

Explanatory Memorandum

by the

Financial Secretary.

On the Budget of the G. G., 1933

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INTRODUCTORY.

(Unless otherwise stated, the amounts mentioned are in lakhs of rupees; and the expressions "last year", "current year" and "next year" stand for the financial years 1931-32, 1932-33 and 1933-34 respectively.)

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year. The rate of conversion has been assumed to be 1s. 6/16d. in 1932-33 and as usual 1s. 6d. in 1933-34.

Year.	(1) Revenue excluding transfer from Revenue Reserve Fund.	(2) Expenditure excluding transfer to Revenue Reserve Fund and provision for Reduction or Avoidance of Debt.	(3) Balance of (1) and (2).	(4) Provision for Reduction or Avoidance of Debt and Transfers to or from Revenue Reserve Fund.	Final Surplus (+) Deficit (-).
1921-22	1,15,21	1,38,40	-23,19	4,46	-27,65
1922-23	1,21,41	1,31,88	-10,47	4,55	-15,02
1923-24	1,33,17	1,27,16	+6,01	3,62	+2,39
1924-25	1,38,04	1,28,58	+9,46	3,78	+5,68
1925-26	1,33,33	1,25,05	+8,28	4,97	+3,31
1926-27	1,31,70	1,23,77	+7,93	(a) 7,93	..
1927-28	1,25,04	1,22,22	+2,82	(b) 2,82	..
1928-29	1,28,24	1,23,88	+4,36	(c) 4,68	-32
1929-30	1,32,69	1,26,68	+6,01	5,74	+27
1930-31	1,24,60	1,30,04	-5,44	6,14	-11,58
1931-32	1,20,62	1,25,48	-4,86	6,89	-11,75
1932-33 (Revised)	1,27,13	1,18,12	+9,01	6,84	+2,17
1933-34 (Budget)	1,24,52	1,17,22	+7,30	6,88	+42

(a) After adding 2,96 transferred to Revenue Reserve Fund.

(b) After deducting 2,22 transferred from Revenue Reserve Fund.

(c) After deducting 74 transferred from Revenue Reserve Fund.

2. In these figures above all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue. The figures of gross revenue thus include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges and also the total receipts under tax revenue without eliminating the cost of collection. Further, military expenditure is shown gross, the military receipts being included under revenue. To present a real picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the net revenue and expenditure of the Central Government is given below.

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Military receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Military expenditure net.	Other expenditure charged to revenue but omitting cost of collection of tax revenue.	Total expenditure charged to revenue.	Surplus + Deficit—.
1921-22 . .	60,78	20,52	81,30	13,70	4,46	69,81	20,98	1,08,95	-27,65
1922-23 . .	64,41	24,23	88,64	13,87	4,55	65,27	19,97	1,03,66	-15,02
1923-24 . .	66,66	34,03	1,00,69	15,97	3,62	56,23	22,48	98,30	+2,39
1924-25 . .	67,54	31,91	99,45	14,90	3,78	55,63	19,46	93,77	+5,68
1925-26 . .	68,10	28,11	96,21	13,37	4,97	56,00	18,56	92,90	+3,31
1926-27 . .	67,96	27,09	95,05	11,77	4,97	55,97	19,38	92,09	+2,96(b)
1927-28 . .	68,12	19,18	87,30	10,57	5,04	54,79	19,12	89,52	-2,22(c)
1928-29 . .	71,63	16,88	88,51	10,20	5,42	55,10	18,85	89,57	-1,06(d)
1929-30 . .	71,74	20,69	92,43	10,85	5,74	55,10	20,47	92,16	+27
1930-31 . .	66,54	15,31	81,85	11,28	6,14	54,30	21,71	93,43	-11,58
1931-32 . .	69,52	9,33	78,85	12,83	6,89	51,76	19,12	90,60	-11,75
1932-33 . .									
(Revised)	77,08	7,67	84,75	11,30	6,84	46,74	17,70	82,58	+2,17
1933-34 . .									
(Budget)	74,78	6,67	81,45	10,79	6,88	46,20	17,16	81,03	+42

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.

(b) Accounts figure is nil, as the surplus of 2,96 was transferred to Revenue Reserve Fund.

(c) Accounts figure is nil, as the deficit of 2,22 was met out of transfer from Revenue Reserve Fund.

(d) Accounts figure is -32, as the deficit was met to the extent of 74 by transfer from Revenue Reserve Fund.

3. The figures in the above table are further analysed in the five tables that follow :—

TABLE II.
Analysis of Revenue and Expenditure of the Central Government.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Year.	Tax Revenue.	Cost of collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Opium (Receipts less expenditure).	Currency and Mint (Receipts less expenditure).	Interest Receipts.	Provincial Contributions.	Extraordinary receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Transfer to Revenue Reserve Fund.	Extraordinary payments.	Military expenditure Net.	Other expenditure.	Net Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to revenue.	Total Net expenditure.	Surplus + Deficit—
1921-22 . . .	68,78	3,00	65,78	-7,01	1,27	3,30	1,11	9,63	...	9,15	78,43	13,70	4,46	...	...	69,81	17,01	1,10	1,06,08	-27,65
1922-23 . . .	67,38	2,97	64,41	4,09	1,93	2,59	1,16	9,20	...	2,37	85,74	13,67	4,55	...	...	65,37	16,89	18	1,00,76	-15,02
1923-24 . . .	66,14	2,48	63,66	8,97	1,66	2,14	3,16	9,30	2,60	2,72	97,11	15,97	3,62	...	3,41	56,23	15,66	-37	94,72	+2,39
1924-25 . . .	70,24	2,70	67,54	7,11	1,44	3,28	3,41	9,20	2,54	1,86	96,38	14,90	3,78	...	1	55,63	(c)16,75	-37	90,70	+5,66
1925-26 . . .	71,06	2,90	68,16	5,78	2,04	3,94	4,22	6,20	63	2,48	93,39	13,37	4,97	...	26	50,00	(d)17,00	-1,52	90,08	+3,31
1926-27 . . .	70,83	2,87	67,96	6,09	3,33	3,39	4,09	5,17	60	2,65	93,28	11,77	4,97	2,96	4	55,97	(e)17,39	18	93,28	...
1927-28 . . .	71,13	3,01	68,12	6	3,07	1,90	3,62	...	14	2,76	85,55	10,57	5,04	-2,22	18	54,79	(f)16,99	20	85,55	...
1928-29 . . .	(a)74,77	3,14	71,63	4,52	2,73	2,17	2,50	...	30	3,11	87,25	10,30	5,43	-74	1	55,10	(g)17,43 and (h)	16	87,57	-32
1929-30 . . .	(a)74,99	3,25	71,74	5,24	2,55	2,00	4,40	...	1,69	3,36	91,20	10,95	5,74	...	...	55,10	(h)19,11	13	90,93	+37
1930-31 . . .	(a)69,76	3,23	66,53	4,08	1,79	27	3,39	...	99	3,13	80,14	11,28	6,14	...	16	54,30	(h)16,69	15	91,72	-11,59
1931-32 . . .	(a)72,56	3,06	69,50	-1,00	1,28	1,02	2,41	...	21	3,65	77,29	12,63	6,80	...	3	51,76	(h)18,03 and (h)	-50	89,04	-11,75
1932-33 . . .	(Revised). (a)80,37	3,19	77,18	-51	9	1,72	1,63	...	2	2,97	83,20	11,80	6,84	...	16	46,74	(i)16,92	7	81,03	+2,17
1933-34 . . .	(Budget). (a)78,15	3,37	74,78	-62	63	1,10	1,82	...	...	2,59	80,23	10,79	6,68	...	9	46,20	(j)15,51	4	79,81	+42

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.
 (b) Includes 5,50 freight tax.
 (c) Includes bounties 62 lakhs.
 (d) " " 85 "

(e) Includes bounties 80 lakhs.
 (f) " " 12 "
 (g) " " 4 "
 (h) Excl transfers to Road Development Fund.
 (i) Includes 94 lakhs on account of the North-West Frontier Province.
 (j) " 1,00 " " " " " " " " " "

TABLE III.
Analysis of Tax Revenue.

	Revenue from Customs.	Cost of Collection.	Revenue from Taxes on Income.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Land Revenue.	Cost of Collection.	Revenue from Excise.	Cost of Collection.	Revenue from Stamps.	Cost of Collection.	Revenue from Registration.	Cost of Collection.	Total gross Tax Revenue.	Transfers to Road Development Fund.	Tax revenue retained by Central Government.	Total cost of Collection.	Total net Tax Revenue.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1921-22	34,41	66	21,89	22	6,34	1,56	33	15	54	3	25	37	2	1	63,78	..	63,78	3,00	60,78
1922-23	41,35	71	17,99	45	6,82	1,51	43	13	52	3	25	13	2	1	67,38	..	67,38	2,97	64,41
1923-24	39,70	71	18,23	63	10,01	1,36	43	11	48	2	28	—35	1	..	69,14	..	69,14	2,43	66,66
1924-25	45,75	77	16,01	61	7,39	1,20	38	11	42	2	27	—1	2	..	70,24	..	70,24	2,70	67,54
1925-26	47,78	82	15,86	59	6,33	1,25	38	12	42	11	27	7	2	..	71,06	..	71,06	3,06	68,10
1926-27	47,38	81	15,65	62	6,70	1,20	41	13	41	10	27	1	1	..	70,83	..	70,83	2,87	67,96
1927-28	48,22	85	15,06	66	6,63	1,27	41	11	52	12	27	..	2	..	71,13	..	71,13	3,01	68,12
1928-29	49,28	94	16,70	69	7,60	1,23	38	12	53	15	31	1	2	..	74,82	5	74,77	3,14	71,63
1929-30	51,28	97	16,71	72	6,76	1,27	38	11	55	17	27	1	2	..	75,97	98	74,99	3,25	71,74
1930-31	46,81	93	16,00	75	6,83	1,26	34	10	47	17	28	1	1	..	70,74	98	69,76	3,22	66,54
1931-32	46,44	90	17,49	74	8,58	1,16	34	9	51	16	23	1	1	..	73,60	1,02	72,58	3,06	69,52
1932-33 (Revised)	52,29	94	17,70	78	10,38	1,12	18	6	42	15	36	14	1	..	81,34	1,07	80,27	3,19	77,08
1933-34 (Budget)	51,25	98	18,23	85	8,75	1,15	18	6	42	15	38	18	1	..	79,22	1,07	78,15	3,37	74,78

TABLE IV.

Analysis showing how net Interest figure in Table II is arrived at.

	Amounts charged to						Net Interest on Ordinary Debt.	Interest on other obligations.										Total Interest on other obligations.	Total Interest payments (Net).	
	Gross Interest on Ordinary Debt.	Railways.	Irrigation.	Posts and Telegraphs.	Provincial Loans Fund.	Other heads.		Total deductions.	Bonus on Cash Certificates.	Post Office Savings Bank.	Provident Funds.	Service Funds.	Fixed Deposits of Provincial Governments.	Famine Relief Fund.	Railway Reserve Fund.	Railway Depreciation Fund.	P. & T. Depreciation Fund.			Other items.
1921-22	30,00	15,64	12	57	2,58	..	18,91	11,09	14	62	1,56	11	..	..	..	..	18	2,61	13,70	
1922-23	30,88	16,35	12	59	3,02	..	20,08	10,80	48	63	1,58	11	..	..	..	..	25	3,07	13,87	
1923-24	35,03	17,57	12	64	3,75	..	22,08	12,95	28	67	1,67	11	..	9	..	..	20	3,02	15,97	
1924-25	37,56	21,23	12	69	4,21	3	26,28	11,28	16	71	1,85	10	..	14	14	7	..	45	3,62	14,90
1925-26	38,12	23,14	12	51	5,21	6	29,04	9,08	16	74	2,05	10	6	17	34	20	1	46	4,29	13,37
1926-27	37,31	24,30	12	58	5,35	9	30,44	6,87	16	79	2,27	10	21	18	37	27	2	53	4,90	11,77
1927-28	37,46	25,75	12	62	5,46	14	32,09	5,37	23	87	2,21	10	21	20	48	33	3	54	5,20	10,57
1928-29	38,70	27,82	12	70	5,88	15	34,67	4,03	60	98	2,38	10	17	20	65	41	5	63	6,17	10,20
1929-30	40,34	29,09	12	73	6,20	18	36,32	4,02	73	1,03	2,54	12	23	16	74	53	7	68	6,83	10,85
1930-31	41,67	31,34	13	84	6,55	21	39,07	2,60	2,00	1,05	2,93	13	22	16	58	74	11	76	8,68	11,28
1931-32	44,57	31,76	13	79	7,25	24	40,17	4,40	2,06	1,08	3,10	13	7	15	14	79	13	78	8,43	12,83
1932-33																				
(Revised)	43,25	31,61	3	83	8,04	25	40,76	2,49	2,20	1,18	3,40	13	6	13	..	77	14	80	8,81	11,30
1933-34																				
(Budget).	42,35	31,63	3	89	8,36	28	41,19	1,16	2,55	1,29	3,77	14	5	11	..	73	16	83	9,63	10,79

NOTE.—An important point to notice in connection with the amount debited to the Budget during the years included in the above Table is that nothing like a full percentage on the outstanding Post Office Cash Certificates was included until 1930-31. The amounts of Certificates outstanding during these years were:—

Year	Amount of Certificates outstanding (Mean of opening and closing balances).	Provision for bonus.	Percentage to capital outstanding of interest charges actually borne on budget.	Year	Amount of Certificates outstanding (Mean of opening and closing balances).	Provision for bonus.	Percentage to capital outstanding of interest charges actually borne on budget.
1921-22	4,56	14	3.1	1926-27	23,82	16	.7
1922-23	3,73	48	12.9	1927-28	28,69	23	.8
1923-24	5,77	28	4.9	1928-29	31,50	60	1.9
1924-25	10,76	16	1.5	1929-30	33,65	73	2.2
1925-26	17,03	16	.9	1930-31	36,72	2,00	5.4
				1931-32	41,50	2,06	5.0
				1932-33			
				(Estimate)	49,58	2,20	4.4
				1933-34:			
				(Estimate)	57,08	2,55	4.5

TABLE V.

Analysis of main heads of 'Other expenditure' Column 18 in Table II.

	Forest Expenditure.	Total Civil Administration.	Famine.	Miscellaneous. Territorial, etc., Pensions.	Supernannation, etc., allowances.	Stationery and Printing.	Miscellaneous.	Total.	Commutation of Pensions.	Civil Works.	Salt, Stamp and Forest Capital outlay charged to revenue.	Total other Central expenditure.
1921-22	47	9,41	3	30	3,44	79	1,03	5,59	..	1,54	..	17,01
1922-23	39	9,94	1	29	3,61	62	68	5,21	..	1,35	..	16,89
1923-24	36	9,34	..	29	2,97	51	69	4,46	..	1,70	..	15,86
1924-25	31	10,13	..	31	2,86	35	83	4,35	..	1,78	18	16,75
1925-26	30	10,77	1	30	2,90	34	71	4,26	..	1,60	7	17,00
1926-27	32	11,14	1	31	2,62	31	71	3,96	..	1,90	7	17,39
1927-28	31	11,21	..	29	2,51	26	65	3,71	5	1,58	13	16,99
1928-29	33	11,44	..	28	2,45	56	73	4,02	4	1,55	4	17,42
1929-30	35	12,66	..	32	2,66	55	88	4,41	4	1,60	5	19,11
1930-31	36	13,34	..	32	2,56	55	81	4,24	6	1,65	4	19,69
1931-32	32	12,17	..	31	2,68	58	74	4,31	3	1,19	1	18,03
1932-33 (Revised)	23	9,68	..	32	2,74	37	73	4,16	9	77	3	(a) 14,98
1933-34 (Budget)	22	9,59	..	31	2,80	38	60	4,09	2	87	2	14,81

(a) Include 2 on account of miscellaneous adjustments between Central and Provincial Governments.

TABLE VI.

Analysis of the total expenditure on Civil Administration in Table V.

	General Administration.		Administration of Justice.		Jails and Convict Settlements.		Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Watch and Ward.	Scientific Departments.		Education.	Medical.	Public Health.	Agriculture.	Industries.	Civil Aviation.	Miscellaneous Departments.	Indian Stores Department.	Total.
1921-22 . . .	1,93	70	10	45	88	24	..	31	2,26	..	1,12	31	31	16	21	1	1	41	..	9,41			
1922-23 . . .	2,04	75	11	41	89	23	..	30	3,04	..	91	31	32	16	21	..	..	26	..	9,54	
1923-24 . . .	1,56	75	13	36	84	23	..	29	2,98	..	85	31	28	11	24	1	..	40	..	9,34			
1924-25 . . .	1,54	78	12	36	94	25	..	31	3,16	..	76	32	26	17	31	61	..	24	..	10,13			
1925-26 . . .	1,56	84	13	36	96	32	..	32	3,37	..	80	32	29	13	27	86	1	23	..	10,77			
1926-27 . . .	1,66	85	15	37	93	35	..	32	3,32	..	85	38	30	17	27	82	13	11	16	11,14			
1927-28 . . .	1,72	89	14	35	89	33	..	32	1,58	2,50	91	48	30	17	29	15	10	12	17	11,21			
1928-29 . . .	1,88	97	15	35	74	29	..	32	1,58	2,54	93	45	31	19	30	7	5	13	19	11,44			
1929-30 . . .	2,25	1,02	15	42	76	25	14	32	1,62	2,69	94	52	32	21	46	3	20	15	21	12,66			
1930-31 . . .	2,13	1,03	15	48	93	26	12	32	1,96	2,78	93	62	32	19	48	3	23	29	9	13,34			
1931-32 . . .	1,98	1,01	16	39	88	26	11	30	1,64	2,39	86	62	30	17	35	2	20	44	9	12,17			
1932-33 (Revised)	1,54	94	9	25	56	23	10	28	1,45	2,19	63	35	22	13	30	2	10	21	9	9,68			
1933-34 (Budget)	1,57	1,01	8	25	54	24	10	29	1,37	2,18	67	30	24	14	24	2	10	18	7	9,59			
Savings from cut in pay in—																							
1932-33 . . .	8	10	1	1	1	1	..	2	6	1	4	..	1	1	1	..	..	1	2	41	
1933-34 . . .	4	5	..	..	1	1	..	1	3	1	2	..	1	..	1	..	..	1	1	22

ACCOUNTS, 1931-32.

4. The Accounts for 1931-32 show a deficit of 11,75 or 1,91 less than the revised estimate. The principal variations in the actuals from the revised estimate are as follows :

<i>Revenue.</i>			
Increases.	Decreases.		
Customs	21	Currency and Mint	7
Taxes on Income	18	Railways	25
Salt	10		
Opium	9		
Posts and Telegraphs	26		
Interest	16		
Defence	6		
Other heads	14		
	88		
Total increase in revenue			

<i>Expenditure.</i>			
Increases.	Decreases.		
Defence	6	Posts and Telegraphs	9
Miscellaneous	13	Debt Services	30
		Civil Administration	15
		Currency and Mint	28
		Extraordinary	7
		Railways	25
		Other heads of expenditure	8
			1,03
Total decrease in expenditure			

5. Of the total improvement of 1,91 in the final outturn of the year 1931-32, as compared with the revised estimate, tax revenue and finance heads account for 54 and 68 respectively or 1,22 together. Owing mainly to larger savings from retrenchment and economy, the net loss on the working of the Posts and Telegraphs Department was actually 94 against 1,29 in the revised estimate. The balance of the improvement 34 is chiefly accounted for by reduction in administrative expenditure and is distributed over all the heads of expenditure.

Revised estimate, 1932-33.

6. As stated in the Explanatory Memorandum of last year an emergency budgetary plan was introduced in September 1931 with the declared object of restoring equilibrium and closing the year 1932-33 with a surplus to set against the deficit for 1931-32. The following table compares the emergency plan with the results now anticipated.

	Revenue.	Expenditure.	Surplus or Deficit.	Proposed reduction in normal provision for reduction or avoidance of debt.	Final Surplus or Deficit.
Emergency budget—					
1931-32	1,26,13	1,36,30	—10,17	2,47	—7,70
1932-33	1,33,06	1,27,83	+5,23	2,47	+7,70
Combined result for both years	2,59,19	2,64,13	—4,94	4,94	..
Estimate at Budget Session, March 1932—					
1931-32 (Revised)	1,20,77	1,34,43	—13,66	..	—13,66
1932-33 (Budget)	1,29,96	1,27,81	+2,15	..	+2,15
Combined result for both years	2,50,73	2,62,24	—11,51	..	—11,51
Present Estimates					
1931-32 (Actuals)	1,21,64	1,33,39	—11,75	..	—11,75
1932-33 (Revised)	1,27,13	1,24,96	+2,17	..	+2,17
Combined result for both years	2,48,77	2,58,35	—9,58	..	—9,58

7. It will be observed that revenue for the two years is 10,42 less than was forecasted in September 1931, but expenditure is down by 5,78. The reduction in expenditure is accounted for largely by savings in interest charges owing to the period of cheap money which has supervened; but there has also been a realisation of administrative economies beyond what Government felt safe in hoping for last year.

8. The following table shows in detail the variations under the main heads of account and the position is further explained in the section-notes on certain heads of revenue and expenditure.

Revenue.

(In lakhs of Rupees.)

—	1931-32.			1932-33.			1933-34.
	Revised Estimate (Sept. '31).	Revised Estimate (Feb. '32).	Actuals.	Forecast (Sept. '31).	Budget Estimate (Feb. '32).	Present Revised Estimate.	Present Forecast.
Heads of Account.							
<i>Revenue.</i>							
Customs { Petrol tax for Road Fund		1,00	1,02		1,14	1,07	1,07
Customs { Other items .		45,23	45,42		51,17	51,22	50,18
Taxes on Income		17,30	17,49		18,73	17,70	18,23
Salt		8,48	8,58		9,44	10,38	8,75
Opium		1,98	2,07		1,33	95	1,20
Other principal heads of revenue		2,15	2,19		1,79	1,90	1,89
Irrigation less working expenses		9	13		2	1	..
Interest		2,25	2,41		1,80	1,83	1,82
Civil Administration		95	94		90	90	83
Civil Works		24	24		27	21	22
Currency and Mint		1,85	1,78		3,31	2,41	1,75
Miscellaneous		1,58	1,57		67	93	57
Extraordinary Receipts		16	21		24	2	..
Provincial contributions and miscellaneous adjustments between Central and Provincial Governments . . . . .		..	..		..	..	..
Posts and Telegraphs : Receipts less working expenses		—43	—16		79	34	30
Railways : Receipts less working expenses		33,87	33,62		34,18	33,41	33,39
Military Receipts		4,07	4,13		4,18	3,85	4,32
TOTAL	1,26,13	1,20,77	1,21,64	1,33,06	1,29,96	1,27,13	1,24,52

Expenditure.

(In lakhs of Rupees.)

Heads of Account.	1931-32.			1932-33.			1933-34.
	Revised Estimate (Sept. '31).	Revised Estimate (Feb. '32).	Actuals.	Forecast (Sept. '31).	Budget Estimate (Feb. '32).	Present Revised Estimate.	Present Forecast.
<i>Expenditure.</i>							
Customs		92	90		91	94	98
Taxes on Income		73	74		83	78	85
Salt		1,16	1,16		1,14	1,12	1,15
Opium		81	80		72	86	57
Other heads recording direct demands on the revenue		58	57		57	59	61
Irrigation : Interest and Miscellaneous charges		20	19		4	5	4
Civil Administration		12,32	12,17		9,65	9,68	9,59
Currency and Mint		1,04	76		70	69	64
Civil Works { Transfer to Road Fund		1,00	1,02		1,14	1,07	1,07
{ Other items		1,23	1,19		80	77	87
Superannuation Allowances and Pensions		2,61	2,68		2,62	2,74	2,81
Miscellaneous		1,57	1,63		1,36	1,41	1,28
Extraordinary payments		10	3		22	16	9
Posts and Telegraphs : Interest on Debt		86	78		95	81	88
Railways : Interest and Miscellaneous charges		33,87	33,62		34,18	33,41	33,39
Military Services		55,83	55,89		50,92	50,59	50,52
Interest		13,14	12,83		13,11	11,30	10,79
Reduction or Avoidance of Debt		6,89	6,89		6,82	6,84	6,88
Miscellaneous adjustment, etc. . . . .		..	..		1,02	96	1,00
Capital expenditure financed from Revenue :							
Posts and Telegraphs		—48	—52		6	7	4
Other Works		3	3		3	3	3
Commutation of Pensions		2	3		2	9	2
TOTAL	1,36,30	1,34,43	1,33,39	1,27,83	1,27,81	1,24,96	1,24,10

Budget estimate, 1933-34.

9. It is difficult in present conditions to frame any accurate estimate of revenue. The estimates which are now put forward for 1933-34, are based generally, and in particular with regard to customs revenue, on the assumption that conditions in 1933-34 will not differ markedly from those experienced this year; that it would be unsafe to prophesy any large immediate improvement; but that on the other hand it is reasonable to hope that there will be no further deterioration.

10. The estimate of salt revenue has been based on the current figures of consumption and allows for the extra three months' receipts in the current year from the final abolition of the credit system of sales.

11. The revised estimate of Taxes on Income for the current year has been repeated for 1933-34 after making allowance for additional revenue from the imposition of surcharge on official salaries with the partial removal of the cut in pay.

12. The total revenue and expenditure figures on this basis are:—

Revenue.	Expenditure.	Surplus.
1,24,52	1,24,10	42

The details under the main heads of account are shown in the table in the preceding paragraph. It will be observed from that table that even allowing for the partial restoration of the cut in pay the cost of the main services shows no increase for next year as mentioned below, the additions to pay having been offset by other economies.

	1931-32, Actuals.	1932-33, Revised.	1933-34, Forecast.
Military Services (net)	51,76	46,74	46,20
Civil Administration	12,17	9,68	9,59
Civil Works (excluding Road Fund)	1,19	77	87
Collection of Taxes (Customs, Taxes on Income, Salt and Opium)	3,60	3,70	3,55
Interest	12,83	11,30	10,79
Net loss on Posts and Telegraphs	94	47	58

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net revenue.
1929-30	51,27·66	97·51	50,30·15
1930-31	46,80·76	93·39	45,87·37
1931-32	46,43·67	90·50	45,53·17
1932-33 { Budget	52,31·27	91·03	51,40·24
{ Revised	52,28·55	93·76	51,34·79
1933-34 Budget	51,24·60	97·60	50,27·00

13. The details are as follows :—

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE.						
SEA CUSTOMS.						
IMPORTS.						
<i>Non-protective Special Duties.</i>						
Wheat and wheat flour . . . . .	..	..	2·06	·03	10·00	..
Liquors—						
(a) Ale, beer, porter, cider and other fermented liquors	24·58	23·85	31·55	32·95	35·00	35·00
(b) Spirits and Liqueurs	2,15·10	2,03·59	1,47·47	1,67·04	1,72·00	1,75·00
(c) Wines	14·61	12·91	11·28	13·29	13·00	14·00
Molasses	8·35	10·50	10·00	10·00	4·00	4·00
Tobacco	2,27·90	1,26·60	1,06·12	1,43·19	1,25·00	1,20·00
Coal, coke and patent fuel	1·19	·91	·36	·63	·25	·25
Tin, Block	7·13	6·59	6·40	6·16	7·25	7·25
Oils { Kerosene	1,64·33	1,50·25	1,79·96	1,79·28	1,50·00	1,50·00
	Motor spirit	16·35	32·32	67·12	80·00	40·00
	Other mineral oils	28·26	29·32	31·23	32·00	36·00
Cotton, raw . . . . .	..	..	23·10	32·30	62·00	62·00

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
<i>Non-protective Special Duties—contd.</i>						
Boots and shoes . . . . .	..	..	11'58	14'45	27'00	27'00
Arms, ammunition and military stores	5'84	5'12	6'96	8'02	4'50	4'50
Motor cars and cycles	95'01	72'31	63'20	80'63	60'00	65'00
Wireless reception instruments and apparatus . . . . .	..	'56	1'04	'42	2'25	2'25
Silver bullion, coin, sheets and plates not manufactured	17'70	2,32'64	93'58	1,60'00	8'00	25'00
Artificial silk yarn and thread	7'42	6'03	11'47	10'23	19'00	20'00
Cotton yarn and thread	45'16	30'09	37'22	47'05	55'00	48'00
Silk and artificial silk mixtures	7'33	5'28	17'53	26'87	45'00	45'00
Portland Cement (excluding white Portland cement)	10'52	10'00	10'43	16'39	11'50	12'00
Other articles	3'49	5'09	12'38	5'13	6'00	6'00
<i>Duty at 2½ per cent.</i>						
Vinegar and other articles	'25	'20	'16	'16	'10	'10
<i>Duty at 10 per cent.</i>						
✓ Dyes and colours . . . . .	..	..	11'05	20'55	18'00	20'00
Machinery . . . . .	..	..	52'80	1,00'00	1,15'00	1,15'00
Metals—Iron and Steel	43'91	35'28	33'41	36'05	30'50	30'50
Railway plant and rolling stock	20'60	16'27	10'85	14'20	6'00	6'00
Other articles	'41	'58	1'05	'29	'75	'75
<i>Duty at 15 per cent.</i>						
Articles of food and drink (excluding sugar and vinegar and grain and pulse but including flour, other than wheat flour)	1,77'00	1,50'13	1,25'95	1,47'49	1,31'00	1,40'00
Raw materials and articles mainly unmanufactured	73'64	57'73	71'18	69'08	1,03'00	1,03'00
Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	1,40'81	1,11'18	1,20'46	1,85'90	1,40'00	1,50'00
(b) Metals, other than Iron and Steel	75'01	66'08	62'17	69'13	1,00'00	1,00'00
(c) Yarn and textile fabrics (including short fents of cotton cloth but excluding artificial silk yarn, cotton yarn and silk and artificial silk manufactures	1,59'18	98'64	1,10'80	1,20'33	1,42'00	1,50'00
(d) Pneumatic rubber tyres and tubes	37'29	30'82	34'12	40'56	40'00	40'00
(e) All other articles wholly or mainly manufactured	4,36'33	3,42'38	3,81'10	4,08'62	4,35'00	4,40'00
Miscellaneous	63'55	55'88	62'87	71'73	62'00	65'00
<i>Duty at 33 per cent.</i>						
✓ Spices . . . . .	..	..	21'27	24'47	19'00	19'00
Silk and artificial silk piece-goods and other manufactures of the same	79'00	50'16	1,07'49	1,12'77	2,50'00	2,50'00
✓ Cinematograph films exposed . . . . .	..	..	5'29	6'53	6'70	7'00
Betelnuts . . . . .	..	..	89'40	62'80	57'00	57'00
Other articles	1,05'27	69'64	91'25	1,11'25	1,25'00	1,25'00

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE—concl'd.						
SEA CUSTOMS—concl'd.						
IMPORTS—concl'd.						
<i>Protective Special Duties.</i>						
Heavy Chemicals . . . . .	..	..	2.65	3.77	4.50	4.00
Iron and Steel	2,13.23	1,43.39	1,15.75	1,36.99	1,10.00	1,10.00
(b) Not liable to additional duties						
Silver wire, thread and other manufactures . . . . .	..	5.63	6.25	8.38	8.00	8.00
Paper and Stationery	29.41	21.32	20.35	25.55	21.00	21.00
Sugar and Sugarcandy excluding confectionary	8,61.35	10,63.47	8,00.07	8,90.00	7,10.00	6,10.00
Cotton piece-goods	5,83.63	3,73.46	3,70.83	3,79.16	6,40.00	6,10.00
Matches, match-splints and veneers	13.94	3.75	1.08	1.75	.50	..
Wood pulp . . . . .	..	..	1.0	..	8.00	8.00
<i>Government Stores.</i>						
Articles liable to protective duties—						
Iron and Steel	58.73	63.82	45.98	47.42	30.00	30.00
(b) Not liable to additional duties						
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	40,72.81	37,29.49	36,07.89	41,13.98	42,10.80	41,22.60
Export duties—						
(a) Hides and skins, raw	35.49	24.80	20.23	25.55	14.00	14.00
(b) Jute (raw and manufactured)	4,66.24	3,44.28	3,10.01	3,25.32	3,00.00	3,00.00
(c) Rice	1,20.48	90.61	95.25	90.69	75.00	75.00
(d) Government Stores . . . . .	..	..	..	..	..	..
Total Exports	6,22.21	4,59.69	4,25.52	4,41.56	3,89.00	3,89.00
Sea Customs—Miscellaneous	12.15	9.77	7.33	8.95	7.00	7.00
Land Customs	1,14.02	1,51.10	1,07.55	1,21.55	80.00	70.00
Excise Duty on Motor Spirit	2,81.13	2,68.33	3,47.61	3,75.51	3,90.00	3,90.00
Excise Duty on Kerosene	95.70	1,43.81	2,48.43	2,63.00	2,75.00	2,70.00
Excise Duty on Silver . . . . .	..	16.60	22.93	20.00	.75	..
Warehouse and wharf rents and Miscellaneous	5.65	5.49	4.46	4.92	4.00	4.00
TOTAL RECEIPTS	52,03.67	47,84.23	47,71.77	53,49.47	53,56.55	52,52.60
Deduct—Refunds	76.01	1,03.52	1,28.10	1,18.20	1,28.00	1,28.00
NET TOTAL REVENUE	51,27.66	46,80.71	46,43.67	52,31.27	52,28.55	51,24.60
EXPENDITURE.						
India	96.13	91.70	88.10	89.55	92.07	96.17
England	1.37	1.67	2.39	1.48	1.70	1.43
Exchange . . . . .	.01	.02	.01	..	-.01	..
Total	97.51	93.39	90.50	91.03	93.76	97.60

14. The revised estimate of net customs revenue (i.e., gross revenue less refunds) is 3 less than the budget for the year. The decrease is the result of variations under a number of tariff heads of which the more important are the following :

	Revised better + worse — than original budget.
(1) <i>Luxury articles—</i>	
(i) Liquors and tobacco	—11
(ii) Motor cars and cycles	—21
(iii) Other articles subject to duty at 30 per cent.	+1,40
(iv) Motor spirit (customs and excise)	—26
(2) <i>Main articles of general consumption—</i>	
(i) Kerosene	—17
(ii) Cotton piece goods	+2,61
(iii) Sugar (including land customs)	—2,22
(3) <i>Other imported articles—</i>	
(i) Silver (customs and excise)	—1,71
(ii) Raw cotton	+30
(iii) Machinery	+15
(iv) Cotton and artificial silk yarn and thread	+17
(v) All other articles	+64
(4) <i>Exports</i>	—52
(5) <i>Refunds</i>	—10
Total	—3

15. It has been assumed that broadly speaking the conditions next year will be similar to those in the current year. But it has been necessary to allow for a reduction of about one crore in the customs revenue owing to the rapid increase which is taking place in the Indian production of sugar under the shelter of the protective duty.

16. Both the revised and budget estimates have been framed on the basis of the duties in the Indian Tariff Act, 1894, as modified by the Indian Finance Act, 1931, and the Indian Finance (Supplementary and Extending) Act, 1931. It is anticipated that the broad effect of the Ottawa legislation will be to leave the results worked out on this basis materially unaffected.

17. The increase in the revised estimate of expenditure as compared with the original budget is due to larger payments to the Travancore and Cochin Durbars on account of their share of the customs revenue collected at the port of Cochin. The increase in the budget estimate for next year as compared with the revised is due to the reduction in the pay cut from 1st April 1933, to larger provision for overtime and holiday allowances and to a further increase in the payments to the two Durbars referred to above.

TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue.)	Expenditure.	Net revenue.
1929-30 . . .	16,70·61	71·85	15,98·76
1930-31 . . .	16,00·33	74·73	15,25·60
1931-32 . . .	17,48·73	73·84	16,74·89
1932-33 { Budget . . .	18,73·38	83·28	17,90·10
{ Revised . . .	17,70·00	77·77	16,92·23
1933-34 Budget . . .	18,23·00	84·83	17,38·17

18. The decrease of over a crore in the revised estimate of revenue as compared with the current budget occurs mainly in Bengal and Burma and is due to depressed conditions in 1931-32 on which the assessments of 1932-33 are based.

19. The increase anticipated for 1933-34 is wholly due to allowance made for the imposition of the surcharge and tax on lower incomes on official salaries. The total receipts from the surcharges and the tax on lower incomes are estimated at 3,50 and 70 respectively.

20. As regards expenditure, the saving in the revised is the result of economy in charges for establishment connected with the imposition of the tax on lower incomes and the new surcharge. The increase in the budget for next year as compared with the revised is due mainly to the reduction in the pay cut from the 1st April 1933 and to increments. Provision has also been made for certain additional establishments in the Bombay Circle which were considered essential for safeguarding revenue.

21. The following tables give the usual details :—

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1. Bengal	'01	'01	'01	'01	'01	'01
SUPER-TAX.						
1. India	4'01	3'06	2'76	2'86	3'30	3'03
2. Baluchistan	'25	'14	'16	'14	'01	'01
3. Madras	21'65	18'04	15'69	20'00	17'00	16'00
4. Bombay	95'30	85'64	91'03	93'00	93'50	94'74
5. Bengal	2,65'94	2,48'08	1,72'06	1,75'00	1,48'00	1,52'00
6. United Provinces	19'33	18'03	18'83	21'50	17'04	18'75
7. Punjab	5'88	4'15	4'99	4'51	4'81	2'74
8. Burma	49'60	57'56	49'14	51'00	41'77	40'50
9. Bihar and Orissa	12'49	11'86	13'31	17'50	15'50	17'00
10. Central Provinces	2'90	3'18	2'93	5'88	4'00	3'66
11. North-West Frontier Province	1'21	'36	'63	'73	'64	'45
12. Assam	3'01	2'25	1'84	1'99	1'43	1'12
TOTAL	4,81'57	4,52'34	3,73'37	3,94'11	3,47'00	3,50'00
INCOME-TAX.						
1. India General—						
Civil	60'27	65'31	98'23	81'30	1,06'55	1,06'29
Non-Civil Departments	69'16	71'80	94'08	1,10'90	1,04'00	1,00'50
2. Baluchistan	1'70	1'56	2'14	1'87	1'89	1'81
3. Madras	1,38'71	1,36'33	1,63'23	1,95'10	1,91'60	1,93'20
4. Bombay	3,16'59	3,04'84	3,77'08	4,40'88	4,33'99	4,55'95
5. Bengal	3,97'57	3,68'48	3,42'45	3,31'25	3,00'34	3,07'00
6. United Provinces	74'55	74'53	94'45	95'60	97'50	1,03'75
7. Punjab	62'30	53'44	75'28	78'89	84'33	88'90
8. Burma	1,73'86	1,40'95	1,56'59	1,73'00	1,32'00	1,40'00
9. Bihar and Orissa	47'74	44'69	56'84	69'75	71'45	71'92
10. Central Provinces	37'54	37'74	45'66	47'13	43'02	47'36
11. North-West Frontier Province	9'82	8'30	11'42	11'69	12'53	12'26
12. Assam	19'46	18'66	20'19	21'15	20'10	20'47
13. Oorg	'25	'31	'29	'26	'31	'26
TOTAL	14,09'61	13,31'98	15,37'91	16,64'27	15,99'61	16,49'67

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget,	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India	·04	·01	·01	..	..	..
2. Madras	·02	·03	·03	·03	·03	·03
3. Bombay	·04	·12	·07	·12	·01	·05
4. Bengal	·04	—	·01	·02	·02	·02
5. United Provinces	·10	·09	·16	..	..	..
6. Punjab	·05	·03	·09	·04	·04	·04
7. Burma	·03	·50	·25	·02	·12	·02
8. Bihar and Orissa	·04	·03	·03	·03	·07	·07
9. Central Provinces	·03	·09	·04	·10	·08	·08
10. North-West Frontier Province .	·01	..	..	·01	·01	·01
11. Assam . . . . .	..	..	..	..	..	..
12. England	·05	..	..	..	..	..
TOTAL	·45	·69	·68	·86	·88	·32
Total Receipts from Taxes on Income	18,91·64	17,65·23	19,11·97	20,58·75	19,47·00	20,00·00
Deduct—Refunds—						
India	1,85·28	1,64·25	1,55·02	1,67·05	1,70·00	1,70·00
England	·01	..	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL REFUNDS	1,85·29	1,64·25	1,55·02	1,67·05	1,70·00	1,70·00
Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules	35·74	30·64	3·22	18·83	7·00	7·00
Total Revenue of the Central Gov- ernment	16,70·61	16,00·33	17,48·73	18,73·38	17,70·00	18,23·00
EXPENDITURE.						
India	70·35	73·73	72·68	82·33	77·02	83·60
England	1·49	·99	·95	·95	·75	1·23
Exchange	·01	·01	·01	..	..	..
TOTAL	71·85	74·73	73·64	83·28	77·77	84·83
Distributed as follows—						
Payments to Provincial Govern- ments	·31	·30	·25	·21	·24	·23
Direct expenditure of Central Gov- ernment	71·54	74·43	73·59	83·07	77·53	84·60

22. Income-tax revenue payable to Provincial Governments on the present basis of taxation is:—

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
Madras . . .	7.27	6.75	..	4.00	..	
United Provinces	71	1.40	..	..	..
Punjab . . .	3.60	2.00	..	..	2.15	
Burma . . .	11.40	10.36	3.59	7.50	..	
Bihar and Orissa	4.49	3.14	2.13	2.82	2.85	
Central Provinces	2.74	2.65	.08	1.00	..	
Assam . . .	5.53	4.34	2.42	3.00	2.00	
TOTAL .	35.74	30.64	8.22	18.32	7.00	7.00

SALT.

	Revenue (Receipts <i>less</i> Refunds and Provin- cial Share).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1929-30	6,76.46	1,28.08	5,48.38
1930-31	6,83.22	1,26.40	5,56.82
1931-32	8,57.92	1,15.71	7,42.21
1932-33 { Budget	9,43.40	1,15.69	8,27.71
{ Revised	10,33.00	1,14.77	9,23.23
1933-34 Budget	8,75.00	1,16.96	7,58.04

23. The relevant details are given below:—

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	1,54·46	1,44·29	1,84·84	2,44·65	2,94·05	2,50·84
Madras (a)	1,47·53	1,42·87	1,81·85	2,07·90	2,09·38	1,77·28
Bombay (a)	1,59·25	1,60·95	2,08·56	1,83·09	2,09·16	1,62·79
Bengal (b)	1,84·95	2,08·92	2,61·51	2,82·67	3,14·53	2,67·97
Burma (b)	34·67	33·49	41·32	44·03	47·55	43·56
Bihar and Orissa	·01	..	..	·01	·01	·01
Assam	·01	..	..	..	..	..
TOTAL RECEIPTS	6,80·88	6,90·52	8,78·09	9,62·35	10,74·68	9,02·45
<i>Deduct—Refunds</i>	<i>4·42</i>	<i>7·30</i>	<i>6·17</i>	<i>5·95</i>	<i>15·68</i>	<i>10·65</i>
<i>Deduct—Provincial Share</i>	<i>..</i>	<i>..</i>	<i>13·99</i>	<i>13·00</i>	<i>21·00</i>	<i>16·80</i>
TOTAL REVENUE	6,76·46	6,83·22	8,57·92	9,43·40	10,38·00	8,75·00
EXPENDITURE.						
Cost of salt purchased by Govern- ment	8·29	9·33	7·85	8·37	7·61	7·4
Assignments and compensations	89·70	39·13	36·39	38·19	39·02	89·39
Interest	4·38	4·19	4·18	4·29	4·24	4·34
Depreciation	2·76	2·63	2·51	2·52	2·42	2·42
Other charges	70·79	70·13	63·66	59·21	58·47	60·79
Expenditure on retrenched personnel . . . . .	..	..	·05	·09	·09	·03
Capital outlay on salt works	1·12	—·02	·03	2·31	3·31	1·76
Total India	1,27·04	1,25·39	1,14·67	1,14·98	1,14·16	1,16·13
England	1·03	1·00	1·03	·71	·61	·83
Exchange	·01	·01	·01	..	..	..
TOTAL	1,28·08	1,26·40	1,15·71	1,15·69	1,14·77	1,16·96

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

24. The Government of India notified the gradual termination of the system of credit sales by limiting credits to 3 months as from the 1st October 1931, and discontinuing the grant of new credits altogether from the 1st April 1932. The change in the system was expected to give an additional revenue of 1,00 each in 1931-32 and 1932-33. The Supplementary Finance Act, 1931, imposed a surcharge of 25 per cent. on the customs and excise duties on salt.

25. Allowing for the increases on account of the surcharge and the abolition of credit sales the total revenue in 1932-33 was estimated at 9.43 excluding refunds and the share of Provincial Governments in the additional revenue collected under the Salt (Additional Import Duty) Act, 1932. The Revised estimate for the current year is now expected to be 10.38 crores, i.e., 95 more than the budget. This increase is due to enhanced receipts from credit sales during the last quarter of 1931-32, which were more than the average sales during the same period in the three previous years and to the absence of any material fall in consumption during the current year.

26. The estimate for next year allows for the disappearance of the special credit in the current year on account of the abolition of the credit system.

27. The figures of salt consumption are given below for the last five years :

	In lakhs of maunds.
1927-28	5,28
1928-29	5,35
1929-30	5,29
1930-31	5,13
1931-32	5,31
1932-33 (Estimate)	5,25
1933-34 (Estimate)	5,25

28. The increase in the expenditure anticipated for the next year is due partly to the partial removal of the pay cut after the 31st March 1933 and partly to larger provision for royalties and compensations.

OPIUM.

	Provision and medical opium.	Excise opium and miscellaneous (less refunds)	Total revenue (Receipts less refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.	
1929-30	2,31.20	72.90	3,04.10	37.01	11.80	48.81	2,55.29	
1930-31	1,81.40	71.87	2,53.27	63.49	10.87	74.36	1,78.91	
1931-32	1,56.70	50.71	2,07.41	70.34	9.43	79.77	1,27.64	
1932-33	Budget	80.26	52.37	1,32.63	63.96	8.66	71.62	61.01
	Revised	46.92	48.00	94.92	78.65	7.71	86.36	8.56
1933-34 Budget	72.71	47.34	1,20.05	49.84	7.51	57.35	62.69	

29. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries. The rest is sold at roughly cost price to Provincial Governments as excise opium for internal consumption in India and is retailed by them to licensed vendors at rates fixed by them and varying from province to province. Opium is exported to foreign countries only after the prescribed import certificate from the Government

of the importing country is produced. The entire quantity is now dealt with under the system of direct sales to Foreign and Colonial Governments, the old auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

30. It was assumed in the budget for the current year that 2,004 chests of provision opium would be exported during 1932-33. It is now expected that 1,161 chests will be exported during the period April to December 1932 and none during January to March 1933 out of the quota for 1933. This reduction of 843 chests is responsible for the fall of about 34 in the revised estimate for the current year as compared with the budget under revenue from provision and medical opium. It is assumed that the exports of provision opium during 1933-34 will amount to 1,799 chests made up of 1,399 chests out of the quota for 1933 and 400 chests out of the quota for 1934. An anticipated increase of 638 chests in the exports next year accounts for the increase in revenue in the next-year's budget.

31. The fall in the revenue from excise opium and miscellaneous receipts in the revised estimate as compared with the budget reflects reduced demand from local Governments. The budget figure for next year is based upon the revised estimate for the current year.

32. There has been an increase in the current year's expenditure of about 16 under purchase of opium wholly due to excess outturn in Malwa and the United Provinces. The saving under Other Charges in the Revised is mainly due to economy on labour effected in the Ghazipur Opium Factory and to the manufacture and despatch of a smaller number of chests for provision opium. The budget provision for the purchase of opium during the next year has been based upon reduced cultivation and a normal crop outturn.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUE.

	Revenue.	Expenditure. (including capital expenditure).	Net revenue.
1929-30	2,25·60	63·35	1,62·25
1930-31	2,03·22	64·19	1,39·03
1931-32	2,19·24	58·42	1,60·82
1932-33 { Budget	1,79·39	57·33	1,22·06
{ Revised	1,90·74	59·09	1,31·65
1933-34 Budget	1,89·93	61·53	1,28·40

33. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States. The revised estimate of revenue is based on the progress of actuals and includes certain arrear recoveries; the budget estimate for next year follows the revised, after allowing for the arrear recoveries. The increase in the revised estimate of expenditure is due to the non-realisation of the lump cut made in the original budget under Forests. The further increase in the budget is the result partly of the partial restoration of the pay cut from the 1st April 1933 and partly of increased demands for stamps anticipated from local Governments.

IRRIGATION.

		Revenue (Receipts <i>less</i> Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1929-30	. . . . .	9.96	29.98	20.02
1930-31	. . . . .	4.83	35.56	30.73
1931-32	. . . . .	12.79	21.51	8.72
1932-33	{ Budget	1.86	4.32	2.46
	{ Revised	1.67	5.33	3.66
1933-34	Budget	—14	4.74	4.88

34. Both the budget and revised estimates for the current year include provision for the recovery of an overpayment made to a local Government on account of pensions of officers of the Irrigation Department. The increase in the revised estimate of expenditure as compared with the current budget is due to payment of arrear pensionary charges to another local Government and to flood damages in Baluchistan.

POSTS AND TELEGRAPHS.

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT.						
GROSS RECEIPTS	11,29.49	10,77.66	10,64.60	11,50.78	10,56.88	10,81.84
WORKING EXPENSES—						
India	11,18.66	11,27.52	10,71.41	10,63.04	10,11.35	10,42.46
England	7.45	7.61	9.49	8.70	11.92	8.47
Exchange . . . . .	.06	.10	.04	..	—04	..
TOTAL	11,26.16	11,35.23	10,80.94	10,71.74	10,23.23	10,50.93
NET RECEIPTS	8.33	—67.37	—16.34	78.09	33.65	30.41

	Accounts, 1929-30.	Accounts, 1930-31.	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT—contd.						
EXPENDITURE CHARGED TO REVE- NUE—						
Interest	65.78	76.13	77.61	95.19	81.83	87.61
NET REVENUE	-82.45	-1,33.49	-93.85	-16.19	-47.73	-57.20
CAPITAL OUTLAY CHARGED TO RE- VENUE—						
India	11.67	13.06	10.82	6.07	6.68	3.61
England . . . . .	..	..	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	11.67	13.06	10.82	6.07	6.68	3.61
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	28.25	53.62	29.50	23.15	19.66	15.80
England	5.78	.88	.45	..	..	..
Exchange . . . . .	.05	.01	..	..	..	..
TOTAL	34.08	54.51	29.95	23.15	19.66	15.80
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	11.81	9.47	..	..	..	..
England	14.02	11.92	..	..	..	..
Exchange . . . . .	.13	.16	..	..	..	..
TOTAL	25.96	21.55	..	..	..	..
WORKING EXPENSES—						
India	26.02	23.15	..	..	..	..
England	1.76	1.32	..	..	..	..
Exchange . . . . .	.01	.02	..	..	..	..
TOTAL	27.79	24.49	..	..	..	..
NET RECEIPTS	-1.83	-2.94	..	..	..	..
EXPENDITURE CHARGED TO RE- VENUE—						
Interest	5.52	6.09	..	..	..	..
NET REVENUE	-7.85	-9.03	..	..	..	..
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	-.83	-.26	-62.95	..	..	..
England . . . . .	.04	.04	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	-.29	-.22	-62.95	..	..	..
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	-2.16	-1.07	54.65	..	..	..
England	1.14	56.53	3.23	..	..	..
Exchange . . . . .	.01	-.59	.04	..	..	..
TOTAL	-1.01	-58.19	57.97	..	..	..

35. The Indo-European Telegraph Department as such has ceased to exist from the 1st March 1931. The figures in 1931-32 represent adjustments connected with the final winding up of the Department.

36. It was stated in the Financial Secretary's Explanatory Memorandum of last year that the Government of India had not reached a final decision in regard to one of the most important recommendations of the Posts and Telegraphs Accounts Enquiry Committee, viz., the institution of the Depreciation Fund with an initial opening balance of 8.25 crores equivalent to the amount accrued to the Depreciation Fund on the 1st April 1925. It has now been decided, with the concurrence of the Auditor General, that the following arrangements should be made in connection with the working of the Depreciation Fund of the Posts and Telegraphs Department :—

- (1) The amount at charge of capital should remain unchanged except for the alteration in the depreciated value of the block on 1st April 1925 involved in the enhancement of the effective lives of assets as recommended by the Committee ;
- (2) Contributions to the depreciation fund based on the Committee's revised "lives" should be made with effect from 1st April 1933 on the straight line method ;
- (3) The amount by which the closing balance in the fund on 31st March 1933 falls short of the balance that would have been there had the contributions from 1st April 1925 been made on the straight line method should be treated as a debt to be repaid to the fund by the department out of future profits ;
- (4) Excesses of the costs of renewals and replacements over original costs should be charged as fresh capital outlay ;
- (5) The whole cost of renewals and replacements less the amounts referred to in clause (4) should be charged to the depreciation fund.

The loss in the working of the department during the current year was estimated at 16 in the original budget. It is now anticipated that the loss will be 48, i.e., 32 more than the budget estimate. This deterioration is accounted for by a drop of nearly one crore in revenue, partly counterbalanced by reduction in expenditure. There has been a heavy falling off in the sale of letter stamps and post-cards. There has also been a larger saving from retrenchment measures than was allowed for in the original budget, besides a decrease of 14 under interest charges mainly owing to the acceptance with retrospective effect of the recommendations of the Committee referred to above.

37. The budget estimate of gross receipts for 1933-34 includes 16 on account of interest on the balance in the depreciation fund, which, with effect from next year, will be taken to revenue owing to the adoption of the straight line method for calculation of the annual provision for depreciation. If this credit is excluded the revenue for next year is almost the same as the revised estimate for the current year. The increase of 28 in the budget estimate of working expenses for 1933-34, as compared with the revised, is made up as follows :—

	Increase + Decrease —
(1) Contribution to the Depreciation Fund on the straight line method	+22
(2) Annual increments	+15
(3) Additional provision on account of removal of the pay cut	+28
(4) Further retrenchment	—29
(5) Other items	—8
Net	<u>+28</u>

38. The annual profit or loss in the working of the Department as shown in the accounts and estimates since it was commercialised is given below:—

	Current. Loss—	Progressive. Profit +.
1925-26	+37·03	+37·03
1926-27	+10·25	+47·28
1927-28	—26·15	+21·13
1928-29	—53·83	—32·70
1929-30	—62·45	—95·15
1930-31	—1,33·49	—2,28·64
1931-32	—93·85	—3,22·49
1932-33 (Revised)	—47·73	—3,70·22
1933-34 (Budget)	—57·20	—4,27·42

39. As a result, however, of the acceptance by Government of certain recommendations of the Posts and Telegraphs Accounts Enquiry Committee, the total progressive loss, arising out of the Commercial activities of the department, as shown in the accounts, up to the end of the year 1930-31, has been reduced by approximately Rs. 1½ crores.

INTEREST RECEIPTS.

	Accounts, 1931-32.	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.	
India	Interest on loans and advances	92·14	96·55	96·23	1,04·62
	Interest on advances to railway companies charged to capital	13·11	..	1·42	..
	Other items	11·98	2·90	2·17	2·21
England	Interest on temporary investment of cash balances, etc.	27·70	20·67	25·82	15·17
	Excess over £40 millions in the Gold Standard Reserve	38·85	60·00	57·32	60·00
Transfer from Gold Standard Reserve					
Revenue Equalisation Fund	58·00	..	..	..
Exchange	—·83	..	—·29	..	
TOTAL	2,40·95	1,80·12	1,82·67	1,82·00	

40. The variations in the estimates of the interest on investment of cash balances in England are due to the fact that the amount of the interest earning balance can be foreseen for a portion only of the period covered by the estimates. The fall in the Revised under the head “ Excess over £40 million in the Gold Standard Reserve ” is due to a fall in discount rates. An increase of 3 is expected in the estimate for 1933-34 as a result of additions in the current year to the interest earning portion of the Reserve held in England. The budget estimate of receipts in India for next year includes 3 representing interest on the value of the assets transferred to the New Delhi Municipality and treated as a loan.

INTEREST PAYMENTS.

	Accounts, 1931-32.	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
<i>Interest on Ordinary Debt—</i>				
Gross payments—				
India	23,66·29	25,78·36	23,08·01	22,06·82
England	20,78·77	20,16·53	20,23·83	20,27·83
Exchange	11·81	..	—7·01	..
Total	<u>44,56·87</u>	<u>45,94·89</u>	<u>43,24·83</u>	<u>42,34·70</u>
<i>Deduct—Amounts charged to—</i>				
Railways	31,75·54	32,33·43	31,60·60	31,63·29
Irrigation	12·79	2·70	2·63	2·79
Posts and Telegraphs	78·91	96·62	82·85	89·08
Other heads	24·47	24·77	25·72	27·48
Provincial Loans Fund	7,25·25	8,14·02	8,04·00	8,36·00
Total deductions	<u>40,16·96</u>	<u>41,71·54</u>	<u>40,75·85</u>	<u>41,18·64</u>
Net	<u>4,39·91</u>	<u>4,23·35</u>	<u>2,48·98</u>	<u>1,16·06</u>
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	2,06·00	2,20·00	2,20·00	2,55·00
Post Office Savings Bank Deposits	1,03·44	1,13·55	1,13·04	1,29·49
Provident Funds	3,10·13	3,42·33	3,40·18	3,76·57
Service Funds	13·05	13·52	13·32	13·92
Fixed Deposits of Provin- cial Governments	6·51	3·50	5·72	5·22
Famine Relief Fund	15·47	15·47	12·92	10·56
Railway Reserve Fund	13·99	..	..	..
.. Depreciation Fund	79·25	85·15	78·99	73·25
Posts and Telegraphs Depre- ciation Fund	12·77	15·02	13·87	16·16
Other items	77·50	78·62	73·74	82·56
Total	<u>8,43·11</u>	<u>8,87·16</u>	<u>8,80·78</u>	<u>9,62·73</u>
Total Interest payments	<u>12,83·02</u>	<u>13,10·51</u>	<u>11,29·76</u>	<u>10,78·79</u>

Interest on Ordinary Debt.

41. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations, and are broadly summarised below :—

<i>India.</i>			
	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
(i) Service of new rupee loan	25·00	35·47	40·00
(ii) Management of Debt	7·75	7·88	8·15
(iii) Discount on Treasury Bills—			
(a) Paper Currency Reserve	2,86·96	1,63·05	1,03·45
(b) Public	3,14·06	1,54·86	98·17
(iv) Discount and premium written off to revenue	50·85	50·85	74·68
(v) Interest on temporary loans . . . . .	..	20·00	..
(vi) Interest on all other loans	18,91·84	18,70·15	18,80·05
(vii) Other items	1·90	5·75	2·32
	25,78·36	23,08·01	22,06·82

<i>England.</i>			
	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
(i) Interest on War Loan liability	55·74	55·74	87·84
(ii) Interest on loans contracted in England	15,24·53	15,56·47	15,50·94
(iii) Interest on Railway annuities	2,31·66	2,31·66	2,23·99
(iv) Interest on outstanding liabilities of railway companies taken over on purchase	1,34·43	1,34·44	1,34·43
(v) Discount on issue of India Bills	56·00	..	..
(vi) Management of Debt	12·52	33·34	27·36
(vii) Other items	1·65	12·18	3·32
	20,16·53	20,23·83	20,27·88

42. The Indian estimates assume the following figures for Treasury Bill outstandings :—

	1st April 1932.	31st March 1933.	31st March 1934.
Bills outstanding with the public	47,53	28,00	20,00
Bills in the Paper Currency Reserve	49,67	35,28	35,28

43. The increase in the Budget estimate for next year in the provision for "Discount, etc., written off" is due to the addition for the first instalment of write-off in respect of the loans floated in the current year. Details of these loans are given in the section dealing with the Ways and Means operations.

44. The provision (£ 658,800) made in the next year's budget for interest on the outstanding liability in respect of the British War Loan allows for a reduction in the rate of interest to $3\frac{1}{2}$ per cent. on the basis of the recent conversion operations of His Majesty's Government and also for instalment repayment of the interest suspended during the period of the Hoover moratorium. The increase in the Revised under 'Interest on loans contracted in England' is due to interest on India 5 per cent. stock issued in June 1932, counterbalanced by savings arising from the purchase and cancellation of a portion of the issue of India 6 per cent. Bonds, 1932, in the closing weeks of 1931-32. Provision is made in 1933-34 for a full year's interest on India 5 per cent. stock and for a half year's interest on an assumed new issue of £6 million. The increase in the Revised under "Management of Debt" is due to the cost of underwriting commission paid and expenses of management of the issue of India 5 per cent. stock.

Interest on Other Obligations.

45. The decrease in Revised in the provision for interest on Railway Depreciation Fund as compared with the Budget for the current year represents a larger withdrawing of the balance to meet the deficit in the working of Railways. Interest on provident fund balances is calculated at $5\frac{1}{2}$ per cent. per annum in Revised and $5\frac{1}{2}$ per cent. in Budget. Interest on Depreciation and Reserve Fund balances is calculated at 5.53 per cent. in current year and 5.48 in next, which are the rates assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

46. The total net interest charges have varied as follows since 1923-24:—

Actuals, 1923-24	15,97
" 1924-25	14,90
" 1925-26	13,37
" 1926-27	11,77
" 1927-28	10,57
" 1928-29	10,20
" 1929-30	10,85
" 1930-31	11,28
" 1931-32	12,83
Revised, 1932-33	11,30
Budget, 1933-34	10,79

47. The following table shows the provision made from year to year in respect of the liability for bonus payments on postal cash certificates.

Year.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	8,42	28
1924-25	13,12	16
1925-26	20,96	16
1926-27	26,68	16
1927-28	30,70	23
1928-29	32,30	60
1929-30	35,00	73
1930-31	38,43	2,00
1931-32	44,58	2,06
1932-33	54,58	2,20
1933-34	59,58	2,55

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

48. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt consisted of—

(a) a sum of 4 crores, and

(b) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923, sterling debt being converted into rupees at Rs. 15 per £ for this purpose.

It was decided that, pending further consideration of the scheme along with the Railway Convention, provision from the year 1930-31 onwards should be made on the same lines, except that, for the purposes of (b) above, sterling debt should be converted into rupees at Rs. 13½ per £.

On this basis, the estimates for the current year and the next work out as follows:—

	(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)		
	31st March 1923.	31st March 1932.	31st March 1933.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve . . .	3,61,42	4,79,72	4,74,91
Sterling Debt	3,23,51	4,40,42	4,43,12
Unfunded Debt	62,56	1,56,89	1,74,91
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	81,75	64,96	62,75
	<u>8,29,24</u>	<u>11,41,99</u>	<u>11,55,69</u>

(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)

	31st March 1923.	31st March 1932.	31st March 1933.
Deduct—			
Discount included above but separately provided for	7,32	16,55	19,33
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	1,01,04	1,03,54
	<u>32,21</u>	<u>1,17,59</u>	<u>1,27,80</u>
NET	7,97,03	10,24,40	10,27,89
Excess over outstanding debt on 31st March 1923		2,27,37	2,30,86
1/10th of above		2,84.21	2,83.57
Add—basic provision		4,00.00	4,00.00
TOTAL		6,84.21	6,89.57

49. These figures include the following specific items:—

	Revised, 1932-33.	Budget, 1933-34.
Sinking fund provision for 5 per cent. rupee loans	1,78.39	1,77.71
Capital portion of railway annuities	2,19.64	2,28.07
Railway sinking funds	28.58	28.67
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47 . . . . .	..	73.34
TOTAL	4,24.61	5,11.29

50. The sums provided from revenue on this account from year to year are indicated below:—

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,14
1931-32	6,89
1932-33	6,84
1933-34	6,88

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net expenditure.	
1929-30	1,16·59	12,65·91	11,49·32	
1930-31	96·87	13,33·80	12,36·93	
1931-32	94·45	12,17·55	11,23·10	
1932-33	{ Budget	90·11	9,64·93	8,74·82
	{ Revised	90·52	9,68·02	8,77·50
1933-34 Budget	82·62	9,59·22	8,76·60	

51. The increase in the revised estimate of revenue as compared with the original Budget is due to heavier fumigation receipts in consequence of the importation of a larger number of bales of American cotton partly counterbalanced by a drop in receipts under the head 'Public Health' on account of a decrease in the demand and reduction in the price of cholera vaccines.

52. As regards expenditure, the revised estimate includes a provision of 5 on account of the North West Frontier Province for the first seventeen days of April 1932. There is a corresponding saving in the subvention to the province. The budget estimate for next year does not reflect the increase due to the partial removal of the cut in pay, because balancing savings have been made in other directions. The chief items of savings are:—

(i) Reduction in the provision for Census	6
(ii) Completion of non-recurring grants to the Aligarh University	6
(iii) Completion of the Agency buildings in the Punjab States	2
(iv) Other savings under 'Political' (including discontinuance of the payment of the annual contribution of £12,000 towards Diplomatic Services in China)	3
(v) Reduction in the contribution towards the cost of the Assam Rifles	2
(vi) Lesser expenditure on the fumigation of American Cotton	4
(vii) Omission of provision for the N.-W. F. Province	5

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net revenue.	
1929-30	2,73·69	74·21	1,99·48	
1930-31	1,24·30	96·96	27·34	
1931-32	1,78·62	76·09	1,02·53	
1932-33	{ Budget	3,31·17	70·02	2,61·15
	{ Revised	2,40·75	69·04	1,71·71
1933-34 Budget	1,74·68	64·19	1,10·49	

53. The estimates of revenue under this group depend largely upon the transactions connected with the securities in the Paper Currency Reserve

and are subject to wide fluctuations. The receipts on account of the profit on note circulation included in the estimates are :

	Revised, 1932-33.	Budget, 1933-34.
(i) Interest on rupee securities	17.23	16.66
(ii) Discount on treasury bills issued to the Paper Currency Reserve	1,63.05	1,03.45
(iii) Interest on loans against internal bills of exchange or on the issue of currency against Government securities purchas- ed temporarily from the Imperial Bank of India and placed in the Reserve	11.01	8.00
	<u>1,91.29</u>	<u>1,28.11</u>

The revised estimate of revenue in the current year includes 26.65 on account of profit on circulation of nickel and bronze coin; the corresponding provision in the budget for next year is 29.70. A slight fall in the receipts on account of the Currency Note Printing Press is assumed in the budget for the next year owing to re-issue of notes.

54. The reduction in the budget estimate of expenditure is due so far as the head 'Mint' is concerned, to the decommercialisation of the department thereby obviating the necessity for any book entry on account of the rent of office and residential accommodation required for the Mint and in respect of the head "Currency" to economy and smaller provision for charges for remittance of treasure.

CIVIL WORKS.

55. The grant to the Road Fund which is included for budgetary purposes under Civil Works is shown separately.

		<i>Ordinary.</i>		
		Revenue.	Expenditure.	Net expenditure.
1929-30	. . . . .	22.65	1,80.40	1,37.75
1930-31	. . . . .	27.15	1,64.59	1,37.44
1931-32	. . . . .	24.52	1,18.77	94.25
1932-33	{ Budget	26.79	80.19	53.40
	{ Revised	20.92	76.76	55.84
1933-34	Budget	21.55	86.92	65.37
<i>Appropriation to Road Fund.</i>				
1929-30	. . . . .			97.87
1930-31	. . . . .			98.03
1931-32	. . . . .			1,02.01
1932-33	{ Budget			1,14.00
	{ Revised			1,07.00
1933-34	Budget			1,07.00

56. The budget provision in 1933-34 for ordinary expenditure includes the following new items :—

(i) Civil department's share of the cost of regirdering the Jumna bridge	2.50
(ii) Roads and buildings connected with colonisation in Baluchistan	1.38
(iii) Scheme for water supply in Sibi	1.74
(iv) Construction of a bridge on the road to Sikkim . . . . .	.25

Provision has not been made for any other new major work.

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1929-30	. . . . .	95.62	4,45.65	3,50.03
1930-31	. . . . .	95.64	4,30.07	3,34.43
1931-32	. . . . .	1,56.91	4,34.15	2,77.24
1932-33	{ Budget	66.87	4,00.09	3,33.22
	{ Revised	93.17	4,24.45	3,31.28
1933-34	Budget	57.34	4,11.76	3,54.42

57. The larger Revised Estimate of revenue compared with the Budget is due to gain by exchange partly counterbalanced by a drop in Stationery and Printing receipts. No similar credit on account of gain by exchange has been taken in the Budget for next year as the estimate has, as usual, been framed on the basis of 1s. 6d. the rupee.

58. The increase in the revised estimate of expenditure, as compared with the budget of the current year, represents larger payments of superannuation allowances and pensions and also provides for certain readjustments of leave salaries of Central Government officers, this increase is partly counterbalanced by a decrease in the expenditure for stationery and printing due to the exercise of economy and reduction in demands by other departments and governments. The decrease in the budget estimate for next year, as compared with the revised estimate for the current year, is due to saving under charges connected with conferences and committees.

EXTRAORDINARY ITEMS.

	Accounts, 1931-32.	1932-33.		Budget, 1933-34.
		Budget.	Revised.	
Receipts—				
India	13.81	1.08	1.76	..
England	7.58	22.83	.03	..
Exchange . . . . .	.09	..	..	..
TOTAL	21.48	23.91	1.79	..
Payments—				
India	2.86	19.86	11.63	6.30
England . . . . .	.12	2.24	4.00	2.41
Exchange . . . . .	..	..	-.01	..
TOTAL	2.98	22.10	15.62	8.74

59. The budget estimate for the current year assumed the resumption of German payments on reparation account at the end of the moratorium in July 1932. It is not now considered safe to count on such receipts. The small Indian credits in the revised arise from the final closing of the Austrian Liquidation account.

60. The payments mainly represent charges incurred on retrenched personnel.

MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

1932-33	{ Budget	. . . . .	1,02-00
	{ Revised	. . . . .	96-35
1933-34	Budget	. . . . .	1,00-00

61. With effect from the 18th April 1932, the North-West Frontier Province has been made into a Governor's Province and an annual subvention of 1,00-00 will be given to the Province to cover the revenue deficit. This will remain operative for three years, or until the new constitution for India is inaugurated, whichever is earlier.

62. The figure of 1,02 shown as budget of the current year is made up of

(1)	Revenue under heads classified as provincial under N.-W. F. P. Devolution Rules but credited to the Central Government during the first seventeen days of April 1932	2
(2)	Expenditure incurred by the Central Government during the same period under heads classified as provincial with effect from 18th April 1932	18
(3)	Balance of annual assignment to make up recurring subvention of Rs. 1 crore	82

The actual receipts and expenditure under various heads during this period have been accounted for as central revenue and expenditure under the major heads concerned, and the total of these receipts and disbursements amount to a net payment of 5-79 by the Central Government. The balance of 94-21 is therefore provided for under this head in the revised estimate so as to make up the total subvention of Rs. 1 crore. The remaining of 2-14 in the revised is for reimbursement to the Government of Bengal of the pensionary charges of the Bengal Pilot Service.

WAYS AND MEANS.

HOME TREASURY.

63. The bulk of the payments made in England on account of the Government of India consist of expenditure chargeable to the Indian revenues and has normally to be met by direct remittance of funds from India. The capital outlay on the construction of railways, however, sometimes necessitates borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general ways and means programme. Recoveries are also effected by the Secretary of State against drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

64. The following is a summary of the estimated transactions of the Home Treasury :—

(In millions of £.)

	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·30	·32	·32
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	·60	·16	·60
(b) Other transactions	·48	·29	·42
3. Deposits and Advances	·12	·52	—·30
Total Receipts, excluding direct remittances and loans	1·50	1·29	1·04
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	26·30	26·33	26·68
5. Disbursements on behalf of Provincial Governments	2·81	2·70	2·41
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	1·13	·38	·97
(b) Other items	·01	·02	·01
7. Discharge of Permanent Debt	7·86	9·63	6·43
Total Disbursements	38·11	39·06	36·50
NET DISBURSEMENTS	36·61	37·77	35·46
Remittances from India (net)	24·50	25·79	21·00
New Loan (less discount)	6·00	9·50	6·00
Reduction (+) or increase (—) of cash balance	+6·11	+2·48	+8·46
Opening Balance	11·04	15·86	13·38
Closing Balance	4·93	13·38	4·92

65. Item 2 (a) has already been explained in paragraph 63. Normally, item 2 (b) relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement, the other indirect remittances to and fro practically balancing one another.

66. The amount shown under the head 'Discharge of Permanent Debt' includes the provision for railway sinking funds and the capital portion of railway annuities. These payments are made out of the provision for reduction or avoidance of debt—vide paragraph 49.

67. The remittance programme, as estimated, is as follows :—

(In millions of £.)

	Revised, 1932-33.	Budget, 1933-34.
Purchase of Sterling	38·83	21·00
Sterling taken over in London	·71	..
Transfers through Gold Standard Reserve	-13·75	..
	25·79	21·00

The programme for next year is only illustrative. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

68. The sterling debt incurred in 1932-33 is as follows :—

Month of issue	Form of issue.	Nominal amount. £	Issue price per cent.	Cash received. £
April 1932	5 per cent. Stock, 1942-47	10,000,000	95	9,500,000

INDIA.

69. The following is a summary of the estimates of ways and means in India during 1932-33 and 1933-34 :—

(In crores of rupees.)

—	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	37·22	37·27	35·99
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	5·00	10·00	5·00
(b) Savings Bank deposits (net)	6·55	7·87	8·20
3. Appropriation for reduction or avoidance of debt	6·82	6·84	6·88
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	·90	—·85	·42
5. Post Office Cash Certificate Bonus Fund . . . . .	..	1·10	1·35
6. Miscellaneous Deposits and Remittances (net)	—·43	1·46	1·15
TOTAL RECEIPTS	56·06	63·69	58·99

	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	2·65	·30	2·00
(b) Posts and Telegraphs	·23	·20	·16
(c) Other items	1·26	1·29	1·06
8. Permanent Debt discharged (net)	16·49	57·07	28·95
9. Floating Debt discharged (net)	7·51	43·42	8·00
10. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	..	4·68	..
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	11·65	8·15	3·91
(b) Other Loans	·26	·76	·72
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	32·67	34·39	28·00
(b) Drawings by the Iraq administration recoverable in England	·80	·22	·80
(c) Other transactions (net).	·63	·39	·59
13. Balances of Provincial Governments	—4·77	—6·11	—2·76
TOTAL DISBURSEMENTS	69·38	1,44·76	71·43
NET DISBURSEMENTS	13·32	81·07	12·44
New Loan	14·50	80·11	12·00
Reduction (+) or increase (—) of cash balance	—1·18	+·96	+·44
Opening Balance	10·19	12·69	11·73
Closing Balance	11·37	11·73	11·29

70. There were four Rupee loans floated in the current year. They consisted of a 5½ per cent. 1938-40 loan issued at Rs. 98 per cent.; a 5 per cent. 1940-43 loan issued at Rs. 98 per cent.; 4 per cent. Bonds 1943 issued at Rs. 98 per cent.; and 4 per cent. conversion loan, 1960-70. The results of these loans are given below; the figures regarding the conversion loan represent only estimates:—

	(In lakhs of rupees.)			
	5½ per cent. Loan, 1938-40.	5 per cent. Loan, 1940-43.	4 per cent. Bonds, 1943.	4 per cent. Conversion Loan, 1960-70.
Subscriptions in cash	13,70	4,81	..	..
Subscriptions in Treasury Bills	1,81	..	14,97	..
Subscriptions in the form of 5 per cent. 1933 Bonds . . . . .	..	10,42	..	5,00
Subscriptions in the form of 6 per cent. Bonds, 1933-36 . . . . .	..	9,95	..	8,00
Subscriptions in the form of 6 per cent. Bonds, 1932	3,63	..	..	..
Subscriptions in the form of 1929-47 loan . . . . .	..	..	..	9,00
Total	19,14	25,18	14,97	22,00

71. The amount of the new loan estimated for next year has been shown separately at 12 crores.

72. The balance of treasury bills have been taken in the estimates as follows :—

	(In crores of rupees.)		
	31st March 1932.	31st March 1933.	31st March 1934.
With the public . . .	47.53	28.00	20.00
In the Paper Currency Reserve . . .	49.67	35.28	35.28

73. The figures relating to India's debt have been given in Appendix II. The balance of total interest-bearing obligations not covered by interest-yielding assets, cash and bullion on the 31st March 1933 shows a decrease of 7 crores as compared with the balance on the 31st March 1932.

J. B. TAYLOR.

The 28th February 1933.

APPENDIX I.

Memorandum on the Defence Estimates for 1933-34.

One of the recommendations of the Army Retrenchment Sub-Committee was that the estimates of receipts and expenditure should be reduced in bulk and simplified. The process of simplification is limited by the necessity of presenting the estimates in a form in which they will be useful to the administration and informative to the public. In preparing the estimates for 1933-34 an endeavour has been made to find a suitable means which will satisfy as far as possible the two requirements. The estimates are now described as the "Defence" estimates, as it appeared that the term "military" estimates tended to obscure the fact that they covered expenditure on the Royal Air Force and the Royal Indian Marine as well as on the Army; and what has hitherto been known as the Military Reserve Fund is now termed the Defence Reserve Fund. Effect has been given to a specific recommendation of the Retrenchment Sub-Committee that the estimate for Military Engineer Services should be abolished as a separate head; the main heads of account are now "Defence Services—Effective", "Defence Services—Non-effective" and "Defence Reserve Fund". Other alterations are of a minor character.

2. These changes of form involve no substantial change in the system of accounting. The Defence estimates and accounts continue to be on a cash basis.

3. The following table indicates the course of expenditure on the Defence Forces (the Army in India, the Royal Air Force in India and the Royal Indian Marine) during the past five years and the estimated expenditure in the current and impending financial years:—

	Crores of Rs.
1927-28	54.79
1928-29	55.10
1929-30	55.10
1930-31	54.30
1931-32	51.76
1932-33 (revised estimate)	46.74
1933-34 (budget estimate)	46.20

4. In the years immediately succeeding the beginning of 1923 a large reduction of expenditure had been enforced under pressure from the Inchcape Committee. There was a substantial decrease in the numerical strength of the Forces, but a quite disproportionately greater reduction in the provision for maintaining the reduced Forces. In other words that balance between fighting strength and maintenance services which is essential to produce an efficient Force was impaired. In 1927-28 the effects of this policy came to a head and the Government of India found themselves in a dilemma. On the one hand the equipment of the Defence Forces had fallen, and was progressively falling, below modern standards: it was estimated that a special outlay of about 10 crores, over and above the cost of maintenance, would be required within the next few years to put the Forces into a condition in which they could be regarded as up to date Forces in terms of the policy accepted

by Government and endorsed by the Legislative Assembly. On the other hand, on general financial grounds the Government could not contemplate an increase of Defence expenditure. An escape from this dilemma was eventually found in the "stabilisation" of the Defence budget. From the military point of view the essential features of the stabilisation arrangement were—

- (a) that a fixed sum (55 crores) was to be placed at the disposal of His Excellency the Commander-in-Chief in 1928-29 and in each of the three following financial years; and
- (b) that during this period of four years the military authorities should carry out a special economy 'drive', calling upon all officers to co-operate in eliminating every possible form of unnecessary expenditure, and that they should be allowed to retain all savings on the estimates, whether automatic or secured by the special measures of economy, to be applied to working off the special 10 crore re-equipment programme. The grant of this permission involved the establishment of the Military Reserve Fund through which savings in one year could be carried forward for expenditure in a subsequent year, where such a course was considered to be convenient and economical.

5. The stabilisation of the Defence budget lasted in its entirety for the two years 1928-29 and 1929-30 only. Thereafter the effects of the general economic depression on the finances of India compelled a revision of the arrangement, involving a departure from both the principles described in the preceding paragraph. The standard budget figure has been progressively reduced as shown in the table above until expenditure now stands at a point nearly 9 crores below the level of 1929-30, and it was also found necessary to call upon His Excellency the Commander-in-Chief to surrender savings which, under the stabilisation arrangement, he would have applied towards the carrying out of the 10 crore re-equipment programme. These savings were either surrendered outright to Government or were applied to meet special expenditure which was not contemplated when the standard figure of 55 crores was adopted. The most important items of extraordinary expenditure in the three financial years from 1930-31 to 1932-33 have been operations against the tribes on the North-West Frontier, the suppression of the Burma rebellion, the establishment of an additional garrison in Bengal, and the cost of movements of troops which have from time to time been necessary for dealing with the Civil Disobedience movement. The cost of these special operations is estimated at little less than two crores of rupees in the three years. In each of the three years this extra and unforeseen expenditure has been met within the budget allotment for the year. This was made possible only by equally unforeseen windfalls, the most important of which has been the unprecedented fall in commodity prices. Had it not been for these windfalls, it would either have been necessary for Government to make additional grants or the re-equipment programme would have fallen into even greater arrears than has actually been the case.

6. The purpose of adopting the stabilised budget system for Defence expenditure was two-fold :—

- (a) to provide, without increasing the annual budget, the funds required to finance the 10 crore re-equipment programme; and
- (b) to secure, at the end of the period of stabilisation, a permanent reduction in the level of the standing charges required to maintain the Forces.

It is of interest to note how far these two objects have been achieved in spite of the radical alterations in the stabilisation arrangement which the present financial crisis has inevitably enforced on a system based on conditions prevailing in 1927-28.

7. As regards the re-equipment programme, it was impossible in the current year's budget to do more than provide a comparatively small sum required to complete schemes in progress which could not economically be postponed. However, taking together the years from 1928-29 to 1931-32, it was found possible in that period to make allotments within the annual budgets up to an aggregate amount of 7 crores towards the 10 crore programme.

8. As regards the reduction in standing charges, it is necessary to distinguish between the savings secured by the economy campaign which was an essential feature of the stabilisation arrangement and the savings secured by the emergency retrenchment campaign which was started in 1931-32. The following table exhibits for each of the four years from 1928-29 to 1931-32 the total amount of the budget allotment and the amount provided within that allotment to cover the standing charges :—

	Total budget (in crores).	Standing charges (in crores).
1928-29 :	55.10	53.94
1929-30	55.10	52.66
1930-31	54.35	52.54
1931-32	52.00	50.37

It will be seen that in the course of the four years the expenditure on standing charges fell by more than 3½ crores. This fall was due partly to automatic causes and partly to deliberate economies. In round figures the reduction may be allocated as follows :—

	Crores of Rs.
to the fall in commodity prices	1.00
to the turnover of British other ranks from the old rates of pay to the reduced rates fixed in 1925 . . . . .	.80
to the economy campaign	1.70
Total	3.50

Up to 1931-32, therefore, it will be seen that substantial success had been achieved in working to the two main objects of the stabilisation system.

9. In 1931-32 the financial crisis led to a still more intensive campaign of economy and retrenchment. In this campaign the military authorities worked in close collaboration with the Army Retrenchment Sub-Committee and as a result of their joint efforts His Excellency the Commander-in-Chief was able to accept for 1932-33 a budget allotment of 46.74 crores. The search for economies did not cease with the acceptance of the 1932-33 budget. Previous lines of retrenchment were further worked out and new schemes

were taken in hand with the result that by December 1932 His Excellency the Commander-in-Chief was able to report that in view of the continuance of the financial crisis he could again accept for 1933-34 a budget allotment not exceeding 46·74 crores even if the 10 per cent. cut in pay were restored from April 1933 at a cost of 105 lakhs.

10. The figure of 46·74 crores represents a reduction of 7·20 crores from the expenditure on obligatory standing charges in 1928-29, viz., 53·94 crores. It cannot be claimed, however, that the figure of 46·74 represents as yet a new permanent level of standing charges. As noted in paragraph 8 the figures of reduction of expenditure include an automatic saving of about a crore of rupees due to the fall in commodity prices below the level of 1928-29: so that if prices rise again towards that level, so will the Defence budget automatically rise. Moreover, certain of the retrenchment measures which have been put into force have the effect of reducing current expenditure on stores by diminishing the quantities held in stock. This process obviously cannot be continuous and when surpluses have been consumed current expenditure is bound to rise again. Finally, part of the reduction has been secured by postponement of building and other programmes: in fact, the standing charges budget for 1933-34 covers only the bare necessities of maintenance. Commitments of this kind cannot be indefinitely postponed, for experience has shown that the accumulation of commitments is merely laying up trouble for the future.

11. But even after allowing for these factors the reduction in the standing charges is sufficiently remarkable and it justifies the claim of the military authorities that, in spite of the inability of Government to give full effect to the stabilisation arrangement, it has been so worked as to produce a very substantial measure of success in both the directions hoped for, namely, the clearing of the commitments represented by the 10 crore re-equipment programme and the ultimate reduction of the cost of maintenance of the Forces.

12. The history of the financial administration of the Defence Services in recent years is set out at some length in the preceding paragraphs because it has a direct bearing on the fixation of the amount required to finance those Services in 1933-34. As the general financial situation is still grave, His Excellency the Commander-in-Chief has been asked to accept another emergency budget, i.e., an allotment sufficient only to cover the bare cost of maintenance. On that basis His Excellency was, as stated, in a position last December to report that he could carry on with an allotment not exceeding the current year's figure of 46·74 crores, even if the 10 per cent. pay cut were restored at a cost of 105 lakhs. The acceptance of that position has been made possible by the development of economy schemes already in force and by the adoption of new measures of retrenchment. These new retrenchment measures are estimated to produce a saving in 1933-34 of 70 lakhs. They include a reorganisation of Pioneers and Engineer units (14 lakhs), a reorganisation of the Auxiliary Force (15 lakhs) and a further revision of stocks of military stores (21 lakhs).

13. As finally worked out on the basis that the pay cut would cease to be operative from April 1933 the net budget estimate for 1933-34 stood at 46·72½ crores. As a result of the decision to re-impose a pay cut at 5 per cent. the estimate is reduced by 52½ lakhs: the final net estimate is thus 46·20 crores. This figure includes provision for the extra expenditure involved in the maintenance of the additional garrison in Bengal and for the expansion of the Indian Military Academy to cope with the increased number of cadets to be trained in the second year of its existence.

14. It is estimated that at the end of the current financial year there will be in the Military Reserve Fund a free balance of about 110 lakhs of rupees, representing the accumulated balance of underspendings on the budgetary provisions in the previous years since 1928-29. As has been stated in an earlier paragraph, the 10 crore re-equipment programme, which under the original arrangement it was hoped to complete in the period of four years from 1928-29 onwards, has inevitably been retarded ; the total amount which it has so far been possible to devote to this purpose is $7\frac{1}{2}$ crores, leaving a balance of $2\frac{1}{2}$ crores still to be found. His Excellency the Commander-in-Chief has represented that the delay in completing the programme is having a serious effect on the preparedness of the Forces for war. In present circumstances it is impossible to find the whole of the money required, but it is intended to apply the 110 lakhs of rupees in the Military Reserve Fund towards working off during the next two years the most urgent of the remaining deficiencies. Quite apart from the question of military necessity, it is very desirable from the general point of view that these arrear commitments should be worked off as far as possible before the new constitution comes into being, so that the expenditure on defence under the new régime may from the outset be on the basis of actual cost of maintenance with a moderate allowance for normal renewals and replacements.

15. A detailed statement showing the effect of the recommendations of the Army Retrenchment Sub-Committee and the more recent measures of economy introduced under the orders of His Excellency the Commander-in-Chief has been prepared by the Army Department and forms part of the budget papers furnished to the members of the Legislature.

16. A statement is appended to this Memorandum showing by major heads the actual expenditure recorded in 1931-32, the budget and revised estimates for 1932-33 and the budget estimate for 1933-34. The causes of variation are explained generally in this Memorandum and are described in detail against each head in the volume of detailed estimates.

17. If Hon'ble Members desire any further information on the details of the Defence Estimates, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

A. MACLEOD,
Financial Adviser, Military Finance.

NEW DELHI,

The 28th February, 1933.

	Actuals, 1931-32.	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
EXPENDITURE.				
48.—Defence Services—Effective.	Rs.	Rs.	Rs.	Rs.
1. Fighting Services . . .	18,41,79,760	17,55,48,000	17,37,67,000	17,04,15,000
2. Administrative Services . . .	6,99,27,586	6,52,58,000	6,41,10,000	6,54,37,000
3. Manufacturing Establishments (including stores).	2,83,23,498	2,73,24,000	2,54,58,000	2,43,15,000
4. Army Headquarters, Staff of Commands, etc. . .	2,07,21,110	1,90,04,000	1,87,69,000	1,97,50,000
5. Purchase and sale of stores, Equipment and Animals (other than those purchased direct by manufacturing establishments, M. E. S., R. A. F. and R. I. M.)	4,32,32,929	4,22,84,000	4,10,55,000	4,45,18,000
6. Special Services	23,28,810	9,000	4,10,000	8,000
7. Transportation, Conservancy, Hot Weather establishments and Miscellaneous	3,00,80,711	3,13,17,000	2,88,81,000	2,87,70,000
8. Military Engineer Services (including stores)	4,60,96,780	3,32,57,000	3,90,40,000	3,68,75,000
9. Auxiliary and Territorial Forces	98,13,686	84,36,000	78,00,000	68,39,000
10. Royal Air Force (including stores)	2,05,53,515	1,56,60,000	1,56,05,000	1,57,12,000
11. Royal Indian Marine (including stores)	62,47,085	58,00,000	58,75,000	70,19,000
Total	46,15,05,470	42,38,97,000	42,07,70,000	41,96,58,000
49.—Defence Services—Non-Effective.				
1. Army	8,57,92,134	8,40,57,000	8,38,71,000	8,42,54,000
2. Royal Air Force	3,10,319	2,97,000	3,26,000	3,42,000
3. Royal Indian Marine	9,43,407	9,45,000	9,11,000	9,13,000
Total	8,70,45,860	8,52,99,000	8,51,08,000	8,55,09,000
50.—Defence Reserve Fund	1,03,22,890	..	..	..
Total Expenditure	55,88,74,220	50,91,96,000	50,58,78,000	50,51,67,000

	Actuals, 1931-32.	Budget, 1932-33.	Revised, 1932-33.	Budget, 1933-34.
<i>Receipts.</i>				
	Rs.	Rs.	Rs.	Rs.
XXXVI.—Defence Services— Effective	3,18,17,007	3,02,17,000	2,99,89,000	3,16,89,000
XXXVII.—Defence Services— Non-Effective	94,57,213	77,88,000	78,67,000	53,38,000
XXXVIII.—Defence Reserve Fund . . . . .	..	37,91,000	6,22,000	61,40,000
Total Receipts	4,12,74,220	4,17,96,000	3,84,78,000	4,31,67,000
Net Expenditure	51,76,00,000	46,74,00,000	46,74,00,000	46,20,00,000

APPENDIX II.

Statement showing the interest-bearing obligations of the Government of India, outstanding at the close of each financial year.

	31st March 1924.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.	31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.	31st March 1933.
(In crores of rupees.)											
INTEREST-BEARING OBLIGATIONS.											
<i>India—</i>											
Loans (a)	339·83	358·81	370·38	368·29	374·44	372·25	390·73	408·11	417·24	432·68	446·91
Treasury Bills in the hands of the public	21·59	2·12	..	..	..	7·59	4·00	36·04	55·38	47·53	28·00
Treasury Bills in the Paper Currency Reserve	49·85	49·65	49·65	49·65	41·47	31·94	39·15	29·22	5·89	49·67	35·23
Ways and Means Advance	..	..	..	..	..	..	..	..	..	9·50	..
Other Obligations—											
Post Office Savings Banks	23·20	24·79	25·64	27·23	29·51	32·67	34·49	37·13	37·03	38·20	42·55
Cash Certificates	3·13	8·42	13·12	20·90	28·63	30·70	32·30	35·00	38·43	44·58	54·58
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·02	55·82	60·52	65·41	70·33	73·04	76·55
Depreciation and Reserve Funds	..	..	9·08	15·45	20·10	25·48	31·09	30·18	21·39	17·65	16·85
Provincial Balances (b)	2·84	4·17	4·83	11·87	10·49	10·48	10·43	10·21	6·09	4·82	4·66
Total Loans, etc.	411·07	410·58	420·03	417·94	416·91	411·78	438·83	470·87	478·51	529·39	510·19
Total Other Obligations	65·36	76·38	95·06	121·87	137·80	155·15	168·83	177·93	173·27	177·79	195·19
Total in India	476·43	486·96	515·09	539·81	553·71	566·93	602·71	648·80	651·78	707·18	705·38
(In millions of £.)											
<i>In England—</i>											
Loans (a)	222·92	244·53	263·39	266·35	265·09	272·32	283·81	289·03	316·81	313·60	315·62
War Contribution	19·71	19·27	18·81	18·32	17·81	17·28	16·72	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61·81	60·10	58·84	57·53	56·19	54·79	53·35	51·86	50·32	48·72	47·06
India Bills	..	..	..	..	..	..	..	6·00	4·05	..	..
Provident Funds, etc.	..04	..19	..10	..21	..27	..19	..43	2·54	..69	..80	..92
Total in England	303·98	324·03	341·20	342·41	339·36	344·58	353·81	366·15	388·69	379·84	390·32
(In crores of rupees.)											
Equivalent at 1s. 6d. to the Rupee	405·81	432·04	454·93	456·55	452·43	459·44	471·75	488·20	518·12	506·46	507·10
Total interest-bearing obligations	881·74	919·00	970·02	996·36	1,006·19	1,026·37	1,074·46	1,136·50	1,169·90	1,213·63	1,212·48
INTEREST-YIELDING ASSETS—											
Capital advanced to Railways	517·22	537·02	(d) 578·05	(f) 605·61	635·46	668·60	700·69	730·79	743·98	750·73	751·54
Capital advanced to other Commercial Departments	19·43	20·07	22·00	17·77	19·16	20·73	21·81	22·70	23·65	23·75	24·49
Capital advanced to Provinces	87·49	97·50	106·43	114·60	120·17	126·34	137·52	142·60	151·82	163·64	171·79
Capital advanced to Indian States and other interest-bearing loans	8·90	8·93	10·16	11·84	12·11	13·91	15·49	17·65	19·45	20·29	21·05
Total interest-yielding assets	633·04	663·52	716·64	749·82	786·90	829·58	875·51	913·74	938·90	958·41	968·87
Cash, bullion and securities held on Treasury account	44·80	50·47	57·35	51·96	37·48	24·26	23·84	45·36	34·03	41·42	36·92
Balance of total interest-bearing obligations not covered by above assets	203·90	204·95	196·03	194·58	181·81	172·53	170·61	177·40	198·97	213·80	205·69

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(c) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £18 millions, on the termination of the contract with that Railway on the 1st January 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(d) Includes 27·07 crores on account of the liability referred to in (c) above.

(e) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £34 millions, on the termination of the contract with that Railway on the 1st July 1925. Vide also last sentence under (c) above.

(f) Includes 4·68 crores on account of the liability referred to in (c) above.

APPENDIX III.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1932-33.				1933-34.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted.	Non-voted.	Total.	Per-centage of voted to total.
Expenditure charged to revenue	90,11	1,15,09	2,05,20	44	88,40	1,13,24	2,01,64	44
Expenditure not charged to revenue	5,47	18	5,65	97	4,12	44	4,56	90
Total Expenditure both charged and not charged to revenue.	95,58	1,15,27	2,10,85	45	92,52	1,13,68	2,06,20	45

*These figures have been arrived at as follows :—

Expenditure as per Budget Statements	1,27,81	1,24,11
Add—Working expenses of—		
(a) Railway Department	63,50	63,64
(b) Posts and Telegraphs	10,72	10,51
(c) Irrigation	2	2
Add—Refunds	3,15	3,36
	<u>2,05,20</u>	<u>2,01,64</u>