighting and punkah-pulling, ₹1,08,000.
 - (f) Increase of kit-money of a recruit of non-silladar Cavalry, Sappers and Miners, Artillery and Infantry, from ₹30 to 40, ₹1,00,000.
 - (g) Establishment of new, and extension of existing, dairies, ₹3,50,000.
 - (h) Personnel for the Cordite Factory, Wellington, and Rifle Factory, Ishapur, ₹1,37,000.
 - (i) Cost of extra labour and local stores at the new factories, ₹5,66,000.
 - (j) Revision of the present system of promotion in the Indian Army, ₹1,27,000.
 - (k) Re-introduction of signalling into all batteries of horse, field, heavy, and mountain Artillery—issue of horses and saddlery, also addition of men, ₹1,51,000.
 - (l) Addition of 36 horses to each of the British Cavalry regiments in India, ₹1,15,000.
 - (m) Extra cost of raising the $\frac{2}{6}$ th and $\frac{2}{3}$ th Gurkhas, ₹1,83,000.
11. Against the foregoing increases there will be a set-off by reason of certain decreases, the most important of which are due to—
- (a) Smaller provision for extra military expenditure in connection with the Tibet Mission, ₹30,00,000, and Aden Delimitation Commission, ₹5,17,000.
 - (b) No provision having been made in the estimates of 1905-1906, for initial schedule expenditure which was included in the budget for 1904-1905, and for recurring expenditure on account of the proposed increase to the strength of certain Native Infantry regiments sanction to which has been refused by the Secretary of State, ₹26,39,000.
 - (c) Smaller provision for extra Military expenditure on account of regular troops beyond the North-West Frontier, partly counterbalanced by anticipated additional expenditure on account of the Gilgit Agency, ₹2,30,000, and smaller provision for service pay and good-conduct pay to British soldiers, ₹2,75,000.
 - (d) Smaller provision for food supplies, and less purchase of remounts, etc., for ordinary requirements, ₹7,31,000.
 - (e) Savings in consequence of the employment of Native troops in China and Somaliland, ₹8,67,000.

II.--Home (India) Military Estimates.

Revised Estimates, 1904-1905.

12. The Military Department is next concerned with the Home estimates for Army effective and non-effective charges. The Home Budget Estimates for 1904-1905 made provision for a gross expenditure of £5,593,700, but in the Revised Estimates this provision has been increased to £6,064,300, or by £470,600.

This increase in the Revised Estimate as compared with the Budget Estimate is chiefly due to expenditure on account of reorganisation measures; larger "payments to the War Office in respect of British forces serving in India;" more charges for furlough pay during voyage of British forces serving in India; more furlough allowances of officers of the Indian Service; larger expenditure under the head "Indian Troop Service;" more miscellaneous expenditure due mainly to the purchase of stallions and to the pay and expenses of representatives with the Field force in Manchuria; and to refund in part of contributions received in previous years towards pensions of Indian native soldiers lent for Imperial Service.

These increases are partly counterbalanced by less charges under the heads "Passage of Officers and others not charged to Indian Troop Service," "Pay and Pensions of non-effective and Retired Officers of the Indian Service;" by less expenditure on stores (other than Reorganisation) for India; and by less payments to the War Office for retired pay, etc., of British forces for service in India.

The net figures of the Revised Estimate show an increase of £447,900 over those of the Budget Estimate for 1904-1905, due to increased expenditure of £470,600, as explained above, and an increase in receipts of £22,700.

Estimates, 1905-1906.

Comparison--
Budget for 1904-1905
and
Estimates for 1905-1906.

13. The estimated receipts and expenditure for 1905-1906 are as follows:—

	Receipts.	Expenditure.	Net expenditure.
	£	£	£
Effective	300,900	2,257,800	1,956,900
Non-effective	28,000	2,416,000	2,388,000
Reorganisation . . . . .	...	1,635,600	1,635,600
TOTAL	328,900	6,309,400	5,980,500

14. In consequence of the recommendations of the Royal Commission on Indian Expenditure, a sum of £230,000 due from the Imperial Government as a contribution towards the cost of the transport of troops and of military charges at Aden, has been included under receipts. Compared with the Budget for 1904-1905 the receipts show an anticipated decrease of £33,500, and this is chiefly due to a decrease in receipts on account of the Indian Troop service. The gross anticipated expenditure for 1905-1906 exceeds the amount provided in the Budget for the preceding year by £715,700. This increase is chiefly accounted for by extra expenditure on account of Reorganisation Stores; by larger anticipated payments to the War Office in respect of British forces serving in India; by larger anticipated expenditure on account of furlough allowances and pay during voyage of British forces serving in India; by furlough allowances of officers of the Indian Service; by miscellaneous pensions;

and by Indian Military Service Family Pensions. These increases are, however, partly counterbalanced by smaller anticipated expenditure on Indian Troop service; by less requirements of stores for India; by smaller provision of pay and pensions of non-effective and retired officers of the Indian Service.

15. 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 (£646,000); furlough allowances and pay during the voyage of British forces serving in India (£126,000); furlough allowances of officers of the Indian Service (£250,000); Indian Troop service (£321,300); passage of officers and troops otherwise than in transports (£19,000); miscellaneous (£42,000); and stores for India (£853,500).

16. The gross charges on account of non-effective services comprise, the retired pay, etc., of the British forces for service in India (£725,000); pay of the non-effective Colonels of Royal Artillery (£18,000); pay and pensions of non-effective and retired officers of the Indian Service (£1,530,000); miscellaneous pensions, etc. (£88,000), and the Indian Military Service Family Pensions (£55,000).

17. The net anticipated expenditure for 1905-06 is more by £749,200 than that for the preceding year, and, as explained in paragraph 15 above, this is due to a decrease of £33,500 in receipts and to an increase of £715,700 in gross expenditure.

III.—Military Works Estimates.

44.—Military Works.

18. Excluding English expenditure, the Budget Estimate for 1904-05 amounted to R1,55,84,000 (£1,038,900); but these figures have been modified during the year by various causes. The final grant is R1,41,63,000 (£944,200).

19. The Budget Estimate for 1905-06, excluding English expenditure, is R1,33,84,000 (£892,300), showing a decrease on that of 1904-1905 of R22,00,000 (£146,600).

20. The main heads of expenditure are these, in round figures:—

	R	£
Original works, including those in progress and those to be commenced	64,28,000	428,500
Repairs	34,37,000	229,100
Establishment, tools and plant	29,42,000	195,100
Barrack Department,—establishments, supplies and tools and plants	8,99,000	59,900

21. In connection with the more important original works, expenditure amounting to R6,00,000 (£40,000) will be incurred on water-supply projects; R4,00,000 (£26,600) will be spent on electric lighting and punkah-pulling in barracks, etc.; provision has been made in the Budget for R5,00,000 (£33,300) for the Central Gun-carriage Factory at Jubbulpore; R1,95,000 (£13,000) for the Rifle Factory at Ishapore; R1,25,000 (£8,300) for the steel plant and cartridge metal rolling mills at Ishapore; R4,00,000 (£26,600) for the Kirkee Arsenal; R2,00,000 (£13,300) for the Staff College at Quetta. Progress will be made towards the completion of the requirements of volunteer corps in the matter of buildings and rifle ranges. The remaining original works include new hospitals, barracks, buildings for a medical store depot at Calcutta, etc., and provide for the ordinary requirements of the Ordnance, Remount and Marine Departments and of the Supply and Transport Corps.

22. Provision is made for 187 new major works and schemes, of which 53 are in progress, and 134 have yet to be commenced. A sum of R6,24,000 (£41,600) is allotted to minor works, each costing not more than R2,500.

44.—Military Works (Reorganisation).

23. The Revised Estimate of expenditure in 1904-1905 is R29,000 (£1,900). The Budget Estimate for 1905-1906 is R35,28,000 (£235,200). Of this amount

22 lakhs are assigned to the construction of barracks, etc., in connection with the Redistribution Scheme. The balance represents the possible expenditure on Ordnance Factories to increase their manufacturing power.

IV.—47.—Special Defences.

24. Excluding English expenditure, the Budget Estimate for 1904-1905 was R16,00,000 (£106,600); the Revised Estimate of expenditure is taken at R7,18,000 (£47,800). The decrease is due to the surrender of money to provide funds for the Reorganisation scheme, and to short outlay on works.

25. The Budget Estimate for 1905-1906, excluding English expenditure, is R11,73,000 (£78,200).

V.—Marine Estimates.

Revised Estimates, 1904-1905.

26. The net total of the Budget Estimate of the Royal Indian Marine for 1904-1905 was R20,10,000 (£134,000) and the Revised Estimate stands at R10,16,000 (£67,733), showing a decrease of R9,94,000 (£66,267).

Comparison—
Revised for 1904-1905.
Budget for 1904-1905.

27. 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 on stores for works for other Departments as also on large purchases of coal at Ports other than Indian.

Estimates, 1905-1906.

28. The net total of the Marine Estimates for 1905-1906 is R17,17,020 (£114,468), against R20,10,000 (£134,000), the total of the Budget for 1904-1905, showing a decrease of R2,92,980 (£19,532). This decrease is chiefly due to the Budget for 1904-1905

Comparison—
Budget for 1904-1905.
Estimates for 1905-1906.

having included large expenditure on account of the Aden Boundary Commission, whereas no provision on this account has been made in the estimates for 1905-1906.

29. *Improved conditions of service of officers of the R.I.M.*—The grade pay of Lieutenants of the R.I.M. of 8 years' seniority has been raised from R250 to R300 a month, and higher rates of furlough pay sanctioned for all ranks. The grade pay and furlough pay of Engineers of 9 years' service as such has also been increased and a higher scale of allowances for charge of engines of a certain class introduced. General Remarks.

Increase of establishment of Officers.—The Secretary of State has sanctioned an addition of two Commanders and three Sub-Lieutenants to the establishment of the Royal Indian Marine. This addition will increase the reserve for absentees from 20 to 25 per cent. on the number of appointments.

Improvement in conditions of service of crews.—In order to improve the conditions of service of the native crews of the Royal Indian Marine and to ensure that reliable men may always be available for service on the R.I.M. ships *Dufferin* and *Hardinge*, it has been decided to enrol 478 native ratings under the Indian Marine Act. These men will be eligible for leave and pension under the Civil Service Regulations and will be granted an outfit allowance of R16 on joining and an annual allowance of R5 for the upkeep of their kit. An outfit allowance of R16 will also be paid, on joining, to all native crews of sea-going vessels of the Royal Indian Marine who are not enrolled but who engage to serve for not less than two years.

Addition of vessel to R.I.M.—The R.I.M.S. *Dufferin* (5,922 gross tonnage), which has been constructed at Home by Messrs. Vickers Maxim & Sons at a cost of £208,088, arrived at Bombay on the 20th February 1905. Thi

vessel, which replaces the *Clive*, is of the same type as the *Hardinge* and carries a similar complement. She has a mean speed of $18\frac{1}{2}$ knots. Her carrying capacity is as follows :—

1st class	67	
2nd "	12	
Women and children	56	
For a long voyage	1,100	Europeans or 1,375 natives.
" short do.	1,540	" or 2,063 "

Replacement of vessels.—The replacement of the R.I.M.S. *Canning* which, owing to age and structural defects, is quite unsuitable for modern trooping requirements, by a ship of the *Warren Hastings* type, has been recommended to the Secretary of State for India. The vessel is estimated to cost £140,000 and of this £100,000 has been provided in next year's estimates. The question of replacing the R.I.M. surveying vessels *Investigator* and *Nancowry* is under consideration. The R.I.M.S. *Comet*, the station ship at Bagdad, has been thoroughly overhauled at a cost of R47,157.

Employment of ships.—In addition to their usual trooping work, the R.I.M. vessels *Clive*, *Hardinge*, and *Dalhousie* were employed to convey troops, animals, and stores in connection with the Somaliland expedition at the cost of the War Office. The *Hardinge* was also used at Berbera as a hospital ship. Several hired transports were chartered for the Somaliland expedition and fitted up in the dockyards.

E. R. ELLES.

March 22, 1905.

APPENDIX III.

Report of the Railway Board

ON THE

development and working of Indian Railways (March 1905).

The budget grant for 1904-1905 amounted to ₹1200 lakhs, which included ₹60 lakhs for the purchase of four branch railways. During the year a sum of ₹25 lakhs, which could not be utilized from the Irrigation grant, was made available for railway construction. The programme of capital expenditure on railways for the year 1905-1906 provides for an outlay of ₹1250 lakhs, which includes the re-allotment of lapses from 1904-1905 to the extent of ₹50 lakhs. Open lines and lines under construction will require about ₹193 lakhs, leaving only about 52 lakhs available for new lines to be commenced during the coming financial year. The figures are as follows:—

	Allotment. Lakhs.
(a) Open lines, including rolling stock	558·01
(b) Lines already under construction—	
(i) Begun prior to 1904-1905	406·06
(ii) " during 1904-1905	232·88
(c) New lines to be begun in 1905-1906	52·15
TOTAL	<u>1250·00</u>

2. The principle of providing in the first instance for the needs of open lines and of lines under construction has again been followed. During 1904 an increase of 9,000 wagons was sanctioned. A large number of these are now at work and the balance is under delivery. For the year 1905-1906 a sum of 230 lakhs has been set aside for additional rolling stock, and the Railway Board intend to arrange for the early delivery of a substantial portion of the stock so provided for. The growth of expenditure on railway development by Government during the past five years is shown in the following statement:—

Year.	Open lines, including Rolling Stock.	LINES UNDER CONSTRUCTION.		Total.
		Started in previous years.	Started in current year.	
	Lakhs.	Lakhs.	Lakhs.	Lakhs.
1900-1901 (actual expenditure) .	528·22	251·10	18·34	797·66
1901-1902 ditto .	352·58	509·06	25·64	887·28
1902-1903 ditto .	481·74	452·50	71·52	1005·76
1903-1904 ditto .	558·77	313·68	84·62	957·07
1904-1905 (latest grants) .	523·89	514·70	83·10	1121·69
1905-1906 (proposed grants) .	558·01	639·84	52·15	1250·00

FINANCIAL STATEMENT OF THE

3. The details of the distribution of the allotments for the coming year are shown in Statement A. A list of proposed lines in alphabetical order is given in Statement B. Statement C gives a list of lines under negotiation for construction by private Companies. A complete list of the railways is given in Statement D. The following are the chief new items of the construction part of the programme, *viz.* :—

I. Lines commenced in 1904-1905 :—

	Railway.	Length in miles.	Allotments.	
			1904-1905.	1905-1906.
1	Bengal Nagpur— Pench Valley	29	3'65	12'88
2	Burma— Henzada-Kyangin	66	} 31'50 {	22'00
3	Pegu-Moulmein	122		48'00
4	Great Indian Peninsula— Warora-Bellarpur	38	8'00	17'00
5	Nagda-Muttra— Nagda-Chambal	142	11'65	30'00
6	Nilgiri— Cbonoor-Ootacamund	12	2'30	13'00
7	North Western— Khushalgarh-Kohat Conversion and Indus Bridge	33	2'96	23'00
8	Shahdara-Sangla	55	7'44	17'00
9	Oudh and Rohilkhand— Allahabad-Jaunpur	57	6'50	24'00
10	Ranaghat-Katihar— Katihar-Godagari	105	8'10	23'00
11	South Indian— Mandapam-Rameswaram	12	1'00	3'00
	TOTAL	671	83'10	232'88

II. Lines proposed to be commenced in 1905-1906 :—

	Railway.	Length in miles.	Allotments proposed for 1905-1906.
1	Assam Bengal— Akhaura-Bhairab Bazar	19	3'65
2	Bengal Nagpur— Gondia-Chanda	222	10'00
3	Bombay, Baroda and Central India (Rajputana Malwa)— Virangam-Malia	83	5'00
4	East Indian— Bhagalpur-Bausi	31	5'00
5	Hooghly-Katwa	65	5'00
6	Great Indian Peninsula— Bombay Harbour branch	8	13'50
7	Reserve . . . . .	...	10'00
	TOTAL	428	52'15

•III. Extensions of the following railway systems are likely to be opened during 1905-1906, and they are detailed on page 20 of Statement D attached hereto.

Railway Systems.		Mileage likely to be opened.
1	Bengal and North Western	281
2	Bengal Nagpur	33
3	Bombay, Baroda and Central India	100
4	Eastern Bengal	199
5	East Indian	66
6	Indian Midland	3
7	Madras	89
8	North Western	136
9	Southern Mahratta	77
10	Southern Punjab	154
TOTAL		1,138

4. Besides the railways mentioned in I and II of the preceding paragraph, arrangements have been concluded for the construction of the following lines by private enterprise not directly guaranteed or otherwise aided by the State:—

	Railway.	Gauge.	Length in miles.	Approximate cost in lakhs.
Bengal and North-Western—				
1	Daronda-Maharajganj	3' 3½"	4	1.61
2	Savan-Thawe	3' 3½"	18	5.99
Jodhpur-Bikanir—				
3	Merta Road-Merta City	3' 3½"	10	0.80
4	Shahdara-Saharanpur Tramway	2' 6"	94	44.14
TOTAL . . . . .		...	126	52.54

5. The more important lines under construction which were commenced prior to 1904-1905 are—

1. Gya to Barakar, East Indian railway.
 2. Gauhati extension, Eastern Bengal State railway.
 3. Azhikhal-Mangalore, Madras railway.
 4. Quetta-Nushki
 5. Jech Doab
- } North Western railway.

6. The Kistna, Tinnevely and Kurnool District Boards have accepted the offer made by the Government of India to encourage Local Boards to finance light railways in their own districts by advancing them money on the security of their resources, and it is expected that the negotiations for the construction of the Bezwada-Masulipatam, Tinnevely-Tiruchendur and Kurnool branch railways, will soon be brought to a satisfactory conclusion.

7. At the beginning of the official year 1904-1905, there were 27,138 miles of railway open for traffic and 3,050 miles under construction. At the close of the year 1904-1905 there will be 27,749 miles open and 3,139 miles under construction, giving a combined total of 30,888 miles.

• During the current year sanction was accorded to the construction of 700 miles of railways.

FINANCIAL STATEMENT OF THE

8. The railways of India, taken as a whole, for the fifth 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 1904-1905, as compared with the three previous years, are as follows :—

	1901-1902. Lakhs.	1902-1903. Lakhs.	1903-1904. Lakhs.	1904-1905. Lakhs.
Surplus of revenue over expenditure .	126·99	34·34	129·10	338·15

9. Compared with the figures of the previous year the results for the year 1904-1905 show an improvement of 209·05 lakhs. The receipts are more by 365·92 lakhs, the working expenses are higher by 106·25 lakhs, while interest charges, etc., have increased by 50·62 lakhs.

F. R. UPCOTT, *Chairman.*

W. H. WOOD, }
T. R. WYNNE, } *Members.*

CALCUTTA:
The 17th March 1905.

GOVERNMENT OF INDIA FOR 1905-1906.

111

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open or under Construction,
for the year 1905-1906.

Branch lines under rebate terms are excluded.

FINANCIAL STATEMENT OF THE
CAPITAL EXPENDITURE ON RAILWAYS—1905-1906.

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Grants allotted for 1904-1905.	Distribution of grants during 1905-1906.
	A.—OPEN LINES.	<i>R</i>	<i>R</i>
	I. (i)—STATE, BY STATE AGENCY.		
	Eastern Bengal—		
1	Main line	38'52	37'00
2	Canal Junction-Kakurgachi, duplicating	2'13	0'13
3	Kasipur-Chitpur Improvements	3'98	2'67
4	Kakurgachi Chord	4'20	1'77
5	Jodhpur-Hyderabad (British Section)	0'17	0'46
6	Oudh and Rohilkhand	21'49	29'00
	North Western—		
7	Main Line	73'69	96'58
8	Rohri-Samasata, doubling	6'16	30'00
9	Warora Colliery	—0'58	—0'20
10	Purchase of Railways	45'42	...
11	Reserve . . . . .	...	25'00
	Total Open Lines, State, by State Agency	195'18	222'41
	I. (ii)—STATE, BY THE AGENCY OF MAIN LINE COMPANIES.		
12	Assam-Bengal	21'98	23'00
	Bengal and North-Western—		
13	Tirhoot and Hajipur-Katihar	16'50	9'00
	Bombay, Baroda and Central India—		
14	B., B. and C. I. . . . .	...	3'00
15	Rajputana-Malwa	11'50	20'00
	East Indian—		
16	Main Line	79'50	57'50
	Great Indian Peninsula—		
17	Main Line	92'73	56'00
18	Bhopal-Itarsi (British Section)	0'90	2'22
	Madras—		
19	Nilgiri	2'00	3'00
20	North-East Line (East Coast)	13'24	19'00
	Nizam's Guaranteed State—		
21	Bezwada Extension	0'03	0'03
	South Indian—		
22	Main Line	10'50	} 15'00
23	Pamban Branch	0'62	
	Southern Mahratta—		
24	Guntakal-Mysore Frontier	0'13	0'15
	Total Open Lines, State, by Agency of Main Line Companies	249'63	207'90

CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—*contd.*

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Grants allotted for 1904-1905.	Distribution of grants during 1905-1906.
	A.—OPEN LINES—<i>contd.</i>	₹	₹
	II.—FROM CAPITAL ACCOUNT OF THE OLD GUARANTEED COMPANIES.		
25	Bombay, Baroda and Central India	—3'81	6'00
	Madras—		
26	Main line	12'99	43'00
27	Calicut-Azhikal	—0'31	0'50
	Total Open Lines, old Guaranteed Companies	8'87	49'50
	III.—FROM CAPITAL ACCOUNT OF COMPANIES OTHER THAN THE OLD GUARANTEED COMPANIES.		
28	Bengal Central	0'17	—0'10
29	Bengal Nagpur	14'12	9'50
30	Burma	26'15	28'61
	Great Indian Peninsula—		
31	Indian Midland	19'11	17'00
	Rohilkund and Kumaon—		
32	Lucknow-Bareilly	0'66	1'65
	Southern Mahratta—		
33	Main line	8'26	19'00
34	Mysore Section	1'05	2'20
	Total Open Lines, other Companies	69'52	77'86
	IV.—FROM CAPITAL ACCOUNT OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE.		
35	Hardwar-Dehra	0'69	0'34
	Total Open Lines, Branch Line Companies	0'69	0'34

FINANCIAL STATEMENT OF THE
CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—*contd.*

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1903-1904.	Grants allotted during 1904-1905.	Distribution of grants during 1905-1906.
		Miles.	₹	₹	₹	₹
B.—CONSTRUCTION OF LINES.						
I. (i)—STATE, BY STATE AGENCY.						
<i>Lines in Progress.</i>						
36	Agra-Delhi Chord	121	114'31	71'31	42'97	3'62
37	Coonoor-Ootacamund	12	21'45	...	2'30	13'00
Eastern Bengal—						
38	Golakganj-Gauhati	151	92'31	16'95	16'37	36'00
39	Kaunia-Bonarpara	45	21'79	10'44	8'20	2'14
40	Nagda-Muttra	142*	129'39*	...	11'65	30'00
North-Western—						
41	Khushalgarh-Kohat, conversion	33	24'46	...	2'96	23'00
42	Khushalgarh-Kohat-Thal	92	61'14	57'84	3'90	0'68
43	Lower Sind Extension . . . . .	...	...	20'86	12'80	...
44	Quetta-Nushki	83	70'06	37'18	32'69	11'87
45	Sargoda-Shorkot Road (Jech-Doab, Southern Section)	103	71'59	11'09	29'32	27'00
46	Shahdara-Sangla	55	28'29	...	7'44	17'00
Oudh and Rohilkhand—						
47	Allahabad-Fyzabad	97	117'09	96'61	12'10	0'95
48	Allahabad-Jaunpur	57	30'23	...	6'50	24'00
Ranaghat-Katihar—						
49	Katihar-Godagari	105	104'86	...	8'10	23'00
50	Ranaghat-Murshidabad-Lalgola	98	105'53	45'12	27'54	24'00
51	Reserve . . . . .	...	...	...	...	15'00
<i>New lines.</i>						
52	Reserve . . . . .	...	...	...	...	10'00
TOTAL		...	...	367'40	224'84	261'26

* These figures are for the Nagda-Kotah Section only.

CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—*contd.*

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1903-1904.	Grants allotted during 1904-1905.	Distribution of grants during 1905-1906.
		Miles.	₹	₹	₹	₹
B.—CONSTRUCTION OF LINES—<i>contd.</i>						
I. (ii)—STATE, BY AGENCY OF MAIN LINE COMPANIES.						
<i>Lines in Progress.</i>						
53	Bengal and North-Western (Tirhoot State Railway)—					
54	Mansi-Baptiahi	} 238	125'72	19'68	35'00	52'00
	Sakri-Jainagar and others					
55	Bombay, Baroda and Central India (Rajputana-Malwa)—					
	Rewari-Phulera	133	53'25	15'10	27'00	12'00
56	Burma—					
57	Henzada-Kyangin	66	54'59	...	} 31'50	{ 22'00
	Pegu-Moulmein	122	112'88	...			{ 48'00
58	East Indian—					
59	Gya-Barakar	148	206'81	71'01	60'00	60'00
60	Khurja-Hapur	39	26'08	1'01	4'50	13'00
61	Ondal-Sainthia	44	43'55	1'23	10'00	30'00
	Shikohabad-Farukhabad	66	53'82	15'46	15'00	17'00
62	Great Indian Peninsula—					
	Warora-Bellarpur	38	31'90	...	8'00	17'00
63	Madras—					
	Azhikal-Mangalore	77	120'05	33'61	42'40	30'00
64	South Indian—					
65	Travancore Branch (British Section)	50	45'06	39'81	3'94	0'58
	Ditto ditto (Native State Section)	58	112'66	106'67	10'13	1'00
66	Rameswaram Extension	12	26'14	...	1'00	3'00
	TOTAL	...	...	303'58	248'47	305'58
<i>New Lines.</i>						
67	Assam Bengal—					
	Akhaura-Bhairab Bazar	19	13'02	...	...	3'65
68	Bombay, Baroda and Central India (Rajputana-Malwa)—					
	Virangam-Malia	83	52'11	...	...	5'00
69	East Indian—					
70	Bhagalpur-Bausi	31	23'31	...	...	5'00
	Hooghly-Katwa	65	61'72	...	...	5'00
71	Great Indian Peninsula—					
	Bombay Harbour Branch	8	32'87	...	...	13'50
	TOTAL	...	...	...	...	32'15
II.—AGAINST THE CAPITAL ACCOUNT OF THE OLD GUARANTEED COMPANIES.						
III.—AGAINST THE CAPITAL ACCOUNT OF COMPANIES OTHER THAN THE OLD GUARANTEED COMPANIES.						
<i>Lines in Progress.</i>						
72	Bengal-Nagpur—					
73	Hariharpur-Bhojudih	28	26'35	} 1167'27	124'49	83'00
74	Midnapur-Jherriah	114	236'28			
75	Pench Valley	29	16'53			
76	Sini-Midnapur-Cuttack-Calcutta	360	1003'98			
	Satpura (Jabalpur-Gondia)	233	126'32			
	TOTAL	...	...	1167'27	124'49	83'00
<i>New Lines.</i>						
77	Bengal-Nagpur—					
	Gondia-Chanda	222	89'34	...	...	10'00
	TOTAL	...	...	...	...	10'00
IV.—AGAINST THE CAPITAL ACCOUNT OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE.						
	

FINANCIAL STATEMENT OF THE
CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—*concl'd.*

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Distribution of grants for 1905-1906.		
		₹	₹	
	ABSTRACT BY OPEN LINES AND CONSTRUCTION.			
	A.—CAPITAL FOR OPEN LINES.			
	I. (i) State, by State agency	222'41		
	I. (ii) State, by agency of Main Line Companies	207'90		
	II. Old Guaranteed Companies	49'50		
	III. Other Railway Companies	77'86		
	IV. Branch Line Companies	0'34		
	TOTAL OPEN LINES		558'01	
	B.—CAPITAL FOR LINES IN PROGRESS AND NEW LINES.			
	I. (i) State, by State agency	261'26		
	I. (ii) State, by agency of Main Line Companies	337'73		
	II. Old Guaranteed Companies . . . . .	...	
	III. Other Railway Companies	93'00		
	IV. Branch Line Companies . . . . .	...	
	TOTAL LINES IN PROGRESS AND NEW LINES		691'99	
	GRAND TOTAL		1250'00	
	ABSTRACT SHOWING DISTRIBUTION BY FUNDS.			
I.—From Imperial Funds.	(i) By State Agency	(a) Open Lines	222'41	
		(b) Construction	261'26	
		Total (i)		483'67
	(ii) By the Agency of Main Line Companies.	(a) Open Lines	207'90	
		(b) Construction	337'73	
		Total (ii)		545'63
	TOTAL I		1029'30	
II.—Against the Capital Account of the old Guaranteed Companies.	(a) Open Lines	(a) Open Lines	49'50	
		(b) Construction . . . . .	...
	TOTAL II		49'50	
III.—Against the Capital Account of Companies other than the old Guaranteed Companies.	(a) Open Lines	(a) Open Lines	77'86	
		(b) Construction	93'00	
	TOTAL III		170'86	
IV.—Against the Capital Account of Branch Line Companies with firm Guarantee.	(a) Open Lines	(a) Open Lines	0'34	
		(b) Construction . . . . .	...
	TOTAL IV		0'34	
	TOTAL, I TO IV	(a) Open Lines	558'01	
		(b) Construction	691'99	
	GRAND TOTAL		1250'00	

STATEMENT B IN APPENDIX III.

List of proposed new lines in alphabetical order.

No.	Railway.	Length in Miles.	Estimated cost.
	ASSAM BENGAL RAILWAY SYSTEM—		Lakhs.
1	Hajiganj-Shatnal	24	32'82
2	Kalaura-Fenchuganj	16	8'00
	BENGAL NAGPUR RAILWAY SYSTEM—		
3	Bankura (Bishenpur)-Calcutta	105	246'00
4	Berhampore-Russelkonda	49	14'91
5	Chindwara-Nagpur	113	24'00
6	Ganjam District Light Railways	246	65'33
7	Purulia-Ranchi	75	59'70
8	Vizianagram-Raipur (with Sointilla branch)	310	281'00
	BENGAL AND NORTH-WESTERN RAILWAY SYSTEM—		
9	Begum Sarai-Rowsara	14	5'50
10	Bhatni-Bettiah	50	...
11	Captainganj-Padrauna	18	...
12	Jaunpur-Azimgarh	35	...
	BOMBAY, BARODA AND CENTRAL INDIA RAILWAY SYSTEM—		
13	Deesa-Tharad	85	22'72
14	Malia-Bhuj-Badin	195	200'00
	BURMA RAILWAYS SYSTEM—		
15	Bhamo-Momein	146	188'00
16	Daga-Naikban	55	40'00
17	Irrawady bridge at Sagaing . . . . .	...	44'44
18	Pegu-Syriam . . . . .	...	...
19	Southern Shan State	112	68'58
20	Thamaing-Malagon . . . . .	...	4'46
	EASTERN BENGAL RAILWAY SYSTEM—		
21	Dacca-Aircha	45	58'14
22	Ganges bridge at Sara . . . . .	...	130'00
23	Murshidabad-Azimganj	6	18'06
24	Mymensingh-Netrokona-Bara Ari	36	22'16
25	Sara-Serajganj-Jagannathganj	70	...
26	Singhjani-Sherpur-Nalitabari	25	12'39
	EAST INDIAN RAILWAY SYSTEM—		
27	Burdwan-Katwa	34	29'20
28	Cawnpore-Hamirpur	35	10'00
29	Katwa-Ahmedpur	32	32'00
30	Katwa-Azimganj-Barharwa	103	86'37

FINANCIAL STATEMENT OF THE
STATEMENT B IN APPENDIX III—*concl'd.*
List of proposed new lines in alphabetical order.

No.	Railway.	Length in Miles.	Estimated cost.
GREAT INDIAN PENINSULA RAILWAY SYSTEM—			Lakhs.
31	Belapur-Warangal	180	...
32	Harpalpur-Kalpi	102	15'91
33	Harpalpur-Nowgong	19	2'98
34	Itarsi-Nagpur	250	...
35	Khamgaon-Jalna	94	32'65
36	Khandwa-Akola-Basim-Purna	252	170'00
37	Multai-Wardha	91	...
38	Mutra-Aligarh	37	30'47
JODHPUR-BIKANER RAILWAY SYSTEM—			
39	Baran-Ajmer-Marwar	213	137'00
MADRAS RAILWAY SYSTEM—			
40	Podanur-Palni	59	...
41	Salem-Atur	36	17'60
NORTH WESTERN RAILWAY SYSTEM—			
42	Badin-Jangshai	70	37'42
43	Bannu-Khanai	361	302'00
44	Jullundur-Kapurthala (British Section)	7	2'99
45	Larkana-Shahdadpur	33	20'00
46	Lodhran-Mailsi	40	30'00
47	Peshawar-Bannu	134	53'00
48	Rawalpindi-Murree, with extensions	50	41'34
49	Sarai Kala-Abbottabad-Srinagar	200	...
OUDH AND ROHILKHAND RAILWAY SYSTEM—			
50	Pilibhit-Barmdeo	40	20'00
ROHILKUND AND KUMAON RAILWAY SYSTEM—			
51	Barhwal-Sitapur	60	23'40
SOUTHERN MAHRATTA RAILWAY SYSTEM—			
52	Bezwada-Masulipatam	50	22'62
53	Guntur-Repalle	38	17'34
54	Kurnool Road-Kurnool	32	7'11
55	Phirangipuram-Gurzala	51	12'60
SOUTH INDIAN RAILWAY SYSTEM—			
56	Dindigal-Satyamangalam	119	117'85
57	Nanjangud-Erode	121	123'04
58	Tinnevely-Tiruchendur	38	...
59	Trichinopoly-Tirukkoyilur	97	74'43

STATEMENT C IN APPENDIX III.

Statement showing proposed lines which are under negotiation for construction by private companies.

No.	Name of railway.	Length.	Estimated cost.
		Miles.	R
<i>Bengal—</i>			
1	Mymensingh, <i>via</i> Netrokona, to Bara Ari, with branch from Shambhuganj to Gauripur	36	22,16,000
2	Panchkura to Luff Point with terminal and loading arrangements for ships or steamers at the latter place	30	(a)
3	Purulia-Ranchi	75	(b)
4	Singhjani, <i>via</i> Sherpur, to Nalitabari	25	12,39,000
5	Sirajganj-Ullapara	18	11,00,000
<i>Bombay—</i>			
6	Dholka-Dhandhuka	40	} Not stated
7	Dhandhuka-Ranpur	18	
<i>Central Provinces—</i>			
8	Kamptee-Deolapar, with Munsar-Ramteck branch	34½	Not stated
<i>Madras—</i>			
9	Berhampore-Russelkonda	49	14,91,000
10	Bezwada-Masulipatam	50	22,62,000
11	Guntur-Repalli	38	17,34,000
12	Kurnool Road (Dhone)-Kurnool	32	7,11,000
13	Phirangipuram-Gurzala	51	12,60,000
14	Tinnevely-Tiruchendur	38	Not stated
<i>North-West Frontier Province—</i>			
15	Sarai Kala-Abbottabad-Kashmir frontier	80	91,00,000
<i>Punjab—</i>			
16	Rawalpindi-Murree, with extensions to Kuldana and Gharial	50	41,34,000
<i>United Provinces—</i>			
17	Cawnpore-Hamirpus	35½	10,00,000

(a) The share capital of the proposed company is £ 250,000, which, at Rs 15=£1, is equivalent to Rs 37,50,000.

(b) The share capital of the proposed company is Rs 30,00,000.

STATEMENT D IN APPENDIX III.

Memorandum on the construction of Railways.

Open lines on 1st April 1904.

		Miles.	Miles.
(i)	Eastern Bengal	278.68	4,543.63
	North Western	(g) 3,123.76	
	Oudh and Rohilkhand	(h) 1,141.19	
(ii)	Bengal Central (a)	125.01	6,783.26
	Bengal-Nagpur	1,684.46	
	Bezpada Extension (b)	20.58	
	Bhopal-Itarsi (British section) (c)	13.11	
	East India	1,935.11	
	Godhra-Rutlam-Nagda (d)	141.14	
(iii)	Great Indian Peninsula	1,561.63	1,408.16
	Indian Midland (e)	805.03	
(iv)	Madras (North-East line) (f)	(i) 497.19	32.04
	Bombay, Baroda and Central India	(ii) 504.35	
	Madras	903.81	
(v)	Hardwar-Dehra (j)	...	659.57
	South Behar (k)	78.78	
(vi)	Southern Punjab (l)	425.33	162.36
	Tapti Valley (d)	155.48	
	A. Delhi-Umbaila-Kalka (k)	...	22.23
	B. Tarkessur (k)	...	
(vii)	Bhopal-Itarsi (Native State section) (e)	44.28	709.93
	Bhopal-Ujjain (e)	113.27	
	Bina-Goonna-Baran (e)	145.63	
	Kolar Gold-fields (e)	9.88	
	Nagda-Ujjain (d)	34.32	
	Nizam's Guaranteed State	330.13	
	Petalad-Cambay (Anand-Tarapur section) (d)	21.50	
	Petalad-Cambay (Tarapur-Cambay section) (d)	10.32	
	Jammu and Kashmir (Native State section) (i)	15.32	201.63
	Ludhiana-Dhuri-Jakkhal (l)	78.66	
	Rajpura-Bhatinda (l)	107.05	
(viii)	Cawnpore-Burhwal (Metre gauge link)	(s) 79.60	698.79
	Eastern Bengal—		
	Northern, Behar and Kaunia-Dhurbri sections (including the Teesta-Kurigram branch, and the British section of the Santrabari extension)	533.27	
	Dacca section	85.92	
	Assam Bengal	740.38	
	Bengal and North-Western—		
	Company's section (m)	870.80	
	Tirhoot section	516.89	
	Burma	1,336.97	
	Guntakal-Mysore frontier (n)	119.50	
	Jodhpur-Hyderabad (British section) (o)	123.98	
	Lucknow-Bareilly (p)	237.04	
	Mysore section (Southern Mahratta) (n)	236.22	
	Nilgiri (q)	16.99	
	Rajputana-Malwa (d)	17.28	
	Rajputana-Malwa (d)	(r) 1,619.30	
	South Indian	1,123.13	
	Southern Mahratta	1,042.04	
	Tinnevely-Quilon (Travancore) (British section) (r)	49.50	
	Brahmaputra-Sultanpur (t)	...	
	Tanjore District Board (v)	59.37	
	Ahmedabad-Dholka (d)	39.50	
	Ahmedabad-Parantij (d)	94.70	
	Mymensingh-Jamalpur-Jagannathganj (i)	52.70	
	Noakhali (Bengal) (u)	34.90	
	Rohilkund and Kumaon	...	
	A. Dibru-Sadiya	59.92	
	B. Bengal-Dooars	77.50	
	C. Bengal Dooars Extensions	36.40	
	D. Deoghur	116.56	
	Sagauli-Raxauli (v)	4.75	
	Leoda and Tikak-Margherita (w)	18.09	
	Bhavnagar-Gondal-Junagad-Forbandar	(w) 234.19	
	Bikaner	245.35	
	Dhrangadra (y)	20.83	
	Jamnagar (y)	(z) 54.22	
	Jetalpur-Rajkot (y)	46.21	
	Jodhpur	454.94	
	Udaipur-Chitor	67.30	
	Birur-Shimoga (n)	37.92	
	Gaekwar's Mehsana (d)	92.63	
	Hindupur (Yesvantpur-Mysore frontier) (n)	51.35	
	Hyderabad-Godavari Valley (b)	391.42	
	Kolhapur (n)	29.27	
	Mysore-Nanjangud (n)	15.80	
	Shoranur-Cochin (e)	64.75	
	Tinnevely-Quilon (Travancore) (Native State section) (r)	0.43	
	Vijapur-Kalol-Kadi (d)	41.37	
	Karalkkal-Peralam (v)	14.65	
	Pondicherry (v)	7.85	
	West of India Portuguese (n)	51.11	
(xvii)	Dandol Light (2' 0") (l)	6.18	168.41
	Jorhat (2' 0")	26.25	
	Khushalnagar-Kohat-Thal (2' 6") (l)	91.73	
	Nowshera-Durgal (2' 6") (l)	40.25	
(xviii)	Bengal-Nagpur—		180.45
	Jubbulpore-Gondia Extension (2' 6")	124.21	
	Railpur-Dhamtari (2' 6")	56.24	
	Darjeeling-Himalayan (2' 6")	51.00	
	A. Thaton-Duyinzalk (2' 6")	7.76	
	Bukhtiarpur-Bihar Light (2' 6")	18.50	
(xix)	Howrah-Amra Light (2' 6")	28.69	107.29
	Howrah-Sheekhala Light (2' 6")	19.75	
	Ranaghat-Krishnagar Light (2' 6")	20.25	
	Texpur-Balipara Light (2' 6")	20.10	120.53
	Barsi Light (2' 6") (p)	21.59	
	C. Kalka-Simla (2' 6")	58.44	
	Powayan Light (2' 6") (p)	39.50	
(xx)	Tarakshwar-Magra Light (2' 6")	...	31.12
	A. Morvi (2' 6")	...	
	Gaekwar's Dabhol (2' 6") (d)	88.00	92.26
	B. Gwalior Light (2' 0") (e)	157.48	
(xxi)	Farakimedi Light (2' 6") (aa)	24.62	307.47
	C. Rajpipla (2' 6") (d)	37.37	
	Coch Behar (2' 6") (l)	...	
		...	33.60

(a) Although for convenience classes amongst State railways, this line is the property of the Bengal Central Railway Company.
 (b) Worked by His Highness the Nizam's Guaranteed State Railways Company.
 (c) Worked by the Great Indian Peninsula Railway Company.
 (d) Worked by the Bombay, Baroda and Central India Railway Company.
 (e) Worked by the Madras Railway Company.
 (f) Includes 2.66 miles of mixed (5' 6" and 3' 3 1/2") gauge line between Bezpada and Kistna Block hut and 0.31 mile of 3' 3 1/2" gauge line between Kistna Block hut and Tadepalli.
 (g) Includes 5.61 miles of military line not used for public traffic and 26.78 miles of mixed (5' 6" and 3' 3 1/2") gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa railways.
 (h) Includes 10.79 miles of mixed (5' 6" and 3' 3 1/2") gauge line between Burhwal and Bara Banki, 0.59 mile on the Cawnpore Bridge and 1.81 miles of 3' 3 1/2" gauge mileage between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway City station at Benares.
 (i) Includes 39.75 miles of 2' 6" gauge mileage between Viramgam and Wadhwan.
 (j) Worked by the Oudh and Rohilkhand State railway.
 (k) Worked by the East Indian Railway Company.
 (l) Worked by the North Western State railway.
 (m) Although for convenience classes amongst State railways, this line is the property of the Bengal and North-Western Railway Company.

At the commencement of 1904-1905, i.e., on the 1st April 1904, the total length of railways open for traffic was 27,138.09 miles, made up as follows:—

			Miles.	Miles.
5' 6" gauge—				
(i)	State lines worked by the State	...	4,543.63	
(ii)	State lines worked by companies	...	6,783.26	
(iii)	Companies' lines guaranteed by Government under the old contracts	...	1,408.16	
(iv)	Companies' lines guaranteed by Government under modern contracts	...	32.04	
(v)	Branch line companies' railways assisted by Government under "Rebate" terms	...	659.57	
(vi)	Assisted companies' lines—			
	A. Subsidized by the Government of India	...	162.36	
	B. Receiving land only from Government	...	22.23	
			709.93	
(vii)	Native State lines—			
	A. Worked by companies	...	709.93	
	B. Worked by State railway agency	...	201.63	
			911.56	
				14,522.81
3' 3 1/2" gauge—				
(viii)	State lines worked by the State	...	698.79	
(ix)	State lines worked by companies	...	8,140.02	
(x)	Companies' lines guaranteed by Government under modern contracts	...	59.37	
(xi)	District Boards' lines	...	99.46	
(xii)	Branch line companies' railways assisted by Government under "Rebate" terms	...	175.80	
(xiii)	Assisted companies' lines—			
	A. Subsidized by the Government of India	...	53.92	
	B. Subsidized by Local Governments	...	77.50	
	C. Subsidized by District Boards	...	36.40	
	D. Receiving land only from Government	...	139.44	
			307.26	
(xiv)	Unassisted companies' lines	...	11.00	
(xv)	Native State lines—			
	A. Worked by Native States	...	1,223.04	
	B. Worked by companies	...	724.94	
			1,947.98	
(xvi)	Lines in Foreign Territory	...	73.61	
				11,513.29
Special (2' 6" and 2' 0") gauges—				
(xvii)	State lines worked by the State	...	168.41	
(xviii)	State lines worked by companies	...	180.45	
(xix)	Assisted companies' lines—			
	A. Subsidized by Local Governments	...	58.76	
	B. Subsidized by District Boards	...	107.29	
	C. Receiving land only from Government	...	120.53	
			286.58	
(xx)	Unassisted companies' lines	...	31.12	
(xxi)	Native State lines—			
	A. Worked by Native States	...	94.36	
	B. Worked by companies	...	307.47	
	C. Worked by State railway agency	...	33.60	
			435.43	
				1,101.99
TOTAL				27,138.09

(a) Worked by the Southern Mahratta Railway Company.
 (b) Worked by the Jodhpur-Bikaner railway.
 (c) Worked by the Rohilkund and Kumaon Railway Company.
 (d) Includes 2.10 miles at Ujjain, 3.07 miles between Agra Cantonment, and Jumna East Bank and 0.94 mile between Labori Cate Cabin and Brewery Cabin Delhi laid on the 5' 6" gauge and 26.28 miles of mixed (5' 6" and 3' 3 1/2") gauge line between Kot Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State railways.
 (e) Worked by the South Indian Railway Company.
 (f) Excludes 3.66 miles of the Lucknow-Bareilly railway between Aishbagh and Daligaon, worked over, but includes 10.79 miles of mixed (5' 6" and 3' 3 1/2") gauge line between Burhwal and Bara Banki and 0.59 mile of the Oudh and Rohilkhand State railway on the Cawnpore bridge.
 (g) Worked by the Eastern Bengal State railway.
 (h) Worked by the Assam-Bengal Railway Company.
 (i) Worked by the Bengal and North-Western Railway Company.
 (j) Worked by the Assam Railways and Trading Company.
 (k) Includes 5.13 miles of Bhavnagar Dock estates and Junagad quarry lines.
 (l) Worked by the Bhavnagar-Gondal-Junagad-Forbandar railway.
 (m) Includes 3.93 miles of the Beedi Bannar Dock estate lines.
 (n) 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 3,049'73 miles, as follows :—

5' 6" gauge—

Table with 2 columns: Category and Miles. (i) State lines worked by the State . 437'87 (ii) State lines worked by companies . 567'59 (iii) Branch line companies' railways assisted by Government under "Rebate" terms . 156'40

1,161'86

3' 3 1/2" gauge—

Table with 2 columns: Category and Miles. (iv) State lines worked by the State . 195'87 (v) State lines worked by companies . 718'49 (vi) District Boards' lines . 5'53 (vii) Assisted companies' lines subsidized by the Government of India . 148'00 (viii) Native State lines worked by companies . 130'47

1,198'36

Special (2' 6" and 2' 0") gauges—

Table with 2 columns: Category and Miles. (ix) State lines worked by the State . 6'80 (x) State lines worked by companies . 174'70 (xi) Assisted companies' lines—

Sub-table for Assisted companies' lines with 2 columns: Category and Miles. A. Subsidized by District Boards . 140'00 B. Receiving land only from Government . 201'87

341'87

(xii) Unassisted companies' lines . 2'15

(xiii) Native State lines—

Sub-table for Native State lines with 2 columns: Category and Miles. A. Worked by Native States . 11'86 B. Worked by companies . 130'11 C. Worked by State railway agency . 22'02

163'99

TOTAL 3,049'73

There was thus a grand total of railways completed and in hand, on the 1st April 1904, of miles . 30,187'82

Lines under construction or sanctioned.

Main table of railway lines under construction or sanctioned. Columns: Line Name, Miles, Mica, MK. Includes Eastern Bengal, North Western, Bengal-Nagpur, East Indian, Great Indian Peninsula, Southern Punjab, etc.

Continuation of railway lines table. Columns: Line Name, Miles, Mica, MK. Includes Eastern Bengal, Bellary-Rayadrug, Tirhoot section, Burma Extensions, Tanjore District Board, Rohilkund and Kumaon, Jaipur, etc.

Continuation of railway lines table. Columns: Line Name, Miles, Mica, MK. Includes Jullundur-Kapurthala-Sultanpur, Bengal-Nagpur, Madras District Board, Tarakeswar-Magra Light, etc.

(a) Commencement of work not authorised. (b) Constructed but not worked. (c) Completion deferred. (d) Commencement of work not authorised and question of gauge not finally settled.

New lines authorised.

	Miles.	Miles.	Miles.
(i) Nagda-Mutra (Southern section)— Nagda to the crossing of the Chambal river		141.52	196.69
North Western— Shahdara to Saugla		55.17	
(ii) Bengal-Central— Dum Dum to Pattipooker (a)		2.68	30.67
East Indian— Hariharpur to Dhanbald (b) (c)	21.48	23.02	
Nagri to Kusunda (c)	1.59		
Indian Midland— Cawnpore-Collectorgunge branch (c)	0.63	4.97	
Agra-Balinganj branch (c)	4.34		
(iii) Petlad-Cambay (Tarapur-Cambay section)— Cambay to Cambay Bandar			1.39
(iv) Eastern Bengal— Katihar to Godagari			105.00
(v) Bengal and North-Western— Company's section— Dharonda to Maharaajanj	3.90	25.40	106.07
Savan to Thawe	17.00		
Tirhoot section— Bhagalpur to Bhagalpur Ghat	4.50		
Burma— Suburban lines at Basseia (e)	3.18	65.66	
Burma Extensions— Henzada to Kyangla			
South Indian— Maudapam to Rameswaram Temple	10.12	11.83	
Tangachimadam to Fort Amphill	1.71		
(vi) Jodhpur— Merta Road to Merta City			8.85
(vii) Bengal-Nagpur— Jubbulpore-Gondia Extension (2' 6")— Chhindwara to Burcoole	21.36	250.87	
Khursadeyi to Sirgora	7.76		
Gondia-Chanda (2' 6")— Gondia to Chanda (d)	158.00		
Pauni (Brahmapuri) to Nagpur (d)	63.75		
(viii) Matheran (2' 0")— Neral to Matheran			12.79

Lines opened or likely to be opened.

(ix) Eastern Bengal— Panchooria to the Ganges river	6.00	92.93	
North Western— Hyderabad to Badli	86.84		
Oudh and Rohilkhand— Allahabad to Phaphaman	7.00		
Hapur to Meerut	18.09	25.09	
(x) Agra-Delhi Chord— Raja Kir Mandi (Agra) to Delhi	119.94	133.21	
Bengal (Central)— Dum Dum to Pattipooker (a)	2.68		
Bengal-Nagpur— Junction with the Sanctoria branch to Aldih (e)	2.55		
Jamadhoba to Balliary (f)	5.23		
Southern half of the Malkera-Katraagarh cross connection (g)	0.71		
Indian Midland— Portion of the Agra-Balinganj branch	2.10		
(xi) Bengal and North-Western— Company's section— Uska Bazar to Barhni (Bahadurganj)	31.00	84.47	121.19
Tirhoot section— Betlah to Chikarpur	23.00		
Sakri to Jaynagar	30.47		
Burma— Suburban lines at Basseia	3.18	32.63	
Rajputana Malwa— Rewari to Narnaul			
Tinnevely-Quilon (Travancore) (British section)— Portion of the British section near the Frontier of the Travancore State		0.91	
(xii) A. Jodhpur— Merta Road to Merta City			8.95
B. Tinnevely-Quilon (Travancore) (Native State section)— Quilon to the British Frontier near Shencottah			57.62
(xiii) Bengal-Nagpur— Jubbulpore-Gondia Extension (2' 6")— Jubbulpore to Neinpur	68.14	108.50	
Seoni to Chhindwara	40.36		
(xiv) Baraset-Basirhat Light (2' 6")	26.00	34.50	
Howrah-Amra Light (2' 0")— Jagatbullaipur to Autpur	8.50		
(xv) Tarakeswar-Magra Light (2' 6")— Magra to Tribeni			2.15
(xvi) Gaekwar's Dabhol (2' 6")— Mobha to Musor Road (Kanjat)	6.49	64.44	
Gwollor Light (2' 0")— Jora Alapur to Sabalgarh	25.85		
Moharbhaj (2' 6")— Baripada Road to Baripada	32.10		

During 1904-1905, i.e., from 1st April 1904 to the 31st March 1905, 712.43 miles of new railway have been authorised as follows:—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by the State	196.69	228.75
(ii) State lines worked by companies	30.67	
(iii) Native State lines worked by companies	1.39	
3' 3 3/8" gauge—		
(iv) State lines worked by the State	105.00	220.02
(v) State lines worked by companies	106.07	
(vi) Native State lines worked by Native States	8.95	
Special (2' 6" and 2' 0") gauges—		
(vii) State lines worked by companies	250.87	263.66
(viii) Assisted companies' lines receiving land only from Government	12.79	
TOTAL		712.43

And 623.49 miles have been or are likely to be opened to public traffic as follows:—

	Miles.	Miles.
5' 6" gauge—		
(ix) State lines worked by the State	92.93	226.14
(x) State lines worked by companies	133.21	
3' 3 3/8" gauge—		
(xi) State lines worked by companies	121.19	187.76
(xii) Native State lines— A. Worked by Native States	8.95	
B. Worked by companies	57.62	
Special (2' 6" and 2' 0") gauges—		
(xiii) State lines worked by companies	108.50	34.50
(xiv) Assisted companies' lines subsidized by District Boards	34.50	
(xv) Unassisted companies' lines	2.15	64.44
(xvi) Native State lines worked by companies	64.44	
TOTAL		623.49

(a) Previously treated as a siding.
 (b) Sanction includes provision for a second track, 25.09 miles in length, from Dhanbald to Barakar.
 (c) Sanctioned prior to 1st April 1904.
 (d) Commencement of work not authorised.
 (e) Includes 1.30 miles opened prior to the 1st April 1904.
 (f) Includes 3.49 miles opened prior to the 1st April 1904.
 (g) Opened prior to the 1st April 1904.
 * Correction of mileage.

The total length of open line at the commencement of 1905-1906, i.e., on the 1st April 1905, will, therefore, be 27,749'08 miles, comprising—

Table showing railway lines by gauge (5' 6", 3' 3 3/8", 2' 6", 2' 0") and status (State, Companies, Assisted, Unassisted, Foreign Territory, Native State lines). Includes sub-categories like 'Subsidized by the Government of India' and 'Receiving land only from Government'. Total length: 27,749'08 miles.

Table titled 'Open lines on 1st April 1905.' listing various railway sections across different regions (Eastern Bengal, North-Western, Bombay, etc.) with mileages. Includes sections like 'Eastern Bengal', 'North-Western', 'Bombay, Baroda and Central India', etc.

Footnote section containing explanatory notes (a) through (m) regarding the classification of lines, and financial details including 'Deduct—' and 'Net decrease due to corrections of mileage'.

Lines under construction on 31st March 1905.

	Miles.	Miles.	Miles.
Eastern Bengal—			
Kakargachi Chord	2-25		89-75
Ranachhat to Lalgaola	97-50		
Nagda-Mittra (Southern section)—			
Nagda to the crossing of the Chambal river		141-52	
(i) North Western—			
From a point 12 miles south of Quetta to Nushki	82-50		539-44
Sargoda to Shorkot Road	103-00		
Shahdara to Sangia	55-17		210-67
Oudh and Rohilkhand—			
Phaphamau to Zafarabad		57-50	
Ashli-Mangalore			
Bengal-Nagpur—			
Bhojudih to Hariharpur	26-96		
Bhojudih to Parhadhi	2-28		32-64
Malkera to Mohda	3-40		
East Indian—			
Mile 1707 from Howrah on the Jharla branch to Chandore	4-16		
Tara siding	1-75		
Ondal to Salmathia	14-93		
Manpur to Dhanbald	121-49		279-23
Nagri to Kasunda	1-59		
Shikohabad to Farukhabad	65-82		
Khurja to Hapur	29-49		468-51
Great India Peninsula—			
Warora to Bellarpur		37-59	
Indian Midland—			
Cawnpore-Collector-gauge branch	0-63		
Portion of Agra-Balinganj branch	2-24		2-87
Madras (North-East line)—			
Korukkuppelal to Basin Road		0-85	
Salem-Attur (a)		36-08	
(iii) Southern Punjab—			
Ludhiana to MacLeod Ganj			154-00
(iv) Petlad-Cambay (Tarapur-Cambay section)—			
Cambay to Cambay Baudar			1-39
(v) Eastern Bengal—			
Kaunia to Bonarpur		44-25	
Golokganj to the Brahmaputra river opposite Gaubati		151-62	300-87
Kaibhat to Jodagari		105-00	
Bellary-Rayadrug			
Bengal and North-Western—			
Company's section—			
Dharonda to Maharaganj	3-00		
Savan to Thawe	17-00		
Gorakhpur to Bagaha	60-91		
Barhi (Bahadurganj) to Talasipar	22-54		
Gainsari to Jarwa	12-56		306-32
Tirhoot section—			
Bhagalpur to Bhagalpur Ghat	4-50		
Mausi to Bhasptiahi	60-37		
Saharsa to Muriganj	18-61		
Shikarpur to Bagaha	26-35		
Bairagnia to Bikanathori	79-55		703-37
(vi) Burma Extensions—			
Henzada to Kyaogin	65-66		186-93
Pegu to Martaban	121-27		
Hospet-Kottur			
Nilgiri—			
Coonoor to Ootacamund		11-50	
Rajputana-Malwa—			
Narnaul to Phulera		100-69	
South Indian—			
Tirupachchetal to Sivaganga	9-00		
Madapam to Rangswaram Temple	10-12		20-83
Tangachimadam to Fort Amphill	1-71		
(vii) Tanjore District Board—			
Arantangi Quarry branch		3-90	
Adirampatnam Salt siding		1-00	
Thambikkottal Salt siding		0-63	5-53
(viii) Rohilkhand and Kumaon—			
Bareilly to Soroa		56-00	
Moradabad to Ramnagar		47-00	148-00
Lalkua to Kashipur		45-00	
(ix) Jaipur—			
Sanganer to Siwal-Madhapur			72-85
(x) Jullundur-Kapurthala-Sultanpur (British section)—			
Jullundur to the British frontier (b)			6-80
Bengal-Nagpur—			
Jubbulpore-Gondia Extension (2' 6")—			
Neinpur to Mandla	22-67		
Chhindwara to Burcoole	21-36		
Kharsadevi to Sigora	7-76		273-58
Gondia-Chanda (2' 6")—			
Gondia to Chanda (a)	158-00		
Benni (Brahmapuri) to Nagpur (a)	63-75		317-23
Morappur-Dharmapuri (2' 6")—			
Tirupattur-Krishnagiri (2' 6")—			18-36
Howrah-Aranta Light (2' 6")—			25-43
A			
Autpur to Champadanga (a)	9-00		
Autpur to Rajbhat (a)	3-50		12-50
Madura District Light (2' 6")—			
Ammayasayakanar to Kotagudi	55-00		
Periyakulam to Krishna Mannaik's Tope	5-00		60-00
Theoi to Karuvanth	33-00		
(xii) B			
Bareilly Light (2' 6")—			
Bareilly Road In. to Pandharpur	30-67		
Bareilly Town to Tadwain	26-70		57-37
Dwara-Therria Light (2' 6")—			
Dwara to Maolong (e)	13-50		
Maolong to Therria Ghat (a)	6-00		19-50
Shahdara-Saharanpur Tramway (2' 6")—			
Shahdara to Saharanpur	95-00		
Bareilly to Meerut	30-00		125-00
Matheran (2' 6")—			
Neral to Matheran		12-74	
A Catch (2' 6")—			
Anjar to Tuna			11-86
(xiii) B Gwalior Light (2' 6")—			
Sabulgarh to Nihapur			68-60
C Jullundur-Kapurthala-Sultanpur (Native State section)—			
Sultanpur to the British frontier (c)			22-02

And the mileage under construction or sanctioned for construction on the 31st March 1905 will be 3,138.73 miles, made up as follows:—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(i) State lines worked by the State			539-44
(ii) State lines worked by companies			466-51
(iii) Branch line companies' railways assisted by Government under "Rebate" terms			154-00
(iv) Native State lines worked by companies			1-39
			1,161-34
3' 3 1/2" gauge—			
(v) State lines worked by the State			300-87
(vi) State lines worked by companies			703-37
(vii) District Boards' lines			5-53
(viii) Assisted companies' lines subsidized by the Government of India			148-00
(ix) Native State lines worked by companies			72-85
			1,230-62
Special (2' 6" and 2' 0") gauges—			
(x) State lines worked by the State			6-80
(xi) State lines worked by companies			317-33
(xii) Assisted companies' lines—			
A. Subsidized by District Boards			105-50
B. Receiving land only from Government			214-66
			320-16
(xiii) Native State lines—			
A. Worked by Native States			11-86
B. Worked by companies			68-60
C. Worked by State railway agency			22-02
			102-48
			746-77
TOTAL			3,138-73

Making a grand total of railways completed and in hand, at the commencement of 1905-1906 of miles

And showing, after allowing for lines abandoned and corrections of mileage, an advance on the previous year of miles

(a) Commencement of work not authorized.

(b) Commencement of work not authorized and question of gauge not finally settled.

(c) Completion deferred for want of funds. Correction of mileage.

† Made up as follows:—

Completed and in hand at the beginning of 1904-1905	30,187-82
Sanctioned during 1904-1905	712-42
Deduct—	
Mileage of the Eastern Bengal State railway between Debiganj and Anchara Ghat abandoned	5-24
Net decrease due to corrections of mileage	7-30
	12-54
	30,887-81

FINANCIAL STATEMENT OF THE

It is expected that the following lengths of unfinished line will be opened for public traffic in 1905-1906:—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(i) State lines worked by the State	.	236'25	
(ii) State lines worked by companies	.	146'33	
(iii) Branch line companies' railways assisted by Government under "Rebate" terms	.	154'00	
			536'58
3' 3½" gauge—			
(iv) State lines worked by the State	.	99'25	
(v) State lines worked by companies	.	362'67	
(vi) Assisted companies' lines receiving land only from Government	.	96'04	
			557'96
Special (2' 6" and 2' 0") gauges—			
(vii) State lines worked by companies	.		43'79
TOTAL			1,138'33

Leaving the undermentioned lines for completion in 1906-1907 or later:—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(viii) State lines worked by the State	.	303'19	
(ix) State lines worked by companies	.	320'18	
(x) Native State lines worked by companies	.	1'39	
			624'76
3' 3½" gauge—			
(xi) State lines worked by the State	.	201'62	
(xii) State lines worked by companies	.	223'76	
(xiii) District Boards' lines	.	5'53	
(xiv) Assisted companies' lines—			
A. Subsidized by the Government of India	.	148'00	
B. Receiving land only from Government	.	20'90	
		168'90	
(xv) Native State lines worked by companies	.	72'85	
			672'66
Special (2' 6" and 2' 0") gauges—			
(xvi) State lines worked by the State	.	6'80	
(xvii) State lines worked by companies	.	273'54	
(xviii) Assisted companies' lines—			
A. Subsidized by District Boards	.	105'50	
B. Receiving land only from Government	.	214'66	
		320'16	
(xix) Native State lines—			
A. Worked by Native States	.	11'86	
B. Worked by companies	.	68'60	
C. Worked by State railway agency	.	22'02	
		102'48	
			702'98
TOTAL			2,000'40

	Miles.	Miles.	Miles.
(i) Eastern Bengal— Kakurgachi Chord Ranaghat to Lalgola	2'25 97'53	99'75	
(i) North Western— From a point 12 miles south of Quetta to Nushki Sargoda to Chund Bharwana	82'50 54'00	136'50	236'25
(ii) Azhikal-Mangalore— Azhikal to Kalnad		45'00	
(ii) Bengal-Nagpur— Bhojudih to Hariharpur Bhojudih to Parthadhi Malkera to Mohuda	26'96 2'28 3'40	32'64	146'33
(ii) East Indian— Shikohabad to Farukhabad		65'82	
(ii) Indian Midland— Cawnpore-Collectorgunge branch Portion of the Agra-Balinganj branch	0'63 2'21	2'87	
(iii) Southern Punjab— Ludhiana to MacLeod Ganj			154'00
(iv) Eastern Bengal— Kaunia to Bonarpara Golakganj to Salmara Road		44'25 55'00	99'25
(v) Bellary-Rayadrug Hospet-Kottor Rajpataka-Malwa Narnaal to Phulera		33'00 44'10 100'69	362'67
(v) Tirhoot— Mansil to Bhaptiahi Saharsa to Murliganj Shikarpur to Bagaha Bairagnia to Biknathori	60'27 18'61 26'35 79'55	181'88	
(vi) Bengal and North-Western Gorakhpur to Bagaha Barhni (Bahadurganj) to Tulsipur Gainsari to Jarwa		60'91 22'54 12'58	96'04
(vii) Morappur-Dharmapuri (2' 5") Tirupattur-Krishnagiri (2' 6")		18'36 25'43	43'79
(viii) Nagda-Muttra (Southern section)— Nagda to the crossing of the Chambal river North Western— Chund Bharwana to Shorkot Road Ondh and Rohilkhand— Phaphaman to Zafarabad		141'52 49'00 55'17 57'50	303'19
(ix) Azhikal-Mangalore— Kalnad to Mangalore. East Indian— Mile 170½ from Howrah on the Jharia branch to Chandore Tasra siding Ondal to Sainthia Manpur to Dhanbaid Nagri to Kusunda Khurja to Hapur	4'16 1'75 44'93 121'49 1'59 29'49	213'41	320'18
(ix) Great Indian Peninsula— Warora to Bellarpur Madras (North-East line)— Korukkuppattal to Basin Road Salem-Attur (a)		37'59 0'85 36'06	
(x) Petlad-Cambay (Tarapur-Cambay section)— Cambay to Cambay Bandar			1'39
(xi) Eastern Bengal— Salmara Road to the Brahmaputra river opposite Gauhati Katihar to Godagari		96'62 105'00	201'62
(xii) Burma Extensions— Henzada to Kyangia Pegu to Martaban Nilgiri— Coonoor to Ootacamund	65'66 121'27	186'93	
(xii) South Indian— Tiruppachettai to Sivagunga Mandapam to Rameswaram Temple Tangachimadam to Port Amphill Tirhoot— Bhagalpur to Bhagalpur Ghat	9'00 10'12 1'71	20'83	223'76
(xiii) Tanjore District Board— Arantangi Quarry branch Adirampatnam Salt siding Thambikkottai Salt siding		3'90 1'00 0'63	5
(xiv) A. Rohilkund and Kumaoon— Barilly to Soron Moradabad to Ramnagar Lalkna to Kashipur B. Bengal and North-Western— Dharonda to Maharajanjanj Savan to Thawe		56'00 47'00 45'00 3'90 17'00	148'00
(xv) Jaipur— Sanganer to Siwal-Madhopur			72'85
(xvi) Jullundur-Kapurthala-Sultanpur (British section)— Jullundur to the British Frontier (c)			6'80
(xvii) Bengal-Nagpur— Jubbulpore-Gondia Extension (2' 6")— Nainpur to Mandla Chhindwara to Burcoole Kharsadevi to Sirgora Gondia-Chanda (2' 6")— Gondia to Chanda (a) Pauni (Brahmapuri) to Nagpur (a)		22'67 21'36 7'76 158'00 63'75	273'54
(xviii) Howrah-Amta Light (2' 0")— A. Autpur to Champadanga (a) Autpur to Rajbulhat (a) Madura District Light (2' 6")— Ammayanayakkanur to Kotagudi Periyakulam to Krishna Manalk's Toppe Theni to Karuvanath B. Baral Light (2' 6")— Baral Road Junction to Pandharpur Baral Town to Tadwala Dwara-Therria Light (2' 6")— Dwara to Maolong (b) Maolong to Therria Ghat (a) C. Shabdara-Saharanpur Light (2' 6")— Shabdara to Saharanpur Baraut to Meerut Matheran (2' 0")— Neral to Matheran	9'00 3'50 55'00 5'00 23'00 30'67 28'70 13'50 6'00 95'00 30'00 12'79	12'50 93'00 57'37 19'50 125'00 12'79	105'50
(xix) A. Cutch (2' 6")— Anjar to Tuna B. Gwallior Light (2' 0")— Sabalgarh to Shilpur C. Jullundur-Kapurthala-Sultanpur (Native State section)— Sultanpur to the British Frontier (c)			11'86 68'60 22'02

(a) Commencement of work not authorized. (b) Completion deferred for want of fund.
(c) Commencement of work not authorized and question of gauge not finally settled.

APPENDIX IV.

	1896-97.	1897-98.	1898-99.
Recorded Revenue compared with recorded expenditure, excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus . . . . .	...	...	£ 2,640,873
Deficit	₹ 1,70,50,220	₹ 5,35,92,110	...
Capital Expenditure on Public Works not charged against Revenue*	₹ 6,42,01,230	₹ 5,30,92,250	£ 3,279,316
Ditto charge involved in Redemption of Liabilities . . . . .	...	...	...
Net Public Debt incurred	5,407,235	6,077,779	£ 2,553,052
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	7,538,228	5,651,626	£ 1,169,161
Value of commodities exported, excluding Gold and Silver	₹ 1,03,98,40,000	97,63,30,000	1,12,80,00,000
Ditto imported, ditto ditto	₹ 76,11,70,000	73,64,70,000	72,10,20,000
Excess of Exports over Imports, excluding Gold and Silver	₹ 27,86,70,000	23,98,60,000	40,69,80,000
Net Imports of Gold	₹ 2,29,10,000	4,90,90,000	6,50,30,000
Ditto of Silver	₹ 5,85,60,000	8,47,30,000	3,98,10,000
TOTAL NET IMPORTS OF GOLD AND SILVER	₹ 8,14,70,000	13,38,20,000	10,48,40,000
Excess of Exports over Imports including Gold and Silver	₹ 19,72,00,000	10,60,40,000	30,21,40,000
Grand Total value of Imports and Exports of all kinds	₹ 1,98,12,30,000	1,98,95,90,000	2,10,20,80,000
Secretary of State's Bills sold (Rupees)	₹ 25,78,70,106	14,81,28,010	28,07,63,671
Sterling Equivalent received	₹ 15,526,547	9,506,077	18,092,377
Silver coined at the Indian Mints	₹ 56,86,050	98,56,910	69,83,050
Maximum price in pence of an oz. troy. standard Silver in London	31½ (June)	28½ (Apl.)	28½ (Sept.)
Minimum ditto ditto	28½ (Mar.)	23½ (Aug.)	25½ (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 2'4505d.	† 1s. 3'3539d.	1s. 3'9784d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 1½d.	1s. 2½d.	1s. 3½d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	10 (Dec. 23 to Mar. 31).	12 (Feb. 24 to Mar. 31).	12 (Apl. 1—27)
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (July 2 to Sept. 2).	5 (July 15 to Sept. 8 & Nov. 25 to Dec. 15)	4 (July 28 to Sept. 7).
Maximum rate of discount at the Bank of England	4	3 (Oct. to Mar.)	4 (Apl. and May Oct. to Jan.)
Minimum ditto ditto	2	2 (May to Sept.)	2½ (July to Sept.)
Maximum Government balances at the three Presidency Banks	₹ 3,91,42,000 (Aug.)	3,27,96,000 (Mar.)	3,48,23,000 (Aug.)
Minimum ditto ditto	₹ 2,02,19,000 (Nov.)	2,02,53,000 (Sept.)	2,76,74,000 (Nov.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities . . . . .	...	...	...
Minimum ditto ditto . . . . .	...	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	110—15 (May)	104—1 (May 21)	101—11 (Feb. 22)
Minimum ditto ditto	98—11 (Feb.)	94—4 (Jan. 7)	92—10 (Apl. 22)
Maximum price in Calcutta of 3 per cent Rupee Securities	105 (Aug.)	97—4 (May & June).	95—8 (Mar. 15 to 17 and 22).
Minimum ditto ditto	97 (Jan. to Mar.)	90—0 (Jan. to Mar.)	86—0 (Nov. 16 to Jan. 17).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	₹ 26,64,72,000 (Nov.)	23,47,80,000 (Apl.)	21,93,37,000 (Oct.)
Minimum ditto ditto	₹ 23,92,57,000 (Mar.)	21,39,05,000 (Mar.)	21,33,46,000 (Aug.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold . . . . .	...	...	...
Minimum ditto ditto . . . . .	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	65½ (Aug.)	64½ (Jan.)	67½ (Mar.)
Minimum ditto ditto	60 (Oct.)	60½ (Dec.)	61½ (Oct. and Nov.)
Maximum price in London of India 3½ per cent Stock	122½ (Apl.)	119½ (Aug.)	117½ (Mar.)
Minimum ditto ditto	114½ (Sept.)	114½ (Mar.)	111 (Oct.)
Maximum price in London of India 3 per cent Stock	115½ (May)	112½ (May)	109½ (Feb.)
Minimum ditto ditto	106 (Oct.)	105 (Mar.)	103½ (Oct.)
Maximum price in London of India 2½ per cent Stock	103 (June)	99½ (Apl.)	94½ (Mar.)
Minimum ditto ditto	95½ (Sept.)	92 (Mar.)	84½ (Oct.)
Maximum Government Paper Currency outstanding	₹ 29,58,99,000 (July)	24,75,40,000 (Mar.)	28,20,33,000 (Mar.)
Minimum ditto ditto	₹ 23,57,85,000 (Feb.)	22,86,16,000 (May)	23,24,55,000 (May)
Number of Post Office Savings Banks	6,420	6,290	6,310
Number of accounts in Post Office Savings Banks	713,320	730,387	755,871
Amount deposited in Savings Banks	₹ 9,63,92,411	9,28,72,978	9,42,80,041
Average of each deposit	₹ 135'13	127'15	124'73
Net addition to deposits	₹ 59,69,339	—35,19,433	14,07,063

* 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.

1899-1900.	1900-1901.	1901-1902.	1902-03.	1903-04.	1904-1905, Revised.	1905-1906, Budget.
£ 2,774,623	£ 1,670,204	£ 4,950,243	£ 3,069,549	£ 2,996,400	3,485,500	903,800
£ 4,093,159	£ 4,040,958	£ 4,071,152	£ 5,128,192	£ 5,043,003	6,523,300	7,695,400
£ -121,298	£ 5,922,350	£ 2,582,283	£ 1,039,655	£ 2,146,825	3,411,100	3,427,400
£ -787,763	£ 12,173,251	£ 3,207,898	£ 1,414,781	£ 225,540	4,416,000	7,200,800
1,09,08,30,000	1,07,71,80,000	1,24,89,50,000	1,29,39,60,000	1,53,51,70,000	1,20,05,60,000(b)	
75,30,40,000	80,89,50,000	88,78,00,000	85,81,90,000	92,59,20,000	86,73,70,000(b)	
33,77,90,000	26,82,30,000	36,11,50,000	43,57,70,000	60,92,50,000	42,31,90,000(b)	
9,44,00,000	81,20,000	1,93,80,000	8,76,40,000	9,93,20,000	7,23,20,000(b)	
3,57,70,000	9,50,70,000	7,19,30,000	6,95,70,000	₹3,55,00,000	10,79,90,000(b)	
13,01,70,000	10,34,90,000	9,13,10,000	15,72,10,000	23,48,20,000	18,03,10,000(b)	
20,76,20,000	16,17,40,000	26,98,40,000	27,85,60,000	37,14,30,000	24,28,80,000(b)	
2,13,31,80,000	2,27,41,70,000	2,45,74,86,000	2,50,25,20,000	2,99,67,90,000	2,63,88,80,000(b)	
28,48,00,943	19,98,37,693	\$27,83,01,050	\$27,74,67,265	\$35,67,94,845	\$36,19,11,000	(a) 26,75,00,000
19,067,022	13,300,277	\$18,539,071	\$18,499,947	\$23,859,303	\$24,200,000	(a) 17,833,000
2,22,59,751	17,26,48,724	5,13,47,732	11,38,94,848	16,53,11,541	9,38,68,546 (11 months).	
29 (Apl.)	30 ³ / ₈ (Oct.)	27 ⁷ / ₈ (Apl.)	24 ⁷ / ₈ (April)			
26 ¹ / ₂ (Oct.)	27 ¹ / ₈ (Apl.)	24 ¹ / ₈ (Mar.)	21 ¹ / ₂ (Nov. & Jan.)			
1s. 4 ⁰ / ₆ 76d.	1s. 3 ⁹ / ₇ 33d.	1s. 3 ⁹ / ₇ 6d.	1s. 4 ⁰ / ₀ 18d.	1s. 4 ⁰ / ₄ 9d.	1s. 4 ⁰ / ₄ 8d.	1s. 4d.
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4a.
8 (Oct. 17 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. 25)	7 (From 21st Jan. to 9 Mar.)	8 (From 9th Mar. 05 to)	
4 (July 6 to Sept. 13).	3 (July 5 to Aug. 8).	3 (July 18 to Aug. 21)	3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9.)	3 (23rd June to 5th October).	
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. 31).	4 (Apl. 1 to May 20 and Sept. 3 to March).	4 (Apl. 5 to 13)	
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 (June 18 to Sept. 2).	2 ¹ / ₂ (From Mar. 9).	
4,16,05,000 (June)	3,31,13,000 (Jan.)	3,38,00,000 (June)	3,60,28,000 (Dec.)	3,52,12,000 (Apl.)	3,84,32,000 (Sept.)	
2,58,60,000 (Nov.)	2,59,78,000 (Nov.)	2,93,82,000 (Mar.)	3,06,74,000 (Oct.)	3,03,54,000 (Feb.)	3,00,53,000 (Jan.)	
...	
101-9 (May 3 and 4 and 25 to 27).	97-12 (Oct. 24)	97-7 (Aug. 15)	99-9 (May 17)	99-7 (Apl. 27 & 28.)	99-9 (2nd & 3rd Mar.)	
92-4 (Oct. 6)	93-11 (July 28)	94-7 (May 11)	96-12 (Apl. 2&3)	94-10 (Jan. 9)	96-11 (Nov. 11)	
95-8 (May 15 to 29).	89 (5 and 6 Apl. and 1 to 9 May).	87-0 (Apl. 1 to May 8).	87-8 (Mar. 30)	87-8 (Apl. 1)	87-4 (From 3rd March).	
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)	85-4 (Feb. 8 to March 31).	85-4 (5th Apl. to 3rd May).	
21,36,32,000 (Apl.)	22,25,04,000 (Sept.)	22,34,60,000 (Apl.)	20,28,92,000 (Apl.)	18,61,10,000 (Apl.)	17,02,89,000 (Apl.)	
20,28,73,000 (Aug.)	20,84,80,000 (Sept.)	20,23,95,000 (Dec.)	18,63,35,000 (Mar.)	17,05,01,000 (Jan.)	16,50,97,034 (Feb.)	
...	
67 ¹ / ₂ (Apl.)	65 (Nov.)	64 ¹ / ₂ (Feb.)	66 ¹ / ₂ (Feb. & Mar.)	66 ¹ / ₂ (Sept.)	66 ¹ / ₂ (Feb. & Mar.)	
62 (Oct. and Dec.)	62 ³ / ₈ (July)	63 (July)	64 ¹ / ₂ (Apl. & June)	64 (Jan. & Feb.)	65 (July)	
116 ¹ / ₂ (Apl.)	111 ¹ / ₂ (Apl.)	109 ¹ / ₂ (Aug.)	110 ¹ / ₂ (June)	108 ¹ / ₂ (July)	107 ¹ / ₂ (May)	
104 ¹ / ₂ (Dec.)	105 (July)	106 ¹ / ₂ (July)	105 ¹ / ₂ (Mar.)	102 (Jan.)	103 ¹ / ₂ (Apl.)	
109 ¹ / ₂ (Aug.)	103 ¹ / ₂ (Apl.)	102 (June)	102 ¹ / ₂ (June)	100 ¹ / ₂ (May)	98 (May)	
98 ¹ / ₂ (Dec.)	95 (Aug.)	97 ¹ / ₈ (Oct.)	98 ¹ / ₂ (Mar.)	93 ¹ / ₂ (March)	93 ¹ / ₂ (Aug.)	
99 ¹ / ₂ (Apl.)	90 ¹ / ₂ (May)	87 (Apl.)	90 ¹ / ₂ (June)	85 ¹ / ₂ (Apl.)	84 ¹ / ₂ (May)	
86 (Dec.)	85 (Aug.)	84 ¹ / ₂ (Dec.)	84 ¹ / ₂ (Mar.)	78 ¹ / ₂ (March)	79 ¹ / ₂ (Apl.)	
29,27,12,000 (July)	30,78,41,000 (July)	31,85,96,000 (Oct.)	35,72,36,000 (Mar.)	38,21,17,000 (Mar.)	42,51,61,000 (July)	
26,26,32,000 (Dec.)	27,89,04,000 (Apl.)	27,67,80,000 (Feb.)	31,24,79,000 (Apl.)	33,94,09,000 (Apl.)	36,11,07,000 (Apl.)	
6,479	6,636	7,053	7,075	7,372		
785,729	816,651	866,693	922,353	987,635		
9,64,64,466	10,04,32,569	10,68,21,233	11,42,15,534	12,33,56,717		
122,77	122,98	123,25	123,3	124,88		
21,84,425	39,68,103	63,88,604	73,94,301	91,21,183		

Liabilities.
of ₹1,00,00,000 by means of Bank drafts is taken into account.

(a) Include remittance of the Currency Department.

(b) Figures for ten-months of 1904-05.

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 and 00 in sterling figures, except in accounts.)

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Open mileage at end of official year .	2,612	1,305	1,334	1,349	1,408	1,408	904
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Gross traffic receipts	6,26,01,464	3,78,25,951	2,65,89,776	2,82,66,517	2,99,01,287	3,22,55	2,81,50
Working expenses	3,39,93,236	1,80,72,459	1,28,64,943	1,40,73,782	1,57,79,341	1,58,50	1,46,50
Percentage of working expenses on receipts	54.30	47.78	48.38	49.79	52.77	49.14	52.04
Net Revenue	2,86,08,228	1,97,53,492	1,37,24,833	1,41,92,735	1,41,21,946	1,64,05	1,35,00
Guaranteed Interest paid in England £	2,172,336	1,589,417	1,009,544	1,026,892	1,032,772	1,045,1	1,039,0
Ditto converted at Rs. 15 = £1 from 1898-99	3,25,85,042	2,38,41,249	1,51,43,168	1,54,03,371	1,54,91,582	1,56,77	1,55,85
Guaranteed interest paid in India plus interest on overdrawn Capital .	1,28,387	1,22,657	1,04,551	1,24,895	2,28,672	2,78	83
Surplus paid to Railway Companies .	42,03,949	25,81,739	23,16,119	13,33,564	15,27,629	19,00	19,00
Land and Supervision	9,47,051	—16,263	—1,00,580	—95,196	3,359	—79	6,32
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	21,01,940	97,052	—2,80,239	3,59,811	8,46,623	4,64	—97
Total Expenditure	3,99,66,369	2,66,26,434	1,71,83,019	1,71,26,445	1,80,97,865	1,82,40	1,81,03
Net Expenditure from the Public Treasury	1,13,58,141	68,72,942	34,58,186	29,33,710	39,75,919	18,35	46,03

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1903-1904, and estimated expenditure on such works in 1904-1905 and 1905-1906, and to end of 1905-1906.

RAILWAYS.	To end of 1902-1903.	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.	To end of 1905-1906.	Sanctioned outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
OPEN LINES.							
Fast Indian	32,18,27,746	1,33,73,230	1,69,00,000	1,77,50,000	36,98,50,976	36,98,50,976	...
Bergal Central	...	...	...	(h)75,00,000	75,00,000	75,00,000	...
Rajputana-Malwa System	15,04,95,781	17,07,791	11,50,000	20,00,000	16,13,53,572	16,13,53,572	...
Palampur-Deesa	2,37,127	—58	...	...	2,37,067	2,37,067	...
Bhopal	29,63,865	1,39,520	90,000	2,22,000	34,15,385	34,15,385	...
Warora Colliery	15,26,883	—51,295	—38,000	—20,000	13,97,588	13,97,588	...
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...
Assam-Bengal (Construction)	6,49,19,360	34,94,097	21,74,000	22,85,000	7,28,92,457	7,28,92,457	...
Ditto (Land)	36,56,994	—12,568	24,000	15,000	36,83,426	36,83,426	...
Jorhat	9,04,204	2,860	1,000	4,000	9,12,124	9,12,124	...
Eastern Bengal	12,31,59,627	38,54,644	73,68,000	42,39,000	13,86,21,271	13,86,21,271	...
Tirhoot	5,00,20,419	9,11,655	24,91,000	9,00,000	5,43,23,074	5,43,23,074	...
Oudh and Rohilkhand	19,02,38,129	37,95,673	21,49,000	30,62,000	20,52,44,802	20,52,44,802	...
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...
North Western	(e) 47,78,88,976	19,56,230	73,69,000	1,13,87,000	49,86,01,206	49,86,01,206	...
Guntakal-Mysore frontier	59,05,240	3,005	13,000	15,000	59,36,246	59,36,246	...
South Indian	9,62,72,951	5,29,249	10,50,000	15,00,000	9,93,52,200	9,93,52,200	...
Tanjore District Board	23,47,179	3,95,388	1,00,000	2,00,000	30,42,567	30,42,567	...
Jodhpur-Hyderabad (British-Section)	(f) 39,58,555	4,132	17,000	46,000	40,25,717	40,25,717	...
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...
Frontier Railway Reserve Material	43,89,130	9,024	...	...	43,98,154	43,98,154	...
Peshawar Railway Reserve Material	2,88,641	...	...	...	2,88,641	2,88,641	...
Great Indian Peninsula	11,21,08,803	35,97,137	92,73,000	56,00,000	13,05,78,940	13,05,78,940	...
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...
Madras Railway—North-East Line	6,15,29,993	20,80,531	13,24,000	19,00,000	6,68,34,524	6,68,34,524	...
Bezpada Extension	11,62,655	11,789	3,000	3,000	11,80,444	11,80,444	...
Nilgiri Railway	35,41,940	—3,168	2,00,000	3,00,000	40,38,772	40,38,772	...
Bombay, Baroda and Central India	...	...	...	(i) 4,42,11,000	4,42,11,000	4,42,11,000	...
Rohri-Samasata Doubling	...	...	6,16,000	30,00,000	36,16,000	36,16,000	...
TOTAL	1,80,44,46,368	3,57,98,867	5,22,54,000	10,61,19,000	1,99,86,18,235	1,99,86,18,235	...
LINES UNDER CONSTRUCTION.							
Shahdera-Sangla	...	...	7,44,000	17,00,000	24,44,000	28,29,000	3,85,000
Burma Railway Extensions	...	...	31,50,000	70,00,000	1,01,50,000	1,07,47,000	65,97,000
Khushalgarh-Kohat Railway—conversion and Indus Bridge	...	...	2,96,000	23,00,000	25,96,000	24,46,000	—1,50,000
Coonor-Ootacamund	...	...	2,30,000	13,00,000	15,30,000	21,45,000	6,15,000
Jech-Doab (Southern Section)	(a) 17,109	10,92,162	2,32,000	31,17,000	71,58,271	71,60,000	1,729
Madura-Pamban	60,19,106	6,72,780	62,000	...	67,53,886	68,91,000	1,37,114
Tirhoot Extensions	...	19,67,993	35,00,000	52,00,000	1,00,67,913	1,26,13,000	19,45,000
Bellary-Royadurg	15,405	4,18,047	2,00,000	2,27,000	8,60,452	8,49,000	—11,452
Hospet-Kottur	16,204	3,11,012	9,75,000	1,00,000	14,02,216	16,20,000	2,23,784
Tirupatur-Krishnagiri	16,567	4,37,560	4,34,000	1,00,000	9,88,127	8,88,000	—1,00,127
Morappur-Dharmapuri	7,312	2,82,464	3,44,000	9,00,000	7,32,776	7,05,000	—27,776
Extensions to Chitpore (E. B. Railway)	(b) 24,31,182	3,89,280	3,94,000	2,67,000	34,85,462	36,48,000	1,62,538
Kaunia-Dhubri Extension	60,30,204	891	1,85,000	...	62,10,185	66,54,000	4,43,815
Kaunia-Bonarpura	(a) 6,576	10,37,689	8,20,000	2,14,000	20,78,265	21,09,000	90,735
Jullundur-Hoshiarpur	14,531	...	...	...	14,531	15,000	469
Ludhiana-Ferozepur	28,311	...	...	...	28,311	29,000	689
Agra-Delhi Chord	19,30,116	52,00,455	42,97,000	3,62,000	1,17,89,571	1,14,30,000	—3,59,571
Allahabad-Fyzabad	59,63,592	36,97,632	7,00,000	...	1,09,66,224	1,17,09,000	7,42,776
Gauges Bridge (Allahabad-Fyzabad)	...	...	5,10,000	95,000	...	...	...
Tinnevely-Quilon—British Section	33,22,002	6,58,698	3,94,000	58,000	44,32,700	43,31,000	—1,01,700
Ditto —Native State Section	82,04,087	24,63,307	10,13,000	1,00,000	1,17,80,454	1,08,45,000	—9,35,454
Khushalgarh-Kohat-Ihal	54,74,993	3,03,317	3,90,000	68,000	62,42,220	61,14,000	—1,28,220
Azikhah-Mangalore	39,07,775	29,70,094	42,40,000	30,00,000	1,06,00,809	1,29,05,000	23,04,191
Marina Loop	5,300	—5,300	...	...	...	...	...
Dhubri-Gauhati	(d) 1,67,229	15,25,217	16,37,000	36,00,000	69,32,446	1,28,83,000	59,55,554
Moorsheadabad Branch	6,07,442	38,14,076	27,54,000	25,80,000	98,45,518	1,05,53,000	7,07,482
Kankoorgachi Chord	2,87,671	6,01,918	4,20,000	1,77,000	14,66,589	13,99,000	—68,589
Doubling the line between Canal Junction and Kankoorgachi	42,868	1,89,013	2,13,000	13,000	4,57,881	4,36,000	—21,881
Ahmedabad-Dholka (Earthwork, etc.)	59,900	...	...	...	59,900	60,000	100
Quetta-Nushki	8,00,303	29,17,264	32,69,000	11,87,000	81,73,567	70,05,000	—11,67,567
Rewari-Phulera	(g) 70,047	14,39,750	27,00,000	12,00,000	54,09,797	53,25,000	—8,797
Low r Sind Extension	(a) 83,240	20,02,353	12,80,000	...	33,65,593	33,77,000	11,407
Nagda-Muttra	...	...	11,65,000	30,00,000	41,65,000	1,29,39,000	87,74,000
Katihar-Godagiri	...	...	8,10,000	23,00,000	31,10,000	1,04,87,000	73,77,000
Allahabad-Jaunpur	...	...	6,50,000	24,00,000	30,50,000	30,22,000	—28,000
Rameswaram Extension	...	...	1,00,000	3,00,000	4,00,000	35,19,000	31,19,000
Warora-Bellarpur	...	...	8,00,000	17,00,000	25,00,000	31,91,000	6,94,000
TOTAL	4,21,02,072	3,43,96,732	4,16,12,000	4,37,64,000	16,18,74,804	19,89,52,000	3,70,77,196
Carried forward	1,84,65,48,440	7,01,95,599	9,38,66,000	14,98,83,000	2,16,04,93,039	2,19,75,70,235	3,70,77,196

(a) Survey outlay brought on to the construction account during 1902-1903.

(b) Includes Rs. 6,854 on account of survey outlay brought on.

(c) Includes Rs. 9,72,065 on account of outlay on Berar Railways brought on.

(d) Includes Rs. 94,643 on account of survey outlay brought on.

(e) Includes Rs. 86,149 outlay during 1901-1902 on Junction works at Hyderabad transferred from the Jodhpur-Bikaner railway.

(f) Excludes outlay of Rs. 86,149 on Junction works at Hyderabad in 1901-1902 transferred to the North Western railway.

(g) Includes Rs. 59,241 on account of survey outlay brought on and Rs. 10,806 for land.

(h) £500,000 on account of Capital charge involved in redemption of liabilities.

(i) Includes £2,927,400 on account of Capital charge involved in redemption of liabilities.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1903-1904, and estimated expenditure on such works in 1904-1905 and 1905-1906, and to end of 1905-1906—concluded.

RAILWAYS.	To end of 1902-1903.	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.	To end of 1905-1906.	Sanctioned outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	1,84,65,48,440	7,01,95,529	9,38,56,000	14,98,83,000	2,16,04,93,039	2,19,75,70,235	3,70,77,196
LINES IN ABEYANCE OR TRANSFERRED 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 Depreciation 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	5,87,745	—3,21,696	...	...	2,66,049	2,66,049	...
Reserve	...	...	...	51,88,000	51,88,000	51,88,000	...
TOTAL	1,86,57,03,999	6,98,73,903	9,38,66,000	15,50,71,000	2,18,45,14,902	2,22,15,92,038	3,70,77,196
<i>Distributed as under—</i>							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—							
State Railways—Construction	1,12,34,32,044	16,20,26,572	9,18,12,000	10,29,30,000	1,38,62,01,516	1,38,62,01,516	...
Redemption of Liabilities †	59,20,83,646	...	...	5,14,11,000	64,34,94,646	64,34,94,646	...
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,24,37,221	14,49,083	19,53,000	5,26,000	7,63,65,304	7,63,65,304	...
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)							
	96,50,688	3,98,248	1,01,000	2,04,000	1,03,53,936	1,03,53,936	...
OTHER EXPENDITURE charged against Revenue							
	1,35,63,788	...	...	...	1,35,63,788	1,35,63,788	...
TOTAL AS ABOVE	1,86,57,03,999	6,98,73,903	9,38,66,000	15,50,71,000	2,18,45,14,902	2,22,15,92,038	3,70,77,196

* INCLUDES DEBENTURES RAISED BY COMPANIES—

East Indian Railway	8,89,31,930	...	84,54,000	2,99,96,000	12,73,81,930	...
South Indian Railway	1,50,57,237	...	60,00,000	16,65,000	2,27,22,237	...
Great Indian Peninsula Railway	...	...	...	...	...	...
TOTAL	10,39,89,167	...	1,44,54,000	3,16,61,000	15,01,04,167	...

	Rs.
† East Indian Railway	18,05,98,229
Eastern Bengal Railway	2,35,46,757
Oudh and Rohilkhand Railway	15,50,40,735
North Western Railway	7,37,74,320
South Indian Railway	7,03,88,355
Great Indian Peninsula Railway	8,88,35,250
	59,20,83,646
Bombay, Baroda and Central India Railway	4,39,11,000
Bengal Central Railway	75,00,000
TOTAL	64,34,94,646

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1903-1904, and estimated expenditure on such works in 1904-1905 and 1905-1906, and to the end of 1905-1906.

	Actual outlay to end of 1902-1903.	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.	Total actual and estimated outlay to end of 1905-1906.	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	46,05,010	3,30,588	1,75,000	56,000	51,66,598	49,47,897	...
Shwebo Canal	19,79,298	9,92,304	6,78,000	7,40,000	43,89,602	46,28,060	2,38,458
Mon Canals	35,968	44,830	3,77,000	8,01,000	12,58,798	42,63,836	30,05,038
<i>Bengal.</i>							
Orissa Canals	2,59,30,652	40,754	31,000	41,000	2,60,43,406	...	...
Midnapur Canal	82,92,597	951	3,000	12,000	83,08,548	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canals	2,58,22,551	—18,160	3,000	10,000	2,58,17,391	...	...
<i>United Provinces.</i>							
Ganges Canal	2,84,72,855	1,48,388	2,30,000	4,06,000	2,92,57,243	...	...
Lower Ganges Canal	3,38,13,235	1,29,628	3,50,000	5,47,000	3,48,39,863	...	...
Ditto Fatehpur Branch	31,92,832	38,015	60,000	65,000	33,55,847	...	...
Agra Canal	92,10,423	2,46,878	1,80,000	4,08,000	1,00,45,301	...	...
Eastern Jumna Canal	40,15,539	2,64,154	2,30,000	2,20,000	47,29,693	...	...
<i>Punjab.</i>							
Western Jumna Canal	1,64,51,573	23,361	20,000	33,000	1,65,27,934	...	...
Bari Doab Canal	1,88,84,110	1,00,961	2,50,000	2,40,000	1,94,75,071	...	...
Sirhind Canal (State outlay)	2,34,56,182	1,18,974	50,000	1,00,000	2,37,25,156	...	...
Chenab Canal	2,68,43,451	4,49,591	1,50,000	5,50,000	2,79,93,042	...	...
Jhelum Canal	1,12,23,886	17,95,330	10,80,000	19,00,000	1,59,99,216	1,83,95,782	23,96,566
Indus Inundation Canals	7,22,513	1,18,153	5,00,000	6,48,000	19,38,666	...	...
Upper Jhelum Canal . . . . .	...	...	30,000	14,50,000	14,80,000	2,90,70,397	2,75,90,397
Upper Chenab Canal . . . . .	...	...	30,000	15,00,000	15,30,000	2,89,29,792	2,73,99,792
Lower Bari Doab Canal . . . . .	...	...	...	...	...	1,78,11,842	1,78,11,842
<i>Madras.</i>							
Godavari Delta System	1,14,51,795	1,28,694	1,70,000	2,33,000	1,19,83,489	...	...
Kistna Delta System	1,34,46,786	4,51,257	5,00,000	4,24,000	1,48,22,043	...	...
Pennér River Canals System	52,90,199	1,00,572	60,000	1,10,000	55,60,771	...	...
Periyar Project	86,84,981	1,94,031	1,20,000	1,38,000	91,37,012	...	...
Cauvery Delta system	29,17,134	88,494	1,50,000	2,18,000	33,73,628	...	...
<i>Bombay.</i>							
Desert Canal	25,16,968	53,649	18,000	4,000	25,92,617	...	...
Begari Canal	16,57,544	...	...	...	16,57,544	...	...
Eastern Nara Works	61,80,717	1,29,180	70,000	43,000	64,22,897	...	...
Jamrao Canal	80,92,612	1,43,286	—1,52,000	11,000	80,94,898	...	...
Mutha Canals	65,87,042	3,08,039	35,000	2,85,000	72,15,081	...	...
<i>Other projects</i>	3,54,87,432	15,31,054	7,19,000	17,35,000	3,94,72,486	...	...
	34,78,17,526	79,52,956	61,17,000	1,29,28,000	37,48,15,482	...	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	5,81,25,123	3,34,479	79,000	4,28,000	5,89,66,602	...	...
TOTAL	28,96,92,403	76,18,477	60,38,000	1,25,00,000	31,58,48,880	...	...
PROTECTIVE IRRIGATION WORKS.							
<i>Bengal.</i>							
Tribeni Canal	6,14,773	2,47,787	3,54,000	10,00,000	22,16,560	(a) 40,45,490	18,28,939
<i>United Provinces.</i>							
Betwa Canal	43,19,004	1,07,172	2,45,000	10,46,000	57,17,176	...	14,73,861
Ken Canal	49,918	38,950	6,05,000	15,07,000	22,00,868	36,74,729	..
<i>North-West Frontier Province.</i>							
Swat River Canal	40,18,769	2,823	3,000	1,00,000	41,24,592	...	...
<i>Madras.</i>							
Rushikulya Project	44,96,818	43,665	58,000	61,000	46,59,483	...	...
<i>Bombay.</i>							
Nira Canal	53,60,541	6,908	5,000	12,000	53,84,449	...	...
<i>Other projects</i>	36,92,706	5,89,078	8,98,000	10,74,000	62,53,784	...	...
	2,25,52,529	10,36,383	21,68,000	48,00,000	3,05,56,912	...	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	29,96,450	...	...	...	29,96,450	...	...
TOTAL	1,95,56,079	10,36,383	21,68,000	48,00,000	2,75,60,462	..	..
GRAND TOTAL	30,92,48,482	86,54,860	82,06,000	1,73,00,000	34,34,09,342	...	...

(a) Includes supplementary estimates sanctioned by the Government of India.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1903-1904, with Revised Estimates for 1904-1905 and Budget Estimates for 1905-1906.

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	2,588	2,612	1,305	1,334	1,349	1,408	1,408
<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	1,09,06,956	1,15,52,942	1,10,33,035	1,20,68,312	1,27,77,060	1,34,50,000	1,42,00,000
Ditto Extensions . . . . .	...	...	56,465	1,86,889	3,17,370	3,80,000	4,50,000
Bombay, Baroda and Central India	1,84,32,686	1,73,43,582	1,55,00,276	1,60,11,316	1,68,06,857	1,84,25,000	1,35,00,000
Great Indian Peninsula	3,32,61,822	89,29,427	...	...	...	...	...
TOTAL	6,26,01,464	3,78,25,951	2,65,89,776	2,82,66,517	2,99,01,287	3,22,55,000	2,81,50,000
<i>Working Expenses.</i>							
Madras	57,09,501	56,71,710	56,45,793	61,69,379	69,95,955	71,50,000	80,00,000
Ditto Extensions . . . . .	...	...	22,046	79,538	1,48,793	2,00,000	2,50,000
Bombay, Baroda and Central India	90,16,496	83,57,857	71,97,104	78,24,865	86,34,593	85,00,000	64,00,000
Great Indian Peninsula	1,92,67,239	40,42,892	...	...	...	...	..
TOTAL	3,39,93,236	1,80,72,459	1,28,64,943	1,40,73,782	1,57,79,341	1,58,50,000	1,46,50,000
<i>Net Traffic Receipts.</i>							
Madras	51,97,455	58,81,232	53,87,242	58,98,933	57,81,105	63,00,000	62,00,000
Ditto Extensions . . . . .	...	...	34,419	1,07,351	1,68,577	1,80,000	2,00,000
Bombay, Baroda and Central India	94,16,190	89,85,725	83,03,172	81,86,451	81,72,264	99,25,000	71,00,000
Great Indian Peninsula	1,39,94,583	48,86,535	...	...	...	...	...
TOTAL	2,86,08,228	1,97,53,492	1,37,24,833	1,41,92,735	1,41,21,946	1,64,05,000	1,35,00,000

APPENDIX IV—continued.

	Accounts.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
STATE RAILWAYS.							
(a) Open mileage at beginning of year	M.	M.	M.	M.	M.	M.	M.
	16,643	17,136	19,295	19,380	20,119	20,744	20,347
<i>Gross Traffic Receipts.</i>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian { England	3,450	3,450	3,450	3,450	3,450	3,000	3,000
{ India	6,58,04,353	6,75,19,065	7,10,62,672	6,74,11,071	7,08,45,143	7,68,00,000	7,65,00,000
Rajputana-Malwa System	2,77,81,248	2,84,65,308	2,81,18,427	2,49,93,926	2,19,35,587	2,50,00,000	2,55,00,000
Bhopal	2,09,610	2,55,120	2,92,862	3,46,103	3,77,177	3,92,000	4,00,000
Palampur-Deesa	49,701	40,983	39,190	31,756	28,155	30,000	31,000
Warora Colliery	5,77,182	6,59,350	6,98,956	6,44,934	5,52,948	5,40,000	5,25,000
Wardha Coal	2,07,216	1,75,380	...	...	...	...	...
Bengal-Nagpur	1,07,42,719	1,21,44,574	1,35,36,367	1,45,37,860	1,65,95,948	1,98,00,000	2,18,00,000
Umari Colliery	14,995	...	...	...	...	...	...
Burma Railways	94,69,988	1,13,34,182	1,22,32,691	1,26,67,364	1,41,06,869	1,50,00,000	1,55,00,000
Assam-Bengal	16,04,649	18,21,277	20,92,758	21,10,110	25,87,822	30,00,000	35,00,000
Jorhat	91,299	85,785	83,310	88,476	89,205	72,000	75,000
Cherra-Companyganj	6,355	4,818	2,828	...	...	...	...
Eastern Bengal	1,61,22,698	1,71,05,226	1,70,14,290	1,75,21,934	1,87,14,401	1,92,00,000	2,14,00,000
Bengal and North-Western, and Tirhoot	81,68,864	84,24,104	99,79,539	1,02,19,920	1,21,67,584	1,30,00,000	63,00,000
Bengal Central	11,49,611	13,61,919	13,93,160	13,24,944	15,05,612	15,25,000	3,25,000
Brahmaputra-Sultanpur Branch.	...	...	1,62,203	2,40,827	2,69,758	...	...
Oudh and Rohilkhand	1,13,25,817	1,16,10,252	1,35,20,795	1,35,27,377	1,40,12,128	1,56,00,000	1,60,00,000
Indian Midland { England	...	...	45,000	...	...	...	...
{ India	73,33,950	89,21,183	83,73,471	90,10,835	77,85,868	82,50,000	84,00,000
Lucknow-Bareilly	13,09,526	12,74,927	13,86,506	14,53,542	14,29,244	14,75,000	14,75,000
Hardwar-Dehra	...	48,031	2,27,429	2,53,685	2,65,261	2,65,000	2,65,000
North-Western	3,53,04,846	3,22,31,188	4,26,53,446	4,18,16,329	5,20,87,345	6,35,00,000	6,10,00,000
South Indian	86,58,220	90,20,566	1,03,68,269	1,09,05,420	1,21,89,359	1,27,50,000	1,30,00,000
Mysore	11,24,012	14,53,141	14,04,895	16,42,156	15,66,130	15,75,000	15,75,000
Nilgiri	...	...	...	...	2,74,905	2,99,000	3,00,000
Agra Delhi Chord	...	...	...	...	...	18,000	8,00,000
Bezváda Extension	...	...	2,64,398	3,02,442	3,07,113	3,20,000	3,50,000
North East Line, Madras Railway (East Coast, Southern Section)	52,81,401	60,95,150	46,90,260	44,53,516	46,03,446	55,00,000	55,00,000
Guntakal-Mysore Frontier	4,05,156	4,59,810	4,37,238	4,72,119	5,17,267	8,50,000	5,55,000
Tinnevely-Quilon	...	...	...	69,746	2,03,472	3,60,000	4,75,000
Mayavaram-Mutupet	2,38,518	2,42,502	2,97,287	3,31,866	4,10,936	5,33,000	6,00,000
Dhond and Manmad (net)	2,99,554	2,11,534	...	...	...	...	...
Southern Mahratta	62,93,041	63,75,599	57,12,614	65,62,022	67,81,358	73,50,000	73,00,000
Hyderabad-Shadipalli	2,20,367	1,97,480	...	...	...	...	...
Jodhpur-Hyderabad (British Section)	...	12,802	4,00,599	5,05,058	5,83,491	6,25,000	6,50,000
Great Indian Peninsula	...	2,67,52,243	4,26,63,480	4,35,86,154	4,58,51,887	4,92,00,000	4,90,00,000
Bombay, Baroda and Central India	...	...	...	...	...	...	45,00,000
In England	3,450	3,450	48,450	3,450	3,450	3,000	3,000
„ India	21,97,94,896	25,43,03,499	28,91,09,940	28,70,61,392	30,86,45,419	34,28,20,000	34,36,01,000
TOTAL	21,97,98,346	25,43,06,949	28,91,58,390	28,70,64,842	30,86,48,869	34,28,23,000	34,36,04,000

(a) Includes the length of the Bengal and North-Western Railway except for Budget Estimate, 1905-1906.

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

	Accounts.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
	Rs.	Rs.	Rs.	Rs.	Rs.		
<i>Working Expenses.</i>							
East Indian	2,50,54,050	2,44,32,167	2,61,51,049	2,61,45,029	2,62,26,989	2,72,00,000	2,66,00,000
Rajputana-Malwa System	1,29,30,693	1,46,14,424	1,30,31,577	1,18,36,743	1,11,21,644	1,13,00,000	1,18,50,000
Bhopal	1,25,531	1,27,788	1,48,626	1,74,867	1,85,736	1,96,000	1,95,000
Palanpur-Deesa	27,831	37,279	25,256	25,375	21,987	21,000	21,000
Warora Colliery	4,05,760	4,18,647	4,33,330	4,44,571	3,82,076	3,75,000	3,80,000
Wardha Coal	1,24,716	94,626	...	...	...	...	...
Bengal-Nagpur	45,80,706	53,76,704	72,65,514	74,31,631	86,21,206	95,00,000	1,05,00,000
Umari Colliery	16,848	...	...	...	...	...	...
Burma Railway	55,53,838	66,60,429	73,85,882	77,32,319	89,17,418	93,00,000	96,60,000
Assam-Bengal	12,34,774	14,25,435	16,96,274	18,61,892	20,81,249	29,50,000	31,00,000
Jorhat	1,03,821	94,770	84,715	83,046	80,280	83,000	73,000
Cherra-Companyganj	43,911	19,534	7,640	...	...	...	...
Eastern Bengal	72,72,708	81,43,336	87,19,070	88,83,728	99,98,494	1,02,00,000	1,17,50,000
Bengal and North-Western, and Tirhoot	63,93,740	75,64,228	74,10,199	80,26,894	87,88,628	95,00,000	27,00,000
Bengal Central	8,07,735	9,20,155	9,00,740	9,13,996	11,25,074	11,50,000	2,85,000
Brahmaputra-Sultanpur Branch . . . . .	...	...	82,471	1,31,113	1,47,254	...	...
Oudh and Rohilkhand	50,44,137	58,76,434	65,83,646	65,35,525	70,31,234	78,00,000	80,00,000
Indian Midland	38,01,188	43,98,626	42,14,819	46,23,692	39,04,410	41,24,000	42,00,000
Lucknow-Bareilly	7,73,507	6,92,805	7,69,986	7,50,202	7,24,646	7,50,000	7,50,000
Hardwar-Dehra . . . . .	...	24,016	1,24,969	1,47,440	1,55,680	1,55,000	1,55,000
North Western	1,90,26,943	1,88,63,796	2,22,52,333	2,42,93,882	2,64,98,970	2,85,00,000	3,20,00,000
South Indian	47,25,019	47,99,860	55,50,380	51,28,993	60,53,945	67,00,000	73,00,000
Mysore	8,34,759	10,78,609	11,27,457	11,88,564	11,03,305	11,75,000	11,75,000
Nilgiri . . . . .	...	...	...	...	2,00,918	2,26,000	2,25,000
Agra Delhi Chord . . . . .	...	...	...	...	...	10,000	4,00,000
Bezwada Extension . . . . .	...	...	1,20,248	1,49,334	1,52,891	1,42,000	1,50,000
North East line, Madras Railway (East Coast, Southern Section)	31,99,538	33,96,035	25,12,717	30,07,291	29,71,686	36,00,000	35,00,000
Guntakal-Mysore Frontier	2,62,609	2,95,561	3,10,308	2,92,918	3,05,337	5,45,000	3,50,000
Tinnevely-Quilon . . . . .	...	...	...	29,574	89,900	1,90,000	2,45,000
Mayavaram-Mutupet	1,39,379	1,35,869	1,63,106	1,61,797	2,05,581	2,80,000	3,50,000
Southern Mahratta	45,93,822	48,03,985	44,92,654	46,99,571	48,09,622	52,50,000	53,50,000
Hyderabad-Shadipalli	1,39,499	1,25,616	...	...	...	...	...
Johpur-Hyderabad (British Sec- tion) . . . . .	...	12,217	2,44,773	2,91,566	3,21,112	3,25,000	3,25,000
Great Indian Peninsula . . . . .	...	1,25,52,735	2,05,75,278	2,24,16,610	2,34,45,061	2,47,50,000	2,48,15,000
Bombay, Baroda and Central India . . . . .	...	...	...	...	...	...	21,50,000
TOTAL	10,72,17,062	12,69,85,686	14,23,85,017	14,74,08,163	15,56,72,365	16,62,97,000	16,85,54,000

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
	Rs.	Rs.	Rs.	Rs.	Rs.		
<i>Net Traffic Receipts.</i>							
East Indian	4,07,53,753	4,30,90,343	4,49,15,073	4,12,69,492	4,46,21,604	4,96,03,000	4,99,03,000
Rajputana-Malwa System	1,48,50,555	1,38,50,884	1,50,86,850	1,31,57,183	1,08,13,943	1,37,00,000	1,36,50,000
Bhopal	84,079	1,27,332	1,44,236	1,71,236	1,91,441	1,96,000	2,05,000
Palanpur-Deesa	21,870	3,704	13,934	6,381	6,168	9,000	10,000
Warora Colliery	1,71,422	2,40,703	2,65,626	2,30,363	1,70,872	1,65,000	1,45,000
Wardha Coal	82,500	80,754	...	...	...	...	...
Bengal-Nagpur	61,62,013	67,67,870	62,70,853	71,06,229	79,74,742	1,03,00,000	1,13,00,000
Umara Colliery	-1,853	...	...	...	...	...	...
Burma Railways	39,16,150	46,73,753	48,46,809	49,35,045	51,89,451	57,00,000	58,40,000
Assam-Bengal	3,69,875	3,95,842	3,96,484	2,48,218	5,06,573	50,000	4,00,000
Jorhat	-12,522	-8,985	-1,405	5,430	8,925	-11,000	2,000
Cherra-Companyganj	-37,556	-14,716	-4,812	...	...	...	...
Eastern Bengal	88,49,990	89,61,890	82,95,220	86,38,206	87,15,907	90,00,000	96,50,000
Bengal and North-Western, and Tirhoot	17,75,124	8,59,876	25,69,340	21,93,026	33,78,956	35,00,000	36,00,000
Bengal Central	3,41,876	4,41,764	4,92,420	4,10,948	3,80,538	3,75,000	40,000
Brahmaputra-Sultanpur Branch . . . . .	...	...	79,732	1,09,714	1,22,504	...	...
Oudh and Rohilkhand	62,81,680	57,33,818	69,37,149	69,91,752	69,80,894	78,00,000	80,00,000
Indian Midland	35,32,762	45,22,557	42,03,652	43,87,143	38,81,428	41,26,000	42,00,000
Lucknow-Bareilly	5,36,019	5,82,122	6,16,520	7,03,340	7,04,596	7,25,000	7,25,000
Hardwar-Dehra . . . . .	...	24,015	1,02,460	1,06,245	1,09,581	1,10,000	1,10,000
North Western	1,62,77,903	1,33,67,392	2,04,01,113	1,75,22,447	2,55,88,375	3,50,00,000	2,90,00,000
South Indian	39,33,201	42,20,706	48,17,889	57,76,427	61,35,414	60,50,000	57,00,000
Mysore	2,89,253	3,74,532	2,77,438	4,53,592	4,62,825	4,00,000	4,00,000
Nilgiri . . . . .	...	...	...	...	73,987	64,000	75,000
Agra Delhi Chord . . . . .	...	...	...	...	...	8,000	4,00,000
Bezwada Extension . . . . .	...	...	1,44,150	1,53,108	1,54,222	1,78,000	2,00,000
North East line, Madras Railway (East Coast, Southern Section):	20,81,863	26,99,115	21,77,543	14,46,225	16,31,760	19,00,000	20,00,000
Guntakal-Mysore Frontier	1,42,547	1,64,249	1,26,930	1,79,201	2,11,930	3,05,000	2,05,000
Tinnevely-Quilon . . . . .	...	...	...	40,172	1,13,572	1,70,000	2,30,000
Mayavaram-Mutupet	99,139	1,06,633	1,34,181	1,70,069	2,05,355	2,53,000	2,50,000
Dhond and Manmad	2,99,554	2,11,534	...	...	...	...	...
Southern Mahratta	16,99,219	15,71,614	12,19,960	18,62,451	19,71,736	21,00,000	19,50,000
Hyderabad-Shadipalli	80,868	71,864	...	...	...	...	...
Jodhpur-Hyderabad (British Section) . . . . .	...	585	1,55,826	2,13,492	2,62,379	3,00,000	3,25,000
Great Indian Peninsula . . . . .	...	1,41,99,508	2,20,88,202	2,11,69,544	2,24,06,826	2,44,50,000	2,41,85,000
Bombay, Baroda and Central India . . . . .	...	...	...	...	...	...	23,50,000
TOTAL	11,25,81,284	12,73,21,263	14,67,73,373	13,96,56,679	15,29,76,504	17,65,26,000	17,50,50,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1903-04, with Revised Estimates for 1904-05, and Budget Estimates for 1905-06.

	ACTUALS.					Revised Estimate, 1904-05.	Budget Estimate, 1905-06.
	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
DIRECT RECEIPTS—							
Mandalay canal . . . . .	...	...	...	17,803	79,048	2,05,000	2,10,000
Orissa canals	4,42,497	4,08,888	3,49,006	4,05,592	4,29,897	4,15,000	4,15,000
Midnapur canal	2,38,652	2,34,213	2,40,992	2,24,150	2,20,343	1,93,000	1,93,000
Hijili Tidal canal	53,234	47,349	47,942	41,050	42,334	47,000	47,000
Sone canals	10,95,351	11,15,881	11,38,971	14,50,516	13,28,315	13,45,000	13,45,000
Ganges canal	36,57,032	38,83,058	28,27,161	35,23,554	32,95,743	31,20,000	30,08,000
Lower Ganges canal	22,29,549	21,86,673	19,96,655	22,82,197	23,40,320	23,94,000	22,04,000
Ditto, Fatehpur Branch	76,330	84,969	80,380	1,35,186	2,46,399	2,78,000	2,30,000
Agra canal	8,28,626	9,27,398	6,65,736	8,80,933	8,37,371	9,03,000	8,00,000
Eastern Jumna canal	12,41,746	12,34,495	11,79,374	13,53,857	11,92,809	12,82,000	12,00,000
Betwa canal	94,267	56,896	75,562	1,06,859	1,42,688	1,73,000	2,00,000
Western Jumna canal	29,79,562	25,33,190	21,84,804	23,61,573	24,09,698	27,15,000	24,13,000
Chenab canal	30,02,897	42,77,499	53,47,867	62,03,439	72,17,299	73,38,000	75,54,000
Bari Doab canal	29,69,561	30,16,243	28,52,395	32,97,204	33,03,413	32,75,000	32,59,000
Sirhind canal	30,90,800	30,53,344	23,15,816	27,82,581	27,41,580	26,52,000	26,08,000
Jhelum canal . . . . .	...	...	...	24,104	2,83,611	4,45,000	9,60,000
Indus Inundation canals . . . . .	...	...	...	...	1,36,764	1,15,000	1,20,000
Swat River canal	4,18,038	4,84,502	4,57,845	4,82,394	5,10,505	4,90,000	4,90,000
Godavari Delta System	1,13,290	1,15,714	1,10,381	1,04,532	1,07,943	99,000	1,02,000
Kistna " " " "	61,565	87,066	70,850	78,578	86,005	78,000	75,000
Pennér River canals " "	1,695	2,387	3,512	1,938	1,602	3,000	3,000
Periyar Project	1,220	1,624	1,615	2,168	3,017	3,000	3,000
Cauvery Delta System	3,154	1,733	1,664	3,315	3,148	2,000	2,000
Rushikulya Project	1,789	2,027	5,084	2,811	1,958	2,000	2,000
Desert canal	47,591	39,462	48,290	53,023	49,591	91,000	93,000
Begari " " " "	55,277	59,348	47,713	44,956	18,496	57,000	59,000
Eastern Nara Works	22,808	28,705	27,154	26,578	26,025	31,000	30,000
Mutha canals	3,20,928	2,12,883	2,95,926	2,98,645	3,27,935	3,00,000	3,14,000
Nira canal	1,48,200	1,33,866	2,28,058	2,31,616	2,54,754	2,02,000	2,57,000
Jamrao canal . . . . .	...	2,060	5,128	43,686	1,70,160	1,87,000	1,57,000
Other projects	4,82,279	5,39,678	7,87,784	7,79,181	9,91,678	13,12,000	12,31,000
TOTAL	2,36,77,938	2,47,71,151	2,33,93,665	2,72,44,019	2,88,00,449	2,97,52,000	2,95,84,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal . . . . .	...	...	...	4,619	13,748	17,000	20,000
Ganges canal	7,80,511	7,80,511	8,26,342	8,72,442	8,93,659	8,94,000	8,94,000
Lower Ganges canal	2,09,586	2,09,586	2,09,586	2,09,586	2,65,747	2,66,000	2,66,000
Eastern Jumna " " " "	2,50,989	2,50,989	2,52,041	2,53,952	2,53,952	2,54,000	2,54,000
Chenab canal	4,57,345	6,32,690	10,46,645	10,56,041	11,38,808	10,06,000	12,87,000
Bari Doab canal	2,27,286	2,33,160	2,36,603	2,38,756	2,49,263	2,30,000	2,30,000
Jhelum " " " " . . . . .	...	...	...	13,706	—60,465	—3,000	1,66,000
Indus Inundation canals . . . . .	...	...	...	...	2,69,918	2,60,000	2,57,000
Swat River canal	41,257	42,550	44,580	47,284	55,240	50,000	50,000
Godavari Delta System	25,66,115	29,25,382	30,93,882	29,68,262	29,15,810	31,04,000	31,19,000
Kistna " " " "	25,40,854	26,34,552	27,42,392	27,25,450	25,13,947	25,84,000	26,95,000
Pennér River canals " "	2,61,246	3,57,541	3,69,205	3,70,918	3,77,049	55,000	3,77,000
Periyar Project	3,24,717	3,88,061	4,43,315	4,56,571	4,51,757	4,73,000	4,87,000
Cauvery Delta System	8,13,026	9,20,483	9,25,995	9,21,373	9,14,310	8,91,000	9,19,000
Rushikulya Project	91,059	87,131	95,844	94,832	90,318	93,000	95,000
Desert canal	1,26,878	1,60,930	1,39,985	1,41,889	1,59,159	1,98,000	1,98,000
Begari " " " "	3,90,454	4,16,913	3,34,669	3,14,732	3,72,424	4,10,000	3,89,000
Eastern Nara Works	6,55,531	5,10,522	4,49,513	4,93,647	5,00,159	4,90,000	5,14,000
Mutha canals	—9,403	—3,869	—8,085	—8,063	—10,113	...	...
Nira canal	—7,330	—6,584	—11,310	—11,465	—12,615	...	...
Jamrao canal . . . . .	...	3,30,642	4,21,049	4,97,692	4,79,936	7,73,000	6,45,000
Other projects	3,32,485	3,65,056	5,88,706	5,53,665	7,25,079	8,60,000	8,76,000
TOTAL	1,00,52,606	1,12,36,246	1,22,00,957	1,22,15,889	1,25,57,090	1,29,05,000	1,37,38,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1903-04, with Revised Estimates for 1904-05, and Budget Estimates for 1905-06—continued.

	ACTUALS.					Revised Estimate, 1904-05.	Budget Estimate, 1905-06.
	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.		
TOTAL REVENUE—	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Mandalay canal . . . . .	...	...	...	22,422	92,796	2,22,000	2,30,000
Orissa canals	4,42,497	4,08,888	3,49,006	4,05,592	4,29,897	4,15,000	4,15,000
Midnapur canal	2,38,652	2,34,213	2,40,992	2,24,150	2,20,343	1,93,000	1,93,000
Hijili Tidal canal	53,234	47,349	47,942	41,050	42,334	47,000	47,000
Sone canals	10,95,351	11,15,881	11,38,971	14,50,516	13,28,315	13,45,000	13,45,000
Ganges canal	44,37,543	46,63,569	36,53,503	43,95,996	41,89,402	40,14,000	39,02,000
Lower Ganges canal	24,39,135	23,96,259	22,06,244	24,91,783	26,06,067	26,60,000	24,70,000
Ditto, Fatehpur Branch	76,330	84,969	80,380	1,35,186	2,46,399	2,78,000	2,30,000
Agra canal	8,28,626	9,27,398	6,65,736	8,80,933	8,37,371	9,03,000	8,00,000
Eastern Jumna canal	14,92,735	14,85,484	14,31,415	16,07,809	14,46,761	15,36,000	14,54,000
Betwa canal	94,267	56,896	75,562	1,06,859	1,42,688	1,73,000	2,00,000
Western Jumna canal	29,79,562	25,33,190	21,84,804	23,61,573	24,09,698	27,15,000	24,13,000
Chenab canal	34,60,242	49,10,189	63,94,512	72,59,480	83,56,107	83,44,000	88,41,000
Bari Doab canal	31,96,847	32,49,403	30,88,998	35,35,960	35,52,676	35,05,000	34,89,000
Sirhind canal	30,90,800	30,53,344	23,15,816	27,82,581	27,41,580	26,52,000	26,08,000
Jhelum canal . . . . .	...	...	...	37,810	2,23,146	4,42,000	11,26,000
Indus Inundation canals . . . . .	...	...	...	...	4,06,682	3,70,000	3,77,000
Swat River canal	4,59,295	5,27,052	5,02,425	5,29,678	5,65,745	5,40,000	5,40,000
Godavari Delta System	26,79,405	30,41,096	32,04,263	30,72,794	30,23,753	32,03,000	32,21,000
Kistna " "	26,02,419	27,21,618	28,13,242	28,04,028	25,99,952	26,62,000	27,70,000
Pennér River canals " "	2,62,941	3,59,928	3,72,717	3,72,856	3,78,651	58,000	3,80,000
Periyar Project	3,25,937	3,89,685	4,44,930	4,58,739	4,54,774	4,76,000	4,90,000
Cauvery Delta System	8,16,180	9,22,216	9,27,659	9,24,688	9,17,458	8,93,000	9,21,000
Rushikulya Project	92,848	89,158	1,00,928	97,643	92,276	95,000	97,000
Desert canal	1,74,469	2,00,392	1,88,275	1,94,912	2,08,750	2,89,000	2,91,000
Begari " "	4,45,731	4,76,261	3,82,382	3,59,688	3,90,920	4,67,000	4,48,000
Eastern Nara Works	6,78,339	5,39,227	4,76,667	5,20,225	5,26,184	5,21,000	5,44,000
Mutha canals	3,11,525	2,09,014	2,87,841	2,90,582	3,17,822	3,00,000	3,14,000
Nira canal	1,40,870	1,27,282	2,16,748	2,20,151	2,42,139	2,02,000	2,57,000
Jamrao canal . . . . .	...	3,32,702	4,26,177	5,41,378	6,50,096	9,60,000	8,02,000
Other projects	8,14,764	9,04,734	13,76,490	13,32,846	17,16,757	21,72,000	21,07,000
TOTAL	3,37,30,544	3,60,07,397	3,55,94,622	3,94,40,245	4,13,57,539	4,26,57,000	4,33,22,000
WORKING EXPENSES—							
Mandalay canal . . . . .	...	...	...	30,312	92,027	90,000	93,000
Orissa canals	4,45,106	4,18,409	3,95,100	3,61,432	3,57,837	3,35,000	3,48,000
Midnapur canal	2,71,378	1,63,234	1,61,668	1,44,522	1,41,042	1,50,000	1,66,000
Hijili Tidal canal	43,304	30,632	28,658	34,685	23,805	40,000	29,000
Sone canals	5,47,919	5,76,302	5,47,210	5,27,716	4,94,357	4,95,000	5,61,000
Ganges canal	10,74,296	11,19,864	10,57,425	11,20,924	10,00,807	10,67,000	9,64,000
Lower Ganges canal	8,90,350	10,61,960	10,49,948	10,56,724	11,35,205	11,06,000	10,83,000
Ditto, Fatehpur Branch	49,750	1,03,476	1,26,995	1,21,579	1,33,566	1,28,000	1,25,000
Agra canal	2,83,363	2,33,043	2,60,131	2,52,836	2,60,904	2,49,000	2,88,000
Eastern Jumna canal	4,09,040	4,27,362	4,65,063	5,15,809	4,33,254	4,34,000	3,55,000
Betwa canal	95,360	86,537	1,01,852	1,22,892	1,08,458	1,30,000	1,24,000
Western Jumna canal	9,07,513	9,14,677	8,65,175	8,17,970	8,47,358	9,13,000	8,62,000
Chenab canal	10,53,385	12,00,241	12,86,828	13,15,846	16,73,711	17,15,000	15,68,000
Bari Doab canal	7,97,190	8,26,926	8,40,911	9,64,870	9,95,494	11,29,000	9,55,000
Sirhind canal	8,56,298	7,70,709	7,93,513	8,35,062	8,47,146	9,29,000	9,00,000
Jhelum canal . . . . .	...	...	20,046	1,42,414	2,78,982	4,03,000	3,95,000
Indus Inundation canals . . . . .	...	...	...	...	2,93,174	2,12,000	2,76,000
Swat River canal	58,345	89,312	86,856	80,111	97,710	1,15,000	60,000
Godavari Delta System	5,89,209	6,70,826	6,09,464	5,70,647	6,07,601	6,96,000	6,83,000
Kistna " "	5,23,143	5,04,823	5,11,894	4,96,071	6,42,508	6,55,000	5,23,000
Pennér River canals " "	36,687	32,120	43,643	55,091	74,963	66,000	67,000
Periyar Project	1,05,351	83,831	98,493	1,26,351	95,726	1,03,000	1,11,000
Cauvery Delta System	47,890	64,530	36,746	44,048	45,482	63,000	79,000
Rushikulya Project	49,459	76,220	64,377	66,003	55,532	59,000	61,000
Desert canal	49,102	57,976	56,722	99,246	1,19,526	1,20,000	1,21,000
Begari " "	96,043	69,133	60,329	87,067	75,250	77,000	80,000
Eastern Nara Works	1,15,630	97,734	98,001	84,196	78,255	1,22,000	1,08,000
Mutha canals	73,609	66,768	74,943	1,22,653	85,913	1,05,000	88,000
Nira canal	52,281	42,401	44,229	43,591	47,868	64,000	50,000
Jamrao canal . . . . .	...	64,710	1,52,889	2,18,286	3,09,931	3,28,000	2,80,000
Other projects	4,50,282	4,82,588	5,89,696	8,60,204	8,07,876	10,03,000	14,08,000
TOTAL	99,71,283	1,03,36,344	1,05,28,805	1,13,19,158	1,21,61,268	1,31,01,000	1,28,12,000

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1903-04, with Revised Estimates for 1904-05, and Budget Estimates for 1905-06—concluded.

	ACTUALS.					Revised Estimate, 1904-05.	Budget Estimate, 1905-06.
	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
NET REVENUE—							
Mandalay canal . . . . .	...	...	...	—7,890	769	1,32,000	1,37,000
Orissa canals	—2,609	—9,521	—46,094	44,160	72,060	80,000	67,000
Midnapur canal	—32,726	70,979	79,324	79,628	79,301	43,000	27,000
Hijili Tidal canal	9,930	16,717	19,284	6,365	18,529	7,000	18,000
Sone canals	5,47,432	5,39,579	5,91,761	9,22,890	8,33,958	8,50,000	7,84,000
Ganges canal	33,63,247	35,43,705	25,96,078	32,75,072	31,88,595	29,47,000	29,38,000
Lower Ganges canal	15,48,785	13,34,299	11,56,293	14,35,058	14,70,862	15,54,000	13,87,000
Ditto, Fatehpur Branch	26,580	—18,507	—46,615	13,607	1,12,833	1,50,000	1,05,000
Agra canal	5,45,263	6,94,355	4,05,605	6,28,097	5,79,467	6,54,000	5,12,000
Eastern Jumna canal	10,83,695	10,58,122	9,66,352	10,92,000	10,13,507	11,02,000	10,99,000
Betwa canal	—1,093	—29,641	—26,290	—16,033	34,230	43,000	76,000
Western Jumna canal	20,72,049	16,18,513	13,19,629	15,43,603	15,62,340	18,02,000	15,50,000
Chenab canal	24,06,857	37,09,948	51,07,684	59,43,634	66,82,396	66,29,000	72,73,000
Bari Doab canal	23,99,657	24,22,477	22,48,087	25,71,090	25,57,182	23,76,000	25,34,000
Sirhind canal	22,34,502	22,82,635	15,22,303	19,47,519	18,94,434	17,23,000	17,08,000
Jhelum canal . . . . .	...	...	—20,046	—1,04,604	—55,836	39,000	7,31,000
Indus Inundation canals . . . . .	...	...	...	...	1,13,508	1,63,000	1,01,000
Swat River canal	4,00,950	4,37,740	4,15,569	4,49,567	4,68,035	4,25,000	4,80,000
Godavari Delta System	20,90,196	23,70,270	25,94,799	25,02,147	24,16,152	25,07,000	25,38,000
Kistna " " " "	20,79,276	22,16,795	23,01,348	23,07,957	19,57,444	20,07,000	22,47,000
Pennér River canals " "	2,26,254	3,27,808	3,29,074	3,17,765	3,03,688	—8,000	3,13,000
Periyar Project	2,20,586	3,05,854	3,46,437	3,32,388	3,59,048	3,73,000	3,79,000
Cauvery Delta System	7,68,290	8,57,686	8,90,913	8,80,640	8,71,976	8,30,000	8,42,000
Rushikulya Project	43,389	12,938	36,551	31,640	36,744	36,000	36,000
Desert canal	1,25,367	1,42,416	1,31,553	95,666	89,224	1,69,000	1,70,000
Begari " " " "	3,49,688	4,07,128	3,22,053	2,72,621	3,15,670	3,90,000	3,68,000
Eastern Nara Works	5,62,709	4,41,493	3,78,666	4,36,029	4,47,929	3,99,000	4,36,000
Mutha canals	2,37,916	1,42,246	2,12,898	1,67,929	2,31,909	1,95,000	2,26,000
Nira canal	88,589	84,881	1,72,519	1,76,560	1,94,271	1,38,000	2,07,000
Jamrao canal . . . . .	...	2,67,992	2,73,288	3,23,092	4,40,165	6,32,000	5,22,000
Other projects	3,64,481	4,22,146	7,86,794	4,72,642	9,08,881	11,69,000	6,99,000
TOTAL	2,37,59,260	2,56,71,053	2,50,65,817	2,81,40,750	2,91,96,271	2,95,56,000	3,05,10,000

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1903-1904.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
GUARANTEED RAILWAYS.		R	£	R	R
RECEIPTS.					
Madras		67,40,930	617,919	92,68,779	-25,27,840
Bombay, Baroda and Central India		57,69,521	384,635	57,69,521	...
TOTAL		1,25,10,451	1,002,554	1,50,38,300	-25,27,840
ADVANCES.					
Madras		44,48,112	407,744	61,16,154	-16,68,042
Madras Extensions		1,40,750	9,783	1,40,750	...
Bombay, Baroda and Central India		44,65,269	297,685	44,65,269	...
TOTAL		90,60,831	715,212	1,07,28,173	-16,68,042
NET RECEIPTS.					
Madras		22,92,818	210,175	31,52,625	-8,59,807
Madras Extensions		-1,40,750	-9,783	-1,40,750	...
Bombay, Baroda and Central India		13,04,252	86,950	13,04,252	...
TOTAL		34,50,320	287,342	43,10,127	-8,59,807
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Gain on re-mittances to India.	Bengal-Nagpur Extensions	...	440	6,594	-6,594
	Indian Midland	...	114	1,710	-1,710
	Southern Mahratta	...	-16,577	-2,48,653	2,48,653
		...	-16,023	-2,40,349	2,40,349
Capital received in India.	Ahmedabad-Dholka	81,000	5,400	81,000	...
	Ahmedabad-Parantij	5,000	333	5,000	...
	Hardwar-Dehra	10,000	667	10,000	...
	Brahmaputra-Sultanpur	22,000	1,467	22,000	...
	Mymensingh-Jamalpur-Jagannathganj	55,000	3,667	55,000	...
	South Behar	4,967	331	4,967	...
	Tapti Valley	23,100	1,540	23,100	...
TOTAL RECEIPTS		2,01,067	13,405	2,01,067	2,40,349
WITHDRAWALS IN INDIA.					
Assam-Bengal		-12,25,798	-81,720	-12,25,798	...
Bengal Central		-23,156	-1,544	-23,156	...
Bengal-Nagpur		6,14,037	40,936	6,14,037	...
Ditto Extensions		89,08,540	593,903	89,08,540	...
Burma		17,02,891	113,526	17,02,891	...
Indian Midland		34,39,160	222,048	33,30,713	1,08,447
Ditto Saugor-Katni		304	20	304	...
Lucknow-Bareilly		70,081	4,672	70,081	...
Mysore		1,15,939	8,662	1,29,931	-13,992
Southern Mahratta		-6,99,678	-58,307	-8,74,598	1,74,920
TOTAL RECEIPTS		1,29,02,320	842,196	1,26,32,945	2,69,375
Ahmedabad-Dholka		78,989	5,266	78,989	...
Ahmedabad-Parantij		4,999	333	4,999	...
Brahmaputra-Sultanpur		14,451	964	14,451	...
Hardwar-Dehra		14,165	944	14,165	...
Mymensingh-Jamalpur-Jagannathganj		36,666	2,444	36,666	...
South Benar		-7,655	-510	-7,655	...
Tapti Valley		76,720	5,115	76,720	...
TOTAL WITHDRAWALS		1,31,20,655	856,752	1,28,51,280	2,69,375
Net Withdrawals		1,29,19,588	859,370	1,28,90,562	29,026
GUARANTEED AND SUBSIDIZED RAILWAYS.					
Net Withdrawals		94,69,268	572,028	85,80,435	8,88,833

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—continued.

Revised Estimate, 1904-1905.

RAILWAYS.		Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
		R	£	R	R
-GUARANTEED RAILWAYS.					
RECEIPTS.					
Madras		66.64	610.9	91.63	-24.99
Bombay, Baroda and Central India		58.00	386.7	58.00	...
	TOTAL	1,24.64	997.6	1,49.63	-24.99
ADVANCES.					
Madras		54.00	495.0	74.25	-20.25
Madras Extensions		-54	-3.6	-54	...
Bombay, Baroda and Central India		40.00	266.7	40.00	...
	TOTAL	93.46	758.1	1,13.71	-20.25
NET RECEIPTS.					
Madras		12.64	115.9	17.38	-4.74
Madras Extensions		54	3.6	54	...
Bombay, Baroda and Central India		18.00	120.0	18.00	...
	TOTAL	31.18	239.5	35.92	-4.74
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Gain on remittances to India.	Southern Mahratta	...	-26.0	-3.90	3.90
		...	-26.0	-3.90	3.90
Capita received in India.	Ahmedabad-Dholka	21	1.4	21	...
	Ahmedabad-Parantij	2	1	2	...
	Brahmaputra-Sultanpur	-35	-2.3	-35	...
	Hardwar-Dehra	72	4.8	72	...
	Mymensingh-Jamalpur-Jagannathganj	18	1.2	18	...
	Tapti Valley	62	4.1	62	...
	TOTAL RECEIPTS	1.40	9.3	1.40	3.90
WITHDRAWALS IN INDIA.					
Assam-Bengal		-10.85	-72.3	-10.85	...
Bengal Central		-19	-1.3	-19	...
Bengal-Nagpur		2.45	16.3	2.45	...
	Ditto Extensions	71.12	474.1	71.12	...
Burma		7.02	46.8	7.02	...
Indian Midland		18.59	124.0	18.59	...
Lucknow-Bareilly		-34	-2.3	-34	...
Mysore		1.05	7.8	1.17	-1.2
Southern Mahratta		-9.40	-78.3	-11.75	2.35
	TOTAL WITHDRAWALS	79.45	514.8	77.22	2.23
Ahmedabad-Dholka		40	2.7	40	...
Ahmedabad-Parantij		2	1	2	...
Hardwar-Dehra		69	4.6	69	...
Mymensingh-Jamalpur-Jagannathganj		27	1.8	27	...
South Behar		-20	-1.3	-20	...
Tapti Valley		63	4.2	63	...
	TOTAL WITHDRAWALS	81.26	526.9	79.03	2.23
	Net Withdrawals	79.86	543.6	81.53	-1.67
GUARANTEED AND SUBSIDIZED RAILWAYS.					
	Net Withdrawals	48.68	304.1	45.61	3.07

APPENDIX IV—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—concluded.
Budget Estimate, 1905-1906.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 000.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	58,71	538,2	80,73	-22,02
Bombay, Baroda and Central India	41,00	273,3	41,00	...
TOTAL	99,71	811,5	1,21,73	-22,02
ADVANCES.				
Madras	61,30 ⁰	561,9	84,29	-22,99
Madras Extensions	50	3,3	50	...
Bombay, Baroda and Central India	28,50	190,0	28,50	...
TOTAL	90,30	755,2	1,13,29	-22,99
NET RECEIPTS.				
Madras	-2,59	-23,7	-3,56	97
Madras Extensions	-50	-3,3	-50	...
Bombay, Baroda and Central India	12,50	83,3	12,50	...
TOTAL	9,41	56,3	8,44	97
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	60	4,0	60	...
Ahmedabad-Parantij	10	6	10	...
Hardwar-Dehra	34	2,3	34	...
Mymensingh-Jamalpur-Jagannathganj	33	2,2	33	...
Tapti Valley	15	1,0	15	...
TOTAL RECEIPTS	1,52	10,1	1,52	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	-8,95	-59,7	-8,95	...
Bengal Central	-25	-1,7	-25	...
Bengal-Nagpur	-6,79	-45,3	-6,79	...
Ditto Extensions	76,80	512,0	76,80	...
Burma	7,67	51,1	7,67	...
Indian Midland	15,77	105,2	15,77	...
Ditto Saugor-Katni Extension	1,00	6,7	1,00	...
Lucknow-Bareilly	-1,05	-7,0	-1,05	...
Mysore	2,20	16,4	2,46	-26
Southern Mahratta	-12,88	-85,8	-12,88	...
TOTAL WITHDRAWALS	73,52	491,9	73,78	-26
Ahmedabad-Dholka	60	4,0	60	...
Ahmedabad-Parantij	10	6	10	...
Hardwar-Dehra	34	2,3	34	...
Mymensingh-Jamalpur-Jagannathganj	33	2,2	33	...
Tapti Valley	15	1,0	15	...
TOTAL WITHDRAWALS	75,04	502,0	75,30	-26
Net Withdrawals	73,52	491,9	73,78	-26
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	64,11	435,6	65,34	-1,2

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 29th
March, 1905.

PRESENT :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor
General of India, *presiding*.

His Honour Sir A. H. L. Fraser, K.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 Major-General Sir E. R. Elles, K.C.B., K.C.I.E.

The Hon'ble Sir A. T. Arundel, K.C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. H. Erle Richards.

The Hon'ble Mr. J. P. Hewett, C.S.I., C.I.E.

The Hon'ble Mr. E. N. Baker, C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.

The Hon'ble Mr. E. Cable.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble Mr. H. Adamson, C.S.I.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Dar-
bhanga.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. L. A. S. Porter.

The Hon'ble Mr. A. D. Younghusband.

The Hon'ble Mr. L. Hare, C.I.E.

The Hon'ble Mr. H. A. Sim, C.I.E.

The Hon'ble Nawab Fateh Ali Khan, Kazilbash, C.I.E.

QUESTIONS AND ANSWER.

The Hon'ble NAWAB SAIVID MUHAMMAD SAHIB BAHADUR asked the
following questions:—

“Will the Government, in view of the growing and appalling mortality from
plague (the deaths in the week ending the 11th of the present month being

[*Nawab Saiyid Muhammad; Sir Arundel Arundel; Nawab Fateh Ali Khan.*]

45,541), be pleased to state whether it is in contemplation to engage the services of a bacteriologist or scientist of European reputation, besides other experts who might be appointed by the Secretary of State, for establishing the pathology of the disease and devising a system of preventive and curative treatment on a scientific basis?

"If not, will the Government be pleased now to consider the matter?"

The Hon'ble SIR ARUNDEL ARUNDEL replied as follows:—

"The Government of India have already taken action in the direction suggested by the Hon'ble Member. From the correspondence now laid on the table it will be seen that it has been decided to appoint a plague research party consisting of two experts from England selected by an Advisory Committee at home and two Indian Medical Service officers. The composition of the party has not been finally settled, but a member of the Advisory Committee is now on his way to India in order to arrange the details of the investigation in communication with the Sanitary Advisers of the Government of India."

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1905-1906.

The Hon'ble NAWAB FATEH ALI KHAN said:—"My Lord, I deem myself very fortunate in enjoying the privilege of being in a position to offer the first congratulations to Your Excellency's Government for the highly satisfactory Budget which has been laid on the table by the Hon'ble Finance Member. From what I have read, I feel bound to express my sincere pleasure in observing that the Budget has been most carefully prepared, and shows the increasing prosperity of the Indian Empire.

"My Lord, India has had the good fortune of having increasing surpluses in the Budget ever since the beginning of Your Excellency's administration, but this year's Budget is far more satisfactory than those of past years.

"As expressed by the Hon'ble Finance Member, the improvement in surplus has been 385 lakhs over and above the estimate formed in March 1904. It is pleasing to see that the great increase in the surplus is not due to any increase of taxation. On the contrary, the Government has been graciously pleased to make remissions of revenue in certain portions of the country from time to time during the past year. The unusually great increase is due to several causes, as stated by the Hon'ble Member in his Budget Report: the magnificent returns from the railways, and the raising of the price of opium in Bengal, are two of the chief reasons for the increased surplus of this year.

"After providing for the Army reorganisation, military, and other ordinary expenditure on a sufficiently liberal scale, I gather that we should have a surplus of 510 lakhs next year if taxation remained at its present level. It has, however, been determined, as I learn from the Budget Report, to apply the sum of 374 lakhs out of this estimated surplus to various useful measures to be adopted by the Government for the good of the country. The greatest and the most beneficial measure is the abolition of famine-cesses in the Punjab, United Provinces, and Central Provinces. This measure was greatly called for, and I hope will tend to raise the condition of the people of those provinces.

"The other useful scheme for the advantage of the country is the making of additional assignments of 35 lakhs per annum to the Provincial Governments for the purposes of primary education. I would only here remark that the money, if not properly taken care of, may possibly be spent for some other purposes and thus the real object we are aiming at may be defeated.

"The other beneficial purposes are the reduction of salt-duty, the assignment of money to District and Local Boards, as well as reduction in postal charges, all of which will, I hope, tend to the increase of prosperity and welfare of the country.

"Finally, I offer my thanks to Your Excellency for the adoption of the above administrative measures, which tend to secure lasting good for India, as well

[*Nawab Fateh Ali Khan ; Mr. Sim.*]

as for the whole-hearted devotion which Your Excellency has always shown to the cause of the Indian people."

The Hon'ble Mr. SIM said :—" My Lord, Madras would wish to be associated with the rest of India in congratulating Your Excellency's Government, on its continuing financial success—on the full purse, which has attended Your Excellency during the last six years, and is still so conspicuously present: most of the sources that have filled it presuppose full pockets in India, while others, such as the sale of opium, and the carriage of grain for export, will have been paid by the consumer, outside India altogether.

" Madras would wish also, my Lord, to express its appreciation of the purposes to which Your Excellency's Government has devoted this surplus; a salt-tax lower than it has been at any time since 1878; liberal grants for Police reform, Primary Education and Agricultural research; assistance to local bodies; these are benefits which will nowhere be more widely felt or more heartily appreciated than in Madras; they are branches of administration to which Madras has always devoted special attention, and lines on which it has always contemplated advance.

"Of *Salt* the Madrasi is the largest consumer in India; of *agriculture* we possess the oldest college; we were first in the field of *Local Self-Government*, and have always been prominent in that domain: while, in the face of recent military changes, we, more than other provinces, require an efficient *Police*. Every body, my Lord, who knows the importance to the Madras raiyat of the services which *Local Boards* perform, and the insufficient resources with which they are furnished, will read with the greatest pleasure of the assistance which Your Excellency's Government is now allotting to these bodies; and will note with pleasure, also, the Hon'ble the Finance Member's assurance that there is no intention to burden this assistance with any charges which are at present provincial.

" Very specially, too, my Lord, will Madras welcome the announcement of the adoption of an energetic and continuing policy 'for the development of *agricultural experiment, research, demonstration and instruction*.' We are both agricultural and raiyatwari in Madras, so that not only is the prosperity of our Presidency greatly dependent on the success of its agriculture, but our officials are brought very close to the daily life of the raiyat and see, at first hand, some of his greatest needs. One of these is this Education, Research, and Demonstration, which Your Excellency's Government is now about to give him; and Madras, which has experienced, I may remark, some of the practical difficulties which beset this apparently simple subject, will wish Your Excellency's Government every success in it.

" Other obvious needs are those of Irrigation, Railways, Credit, and Forestry. In *Irrigation*, while we join with the Hon'ble the Finance Member in the enthusiasm with which he writes of the great *productive* works of the Punjab, we hope Your Excellency's Government will not forget the necessity for pushing on with *protective* works elsewhere; works, which, though not ordinarily remunerative to the Treasury, will be invaluable both to Government and to the raiyat in time of Famine. We would also beg Your Excellency to remember kindly those *minor* works, on which the greater portion of our Presidency has, after all, to depend: the important scheme of Tank Restoration in Madras is progressing less rapidly than we would wish, owing to want of funds; we trust, therefore, that a considerable portion of the additional grant, now announced for Minor Irrigation Works, will be devoted to the Presidency, in which they are of the most importance. I believe, my Lord, that provision for the expansion of work in this direction was not made in the current Provincial Settlement.

" In *Railways*, Your Excellency is giving us some useful extensions, and is lending money to our District Boards to further the more rapid expansion of light railways: both will be welcomed in Madras.

" The subject of *Agricultural Credit* is also being seriously taken up in our Presidency on the lines laid down by Your Excellency's Government and the

[*Mr. Sim ; Mr. Hare.*]

'search for Raiffeisen' has begun: we in Madras shall watch it with special care, since we have long recognised its great importance, and possess the greatest Indian authority on the subject in a Madras Civilian. Having a Nicholson, we shall hope that we may be as fortunate as Bengal has been, in also finding a Hamilton.

"Under *Forests*, we notice with satisfaction that the coming year's Budget provides for increased expenditure in Madras. I would put in a plea for its continuance in future years; whether one accepts only the more obvious uses of forests, or believes also in their climatic effects, the creation and working of a forest area, sufficient for local requirements, would appear to be one of the most pressing needs of an agricultural and pastoral country, of uncertain rainfall, and increasing population, such as ours is; the task will necessarily be long and difficult, but time and difficulty can be reduced to a minimum, by a continuous and liberal outlay of money during the earlier years; it is such outlay that I now plead for: there may, it is true, be other provinces in which it would bring in a more immediate money return; but I would urge that, in the case of forests, as in the case of other administrative essentials, it is, up to a certain point, not the highest revenue, but the greatest necessity, that should carry the day.

"Madras would thank Your Excellency for grants to the *Madras Harbour* in the current and coming years; and also, *in advance*, for favours to come, in the provision from Imperial revenues, of the cost of reorganizing the *District Administration*, in accordance with the promise given to us in our Provincial Settlement of last year. In connection with this Settlement, I may add that it is unfortunate for the Provincial Treasury and a matter of extreme regret to the Madras Government that its first year should be marred by drought and scarcity, and all the loss and distress to the agricultural population that are their necessary accompaniments.

"In regard to *Receipts*, my Lord, I would only notice one item; that of *Excise*; so far as Madras is concerned, I would venture to support the view of the Hon'ble the Finance Member that the increased receipts under this heading are due to higher taxation and not to increased drinking; I would claim, indeed, that Madras has been the pioneer in excise reform, based on this cardinal principle of obtaining a maximum of revenue from a minimum of consumption; and I am glad to believe that, of late years, its pre-eminence in this direction has been recognized in other parts of India, and that Madras is now the Mecca of Temperance to which official pilgrims from less forward provinces periodically wend their way.

"It only remains for me, my Lord, in the name of Madras, to thank Your Excellency and Your Excellency's Government, for the kindly consideration, shown throughout the Budget, to an absent and distant Presidency."

The Hon'ble MR. HARE said:—"I congratulate the Hon'ble Finance Member and the Government upon the prosperous state of the finances, and desire to express my approval of the manner in which the surplus has been dealt with.

"While something has been given to the reduction of taxation, there has been a large appropriation to the improvement of the administration, and this was very urgently required.

"The increased expenditure on the police is absolutely necessary, and the large grant to education cannot fail to be beneficial. The grant to District Boards is, I consider, a most excellent measure. The new railway lines require to be supplemented in many cases by feeder roads, and the road systems of many districts require to be to some extent remodelled and in all cases require to be linked up with the railway. The growing wants of the District Boards in other respects are well known, and there seemed to be no hope of meeting their requirements from any other source.

"The grant for agricultural research, experiment, and instruction is very welcome, and I can only express a wish that it could have been larger.

[*Mr. Hare ; Mr. Porter.*]

" I observe that nothing has been given for Veterinary purposes, either for the creation or development of colleges or for the establishment of a Veterinary Department. This I much regret. I think that an enormous increase of wealth is to be won for this country in saving the life of cattle and increasing their efficiency by improving the stock. In this matter as in Agricultural development Government will have to lead the way, and if any adequate result is to be achieved considerable expenditure will be required.

" As a matter also directly bearing on the prosperity of Bengal, I would venture to mention the importance of pressing on more rapidly with the records-of-rights. As a means of securing to agriculturalists the fruits of their labour and of improved methods of agriculture this is a matter of some urgency. There are at present three parties at work in the Province of Bengal, and I should like to see a fourth party. But this work can only be entrusted to the permanent staff and so can only be taken up as the necessary staffs, both for survey and record work, can be permanently sanctioned and trained. Hitherto it has not seemed to be within the bounds of practical politics to ask for more than the staff necessary for three parties. Applications are continually being made here by landlords, and there, by raiyats for records-of-rights to be undertaken. It is expensive and unsatisfactory to take up isolated cases, and the necessity of pressing on with the general provincial scheme is clearly indicated. I would express a hope that the improved financial position may make it possible to sanction a further increased staff, and that the requirements of Bengal in this respect may be sympathetically considered."

The Hon'ble MR. PORTER said:—" My Lord, I have to congratulate the Hon'ble the Finance Member on the fact that in this—his first—Budget he has at his disposal a large surplus. I hope that the good fortune which attended his predecessor may continue throughout his term of office.

" I do not propose to attempt to criticise in detail the objects to which the Government have decided to devote this surplus, or to offer any opinion on the estimates of the coming year. I desire only to make a few remarks on certain matters which affect the United Provinces.

" It is unfortunately only too true that the cold weather crops in the United Provinces, which promised to be magnificent, have been seriously damaged by frost. In the north of the Provinces, including the Meerut and Rohilkhand Divisions, where the crops were less advanced, the loss except in two districts is small. Again, in the Benares and Gorakhpur Divisions, and in part of the Fyzabad Division, the frost was less severe and comparatively little harm was done. But in the Allahabad Division not a single district, and in the Lucknow Division only one district, escaped serious injury; while in the Agra Division, and in two districts in the Fyzabad Division, the loss, though less severe, has been very great. Roughly it may be said that the proportion of the produce lost varies from three-fourths to one-fourth throughout the injured tract, and this loss will be very severely felt, especially in Bundelkhand and Cawnpore, where the preceding kharif harvest was indifferent. A sudden calamity of this extent and severity calls for liberal, and above all for prompt, relief. That relief has, I am glad to say, been granted in full measure. The estimate of land-revenue collections in the United Provinces has been reduced by 50 lakhs, and of this sum no less than 42½ lakhs are to be treated as remissions. In preferring remissions to suspensions the Government have, I venture to think, acted wisely. In cases of widespread and serious loss of crops, suspensions afford little real relief. Suspensions tend, moreover, to demoralize the people by keeping a load of debt hanging over them; they injuriously affect the credit of the cultivator with the village-barker; and they encourage the revenue-payers to withhold what they can pay in the hope that the suspensions will ultimately be converted into remissions.

" The abolition of the famine-cess will afford some welcome relief to those classes on whom the burden of local rates bears somewhat heavily. But apart from this the remission will be popular. The somewhat bitter feelings which were aroused when the cess was first imposed, by the way in which the

[*Mr. Porter.*]

proceeds of the cess were at the outset utilized, have long ago subsided, and the controversy is now ancient history: but every one will be glad that Government are at last in a position to remit an impost regarding which at one time so much misunderstanding took place.

"The liberal grant of 6½ lakhs for increasing the strength and pay of the rank and file of the Police and of Sub-Inspectors will do much towards improving the position and prospects of a very hardworked and on the whole deserving body of men. That some increase of pay was necessary has long been obvious to those who have studied the subject. To quote merely one instance,—it is, I believe, an established fact that a Sub-Inspector of the third grade, the rank in which trained officers begin their career, and in which grade they remain for several years, cannot live on his present pay. Almost equally important, however, with the grant of adequate pay and horse allowance is the provision of decent and sanitary quarters. Self-respecting men will not join or remain in a service which requires them to live in unhealthy or squalid surroundings. It has been laid down, and Provincial Governments have accepted the ruling, that the cost of providing suitable police buildings must be met from provincial revenues. This principle is fair enough; and for the last few years the Government of the United Provinces has been expending large sums annually on the improvement of police lines and buildings generally. Before that, however, owing to the late famine, and to other causes which need not now be referred to, expenditure on police buildings had been very restricted; and a great deal of lee-way has now to be made up. In these circumstances it is unfortunate that during the coming year the provincial expenditure on buildings will have to be curtailed. The provincial finances will be crippled by (1) the loss of land-revenue in consequence of the injury to the crops by frost, (2) by the drop in irrigation receipts (which under the new financial settlement is practically an entirely provincial head) due to the continued winter rains, and (3) by a probable drop in excise receipts in sympathy with agricultural depression. These losses have necessitated strict economy in framing the provincial budget of the coming year, and have involved retrenchment of expenditure not only on building projects, but even on desirable minor irrigation works.

"A further burden on provincial finances is plague expenditure. When the present financial settlement was being arranged, the Government of India stated distinctly that no allowance for plague charges could be made, as those charges were temporary. But the terrible epidemic of plague which is now raging in the United Provinces holds out no hope of the early disappearance of the disease. It is true that in the coming year the allotment for direct plague expenditure will be reduced from three to two lakhs, but there is the likelihood of even larger expenditure in the future if the result of expert investigation is to indicate any practical measures of prevention. Again, the cost of relieving Municipal Boards of Police charges comes to Rs. 3,89,000, or Rs. 1,39,000 more than the amount allowed by the Government of India at the recent settlement. Nearly all this is being spent on plague. The result is that the Provincial Government is spending directly or indirectly on plague charges some 3½ lakhs, for which no provision was made when the provincial share in the revenues accruing in the Provinces was determined.

"In connection with the subject of police reform I would remind those Indian gentlemen who denounce the present civil police so strongly that the force is almost entirely composed of their own countrymen. If the personnel is unsatisfactory, the only remedy is to obtain a better class of recruit. The unpopularity of service in the police is unfortunately notorious; and I attribute much of this unpopularity to what I consider the unfair manner in which the police are written of and spoken of by certain sections of their fellow-countrymen. Misdemeanours where they occur must be exposed; and the people who expose them are discharging a public duty. But indiscriminate abuse only does harm. It disgusts and disheartens the good men, and makes the bad men worse. Government may offer better pay and better prospects, but self-respecting men will not willingly enter a service if they continue to see and hear it denounced in the Press and in the Courts as oppressive and corrupt.

[*Mr. Porter; Rai Sri Ram Bahadur.*]

"The special permanent grant of six lakhs for primary education should go far towards placing primary schools on a satisfactory footing. As the Government of India are aware, a large portion of the previous five lakh grant was devoted to primary education. The present grant will enable the Provincial Government to extend its policy of (1) opening new primary schools and improving buildings and apparatus; (2) increasing the number of normal schools, and introducing a simple supplementary system of training teachers for primary schools; and (3) further strengthening, and improving the prospects of, the district inspecting staff. It is also hoped to give some stimulus to primary female education.

"The liberal grant of 8 lakhs to District Boards will meet with universal approval. These Boards, unlike Municipal Boards, have in the United Provinces no powers of taxation, and apart from their share in the rates and the receipts from transferred services, they are entirely dependent for their income on such assignments as the Provincial Government may be able to make. Much has been done in recent years to improve the financial position of these Boards; and the Local Government has prepared and is about to introduce a Bill for conferring on these Boards a larger measure of financial independence and responsibility. But there can be no doubt, as mentioned in the Statement, that the resources of the Boards are incommensurate with the duties imposed on them. There are at the present moment several urgent projects for railway feeder roads in the United Provinces which are in abeyance for want of funds. Another urgent want is that of decent boarding houses for town schools. At many town schools there is no accommodation at all for boarders; and, where such accommodation exists, it is as a rule insufficient and unsuitable. It is now recognized that a proper system of hostels under adequate supervision is essential to any sound system of higher education; and in the case of the various colleges the want is being supplied either by Government or by private benefactors. But hitherto the needs of town schools, in this respect, have almost entirely been overlooked. The age at which a boy emerges from the primary school, and joins the higher classes in a town school, is the time when he stands most in need of supervision and of good surroundings. It is admitted that no student, who has not been thoroughly grounded at school, can derive full benefit from the teaching he receives at college. So it seems to me that much of the moral good which should result from residence in a well conducted University hostel, will be lost to the boy who has been accustomed for several years to a lower standard of life.

"From the above remarks I do not wish it to be inferred that the Government of the United Provinces has any complaint to bring against the terms of the financial settlement made twelve months ago. Compared with previous contracts that settlement was liberal, and it was supplemented with a large initial grant. It is to be regretted that a great agricultural disaster has seriously affected the Provincial income in the second year of the settlement, and has compelled the Provincial Government to curtail its expenditure on works of the highest public utility. I trust, therefore, that if—as we all hope—the coming year proves to be one of peace abroad and prosperity at home, and if the Government of India find themselves in possession of a large surplus, the case of the United Provinces, which contribute so largely to the Imperial Exchequer, will again be favourably considered."

The Hon'ble RAI SRI RAM BAHADUR said:—"My Lord, it is a matter of great gratification to us non-official Members that the Financial Statement made this year has given us once more the opportunity to congratulate Your Excellency's Government on the satisfactory condition of the finances of the Empire. The Hon'ble the Finance Member is specially to be congratulated on commencing his term of office by presenting to the Council a Budget possessing many interesting and pleasant features.

"My Lord, the excellence of a Budget does not, in my humble opinion, consist in showing large surpluses, but in the manner in which they are

[*Rai Sri Ram Bahadur.*]

utilized; and I am glad to say that the Budget before us possesses that characteristic.

“ Surpluses. ”

“ My Lord, six successive years of large surpluses is an event of unique occurrence in the financial history of British India; this being the sixth year in Your Lordship's rule, in which a Budget showing a large surplus has again been laid before this Council. This is the more remarkable, as at the commencement of Your Excellency's administration the country was passing through a famine characterized as 'the greatest famine of the century.' Under Your Excellency's *régime*, not only have the finances of India been brought to a satisfactory condition, without the imposition of any fresh taxes, but a policy of giving financial relief to the people, by the remission of taxation, has been inaugurated—a state of things which has been quite unknown to the Indian tax-payer during the two decades preceding the year 1902-1903. The abolition of the *pandhari*-tax in the Central Provinces, in that year, was followed, in the subsequent year, by the reduction of half a rupee per maund in the rate of duty on salt, and the raising of the minimum of taxable incomes. The coming year's Financial Statement contains the gratifying announcement of other measures calculated to afford further relief to the Indian tax-payer, by taking off another half a rupee from the rate of salt-duty, and by repealing the so-called famine-cess in the United Provinces, the Punjab and the Central Provinces. The further reduction of duty, on such a necessary of life as salt, will give a much-needed relief to a class of people who most urgently required it. The repeal of the famine-cess is an act of bare justice, as its proceeds were often applied to purposes other than those for which it was professedly levied. Moreover, this cess was peculiar to the three provinces named above. Its continuance, my Lord, was no longer justified.

“ For all these measures of relief the country is beholden to Your Excellency's Government. In order to show with what feelings of gratefulness the announcement of the remission of taxation has been received in the United Provinces, I beg with Your Excellency's permission to read the telegrams received by me from the leading associations in those Provinces, asking me to tender on their behalf respectful thanks to Your Excellency for these measures.

“ These telegrams are from the Talukdars' Association in Oudh, from the Zamindar Association, Muzaffarnagar, and from the Rifahiam Association, Lucknow.

Dated 28th March, 1905.

From—The Maharaja of Ajodhya, President, B. I. Association, Oudh.

The talukdars of Oudh tender their most respectful and heartfelt thanks to His Excellency the Governor General in Council and earnestly hope that the liberal policy thus inaugurated by His Excellency will be pursued further by the remission of other cesses on land.

Dated 25th March, 1905.

From—Hotobre Nihalchand of Muzaffarnagar.

Kindly convey deep-felt gratitude of Zamindar Association, Muzaffarnagar, to His Excellency Governor-General for granting their memorial and remitting famine-cess.

Dated 28th March, 1905.

From—Hon'ble Raja Ali Mohamed Khan, President.

Rifahiam Association, which counts among its members many of the educated citizens of this city and province, most of whom are malguzars or tax-payers, desires me to convey through you to His Excellency the Viceroy in Council its respectful thanks for recent abolition of famine-tax and reduction in salt-tax; new postal regulations and increased allotments for police and education have also been received with satisfaction. In conclusion the Association desires me to ask you to convey to His Excellency in Council their respectful acknowledgments of the generous treatment of these provinces as evidenced by recognition of widespread damage to crops by recent frost.

[*Rai Sri Ram Bahadur.*]

"Cesses on Land.

"My Lord, while welcoming most gratefully the repeal of the famine-cess in the provinces in which it was levied, I beg to submit the following for Your Lordship's favourable consideration. The relief afforded is confined to three provinces only; other provinces do not participate in it. The aggregate amount of the repealed cess comes to about Rs. 22 $\frac{3}{4}$ lakhs only out of the total annual sum of more than 423 lakhs levied, in the whole of India, as cesses and rates. The remission just made will not benefit the cultivating classes whose claims upon the Government, for a substantial relief, by reduction of the taxation, are many. They form the bulk of the Indian nation: they pay to Government more than 33 crores of rupees as land-revenue and cesses, in addition to other direct and indirect taxes paid by other sections of the community: they have been the greatest losers by the depreciation in the value of silver, and by the artificial value given to the rupee by the currency legislation: and they have already suffered most, and are liable, in future, to suffer again, by drought, inundation, frost, and other calamities of the season.

"The reduction in the duty on salt has no doubt afforded them some relief, but the quantity of that article consumed annually by the family of an agriculturist is so small that the relief thus given to him is not very appreciable. Moreover, this is a kind of relief which is shared in common both by the agricultural and other classes of His Majesty's Indian subjects. But considering that the agriculturists labour under peculiar disadvantages, considering that they have to bear the brunt of direct taxation and its ever-increasing weight, and suffer more terribly from the devastations and ravages of famines than any other section of the community, they are, my Lord, entitled to some special relief at the hands of the Government, at a time when, by reason of an overflowing treasury, it is in a position to afford such relief.

"Cesses in the United Provinces.

"In this connection, I beg to refer specially to the case of my own provinces. They pay the largest amount of land-revenue and cesses, more than a quarter of the total sum paid by the whole of British India. In 1903-1904, the revenue paid by them came, in round numbers, to 639 lakhs, and the cesses to 104 $\frac{3}{4}$ lakhs; whilst all the other provinces put together contributed 2,095 lakhs and 319 lakhs under both those heads, respectively.

"In no other Indian province have the land-revenue and cesses gone up by such leaps and bounds as in the United Provinces. In the last decade alone, *i.e.*, from 1893-1894 to 1903-1904, the revenue has increased by about 45 $\frac{3}{8}$ lakhs, and the cesses by about 10 $\frac{3}{8}$ lakhs.

"In the concluding years of the East India Company's rule, Lord Dalhousie laid down, for Northern India, the salutary rule of fixing the Government demand at one-half the actual rental. Some small cesses for local purposes, *viz.*, for roads, schools, and district post, were also levied, but their aggregate rate did not exceed 2 $\frac{1}{2}$ per cent. on the revenue. In Oudh these cesses were levied under certain circular orders issued by the Chief Commissioner. In Lord Mayo's time that rule was for the first time transgressed, and new rates were imposed, in the province of Agra under Act XVIII of 1871, and in Oudh under Act XVII of 1871. In 1873, when Sir John Strachey, the then Finance Member, created the so-called Famine Insurance Fund, a further rate at Rs. 2 per cent. on revenue was imposed, in the province of Agra under Act III of 1878, and in Oudh under Act IV of the same year. We are grateful to Your Excellency's Government for repealing the last-named cess this year.

"There are two other cesses levied on land in these Provinces which require special mention; these are the chaukidari-cess and the patwari-rate.

"My Lord, the watchman and the accountant had, from time immemorial, occupied the positions of village-servants in the rural economy of these Provinces. It was for the services rendered by them to the village-communities that they used to be remunerated by the tenants and landlords. But by degrees they have now been brought to the status of Government servants. The chaukidar has now become part of the Police and the patwari has practically become an adjunct

[*Rai Sri Ram Bahadur.*]

of the Government Department of Land Records. They do not stand in the same relation to the landholders and tenants in which they stood before. The Government ought, therefore, to bear the whole cost of their maintenance and the landlords and tenants should be relieved of this burden.

“My Lord, there is another peculiar feature, about all these cesses, to which I would draw Your Lordship’s attention. They are always imposed at the *maxima* rates provided by law, and in case there are savings, after expenditure, in the annual proceeds from them, then also the full rates, without any abatement, are always levied.

“My Lord, to take the case of the province of Oudh. By the late revision of assessment, there has been a very great rise in the revenue assessed on land, in all the districts throughout; the incidence of the increase over the last demand in each district is not uniform, but it ranges from 21 to 41·1 per cent. No satisfactory reason is given why the cesses, and specially the patwari and chaukidari rates, should have also gone on increasing, and why the expenditure, under the heads to which these cesses are employed, should have taken so immense a leap upwards as to absorb the very considerable increase in the amounts of these rates caused by the enhancement of the revenue proper.

“My Lord, the aggregate rate of the cesses levied on land, besides the land-revenue, came to 16 per cent. on the revenue. Your Lorship’s Government has put the landed classes of these provinces under great obligation by the repeal of the famine-cess. After taking this remission into account, the amount of the cesses now left is 14 per cent.; they being the local rates, the chaukidari-cess and the patwari-rate. Some of these are levied from the tenants as well as from the land-holders. As remarked by the Hon’ble Mr. Baker, in paragraph 22 of the Financial Statement, the actual cultivator will get no benefit from the remission of the famine-cess. The generous and liberal policy inaugurated by Your Excellency’s Government in this direction strengthens the hope entertained by the people of my provinces that the cesses which press so heavily on all the landed classes alike will soon be repealed or be reduced in the rate at which they are levied.

Military Expenditure.

“Before I take up other points, I wish to say a few words on the inordinate and alarming growth of Military Expenditure, a factor which exercises such a disturbing influence on the Indian finances. The expenditure under this head has, of late, increased by such leaps and bounds as to have almost doubled in the brief period of one decade. In 1903-1904 it was 19½ millions sterling. In 1904-1905 it came to more than 22 millions, an increase of 2½ millions in one year. For the next year, the increase in army expenditure is estimated at 31½ lakhs, *i.e.*, £210,000, but actual experience has shown that these estimates cannot serve as a correct guide of what will be the actual outlay, as in the year which is about to close the excess over the budgeted amount has grown to £1,200,000 or 180 lakhs of rupees. A very considerable portion of the large surpluses is thus swallowed up by the ever-recurring increase in expenditure under the head of Army Services, &c., and the result is that the sums left in the hands of the Government for employment in measures calculated to effect administrative and material advancement of the country are diminished to a very considerable extent. And this is the state of things at a time, when the proved and unswerving loyalty of the Indian people should banish completely all ideas of any internal commotion, and the recent occurrences in other quarters of the globe should allay, at least for half a century, all apprehensions from any foreign Power. My Lord, the Secretary of State for India has recently made the statement that the Tibetan question is not a question of purely Indian interest. Justice and equity require, therefore, that the entire expenses incurred in connection with the Tibet Mission, or at least the major portion of them, should be borne by the Home Government, and not by India.

“ Railways.

“My Lord, last week I had the honour to make the remark that the unprecedented increase in the income from the railway traffic is a noteworthy

[*Rai Sri Ram Bahadur.*]

feature in this year's finances. More efforts should, therefore, be directed towards the improvement of comfort of, and facilities for, the third class passengers, and the example set in this direction, by a State line, *vis.*, the Oudh and Rohilkhand Railway, is worthy of being followed by the other lines. I hope that this question will receive the due consideration of the newly formed Railway Board.

"There is one matter in connection with the railway construction to which I beg to draw the attention of Your Excellency's Government. It is the providing of a shorter and more direct means of railway communication between two such important centres as Lucknow and Allahabad. At present there are two routes available, one *via* Cawnpur and the other *via* Partabgarh, but both of them are circuitous, though the last-mentioned one has shortened the distance to some extent. By constructing a chord line between Allahabad and Rai Bareilly the distance will be much diminished, and the time taken in transit will be reduced by some hours. The line will be a short one, and will not cost much.

Indigenous Industries.

"My Lord, now that Your Excellency's Government has established a new Bureau whose special care will be devoted to industry and commerce, it is hoped that the encouragement and revival of the decaying indigenous industries will receive particular attention of the Government. The industrial and the artizan classes, in the rural areas, have largely abandoned or are abandoning their hereditary professions and taking to agriculture as the means for earning their livelihood. The situation is assuming a serious aspect day by day, by creating so much pressure on one industry only, *vis.*, agriculture, which is liable to so many vicissitudes. I admit, my Lord, that it is a question which is beset with very serious difficulties. A Budget debate is not the occasion during the course of which any detailed scheme can be proposed or discussed regarding a subject of such importance. My Lord, by way of example, I may refer to the industry of weaving. The introduction of the hand-loom, if effected by proper means, may bring about beneficial results. The Hon'ble Member in charge of the newly created Department who is in a far better position to grapple with this question will, it is hoped, devise some suitable measures for reviving the indigenous industries.

Agricultural Improvement.

"My Lord, another important announcement contained in the Financial Statement is the allotment of Rs. 20 lakhs per annum for the development of agricultural experiment, research, demonstration, and instruction. What amounts will be allotted to the different provinces have not been mentioned, nor have any details been given as to how this money will be spent. But one of the objects to which a portion of this allotment is to be devoted is the creation of an agricultural college in each of the larger provinces. My Lord, this will be a move in the right direction; the agricultural conditions of the different provinces not being homogeneous, the establishment of separate demonstration farms and separate colleges in each of the larger tracts of the country are the best means by which agricultural education on a practical and useful basis can be imparted.

"The great impetus which the subject of agricultural development has received during the last three years, and the care which is now being bestowed upon this subject by the Government engender the hope that the improvement of this industry in India has a very great future before it. The importance of this subject is such that it should constitute by itself a separate Department divorced from that of Land Records and Statistics, and be placed under officers who should devote their whole time and undivided attention to matters relating to the advancement of agriculture. But this should be done without incurring any additional cost, as there are more superior officers than one in each province in the Department as at present constituted, and the clerical staff of the Agricultural Section is separate from those of the Land Records and Statistics. It is only a proper distribution of the work among them that will be required.

[*Rai Sri Ram Bahadur.*]*" Police Reform.*

" My Lord, another object to which a large portion of the surplus is going to be applied is the reform of Police, regarding which the intentions of Your Lordship's Government have been made public a few days ago. But as many details relating to the scheme are still to be worked out by the Local Governments, I refrain from offering any remarks on this subject at present.

" Employment of Indians in the Public Services.

" My Lord, no question is of more vital importance both to the people and the Government than that of the recruitment of the public services in India. In the opinion of many people the cost of the administration in this country is very high. An infusion into the machinery of Government of a large, and growing yearly larger, element of the indigenous talent will go by far to solve this problem. The history of the employment of the Indians in the public services of their country is a history of pledges unredeemed and hopes unrealised.

" So early as 1833 the British Parliament had the magnanimity to pass Statute 3 & 4 Will. IV, cap. 85. Section 87 of that Statute runs as follows:—

' That no Native of the said territories (India), nor any natural-born subject of His Majesty resident therein, shall, by reason only of religion, place of birth, descent, colour, or any of them, be disabled from holding any place, office, or employment under the said Government.'

" It was in the same spirit that the Court of Directors, with reference to the above enactment, sent their Despatch No. 44, dated 10th December 1834, in which, among others, the following passage finds place:—

' But the meaning of the enactment we take to be that there shall be no governing caste in British India; that, whatever other tests of qualification may be adopted, distinctions of race or religion shall not be of the number; that no subject of the King, whether of Indian, or British, or mixed descent, shall be excluded either from the posts usually conferred on our uncovenanted servants in India, or from the covenanted service itself, provided he be otherwise eligible consistently with the rules and agreeably to the conditions observed and enacted in the one case and in the other.

' Certain offices are appropriated to them (Indians), from certain others they are debarred; not because these latter belong to the covenanted service and the former do not belong to it, but professedly on the ground that the average amount of native qualifications can be presumed only to arise to a certain limit. It is this line of demarcation which the present enactment obliterates, or rather for which it substitutes another wholly irrespective of the distinction of races. Fitness is henceforth to be the criterion of eligibility.'

" Next we come to the ever memorable Royal Proclamation of 1858, issued by the late august and illustrious Queen-Empress, wherein occurs the following passage breathing most noble sentiments of justice and humanity:—

' We hold ourselves bound to the natives of our Indian territories by the same obligations of duty which bind us to all our other subjects; and these obligations, by the blessing of Almighty God, we shall faithfully and conscientiously fulfil. And it is our further will, that, so far as may be, our subjects, of whatever race or creed, be freely and impartially admitted to offices in our service, the duties of which they may be qualified by their education, ability and integrity, duly to discharge.'

" In their solicitude to do justice to the Indians, Her Majesty's Government took still further action in that direction. At the time of the issue of the Proclamation above referred to, there existed section 57 of Statute 33 Geo. III, cap. 52, which laid down that 'All vacancies happening in any of the offices, places, or employments, in the Civil line of the Company's service in India shall be from time to time filled up and supplied from amongst the Civil Servants of the said Company belonging to the Presidency wherein such vacancies shall happen.'

" As this enactment stood in the way of giving effect to the wishes expressed in Her Majesty's Proclamation, the Statute 24 & 25 Vict., cap. 54, was passed in

[*Rai Sri Ram Bahadur.*]

1861, which not only defined, in the schedule attached thereto, the appointments reserved for the Civil Service but empowered the authorities in India, in special circumstances, to appoint to these offices also persons other than Covenanted Civil Servants, subject to certain restrictions. But the authorities in India did not exercise the powers given to them in 1861 in favour of the Indians, for long nine years with the exception of two cases, and Her Majesty's Government passed in 1870 the Statute 33 Vict., cap. 3, providing in section 6 'additional facilities for the employment of the Natives of India of proved merit and ability in the Civil Service of Her Majesty in India.' Nine more years elapsed before the rules for giving effect to the above enactment were framed. These rules were not as good as they ought to have been, but they made it incumbent upon the Government to give about one-fifth of the appointments in the Civil Service to the children of the soil. They further reserved posts carrying a salary of Rs. 200 a month and upwards for the Indians exclusively, in all the special departments, except half a dozen. These rules were regarded with high appreciation, as they went to meet the just and legitimate claims of the Indians to superior appointments in all the civil departments of the Government.

"The Public Service Commission was appointed in 1882 to give effect to the generous intentions of the Home Government as embodied in the Statutes and Despatches above referred to. Unfortunately the recommendations of that Commission were not favourable to the interests of the people of this country. The Commission recommended to abolish the Statutory Civil Service and to reserve for the Indians only 108 appointments in the higher Services. Had the Statutory Civil Service been retained, Indians might have looked forward to securing for themselves 156 appointments in due course. Moreover, there is no guarantee that all the 108 appointments recommended by the Public Service Commission would be conferred upon the Indians only.

"I would draw Your Excellency's attention to the Circular of 1879 reserving posts of Rs. 200 per month and upwards, in certain special departments, exclusively for the natives of India. Clause (d) of paragraph 3 of the said circular excludes only half a dozen departments from its operation; that is to say, it doesn't go so far as to provide that the posts in them should be held as exclusively by the natives of India as in those special departments. The six excepted departments are (1) the Opium, (2) the Salt and Customs, (3) the Survey, (4) the Mint, (5) the Public Works, and (6) the Police. But though the last-named six departments were not exclusively reserved for the natives of India, yet the following instructions were issued in regard to them in that circular:—

'Though the six departments under clause (d) of paragraph 3 above are excluded from the operation of the present orders, the Governor General in Council does not wish that offices in these departments should be in any way reserved for Europeans,'

and very good reasons were given by Government for those instructions. It said—

'The duties of the Opium and Customs Department are not more technical or arduous than those of the land-revenue and settlement branches of the service, wherein natives of India do excellent work.'

"As regards the Survey Department, the Government said that—

'men of the same race as Colonel Montgomery's Native Trans-Himalayan explorers can surely be trusted with responsible offices in the survey of the plains of India.'

"As to the fitness of the Indians to discharge the duties of the Public Works Department, the Government said as follows in the same circular:—

'The Governor General in Council has been glad to see that in one most important branch of the Public Works Department, Bengal, the Lieutenant-Governor has decided that Native Engineers should be employed much more largely than hitherto.'

"And lastly, we have the following remarks about the Police Department in the same circular—

'the annual Police reports for the various Provinces show that the Native Police-officers when advanced to positions of trust do their work zealously and honestly.'

[*Rai Sri Ram Bahadur.*]

“The circular concludes in these words:—

‘and the Governor General in Council hopes that it may be possible to appoint natives of India more and more freely in these departments.’

“Thus the Government of India have not only acknowledged the thorough fitness of the Indians to fill the higher offices in the six departments noted above, but expressed a desire that they might ‘more and more freely’ be appointed in them.

“Though a quarter of a century has passed away since the Government issued those instructions, the following table will show how far they have been carried out in practice with regard to the higher posts in those Departments having salaries of Rs. 200 or upwards attached to them (the figures in this and all other tables being taken from the Home Department Resolution of 24th May, 1904):—

Name of Department.	Number of Europeans and Eurasians.	Number of Indians.
(1) Opium	69	12
(2) { Salt	{ 128	47
{ and Customs	{ 169	16
(3) Survey	99	9
(4) Mint	38	3
(5) Public Works	696	381
(6) Police	668	179
Total	<u>1,867</u>	<u>647</u>

Thus we find that in the grades carrying a salary of Rs. 200 or upwards the proportion in which the Europeans and Eurasians stand to the Indians is as 3 to 1.

“Then, my Lord, the mere number of appointments does not, however, represent the real situation, for it is only in the lower grades of the higher posts that the Indians have a place. In the higher grades they are conspicuous by their absence.

“For the sake of illustration I shall take the Opium Department:—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	7	3
Rs. 300—400	9	2
Rs. 400—500	11	5
Rs. 500—600	8	2

“There are 34 other higher posts in this department carrying salaries ranging from Rs. 600 to Rs. 3,500, and all these are held exclusively by the Europeans. The same state of things exists in the five other departments named above. But to avoid burdening my remarks with dry figures I have given them in a tabular statement which is marked Appendix A.

“With regard to other departments, which were ‘reserved mainly to Indians,’ such as Post Office, Telegraph, Railway, etc., and which are not subjected to the reservations applicable to the six excepted departments, the same remarks do apply. The tabular statement given in Appendix B will show that the Indians hold none of the higher appointments in these departments also.

“My Lord, one of Your Excellency’s most noble utterances contained in the memorable speech delivered at Jeypur gave rise to great hopes in the minds of the people of this country. They look with eagerness to the doors of the higher grades in the Public Services being opened wider and wider for their entrance. I do not for a moment contend that the Europeans should not guide and control the affairs of the country, which, in my opinion, is essentially necessary for its good government. I can also fully understand the policy of the Government in excluding the Indians from such services as the

[*Rai Sri Ram Bahadur.*]

higher military services, the Foreign Department and the like. But the claims of the children of the soil should also receive due attention. If competent men from among them be available why should they not have more extended admission to the higher posts in such departments as Opium, Salt, etc.? My countrymen earnestly hope from Your Excellency's Government that extended action will be given to the rules and orders in this respect by bestowing on them posts to which they may be found to have qualified themselves.

"Separation of the Judicial and Executive functions.

"My Lord, there is one other matter of administrative reform, of the most important nature, to which I beg to make a very brief allusion. It is the separation of the executive and judicial functions—a crying want urgently needed in the interests of justice. At one of the former debates Your Excellency was pleased to remark that this subject will receive Your Excellency's early attention. The public are anxious to know if any, and what steps, have already been or are going to be taken by Your Excellency's Government towards the solution of this problem which is of such vital importance to the governed.

"Loss of Spring Crops in the United Provinces.

"My Lord, I shall now address the Council on matters of purely provincial importance and of immediate concern to the United Provinces. The subject which at present engrosses the attention of the people of my provinces is the gloomy prospect before them, brought about by the total loss in many, and the partial one in almost all the districts, of the spring harvests, brought about by the severe cold and unprecedented frosts of the latter part of January and the beginning of February last. The full extent of the damage cannot be correctly estimated until the crops are gathered, but from the accounts received it appears to be very considerable. I am glad to notice that the seriousness of the situation has been recognized by the Government, as has been stated by the Hon'ble Mr. Baker in his Financial Statement, and provision has been made in the Budget for remissions of revenue to the extent of 42½ lakhs. Whether this amount will suffice to afford adequate relief to the landed classes in the tracts of the country affected by this misfortune, is a question on which no definite opinion can be pronounced just now, but there can be no doubt that our sympathetic Provincial Government will make the best use of the means placed at its disposal by Your Excellency's Government, and make liberal remissions of revenue in the affected districts. My Lord, the landed classes of the United Provinces deserve a lenient and liberal treatment at the hands of the Government, because in the years of prosperity they have been very regular in the discharge of the revenue demand. In 1903-1904, out of a total demand of 627 lakhs, they paid more than 624 lakhs, or 99·5 per cent. The Local Government in its last Administration Report has noticed this fact and has said that the balance left unrealized consisted mostly of suspensions and remissions, 'and in the whole of Oudh there is no balance at all.' The people who pay the Government demand in good years so regularly ought to get adequate relief by remissions of revenue, when adverse circumstances, beyond human control, have placed them in sore need of asking for such relief.

"Education.

"My Lord, the next subject of provincial importance on which I wish to make a few remarks is the condition of education in my provinces. That they have not kept pace, in educational advancement, in almost all the branches, and more particularly in Primary Education, with the other Indian provinces such as Bengal, Bombay, Madras or even the Punjab, and that they occupy a position in educational matters inferior to these provinces, are facts which cannot admit of any controversy. The Quinquennial Report of the Progress of Education in India published last year furnishes abundant proof of these facts. But it is not to any apathetic feeling in the people towards

[*Rai Sri Ram Bahadur.*]

education, but to the want of facilities to obtain it, that these results are due. Want of funds has hitherto kept back the Local Government from establishing a sufficient number of primary schools to impart instruction to the masses. Lately Your Lordship's Government made an allotment of money to be spent on education, but that was not sufficient to remove even the immediate wants. The Local Government, in its review of the Departmental Report of Education for the last year, said as follows :—

'The rural population is showing signs of a desire for more extended system of lower primary education of a very simple character. The Government has not the funds fully to meet that growing desire.'

"In the Budget the Government have made provision for an annual permanent grant of 35 lakhs for expenditure on Primary Education, the share of the United Provinces being 6 lakhs. This is a very welcome and timely help, but it will not suffice to fully meet the wants. The United Provinces are again unfortunate in not getting an allotment bearing an adequate proportion to the revenues contributed by them or sufficient to supply their immediate educational requirements, & treatment against which they have a just cause to demur.

"As the grant will be ear-marked for exclusive employment to purposes relating to Primary Education, there will be no funds available for the removal of equally pressing necessities in other branches. Some of the most urgently needed reforms are :—

- (1) The employment of better qualified teachers in Secondary Schools. At present boys have to commence their study of English under teachers getting Rs. 20 or Rs. 15 per mensem, with the result that they acquire a very imperfect and erroneous knowledge of English pronunciation and idioms.
- (2) The school-masters lost their privilege to pensions in the year 1886. With their meagre salaries they can scarcely save anything for their old age. In these circumstances honest and whole-hearted devotion to duty can hardly be expected of them. The Local Government has just given this privilege to the headmasters, but the concession should be extended to other tuitional staff also.
- (3) The town schools are in urgent need of decent buildings for boarding houses. In many places they are such that the Magistrate-Chairman of one of the District Boards says about them that 'they are not fit for cattle to live in, much less boys.'
- (4) The Training College for teachers at Allahabad requires improvement in its staff.
- (5) Appointment of one or two European Inspectresses with European education and experience to direct female education; other provinces have got them.
- (6) Opening of more Normal Schools; the supply of trained teachers being very unsatisfactory and far below the demand.

"My Lord, these are some of the most pressing needs which can only be removed by more money being allotted to the United Provinces for expenditure on education.

"Oudh Judicial Commissioner's Court.

"My Lord, there is one matter relating to the administration of justice in the province of Oudh which deserves consideration. The highest Appellate Court of the province is at present constituted of three Judges, but only two of them are permanent. The appointment of the third Judge is of a temporary character, and sanction of the Government is required for its continuance every year. This is a state of things which, considered from every point of view, is, to say the least, very unsatisfactory. The importance and the number of the cases which come for decision before the Judicial Commissioner's

[*Ra. Sri Ram Bahadur ; the Maharaja of Darbhanga.*]

Court, the great value of the property involved in many of them, and the income derived from the court-fees, render it incumbent on the Government to make the appointment of the third Judge permanent.

“ District Boards.

“ My Lord, one of the purposes to which a portion of the surplus is going to be devoted is the improvement of the financial condition of the District Boards. It is a move in the right direction. The help thus given to these bodies will place their finances on a more independent and sounder basis, and give them more extended means of effecting material improvements in all the branches of their administration. The share of the United Provinces in this allotment comes to 8 lakhs of rupees. This financial help will place the Local Government in a better position to give the District Boards more independence in financial matters, which I think that Government desire to give to them by legislation about to be introduced into the local Council.

“ Municipalities.

“ My Lord, the last point which I beg to urge for the consideration of Your Excellency's Government is one relating to the Municipalities of the United Provinces. Substantial help has been given to the larger Municipalities by relieving them of the full amount of the Police charges, but the smaller ones have been relieved to the extent of half only of those charges. The funds at the disposal of the latter class of municipalities are not sufficient to meet the expenses required for proper sanitation and educational purposes. It is prayed that all the Municipalities in the United Provinces may altogether be relieved from this burden, a privilege which is enjoyed by these bodies in Bengal.”

The Hon'ble MAHARAJA OF DARBHANGA said :—“ My Lord, the happy recurrence of a surplus year by year cannot fail to lend a cheerful touch to the comments of Members of the Council, like myself, who have no share in the work of administration and whose task upon occasions such as the present is necessarily confined to the offering of respectful congratulations and equally respectful suggestions. The former, I need hardly assure Your Excellency, are uppermost in my mind and in the minds of those whom I have the privilege to represent. But it is inevitable that the people of the country, who contribute the surplus, should feel the strongest possible interest in the manner in which it is proposed to utilize the excess of revenue over expenditure: and I have the less hesitation in venturing to submit my views upon the subject, as I have fresh and clear in my memory the assurance conveyed by Your Excellency in a previous Budget Debate that the Government of India was content to test the efficiency of its administration by the contentment of those it governed. I fully recognise the impossibility of pleasing every one, and the necessity in a country such as ours of holding an impartial and even balance between the conflicting claims of race and religion and a variety of complex considerations which it would be difficult to find elsewhere. But when we have a surplus admittedly large and to all appearances stable and an example afforded by last year's Budget that remission of taxation can be safely granted without endangering that surplus, I would submit for consideration whether it cannot be ascertained with some degree of precision what are the exact sources from whence the excess is derived, and whether the principle cannot be adopted of affording in the first instance corresponding relief in those directions. And in this connection I am encouraged by Your Excellency's frequent declarations to ask further whether it cannot be found practicable to consult the various public bodies and associations and obtain from them an expression of their views as to the quarters in which the incidence of taxation is most heavily felt. I am conscious here also that every one who wears the shoe is apt to cry out that it pinches. But it would of course be for the Government to sift and appraise at their proper value the

[*The Maharaja of Darbhanga.*]

recommendations and proposals that reached them. They would not in any way be committed to adopt any course of action that might be suggested: but at the same time they would enjoy the advantage of becoming acquainted with the trend and condition of public opinion. And, if I may be permitted to say so, there is a certain amount of intelligent public opinion in India which is anxious to be of loyal assistance and service to the Government and which a concession of this nature would go far to conciliate.

“Having said so much, I am bound to freely confess that the point of my criticism is completely met, as far as the present Budget is concerned, by the manner in which a large portion of the surplus has been distributed. We in Bengal have received with very great pleasure the appointment of my Hon'ble friend Mr. Baker to the Financial Membership of Your Excellency's Council: and our long personal knowledge of him and our appreciation of his many merits and good qualities have led us to anticipate the happiest results from his tenure of office. Few of us, however, expected the surprise that was in store for us. The Hon'ble Member, if I may say so, has not only made his Budget exposition as interesting as it is lucid, but he has given remissions of taxation in exactly the directions in which they were needed. His proposals have met with universal approbation, and I dare venture to say that if a plebiscite had been invited (or the nearest approach to it which India could afford) no more popular subjects could have been selected than those which have received the sanction of Your Excellency. The further reduction in the salt-tax is a boon for which thousands of the poorer classes will be sincerely grateful to Your Excellency. The raising of the half-anna limit of postage to three-quarters of a tola will appeal to a different section of the community: but it is equally appreciated. Coming as it does so soon after the reduction in telegraphic rates, it evidences practical sympathy and a wise foresight, the exhibition of which has surprised no one but has gratified all. Had these two remissions stood alone, I think we should most of us have been satisfied. But Your Excellency has gone still further. What with grants for agricultural developement and primary education, the grants to local boards, the abolition of the famine cesses in Upper India and the welcome appropriation for carrying out a portion of the reforms advocated by the Police Commission, the catalogue becomes quite bewildering. Those who believe that the people of India are heavily taxed in comparison with the people of other countries, may, and no doubt will, continue to hold those views: but they will at least have to admit that in the Budget before us today, there is sensible relief afforded and an equitable distribution of the surplus attempted.

“In reading through the Budget Statement, I was especially pleased, my Lord, to notice the enormous increase in the net profit in cash Indian revenues from Railways. The subject is one in which my interest has always been great. And on the present occasion I am the more tempted to dwell upon it, because of the latest addition to Your Excellency's Council which has been brought about by the formation of the Department of Commerce and Industry. We have all recognized that the work of organization must be entrusted to practised hands, if it is to be successfully undertaken and adequately performed; and I am only expressing the general hope when I say that I trust that the Hon'ble Mr. Hewett will not be called away to any other higher distinction until he has had time to put his department in thorough working order for the commercial expert who will, according to Your Excellency's intentions (as they have been conveyed to us) be ordinarily the holder of the portfolio. I need not enlarge upon the satisfaction with which the creation of this department has been received by all who are interested or engaged in commerce. The reform has been long awaited and is the more welcome now that it has come, because it is accompanied by the constitution of a separate and distinct Board to deal with railway questions. I am well aware, my Lord, that the Railway Board is likely to have its hands full at the outset of its career, and I have no wish to embarrass them. But now that railways are to occupy the attention of a Board of acknowledged

[The Maharaja of Darbhanga.]

experts, it may perhaps be permitted to hope that a considered scheme may be put in hand in the near future for the effecting of systematic improvements upon all the railway systems in India. I am not in a position to compare our Indian railways with those of other countries: and I shall not attempt to do so: but in common with others I have perceived from a perusal of Mr. Thomas Robertson's admirable report, that there are many respects in which comparison reveals a need for improvement. I do not for a moment suggest that nothing has been done or is being done. Only the other day I observed a letter in a weekly engineering paper, which congratulated a railway official in Burma for the consideration he had shown to third-class passengers who were no longer carried from Rangoon in open trucks like so many cattle or sheep. And in this connection, I would suggest that the admirable example set by the Oudh and Rohilkhand Railway some eighteen months ago might be generally followed. As my Hon'ble colleague, Rai Sri Ram Bahadur, reminded the Council the other day, a conference was called in December, 1903, by Mr. Burt, the manager of the Railway, for the purpose of ascertaining from the representatives of third-class passengers their 'real and reasonable wants and their inconveniences and difficulties,' and to receive from them proposals and suggestions for amelioration and alteration. I was much struck, my Lord, by the report of the proceedings which I read at the time, and especially by the introductory speech of Mr. Burt, the Manager. The conference was presided over by Mr. Hardy, the Commissioner of the Division and a former member of this Council: and the resolutions at which it arrived were as remarkable as the spirit which had called the meeting into existence. I may be pardoned if I recall some of those resolutions to public notice, for they relate to grievances which are not by any means confined to third-class travellers on the Oudh and Rohilkhand Railway. Perhaps the most important relates to the practice of using goods wagons for passenger traffic—a practice which is not as uncommon as it ought to be and which has not been discontinued in India as it appears to have been in Burma, if we may accept the statement of the correspondent to which I have just referred. I submit that it cannot be to the credit of any railway administration that it should anywhere exist. It is a truism that the backbone of the coaching traffic is the third-class passenger: and his complaint under this head is so reasonable that I cannot but feel it will not escape the early attention of the Railway Board. The reason, it is to be presumed, for this diversion of goods wagons from their legitimate use is the inadequacy of rolling stock: and hence it was that the Conference offered the further suggestion that while additional rolling stock was under construction, the goods wagons set apart for the accommodation of third-class passengers should be provided with ventilators and benches and be properly cleansed before such use. It seems strange that such obvious preliminaries should have slipped the notice of any railway authorities; and I should have hesitated to repeat the complaint if it had not been uttered in the first instance by those who had had actual experience behind them. In any case, it appears to me to require nothing more than the mere statement to insure the application of an immediate remedy. The question of latrine accommodation is closely connected with this, and I am glad to know that it is under serious consideration. The habits of the lower classes are, no doubt, a difficulty: but the difficulty is surely less than that involved in the introduction of third-class railway travelling in India at all. Then again the question of refreshment-rooms for Indian passengers and of an adequate supply of drinking water has already formed the subject-matter of discussion in Indian newspapers: and the conference at Lucknow suggested that the experiment of dining cars for Hindu and Mussulman passengers might be tried: and it proposed that in all passenger-trains arrangements should be made for carrying drinking water, in other words, that two Brahmins and one bhistee be engaged to travel with each train for the supply of water. I willingly allow that these recommendations may not be feasible especially as regards the orthodox section of the Hindu community: and it is probable that a more convenient way of meeting the wishes of the Indian travelling public can be found in the provision of properly equipped refreshment rooms at the

[*The Maharaja of Darbhanga.*]

important stations. And at the stations also there is another improvement which in my humble judgment is urgently called for. Proper waiting rooms with adequate lights and seats should be provided for third-class passengers, in place of the corrugated iron sheds exposed to the inclemencies of the weather, which too often are all that are to be found. Other requirements might be enumerated, but I have no wish to trespass upon the time of the Council. I have ventured to call attention to what I deem to be the more important, and I will only add one more observation in the nature of an appeal to the Government to encourage the holding of these public conferences by each important railway system from time to time. Nothing but good can come out of them: and they possess the additional advantage of keeping before the railway authorities the needs of a class whose influence upon the annual balance-sheet happens to be in inverse ratio to their ability and power to represent their grievances under ordinary circumstances.

“In this connection, I would further suggest that the discussions at these conferences should embrace the requirement of the whole passenger traffic and not of third-class passengers alone: and that a central conference might be arranged, at which not only Railway representatives should attend, but delegates also from leading public bodies and associations.

“My Lord, I pass on to another topic of cognate interest and with an equal claim for consideration. Your Excellency at the banquet given to the delegates from the associated Chambers of Commerce, referred, not for the first time, to the unwillingness of the Indian community as a body to put their money into commercial enterprise. I do not for a moment presume to dispute the accuracy of the fact so stated; but I can assure Your Excellency that there is plenty of money available: and the Indian capitalist's unwillingness would be largely overcome, if he can be convinced that his money is required for investment and not for speculation. An appreciable impetus would be given to the opening out of the country by the development of railways undertaken by private enterprise, if the Railway Board could see its way to formulating a scheme for the guaranteeing of interest. If this can be done, the money will be readily forthcoming. As matters now stand, it is Indian capital which controls the entire internal financing of the country. It is Indian capital which grows and brings to market the crops. There is no reluctance in that direction to embark upon industrial enterprise. In the presidency-towns the situation is admittedly somewhat different: but the example set by the flourishing conditions of the many light railway undertakings in which the interest is guaranteed by the Local Board concerned, may be not unreasonably taken to indicate that it is by this means and this means alone that the co-operation of Indian capital may be induced in other directions. My Lord, while I am upon the subject of railways and railway development, I would ask permission to say a word or two upon the question of the provision of a central station for Calcutta. The project is one of which nothing has been heard for some little time, but I venture to say that the need for it has not diminished. And it has, I submit, acquired additional importance from the fact that a comprehensive scheme for the improvement of Calcutta is in contemplation. Side by side with the opening up of Burra Bazar may well march the construction of a central station and a permanent bridge across the Hooghly. It has been estimated, I believe, that the cost of a central station and a permanent bridge will not be less than a crore and a half of rupees: and the question naturally at once arises as to the ways and means by which the interest upon this large sum is to be provided. The tea and the jute industries are strongly opposed to a terminal charge: and coal comes over the Jubilee Bridge. From what source then are the interest charges to be obtained? I venture to suggest one, and with the more confidence because I find it has occurred also to my esteemed friend Sir Patrick Playfair, who accorded to its discussion some prominence in his remarks at the Chamber of Commerce a few weeks ago. The surplus of the East Indian Railway has gone to the Government for the past five years or more: and if I may be permitted a rough estimate, I should put the amount at not less than a million sterling. I would respectfully submit that the Government

[*The Maharaja of Darbhanga.*]

should forego this and appropriate it to the development of the railway systems which converge upon Calcutta. There can be no disguising the fact that existing railway rates are regarded as unduly high: but this will be borne with more equanimity if the surplus so obtained is, in the sense I have indicated, handed back to those from whom it is in the first instance taken. But it is a question whether the rates cannot be reduced and the high rate of surplus be still maintained by reason of the increased traffic which would be the result not only of the reduction but of the improvement in communication that are effected.

"My Lord, I now beg permission to advert to a subject which I can assure Your Excellency has been much discussed. Over one million sterling has been adjudged to be payable by India in connection with the Tibetan Expedition: and it has been understood that India stands to benefit largely as the result of that expenditure. I do not know, my Lord, if I am asking for information which cannot be made public; but a statement of the exact commercial advantages India has gained by the treaty of Lhasa would be most acceptable to all those who are interested in trade development. As far as the public are aware, the Tibetans under the former Commercial Treaty possessed the right to exact a customs-duty on Indian tea not greater than that levied by Great Britain herself. Has that restriction been removed, and the importation of Indian tea into Tibet placed upon the same footing as that of China tea, which, it is understood, is subject to no such duty restrictions? Upon the general question also, there is a considerable amount of curiosity with regard to the actual commercial prospects which the Expedition has opened out. The Secretary of State for India has told the House of Commons that the cost of the Expedition properly falls upon the Indian taxpayer, as it has been undertaken in his interest. Indians and Anglo-Indians alike have no desire to dispute this proposition: they are anxious to avail themselves of the advantages they have derived or are likely to derive: but if I may add the observation, there is a feeling among them that if imperial interests have at all been served, there should be an apportionment of the cost accordingly and a relief to the Indian Exchequer to correspond with the Imperial aspect of the case. Your Excellency has always shown so jealous a regard for Indian matters such as these that the public sentiment upon this point is not without hope of support and encouragement from Your Excellency's Government.

"My Lord, I recognise fully that the information which is at the disposal of non-official Members gives them neither capacity nor authority to comment upon questions of foreign policy. I shall, therefore, offer no further observations under that head, beyond assuring Your Excellency that my references to the Tibetan Expedition are made solely from the commercial point of view and with a desire to learn if some portion of the burden it has imposed cannot be taken from our shoulders. There are so many schemes of development and reorganization which are awaiting attention that the feeling is only natural which prompts the wish to have all the available means at the disposal of Government for their efficient accomplishment.

"Prominent among these schemes I may be permitted, my Lord, to name the proposals for the reform of the Police and the Calcutta Improvement scheme.

"As one to whom the honor was accorded, my Lord, of appointment upon the Police Commission, I trust I may be allowed to thank Your Excellency for the ready and generous acceptance which the recommendations of the Commission have met from Government. In the main I feel myself throughout to be in hearty agreement with my colleagues and rejoice to find that a beginning is being so promptly made with the work of reorganization, and that the promise is held out of a systematic continuance of it until completion. But I, trust it will not be taken amiss if I repeat most respectfully the regret expressed by me in my minute of dissent to the Report, that it has been found necessary to close the doors of the new Imperial Police Service to Indians and to relegate them to a Provincial Service under the designation of Deputy Superintendents of Police. I am sorry to say, my Lord, that I regard this as a mistake; and the view is, I know, largely shared by very many of my countrymen.

[*The Maharaja of Darbhanga.*]

I will not reproduce the arguments which I have marshalled in my minute of dissent : and will only venture to say that much of the dissatisfaction which is felt will, I am sure, be allayed if a modification of the scheme now sanctioned can be looked for in the near future. Indians are eligible for the Indian Civil Service and the Indian Medical Service and fill some of the highest positions therein with credit and distinction. We have had from Your Excellency's own lips a cordial appreciation of the ability and integrity of the Indian gentlemen who so worthily sit upon the Benches of the Presidency High Courts. And educated Indians would be glad, my Lord, to feel that the bar now set against their entrance into the higher ranks of the Police Service is not intended to be permanent. Where opportunities have been given them elsewhere they have proved themselves worthy. I take leave most respectfully to assure Your Excellency that if an opportunity is given to them here also they will not be found wanting.

"To the second matter discussed in my note I should like, my Lord, to make the briefest possible reference. Your Excellency has had before you since 1898 a memorial signed by a number of distinguished Anglo-Indian ex-officials in which the separation of the Executive and Judicial functions is prayed for. As far as the public is aware, Your Excellency has not yet come to a decision upon the subject. The reform is so influentially advocated and will be so acceptable to a large section of Indian public opinion that I trust I am not going outside my province when I beg of Your Excellency to give the matter a favourable consideration. I have ventured in my note of dissent to indicate the methods in which in my humble judgment the reform can be carried out. We do not ask for its universal introduction throughout India, but we pray Your Excellency to permit its adoption in certain carefully selected districts in the more settled portions of Bengal, Madras and Bombay.

"My Lord, I will say no more upon this head, but proceed to submit for Your Excellency's consideration certain observations which the public feeling upon the proposed Calcutta Improvement scheme emboldens me to make. It is understood that the scheme has received the sanction of the Secretary of State and that the details are now under discussion between Your Excellency's Government and that of His Honour the Lieutenant-Governor of Bengal. I need perhaps hardly say that the disclosure of the proposals is awaited with the keenest interest in Calcutta. As far as the details are concerned with the particular thoroughfares which are to be dealt with, I beg to assure Your Excellency that reticence is felt to be the most appropriate and most admirable course to pursue. But I venture to add that by far the greater curiosity has been excited by speculation as to the organisation by which the improvements are to be carried out, and the methods by which the interest on the capital expenditure will be met. May I respectfully express the hope that the Calcutta Corporation and other public bodies may be consulted upon these matters before any definite decision is arrived at, and if the rate-payers are to provide the major portion of the interest charged they respectfully submit that their representatives should be permitted to place their views before Government while there is yet time and opportunity.

"I have only a very words to add, my Lord, before I bring my remarks to a conclusion. It is not necessary for me to enlarge upon the loyal feelings which have been evoked by the announcement of the approaching visit to India of Their Royal Highnesses the Prince and Princess of Wales. But may I be allowed to say that the pleasure is enhanced by the thought that while Your Excellency's first tenure of office was signaled by the Coronation Durbar at Delhi, the second should be commemorated by an event equally auspicious and equally memorable ?

"The present session, my Lord, has been uneventful, but it has not prevented the maturing of those schemes for the internal development of the country in which Your Excellency's interest has been so thorough and so practical. In a few days Your Excellency will be laying the foundation stone of the Agricultural College at Pusa, and the hope is universal that this will mark the commencement

[*The Maharaja of Darbhanga; Rai Bahadur Bipin Krishna Bose.*]

of a new era in the history of Indian agriculture. I can sincerely assure Your Excellency that all those who are concerned in the land, whether as land-owners or cultivators, are exceedingly grateful for what you have done for us in this connection. It is a noble work and bids fair to be for ever associated with Your Excellency's administration of the Government of India."

The Hon'ble RAI BAHADUR BIPIN KRISHNA BOSE said:—"My Lord, I beg to add my voice to the chorus of approval which the Financial Statement, especially that part of it which relates to the measures dealing with the application of the surplus, has generally evoked. The hopes entertained when the duty on salt was reduced two years ago that this would be responded to by an increased consumption have happily been realized, and as a result of the further reduction now determined upon one may reasonably count upon a still further growth of consumption. The abolition of the famine insurance cesses will give great satisfaction not only because of its actual effect in lightening the burdens on land, but no less so as evidencing a practical recognition of the superior claims of the landholding and agricultural classes for a liberal treatment. So far as the Central Provinces are concerned, the benefits of this measure will reach the actual tillers of the soil, in the case of the privileged tenants directly and in the case of non-privileged tenants indirectly, through a proportionate abatement of their rents either at the next settlement or at a revision by the Revenue-officer. The assignment of 35 lakhs to Provincial Governments for expenditure on primary education will be a most welcome addition to the funds now available for this most important branch of public instruction and will enable some much-needed reforms to be introduced. I may refer especially to one of them, namely, the pay of teachers and monitors in the rural schools in my Province. Great many of them now receive salaries which would be rejected by work-people in a town, for instance, like Nagpur. The proposed grants-in-aid to the District and Local Boards will much strengthen the finances of these local bodies and enhance their usefulness. At the annual Budget meetings I have times without number seen members come with carefully prepared lists of works of public utility within their respective jurisdictions, which, however, are unceremoniously rejected for want of funds. Besides leading to abandonment of many necessary reforms, this procedure, repeated year after year, has naturally a most chilling effect on the members, who gradually slacken in their zeal and cease to take an abiding interest in their duties, when they see that outside the prescribed groove and beyond certain fixed limits, no works of improvement, however important or urgent, could be taken in hand for want of necessary ways and means. The policy underlying this measure will thus prove beneficial not only in its direct effect in accelerating the pace of progress, but its indirect effect in maintaining among the members a spirit of active interest in their work will be no less beneficial.

"In the face of these measures, every one of which will, directly or indirectly, benefit the great agricultural community, it may seem somewhat ungracious to suggest further concessions on their behalf. If, however, I do so, it is not with a view to press for grant of such concessions at the present moment, but with the object of indicating how, in the event of any further permanent improvement in the finances taking place in the future, this most important class, constituting as it does so overwhelming a proportion of the entire population of the Empire, may, in my humble judgment, be best made to share in the benefits of such improvement with the greatest advantage to themselves and to the country at large, which cannot prosper unless they prosper. I refer to a reduction of the maximum limit within which the State demand is adjusted at every revision of settlement. It is sometimes said that the Government revenue absorbs so small a portion of the gross produce that any reduction in the assessment would be hardly appreciated. I venture to submit that in the special circumstances of the Indian agricultural community such is not the case. The Government demand is fixed by a

[*Rai Bahadur Bipin Krishna Bose.*]

system of elaborate estimates of average yields in average years and by forecasting the probable selling prices of produce for a term of years, whereby a guess is obtained at the gross value of an average crop. The demand is then fixed at a certain percentage of this value, and the assessment thus fixed must ordinarily be punctually paid on fixed dates. The advantage to the agriculturists from this scientific system is discounted by several disturbing elements. In the first place, agriculture by its nature is subject to vicissitudes far greater than those attending most other industrial enterprises. In trade and manufacture, success depends in a great measure on sagacity and prudence. In the case of agriculture, however, the least aberration in the weather conditions may mar the results of highest prudence and of most economical use of capital. Witness the lamentable damage to the *rabi* in tracts over which the recent cold wave passed. Thus the crops vary from *nil* to bumpers, but, unless specially remitted or suspended, the revenue must be paid, crop or no crop, on due dates. Then again the revenue-payers are, speaking generally, in poor circumstances, possessed of little or no reserve which they can fall back upon in case of need. Thus a certain portion of the produce has to be sold at all hazards to pay the rent or revenue on or before a fixed date. And this, what is practically a compulsory sale, takes place at a time when all the produce of the country is brought to the market and when consequently the prices are at their lowest. The agriculturist can neither wait nor dictate his own terms. Further it is a fact, which is now noticed in almost all advanced tracts not served by irrigation systems, that the soil is undergoing a slow but certain deterioration. But while the outturn shows no sign of improvement, the number of mouths to be fed has a tendency to increase and, but for the checks from recent famines and the plague, would have largely increased. In fact, so far from the aggregate outturn increasing, there is a general complaint that the best lands are getting exhausted by over-cropping and neglect of fallows. Thus, however moderate the State demand according to the scientific standard of the Settlement Department, and however skilfully it may be adjusted, the natural forces at work have a tendency to make that demand more and more burdensome. Any relaxation therefore, however slight, of this pressure of the unvarying State landlord's share cannot fail to give relief.

"The substantial sum of 20 lakhs has been set apart for initiating a large scheme of agricultural research, experiment and instruction. In connection with this subject I may take the liberty to draw attention to one or two facts, which have an important bearing on the question of utilization of the measures of improvements which are either in progress or in contemplation. In most of the advanced tracts the available good lands are nearly all occupied. The produce of the country in an average year is, after meeting the liabilities in connection with what are known as the Home charges, barely sufficient to maintain the population and leave a surplus for occasional failure of crops. It is unsafe and undesirable to break up more of the uncultivated, poor lands, first because they cannot, under ordinary circumstances, be made to pay, and secondly because the diminution of pasture thereby caused is calculated to affect injuriously the number and quality of plough-cattle for an increasing area of cultivation. Then again, under the exigencies of the village economic situation, the agriculturists are compelled to utilise as fuel cattle-droppings, which from time immemorial have formed the most valuable item of manure for their lands. Thus the present agricultural system may be said to be to eat or to sell with a view to meet liabilities every article the land yields, to use the manure of cattle as fuel, and to return nothing to the soil in any proportion to that which is taken away from it. The consequence is that our agriculture has, except in a few specially favoured tracts, under the stress of inexorable economic causes, become simply a process of exhaustion. And an exhausting agriculture and an increasing population must in the long run bring about a dead-lock. The spread of a knowledge of improved methods of agriculture must of course be the first step towards checking and remedying this deterioration of

[*Rai Bahadur Bipin Krishna Bose ; Nawab Saiyid Muhammad.*]

the soil. Before, however, the knowledge thus acquired can be put to use, the agriculturists must have sufficient funds. In many parts of the country the actual tillers of the soil live a hand-to-mouth life and have little or no resources of their own, which could be used to improve their system of cultivation. They must therefore borrow. It is not every borrowing which is harmful. If one borrows say at 9 per cent. and is able to earn 12 per cent. extra profit from his cultivation by the use of his borrowed capital, he does not lose but actually gain by the process. Indebtedness is a source of danger and mischief when either the terms are such as eat up the legitimate profits of the borrower's own labour and capital or when borrowing is not for cultivation but is the result of improvidence or seasonal disasters. Thus the success of the co-operative credit societies which are being introduced is all-important. If they be established in sufficiently large numbers and be adequately supplied with funds to meet the needs of agriculture, the problem of agricultural improvement will be solved. It may not be out of place to mention here that one potent cause of deterioration of cotton is want of manure. If cotton lands could be adequately manured, new life would be given to them and the outturn, even with the present inferior seeds, would improve both in quantity and quality. In fact in the case of cotton land irrigation is out of the question, and manure is the chief thing that is needed to increase and improve its produce.

"Last year the question of employment of Indians in the public services was dealt with by Your Excellency with some fulness. In view of what was then said I feel bound to refer to the recent notification of the Secretary of State inviting candidates for eleven vacancies to be filled up during the year in the Public Works Department. The Indians are expressly excluded. Until recent years, any Indian, who could afford the money and was prepared to run the risk, could compete for such appointments by entering the Royal Engineering College at Cooper's Hill. Latterly the number of appointments open to Indians through this channel was limited to two, but now there is an absolute bar. As far as I am aware, there has been no corresponding compensating increase in the number of appointments which could be secured by successful students of the Engineering Colleges in India, nor has it been asserted that the Indians, who have hitherto been appointed Assistant and Executive Engineers, have as a class discovered any such defect of character or want of professional ability as would justify any curtailment of the privileges the Indians have up till now enjoyed in this matter. I am constrained therefore to characterise the policy which has dictated the notification as one not of progress but of retrogression in the matter of employment of Indians in the public services, and as such it is to be regretted."

The Hon'ble NAWAB SAIYID MUHAMMAD said:—"My Lord, I desire to be permitted to congratulate the Government unreservedly, and in particular the Hon'ble the Finance Member, inasmuch as this is his first Budget, upon the Financial Statement now before the Council. The Hon'ble the Finance Member is to be congratulated not only on the eminently satisfactory character of the Statement, but also for his clear and lucid presentation. I think it will be recognised on all hands that the Statement presented this year to the Council is memorable for the statesmanlike manner in which the large available surplus is to be utilised and the ample provision made for new schemes during the next financial year. Of special significance and of direct benefit to the mass of the population is the announcement of a further reduction, in India, of eight annas a maund, of the salt-tax. This makes the second reduction in the salt-tax within a comparatively brief period, both reductions having been made by Your Lordship's Government. In the year following the first reduction of the salt-tax the late Finance Member stated that the principal consumer of salt, the poor man who takes salt from the bania by the dole and cannot afford to buy it by the weight, had not been appreciably benefited by the reduction in the tax, or, at any rate, there was no satisfactory evidence to that effect. Now that another eight annas have been taken off and the tax reduced from Rs. 2-8-0 to Re. 1-8-0 a maund, the benefit must reach the smallest consumer. Looking at the immediate surrender of revenue, the wisdom of

[*Nawab Saiyid Muhammad ; Mr. Cable.*]

budgeting for a decrease under this head cannot be questioned. At the same time, having in view the fact that the revised estimates of the year about to close show the salt-revenue very much better than the Budget estimate of last year, it may be hoped with some confidence that the elasticity of this item of income will be helped by the stimulus to increased consumption, and the revised estimates at the end of the coming year will be as satisfactory as they have been in 1904-1905. The healthy expansion of the salt-revenue is still capable of considerable development.

"All the seven objects to which it has been decided to apply the surplus have been well and wisely chosen. The abolition of famine-cesses in certain provinces would be welcomed as a great relief, and the postal facility by which the weight of a letter has been raised from a half to three-quarters of a tola for a half-anna stamp will certainly be largely appreciated. With regard to the addition to permanent recurring expenditure attendant on giving effect to the recommendations of the Police Commission, it is particularly gratifying to find that Your Lordship's Government propose to begin at the right end, and provision has been first made for increasing the pay of the rank and file of the police force and sub-inspectors. The permanent grant to Provincial Governments for the expansion and improvement of primary education will also be approved throughout the country. The sum set apart for agricultural experiments, etc., is also a wise provision. The decision to make a large grant-in-aid of the funds of all District and Local Boards throughout India will doubtless be appreciated by Provincial Governments and the Boards concerned.

"The most satisfactory proof of financial prosperity is the fact that in spite of the heavy demands upon the revenue the Hon'ble the Finance Member has been able to estimate for a surplus. As has been shown, this surplus would have proved to be the largest on record but for the enormous expenditure necessitated by the scheme for the redistribution and reorganisation of the army. In this connection, I cannot help remarking that the whole cost of the Tibet Expedition has been charged to Indian revenue. As the matter is unquestionably of an imperial character, part of the cost, at all events, should have been borne by the British Treasury.

"I gratefully note that provision has been made for the relief of the distress now prevailing in the Madras Presidency; but I would venture to submit that it is inadequate to meet the demands of the situation.

"My Lord, it is unnecessary for me to take up the time of the Council with any lengthy remarks on this occasion, since we are agreed on the gratifying character of the Financial Statement and the wisdom therein displayed in regard to the financial policy of Your Lordship's Government."

The Hon'ble Mr. CABLE said:—"My Lord, I am glad to associate myself with the hearty congratulations which have been showered upon the Hon'ble Member on what cannot be regarded otherwise than as one of the most successful Budgets of recent years. To be able at one and the same time not only largely to diminish taxation, but also to increase expenditure on works of public utility is a feat of which any Finance Minister may well be proud. Yet that is what the Hon'ble Member has accomplished, and the fact of his being in a position to do so is a clear indication of the great and welcome change which has of late come over the financial situation of this country. For that change, we are, I think, very deeply indebted to the wise guidance of our finances and of the country generally during the last few years, supplemented by that wonderful power of recuperation which India seems always to possess. Surpluses may now be regarded as the rule rather than the exception; and their existence opens up before us a new set of problems perhaps no less difficult of solution than were those arising from deficits. It was, I believe, Sir Michael Hicks Beach who said that he always found it an easier task to impose a burden on the consumer than to relieve him by removing one. And although it seems almost ungracious to criticise the very evident efforts of

[*Mr. Cable.*]

the Government to distribute the surplus with a view not only to the alleviation of the burdens of the masses, but also to an improvement in their conditions of life, one is tempted to ask if Sir Michael Hicks Beach's remark is not applicable to the reduction of the salt-tax. I have often wondered if it really is a fact that the reduction does have the effect of lowering the prices paid by the poorest class of consumers. I am glad to have the views today of Nawab Saiyid Muhammad, but the information which I have been able to gather leaves me in doubt on the point, although of course I know that every reduction has been followed by a growth in consumption. But then taxes are only reduced when the country is prosperous; and it may be that the increased prosperity of the masses at that time is to a large extent responsible for their consuming more salt. Should there be any truth in this, and should it be a fact that the reduction benefits only the middleman, then it cannot be regarded otherwise than as a waste of revenue; for the middleman in this country is the very last person who requires to be, or who ought to be, assisted. And if that is the case, I must say that it would have been better to have applied that portion of the surplus to the strengthening of our reserves.

"I agree with previous speakers that the handsome grant made towards the development of agricultural research, demonstration and instruction, will be a source of considerable gratification to the public. So much has been said upon the subject of agriculture of late by those more competent to deal with it than I am, that it would be useless for me to take up the time of the Council by discussing it. But everyone will welcome the scheme outlined by the Hon'ble Member, for all are alive to the undoubted fact that in India agriculture is at present at all events the paramount issue. The postage reduction which the Hon'ble Member has made is a useful concession; and possibly in his next Budget he may be able to make it still more useful by taking it a little further. The present is not perhaps an inappropriate occasion to enquire from the Hon'ble Member for Commerce and Industry if any progress is being made towards the introduction of the unified postage and revenue stamp. It would also be interesting to learn whether he contemplates any further reductions in telegraph rates.

"It is not my intention, my Lord, to refer to all the items to which the surplus has been devoted. But there are one or two other points in the Financial Statement upon which I should like to comment. There has been some discussion of late upon a proposal for the establishment by the State of a liquid gold reserve, apart from and in addition to the gold held in the currency reserve. The Hon'ble Member regards the proposal as one of academic interest only: with that I agree, and that being so, the present is obviously the right time to discuss it; for to delay its consideration until that stage is past might be to delay too long. We are not likely to be able to accumulate gold in times of crisis. That is my excuse for bringing the question to the notice of the Hon'ble Member; and it must also be remembered that the investment of public funds is always a matter of public concern. We may have, as he rightly points out, ample gold, in the ten millions of the currency reserve, to give security against any ordinary commercial crisis. But the object of holding a portion of the special Gold Reserve Fund in gold would be something beyond merely the maintenance of the balance of trade, important though that may be. The point I wish to drive home is that at times of international complication and crisis, the possession by India of a stock of gold bullion would be a great bulwark of safety. It would obviate the possible necessity of our being forced to sell securities just at that particular time when those securities might be very greatly depreciated in value. Gold, on the other hand, always appreciates in value at such times. We know that the gold reserve held by the Bank of England is generally recognized to be lower than it ought to be; and there is a feeling that the British Empire is attempting too much all over the world on an insufficient stock of gold. Moreover, Great Britain has now entered into an alliance with another Power, and thus runs a greater risk of becoming involved in international complications. There is consequently a greater chance of the occurrence of periods when the realisation of Consols at profitable rates will be difficult. The present is not,

[*Mr. Cable.*]

I know, a very opportune time to quote the example of Russia in financial matters. But if I may judge from a somewhat remarkable article in one of the monthly reviews, it would certainly appear that Russia's financial system would long since have tumbled down, but for the unbounded faith of Continental bankers and financiers in her enormous gold cash reserve. The political and financial effect of that great aggregation of gold has been, we are told, miraculous. Far be it from me to suggest that India should ever attempt to go the length to which Russia has gone in hoarding gold. But the lesson of Russia teaches us that the advantages of a large bullion holding, legitimately accumulated, are incalculable. I agree entirely with the Hon'ble Member that the question is not one of urgency. But it is eminently worthy of consideration. Let me put the following concrete proposal to the Hon'ble Member, and invite his criticism on it, namely, that one-half of any surplus over ten millions in the Special Gold Reserve should be held in approved securities, perhaps other than British, and the other half in gold bullion.

"Turning to the rupee debt, it is, as the Hon'ble Member remarks, by no means a matter of regret that rupee paper is being gradually retransferred from England to India. On the contrary, it is an advantage that the people of this country should be large and increasing investors in Government loans. But should it be decided again to attempt to induce the London Stock Exchange to give quotations for pieces of Rs. 1,500—which is now the equivalent of £100—I believe that if the Hon'ble Member were to invite the co-operation of the Exchange Banks, who are the principal operators, they might be able to give him substantial aid.

"The decision of the Government to maintain in India a reserve of silver bullion sufficient to keep the mints occupied for about a month will give general satisfaction; as will also the announcement that it is not intended at present to interfere with the rules, issued in 1899, regarding the treatment of light weight rupees.

"My Lord, I feel that as the mercantile representative on this Council I cannot allow the present occasion to pass without expressing the satisfaction, with which the commercial community throughout India have witnessed the establishment of the new Department of Commerce and Industry. We rejoice to think that the commercial interests of this country are now to be encouraged and developed by a new and vigorous branch of the Government under the able guidance and control of the Hon'ble Mr. Hewett. At the same time we are not unmindful of the signal services which have been rendered to Indian commerce in the past by the Department in whose charge commercial matters have hitherto rested. And I am sure that the whole mercantile community would wish me to take this opportunity of placing on record their high appreciation of the value of those services. For the change which has been made had, I think, become of vital importance, not so much because of the shortcomings of the old system, but because of the increasing importance and growing complexity of our industrial and commercial problems. This new and significant departure, in advance, as Your Excellency lately reminded us, of the United Kingdom, may, I trust, be regarded as an indication that the present Government are keenly alive to the urgent need for co-operation between the State and the people in the development of the resources of the Indian Empire. We should never forget that our Indian industries have to face the sharpest competition from the West. Great Britain is perhaps, of all our competitors, the most to be feared. Her highly perfected industrial facilities, her abundant supply of cheap capital, and her mercantile fleets ready to distribute her goods throughout the world at almost nominal rates of freight, give her a virtual monopoly against which Indian private enterprise may strive in vain. We know the measures which foreign countries have adopted to defend their home industries against the power of that monopoly. I have no intention of even hinting that India should seek to follow the example of those nations, but I do think that it is the imperative duty of the Government to give every possible assistance, short of positive protection, to our nascent Indian industries. Much could no doubt be done by experiments under State control, and by making public, not only the

[Mr. Cable.]

results of such experiments, but also the prospects of any new industries which they may show to be possible. Other methods of affording State aid; suited to special cases, might also be devised; and much may, I believe, be learned from the example of Canada in this respect. At all events, every legitimate means should be taken by the new Department to encourage and promote the great interests committed to its charge. For the stress of competition and the growing complexity of industrial life have rendered inevitable the intrusion of the State in spheres of work wherein it formerly took no part.

"My Lord, it is, I think, unquestionable that the most important organisation connected with the new Department is the Railway Board; and the public, as the Hon'ble Maharaja of Darbhanga has already said, are looking forward with a considerable degree of interest to a pronouncement by the Board of its policy, particularly as regards the basis or scheme upon which improvements in and extensions of railway communications should be carried out in the future. It will be, I imagine, among the functions of the Railway Board to overcome such difficulties as are constantly occurring on the East Indian Railway in regard to the coal traffic; and to provide against anomalies such as that which has just been removed by an agreement between the East Indian and the Bengal-Nagpur Railways. But their first duty in order of importance will be, I trust, the sympathetic adjustment of railway rates. About twelve months ago at the annual meeting of our Chamber of Commerce I hazarded the opinion that the time was not far distant when, in calculating Indian railway rates, we should have to bear in mind the cost of transportation in countries competing with us in the world's markets. I am glad to notice that this view is confirmed by Mr. Neville Priestley in his able and exhaustive report on American railways. Indeed, Mr. Priestley goes further, and connects the violent fluctuations in the Indian wheat trade with the fact that the grain rates from Delhi to the seaboard have remained unaltered for the last fifteen years. And one is tempted to enquire in passing to what extent the cast iron rule of maxima and minima mileage rates is responsible for this peculiar state of affairs. Mr. Priestley makes another assertion, with which I am also disposed to agree, *viz.*, that the present prosperity of the United States is to no small extent due to the low rates charged for transportation. This prosperity has, he says, reflected itself in an enhancement of wages all round which, in its turn, has increased consumption and consequently production. We have it also on Mr. Priestley's authority that, judged as a whole, railway rates for goods traffic are lower in America than in any other country in the world, India not excepted; and this, notwithstanding the fact that American railways are weighted down by their enormous debenture and similar stock, upon which high rates of interest have to be paid. There can be no doubt therefore that there is a very considerable margin for reduction in India, especially in view of the fact that last year the net cash profits made by our railways aggregated £2,254,500.

"My Lord, it seems to me that the time has come when we must decide to adopt a more definite railway policy than we have hitherto followed. Either our terms must be sufficiently liberal to attract capital for the construction of new lines; or the Government must itself be prepared to undertake the gigantic task of themselves making and working the railways of India. Public opinion will be always divided, I suppose, upon the question of whether railway communication should be entrusted to the State or to private enterprise. It is needless for me to repeat in this place the advantages and disadvantages attaching to either method. Though for myself I willingly admit that there is much to be said in favour of State railways in a country such as India. But if the construction and working of railways by the State be adopted as a definite policy, it should be understood that rates of freight will be sufficiently low to ensure the fullest development of the resources of the country; and that all necessary new lines will be promptly undertaken. To my mind the progress of the country depends very largely upon its transport facilities; and if the Government undertake the entire responsibility of the country's railways, they should not hesitate to borrow largely in order to ensure that those facilities do not lag behind requirements.

[*Mr. Cable.*]

I have already said that the net cash profits for the year are estimated at £2½ millions. That very large surplus remains, it must be observed, after every item which can possibly be charged against the account has been deducted. Among the deducted items are included the annuity charges for the purchase of the old guaranteed lines, amounting to the large sum of £3,013,000. The payment of those charges from profits is another instance of that policy the wisdom of which I ventured to question in my speech on last year's Budget. I mean the policy of debiting capital expenditure to revenue. The Egyptian Government are, I know, aiding the development of Egypt by the same method. But, as Lord Cromer remarks in his Report for 1903, it is open to the objection that the present generation of taxpayers is bearing the burden of remunerative expenditure, a portion of which might be legitimately borne by posterity. Persistence in the policy seems to me to argue a certain want of faith in the continuance of the prosperity of India; and besides, my Lord, I do not see why we should liquidate the just liabilities of posterity. The profits made by our railways should not, I maintain, be disposed of in this way. One of the pernicious results of such a treatment of accounts is that the apparent profits on our Railways are much less than the real profits. Consequently, Indian railways do not appear, in the eyes of the English capitalist, to be so attractive an investment as in reality they are; which is of course unfortunate at a time when we are trying to induce British capital to flow in this direction. Nor should the profits be regarded as being in the same category as the proceeds of taxation of the country. They should rather be looked upon first of all as collateral security against loans for the construction of new lines. As an instance of what I mean, I would point out that the net receipts for the current year after debiting all legitimate interest chargeable are estimated at practically £5 millions in round figures. That amount capitalised roughly represents at least £125 millions. It must not be supposed that I am suggesting that an attempt should be made to borrow such an enormous sum at once, but I cannot help comparing it with the dole of £8½ millions which has been granted towards railway construction during the coming year. More liberal expenditure on improving open lines should also be one of the primary charges against the net receipts. I have already mentioned rates, and it may be objected that while I am proposing to borrow against profits, I am at the same time proposing to diminish profits by lowering the tariffs. My answer is that what has occurred in America would certainly take place here also. The railway revenue would tend to expand rather than to contract, because the increase in the volume of traffic would more than counterbalance the reduction in rates, leaving out of all consideration the enormous impetus to trade and the resulting general prosperity, and I rejoice to hear from my Hon'ble friend the Maharaja of Darbhanga that Indian capital may be expected to take its share in these much-needed railway developments.

"With regard to His Highness's remarks on the subject of a new bridge, I would support him in his remarks, and upon other grounds, for I would point out that we are now dependent upon one bridge only for the transport of the great bulk of our traffic from the West. The result of a serious accident to that one bridge would have an appalling effect upon the trade of the port.

"In the fiscal controversy now in progress at home we observe an increasing number of references to this country. But we look in vain for any practical suggestions under which India could join in the proposed new departure. On the contrary, it is becoming increasingly evident that the policy so clearly and firmly enunciated in Your Excellency's despatch of 22nd October 1903 is the right policy for this country to adopt, namely, full liberty for India to trade with the whole world upon such terms as may suit her best, and to develop her industrial resources unfettered by engagements with other countries. Our maxim should be to sell all we can, and to buy only what we must. I cannot leave the fiscal question without making a few remarks upon the excessive import-duty now levied upon tea in the United Kingdom, although the subject has been so exhaustively discussed of late that it is difficult to say anything

[*Mr. Cable.*]

new regarding it. But we may, I think, derive some satisfaction from knowing that the Secretary of State now realises that part of the duty is paid by the producer. There is not much doubt on the point, seeing that when the duty stood at 6*d.* per lb., consumption fluctuated between 6·16 lbs. and 6·03 lbs. per head; and that when it was raised to 8*d.*, consumption dropped to 5·99 lbs. per head and wholesale prices also fell. Perhaps other causes helped to bring about this result. But we are, I consider, amply justified in concluding that the eight-penny duty was one of the main causes. And we may go further and say with confidence that by the operation of the duty the whole province of Assam, including the very large number of labourers employed on the tea estates, has been prejudicially affected. The tax, falling as it admittedly does upon producers, presents a curious spectacle. For while the Government of India have abstained from levying income-tax on the tea industry because it is an agricultural pursuit, the Imperial Government are actually taxing the producer here for their own purposes. I have been much struck by some figures which I have obtained recently in this connection. During the months May to October last year, the duty payments on tea imported into the United Kingdom amounted to 3,67 lakhs of rupees. And as the imports during the other half of the season are generally heavier, I may safely assume that the total duty payments for the twelve months will considerably exceed 7 crores. Now during the financial year 1903-04 France, Germany, Italy and the United States levied, in the way of customs-duties, upon the whole of our exports to them, not more than 3,83 lakhs of rupees; these figures do not include reshipments from the United Kingdom to the Continent, but these will not materially affect the position. It is therefore evident that on one of our commodities England levies from us practically double the amount taken by those four great protectionist countries on our whole export trade with them. This is, I think, a somewhat remarkable fact, which would seem to indicate that, in fiscal matters at any rate, the foreigner is, to put it mildly, quite as good a friend to us as is the mother country. The foregoing considerations have a certain bearing upon the Fiscal Question, and of our relations towards foreign countries in that regard.

“At the Bengal Chamber of Commerce dinner, which Your Excellency honoured with your presence two years ago, you said, with reference to finance, that ‘Other channels of investment outside India are being filled up, and a time must soon come when the current of British capital, extruded from the banks between which it has long been content to meander, will want to pour over into fresh channels, and will, by the law of economic gravitation, find its way to India.’ At that time the development of Egypt was proceeding, apace, and Your Excellency’s prediction that the stream of British capital would soon overflow into other countries appeared to be a somewhat bold prophecy. But we now see that the condition of affairs in both South Africa and Egypt is assuming, although perhaps slowly, the aspect which Your Excellency then foreshadowed. In Egypt the conclusion of a friendly arrangement with France, while it has promoted public confidence, has also set free the resources of the Government for the execution of large public works which had been previously carried out by private capital. The development of lower Egypt by irrigation is nearing completion. And further development in the direction of irrigation and land cultivation must now take place chiefly in the Soudan, where prospects are not so favourable and where labour is distinctly deficient, so deficient in fact that a suggestion has been seriously put forward for the importation of negroes from the United States. There is still a large opening in Egypt for investment, companies, banks, and other commercial ventures; but the development of the soil, to which British capital has been chiefly applied, no longer presents the same large and promising field. Indeed, we have it on the authority of Lord Cromer that, although Egypt is a country of ‘very great natural resources, nature appears to have imposed a limit—which it is conceivable may be attained at no very distant future—to the possibilities of its development.’ It is indisputable that South Africa no longer offers the same remunerative openings for capital which it presented a few years back.

[*Mr. Cable ; Mr. Gokhale.*]

The scarcity of labour there has become an obstacle to further rapid development ; and in this respect both Egypt and South Africa seem to be alike. The labour difficulty is beginning to retard rapid development ; for I think, my Lord, that when a country suffers from a scarcity of indigenous labour, the flow of capital into that country must of necessity tend (although perhaps gradually) to dwindle. Whatever our labour troubles in India may be, we have an ample supply of labourers in the country. As regards labour, we are not therefore, and shall never be, in the position of the countries which I have named. The point which I wish to make, my Lord, is that we ought to take advantage of the present favourable opportunity to divert the flow of British capital into Indian channels by the inauguration of an era of greater liberality towards capitalists. Not only will our prosperity be promoted thereby, but the investment of large sums of British capital in this country will induce the British public to take a wider and a more intelligent interest in Indian affairs than they at present seem disposed to evince. That they will be amply repaid by such investments, and that India will also benefit by such a policy, may be confidently predicted."

The Hon'ble MR. GOKHALE said :—" My Lord, it is with sincere pleasure that I offer my warm congratulations to the Hon'ble Mr. Baker on the Financial Statement, which he has laid before the Council. The Statement is remarkable alike for its grasp of principle and its mastery of detail, and for lucidity of exposition it will take rank with the best Statements that have ever been presented to this Council. Indian finance is at present passing through a new phase, and judging from the Statement before us, we may well anticipate that the Hon'ble Member's tenure of office as Finance Minister will be an eventful one. My Lord, there is but one feeling throughout the country—and it is a feeling of deep and unalloyed satisfaction—as to the manner in which the Government of India have decided to apply about 3½ crores of the excess of their revenue over expenditure to measures of remission of taxation, administrative improvement, and the general well-being of the people. I heartily welcome the further reduction of the salt-duty by eight annas a maund. The duty now stands, as the Hon'ble Member rightly claims, at a lower rate than it has ever done during the last quarter of a century. In urging this measure of relief last year, I had ventured to observe:—" The salt-duty was reduced by eight annas last year, and the measure of relief was received with deep gratitude throughout the country. The reduction might, however, be carried still further without any inconvenience. The salt-duty question in India is essentially a poor man's question ; for it is the poorer many—and not the richer few—who eat more salt when it is cheap, and less when it is dear. The soundest policy in the matter—even financially—would, therefore, seem to be to raise an expanding revenue on an expanding consumption under a diminishing scale of duties." The only reply, which was then vouchsafed to my appeal by our late Finance Minister, Sir Edward Law, was the remark that I was 'one of the multitude who stand at the door of the Treasury and always cry, "give, give"!' I rejoice, therefore, to find that in less than a year the Government have seen their way to effect this reduction, and I am confident that a rapid increase in consumption will follow, wiping out, before long, the loss that has been caused to the Exchequer and demonstrating at the same time the wisdom of the course adopted by Government. Two years ago, when the duty was lowered from Rs. 2-8 to Rs. 2 a maund, fears were expressed in certain quarters that the benefit of the reduction might not, after all, reach the poorer classes, being intercepted on the way by small traders. Many of us thought at the time that the fears were quite groundless, and I am glad to see that they have been most effectively disposed of by the remarkable increase in consumption that has since taken place. That there is still a very large margin for increased consumption is evidenced by the fact that in Burma, where the duty is only one rupee a maund, the average consumption of salt is 17 lbs. per head, as against about 10 lbs. in India proper, where the duty has been Rs. 2 a maund for the last two years and Rs. 2-8 before that. Even with the present reduction, the

[Mr. Gokhale.]

impost amounts to about 1600 per cent. of the cost price, as it takes only about an anna and a half to manufacture a maund of salt, and it is clear that this is a very heavy tax on a prime necessary of life, which, as Prof. Fawcett once said, should really be 'as free as the air we breathe and the water we drink.' And I earnestly trust that the Government will take another opportunity to carry this relief still further, especially as a low salt-duty means a valuable financial reserve at the disposal of Government, and there is now no doubt that the relief accorded directly benefits the poorest classes of the community. The abolition of famine cesses will be hailed with satisfaction by the people of the provinces concerned, and it redresses one of the anomalies of the Famine Insurance Grant. The raising of the weight, which the Post Office carries for half an anna, from one-half to three-fourths of a tola, will be widely appreciated, and the definite declaration of policy, with which this concession is accompanied, *vis.*, that it is not the desire of Government to treat the Post Office as a source of revenue, practically ensures that all excess of receipts over expenditure will in future be devoted to the further improvement or cheapening of postal facilities. Now that the letter-weight carried for half an anna is exactly half of what is carried for one anna, I hope a half-anna stamp will be made the unit for weights exceeding $1\frac{1}{2}$ tolas, instead of the one-anna stamp. The allotment of a sum of 50 lakhs to Police reform to improve and strengthen the lower grades of the service is a welcome measure of far-reaching importance and is unaffected by whatever differences of opinion there might exist about the recruitment of the higher grades. The addition of a rupee to a constable's salary may not make in individual cases any difference as regards his honesty or efficiency, but taken in the mass, the increment is bound to be reflected in an improved standard of work, and in any case the measure is a long-deferred beginning of an absolutely necessary reform. The grant of 35 lakhs to Provincial Governments for additional expenditure on Primary Education is also an important step in the right direction, the field of mass education being one, in which what has been already done is but little, as has been admitted by the Government of India in their Resolution of last year on the subject, compared with what remains to be done. The grant of 20 lakhs for agricultural research, experiment and instruction, and the announcement that the ultimate aim of Government in this matter is 'the establishment of an experimental farm in each large tract of country, of which the agricultural conditions are approximately homogeneous, to be supplemented by numerous demonstration farms, the creation of an agricultural college teaching up to a three years' course in each of the larger provinces, and the provision of an expert staff in connection with these colleges for purposes of research as well as education,' indicate that the Government at last have made up their mind to recognize in a practical manner the supreme importance of scientific agriculture in this land. Twenty lakhs a year for such a purpose for the whole of India is, of course, totally inadequate, but it is a good beginning, and the Government have undertaken to find steadily increasing funds till the whole programme is properly carried out. The last measure, to which a part of the surplus is proposed to be devoted, is a grant-in-aid of the funds of District and Local Boards throughout India, amounting in all to about 56 $\frac{1}{2}$ lakhs a year and equal approximately to one-fourth of the income of these Boards. This, to my mind, is one of the most interesting features of this year's Budget, and it is a feature on which I offer my heartiest congratulations to the Hon'ble Member. It means a frank acknowledgment of the claim of Local Bodies to participate in the financial prosperity of the Government of India and a recognition of the fact that without the aid of Government the resources of these bodies are utterly unequal to the proper discharge of the various duties laid on them. The last National Congress, which met in Bombay, had urged such assistance to Municipal and Local Boards, and I rejoice to find that Government have responded, at least partially, to the appeal. Successive visitations of famine and plague have in many places so far crippled the finances of these Boards that they have had the greatest difficulty in averting a complete breakdown, and it was a serious

[*Mr. Gokhale.*]

reproach to existing arrangements that while there was such a plethora of money in the Government of India's Treasury, and even Provincial Governments were not able to exhaust all the grants made to them, these Local Bodies, whose work concerns the health and comfort of the public far more intimately than that of either the Supreme or the Provincial Governments, should continue year after year in a state almost verging on bankruptcy and should be unable to discharge satisfactorily even their most elementary duties! Government have now come forward to assist in a liberal spirit the District and Local Boards, and the assistance will evoke the sincere gratitude of these Boards. The Municipal Bodies have for the present been left out in the cold, but the principle of admitting Local Bodies to a share in the financial prosperity of Government having once been accepted, I venture to think that assistance, similar to what has now been offered to District and Local Boards, cannot reasonably be withheld from Municipalities, whose difficulties are not less serious and whose duties are even more onerous than those of the Boards.

" My Lord, the revised estimates for the current year shew a surplus of $5\frac{1}{4}$ crores. This surplus has been obtained after making a special grant of one crore to the Governments of Bombay and the Punjab. So the real surplus for 1904-05 must be set down at $6\frac{1}{4}$ crores. This is the seventh successive year, in which such a large surplus has been realized by the Government of India, and though advantage has been taken of it to remit taxation to the extent of about two crores of rupees and to apply about $1\frac{3}{4}$ crores to most excellent objects, the whole financial position is still so extraordinary that it calls for a brief review. The surpluses realized by the Government of India during the last seven years amount in all to about $32\frac{1}{2}$ crores of rupees, and they do not include the special grants made to the various Provincial Governments and Administrations from time to time. In addition to this, a sum of about $12\frac{1}{2}$ crores has been earned by the Government of India during the last five years, as profit on the coinage of rupees, owing to the difference between the bullion value of silver and the token value of the rupee, and it has been set apart to form a Gold Reserve Fund. This gives us a clear excess of 45 crores of revenue over expenditure during the last seven years. Moreover, during this period, extraordinary charges, amounting to about 16 crores, for famine relief and for military purposes, have been met out of revenue. Further, about 2 crores have been spent out of revenue on Railways and Irrigation Works under Famine Insurance, under which head also a sum of $3\frac{3}{4}$ crores has been devoted to the reduction or avoidance of debt. Even if we leave out of account the extraordinary charges met out of revenue and the sum spent on Railways and Irrigation under Famine Insurance, as money already spent, we still have a total of about 49 crores of rupees to represent the excess amount taken by Government from the people in seven years over and above the requirements of the administration. Twelve and a half crores out of this has been set aside, as has been already mentioned, to form a Gold Reserve Fund, and the remaining, about $36\frac{1}{2}$ crores, has been devoted to the repayment or avoidance of debt, as may be seen from the fact that during this period Government have discharged $\text{₹}5,000,000$ net of temporary debt, and have spent $48\frac{1}{2}$ millions on Railways and Irrigation works, though they have borrowed only $21\frac{3}{4}$ millions, the difference being found from Cash Balances, of which the surpluses form a part. Moreover, as an inevitable result of such plethora of money at the disposal of Government, public expenditure has increased in all directions—and notably under Army services—on an unprecedented scale. The following figures for the last four years show at a glance how rapid has been the growth of public burdens and what is the position that has now been reached. In these figures, I have taken the revenue under Post, Telegraphs, Railways and Irrigation net. This, I submit, is the only way of presenting a correct idea of our revenue and expenditure, as the receipts under these heads are for services rendered and are balanced on the other side by corresponding expenses which virtually absorb the receipts. Unless, therefore, we take these figures net, we get an altogether erroneous idea of our real revenue and

[Mr. Gokhale.]

expenditure. I have also taken the revenue under Mint net, because, for the present at all events, the profit earned has to go to the Gold Reserve Fund and is therefore not available for general purposes.

“ Revenue and Expenditure for four years 1901-02—1904-05.

(In millions sterling.)

	1901-02.	1902-03.	1903-04.	1904-05 (Revised).
Revenue	51·91	52·27	55·27	57·59
Expenditure	46·96	49·21	52·28	54·11
Surplus	4·95	3·06	2·99	3·48

“Coming to particular heads of expenditure, we find that the charge under Interest has actually gone down owing to a reduction of the ordinary debt. And the expenditure under Miscellaneous Civil charges, as also under Famine Relief and Insurance, has remained virtually stationary. Under the remaining heads, there has been a large and steady increase, as may be seen from the following figures:—

(In millions sterling.)

	1901-02.	1902-03.	1903-04.	1904-05 (Revised).	Increase.
Collection charges under Principal Heads of Revenue.	6·19	6·35	7·16	7·17	nearly 1 million.
Salaries and expenses of Civil Departments.	11·15	11·69	11·98	12·35	1·2 ”
Civil Works	3·67	4·15	4·60	4·82	1·15 ”
Army Services, including Military Works and Special Defence Works.	16·73	18·44	18·93	21·45	4·72 ”

“I have taken 1901-02 as starting year for the comparison, because 1900-01 was a famine year, and before that, Government could not have felt sure of a large annual surplus. It will be seen that our expenditure has grown in four years by more than 7 millions sterling or about 10½ crores, and of this, the Army Services have absorbed quite two-thirds, i. e., 4½ millions or over 7 crores. Again, while the revenue under the principal heads has risen during this period from £46·60 millions to £50·38 millions or slightly over 8 per cent., the charges of collecting it have grown from £6·19 millions to £7·17 millions or by about 16 per cent.

“Thus after allowing the expenditure to increase in all directions on an unprecedented scale, after making large special grants to Provincial Governments from time to time, after spending nearly 16 crores out of current revenues for non-recurring charges, and after laying by about 12½ crores for purposes of the Gold Reserve Fund, the Government have still been able to devote a sum of about 36½ crores in seven years, or a little over 5 crores a year on an average, to the reduction or avoidance of debt! I submit, my Lord, that such a system of finance is unsound in theory and indefensible in practice, for it involves grievous injustice to the present generation. I can understand the Government always insisting on a moderate working surplus in framing their Budget Estimates and providing for the year's recurring charges out of the year's revenues. This was what they have uniformly done—even during the worst days of the exchange difficulty. But having done that, I venture to think they have no right to maintain taxation at a higher level than is necessary or to devote the resulting surpluses to the reduction of debt, as they have been doing. In all countries, it is an accepted canon of finance that the weight of public burdens should be kept as light as possible, and that the scheme of taxation should be so fixed and adjusted as to meet, but no more than meet, public requirements under normal conditions. If this is so in rich European countries, it should be much more so in India, where the revenue is raised from a poor, helpless population, and the larger part is contributed by a broken and exhausted peasantry, and where, owing to the

[*Mr. Gokhale.*]

special circumstances of the case, the character of public expenditure is such that a great portion of it has to be spent on objects unconnected or, but remotely connected with the moral and material advancement of the people. Moreover, the ordinary debt of India—as distinct from the public works debt, which is fully covered by valuable assets—is not large, and there is no justification for being in such a hurry to reduce it. The utmost that the Government might do in the matter is to provide for a small sinking fund, say, about a million sterling a year; but beyond this, it is indefensible to go, especially as, in the absence of a reduction of taxation, there are so many ways, all intimately connected with the well-being of the people, in which the surplus revenue could be spent.

“This brings me to the scheme of Army re-organization and the provision of 3 crores 66 lakhs that has been made for it in the next year's Budget. The scheme is one of vast magnitude, and it is claimed that it will be of lasting benefit. No lay criticism of its technical aspects can, of course, be of any value, though even laymen cannot help noting that expert opinion is not quite unanimous in regard to it. Thus we find Colonel St. J. M. Fancourt, C.B., writing to the *Madras Mail* to urge that enlarged camps of exercise will serve the purpose as well as the proposed concentration camps and will be much less costly and will offer fewer administrative difficulties; that the training under the climatic conditions of the country, especially the summer heat, cannot be carried on the whole year round, which reduces the value of a permanent location of troops in large concentration camps; and that for the annual seasons of drill, troops can be moved and massed wherever desirable, the expanding Railway system affording increasing facilities for such movements. Laymen also cannot help thinking that in the very nature of things, there can be no finality in such plans of distribution of armed forces. The period is a period of mighty changes and the world's affairs are passing through a new phase. The rise of Japan, as one of the first Powers in the world, is a new factor in international politics and of vast significance. New and unexpected combinations may arise, and the danger-zones and danger-points may not remain as they at present are—for ever and ever. However, the towering personality of His Excellency the Commander-in-Chief must silence all objections to the scheme, of which he is the author, and the required money—15 crores of rupees—has to be found to carry it out. The Government have announced their intention to meet the whole charge from current revenues, and they have already provided in the next year's Budget a sum of 3 crores 66 lakhs for the purpose as a first instalment, committing themselves at the same time to devote similarly 3 crores every year, till the whole programme is completed. My Lord, I beg leave to protest most earnestly against this decision of the Government of India. The charge is heavy and non-recurrent and, on the analogy of English and Continental practice in similar cases, ought to be met out of loan funds. It is most unjust to the tax-payers to provide for it out of current revenues by yearly allotments and thus keep up the high level of taxation for an indefinite period. In other countries such charges are, as a rule, met out of borrowed money. In England, just at this moment, there are the Naval and Military Works Bills before the House of Commons, under which it is proposed to carry out these works out of loans. And in defending such action, the Chancellor of the Exchequer pointed out the other day—on the 1st instant—that ‘if the objects for which those measures provided were paid out of the estimates, there would be a disturbance of our system of taxation.’ My Lord, it is true that the people of India have no constitutional power, as the people in England have, to control or in other ways influence the administration of their finances by Government. But for that very reason, a solemn moral responsibility rests on the Government here not to ignore considerations that are accepted as conclusive in England. The present decision of Government, so unjust to the tax-payers, leaves room for legitimate complaint, especially when it is remembered that we have devoted no less a sum than 36½ crores of rupees out of current revenues towards the reduction of debt during the last seven years, and that an addition of fifteen crores will still leave it 21 crores lower than it was in 1898.

[*Mr. Gokhale.*]

“ My Lord, I have already referred briefly to the alarming growth that has taken place in the military expenditure of the country in recent years. The military problem is the most dominant factor in the general position of the country's finances, overshadowing every other. National safety is, of course, the first and most paramount consideration in a country's administration. But no people can bear indefinite and ever-increasing burdens—practically without limit, and absorbing the greater part of every financial improvement—even in the name of such safety. I have on previous occasions spoken more than once on this subject at some length in this Council, and I do not therefore propose to say much today. Last year the Hon'ble Sir Edmond Elles, in his reply to some of my observations, told the Council that I had criticized measures, about which my knowledge was infinitesimal. The remark was somewhat superfluous, seeing that in my speech I had taken care not to say one word about any technical matters. The Hon'ble Member then went on to cite the instance of Japan and ask what would have been her fate, if her future had been guided by statesmen holding the views of my Hon'ble friend Mr. Sri Ram and myself. I do not think the reference to Japan was quite a tactful thing. For Japan's destinies are guided by her own sons, whose one thought and aspiration is the greater glory of their country, furthering by every means in their power the moral and material advancement of their people. Is the Hon'ble Member prepared to adopt Japan as a model for all branches of the country's administration? If so, let him induce his colleagues in the Government to treat the people of India as the Japanese Government treats the people of Japan in matters of education, of industrial development, of military and naval service, of appointment to high and responsible office, and I, on my part, humble as I am, undertake to see that no Indian publicist raises any objection to such military expenditure as the Hon'ble Member thinks it necessary to incur. My Lord, on technical aspects of military questions, the opinion of laymen is of course of but little value. But, as the *Englishman* pointed out the other day, ‘ there is a stage when considerations of military defence emerge out of the plane which has always been tacitly reserved for professional soldiers.....The larger problems involving the expenditure of large sums of money and the dispositions of troops in relation to possible enemies, are clearly not to be decided on the fiat of military men. These matters affect the State as a whole and as such must be looked at from the civil as well as the military point of view.’ Our military expenditure has nearly doubled itself during the last twenty years, having risen from 17·9 crores in 1884-85 to 32·6 crores in 1905-06. It now exceeds the entire land-revenue of the country and no one can say where it will stop, or if it will stop anywhere at all. It is now said that India is the strategic frontier of the British Empire. If so, the defence of such frontier is clearly an Imperial responsibility and India ought to be relieved of part of her present military burdens. For the last twenty years, the fears of a Russian invasion have dominated the situation and dictated the scale of our military expenditure. Russia now lies prostrate and bleeding—her prestige shattered beyond hope—a standing menace to the peace of Asia gone. May we not now hope for a little respite in this piling up of ceaseless military burdens on our shoulders! The limits of military expenditure were thus laid down by Lord Mayo's Government in 1871 :—‘ We cannot,’ they wrote, ‘ think that it is right to compel the people of this country to contribute one farthing more to military expenditure than the safety and defence of the country absolutely demand.’ The Army Commission of 1879 thus defined the functions of the Indian Army :— ‘ The purposes for which the Army of India must be maintained may be stated to be—(a) preventing and repelling attacks or threatened aggressions from foreign enemies beyond our border; (b) making successful armed disturbance or rebellion, whether in British India or in Feudatory States, impossible; and (c) watching and over-awing the armies of feudatory Native States.’ This conception of India's position and responsibilities, however, is no longer thought to be sufficient. Thus last year the Hon'ble Sir Edmond Elles, after asking the question ‘ Are we to be content to hide ourselves behind our mountain barriers under the foolish impression that we should be safe, whilst the absorp-

[*Mr. Gokhale.*]

tion of Asiatic kingdoms is steadily in progress?' observed as follows:—'It is, I think, undoubted that the Indian Army in the future must be a main factor in the maintenance of the balance of power in Asia; it is impossible to regard it any longer as a local militia for purely local defence and maintenance of order. And Your Lordship, referring to the same point, said:—'I spoke last year about the increasing range of our responsibilities in Asia; and a good deal has happened in the interim to point those remarks. My own view of India's position is this. She is like a fortress with the vast moat of the sea on two of her faces and with mountains for her walls on the remainder. But beyond those walls, which are sometimes of by no means insuperable height and admit of being easily penetrated, extends a glacis of varying breadth and dimensions. We do not want to occupy it, but we also cannot afford to see it occupied by our foes. We are quite content to let it remain in the hands of our allies and friends; but if rival and unfriendly influences creep up to it and lodge themselves right under our walls, we are compelled to intervene, because a danger would thereby grow up that might one day menace our security. This is the secret of the whole position in Arabia, Persia, Afghanistan, Tibet, and as far eastwards as Siam. . . . And the whole of our policy during the past five years has been directed towards maintaining our predominant influence and to preventing the expansion of hostile agencies on this area which I have described.' This new and Imperial definition of India's position and responsibilities is bound to stagger the people of this country, for it means that India's resources are to be unhesitatingly used for engaging in a race with European Powers to absorb Asiatic Kingdoms! Now, apart from the ethics of such absorption, I submit that if England's dominion in the East must be thus extended in all directions on the mere suspicion that a rival is creeping up towards the frontiers of India, the Imperial Government in England and not the poor people of India ought to find the money for the purpose. The maintenance of the balance of power in Asia is a matter of Imperial concern; and for the Government of India to accept that responsibility is to impose upon this country a military duty and a financial obligation, to which she is utterly unequal and which, moreover, it is unjust to throw on her.

"My Lord, I have complained above of the system of finance that has been maintained in this country for the last seven years. That complaint, however, must not be understood to apply to the present Financial Statement, which indeed has to a large extent broken from the old tradition and taken an important step forward in the right direction. With the single exception of the provision made out of current revenues for Army reorganization, the budgetary dispositions appear to me to be both liberal and statesmanlike. Speaking further for Bombay, I gladly acknowledge the liberal character of the new Provincial Settlement. I rejoice also that the Hon'ble Member has put an end to the era of systematic underestimating of revenue and overestimating of expenditure. More than once had I complained of this practice in this Council, as unfairly prejudicing the chances of the tax-payer in the matter of remission of taxation. Last year, for instance, I had said:—'In the twelve years of storm and stress (*i.e.*, from 1885—1896) it was perhaps necessary for the Finance Minister to act on the safe, if somewhat over-cautious, plan of underestimating the revenue and overestimating the expenditure. But though the difficulties of the position have passed away, the tradition, once established, still holds the field.' And this only drew on me a sharp remonstrance from Sir Edward Law. It was therefore with a certain amount of legitimate satisfaction that I found the Hon'ble Member virtually admitting the correctness of my contention and admitting it very nearly in my own words. 'So long,' he has observed, 'as all growth of revenue and the fruits of all retrenchment were liable to be swallowed up by a fall in exchange, it was common prudence to frame the estimates in the most cautious manner, and to take no credit for developments of revenues until they were absolutely assured. When this factor was eliminated, the traditions of excessive caution remained and due allowance was not always made in the estimates for the normal expansion of the growing heads of revenue.' My Lord, the financial position of the Government now is one of

[Mr. Gokhale.]

exceptional strength. Taking the Budget Estimates for next year; we find that after providing 3 crores 66 lakhs for an extraordinary charge, which ought to be met out of borrowings, we still have a surplus of 1 crore 36 lakhs. This means an excess of 5 crores of revenue over expenditure. Then the profits from coinage have averaged about 2½ crores a year during the last five years and they are bound to increase as trade expands. These profits will be available for general purposes in a year or so, as the Gold Reserve Fund already stands at 8½ millions sterling, and as Your Lordship stated last year, when it reaches 10 millions sterling, it 'will be sufficient for our purpose and will give us a permanent guarantee for stability of exchange.' Then Railway finance has entered on a new phase. After causing a net loss year after year for half a century—from 1849—aggregating in all to sixty crores of rupees, our system of Railways has now commenced to bring in a profit to the State, and there is every reason to believe that this profit will steadily increase. The revenue under Excise and Customs is also showing a large and continuous increase. Leaving all growth of revenue under Railways, as also under Excise, Customs and other principal heads, to meet the growing requirements of public expenditure, we still have a margin of about 7½ crores a year to devote to purposes intimately connected with the moral and material wellbeing of the people. And if only military expenditure is prevented from absorbing everything, and a comprehensive and statesmanlike view taken of the duties of the State and of the exceptional opportunities which the present position of the finances affords to Government, a vast deal could be done to improve the condition of the people and thereby also to deepen, broaden and strengthen the true foundations of British rule in this land. There is, for instance, the separation of Judicial and Executive functions to be effected—a reform demanded by eminent Anglo-Indians as well as Indians, which Lord Dufferin described as a counsel of perfection and which, he said, could not then be carried out for want of funds. Well, the Government now have funds to carry out the reform many times over, and I respectfully submit it ought to be no longer delayed, as the sense of oppression and discontent, to which it gives rise, is infinitely more serious than any administrative convenience which may result from it. Then there is the extension of education in all its branches—a matter of the greatest importance to the country's progress. But it is not of these that I desire to speak today. The subject that I wish most earnestly to urge upon the attention of the Government is the condition of the agriculturist. My Lord, the Indian agricultural producer is terribly handicapped, and his position is getting harder every day. In the first place, nowhere is the burden of taxes on the land in relation to produce so heavy as in this country, as may be seen from the following figures, taken from Mulhall's Dictionary :—

Country.	Percentage of taxes in relation to gross produce.
United Kingdom	8·3
France	4·8
Germany	3·0
Austria Proper	4·9
Italy	7·0
Belgium	2·8
Holland	2·8

“These taxes on land include stamp-duties and local rates and in France road-cesses. In India, leaving out of calculation Provincial rates and stamp-duties, and confining ourselves to land-revenue only, what do we find? Taking the figures set forth in the Government Resolution of 1902, which cannot be suspected of being unduly unfavourable to Government, we find that in *Madras*, the assessment is from 20 per cent. in the Godavari District to 8 per cent. in Anantpur of the gross produce, and in most districts it averages over 15 per cent. In *Bombay*, the assessment in Guzerat is 20 per cent., and, even in the dry and dreary Dekkhan, considering the uncertainty of the seasons,

[Mr. Gokhale.]

it is in no way lighter. In the *United Provinces of Agra and Oudh*, it is one-seventh or one-eighth of the gross produce, *i.e.*, from 12 to 14 per cent. Thus, while elsewhere the total burden on land is well below ten per cent., with us, taking the land-revenue alone, we see that the assessment over most areas is about 15 per cent. and in some portions as high as 20 per cent. of the gross produce—and this according to official estimates. Secondly, everywhere in India, and particularly in the temporarily-settled districts, the utter resourcelessness of the agricultural classes is the most distressing fact of the situation. The cultivator has no capital and has but little credit and is simply unable to make proper use of Nature's wealth that lies at his door, with the result that his cultivation is of the rudest and most exhausting type. The yield of the soil has been steadily diminishing, except in irrigated tracts, being simply 8 to 9 bushels an acre, about the lowest yield in the world. Thirdly, the currency legislation of Government has hit the raiyat very hard, depreciating at once the value of his small savings in silver and increasing steadily, as prices are adjusting themselves to the new rupee, the burden of his assessment and his debts. Fourthly, a succession of bad seasons during the last fifteen years have borne him down with crushing pressure, the MacDonnell Commission observing that the past decade in most parts of India has been 'a decade of misfortune and distress.' Lastly, there is his terrible indebtedness, which is admitted by everybody and which, there is reason to fear, is steadily on the increase. In such a situation, the struggling raiyat, toiling ceaselessly without heart and without hope, needs every assistance and relief that can possibly be brought to him. But the operations of the Settlement Department are going on apace, and everywhere a fresh revision means a fresh enhancement of the Government demand. Taking Madras, Bombay, Central Provinces, and the United Provinces of Agra and Oudh together, we find that during the last ten years the land-revenue collections have risen from 14·4 crores in 1893-94 to 15·4 crores in 1903-04—an increase of fully one crore in ten years! And yet all these provinces have suffered during the period from a succession of calamitous seasons. My Lord, the fearful poverty and indebtedness of the agriculturist calls for a great and comprehensive scheme of ameliorative action, and no mere palliatives will be of much avail. A general reduction of the State demand in the temporarily-settled provinces, as suggested by Mr. O'Connor, and the grant of Permanent Settlement to those provinces, together with a bold scheme for the composition of the raiyats' liabilities—nothing less than these measures will really save him from utter and hopeless ruin. The present financial position, with an assured excess of at least $7\frac{1}{2}$ crores of revenue over expenditure, gives Government a great opportunity, which, if allowed to slip now, may never present itself again. A reduction of 20 per cent. in the State demand in the provinces of Madras, Bombay, Central Provinces, and United Provinces will not cost more than 3 crores a year and the amount sacrificed will return to the State tenfold in the increased prosperity and contentment of the people. And a great scheme of composition of debts, similar to the one for buying out the landlords in the Irish Land Purchase Act of last year—when the Imperial Treasury undertook to advance a hundred millions sterling for the purpose—will mean the making of the raiyat again and is the only way in which the problem of agricultural indebtedness can be successfully grappled with.

“Another subject, which I wish earnestly to bring to the attention of Government, is the condition of Municipal bodies in those parts of the country which have suffered severely from successive visitations of the plague. The finances of some of these bodies have been so completely disorganized that it is with difficulty that they are able to perform their most elementary duties. They still owe large sums to Government for plague loans, though the greater part of these loans have been already remitted by Government, and unless Government come forward again to help them out of their embarrassments, their available margin of income over expenditure must be devoted to the paying off of these debts for several years to come. I have the honour to preside over one of the largest Municipalities in the Bombay Presidency—the Corporation of

[*Mr. Gokhale.*]

Poona—a body which has suffered as much as any other from this terrible scourge; and I know from personal experience how we are simply powerless at present to undertake any large works of improvement and what a struggle we have to make merely to keep things going. Our plague debt today is about 2½ lakhs of rupees—a sum nearly equal to our annual income—and it will take something like fifteen years to clear it off, which means that for fifteen years our small margin of income over expenditure will not be available to us for any other purpose. From a return very courteously supplied to me by the Finance Member, I find that the amount which the mufassal Municipalities in the Bombay Presidency still owe to Government is about 17 lakhs of rupees. This is over and above 22 lakhs which the Government have already remitted. Moreover, the municipalities have met out of their own revenues a plague expenditure of about 16 lakhs. It is only fair to mention that for these plague loans the Municipalities are only technically responsible. They represent the excess expenditure incurred by Government in the name of Municipal bodies in the early years of the plague, when all kinds of drastic measures were adopted to stamp out the disease and Municipal money was spent by plague officers appointed by Government with the most reckless profusion. Now this sum of 17 lakhs, which the Municipalities still owe to Government, is really the merest nothing to the Government with their crores and crores of surplus revenues; but to these Municipal Bodies, it means all the available margin of income over expenditure. I therefore earnestly suggest that these plague loans should be written off by Government, so as to leave Municipalities free to devote their slender resources to urgently needed undertakings. I am willing that in writing off these loans, a condition should be imposed on the Municipalities that the amounts written off by Government should be devoted to works of permanent utility. I am sure, my Lord, if only the Finance Minister will adequately realize the extent of our difficulties—difficulties which contrast most painfully with the prosperous condition of the Government of India's Treasury—he will at once recognize the absolute necessity of coming to our relief. In Poona, for instance, we have the plague from four to six months every year. During these months, we suffer a heavy loss in octroi and other revenue, and while our receipts thus suffer, our expenditure increases, because, in addition to our ordinary establishment, we have to maintain a special establishment to deal with the outbreak of plague. My Hon'ble friend Mr. Younghusband, who is Commissioner of the Division to which Poona belongs, and who has always been a most sincere friend of local bodies, will, I am confident, endorse every word of what I have said, if he is called upon to express an opinion on this subject. But writing off plague loans is not all the assistance that I ask for our Municipalities at the hands of the Government. I want the Government to go further—much further—and recognize the obligation to make substantial grants in aid of the funds of these bodies for works of permanent improvement, such as drainage and water-supply. My Lord, the persistence with which the plague has been lingering in our midst has drawn pointed attention to the questions of faulty drainage and defective water-supply, and it is recognized that real improvement in the health conditions of the people is impossible, unless these matters are taken seriously in hand. Now it is a Western plan which leaves such works to be executed by local bodies out of their own resources. And though it may work well in Western countries owing to the wealth of their towns, it is utterly unsuited to India, where the unaided resources of local bodies are altogether inadequate for such costly undertakings. Moreover, in view of the frightful mortality caused by the visitations of plague and the generally high death-rate of Indian towns, it is a clear obligation resting on Government, especially when they have funds necessary for the purpose, to do all that lies in their power to promote the interests of public health, and from this obligation they are not absolved simply because they have handed over certain duties and certain resources to certain Boards. Further, these Boards are not independent bodies. They are subject to a large measure of Government control and they include a considerable proportion of Government nominees.

[Mr. Gokhale.]

It is only fair therefore that the Government should assist them financially in carrying out projects which are beyond their unaided capacity to undertake. Government give a grant to these Boards in aid of education, and there is no reason why public health should not be placed on the same footing as education. I would therefore suggest that about a million sterling a year should be devoted to assisting Municipal Bodies with grants for drainage and water-works. I understand that such grants are not unknown in individual instances in Madras and some other Provinces. I think, however, that the construction of such works will be greatly encouraged by the Government adopting an attitude of liberality as a general policy in this respect. The needs of public health require such assistance from Government and financially they are in a position to render it. The principle, moreover, has been accepted this year in the case of District Local Boards. I earnestly trust, therefore, that the suggestion which I have ventured to make will receive favourable consideration at the hands of Government.

"My Lord, I have already detained the Council at considerable length, but there is one subject more, about which I would like to say a word, before I conclude. This time last year, Your Lordship dealt at some length with the question of the wider employment of Indians in the public service, and shortly after that a lengthy Resolution was issued by the Government of India on the same subject, reiterating the arguments and conclusions of Your Excellency's speech. Your Lordship, after analysing the situation, came to the conclusion that not only were the people of this country not justified in complaining of exclusion from high office, but that they were being treated with 'a liberality unexampled in the history of the world.' The Government Resolution of May 24th, 1904, expressed the same opinion in the following words:—'There has been a progressive increase in the employment of natives and a progressive decline in the employment of Europeans, showing how honestly and faithfully the British Government had fulfilled its pledges and how untrue is the charge which is so often heard of a ban of exclusion against the natives of the country.' In spite of both the speech and the Resolution, however, the public mind remains unconvinced, and certain propositions in the Resolution have even created the unfortunate impression that it was no longer the intention of Government to adhere faithfully to the lines of policy laid down in the matter in the Parliamentary Statute of 1833 and the Proclamation of the Queen-Empress in 1858. The Statute and the Proclamation have respectively pledged the word of the British Parliament and the British Sovereign to the people of India that all offices in the country shall be equally open to all without distinction of race, colour, or creed. The Statute was further interpreted by the Court of Directors as laying down that there was to be no governing caste in India, and that whatever tests of fitness were prescribed, considerations of race or creed were not to be of the number. The Resolution of last year, however, lays down two principles, as governing the situation, which, in the form in which they are stated, are certainly inconsistent with the pledges given in the Statute of 1833 and the Proclamation of 1858. The Resolution says:—'The general principles which regulate the situation are two in number. The first is that the highest ranks of civil employment in India, those in the Imperial Civil Service, the members of which are entrusted with the responsible task of carrying on the general administration of the country, though open to such Indians as proceed to England and pass the requisite tests, must nevertheless, as a general rule, be held by Englishmen, for the reason that they possess partly by heredity, partly by upbringing and partly by education, knowledge of the principles of government, the habits of mind, and the vigour of character, which are essential for the task, and that the rule of India being a British rule and any other rule in the circumstances of the case being impossible, the tone and standard should be set by those who have created and are responsible for it. The second principle is that outside this *corps d'elite*, the Government shall, as far as possible, and as the improving standards of education and morals permit, employ the inhabitants of the country, both because its general policy is to restrict rather than to

[*Mr. Gokhale.*]

extend European agency and because it is desirable to enlist the best native intelligence and character in the service of the State. This principle is qualified only by the fact that in certain departments, where scientific or technical knowledge is required, or where there is a call for the exercise of particular responsibility or for the possession of a high standard of physical endurance, it is necessary to maintain a strong admixture and sometimes even a great preponderance of the European element.' The Government of India thus lay down (1) that race, so far from being no disqualification, shall constitute in the case of all but a very few a conclusive disqualification for the higher offices of the State; (2) that this disqualification shall last as long as the British rule endures; (3) that in regard to other offices held at present by Europeans, they are so held because Indians qualified by education and morals are not either available, or where they are available, they are unfit for the exercise of 'particular responsibility.' Now, my Lord, the equal treatment promised in regard to public employment by the Parliamentary Statute and the Queen's Proclamation may be nothing better than a legal fiction in practice, but it is a fiction which we have cherished, as embodying an ideal for the future and representing the higher purpose of British rule in this land, and we cannot afford to see it so explicitly repudiated by the Government. Nothing to my mind is calculated to affect more disastrously the attitude of educated Indians—and their number is bound steadily to grow—towards British rule than a belief that under that rule their exclusion from the highest offices of the State is intended to be perpetual. As regards the question of education and morals being involved in our exclusion from most of the offices in the special departments, is it really intended to be conveyed that among the thousands and thousands of educated Indians, who are ready to seek employment under the State, even a few cannot be found possessing the necessary education and moral character or qualified to exercise the required degree of responsibility? I am sure the question has only to be presented in this form to make the injustice of it clear to everybody. Why, my Lord, it is a matter of common knowledge that, in the case of the smaller appointments at all events, it is not the Indian, but the European or Eurasian competitor, whose education and morals it would really be desirable sometimes carefully to investigate. However, I do not wish to pursue this argument any further on this occasion. My object today is to point out how inaccurate and misleading is the conclusion which the Government of India Resolution has recorded on this subject and which I have already quoted above. The Resolution claims (1) that the pledges given have on the whole been honestly and faithfully carried out, and (2) that there has been a progressive increase in the Indian element and a progressive decline in the European element in the service of the State. Before proceeding to show how unsupported by facts this two-fold claim is, I must, in the first place, point out that in the statistical tables which accompany the Resolution, the real issue has been obscured by the inclusion therein of posts as low as Rs. 75 a month. When we complain of our exclusion from high office, we do not refer to the lower grades of the Public Service—grades which carry salaries as low as Rs. 75 or 100 or even 200 rupees a month—though in some of the special departments, we are virtually shut out even from such petty appointments. When we make the complaint about exclusion, we refer to offices sufficiently high in the Public Service—offices of trust and responsibility—say above Rs. 500 a month. I have compiled tables for the years 1897 and 1903 from the statistics published by the Government of India to show how we stand in regard to these appointments, and it will be seen from them that the two-fold claim of the Government of India already referred to is wholly untenable. I do not propose to read out these tables. They will appear as an appendix* to my speech in the report of these proceedings. It will be seen from them that they effectively dispose of the contention that we have so far been treated with unexampled liberality. They also show that most of the new posts, created between 1897 and 1903, have gone to either Europeans or Eurasians, which element certainly shows no signs of declining, the Indian element even, losing ground in some of the departments.

* *Vide* Appendix C.

[*Mr. Gokhale ; Mr. Hewett.*]

“My Lord, this question of appointment to high office is to us something more than a mere question of careers. When all positions of power and of official trust and responsibility are the virtual monopoly of a class, those who are outside that class are constantly weighted down with a sense of their own inferior position, and the tallest of them have no option but to bend in order that the exigencies of the situation may be satisfied. Such a state of things, as a temporary arrangement, may be accepted as inevitable. As a permanent arrangement, it is impossible. This question thus is to us a question of national prestige and self-respect, and we feel that our future growth is bound up with a proper solution of it. My Lord, Your Lordship said on one occasion that to your mind efficiency of administration was synonymous with the contentment of the people. There is no question, of course, of the supreme importance of a high degree of efficiency in a country's Government. There is also no doubt that in this respect the present Administration has been the most strenuous and the most successful of any that the country has had for many years. But may I venture respectfully to point out that Your Lordship's proposition leaves out of account the special circumstances of India, that efficiency, though an object of paramount importance with us as elsewhere, is not the sole purpose of British rule in this land, and that for the contentment of the people to be real and enduring, something more is indispensable than mere efficiency, however high it may be. A succession of great statesmen, who in their day represented the highest thought and feeling of England, have declared that, in their opinion, England's greatest work in India is to associate the people of this country, slowly it may be, but steadily, with the work of their own Government. To the extent to which this work is accomplished, will England's claim to our gratitude and attachment be real. If, on the other hand, this purpose is ever lost sight of or repudiated, much good work, which has been already done, will be destroyed, and a position created, which must fill all true well-wishers of both England and India with a feeling of deep anxiety.”

The Hon'ble Mr. HEWETT said:—“My Lord, in his memorandum on Railway Development for 1904-1905 the Hon'ble Sir Arundel Arundel was able to announce a larger provision for railway development during the year than had ever been made before. The Hon'ble Mr. Baker has already stated that we have been able to increase the allotment to a still higher figure during the coming year, and taking into account the estimated expenditure on famine protective lines, branch lines not in receipt of a direct guarantee, railways outside the Government account and the expenditure from provincial and local revenues and from loans raised by local boards for local lines, the estimate for the coming year is over a crore in excess of the revised estimate for the present year, and over 3 crores in excess of the accounts for 1903-1904. It is indeed to be regretted that the demands for open lines and lines already under construction leave only 52 lakhs of the grant of 12½ crores available for the commencement of entirely new lines, but the mileage by which we hope to increase our railway lines during the year, namely, 1,138, will be substantial. The requirements in respect of additions to the rolling stock swallow up a large amount of the annual grant. In the three calendar years from 1901 to 1903, 14,000 goods wagons were added to the rolling stock, and the expenditure provided under this head in the present and coming years is 300 and 230 lakhs, respectively. The Hon'ble Mr. Baker has explained that in the distribution of the grants which have been made to district and local boards it is intended that special consideration shall, wherever possible, be given to local wants in the matter of communications. The Government of India trust that the grants will give a fresh impetus to the construction of feeder roads, to the need for which more than one Hon'ble Member has referred, and that the boards will be encouraged, with their increased resources, to do more than has been possible in the past in the direction of giving guarantees for tramways and light railways.

“The Hon'ble Mr. Cable has urged that the time has come when we must decide to adopt a more definite policy as to the working of railways by State

[Mr. Hewett.]

agency or private enterprise. The Hon'ble Member and the Hon'ble Maharaja of Darbhanga have testified to the interest with which the public is looking forward to a pronouncement by the Railway Board as regards the system upon which improvements and extensions of railway communication should be carried out in the future. Mr. Cable has also expressed the opinion that the first duty of the Board in order of importance is the sympathetic adjustment of railway rates. My Lord, I do not understand the Hon'ble Member to expect upon the present occasion any statement as to the policy which the Railway Board would advocate in these matters, and it would, in fact, have been impossible for the Board, so recently after its constitution, to have already come to any definite conclusion upon these important subjects. I can, however, promise the Hon'ble Member that all questions relating to the development and improvement of the transport facilities of the country will receive the sympathetic attention of the Board.

“My Lord, I may conveniently take this opportunity of referring to the position which will be occupied by the Railway Board. The Resolution published in the *Gazette of India* of the 18th February last makes it clear that the Board is a body outside the Government of India. Legislation has recently been carried out to enable the Government of India to delegate the powers that they possess under the Indian Railways Act of 1890 to the Board, and the greater part of the powers conferred by that Act has, as was explained in the Resolution issued in the Commerce and Industry Department on March 24th, been delegated to the Board. The object of the Government of India has been to create an authority capable of itself dealing finally with the technical aspects of railway administration and to reserve for their own decision only deliberative matters of higher policy. The functions of the Railway Board are of two kinds, *viz.*, administrative and deliberative. Among the former are the construction of new lines by State agency, the carrying out of new works on open lines, the improvement of railway management with regard both to economy and public convenience, the arrangements for through traffic, the settlement of disputes between lines and the control and promotion of the staff on State lines. The deliberative functions include the preparation of the railway programme, the larger questions of railway policy and economy. In the exercise of the latter functions the Board will act as the adviser of the Government, whose conclusions will not be arrived at without the advice of the Board. And it has been provided that opportunity shall be given to the Chairman of the Board of placing the views of that authority personally before the Council when this is necessary. All communications whatever connected with railway administration, whether they deal with technical questions or with matters in which commercial interests are involved, must be addressed to the Railway Board, who will forward with their recommendations to the Government of India those relating to matters reserved for the determination of Government.

“In speaking on the motion that the Bill empowering the Government of India to give to the Railway Boards powers under the Railways Act of 1890 should be passed into law, the Hon'ble Rai Sri Ram Bahadur spoke with appreciation of the arrangements which have been made for the comfort of third class passengers on the Oudh and Rohilkhand Railway, and urged that the Railway Board should take up this question in regard to other railway lines. He has again referred to this question today, and the Hon'ble the Maharaja of Darbhanga has pressed the importance of effecting radical improvements in the treatment of third class passengers. Both these Hon'ble Members have referred to the proceedings of the representative Conference of Indian gentlemen assembled at Lucknow in December 1903, at the invitation of the Oudh and Rohilkhand Railway, to consider what arrangements could be suggested for the comfort and convenience of the third class passenger. The amelioration of the conditions under which the third class passenger travels is regarded as of great importance by the Government of India—who are gratified to learn that the public appreciate the reforms effected by the Oudh and Rohilkhand

[*Mr. Hewett.*]

Railway. The proposals made at the Conference have been discussed with other railways in India and the Railway Board have already taken the question into their consideration.

"The Hon'ble Rai Sri Ram Bahadur has asked that the communication by rail between Allahabad and Lucknow should be made more direct. It was only on January 1st last that these two places were brought into more direct communication than before by the opening of the Allahabad-Fyzabad Railway. The further step of connecting Allahabad with Rai Bareilly, which would shorten the distance by a little less than thirty miles, will probably be taken some time, but there are many more urgent projects before the Government of India, and there is no present intention of undertaking this work.

"Your Excellency, in speaking on the Financial Statement for the current year, referred to the proposal to create an Imperial Customs Service. That proposal has been matured by the Government of India, and is now before the Secretary of State, whose orders in respect of the scheme are awaited. Complaints have been frequently made by those engaged in trade that practices to which they have become accustomed at one Indian port are objected to at another, and that facilities which are accorded without question by one Collector of Customs are withheld by another. What the mercantile community contend is, that there should be certainty in the operations of the Customs Department, and that an article should be subjected to the same treatment whether the place of import is Calcutta or Bombay, Rangoon or Karachi. The Government of India consider this contention to be perfectly reasonable, and trust that the institution of an Imperial Customs service, which will, they hope, not be long delayed, will remove many of the objections which have arisen in the past to the manner in which customs-duties have been levied.

"The Hon'ble Mr. Baker has already intimated that the weight which can be sent by the inland post for the half-anna rate of letter postage is to be raised from one-half to three-quarters of a tola. This change will take effect from April 1st. The Government of India hope that the weight may eventually be raised to one tola; but this change, since it would necessitate a revision also of other rates of postage, would involve a very large amount of expenditure which would not be at present justified in accordance with the principle stated by Mr. Baker. I am able to announce that the insurance fees charged on articles transmitted by the inland and foreign posts will be reduced to half the present rates with effect from 1st July next. The following additional concessions will come into effect at once: firstly, following the practice in Great Britain, the Director-General of the Post Office has been authorised to pay compensation, as a matter of grace and up to a limit of Rs. 25, for the loss or damage to registered inland letters, packets or parcels; secondly, permission has been given to the public to enter written or printed communications on the address side of postcards of private manufacture; thirdly, the prohibition against the use of stamps of embossed envelopes for newspaper wrappers or postcards in payment of postage has been removed. This concession will not, however, extend to stamps cut from registration envelopes, as, for departmental reasons, it is considered necessary that the use of such stamps should be strictly limited to registered articles.

"The Hon'ble Mr. Cable has referred to the question of introducing a unified stamp. This has been long under discussion. There seems to be a general impression that it was abandoned because the Government of India found it difficult to determine how to apportion the receipts from the sale of the unified stamp between themselves and the Provincial Governments. This was not the case at all. The Government of India were perfectly ready to adopt the unified stamp, but insisted that, if postage stamps were to be used for revenue as well as postal purposes, the practice of penmarking postage stamps on letters must be prohibited. Owing to the opposition raised to this proposal in certain business quarters the idea of a unified stamp was abandoned. The Government of India, after considering the matter again, are satisfied that its introduction will be of great convenience to the public, and have accordingly determined to

[Mr. Hewett.]

recommend at once to the Secretary of State that the one-anna and half-anna postage stamps should be made available for use as receipt stamps, and also for all documents chargeable with a one anna stamp under the General Stamp Act. From the date on which this proposal takes effect it will be necessary to enforce the rule that already exists, namely, that stamps on letters must not be pen-marked. Enquiries made some time ago showed that the proportion of letters posted on which the stamps had been pen-marked was comparatively small. It seems more than probable that it has declined considerably in recent years. In any case, the Government of India do not think that the wish of a comparatively small minority, to continue to pen-mark the stamps on their letters, ought any longer to stand in the way of the introduction of a change which cannot fail to be convenient to the public generally.

"I will refer, my Lord, for one moment to the question of the establishment of a mail service between Aden and Karachi in connection with the general Eastern Mail Service. This proposal has been frequently before the Government of India, who are in sympathy with those who would wish to see the service established. The question is entirely one of cost. The Treasury has definitely decided, and the decision is quite reasonable, that any expenditure incurred in the establishment of such a service must be debited to Indian revenues. The Secretary of State has been asked to ascertain the probable cost of a link line either by informal inquiries or by calling for formal tenders. When the matter was previously under consideration the only offer made was for a subsidy which was absolutely prohibitive, and the Government of India are not hopeful that any steamship company will be found ready to carry out the service on terms which they would be justified in accepting.

"The Hon'ble Mr. Cable has inquired whether the Government contemplates any further reduction in telegraph rates. The returns of business of the Telegraph Department show that the revised inland rates introduced from the 1st January 1904 have been much appreciated by the public. The number of private telegrams sent at the unit rate of 4 annas in the calendar year ending 31st December 1904 was 1,697,889, or 31.66 per cent. of the total deferred private traffic. The total number of private deferred telegrams, which in the calendar year 1903 was 3,750,477, rose in 1904 to 5,362,715. The value rose from Rs. 42,28,333 to Rs. 45,49,364. This large increase in the number of private deferred telegrams has been accompanied by an increase of urgent private messages from 255,808 to 305,606, and a decline in ordinary private messages from 1,186,627 to 1,163,985. Including Press and State messages, the number of messages issued by the Telegraph Department was in 1904 7,664,726 compared with 6,049,845 in 1903. The Government of India have at present under their consideration a proposal to place deferred telegrams on the same footing as urgent and ordinary telegrams by allowing ten words for the unit charge of four annas, inclusive of the address, instead of six words in the address and four in the text.

"In March 1902 the cost of telegraphing to Europe was reduced from 4 shillings to 2-6d. a word in the case of ordinary messages, and from 1-4d. to a shilling a word in the case of press messages. Your Excellency referred a year ago to the encouraging results of this experiment. The number of words sent in ordinary messages between India and Europe in 1901, the last complete year in which the old rates were in force, was slightly under 2,200,000. In 1902 (during ten months of which year the new rates were in force) it rose to 2½ million words; in 1903 to over 3 million words, and in the first 10 months of 1904 to 2,700,000, so that we may estimate the total for last year at 3¼ million words. The Government of India are entitled to claim a further reduction to 2 shillings a word so soon as the revenue of the Cis-Indian Joint Purse reaches £352,000 over the average of the previous three years. The latest returns indicate that these figures are being approached, and I trust that the public will not have to wait much longer for the reduction of the cost in the case of ordinary messages to 2 shillings a word, and in the case of press messages to 8d a word.

[*Mr. Hewett ; Sir Denzil Ibbetson.*]

“The Telegraph Department, and specially Mr. Simpson, who was responsible for the success of the experiments, are to be congratulated on Port Blair in the Andamans and Slipper Island having been brought into telegraphic communication with the rest of the world on the 10th of February last by the establishment on that date of wireless telegraphic communication between those two places and Diamond Island, which latter place was already connected by cable with the general telegraphic system of India. Since that date service messages have been daily exchanged between Diamond Island and Port Blair, a distance of a little over 300 miles. It is hoped that with the installation of more powerful instruments within the next three months communication will be secured at all times, and that it will then be possible for this extra service to be thrown open to the public, and that it will prove to be a great benefit to the shipping of the Bay of Bengal and to the Meteorological Department. For the benefit of the shipping of the port of Calcutta and the Meteorological Department arrangements are also being made by the Telegraph Department to connect Saugor Island with two stations, one on the Pilot Brig and the other on the Eastern Channel Lightship, by means of wireless telegraphy.”

The Hon'ble SIR DENZIL IBBETSON said:—“My Lord, before I turn to the main subject upon which I propose to address the Council, I should like to correct a misapprehension under which my Hon'ble friend Mr. Bose is labouring, as regards the appointments to the Public Works Department which are to be made by the Secretary of State. He tells us that, whereas under the rules in force at Cooper's Hill certain appointments were open to Indians, the new appointments are for Europeans only, so that 'an absolute bar' has been created to the entry of Indians into the Imperial service. He has not realised that the appointments to which he refers are in addition to, and not in substitution for, those from Cooper's Hill. The latter will be made as usual, so that the appointments which are open to Indians remain untouched.

“I propose to confine my remarks today in the main to the subject of agriculture—a subject which has of late been very much before the public. It is still not quite three-and-a-half years since the appointment of an Inspector General gave the Imperial Agricultural Department for the first time an expert head, and placed us in a position to enlarge the scope of our own operations, and to co-ordinate the useful work which was being done on independent lines in various provinces; and already we have found it necessary to apply to the Secretary of State for a trained agriculturist to act as his Assistant. When Mr. Mollison was appointed, our Imperial staff consisted of an Agricultural Chemist, and a Cryptogamic Botanist of a few months' standing. It now includes six experts highly qualified in various branches of science as applied to agriculture, while a seventh has been sanctioned, but not yet appointed. At that time a trained Deputy Director of Agriculture was to be found only in Madras, Bombay, and the United Provinces; while the Economic Botanist in Madras was the only provincial representative of the more specialised branches of the subject. Since then expert Deputy Directors have been sanctioned for Bengal and the Punjab, and we are asking for one for the Central Provinces; the United Provinces now have an Economic Botanist of their own, and Bombay a Professor of Botany; while a Professor of Agriculture and an Agricultural Chemist have been sanctioned for the Poona College, and a similar strengthening of the staff of the Madras College at Saidapet is under consideration. Thus within the 3½ years of which I have spoken, our staff of 6 has expanded to 20 appointments, of which 6 have yet to be filled, since it takes time to secure the services of competent men, even in England.

“In 1903 I sketched the scheme of an Institute of Agricultural Experiment, Education, and Research which was to be started at Pusa. The scheme was at that time very much in the rough, and had still to be worked out in detail and to be submitted for the Secretary of State's approval. Since then his sanction has been received, the Pusa property has been taken over from the Bengal Government, the arable land, which had been under grass for some time, has been got into order, and experimental cultivation has already begun. Estimates

[*Sir Denzil Ibbetson.*]

for buildings amounting to 16½ lakhs have been prepared, good progress has been made with the residences for the staff, and next autumn the experimental and research work of the Imperial experts will be transferred to Pusa. Work has been begun upon the main building, which is to be called the Phipps' Laboratory, and is to cost 7½ lakhs when complete (including the 3 lakhs provided by Mr. Phipps' munificence), and of which His Excellency the Viceroy has kindly consented to lay the foundation stone next Saturday. It is hoped that the building will be complete, and the whole institution in full working order, within two years from now. The superior staff has, with one exception, already been appointed and, pending the completion of the College, is employed upon experimental and research work; while it is at the same time training three out of the six Indian gentlemen who are to act as Assistant Professors when educational work is started. Of these, the Assistant Biological Botanist is to be sent to England and Ceylon to complete his special preparation for his duties.

"Following the precedent of the Board of Scientific Advice which was constituted some three and a half years ago, with the object of co-ordinating the operations of our various scientific departments and securing from their investigations the maximum of practical benefit, and from the institution of which we have already derived much advantage, we have constituted an Advisory Board of Agriculture, upon which all branches of the subject are represented both by Imperial and by Provincial officers. It held its first meeting at Pusa a few weeks ago, and a summary of its proceedings and recommendations has already appeared in the papers. I have no doubt that we shall derive as much benefit, and of a similar nature, from the advice of this body, as we derive from that of the Board of Scientific Advice. And apart from this, the mere meeting together at regular intervals of experts employed upon the various branches of this great subject in different parts of this great country, must do real good by promoting the interchange of experience and ideas, and by stimulating that scientific enthusiasm which lies at the root of the best work.

"Recent events have directed special attention, both here and at home, to the improvement of Indian cotton. The problem is not a new one, as it has occupied the Government of India from time to time since early in the last century. The latest special attempt to solve it was made during the cotton famine which followed upon the American Civil War; like previous efforts, it was directed mainly to the introduction of exotic varieties and was founded upon no basis of scientific knowledge; and like them, it failed to effect any general or lasting improvement. But it was useful as proving beyond doubt that the problem had not been attacked from the right direction, that for the most part foreign cottons are unsuited to and undergo rapid deterioration under Indian conditions, that we cannot hope to compete with the products of America and Egypt, simply by importing seed from those countries and distributing it broadcast among our cultivators, and that our best hope of success lies in the improvement of the indigenous types upon lines indicated by modern science. It is accordingly in this direction that the Agricultural departments are chiefly working to-day. When the Inspector General of Agriculture was first appointed, he was desired to devote his special attention to cotton, which, notwithstanding the shortness of the Indian staple, is still one of the most valuable and important of our crops, since it is grown on an average area of some 10 million acres, and occupies the first place in our export trade. Mr. Mollison had been impressed by the good results obtained in the United States by plant-selection and cross-breeding, and he initiated experiments on similar lines. These experiments have till recently been concentrated in the Bombay Presidency, which is our chief cotton-growing province, but they are now being extended to other tracts as the skilled agency which is required for them becomes available. Attention has also been directed to the acclimatisation of exotics in the North-West of India, and especially in Sind, where there is still a possibility that under favourable conditions of soil and climate, and with the help of cheap irrigation, some of the foreign varieties may be adapted to Indian environments. Meanwhile,

[*Sir Denzil Ibbetson.*]

we are taking stock of the plants with which we have to deal; and a botanical survey of Indian cottons was started some years ago and is in active progress, which will serve as the scientific basis on which practical experiment must rest. It will be seen that we are still in the region of investigation and enquiry, and that much patient work must be achieved before definite results can be hoped for; for, as I remarked two years ago in connection with jute, a plant will only consent to ripen once a year, and will not allow itself to be hurried. But I believe that we are working on the right lines; our experiments already hold out promise of success; and I confidently look for good results.

"We have heard a great deal lately about the 'deterioration' of the Indian staple, and there is little doubt that in some parts of the country genuine deterioration has taken place, which has been due in the main to the indifference of the Indian cultivator in the matter of seed, to his neglect to keep the local varieties separate, and above all, to the substitution of machine for hand ginning, which has very greatly increased the difficulty, both of separating varieties and of selecting seed. But it must be remembered that deterioration from the point of view of the Lancashire manufacturer is by no means necessarily deterioration from the point of view of the Indian cultivator. The former demands a long staple, while the latter desires a paying crop. And much of the so-called deterioration, of which we hear complaints, is due to the deliberate substitution by our cultivators of shorter and coarser for longer and finer stapled cotton; since the former plant is more hardy than the latter, and less liable to injury from drought or excessive rain or insects, it can be planted later, so that a late monsoon can be awaited, it ripens earlier, so that nothing is to be feared from frost, and if the produce fetches a lower price per pound, the yield is so much larger as to more than make up the difference, while markets close at hand are ready to absorb the whole production.

"The fact is, that the problem is largely a commercial one. If we can produce a cotton which will pay our husbandmen better than the one they now grow, they will adopt it fast enough; and if the new produce is at the same time better suited to industrial needs than the present one, so much the better for every body. But the prices upon which the comparison is based must be average ones, which can be depended upon with some certainty from one year to another; and we should, in my opinion, incur a grave responsibility if we applied an artificial stimulus to the cultivation of long stapled cotton, on the basis of prices which are possibly, if not probably, purely accidental; for we may be very sure that Lancashire will buy no cotton from us that she can get cheaper elsewhere.

"And it is because the problem is so largely a commercial one, that I so cordially welcome the association of commercial men with us in our endeavours after improvement. At the instance of the British Cotton Growing Association we have contributed a moiety of the expenditure, subject to a maximum of £3,000, upon the experimental work which has been undertaken by a Calcutta Syndicate. I need hardly say that all the expert knowledge and experience which are at our command have been placed at the disposal of the Syndicate. But to my mind, the most promising feature of the undertaking is, that the purely experimental stage once completed, the work is to be conducted on a commercial scale, under commercial guidance, and with a strictly commercial object.

"Meanwhile, we have endeavoured to do something to assist and encourage the cultivator to make use of selected seed. As I have said already, the establishment of improved varieties must be a work of time; and when they have been established, it will be necessary to start seed farms on a considerable scale to act as distributing centres. But without waiting for that, we have endeavoured to effect some improvement on less ideal but less dilatory lines. Taking the local cotton crops as they stand, the Local Governments are collecting the produce of selected fields or plants, having it ginned separately, and distributing the seed to careful farmers on easy terms. It is impossible that improvement should not result from this process, if steadily applied to successive generations of plants, since even if the local variety is a poor one, its best seed

[*Sir Denzil Ibbetson.*]

will still give better results than its worst ; and we have, in the past year, devoted Rs. 25,000 to the purpose, while Local Governments have expended a similar amount from their own resources.

“Such, my Lord, is a brief sketch of the advance which we have made in the development of our Agricultural Department during the past three years. In 1902-03 the total net expenditure upon the Department was 9½ lakhs. The revised estimates for the past year show a corresponding figure of 14½ lakhs, which represents an increase of 52 per cent. ; while the budget estimates for the coming year provide for expenditure amounting to 18 lakhs, or very nearly double that of 1902-03. That is independent of buildings, upon which 1¼ lakhs have been expended this year, and 3 lakhs provided for next year. So again in the Civil Veterinary Department. In 1902-03 we still had sole charge of horse-breeding, so that the figures are not comparable. But the revised estimates for 1904-05 amount to over 11 lakhs, while provision has been made in the present budget for an expenditure of over 14½ lakhs, representing an increase of 32 per cent.

“That is the normal ordinary growth of the expenditure ; and if measured by percentages of increase, it cannot, I think, be regarded as otherwise than satisfactory. But we have been repeatedly told of late by the Press, both English and Indian, by Hon'ble Members of this Council, and by the authorised representatives of commercial interests, that the amount of this expenditure is wholly inadequate if measured by the importance of the subject to which it is devoted ; and for my own part, I have always been entirely of the same opinion. I have explained, however, more than once, and last year in some detail, in answer to the Hon'ble Mr. Hamilton, why it is impossible, and why if possible it would be unwise, to attempt too sudden an advance ; our main difficulty being the deficiency of trained agents, and the absence of the means of training them. These two needs, it is hoped that the Institute at Pusa will help us to supply. But if the initial difficulties which confront us make any attempt to emulate (for instance) the example of America, which has been repeatedly held up to us for imitation, inadvisable until we have a larger qualified agency at our disposal, they need not prevent us from progressing upon more modest lines, in such manner and to such an extent as our existing means, both financial and professional, may appear to justify ; and accordingly, in addition to the normal growth of expenditure to which I have just referred, a special grant of 20 lakhs for the further development of agricultural experiment, instruction, and research, has been provided in the present Budget, with the hearty approval of both the past and the present Financial Member.

“At present the money appears under the head of Imperial expenditure, because until we have ascertained from each Local Government what it considers to be its most immediate needs, and how it proposes to supply them, it is impossible to make a satisfactory allotment among the various provinces. We are consulting them upon the subject, and we are sending for their consideration suggestions drawn up by the Officiating Inspector General of Agriculture, and indicating the general direction which, in his opinion, development may most advantageously follow during the next few years. These suggestions, if adopted in their entirety, would cost considerably more than is at present available, and would in any case take several years to carry into complete effect ; and the various proposals which they embody will naturally commend themselves to different Local Governments in varying degrees, and in different orders of urgency and importance. But we believe that the general proposals are on sound lines, and that they probably represent as great an advance as can wisely be attempted for some years to come.

“I will briefly indicate their nature. I do so with the more confidence, because there really seems to be very little difference of opinion about what is first to be done. We have been favoured with a great deal of advice lately in the public Press ; and really, when reading some of the articles, I have

[*Sir Denzil Ibbetson.*]

almost wondered whether I had not written them myself, or whether they had not been compiled from notes already on record in my office.

“Last year, when addressing this Council, I said—‘What we want in India, and what I hope we shall never be satisfied until we get, is an experimental farm for each considerable area of which the agricultural conditions are distinctive, supplemented by demonstration farms in every district.’ Mr. Sly’s first suggestion, which would constitute an important step towards this ideal, contemplates 19 additional experimental farms of from three to five hundred acres each, so as to allow of seed production and distribution on a considerable scale, in addition to experimental and demonstration work. Six of these would be in cotton tracts, and three would be exclusively cotton farms, in charge of special experts. To these he would add, for the present, 100 demonstration farms of from 10 to 50 acres each, in charge of agricultural assistants, and with an inspector for each group of ten. Our second great need is to still further strengthen our expert staff, both Imperial and Provincial; for our present experts complain that their time is so fully occupied by miscellaneous references—all of them important in their way—that they find it impossible to settle down to the attack of really big problems. Mr. Sly, therefore, would strengthen the Imperial staff of experts by the appointment of five Agricultural Entomologists to deal with the groups of insects which are most important from the cultivator’s point of view, of six experts specially acquainted with the scientific aspects of the cultivation or production of wheat, rice, cotton, sugar, tobacco, and silk respectively—indigo, jute, and tea being already the subjects of scientific enquiry, either wholly or partly at Government expense—and of five assistants and understudies to the Agricultural Chemist, the Economic Botanist, the Agriculturist, the general Entomologist, and the Mycologist—in all an addition of sixteen appointments to the existing staff. He would also give each province of importance a trained Agriculturist, an Agricultural Chemist, an Economic Botanist (with an Assistant in Bombay and Madras), a Mycologist, and an Entomologist of its own; a proposal which would entail 33 new appointments. I am afraid, *pace* the Hon’ble Mr. Gokhale, that we shall have to go outside India for most of our men; for I doubt whether India will be able to supply us with them. That we would willingly avoid this necessity, if we could do so without the sacrifice of efficiency, is shown by the fact that we are already training Indian Assistant Professors, instead of importing them ready-made from England; and I hope that the high education which we propose to establish at Pusa will in future enable us to maintain our establishment from local sources. But if that hope is to be fulfilled, we must start with a staff of the very highest efficiency. Our third great need is educational. Mr. Sly proposes to raise the Cawnpore and Nagpur Schools to the status of Colleges, to strengthen the staff of the Saidapet College in Madras, and to found new Agricultural Colleges in the Punjab and Bengal. Finally, he suggests a reform to which I personally attach the very greatest importance; and I am glad to find that I have the Hon’ble Rai Bahadur Sri Ram with me in the matter. It has become apparent for some time past that, at any rate in the larger provinces, the combined duties of the Directors of Land Records and Agriculture have grown into a burden heavier than one man can fairly be asked to support; and if the scope of operations is to be enlarged on the very considerable scale which is now contemplated, it will become simply impossible for a single man to do justice to both subjects. Mr. Sly proposes, therefore, to appoint a separate Director of Agriculture in each of the larger provinces, on such arrangements as regards pay as shall secure the continuous services of a picked man for a considerable term of years.

“Nor, let me assure the Hon’ble Mr. Hare, have the cattle which form the main implements of husbandry been overlooked, for we have throughout construed ‘agricultural’ so as to include ‘veterinary’ progress, and the Civil Veterinary Department is intended to share in the 20-lakh grant. A memorandum, similar to that prepared by Mr. Sly, has been drawn up by the Inspector General of that Department, and will be forwarded to Local Governments. Our first need is to increase the number of Veterinary Assistants in charge of dispensaries, whether fixed or itinerating, who form the machinery by which the benefits of

[*Sir Denis Ibbetson.*]

Veterinary science are brought to the door of the cultivator, and of the Veterinary Inspectors who superintend their work. Colonel Morgan suggests for the present an addition of 600 to the former and of 60 to the latter—a small enough number in view of the magnitude of the field of operations. But these men cannot be created ready made, and will have to be trained, a process which takes time. They will be employes of local bodies; for their chief concern will be with the cattle of the people, and I regard it as essential, if the best work is to be got out of them, that they should be subordinate, not to Government, but to the local representatives. The resources of District Boards throughout the country are being largely supplemented; and Local Governments can make them further allotments, if necessary, from their shares of the 20-lakh grant. To provide for this increase of establishment, and for its still further expansion, which I hope will continue until every tahsil in India has at the very least one fixed and one travelling dispensary, it is necessary to strengthen and enlarge our educational establishments at Lahore, Bombay, Calcutta, Madras, and Rangoon; and this forms the subject of Colonel Morgan's second set of suggestions. He further proposes to increase our present cadre of provincial superintendents by four, so as to provide for the due supervision of the increased establishment. And he desires to strengthen our expert staff, with special regard to that bacteriological research which has become of such great importance in the prevention and treatment of disease, and the urgency of which has been strongly pressed upon us by the Committee of the Royal Society who are good enough to advise us upon these matters. He also proposes to devote special attention to the diseases of the camel—an animal which still plays a considerable part in the land traffic of India, and which is of great importance to us from a military point of view. Finally, he urges Local Governments to endeavour, by the creation of breeding farms for the supply of bulls, to improve the indigenous breeds of cattle, by substituting for the present promiscuous and haphazard methods, a system of careful crossing and selection.

“As I have already said, the programme which I have thus briefly sketched is an extensive one, and can only be worked up to gradually; while the particular lines of advance which will first be followed in the several provinces must depend largely upon local circumstances. But I hope that those of our critics whose object is assistance, and not mere fault-finding, will find themselves in general agreement with our proposals, and that they will accept our action as justifying the assurance which I gave them last year, that we were no less strongly impressed than they themselves could be, with the vital importance of the subject. I have, I fear, occupied the attention of the Council for some considerable time. But I think that they will forgive me in view of the magnitude of the interests involved, and of the extent to which public attention has lately been directed to them.

“There is one small point upon which I should like to say a few words; and I do so, not because the matter itself is of any real importance, but because the explanation which I wish to offer has a bearing which extends far beyond the particular case to which it refers. When the Board of Agriculture which recently met at Pusa began its discussions, I found that it was proposed to communicate a somewhat full abstract of the daily proceedings to the public Press; and I immediately took measures to prevent this. It has been said—indeed I have myself been told—that the reason of my action was that the policy of a Local Government was criticised with considerable freedom during the first day's discussion, and that I wished to prevent the publication of such criticism. Nothing was further from my mind. I had heard nothing of the criticisms in question; indeed I do not even now know what they were; and my object in acting as I did was to promote, rather than to stifle, freedom of criticism. My desire was that the experts who were assembled with the express purpose of advising us, should feel at liberty to criticise our orders and action with the utmost possible freedom, and should tell us without hesitation

[*Sir Denzil Ibbetson ; Sir Arundel Arundel.*]

where they thought we had gone wrong, and what they thought we ought to do. Now, I am happy to say that Government servants in India are imbued with a strong feeling of loyalty and of official propriety. And I felt, and still feel, that if these officers had known that what they said round the table today was to appear to-morrow in the morning papers, they would have been materially hampered in the free expression of their views. That result I desired to avoid.

"The principle upon which I acted has a very wide application. One of the peculiarities of our Indian system is, that almost every proposal of substantial importance is submitted, before a decision is arrived at, for the opinion of the great body of officers who are engaged in the practical work of administration in the districts, and upon whom will ultimately fall the duty of giving practical effect to our conclusions. The practice is no doubt a dilatory one; but to my mind it possesses advantages which far outweigh any delay that may result from it, since it keeps the Administration in close touch with the Executive, and ensures that general propositions shall be examined with special regard to their adaptability to the detailed machinery of Government. To secure the full benefit of the system, it is essential that officers, when advising the Government which they serve, should feel that they are consulted *quasi*-confidentially, and that they are not only at liberty, but are desired to express their opinions in the freest possible manner, and to support them by arguments and instances without reserve. But this they will never do if experience shows them that letters written by them for the information of Government, and without a view to publication, are liable to be published without their consent a few months or years later. And that is why I think that it is seldom desirable to publish such letters, at any rate on subjects not purely technical. Moreover, it is essential that one general rule should apply in the matter; since if one set of papers is published, while the publication of another is refused, conclusions are immediately drawn as to the nature of the latter which may be wholly unwarranted by the facts."

The Hon'ble SIR ARUNDEL ARUNDEL said:—"My Lord, there are two subjects on which I should like to make a few observations. While appreciating the interesting character of my Hon'ble friend Mr. Gokhale's speech, I must express entire dissent from his view that the land-revenue can be regarded as a tax on the land in the same way as the taxes on land in the United Kingdom and in the other countries he refers to. The land-revenue, as the Hon'ble Member will, I hope, admit, is the money equivalent, converted at a favourable rate to the raiyat, of the share of the produce to which the State as landlord or overlord, as the case may be, is entitled. What would the landlords of India say, to whom the State has relinquished the whole or a part of its rights, if they were called on to forego the income they derive from their share of the produce? And would the Hon'ble Member apply his theory to the Native States of India and reduce the Chiefs to poverty, and their Administrations to impotence?"

"The Hon'ble Rai Sri Ram Bahadur has commented on the small number of Indians employed in certain Departments of the public service as compared with the number of Europeans and Eurasians, and the Hon'ble Mr. Gokhale has discussed the Resolution of May 24th, 1904, on this subject. But in drawing these comparisons it must be remembered that almost all Eurasians and some persons of pure European descent are statutory natives of India and have no other nationality, and are legally entitled to be included in the category of Natives of India equally with Hindus, Mahomedans, Parsees and Burmans.

"Of the Departments mentioned by the Hon'ble Rai Sri Ram Bahadur the only one with which I have to do is the Police, but I may remark *en passant* that the *Opium and Salt Departments* have drawbacks through exposure, solitude and difficulties about food which affect the European and the statutory natives less than others. The majority of the *Customs* appointments are connected with the Preventive Service and respectable natives of caste and position do not care to

[*Sir Arundel Arundel ; Major-General Sir Edmond Elles.*]

board steamers and to be brought into contact with, seafaring men. They are eligible for Appraiserships and some of these posts are held in Bombay by Parsees, but no Bengalee has yet, I am informed, been found conversant with the business.

"In the *Mint* the Europeans are chiefly foremen and mechanics trained in England and qualified natives are as yet wanting.

"In the Government of India Resolution of 24th May 1904, which examined the question of the proportionate employment of Europeans and Eurasians as compared with natives of India, two principles were laid down. The first is accepted by the Hon'ble Member, and his expression of it, which is wider than that of the Resolution, is that the Europeans 'should guide and control the affairs of the country;' this being in his opinion 'essentially necessary for its good government.' The second principle is, in the words of the Resolution, that the Government shall, outside the *corps d'élite*, as far as possible and as the improving standards of education and morals permit, employ the inhabitants of the country, both because its general policy is to restrict rather than to extend European agency, and because it is desirable to enlist the best Native intelligence and character in the service of the State.

"Now, it so happens that as regards the Police, the only department named by the Hon'ble Member with which I have to do, the Resolution published last Tuesday gives a good illustration of a practical application of this second principle. In carrying out the reorganization of the Police it is intended to appoint 219 Deputy Superintendents whose duties and departmental status will be the same as those of Assistant Superintendents and the salaries will rise from Rs 250 in 4 grades to Rs 500. These 219 posts are intended to be filled by natives of India, and, subject to approved fitness, selection from among them will be permitted for the post of District Superintendent. I hope that these arrangements, though adversely commented on by the Hon'ble the Maharaja of Darbhanga, will be welcomed by the Hon'ble Members whose criticisms I have referred to."

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES said:—"My Lord, I propose to make a short explanatory statement regarding the Reorganisation and Redistribution scheme framed by the Commander-in-Chief, the details of which are now under the consideration of Government. The main lines of that scheme have been given by the Hon'ble Mr. Baker in his note; they are—

- (1) the formation of nine peace divisions (excluding Burma) which each furnish a war division on mobilisation as well as the troops for internal defence;
- (2) the regrouping of the troops so as to bring them nearer the North-Western Frontier;
- (3) the increase of the Field Army from four divisions and some extra troops numbering 81,000 to nine divisions numbering 139,000, excluding Imperial Service Troops in both cases;
- (4) the provision of mobilisation equipment, including transport, for part of the existing Field Army and the extra divisions of the Field Army and stores and equipment for their maintenance in the field.

"In regard to the main features of the scheme I may say that Local Governments and the chief political officers were consulted last year and with trifling exceptions accepted them, including the contemplated use of the reorganised police force to aid in the maintenance of internal order.

"It will be readily understood that the great increase in the Field Army will entail a large outlay if it is to be kept ready for mobilisation, but apart from this there are several measures the cost of which are included in the general expenditure of 15 crores contemplated but which are not really an essential feature of the scheme and would have had to be taken up apart from it.

[Major-General Sir Edmond Elles.]

"The main item of expense of this class is the rearmament of the Field Artillery with quick-firing guns entailing a total cost of $2\frac{1}{2}$ crores. This seems a very large amount, but the cost is swollen owing to each gun now requiring three wagons instead of one, due to increased expenditure of ammunition with quick-firing guns. The next heavy item is the increase necessary to our reserves of field gun and small arm ammunition due to the experience gained of the enormous expenditure of both natures in the present Russo-Japanese war. There is further the necessity for providing for the heavy replenishment of ammunition in the field by manufacture at a rate not hitherto contemplated, and we have consequently decided to extend the Cossipore Shell Factory to meet the demand for gun ammunition during war. The third heavy item of expenditure is due to the necessity for increasing the number of horses with our field artillery owing to the increase of wagons and also to the provision of larger ammunition columns. These three items hang together and would be necessary apart from the Commander-in-Chief's scheme proper. The next large item will be the maintenance of an increased number of transport corps and a larger reserve of remounts due to the increase of the field army. The fifth item will be a considerable increase to the number of officers in the Indian Army which cannot now furnish sufficient regimental officers to allow for the inevitable wastage under the modern conditions of warfare.

"There remains the Building programme due to the necessity for redistributing the Army. The present distribution is practically based on the outcome of the Mutiny and is unsuited to existing conditions and the increased facilities of railway communication; the necessity for the measure has long been felt, but from various causes—mainly financial—it has been recognised that the time was not propitious.

"Apart from the above causes it has become desirable to bring up more native troops from Southern and Western India towards the Punjab, because in many cases the local regiments have been reconstituted from Northern races and it is both politic for recruiting and also economical to quarter regiments nearer their homes. Government fully recognise that it is unwise to show undue haste in pushing on the programme, in fact it is still being worked out by the Commander-in-Chief as there are many questions to be examined. It will receive the fullest consideration of the Government of India before acceptance in view to obtaining the desired result at the smallest cost. Finally there are some minor additions to the Army, such as mounted infantry battalions, mountain batteries, railway companies, *et cetera*, involving recurring expenditure, but no final decision (except for an increase of one Railway Company) has yet been come to in regard to them. In any case their formation would be postponed to the last year of the scheme to minimise the expense.

"It will be understood that in questions affecting mobilisation the military authorities are unwilling to publish more details than is absolutely necessary, and the Members of this Council will not, I am sure, press us for information which it would be undesirable to give.

"In regard to the general financing of the scheme the Government of India are convinced of the necessity for increasing the Field Army and have the full approval of His Majesty's Government. Government consider themselves most fortunate in being able to finance the scheme without pressing on the tax-payer owing to the great prosperity of this year and the good prospects for next year. Suggestions have been made that the scheme should be financed by a loan. So long as the revenues of the country are sufficient not merely to bear the heavy administrative charges that have been placed upon them, but also to admit of two great reductions of taxation in two years, it does not seem unreasonable that we should pay with the means that we possess instead of saddling future generations who will doubtless have calls and burdens of their own.

"I would acknowledge the moderation of the Hon'ble Sri Ram's remarks, but I must take exception to the remark that military expenditure has a disturbing influence on the finances. I cannot see how the Hon'ble Member's

[Major-General Sir Edmond Elles; the Lieutenant-Governor; Mr. Baker.]

contention can be maintained when it has been met from revenue accompanied by reduction of taxation. The Hon'ble Mr. Gokhale has made his usual and sweeping denunciation of the increase in military expenditure and has pressed the question of enforcing Imperial responsibility for the cost of our measures. This is a task which I am afraid is beyond our power, and the Hon'ble Mr. Gokhale must try and have it fought out on the floor of the House of Commons, but I am afraid it will be hard to convince the British tax-payer that he should pay."

His Honour THE LIEUTENANT-GOVERNOR said :—" My Lord, I do not consider it necessary for me ordinarily to occupy the time of this Council by taking any considerable part in this Budget discussion; and I have therefore only two remarks to make. In the first place, I desire to congratulate my Hon'ble friend Mr. Baker on the Budget itself, on the manner in which his Financial Statement has been made, and on the favourable reception which it has met with from the Council and from the country generally.

"In the second place, I think that it might seem ungracious in me, were I altogether to omit to give expression to the thanks which the Government of Bengal owes to Your Excellency's Government for the careful and sympathetic consideration which has been given to the needs of this province, as indicated in some of the provisions of the Budget. We gratefully acknowledge the substantial assistance given to District and Local Boards; the promised help for agricultural improvement and the co-operation in respect of protective irrigation; the sorely needed grant for primary education, which is in some respects more backward in Bengal than anywhere; and the liberal allotment towards the inauguration of the important police reforms which have been decided to be necessary.

"I think that there must perhaps necessarily be some difficulty in getting the Government of India to appreciate local needs and that Your Excellency's Government has been more ready to recognize the needs of Bengal than some of your predecessors. It is therefore with no envious eye that I see a similar appreciation of special local needs in the settlements which have been concluded with the Governments of Bombay and the Punjab, on which I venture to congratulate Your Excellency's Government".

The Hon'ble MR. BAKER said :—" Before replying to the remarks of Hon'ble Members, I should like to express the acknowledgments of the Government of India for the congratulations which have been addressed to us in regard to the Budget. Personally, I have no claim whatever to share in those compliments, for the state of our finances, which rendered the Budget possible, had been assured long before I assumed charge of my office from my predecessor. Indeed, if credit is due to any one person for what it has been possible to do on this occasion, that person is, I think, Sir David Barbour, whose courageous and far-sighted measures of twelve years ago sowed the seed of which we are now reaping the fruits.

"I do not propose to follow each individual speaker through the details of his address. Some of the subjects discussed do not fall within my province to deal with. Others are not of sufficient importance to call for individual reply.

"But there are three features which stand prominently out from the discussion as a whole.

"Firstly, there is a general expression of approval of the measures which we have decided to adopt both for the remission of taxation and for the improvement of the civil administration.

"Secondly, we are invited to incur large additional sacrifices of revenue in order further to lighten the burden of taxation on the land.

"Lastly, vigorous dissatisfaction has been evinced at the growth of the military charges and of the decision that the whole cost of the Tibet Mission should be debited to India; and the opinion has been expressed that, if these charges are unavoidable, the United Kingdom should be called upon to contribute towards them.

[Mr. Baker.]

"I shall make some remarks upon each of these matters and shall then offer a few observations on certain other points that have been raised by some of the Hon'ble Members.

"Turning then to the first of the three points which emerge from the observations of Hon'ble Members, it is a source of gratification to us to find that the fiscal measures which we have decided to adopt, both in respect of the remission of taxation and increase of civil expenditure, have been so favourably received. In particular, it is satisfactory to find that general approval is expressed of the further reduction of eight annas in the salt-tax. I take note of Mr. Cable's doubt whether the remission of duty has really reached the retail consumer, and whether it is not in fact a sacrifice of revenue which benefits no one except the middleman. I have heard similar doubts expressed in other quarters. One gentleman, who is in a good position to form an opinion, has gone so far as to suggest that if the Government of India were to abolish all taxation on salt and to withdraw from all interference whatever with the trade, the average retail consumer might actually have to pay more for his salt than he does now. It is true that in the United Kingdom, where salt is untaxed, the retail price for small quantities is often a penny a pound, equivalent to Rs. 5 a maund, and that this rate exceeds anything ordinarily found in India, even in Assam. But it seems to me unprofitable to discuss hazy conjectures of this kind which there is not the remotest likelihood of realizing. Last year, we made certain enquiries in order to ascertain what had been the actual effect on prices of the reduction of duty made two years ago. The result of these was stated by Sir Edward Law in paragraph 41 of the Financial Statement. This year we have made similar enquiries, but I cannot say that they carry us much further. I fear that the attempt to prove a reduction of price by direct evidence must be given up. But we can arrive at the desired end in another way. After all, prices are only important as an index of consumption; and we have full and complete figures for the latter. I have taken out the figures of issues of salt in India, excluding Burma, for each year since 1882, when the duty was made uniform throughout India. I have arranged these in groups of three periods. The first of these extends from 1882 to 1888, during which the duty was Rs. 2 a maund. The average increase in consumption during these six years was 668,000 maunds a year. The second period extends from 1889 to 1903, during which the duty was Rs. 2-8 a maund: and the average rate of increase fell to 272,000 maunds a year. The third and last period includes only the two years 1903-1904 and 1904-1905 following the reduction of the duty, and during these years the average increase has risen to 1,270,000 maunds a year. The rise was greater in the latter than in the former year.

"Now, I readily admit that a term of two years is not sufficiently long to enable us to draw any very positive conclusions. But when we find that an increase of duty in 1888 was followed by a substantial reduction in growth of consumption, and that an equal remission of duty in 1903 has, so far, been followed for two years in succession by a very large increase, I think we are justified in regarding it as at least presumptive evidence of a connection between duty and consumption. I recognize the justice of Mr. Cable's suggestion that the increase of consumption may in part be due to the same cause as that which has enabled us to reduce the duty, *viz.*, the general prosperity of the country. But I am disposed to think that the difference in the rates of growth is too great to be fairly explained in this way. If the rate of development should now be found to continue for a further series of years, I think we shall be on sure ground in holding that the reduction of duty has really penetrated to the mass of the population. In any event the reduction in duty which is being made now cannot fail to make the reduction of 1903 more effective.

"While on this subject, I should like to observe that I do not share the view that the salt-tax, even when levied at a higher rate than at present, presses with appreciable severity on the people. A fall in retail price may perhaps result in more salt being supplied to cattle, and if that is the case it is undoubtedly beneficial. But so far as the people themselves are concerned, I am disposed to think that increased issues of salt merely mean increase of waste.

[*Mr. Baker.*]

There is a well-known story of a great manufacturer of mustard, who is reported to have said that he made his money, not from the mustard which people ate, but from that which they left on their plates. Similarly with salt, a cheapening of price will probably mean, not that people will actually eat more, but that they will be less thrifty and careful with that which they buy. The feature which specially commends itself to me in the reduction of the duty is the large and valuable financial reserve which it lays by for a lean year. That reserve is now about $3\frac{1}{2}$ crores a year, and will be of the greatest value in the event of an emergency.

"I now turn to the measures which various Hon'ble Members have commended to our notice with the object of relieving the agriculturist. These are three in number.

"In the first place, the Hon'ble Rai Sri Ram has put in a plea for a reduction or abolition of some of the local rates and cesses imposed on the land. The Talukdars of Oudh apparently share his views in this respect. I do not propose to discuss any questions as to the incidence of these cesses, whether absolute or relative. This was fully considered in the Resolution of the 16th January 1902, where it was shown that the only Provinces where the incidence exceeded 10 per cent on rental (or raiyatwari revenue) were Sind ($12\frac{1}{2}$), Madras ($10\frac{3}{4}$), and Coorg ($13\frac{1}{2}$). But I shall, I think, be able to show that after all they offer a much more limited field for the shears of remission than is commonly supposed.

"I have had a statement prepared showing the whole of the local rates raised from the land in the various principal provinces, according to the Revised Estimate of 1904-05, and the proportions in which the aggregate amount is divided between District Boards and Local Governments. The whole sum amounts to 4,24 lakhs of rupees.

"From this, however, we must deduct 32 lakhs, which represents the rural Police-rate levied in Agra and Oudh. These are the only provinces in which the village-watch is paid by a cess of this nature, and for purposes of comparison it must be eliminated. This leaves a sum of 3,92 lakhs. Of this, 2,31 lakhs goes to the District and Local Boards throughout India, and forms the backbone of their income. Now it is absolutely certain that there is no room for reduction here. On the contrary, it is well established that the resources of the Boards require to be strengthened if they are to discharge their duties efficiently, and our proposal to grant them a subvention from general revenues has been received with general approval today. Excluding this item there remains a sum of 1,61 lakhs, of which 75 lakhs are an asset of Provincial revenues, and 86 lakhs represent the proceeds of the cesses levied for village-officers, patwaris, and the like. Of the former sum we have already announced the remission of the famine-cesses in Northern India amounting to 23 lakhs. The remaining 52 lakhs represents the Public Works Cess which is levied in Bengal. Now it is well known that in consequence of the permanent settlement, the land in Bengal pays very much less proportionately than in any other part of India, and no question of reducing the rate could be contemplated without injustice to other provinces. I am a Bengal officer myself, and yield to no one in my sympathy for and loyalty towards my own province. But I cannot honestly admit it has any claim whatever to a reduction of its burdens on the land. The only item that remains is the 86 lakhs levied on account of patwaris and village-officers. I will not now refer to the history of the patwari-cess in the United Provinces, though that throws grave doubt on the reality of the benefits to be derived by the cultivating classes from the abolition of the cess. But even if, for the sake of argument, it be admitted that it would be an ideal system to impose no local rates at all on the land except those levied by or for the local authorities—and this is a very large assumption indeed—yet it is manifest that such a measure, when carried out to its fullest extent, would only carry relief to the extent of 86 lakhs a year divided among a population of 81 millions, or about one anna and eight pies a head.

"To carry this out on the present occasion, we should have had either to restrict the reduction of the salt-tax to 4 annas a maund, or to withhold the

[Mr Baker.]

subvention of 56 lakhs a year to the District Boards and the grant of 35 lakhs for primary education. When it is further remembered that it is extremely doubtful how far the remission would reach the cultivating classes at all, I think it cannot reasonably be doubted that our choice was the better one.

"The second suggestion emanates from the Hon'ble Mr. Bose, who has asked that on some future occasion some relief may be accorded to the agricultural classes by reducing the maximum limit of assessment to land-revenue.

"The request is put forward with characteristic fairness and moderation, and I think there is nothing in what Mr. Bose has urged that is inconsistent with the policy laid down three years ago in the great Resolution of the 16th January 1902, which is the *locus classicus* of the Government of India in respect of the land-revenue administration. It was there demonstrated that progressive moderation is the keynote of the policy of Government, and that is really all that the Hon'ble Member virtually asks.

"The Resolution on assessments will very shortly be supplemented by orders laying down definite and liberal rules in regard to remissions and suspensions. The present Budget contains abundant evidence of the policy of Government in this respect.

"It is of course possible that in particular areas or districts there may be individual cases in which the intentions of Government have not been given full effect. If any well authenticated cases of this kind should be brought to light, they will receive the earnest and sympathetic consideration of the Local Government and the Government of India. But so far as general rules or principles are concerned, the policy of Government and that advocated by the Hon'ble Member are identical.

"Mr. Gokhale has put forward somewhat startling proposals for the wholesale reduction of the State demand on the land and the composition of agricultural debts. It is, of course, impossible to consider so far-reaching and even revolutionary a project in the present debate. I express no opinion whatever on the Hon'ble Member's scheme itself, one way or the other. But I must at once challenge certain of the premises on which it is based.

"In the first place the Hon'ble Member states that we have an assured excess of $7\frac{1}{2}$ crores of revenue over expenditure. I sincerely wish that were really the case! But the Hon'ble Member includes in his figure $2\frac{1}{2}$ crores of rupees on account of the profits on coinage which must be kept sacred for preserving the stability of exchange and which are not revenue at all. He also includes $3\frac{3}{8}$ crores which are allocated for the reorganization of the Army and certainly cannot be diverted to any other purpose. The true excess is less than one million sterling. So far from being in excess of requirements, it is all too small in view of the uncertainties of Indian finance.

"Secondly, as the Hon'ble Sir Arundel Arundel has already pointed out, the Hon'ble Member's comparison of the incidence of taxation on the land with that in European countries as given by Mulhall is wholly vitiated by the fact that land-revenue in India includes what is called rent in other countries. The two sets of figures are not *in pari materia*.

"Thirdly, I do not admit that the raiyat has been injured by our currency legislation. I understand that his savings are not in *silver*, but in *rupees*, and these have certainly not been diminished in value. And prices are not *lower* now, but substantially *higher*, than they were before the Mints were closed. It may interest the Hon'ble Member to know that the index number of Indian rupee prices for the three years 1901—03 is 105, whereas that of the quinquennium 1881—85 was 91, that of 1886—90 was 95, and that of 1891—95 was 102.

"I now turn to the question of our military expenditure. As regards the amount of this, and its growth of recent years, I do not propose to add anything to what has been said by my Hon'ble Military Colleague, beyond saying that I wish, as earnestly and sincerely as any of the gentlemen who have addressed us today, that it were possible to keep it at a lower figure.

[Mr. Baker.]

"But when Hon'ble Members go on to argue that if the expenditure is really unavoidable, the United Kingdom should be called upon to share it, or that because the final decision in respect of Tibet was governed in part by Imperial considerations, therefore the Home Government should bear the cost, I must point out that the question is by no means so simple and obvious as they seem to suppose. In former days the question of the charges imposed upon India on account of military expeditions beyond the frontier was in a fluid state and the practice was far from satisfactory. This matter was very carefully considered by the Welby Commission a few years ago, and the latter, on the advice of Lord Northbrook, drew up a set of principles to guide the apportionment of such charges for the future. These principles, which were accepted by the Home Government without modification, rested mainly on geographical considerations. They have governed the distribution of the charges on all cases which have arisen ever since; and in accordance with them, there is no doubt whatever that the whole cost of the Tibet Mission was properly debitable to Indian revenues. But neither the recommendations of the Welby Commission nor their acceptance by Government implied for one moment that in cases in which the whole cost fell to be borne by India, the Indian Government was to have an exclusive voice in the determination of questions of policy arising in connection therewith. The authority empowered to decide such questions and the considerations by which they were to be governed remained wholly outside and unaffected by the mere formulation of rules for the apportionment of cost. The position of India as a subordinate member of the Empire was not altered in any way, and she was not, and never can be, emancipated from the final control of the Supreme Government. Such a proposition could not be affirmed even in respect of the internal administration of the country; still less could it be maintained in respect of military affairs or foreign policy. And I find it difficult to believe that the gentlemen who clamour for a contribution from the Imperial Exchequer would really welcome the converse case, or whether they really desire that the Government of India should have a free hand, uncontrolled by the authorities at home, in all cases in which she foots the bill.

"There is plenty of room for difference of opinion as to the proper allocation of the military charges of the Empire. All of us in this Chamber would gladly welcome any sound solution which would afford relief to Indian revenues; but the problem is extremely difficult and complex, and I doubt whether it can be settled in a piecemeal way, or whether the grant of a subvention by the mother country to one of its dependencies would carry us any appreciable way towards a settlement. It might perhaps be strictly logical that each member of the Empire should pay the whole cost of maintaining internal order within its own borders, and that all the rest of the military and naval expenditure of the Empire—*i.e.*, possibly nine-tenths of the whole—should be pooled, and divided up among the various members according to some rule of proportions. That might perhaps be logical; but it would involve the subversion of the whole constitution of the Empire, and unless that contingency should come about it is of little use to suggest a partial and one-sided application of the rule to a single dependency. Not is it by any means certain that even if strict logic were applied, India would eventually pay less than she does now. People sometimes forget, I think, that the Home Government bears the entire cost of the navy, which amounts to 35 millions sterling a year. India's contribution to this is a trifle of £100,000. If we once apply the principle of pooling the cost of national defence, this exclusion could not possibly be maintained; and though I have no idea how much of the whole might fall to our share, it is at least conceivable that the net result might be a heavier charge than the £21,000,000 which we now bear.

"The Hon'ble Sir Edmond Elles has referred to the suggestion that we ought to have borrowed the funds for carrying out the reorganization of the Army, instead of providing them from current revenue. I am surprised at this criticism, which is the exact opposite of what I should have anticipated, and has, I think, been made under a misapprehension:

[Mr. Baker.]

"The cost of the scheme may be divided into two parts, *vis.*, that which involves recurring expenditure, and that which represents its initial cost. Now it would clearly be inadmissible to borrow on account of recurring expenditure, and the Government of India have never contemplated such a course, which is inconsistent with the dictates of ordinary prudence. As regards the initial cost, the position is different. If necessity should arise, we shall be prepared to borrow to meet this: but we should only do so in case of urgent necessity, for it would involve a reduction in the funds available for railway construction and canals. The borrowing power of the Government of India is not inexhaustible. On the contrary, it is strictly limited, and if we apply part of our credit for unproductive purposes, however necessary, such as the improvement of the Army, so much the less remains for financing productive works, on which the development of the country so largely depends. We should be most reluctant to curtail the grants for capital expenditure on these important and profitable works, and we shall not do so unless political or military considerations of an urgent character impel us to do so.

"There are two points in Mr. Cable's speech to which I should like to refer. The first of these is his suggestion that in view of the possibility that consols might not be easily saleable except at a loss in the event of international complications, it would be desirable, when the Gold Reserve Fund exceeds 10 millions, to invest one-half the excess in other sterling securities, and to keep one-half in gold. As to this I may mention that we do already invest part of the Fund in other sterling securities such as National War stock and the guaranteed Transvaal loan. As regards the holding of any part of it in gold uninvested, I adhere to the view expressed in paragraph 64 of the Financial Statement that it would be premature to consider the question at present. Though the rapid growth of the Fund has been extremely satisfactory, it still amounts to less than 9 millions sterling. I should like to see it raised to such a figure as would enable us, in the event of extreme and continued emergency, to reduce the Secretary of State's drawings by one-half for three years in succession, *i.e.*, to something between 20 and 30 millions sterling. No doubt a good deal less than this would suffice for all practical purposes, but we certainly want a considerably larger sum than we have yet accumulated. Therefore, our present policy should be to let it multiply at compound interest. I think Mr. Cable would pay too high a price for the greater security of gold as compared with consols. After all the contingency of consols being unsaleable is a remote one. At present rates, our investment doubles itself automatically in less than 28 years. So that even if the time when we had occasion to use it happened to coincide with international complications which reduced consols to a discount of 50 per cent, we should not lose unless this happened oftener than once in 28 years. As a matter of fact consols have not been in the neighbourhood of 50 since the early days of the Crimean War more than fifty years ago.

"The other point in Mr. Cable's speech to which I wish to refer relates to railways. Mr. Cable takes exception to the practice by which the annuity payments on purchases of the old guaranteed lines are charged against current account, and he argues that this is debiting capital expenditure to revenue. I am in entire agreement with the Hon'ble Member that it is wasteful, and unsound finance to construct, improve or purchase railways out of revenue, more especially since our railway property has become remunerative and imposes no burden upon any one. But in respect of these particular payments, I think there is a good reason for the course we pursue. It was decided to purchase the lines in question by means of a terminable annuity or sinking fund, instead of by a cash payment, for the sole reason that under the terms of the contracts that method was the more profitable to Indian revenues. Then, having decided to effect the purchase in this way, it necessarily followed that the sinking fund payments must be defrayed out of revenue, for a sinking fund chargeable against capital is a costly sham, and almost a contradiction in terms.

[Mr. Baker.]

"I heartily agree with the Hon'ble Member that the interests of the country' industrial and agricultural, demand a more vigorous policy of railway construction' and for a long time past our energies have been taxed to devise some means of providing the funds. I fear that the Hon'ble Member's suggestion to treat the net earnings of our railways as collateral security against loans for the construction of new lines would not really assist us: for the security we already offer for all loans is that of the whole revenues of India including the railway earnings, and the greater includes the less. My personal belief is that the profitable nature of our railway property is now sufficiently assured to justify us in entering the market more boldly. Even though we have to pay a little more for our loans than we do now, it would be well worth our while to do so, so long as an ample margin is left between the rate at which we can borrow and that which our railways yield. At the same time it must be clearly understood that the vast outlay which the Hon'ble Member has mentioned is quite beyond the pale of practical politics, As I said just now, the credit of India, so far from being inexhaustible, is extremely limited: and if in any year we are able to raise one-tenth of the sum named by the Hon'ble Member, we shall have obtained as much as the market is likely to give, or our Engineers be able to spend.

"Mr. Gokhale has put forward an urgent special appeal on behalf of the municipalities in Bombay which have been seriously crippled by plague, and asks us to write off the outstanding balances of the loans which they have received from Government to meet plague charges in the first instance.

"I will admit that I feel considerable sympathy with the municipalities in Bombay which have been very hard hit by the long-continued ravages of plague. It might no-doubt be said that Government has done a good deal for them already, for it has borne approximately one-half of the whole expenditure incurred on plague in these municipal areas, and has given loans on liberal terms to cover more than half the remainder. It might also be said, and truly, that the *ex post facto* writing off of a loan is a demoralising and insidious form of aid which is open to considerable objection in itself. But I prefer not to take that line. Government freely recognizes that cases may arise in which the resources of a local body may be so disordered by some great unavoidable calamity that it becomes no longer able to discharge its legitimate functions; and in such cases it is both justifiable and necessary to grant aid from general revenues. Whether in any of the Bombay municipalities things have actually come to such a pass as to call for further assistance in addition to that which has already been given is a question for the Local Government to decide. And my reply to Mr. Gokhale therefore is that his appeal should be addressed to the Local Government rather than to the Government of India. In other provinces, assistance to municipal bodies has not infrequently been given, for special reasons, from Provincial revenues: and I imagine that the chief reason why this has not been done in Bombay is that during the last four or five years the Local Government itself has been in deficit, and has had no funds for the purpose. Now, however, that a new and favourable Provincial Settlement has been made with that province, we hope that the era of Provincial bankruptcy has passed away, and I do not doubt that the Bombay Government will now have the will, as it will have the means, to extend to its local bodies the same measure of assistance as is recognized as permissible elsewhere. The general principles which govern grants-in-aid of municipal bodies have been laid down by the Government of India and are as applicable in Bombay as in other provinces.

"Mr. Gokhale has commented at some length on the growth of our civil expenditure, and has deprecated the practice of accumulating large surpluses which, as he says, are applied to the reduction or avoidance of debt.

"There are some features in his method of presenting the case to which exception might easily be taken. For instance, it is wholly incorrect to describe the profits of coinage, payable to the Gold Reserve Fund, as 'revenue' or as being 'taken from the people.' They are neither the one nor the other. Again, when

[*Mr. Baker.*]

he says that the cost of collecting the revenue has risen by nearly a million sterling between 1901-02 and 1904-05, he apparently forgets that the figures of the latter year include more than 44 lakhs on account of Berar, which do not enter into those of the former. He has also apparently omitted to observe that over 55 lakhs of the increase occurs under Opium in the form of payments to cultivators for the raw product, and merely indicates that the crop of last year was a better one than that of 1901-02. These two items alone account for more than two-thirds of the increase of which the Hon'ble Member complains. Again, the Hon'ble Member makes the remarkable statement that, even if we were to borrow 15 crores to carry out the reorganisation of the Army, our debt would still be 21 crores lower than it was in 1898! I sincerely wish that this were the case. Unfortunately, it is absolutely without foundation.

"But we may let that pass. The Hon'ble Member's main contention is that during the past seven years we have devoted $36\frac{1}{2}$ crores of rupees out of revenue to reduction or avoidance of debt, and he regards this as unsound in theory and indefensible in practice.

"I think his figures are not quite accurate. During the seven years in question I find that we have spent $47\frac{1}{4}$ millions sterling on railways and canals. During the same period we have borrowed $31\frac{1}{4}$ millions in all, of which $5\frac{1}{2}$ were applied to discharge of temporary debt, leaving our net borrowings at $25\frac{3}{4}$ millions. The excess expenditure on productive public works was therefore $21\frac{1}{2}$ millions sterling or $32\frac{1}{4}$ crores of rupees, and this happens to coincide with the aggregate amount of our surpluses during the period in question. It would be substantially, though not theoretically, correct to say that these surpluses have been applied to the construction of railways and canals. It is not, however, at all correct to say that they have been applied to the reduction or avoidance of debt. As a fact, debt has not been reduced; and it cannot be said that it has been avoided, for it is practically certain that, if the surpluses had not been available, we should have been compelled rather to curtail our railway programme than to attempt to raise larger sums in the loan market.

"I said just now that it is unsound and wasteful to construct railways out of revenue: and if that is what the Hon'ble Member means to convey I am in complete accord with him. But I should like to expand my statement a little in order that there may be no misunderstanding in the matter. It would be wrong deliberately to maintain taxation at a higher level than we otherwise require in order that the revenue thus obtained might be devoted to direct railway construction. But when a surplus actually accrues either from a fortunate windfall or from sources the continuance of which is not assured, then I think no more advantageous use for it can be found than to devote it to the construction of remunerative public works. When a surplus accrues in either of these two ways, we cannot apply it either to reduction of taxation or to increase of permanent expenditure, for the obvious reason that it represents an isolated asset, and not recurring revenue. It so happens that a large part of the surpluses of the past seven years has been of this character. The sale price of Bengal opium has averaged R1,303 a chest, whereas past experience shows that no more than R1,100 can be reckoned on with safety as even approximately permanent. This accounts for 7 crores of the whole. Again, the net railway receipts have aggregated about 7 crores more: and it was not until last year at the earliest that we could safely reckon on a surplus instead of a deficit from this source. These two items account for 14 out of the 32 crores in question. A great part of the remainder represents no more than the normal margin of safety for which it is only common prudence to provide in all circumstances and which is doubly necessary in the special conditions of Indian finance. If anything further remains, I would remind Council that in every well administered country the remission of taxation and the development of civil expenditure always follow, and never precede, the expansion of the revenues which renders them possible. That is especially the case in India, where constant ups and downs in the matter of taxation are open to very serious objection. During the seven fat years that have passed, Your Excellency's Government has already remitted taxation to the extent of 2 crores per annum,

[Mr. Baker.]

and at their close you have remitted 2 crores more. In my humble judgment, it would not have been safe or prudent to move more rapidly than has been done. Two years ago the English income-tax was reduced by 4*d.* in the £, and a year later this was followed by the increase of the tea-duty to 8*d.* a lb. This is an object-lesson of the danger we incur in the premature remission of taxation.

"There is a subject to which only one Hon'ble Member has referred, but which has attracted a good deal of public attention of late, and which is so important in itself that no apology is needed for alluding to it. I mean our excise administration.

"It is a common allegation that drinking is on the increase, that undue weight is attached by Government to considerations of revenue, and that insufficient attention is paid to the promotion and preservation of temperance.

"By constant and varied iteration these charges have come to attain some degree of general acceptance, and, if they were well-founded, they would undoubtedly constitute a grave indictment of our excise policy and a dark blot on the administration of the country. We have, therefore, been at some pains to ascertain the actual facts, and I propose to lay the results of our enquiries before the Council.

"The misapprehensions into which our critics are apt to fall are, I think, due partly to the restricted scope of their observations. They commonly regard only the variations that occur from year to year; and they forget that unless their comparisons are extended over a sufficiently lengthy period of time, the real trend of our policy is obscured by the ebb and flow of transitory and accidental fluctuations. In part also the error is due to their taking the figures in the lump without close examination or analysis to ascertain what they really signify. I now propose to deal with the excise on country liquor. This is by far the most important item of our excise system. It yields very nearly as much revenue as all other exciseable articles put together; it is that which affects the mass of the population far more than any other: and it is, I think, that which temperance reformers commonly have in their minds when they speak of our excise administration. I propose to take a period of twenty years, from 1883-84 to 1903-04, and to lay before the Council briefly an account of the progress which has been made in that time.

"Before presenting the figures, I wish, in order to avoid overstating the case, to offer a brief explanation. For the most part, the figures relating to the earlier year 1883-84 represent actually recorded facts. In a few quite minor matters, however, the information required was not on record, and it has been necessary to supply its place by estimates framed on the best data available. These are as accurate as they can be made, and they are also quite unimportant; but in order that no one may be able to charge us with substituting doubtful assumptions for fact, I shall be happy to furnish any Hon'ble Member who may desire it with an exact statement showing the assumptions made and the data on which they are based. Finally, I would explain that our figures are exclusive of Aden, Burma and Baluchistan, for which it has not been possible to obtain full comparative statistics.

"I now lay on the table three statements* which show for each of the two years 1883-84 and 1903-04, the area and population served by the distillery and outstill systems respectively, the consumption of country liquor in the distillery areas both in gross and per 100 of the population, the revenue obtained under each system, the number of shops under each system and the number per 100,000 of the population, and the number of square miles per shop.

"I do not propose to read out the whole of these statements to the Council, but the broad results may be stated very briefly. They are sufficiently striking. During the past twenty years, we have transferred 132,000 square miles of territory from the outstill to the distillery system, *i.e.*, from an admittedly bad system to a better. Twenty years ago, 54 per cent of the whole excise area was served by outstills; at the present time, the proportion is only 35 per cent. Twenty years ago 53 per cent of the whole population was supplied by outstills;

* *Vide* Appendices D, E & F.

[*Mr. Baker.*]

now-a-days the percentage has shrunk to 29 per cent. The number of shops per 100,000 of the population has been reduced by 30 per cent, and the number of square miles served by each shop has been increased by 40 per cent. Still more striking and even more important are the figures of consumption. As is well known, there is no means of ascertaining the consumption under the outstill system. That is one of the many bad features of this system. But in the distillery areas, for which information is available, we find that twenty years ago the consumption per 100 of the population was 4.95 gallons London proof, whereas by now it has been reduced to 4.06 gallons, a reduction of 18 per cent. On the other hand, the taxation imposed on the liquor has been raised from Rs. 2.10-7 per gallon to Rs. 4-7-8, or by no less than 68 per cent. It may be that figures of consumption per 100 of the population do not convey a clear idea of what the consumption really amounts to. I will therefore put it in another way. A consumption of 5 gallons L. P. per 100 of the population means that every woman and child would be a total abstainer, and that every adult male over the age of 20 would be able to have a tot of rum or a small glass of whisky once in three weeks. It would be an abuse of language to describe this microscopic consumption as an actual or even a potential danger. But such as it was it has been substantially reduced during the last twenty years. While the women and children are still abstainers, the adult males now have to go without their liquor altogether for more than two months out of every twelve.

"I venture to think that these figures constitute a record of which the Government of India need have no cause to feel ashamed. They certainly lend no colour to the belief that in our greed for revenue we are stimulating the consumption of drink. I am far from suggesting that our existing arrangements are in no need of reform. But I may fairly claim to have shown that during the past twenty years we have changed them not for the worse but for the better, and I submit that that is the best augury for the future.

"At the present moment we are not resting with our hands folded. Last year, an expert Committee was appointed to examine the excise arrangements in the Central Provinces and Berar. This Committee has recently submitted a very valuable report advocating extensive reforms throughout the provinces, and steps are being taken to give effect to them without delay. In Bengal the Lieutenant-Governor has recently formulated proposals for a wholesale reduction of the area under outstills, and the introduction throughout the province of a distillery system mainly on the lines of that which has proved so successful in the province which Mr. Sim with pardonable pride has called the Mecca of Temperance. Part of this programme will be carried out with effect from next month, and the remainder either in the following year or as soon as the necessary arrangements can be completed. In the United Provinces reforms on somewhat similar lines are now under consideration. In Assam, the preventive and inspecting staff has been substantially strengthened, and the introduction of the distillery system has been undertaken in one district as an experiment. A further measure which may prove more important and far-reaching than any of these was inaugurated last November. We have deputed Major Bedford, one of our most skilful chemists, with an expert staff from home, to make an exhaustive examination of the processes and results of the distillation of country spirit throughout India, with the object of ascertaining what are precisely the noxious constituents of the liquor, and the practical means of eliminating or minimizing them. If his researches prove effectual, we have desired him to devise a standard of purity which may be prescribed for country liquor, in addition to the ordinary standard of strength, and a simple test of quality which it will be within the capacity of the excise staff to apply to all issues of distillery liquor. The enquiry is one of much difficulty, it will be a work of time, and mistakes are not at all unlikely to be made at the outset. But if Major Bedford's efforts should prove successful, they will have paved the way for a reform of the utmost value and significance.

"In bringing my remarks to a close, I desire to emphasize one point to which reference has already been made in the Financial Statement. Although our

[*Mr. Baker; the President.*]

general financial position is thoroughly sound, and the prospects of the coming year appear favourable, yet we must never lose sight of the exceptional elements of uncertainty which attend Indian finance. The fate of the rabi crop in Northern India, where three days' frost shattered the hopes of a splendid harvest, and struck half a crore off the revenue, is an object-lesson of the suddenness with which prosperity may become disaster. Once more I would remind the Council that the present high level of the Opium Revenue must be regarded in the light of a fortunate windfall, and that no permanent re-adjustment of revenue or expenditure can be built on so frail a foundation. Our Railway Revenue is on a different footing. I believe that that has come to stay, and that it will furnish us, year in and year out, with a large and growing addition to our resources. But here, too, we must remember that the very magnitude of the earnings is itself a source of danger. When the gross takings are in the neighbourhood of 10 lakhs a day, it is manifest that a very small proportionate fluctuation may make an enormous difference in the net result. It is only common prudence to set aside a large percentage of the actual net earnings before estimating the assured annual revenue which we can count upon from this source. I need scarcely add that it is only assured revenue, and not uncertain windfalls, which can be taken into account in adjusting taxation or embarking upon permanent increase of expenditure."

His Excellency THE PRESIDENT said:—"I should like to congratulate my Hon'ble Colleague Mr. Baker upon the reception accorded to his first Budget. He has assumed charge of his important office in a year which is the culminating point up to date of the process of financial recovery that has been proceeding uninterruptedly for the past six years, and whose origin may be traced back still further to the foresight and prudence of Sir D. Barbour and Lord Lansdowne six years earlier. I do not mean to say that a point has been reached from which we shall now decline. There is not, so far as I can see, the slightest ground for anticipating any such consequence. But the closer budgeting that has been employed in drawing up the estimates of revenue and expenditure for next year, the narrower margins that have been left, and the heavy and increasing calls that we have accepted for ensuing years in carrying out our great measures of administrative reform and military reorganisation, render it unlikely that my Hon'ble friend will always be able to count upon similar surpluses, even if an unlucky change of wind does not drive him sooner or later into the financial doldrums.

"Of course the most satisfactory feature of the Budget has been that Mr. Baker has been able at one and the same time to provide the means for a great increase in administrative outlay and for a reduction in the burdens of the people. That is the dream of the fortunate financier, which all cherish but few realise. I remember saying in the Budget Debate a year ago that it would perhaps be too much good luck for one Viceroy to give two considerable reductions of taxation in his time; but that if I were not so fortunate I should hope to bequeath the opportunity to my successor. That successor has turned out to be myself; and I suppose that I may therefore congratulate myself, if not on my forecast, at least upon my good fortune. But in these remarks I must not be taken to assume the smallest credit for the surpluses that have been obtained year after year for the past six years. The head of the Government may, by the manner in which he conducts the affairs of the country at large and its foreign affairs in particular, exercise a considerable influence upon the scale of expenditure during his term of office. But apart from the general sense of confidence present in or absent from his administration, he cannot exercise much effect upon the revenue. Whether the price of opium per chest goes up or down, whether the railway returns are more or less, whether the customs revenue expands or recedes, whether the land revenue is stationary or shrinks, depends in the main upon circumstances outside of his control. I always think it therefore a very absurd thing to give credit to any individual for what is really the result of outside circumstances; and if any speaker at a public meeting who wished to denounce the head of the Government were to do so by denying him

[*The President.*]

all credit for the receipts of his Finance Minister, I should be the first to vote for the motion.

“But, after all, surpluses are surpluses, and the case is not the same when it comes to disposing of them. I cannot therefore go so far as to agree with the critic who wrote the other day—‘Unfortunately for our country its revenues have somehow or other been leaving surpluses year after year since the beginning of His Excellency’s rule.’ I wonder whether this critic would have preferred a succession of annual deficits. One can imagine what he would have said of the Viceroy in such a case. It is in the disposal of surpluses that, in my opinion, the responsibility of the head of the Government does most definitely come in. It is one of the first of his functions, in consultation with the Finance Minister and his Colleagues, to consider the fair and equal distribution of the bounty which good fortune may have placed in their hands. I have found no more pleasing duty than this during the past six years: and in acting as we have done, it is no vain boast to say that we have proceeded throughout upon definite principles and on what seemed to us to be logical lines. My view has always been that as the revenue of this country comes in the main from the people of the country, it is to the people that the disposable surplus, if there be one, should return. And who are the people of whom I speak? They are the patient, humble millions, toiling at the well and at the plough, knowing little of budgets, but very painfully aware of the narrow margin between sufficiency and indigence. It is to them that my heart goes out. They are the real backbone of our economic prosperity. They give us nearly 20 millions sterling per annum in land-revenue alone, or about one-fourth of our entire receipts.

“And alongside of them are the artisan, the petty trader, the small shopkeeper, the minor official, the professional man of humble means,—numerically much smaller than the cultivating classes, but representing different and very important sections of the population,—all relatively poor, and all entitled to some return when the State has the wherewithal to give. Hon’ble Members can scarcely realise how anxiously year by year we have considered the claims of all these classes and persons, and have endeavoured to apportion the relief equitably between them. A sufficient illustration may perhaps be found in the present Budget. What is the tax that touches all classes down to the very humblest? It is the Salt-tax—and therefore we have brought it down to the lowest figure that it has reached since the Mutiny, certain that we have long passed the point at which middlemen can absorb the reduction, and that it must now filter down to the poorest strata of society. We thereby sacrifice nearly $1\frac{1}{4}$ millions sterling per annum in addition to the million sterling per annum that we surrendered when first we reduced the tax two years ago. A gift of $2\frac{1}{4}$ millions a year is one that, even with a population of this enormous size, is not to be despised. Then if we go on to ask what are the administrative needs that most affect the lower orders of the people in India, will not the reply at once be forthcoming—a purer, better paid, and more efficient police, superior opportunities for lifting themselves in the world by education, both in the rural and urban districts, the application of modern science and discovery to the one great staple industry by which the vast majority of them live, namely, agriculture, and provision for all those local needs in the shape of communications, sanitation, hygiene, etc., which mean the difference between comfort and destitution, health and disease, contentment and suffering, to millions of our fellow-citizens? And if for these purposes we have surrendered on the present occasion more than another million sterling per annum, will anyone either grudge the existence of the surplus to start with, or the manner in which we have disposed of it? I daresay that there are other forms of relief which others would have preferred. In previous years we have benefited some of the classes who have now been left out. Who knows but that Mr. Baker may have a good turn to do to others some day later on? Speaking generally, however, my impression, surveying the entire field of Indian taxation as I draw near to the end of my time;

[The President.]

is that though there may be other taxes which we should like to lighten, and which certain classes of the community would perhaps like to see lightened still more, there is no tax at present imposed in India which can fairly be called burdensome or oppressive, either because it takes out of a class more than they can reasonably pay, or because it cripples a trade or an industry. I think that there are very few even among the most advanced countries in the world of which such a statement could be made with equal truth.

“Perhaps, however, as I have alluded to the present year as the culminating point in an era of financial progress, and as I have been discussing the means of remitting to the people the surplus product of their own industry, I may take the opportunity of pointing out to the Council what is the full measure of financial relief that the Government of India has been fortunate enough to afford to the taxpayer, since the period of surpluses began with the first Budget that I heard expounded at this table in 1899. The bounty of one year is apt to be swept out of sight by that of another, and totals are hardly realised until they are put before us in the naked reality of figures. I would divide the benefactions which have been made since 1899 under the following heads; and of course I only include in them those measures of relief which have been given outside of the ordinary expenditure of Government, and out of the surpluses which we have obtained.

“In remission of taxation we shall have given in the seven years, including the financial year for which we are now providing, a total sum of $7\frac{3}{4}$ crores, or over 5 millions sterling. In special remissions of Land Revenue, and of interest and capital of loans, in both cases in connection with famine, we shall have given over 3 crores, or 2 millions sterling. For increased expenditure upon Education, quite apart from the ordinary Imperial and Provincial grants, we shall have given over 2 crores, or £1,400,000. In grants for expenditure on purposes of local administrative amelioration, such as roads, bridges, water-supply, hospitals and dispensaries, sanitation, etc., we shall have given over $4\frac{1}{2}$ crores, or 3 millions sterling. Minor grants for special purposes, such as the 50 lakhs which are still waiting to be spent on the scheme for improving the congested parts of this great city—a scheme which in broad outlines has been sanctioned by the Secretary of State—amount to nearly $1\frac{1}{4}$ crores, or £800,000. The total sum, part of it non-recurring, but the greater part of it to be continued year by year, that has been given back in my time to the people of India in the form of relief of taxation and other benefactions, amounts to over $19\frac{1}{2}$ crores, or 13 millions sterling. I present these figures to Hon'ble Members as indications of the finance of what we sometimes hear described—though the remark does not appear to find an echo within this Chamber—as a reactionary *régime*. I am willing to let the figures speak for themselves. But there is a famous passage in a speech that was delivered in the House of Commons in 1858, that might be quoted also—‘Where was there a bad Government whose finances were in good order? Where was there a really good Government whose finances were in bad order? Is there a better test in the long run of the condition of a people and the merits of a Government than the state of its finances?’ That speech was delivered with direct reference to the Government of India, and the speaker was John Bright.

“In my speeches in these Budget debates I have been in the habit from year to year of indulging in what in the phraseology of trade is called stock-taking, and of taking the public into the confidence of Government as to the administrative responsibilities which we had assumed or hoped to carry out. In my earlier years these remarks had necessarily to be couched in the future tense, and many were the criticisms that were then passed upon abortive enquiries and over-ambitious programmes. We do not hear so much of these now. Next year, if I am spared till then, will be my last Budget debate, and it will then perhaps fall to me to review the entire field of work and to show where we have achieved our purpose, and where we have failed. I remember writing to the Prime Minister who appointed me that seven years would be required for the task unless it proved too much for the labourer's strength. I have sometimes wondered whether the onlookers ever

[*The President.*]

weigh the latter consideration. We all look at the progress of the cart, and observe with shrill cries whether it is sticking in the ruts or getting on. But few spare a thought for the horse until perhaps it staggers and drops between the shafts, and then—why then—another animal is brought to take its place.

“The first twelve reforms which I foreshadowed in 1899 are, I am glad to say, now accomplished; the next twelve have been carried also; and in the remaining year I hope we may carry to completion the third dozen also. When I speak of accomplishment and completion, I do not of course mean to suggest that there is, or can be, any finality in administrative work. It goes on like the seasons; and from each oak as it is planted fresh acorns fall. But there, after all, is the tree, a living and sprouting stem, a unit in the forest to be reckoned up and perhaps also to gain in value as the time goes on. For instance, an institution like the North-West Frontier Province, which has admirably answered its purpose and has so far falsified all the predictions of its enemies, is a realised fact which no one is in the least degree likely to change and which might give food for reflection to some who denounce the shifting of provincial boundaries as though it were a crime and an evil, instead of being, as it is capable of being, if wisely and opportunely carried out, a very considerable blessing.

“I have no more to say about the accomplished reforms on the present occasion, and even in what I have said I hope that no trace of false exultation has crept in. Reforms in India may sometimes require an external impulse to start them. But they are the work of hundreds of agencies, some important and others obscure: and well do I know that nothing could be achieved, were it not for the co-operation of Colleagues, to work with whom has been a six years' delight, for the wise counsel and cheerful industry of hundreds of faithful fellow-workers in all parts of the country, as well also—and I gladly make the admission—as for the sometimes embarrassing, but often stimulating, influence of public opinion.

“To-day I propose to confine my attention to such items of our programme as have been pushed several stages further towards completion during the past twelve months, and which, I hope, will be finally and firmly grounded before the year is over.

“Hon'ble Members will recollect that in the year 1899-1900 we had the last great Indian famine. That visitation must have left an indelible impression upon every one who was brought into close contact with it, whether in relation to its effect upon the physical condition and sufferings of the people, or to the economic position of the country as a whole. I have often stated my conviction that it will not be the last Indian famine. We may compete and struggle with Nature, we may prepare for her worst assaults, and we may reduce their violence when delivered. Some day perhaps, when our railway system has overspread the entire Indian continent, when water storage and irrigation are even further developed, when we have raised the general level of social comfort and prosperity, and when advancing civilisation has diffused the lessons of thrift in domestic expenditure and greater self-reliance and self-control, we shall obtain the mastery. But that will not be yet. In the meantime the duty of Government has been to profit to the full by the lessons of the latest calamity, and to take such precautionary steps over the whole field of possible action as to prepare ourselves to combat the next. It was for this purpose that we appointed the Famine Commission under that most expert of administrators, Sir Antony MacDonnell, in 1901. Nearly four years have elapsed since then and the general public has perhaps almost forgotten the fact. But the intervening period has not been spent in idleness. There is no branch of the subject, of famine relief, famine administration, and still more famine prevention, which has not been diligently ransacked and explored, and there is no portion of the recommendations submitted to us by the able Chairman and his lieutenants which has not been discussed with Local Governments and been already made, or if not is about to be made, the subject of definite orders. Instructions were first issued explaining

[The President.]

the principles of famine relief as deduced from the experiences of the latest famine and the findings of the Commission. Then came a revision of the existing Famine Codes in each Province—for the conditions and the practice vary to a considerable extent. This has been a work of great labour. It is now all but complete. But the value of these revised and co-ordinated Codes will only be seen when the next struggle comes. Then they will be found to provide the armament with which each Local Government in India will fight the battle.

“The next stage was when the Irrigation Commission investigated the existing programmes of relief works throughout India and submitted recommendations for their improvement and maintenance. These also are in course of being carried out, and special establishments have been sanctioned for the purpose.

“Then there was a group of separate recommendations made by the Famine Commission which they included under the head, Protective in the final part of their Report. These were in some respects the most important of all, for they related to broad measures of State policy demanding either executive or legislative action on the part of the Supreme Government. I must say a few words about some of these. One of them, the relief of agricultural indebtedness in the Bombay Presidency, still remains to be dealt with. A second, namely, the degree and nature of Government aid by means of loans to agriculturists, has also been treated by the Irrigation Commission, and is about to form the subject of a communication to the Local Governments in which suggestions are made for rendering the present system more simple, liberal, and elastic. A third, namely, agricultural development, has been made the subject of a separate speech by one of my Hon'ble Colleagues, Sir Denzil Ibbetson, this afternoon. It would be superfluous for me to follow in his footsteps. Good fortune has presented us simultaneously with certain advantages for taking up this too long neglected branch of our duties in the last few years. Firstly, we have had the funds, which our predecessors have not: and Hon'ble Members have noted with particular approval the special grant of 20 lakhs which we have given for the purpose in the present Budget, and which is only the precursor, as we hope, of larger sums to follow. Then we have had for the last five years a Finance Minister in Sir Edward Law who took the warmest interest in agricultural development, and I believe derived more sincere pleasure from a successful agricultural experiment than he did from the yield of any impost. And finally we have had in the Hon'ble Member for the Revenue and Agricultural Department a perfect master of his subject, who to profound knowledge of the cultivating classes has added both a warm appreciation of their needs and a statesmanlike grasp of large ideas. The stone which I am to lay at Pusa in two days' time will, I hope, be the foundation-stone not only of a fabric worthy of its object, but also of a policy of agricultural development henceforward to be pursued systematically, in good years and bad years alike, by the Government of India: so that a time may one day arrive when people will say that India is looking after her greatest living industry as well, let us say, as she is now looking after her greatest inherited treasure, *vis.*, her ancient monuments.

“There are two other objects which were recommended by the Famine Commission. The first of these was the institution of Co-operative Credit Societies, sometimes less correctly styled Agricultural Banks. Several Hon'ble Members now at this table will remember our legislation of last year, by which we provided for the foundation of such societies. There was no remark more frequently made in the course of the discussion or more obvious in its truism, than that any steps in this direction must be slow and experimental, and that quick returns or striking results could not be expected. In many parts the spirit of co-operation has to be created before a co-operative institution can be built upon it. There is also a great deal of elementary preaching, or what an English statesman once called spadework, to be done before substantial results can be expected. But we have not been idle during the year. Specially selected officers have been appointed as Registrars of Co-operative Societies in

[The President.]

the six main provinces, and they are now engaged in spreading a knowledge of the principles among the cultivating classes. The various concessions made by the Government of India in order to lend encouragement—concessions in respect of income-tax, stamp-duty, registration-fees, and Government loans, have all been notified and are in operation. Three provinces have framed their rules under the Act, in four provinces societies have already begun to be registered, Madras and the Punjab having taken the lead. In addition to these is a much larger number of societies started, but not yet actually on the register. Here the United Provinces, which initiated the experiment in Sir Antony MacDonnell's time, and which now possess 150 societies, are to the fore. Even in such distant provinces as Assam and Burma, we hear of great interest being displayed and of applications being received. The statistical result is too immature to admit of quotation. But I have said enough to show that Government, having planted their seed, do not mean to let it perish from want of nurture. None of us can say whether it will develop into a healthy plant. But every chance shall be given to it.

"The next matter to which I referred is one in which I have taken the keenest interest during my time in India, since it touches the marrowbone of that agricultural class of which I was speaking a little while back. I mean elasticity in Land Revenue collection, and greater liberality in suspension and remission of the fixed demands in times of distress, whether local or widespread. The Famine Commission dealt with this; and we also laid it down among the principles to be adopted as accepted canons of Government in our Land Revenue Resolution of January 1902. But something more was required than the mere statement of an orthodox principle: and we have since been engaged, in consultation with the Secretary of State and the Local Governments, in elaborating its operation—with results that will shortly be published. Already a fluctuating assessment, *i.e.*, a demand that is capable of being varied from year to year, is accepted in practice by most Local Governments and is applied to precarious tracts. What I am now referring to is elasticity in collection, *i.e.*, an allowance for exceptionally bad seasons by the suspension or remission of payments due. This is an act of compassion on the part of the State, but it is compassion in a form little distinguishable from justice; for it relates to cases and seasons in which the cultivator cannot pay his fixed demand, because the crops which he has reaped barely suffice for his own sustenance, and where, if he is called upon to pay it, he can only do so by plunging deeper into debt. In such a case rigidity of collection is not only a hardship but an injustice. It is to avoid such consequences, and at the same time to escape the opposite extreme of laxity in collection and the consequent demoralisation of the people, that we are about to lay down the principles underlying this method of relief.

"Next I turn to Irrigation. It is five years since I last alluded at any length to this subject in a Budget Debate. I then discussed the possibilities of irrigational expansion that seemed to lie before us in India, and speaking upon the authority of my expert advisers, I indicated the limits, physical rather than financial, that appeared to exist to such expansion, and answered the popular misapprehension that because India is a land of great rivers and heavy rains, it is therefore possible to capture all that surplus water, and to utilise it either for the extension of cultivation or for the prevention of famine. After that came the Famine of 1900; and as a sequel to the Famine it seemed to me that this matter, so vital to the future of India, should be re-examined by the very highest authorities whom we could find, visiting every part of the country, examining into local conditions, programmes and needs, approaching the matter from the point of view of protection against famine rather than of remunerative investment of State funds, and presenting us with an authoritative pronouncement upon the capabilities for further irrigation of the whole of British India, and of the extent of the obligation both in State irrigation and in the encouragement of private enterprise which Government might legitimately assume. That was the genesis of the Commission presided

[*The President.*]

over by Sir Colin Scott-Moncrieff which was appointed in the autumn of 1901, and which, after an investigation that extended over two cold winters, finally reported in April 1903.

"I wonder how many of the Hon'ble Members whom I am now addressing, and still more how many of the outside public, have read their Report. To me the first part of it, which relates to general considerations, is infinitely more interesting than a novel, for it deals not with the hypothetical problems of human character, but with the positive agencies that affect the growth or decline of human life; and it bases conclusions dramatic in their sweep upon premises of scientific precision. By slow but sure degrees ever since, we have been assimilating and taking action upon that Report; and our final views and orders upon it will shortly see the light.

"As this is the last occasion upon which I shall ever speak at any length upon this subject in India, let me summarise the situation as it now stands. There are two classes of Irrigation in this country. State Irrigation, *i.e.*, works constructed or maintained by the State, and Private Irrigation conducted by communities or individuals, largely by means of wells. I am here only concerned with the former. I need not before an Indian audience expatiate upon the distinction, so familiar in our Reports and Budget Statements, between major and minor works, productive and protective works. Major works are either productive, in which case we find the money for them out of surplus revenue or from loans, or protective, in which case we provide for them from the annual Famine Grant of $1\frac{1}{2}$ crores; the distinction between productive and protective being that the former are expected to prove remunerative, though they have not always been so; while the latter are not expected to be remunerative at all. In other words, productive works are, or may be, protective also; but protective works are not expected to be productive. Minor works are those which we undertake entirely out of the revenue of the year. Now let me say what our outlay upon all these works up till the present hour has been, and what the property thus created represents. The Government of India have spent in all $46\frac{1}{2}$ crores or 31 millions sterling upon State irrigation works in all the above classes. With it they have dug nearly 50,000 miles of canals and distributaries; they have irrigated an area of $21\frac{1}{2}$ million acres, out of a total irrigated area in British India of about 47 million acres, and they derive from it a net revenue of £2,700,000 per annum, or a percentage of net revenue on capital outlay of approximately 7 per cent. If we capitalise the net revenue at 25 years' purchase, we obtain a total of $67\frac{1}{2}$ millions sterling, or considerably more than double the capital outlay. These figures are an indication of what has already been done. Next, what are we going to do or what are we capable of doing? In my first year in India I went to see the Chenab Canal in the Punjab, which had been finished a few years earlier. At that time it irrigated 1,000,000 acres, it now irrigates 2,000,000; at that time it had cost $1\frac{1}{2}$ millions sterling, there have now been spent upon it 2 millions; at that time it supported a population of 200,000 persons, the population is now over 1,000,000, and this huge aggregate is diffused over an expanse, now waving with corn and grain, that but a few years ago was a forsaken waste. Since then we have completed the Jhelum Canal, which already irrigates 300,000 acres, and will irrigate $\frac{2}{3}$ million. Everywhere these lands, once waste and desolate, are being given out to colonisation; and the Punjab Province, if it lost the doubtful prestige of the Frontier with its disturbing problems and its warring tribes, has gained instead the solid asset of a contented and peaceful peasantry that will yearly swell its resources and enhance its importance. Then you have heard of the fresh obligations which we have since undertaken in the same quarter; $5\frac{1}{4}$ millions sterling have just been sanctioned for the group of canals known as the Upper Chenab, the Upper Jhelum and the Lower Bari Doab. Before another decade has elapsed 2,000,000 more acres will have been added to the irrigated area, with a proportionate increase in the population, and with an estimated return of 10 per cent. on the capital outlay. So much for the near future. Now let me look a little further ahead, and come to the recommendations of the Irrigation Commission. They have advised an additional expenditure of 44 crores, or nearly 30 millions sterling, spread out over twenty years, or an annual average

[*The President.*]

expenditure of $1\frac{1}{2}$ millions sterling. We accept that estimate; we regard it as reasonable; and we hope to be able to provide the funds. This will increase the area under irrigation in British India by $6\frac{1}{2}$ million acres as compared with the 4 millions which I mentioned five years ago, the difference being explained by the fact that as we draw towards the close of this gigantic programme we shall no longer be able to talk glibly of remunerative programmes or of lucrative interest on capital outlay, but shall find ourselves dealing with protective works, pure and simple, where no return or but little return is to be expected, and where we shall have to measure the financial burden imposed on the State against the degree of protection against scarcity and famine obtained for the people. I do not think that we need shrink from that more exacting test: for we shall have approached, if the metaphor may be permitted, the rocky passes in which our forces will then be engaged across smiling plains and verdant pastures in which they will have derived strength and sustenance for the harder and less remunerative toil that will lie before them. I wish that we could proceed even faster. But that is out of the question. Canals are not like railways where companies are ready to find the money and to undertake the work, where an embankment can anywhere be thrown up by unskilled labour, and where the iron or steel plant that may be required can be ordered by telegram from Europe or the United States. In irrigation you have in the first place to find the funds from the borrowings of the State, which are not capable of unlimited expansion. You have to spend much time in preliminary investigations and surveys. You then have to obtain your labour for the particular work: It is estimated that to spend the amount which I have named a host of 280,000 workmen and coolies will be required for 250 days in each of the twenty years in addition to those required for the maintenance of the existing works and of the new ones as they come into operation. And finally you have to engage and train your skilled establishment which is a matter of careful recruitment, spread over a series of years. These are the considerations that must always differentiate irrigation work from railway work in India, and that militate against the same rate of speed in the former. And then when we have done all this where shall we stand? We shall have done much, we shall have done what no other nation or country has done before. But the surplus water from the snows of the Himalayas and from the opened doors of heaven will still spill its unused and unusable abundance into the Arabian Sea and the Bay of Bengal. The calculations show that of the total average rainfall of India, as much as 35 per cent., and a much larger proportion of the surface flow, amounting to 87 per cent., is carried away by rivers to the sea. The programme that I have sketched will at the most utilise only $2\frac{1}{4}$ per cent. of this surface flow, and the remainder will still continue its aimless and unarrested descent to the ocean. Why is this? The answer is very simple, and to anyone who has any knowledge of the meteorological or geographical features of this continent very clear. Rain does not always fall in India in the greatest volume where it is most needed. What Cherrapunji could easily spare Rajputana cannot for all the wealth of Croesus obtain. Neither does rain fall all through the year in India. It descends in great abundance, within narrowly defined periods of time, and then it is often very difficult, and sometimes impossible, to store it. Providence does not tell us when a year of famine is impending, and we cannot go on holding up the water for a drought that may never come. It would be bad economy even if it were not a physical impossibility. Sometimes where water is most plentiful there is no use for it, because of the sterile or forbidding or unsuitable nature of the soil. Sometimes it flows down in blind superfluity through a country already intersected with canals. Sometimes it meanders in riotous plenty through alluvial plains where storage is impossible. Sometimes again the cost of storage is so tremendous as to be absolutely prohibitive. These are some, though by no means all, of the reasons which place an inexpugnable barrier to the realisation of academic dreams. Facts of this sort we may deprecate, but cannot ignore; and the time will never come when we can harness all that

[The President.]

wealth of misspent and futile power, and convert it to the use of man. What we can do, the Commission have told us; what we mean to do I have endeavoured imperfectly to sketch out in these remarks. Restricted as is the programme, when measured against the prodigious resources of nature, it is yet the maximum programme open to human agency and to finite powers, and it is one that may well appeal either to the enthusiasm of the individual, or to the organised ability of the State. We are about to embark upon it with the consciousness that we are not merely converting the gifts of Providence to the service of man, but that we are labouring to reduce human suffering and, in times of calamity, to rescue and sustain millions of human lives.

“There are a few other subjects to which I must allude. The presence of the Hon'ble Mr. Hewett at this table and the speech which he has delivered, indicate that we have in the past year obtained that which has for a long time been the cherished aspiration of the mercantile community, *vis.*, a separate Department and Minister of Commerce and Industry. Six years ago I should have said that this was impossible; two years ago I did not regard it as likely. But the facts of commercial and industrial expansion cannot be gainsaid; and as soon as the case began to be made out it was convincing in its logic and pertinence. The days are gone by when Government can dissociate itself from the encouragement of commercial enterprise. There used to be a sort of idea that business was an esoteric thing, to be conducted by a narrow clique, who were alone possessed of the oracles of wisdom, and with whom Government were hardly supposed to be on speaking terms. That was an absurd theory at any time. It is additionally absurd in a country like India, where the Government is responsible for so many forms of commercial and industrial activity, where it builds and works railroads, where it controls the sale of opium and salt, where it maintains gigantic factories, where it is engaged in undertaking the manufacture of its own cartridges and rifles and guns, and where it is the largest employer of labour in the country. And most absurd of all is it at a time when the whole air is alive with movement, rivalry, and competition: and when we desire to push our products, our manufactures and our industries, upon the attention of the world. I believe India to be merely at the beginning of its commercial expansion, and if I could revisit this Council Chamber fifty years hence, I believe I should find the Commercial Member of that day delivering an oration that would be reported throughout the East. There is only one word of appeal in which I would ask leave to indulge. I entreat my Indian friends not to regard the creation of a Department of Commerce as an agency for the promotion of British commerce alone. They could not make a greater mistake. Indian commerce, industry, and enterprise are as vital to this country as British—nay, I think more so. They have a future as bright before them. When we have to deal with great pioneers of Indian industry, such as the Tata family, they will tell you that they receive the warmest encouragement at our hands, and for my own part I should feel far happier if for every present Indian merchant-king there were a thousand, and for every lakh of Indian rupees invested in mercantile undertakings, a crore. Our new Department and its Hon'ble Member know no distinction of race: they are concerned only with the development of the country.

“It is a part of the same policy that has induced us in the past year to create the new Railway Board which is now entering upon its duties. The idea is no new one. We make no pretence to be original. It has been advocated for years, by all those who wanted greater elasticity and less officialism in our system, and from the day that I surrendered temporary charge of the Public Works Department in 1899, having become conversant for a while with its working, I meant to get the reform sooner or later. It has taken six years to carry it out. Not that the old Public Works Department stands, therefore, condemned. That would be a most unjust and unfair assumption. It produced a series of brilliant and famous Engineers. It overspread India with a network of railways. It eventually converted annual deficits into an assured surplus that has reached this year the magnificent figure of 2½ millions sterling, and it has handed over to the Railway Board a splendid property which it will rest with the

[The President.]

latter to develop on commercial principles in the future. I have sometimes seen the present Administration accused of centralising tendencies. I have not time to argue that contention this afternoon. But if it be true, it is at least remarkable that it has been associated with the two greatest measures of decentralisation that have been achieved during the last fifty years, *viz.*, the Permanent Financial Settlements with the Provincial Governments, and the institution of the Railway Board.

“There is entered in the Budget the sum of 50 lakhs for Police Reform. That is only an instalment and a beginning. We accept with slight modifications the full recommendations of the Commission, and we intend to carry out their programme. The author of the Report is seated at my right hand, and I should like to take this opportunity of publicly thanking him and his colleagues for their labours. No more fearless or useful report has ever been placed before the Government of India. I would gladly have taken action upon it sooner. But a long time has been required to consult the Local Governments and to satisfy the Secretary of State. And now what is it that we have in view? I think that my feelings are those of every Member of the Government. We want a Police Force which is free from the temptation to corruption and iniquity, and which must, therefore, be reasonably well paid, which must be intelligent and orderly and efficient, and which will make its motto protection instead of oppression. I confess that my heart breaks within me when I see long diatribes upon how many natives are to get employment under the new system and how many Europeans. For my own part I have never paused to count them up. The Police Force in India must be an overwhelmingly native force: and I would make it representative of the best elements in native character and native life. Equally must it have a European supervising element, and let this also be of the best. But do not let us proceed to reckon one against the other and contend as to who loses and who gains. The sole object of all of us ought to be the good of the country and the protection of the people. It is three years since, in one of these Debates, I announced the appointment of the Police Commission, and since Sir John Woodburn, who sat in that chair, said that it would be the most important and far-reaching of any that I had appointed in my time. I am glad that I appointed it and am proud of its work: and when the reforms come into full operation, I am hopeful that they will be felt under every roof in this country.

“At this stage I may perhaps interpolate a few remarks in reply to the concluding portions of the Hon'ble Mr. Gokhale's speech. He seems to think that in my speech of last year, and in the Resolution that followed it, were laid down new principles as regards the admission of Natives of India to the public service. He referred to the Act of 1833 and the Queen's Proclamation of 1858. I am familiar with both those documents, and I also remember—which those who quote them sometimes forget—that the late Queen's words contained a qualification, not indeed modifying their generosity, but limiting their application by the necessary tests, firstly, of practical expediency, and secondly, of personal fitness. These were the words: ‘It is our will, that so far as may be, our subjects of whatever race or creed be freely and impartially admitted to offices in our service, the duties of which they may be qualified by their education, ability, and integrity duly to discharge.’ There is not one sentence in that memorable paragraph from which any Government of India or any Governor General has ever either desired or attempted to recede. But the Hon'ble Mr. Gokhale's historical references stopped short at 1858. He altogether forgot to mention the findings of the Public Service Commission of 1887, which deliberately laid down that the service in India should in future be divided into two branches, firstly, an Imperial Service called the Civil Service, to be recruited by open competition in England only, and, secondly, a Provincial Service recruited in India, and consisting almost entirely of natives of this country. Our pronouncement of last year was a mere reaffirmation of the findings of that Commission. Even the phrase *corps d'élite* which the Hon'ble Member seems to think originated with me is taken from paragraph 73 of their Report. Let me further ask him more particularly to peruse paragraphs 74 and 91 of that

[*The President.*]

document. He will find that nothing was said last year, either by the Government of India or by myself, which has not been laid down with even greater authority by our predecessors: and for the inference as to a change of policy which Mr. Gokhale has drawn in his speech to day, there is, I can assure him, no foundation.

"I am myself particularly immune from the suspicions to which the Hon'ble Member refers. I frequently see attributed to me personally the appointment of this or that European or Eurasian to some post or other in some part of India. The responsibility of the Head of the Government of India is great, and I have never minimised it. But it is beyond human power that he should know every detail of the administration of 300,000,000 of people, and beyond reason that every subordinate act of the Administration should be attributed to him alone. And really when I read of all the things that are explained by my personal intervention, while I appreciate the compliment, I am compelled to say that in quite 19 cases out of 20, I have never even heard of them at all. If the Hon'ble Member were to go into the Departments of the Government of India he would find that I am there known as a strong partisan not of European but of Native appointments, wherever these can be made with sufficient regard to the test of personal fitness for the post. But, after all, is it not rather a vain exercise to dispute as to the exact number of places that are or are not given to this or to that class in an Administration? The Hon'ble Member will never find any reluctance on the part of Government to recognize and to forward the legitimate aspirations of his countrymen. But he must not be surprised if these generous tendencies are sometimes chilled, when almost every step that we take and every appointment that is made is liable to criticism that presumes the existence of a racial bias where none exists. He has cited the Despatch of the Court of Directors with which the Act of 1833 was sent out to India. Let me quote to him another paragraph from that Despatch. If I were to utter it as my own, I am afraid that I should be accused of illiberal sentiments. But with the distinguished imprimatur of the authors of the Act of 1833, it may carry some weight with the Hon'ble Member:

'We must guard against the supposition that it is chiefly by holding out means and opportunities of official distinction that we expect our Government to benefit the millions subjected to their authority. We have repeatedly expressed to you a very different sentiment. Facilities of official advancement can little affect the bulk of the people under any Government, and perhaps least under a good Government. It is not by holding out incentives to official ambition, but by repressing crime, by securing and guarding property, by creating confidence, by ensuring to industry the fruit of its labour, by protecting men in the undisturbed enjoyment of their rights, and in the unfettered exercise of their faculties, that Governments best minister to the public wealth and happiness. In effect, the free access to office is chiefly valuable where it is a part of general freedom.'

"With these words, which seem to me entirely wise, I will pass from the subject.

"There is one duty that falls upon the Government of India to which I think that I have rarely if ever alluded in this Council, and that is the guardianship of Indian interests where they are liable to be impugned by external policy or influence. We resisted to the best of our ability the heavy charge of more than $\frac{3}{4}$ million sterling that was imposed upon Indian revenues by the increase of pay in the British Army—a measure about which we were not consulted and with which we did not agree. We protested more successfully against the placing upon Indian revenues of the charge for the entertainment of the Indian guests at the Coronation in London. We were also successful in resisting the suggestion that India should pay £400,000 per annum for a call upon a portion of the British Garrison in South Africa. We have now finally established the principle (disputed till a few years ago) that when we lend troops from India to fight campaigns for the Imperial Government in different parts of Asia and Africa; every rupee of the charge from embarkation to return shall be defrayed by the Imperial Government.

"During the past few years we have been waging a similar battle in defence of the Indian emigrant in South Africa. For many years a system has prevailed

[*The President.*]

under which unskilled Indian labourers have been encouraged to emigrate to the Colony of Natal for employment, chiefly in agriculture, though a few of them are engaged in coal mines. The number proceeding yearly on five-year contracts is from 5,000 to 6,000, and there are now some 30,000 indentured Indians in the Colony. Their wages are good, and those of them who returned to India in 1903 brought back savings to the amount of over five lakhs of rupees, while Indians of all classes settled in Natal remit to their friends in India some thirteen lakhs of rupees annually. The indentured Indian is well treated, and so far as this class is concerned, the system of emigration to Natal is advantageous to India as well as to the Colony. But there is now in Natal a considerable population of British Indians, estimated at about 50,000, who are not working under indenture and are therefore known as 'free Indians.' Some of them are men who have worked out their time, but have decided to settle in the country, or the descendants of such men; others are persons who have voluntarily proceeded to the Colony with the object of making a living there. Unfortunately the colonists entertain a rooted objection to this class of settlers, and have taken strong measures to discourage any increase in their numbers. Some of these measures have seemed to the Government of India to be unduly severe and inconsistent with the reasonable claims of the people of India as subjects of the British Empire; and we have lost no opportunity of urging that the restrictions imposed on free Indians should be relaxed. More especially two years ago, when the Government of Natal sent delegates to us to discuss an arrangement under which Indian labourers should be compelled to return to India on the expiry of the term for which they were engaged, we required as an essential condition that they should make certain concessions in favour of the free Indians who were then settled, or who might desire to settle, in the Colony. We stipulated for the eventual abolition of a tax of £3 a head which had been imposed on such persons for leave to reside; for the amendment of an Act placing traders, of however old a standing, under the power of local Corporations who had absolute authority to refuse licenses to trade; for the removal of Indians from another Act, under which they were classed with barbarous races; and for the provision of a summary remedy for free Indians who might be wrongfully arrested on the ground that they were coolies under indenture or prohibited immigrants. In reply, we were given to understand that there was no prospect of obtaining the consent of the local Legislature to these conditions, and the negotiations were therefore dropped. The only concession that has been obtained as regards free Indians in Natal is the exemption of those who have been resident in the Colony for three consecutive years from the restrictions imposed on 'prohibited immigrants' under the Immigration Restriction Act. That Act still requires immigrants (except those under indenture) to be able to write in some European language, and our endeavours to get ability to write in an Indian language accepted as a sufficient test of literacy have been unsuccessful. We have informed the Natal Government that we reserve to ourselves the fullest liberty to take at any time such measures in regard to emigration to that Colony as we may think necessary in order to secure proper treatment for our Indian settlers, and we have recently again declined to take any step towards facilitating the emigration of labourers under indenture until the Natal authorities substantially modify their attitude.

"In no other South African Colony is there in force any system of immigration of Indian labour under indenture, and the number of British Indians at present resident in the Colonies other than Natal is comparatively small. Those Colonies have, however, evinced a similar spirit of opposition to the immigration of free Indians, and we have had a considerable amount of correspondence on the subject, especially as regards the Transvaal. Soon after that country came under British administration, we addressed the Secretary of State for India, and urged that the opportunity should be taken to remove the restrictions and disabilities imposed by the Boer Government on British Indian subjects. In the course of the correspondence that ensued we were asked to agree to a scheme for the employment of 10,000 Indian labourers on the construction of Government railways in the Transvaal and Orange River Colonies; and recognising that the need for Indian labour thus displayed might

[The President.]

prove a powerful lever in our hands in securing better treatment for Indians generally in South Africa, we expressed our readiness to consider the proposal if it was likely to lead to substantial concessions in favour of Indians not under indenture. We said that the least that we could accept would be (1) that Indian languages should be included in the literary test applied to new immigrants; (2) that residence in locations should be compulsory only upon those Indians in whose case the restriction is desirable for sanitary reasons; (3) that Indian traders who had established themselves under the former Government should be granted licenses permitting them to retain their present places of business; (4) that all Indians of superior class, including all respectable traders and shopkeepers, should be exempted from the Pass Law and the Curfew system and from the other restrictions imposed on the non-white population.

"The Transvaal authorities declined to concede these demands in full, and we have therefore refused to establish a system of emigration of indentured labourers to that Colony. The outcome of the negotiations so far will be found in the Despatch sent on 25th July 1904 by the Secretary of State for the Colonies to the Governor of the Transvaal, which was presented to Parliament in August last. In it the British Government supported all our main demands except the claim that future immigrants should not be required to be able to write in a European language. We have not yet heard what action has been taken on these instructions by the Transvaal Government.

"I do not say that this is a pleasurable record. The problem is one for which it is exceedingly difficult to find a solution. Colonies possessing, or likely before long to possess, rights of self-government cannot be dictated to in such matters, and the feeling that exists among them is undoubtedly very strong. It has seemed to us to be our duty to do nothing to inflame that feeling, but to lose no opportunity of pleading the cause of those whose natural protectors we are, and to make no concession whatever until we obtain a full *quid pro quo* in return. I am confident that in this attitude we shall have the support of the entire Indian community.

"I may name one more respect in which the Government of India have, I think, faithfully championed the interests of the general community. I allude to their attitude on the Fiscal Question. I observe that the Hon'ble Mr. Cable, speaking today on behalf of the commercial community, has most strongly endorsed the correctness of the position that we took up in our Despatch of 22nd October 1903. A little while ago it was stated with some authority in England that that Despatch had been drawn up by us in a hurry, and that we were believed to have modified our views. There is no foundation for any such statement. We composed that Despatch with full deliberation. It represented our matured opinions. We have not departed from them in any particular; and if the Government of India were invited to enter a conference, those I am confident would be the instructions with which our delegates from this end would proceed. Our claim is not merely that India should have a voice in the settlement of the question—that none will dispute—but that in any Imperial scheme there should not be imposed upon us a system detrimental to our interests or repugnant to our strongly entertained and unanimous views.

"Before I conclude I may perhaps be expected to say a word about the military estimates of the year. We have had the familiar attacks upon them in this Debate. One Hon'ble Member spoke of the expenditure as inordinate and alarming. It is inordinate in the sense that it is beyond the ordinary. For now that we have ample means, we are utilising some of them, which in ordinary years we might not have been able to do, not merely to relieve the burden of the people, but to secure them from the possible future horrors of war. There is nothing to alarm in the increase. The situation would be much more alarming, if, with a rival Power building railways towards the Afghan frontier, we were to sit still and do nothing. It was not by so regarding military expenditure and equipment that our allies in the Far East have won those great victories that have extorted the admiration of the world. They saw the danger impending, and they set themselves steadily to prepare for it—with what results we all know. The lesson of the Russo-Japanese War is

[*The President.*]

surely the most supreme vindication of preparation for war as contrasted with unreflecting confidence that modern times have ever seen. His Excellency the Commander-in-Chief has presented us with a scheme, which is the ripe product not only of his own great experience, but of years of discussion and anticipation in India itself, and whose sole object is so to organise our forces in peace, as to place the largest possible body of men, with the least dislocation, in the field in time of war. Until universal peace reigns, which will not be in our day, the best custodian of his own house will still be the strong man armed; and the Government of India, assured that they have the means, and reposing confidence in the ability of their military advisers, have accepted the scheme submitted to them, not without careful scrutiny of its features and details, but in the conviction that the heavy charge entailed will be repaid in the increased security that will be enjoyed by the country.

"As regards the view which has been expressed in this Debate that the expenditure should be provided for by loan, I join my Financial Colleague in dissenting from that opinion. Reference has been made to English practice. No one would have denounced such a proposal, under existing conditions, more strongly than Mr. Gladstone. I do not say that a military loan is everywhere unjustifiable. Were we on the brink of war, or were it the case that large military expenditure could only be met by incurring a deficit, or by imposing additional taxation which it was considered essential to avoid, then there might be a good case for a military loan. But with a full exchequer, and with a simultaneous reduction of taxation, I feel sure that every financier of repute would pronounce such a proposal to be without excuse. Moreover, it should be remembered that in England the National Debt is being steadily diminished by processes which are not adopted here: and that a military loan is there obliged to run the gauntlet of Parliament. The Government of India is sometimes taunted with its irresponsibility. Might it not be a serious thing if you encouraged that Government to shift on to future generations a burden which it was capable of bearing in its own time? Might you not aggravate the very irresponsibility which is sometimes deplored?"

"I have now concluded my picture of some, at any rate, of the activities upon which we are or have lately been engaged. I ask myself, is this in truth an unsympathetic and reactionary *régime*? Is it likely that the individual who has allowed himself no rest or respite in his labours, be they successful or mistaken, for the Indian people, would endeavour to injure them or thrust them back? Is there a single class in the community who has been so injured? I will go further and say, is there a single individual? If there had been, should we not have heard of him today? Would a man who has devoted his whole life to preaching the lessons of the East, its history and traditions, who has often been rallied by his own countrymen for his enthusiasm for the religions and monuments and literature of the East, and who has, while in India, given such abundant proofs of his reverence for faiths and feelings that are not his own—turn round and assail what he had hitherto revered? These questions I must leave others to answer. As for reaction I console myself with the wise saying of Macaulay, 'Ever since childhood I have been seeing nothing but progress, and hearing of nothing but reaction and decay.'

"For my own part, as the last year of my work in India opens, I look back upon the past not with any self-complacency—because while much has been done, much also remains undone—but with gratitude that the opportunity has been vouchsafed to my colleagues and myself of giving so definite an impulse to all that makes up the growth and prosperity of a people; and the safety of an Empire, and with the sanguine conviction that none can sow as diligently and whole-heartedly as we have endeavoured to sow, without a harvest springing up—indeed the green shoots are already high above the ground—that will ten thousand times repay the exertion, and obliterate every scar."

The Council adjourned *sine die*.

CALCUTTA;
The 31st March, 1905.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

APPENDIX A.

[Vide page 158.]

(1) SALT :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	40	26
Rs. 300—400	31	19
Rs. 400—800	41	2

There are 16 other higher posts in this Department carrying salaries ranging from Rs. 800 to Rs. 4,000 which are held exclusively by Europeans.

(2) CUSTOMS :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	71	10
Rs. 300—400	39	3
Rs. 400—700	45	3

14 other higher posts in this department carrying salaries ranging from Rs. 700 to Rs. 4,000 are held exclusively by Europeans.

(3) SURVEY :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	21	5
Rs. 300—400	22	4

In this department there are 56 other higher posts carrying salaries ranging from Rs. 400 to Rs. 3,500 which are held by Europeans exclusively.

(4) MINT :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	8	1
Rs. 300—400	10	2
Rs. 400—600	6	1

There are 8 other higher posts in this department carrying salaries ranging from Rs. 600 to Rs. 3,500 which are held exclusively by Europeans.

(5) PUBLIC WORKS :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	145	222
Rs. 300—400	113	63
Rs. 400—500	93	37
Rs. 500—600	50	19
Rs. 600—700	5	2
Rs. 700—800	44	12
Rs. 800—900	61	15
Rs. 900—1,200	124	11

61 other higher posts in this department carrying salaries ranging from Rs. 1,200 to Rs. 3,000 are held exclusively by Europeans.

(b) POLICE :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	151	163
Rs. 300—400	110	9
Rs. 400—600	149	5
Rs. 600—900	190	2

There are 68 other higher posts in this department carrying salaries ranging from Rs. 900 to Rs. 3,000 which are held exclusively by Europeans.

APPENDIX B.

[*Vide page 158.*]

(1) TELEGRAPH :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	78	12
Rs. 300—400	72	4
Rs. 400—600	30	2

There are 37 appointments in this department carrying salaries ranging from Rs. 600 to Rs. 3,500 which are held exclusively by Europeans.

(2) STATE RAILWAYS :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	287	63
Rs. 300—400	140	23
Rs. 400—500	99	11
Rs. 500—600	42	3
Rs. 600—900	84	6

119 other higher posts in this department carrying salaries ranging from Rs. 900 to Rs. 3,000 are held by Europeans and Eurasians exclusively.

(3) POST OFFICE :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	61	53
Rs. 300—400	30	18
Rs. 400—500	26	3
Rs. 500—1,000	17	1
Rs. 1,000—3,500	10	1

* NOTE.—The only Indian who held in 1903 a post in the grade of Rs. 2,000—2,500 was a member of the Covenanted Civil Service, and is no longer in the Postal Department.

APPENDIX C.

[Vide page 187.]

Administration.

	1897.	1903.
Total number of Posts above Rs. 500	234	248+14
Europeans	189	197+8
Eurasians	16	24+8
Hindus	28	25-3
Mahomedans	1	2+1

Agriculture.

(NEW CREATIONS.)

Total	0	3
Europeans	0	3
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Archæology.

(NEW CREATIONS.)

Total	0	7
Europeans	0	6
Eurasians	0	0
Hindus	0	1
Mahomedans	0	0

Assessed Taxes.

Total	2	2
Europeans	1	1
Eurasians	0	0
Hindus	1	1
Mahomedans	0	0

Botanical Survey.

Total	1	0-1
Europeans	1	0-1
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Civil Veterinary Department.

Total	10	12+2
Europeans	10	12+2
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

*

FINANCIAL STATEMENT OF THE

Customs.

	1897.	1903.
Total	34	38+4
Europeans	27	31+4
Eurasians	4	5+1
Hindus	3	1-2
Mahomedans	0	1+1

Economic Products.

Total	1	2+1
Europeans	1	2+1
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Education.

Total	145	142-3
Europeans	117	114-3
Eurasians	1	4+3
Hindus	24	23-1
Mahomedans	3	1-2

N. B.—Over Rs. 1,000 a month in 1897, 39, all Europeans; in 1903, 49, out of which 48 were Europeans and 1 Hindu.

Excise.

Total	5	7+2
Europeans	2	5+3
Eurasians	0	0
Hindus	3	2-1
Mahomedans	0	0

Foreign.

Total	9	10+1
Europeans	8	8
Eurasians	0	1+1
Hindus	0	0
Mahomedans	1	1

Forests.

Total	135	137+2
Europeans	134	136+2
Eurasians	0	0
Hindus	1	1
Mahomedans	0	0

Geological Survey.

Total	10	11+1
Europeans	8	9+1
Eurasians	0	0
Hindus	2	2
Mahomedans	0	0

Imperial Service Troops.

	1897.	1903.
Total	10	15+5
Europeans	10	15+5
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Indian Museum.

Total	2	3+1
Europeans	2	3+1
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Fails.

Total	37	45+8
Europeans	37	41+4
Eurasians	0	0
Hindus	0	4+4
Mahomedans	0	0

Judicial.

Total	450	456+6
Europeans	246	236-10
Eurasians	15	13-2
Hindus	155	173+18
Mahomedans	34	34

Land-revenue.

Total	826	899+73
Europeans	585	653+68
Eurasians	28	15-13
Hindus	184	180-4
Mahomedans	38	51+13

Medical (Civil).

Total	194	193-1
Europeans	182	182
Eurasians	2	1-1
Hindus	10	10
Mahomedans	0	0

Meteorology.

Total	2	4+2
Europeans	2	4+2
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Military Accounts.

Total	9	14+5
Europeans	4	9+5
Eurasians	5	5
Hindus	0	0
Mahomedans	0	0

FINANCIAL STATEMENT OF THE

Military Administration.

	1897.	1903.
Total	3	6+3
Europeans	1	3+2
Eurasians	2	3+1
Hindus	0	0
Mahomedans	0	0

Mines.

Total	1	3+2
Europeans	1	3+2
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Mint and Assay.

Total	9	11+2
Europeans	8	10+2
Eurasians	0	0
Hindus	1	1
Mahomedans	0	0

Miscellaneous.

Total	2	5+3
Europeans	2	5+3
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Political.

Total	134	139 + 5
Europeans	131	134 + 3
Eurasians	1	1
Hindus	0	2 + 2
Mahomedans	2	2

Port Blair.

Total	7	7
Europeans	7	5 - 2
Eurasians	0	1 + 1
Hindus	0	0
Mahomedans	0	1 + 1

Post Office.

Total	25	29 + 4
Europeans	22	27 + 5
Eurasians	0	0
Hindus	3	2 - 1
Mahomedans	0	0

Public Works.

Total	435	404 - 31
Europeans	361	322 - 39
Eurasians	20	23 + 3
Hindus	52	57 + 5
Mahomedans	2	2

N. B.—Over Rs. 1,200 a month, 1897, 40 ; 1903, 61, all Europeans.

Opium.

	1897.	1903.
Total	32	44+14
Europeans	31	41+10
Eur Asians	1	1
Hindus	0	1+1
Mahomedans	0	1+1

Ordnance.

	1897.	1903.
Total	9	16+7
Europeans	9	16+7
Eur Asians	0	0
Hindus	0	0
Mahomedans	0	0

Pilot Service.

	1897.	1903.
Total	12	21+9
Europeans	12	21+9
Eur Asians	0	0
Hindus	0	0
Mahomedans	0	0

Police.

	1897.	1903.
Total	329	328-1
Europeans	321	321
Eur Asians	4	2+2
Hindus	3	3
Mahomedans	1	2+1

Registration.

	1897.	1903.
Total	6	3-3
Europeans	1	1
Eur Asians	0	0
Hindus	4	2-2
Mahomedans	1	0-1

Royal Indian Marine.

	1897.	1903.
Total	14	14
Europeans	14	14
Eur Asians	0	0
Hindus	0	0
Mahomedans	0	0

Salt.

	1897.	1903.
Total	34	38+4
Europeans	32	35+3
Eur Asians	2	2
Hindus	0	1+1
Mahomedans	0	0

Scientific and Minor Departments.

	1897.	1903.
Total	2	2
Europeans	2	2
Eur Asians	0	0
Hindus	0	0
Mahomedans	0	0

FINANCIAL STATEMENT OF THE

		<i>Stamps.</i>	
		1897.	1903.
Total		4	5+1
Europeans		2	2
Eur Asians		1	0-1
Hindus		1	3+2
Mahomedans		0	0

		<i>State Railways.</i>	
Total		274	254-20
Europeans		253	221-32
Eur Asians		13	24+11
Hindus		8	9+1
Mahomedans		0	0

N. B.—Above Rs. 1,200 a month—in 1897, 29, all Europeans; in 1903, 34, of whom 32 were Europeans and 2 Eur Asians.

		<i>Stationery and Printing.</i>	
Total		9	8-1
Europeans		7	7
Eur Asians		1	1
Hindus		1	0-1
Mahomedans		0	0

		<i>Supply and Transport.</i>	
Total		3	2-1
Europeans		3	2-1
Eur Asians		0	0
Hindus		0	0
Mahomedans		0	0

		<i>Survey.</i>	
Total		46	42-4
Europeans		37	298
Eur Asians		9	13+4
Hindus		0	0
Mahomedans		0	0

APPENDIX D.

[Vide page 209.]

YEAR.	Area under the outstill system, in square miles.	Area under the distillery system, in square miles.	Percentage of the outstill area to the total excise area.	Population served by the outstill system (in thousands).	Population served by the distillery system (in thousands).	Percentage of total population served by the outstill system.	Revenue from the outstill system, in lakhs of rupees.	Revenue from the distillery system, in lakhs of rupees.	Per cent.
1	2	3	4	5	6	7	8	9	
1883-04	409,741	346,821	54	102,237	91,592	53	84.90	120.60	
1903-04	277,462	508,156	35	65,051	157,156	29	69.40	286.14	

(The above figures are for all India, excluding Burma, Baluchistan and Aden, for which complete information, revenue, shops, etc., is not available.)

APPENDIX E.

[Vide page 209.]

YEAR.	Consumption of country spirit in distillery areas, in gallons London Proof.	Consumption of country spirit per 100 of the population in distillery areas, in gallons London Proof.	Total revenue derived from country distillery spirit, in lakhs of rupees.	Incidence of the total revenue derived from country distillery spirit per proof gallon, in rupees.
1	2	3	4	5
1883-84	4,534,123	4.95	120.60	2.66
1903-04	6,382,817	4.06	286.14	4.48

(The above figures are for all India, excluding Burma, Baluchistan and Aden, for which complete information as to the number of shops, etc., is not available.)

APPENDIX F.

[Vide page 209.]

YEAR.	NUMBER OF SHOPS PER 100,000 OF THE POPULATION.			NUMBER OF SQUARE MILES PER SHOP.		
	Outstill areas.	Distillery areas.	Average.	Outstill areas.	Distillery areas.	Average.
1	2	3	4	5	6	7
1883-84	21	26	23	19.3	14.6	16.8
1903-04	17	15	16	25.2	22.1	23.6

(The above figures are for all India, excluding Burma, Baluchistan and Aden, for which complete information as to the number of shops, etc., is not available.)