Explanatory Memorandum

by the

Financial Secretary

on the

Budget of the Governor-General in Council,

As laid before the Indian Legislature, 1937.

NEW DELHI : PRINTED BY THE MANAGER
GOVERNMENT OF INDIA PRESS : 1937

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CONTENTS.

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 1935-36, 1936-37 and 1937-38 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 1*s*. 6 3/32*d*. in 1936-37 and, as usual, 1*s*. 6*d*. in 1937-38.

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 and items shown in (3).	(3) Transfer to Earthquake and other Funds.	(4) Balance of (1) minus (2) minus (3).	(5) Transfer to or from Revenue Reserve Fund.	(6) Provision for Reduction or Avoidance of Debt.	(7) 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	—2,96	4,97	..
1927-28 . .	1,25,04	1,22,22	..	+2,82	2,22	5,04	..
1928-29 . .	1,28,24	1,23,88	..	+4,36	74	5,42	—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 . .	1,21,64	1,26,50	..	—4,86	..	6,89	—11,75
1932-33 . .	1,26,40	1,18,01	..	+8,39	..	6,84	+1,55
1933-34 . .	1,20,37	1,14,65	(*a*) 2,72	+3,00	..	3,00	..
1934-35 . .	1,25,10	1,17,14	(*b*) 4,60	+3,36	..	3,00	+36
1935-36 . .	1,22,01	1,16,72	(*c*) 45	+4,84	—1,84	3,00	..
1936-37 (Revised)	1,18,98	1,17,90	..	+1,08	..	3,00	—1,92
1937-38 (Budget)	1,17,58	1,16,35	..	+1,23	1,84	3,00	+7

(*a*) Amount transferred to the Earthquake Fund; 63 out of this was utilised for debt redemption.

(*b*) 2,82 for rural development, 25 for tribal areas in N. W. F. P., 20 for Broadcasting, 93 for Civil Aviation and 40 for special grant to Road Fund.

(*c*) Fund for capital outlay on buildings in Sind (17·5) and Orissa (27·5).

2. In the 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 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, defence expenditure is shown gross, the defence receipts being included under revenue.

3. The budget estimates for 1937-38 include the changes due to the separation of Burma and the Niemeyer Award including in this term all the other alterations consequent upon the introduction of Provincial Autonomy. The effect of these changes run through practically every head of the Budget and in order to present them as conveniently and clearly as possible a table

is given below showing how much of the variation in each head between 1937-38 and 1936-37 is attributable to the separation of Burma and to Provincial Autonomy respectively. This table has been drawn up in the simplified form in which the figures have been mentioned in the Hon'ble the Finance Member's Budget speech.

TABLE I.

—	Budget 1936-37.	Revised 1936-37.	Budget 1937-38.	Separation of Burma.		Provincial Autonomy.	
				Loss.	Gain.	Loss.	Gain.
		Revenue.					
Customs	48,79	46,78	45,16	4,26	..	..	..
Share of Jute duty payable to Provinces	—1,89	—1,99	—2,55	..	..	51	..
Central Excise Duties	6,03	6,44	7,16	49	..	..	..
Taxes on Income	15,67	15,30	14,30	1,40	..	..	..
Salt	8,75	8,85	8,25	44	..	..	..
Opium	47	47	50	..	..	..	..
Other principal heads of revenue	99	97	94	..	..	..	..
Irrigation	..	..	1	..	..	..	..
Posts and Telegraphs (net)	1	8	4	..	13	..	..
Interest receipts	62	61	71	1	..	..	..
Civil Administration	89	92	92	..	..	..	..
Currency	81	53	67	..	..	..	..
Mint	45	45	39	..	..	..	..
Civil Works	26	33	35	..	..	..	..
Payments from Indian States	74	75	70	..	..	..	..
Miscellaneous	55	92	71	1	..	..	..
Extraordinary	..	..	3,23	..	3,23	..	..
Railways (net)	..	..	15	..	..	..	..
Revenue Reserve Fund	..	..	1,84	..	..	..	..
Total	83,14	81,41	83,48	6,61	3,36	51	..
		Expenditure.					
Opium	29	29	25	..	..	..	..
Other direct demands	3,86	3,90	3,59	..	23	..	..
Irrigation	5	5	12	..	..	..	..
P. & T. Capital outlay	10	5	7	..	..	..	..
Interest payments	9,20	9,66	11,12	1,43	..	90	..
Reduction or Avoidance of Debt	3,00	3,00	3,00	..	..	..	..
Civil Administration	11,23	11,06	10,43	..	79	..	12
Currency and Mint	34	37	34	..	..	..	..
Civil Works	2,58	2,51	2,37	..	11	..	..
Miscellaneous	3,94	3,95	3,83	..	..	..	..
Defence (net)	45,45	45,45	44,62	..	1,04	..	..
Grants in aid to Provinces	2,58	2,58	3,14	..	..	56	..
Miscellaneous adjustments	20	20	2	..	18	..	..
Extraordinary charges	26	26	1	..	..	..	..
	83,08	83,33	83,41	1,43	2,35	1,46	12
Surplus	6	..	7				
Deficit	..	1,92	..				

4. The separation of Burma thus leads to a net reduction in revenue of 6,61 —3,36, or 3,25, and to a saving in expenditure of 2,35 —1,43, or 92. The net cost of separation will therefore, be 2,33. The gain of 3,23 shown against the head " Extraordinary " represents the amount payable by Burma under the Amery Award and is made up of :—

(1) 2,29 being the provisional figure of the annuity payable for the next 45 years in respect of the debt and other liabilities taken over by Burma ; and

(2) 94 in respect of Burma's liability for pensions ; this figure represents the first of a series of annual payments which will diminish gradually to zero over a period of 20 years.

Apart from these two items the net loss on account of the seperation of Burma would be 5,56. All these figures are of a provisional character. There are many uncertain factors to be taken into account, particularly under the heads " Customs " and " Taxes on Income ", and moreover the final material for the calculation of the annuities payable by Burma will not be available until some time after the 31st March.

Provincial autonomy accounts for a reduction of 51 in revenue and an increase of 1,34 in expenditure, or a total cost to the Centre of 1,85.

The additional burden falling on the Budget for 1937-38 arising from the constitutional changes thus amounts to 4,18. This is in addition to the charges assumed in earlier years, including the devolution of 50 per cent. of the Jute duty and the subventions to North-West Frontier Province, Sind and Orissa, which together amount to more than as much again.

5. The usual analytical tables of the revenue and expenditure of the Central Government are given below :—

TABLE II.

Year.	Tax revenue *less* cost of collection (*a*).	Other revenue net excluding Defence receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Defence expenditure net.	Transfer to Earthquake and other Funds.	Other expenditure charged to revenue but omitting cost of collection of tax revenue.	Total expenditure charged to revenue.	Surplus + Deficit —.
1921-22 . . .	60,78	17,65	78,43	13,70	4,46	60,81	..	18,11	1,06,08	—27,65
1922-23 . . .	64,41	21,33	85,74	13,87	4,55	65,27	..	17,07	1,00,76	—15,02
1923-24 . . .	66,66	30,45	97,11	15,97	3,62	56,23	..	18,00	94,72	+2,39
1924-25 . . .	67,54	28,84	96,38	14,00	3,78	55,63	..	16,30	90,70	+5,68
1925-26 . . .	68,10	25,29	93,39	13,37	4,97	56,00	..	15,74	90,08	+3,31
1926-27 . . .	67,96	25,32	93,28	11,77	4,97	55,97	..	20,57	93,28	.. (*b*)
1927-28 . . .	68,12	17,43	85,55	10,57	5,04	54,79	..	15,15	85,55	.. (*c*)
1928-29 . . .	71,63	15,62	87,25	10,20	5,42	55,10	..	16,85	87,57	—32(*d*)
1929-30 . . .	71,74	19,46	91,20	10,85	5,74	55,10	..	19,24	90,93	+27
1930-31 . . .	66,54	13,60	80,14	11,28	6,14	54,30	..	20,00	91,72	—11,58
1931-32 . . .	69,52	7,77	77,29	12,83	6,89	51,76	..	17,56	89,04	—11,75
1932-33 . . .	76,74	6,10	82,84	11,61	6,84	46,74	..	16,10	81,29	+1,55
1933-34 . . .	69,66	5,77	75,43	9,29	3,00	44,42	(*e*) 2,72	16,00	75,43	..
1934-35 . . .	74,57	6,18	80,75	10,25	3,00	44,34	(*f*) 4,60	18,20	80,39	+36
1935-36 . .	73,71	4,58	78,29	10,59	3,00	44,98	(*i*) 45	19,36	78,29	.. (*g*)
1936-37 (Revised)	71,11	4,49	75,60	9,[illegible]	3,00	45,45	..	19,41	77,52	—1,92
1937-38 (Budget) .	68,32	(*h*) 9,65	77,97	11,12	3,00	44,62	..	19,16	77,90	+7

(*a*) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.
(*b*) A surplus of 2,96 was transferred to Revenue Reserve Fund.
(*c*) A deficit of 2,22 was met by transfer from Revenue Reserve Fund.
(*d*) A deficit of 1,06 was met to the extent of 74 by transfer from Revenue Reserve Fund.
(*e*) Represents the amount transferred to the Earthquake Fund. 62 out of this was subsequently utilised for debt redemption.
(*f*) *Vide* footnote (*b*) on page 1.
(*g*) A surplus of 1,84 was transferred to the Revenue Reserve Fund.
(*h*) Includes 1,84 transferred from the Revenue Reserve Fund and 3,23 the receipt under the Amery Award.
(*i*) *Vide* footnote (*c*) on page 1.

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

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
Year.	Tax Revenue. (a)	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.	Extraordinary Payments.	Defence 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	63,78	3,00	60,78	—7,01	1,27	3,30	1,11	9,83	...	(b) 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	1,92	2,59	1,16	9,20	...	2,37	85,74	13,87	4,55	...	65,27	16,89	18	1,00,76	—15,02
1923-24	69,14	2,48	66,66	3,97	1,66	2,14	3,16	9,20	2,60	2,72	97,11	15,97	3,62	3,41	56,23	15,86	—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	+5,68
1925-26	71,06	2,96	68,10	5,78	2,04	3,94	4,22	6,20	63	2,48	93,39	13,37	4,97	26	56,00	(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	3,00	55,07	(e)17,39	18	93,28	...
1927-28	71,13	3,01	68,12	5,92	3,07	1,90	3,62	...	14	2,78	85,55	10,57	5,04	—2,04	54,79	(f)16,99	20	85,55	...
1928-29	74,77	3,14	71,63	4,52	2,72	2,17	2,80	...	30	3,11	87,25	10,20	5,42	—73	55,10	(g)17,42	16	87,57	—32
1929-30	74,99	3,25	71,74	5,24	2,55	2,00	4,40	...	1,89	3,38	91,20	10,85	5,74	...	55,10	19,11	13	90,93	+27
1930-31	69,76	3,22	66,54	4,03	1,79	27	3,39	...	99	3,13	80,14	11,28	6,14	16	54,30	19,69	15	91,72	—11,58
1931-32	72,58	3,06	69,52	—1,00	1,28	1,02	2,41	...	21	3,85	77,29	12,63	6,89	3	51,76	18,03	—50	89,04	—11,75
1932-33	79,91	3,17	76,74	—45	6	1,65	1,88	...	2	2,94	82,84	11,61	6,84	16	46,74	15,89	5	81,29	+1,55
1933-34	72,97	3,31	69,66	—56	38	74	1,63	...	36	2,73	75,43	9,29	3,00	(h)2,82	44,42	15,85	5	75,43	...
1934-35	78,08	3,51	74,57	83	37	75	2,01	...	...	2,72	80,75	10,25	3,00	(i)2,85	44,34	19,92	3	80,39	+36
1935-36	77,35	3,64	73,71	—4	27	75	87	...	...	2,73	78,29	10,50	3,00	(j)2,72	44,98	17,08	1	78,29	...
1936-37 (Revised) . .	74,81	3,70	71,11	3	18	61	62	...	...	2,05	75,60	9,66	3,00	26	45,45	19,10	5	77,52	—1,92
1937-38 (Budget) . .	71,70	3,38	68,32	9	24	72	71	...	(k) 5,07	2,82	77,97	11,12	3,00	1	44,63	19,08	7	77,90	+7

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund from 1928-29.
(b) Includes 5,50 freight tax.
(c) Includes bounties 62.
(d) " " 85.
(e) " " 80.
(f) " " 13.
(g) Includes bounties 4.
(h) Includes 2,72 transferred to the Earthquake fund, 62 of which was subsequently utilised for debt redemption.
(i) Includes 2,82 for economic development of rural areas.
(j) Includes 1,84 transfer to the Revenue Reserve Fund, 45 for Sind and Orissa buildings and 43 for Quetta expenditure.
(k) Includes 1,84 transfer from the Revenue Reserve Fund and 3,23 receipt from Burma.

TABLE IV.

Analysis of Tax Revenue.

Year. 1		Revenue from Customs. 2	Revenue from Central Excise Duties. 3	Cost of Collection. 4	Revenue from Taxes on Income including Corporation Tax. 5	Cost of Collection. 6	Revenue from Salt. 7	Cost of Collection. 8	Land Revenue. 9	Cost of Collection. 10	Revenue from Provincial Excise. 11	Cost of Collection. 12	Revenue from Stamps. 13	Cost of Collection. 14	Revenue from Registration. 15	Cost of Collection. 16	Revenue from Motor Vehicles Taxation Acts. 17	Cost of Collection. 18	Total gross Tax Revenue. 19	Transfers to Central Road Fund. 20	Tax revenue retained by Central Government. 21	Total Cost of Collection. 22	Total net Tax Revenue. 23
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	2,48	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	2,96	68,10
1926-27	.	47,38	..	81	15,65	62	6,70	1,28	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	.	51,95	..	93	17,97	78	10,07	1,12	18	5	42	15	33	14	1	..	..	..	80,93	1,02	79,91	3,17	76,74
1933-34	.	47,16	..	99	17,13	82	8,86	1,15	18	6	40	15	31	14	1	..	..	..	74,05	1,08	72,97	3,31	69,66
1934-35	.	52,67	..	1,11	17,55	85	8,00	1,15	21	6	41	16	42	18	1	..	..	..	79,27	1,19	78,08	3,51	74,57
1935-36	.	52,25	..	1,17	17,07	91	8,43	1,19	26	6	23	11	37	18	1	..	2	2	78,64	1,29	77,35	3,64	73,71
1936-37 (Revised).	.	44,79	6,44	1,35	15,30	89	8,85	1,08	17	6	24	12	38	18	1	..	3	2	76,21	1,40	74,81	3,70	71,11
1937-38 (Budget).	.	42,60	7,16	1,28	14,30	75	8,25	1,07	19	6	21	4	36	16	1	..	3	2	73,11	1,41	71,70	3,38	68,32

TABLE V.

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

Year.	Interest on Ordinary Debt.			Interest on unfunded debt and other obligations.								Total Interest on unfunded debt and other obligations.	Amounts transferred to						Total Interest payments (Net).
	(i) Rupee Debt.	(ii) Sterling Debt.	Total.	Bonus on Cash Certificates.	Post Office Savings Bank.	State Provident Funds.	Service Funds.	Railway Reserve Fund.	Railway Depreciation Fund.	P. & T. Renewals Reserve Fund.	Other items.		Railways.	Irrigation.	Posts and Telegraphs.	Provinces.	Other heads.	Total transfers.	
1921-22 . .			30,00	14	62	1,56	11	..	..	..	18	2,61	15,64	12	57	2,58	..	18,91	13,70
1922-23 . .			30,88	48	63	1,58	11	..	..	..	27	3,07	16,35	12	59	3,02	..	20,08	13,87
1923-24 . .			35,03	28	67	1,67	11	..	..	..	29	3,02	17,57	12	64	3,75	..	22,08	15,97
1924-25 . .			37,56	16	71	1,85	10	14	7	..	59	3,62	21,23	12	69	4,21	3	26,28	14,90
1925-26 . .			38,12	16	74	2,05	10	34	20	1	69	4,29	23,14	12	51	5,21	6	29,04	13,37
1926-27 . .			37,31	16	79	2,27	10	37	27	2	92	4,90	24,30	12	58	5,35	9	30,44	11,77
1927-28 . .			37,46	23	87	2,21	10	48	33	3	95	5,20	25,75	12	62	5,46	14	32,09	10,57
1928-29 . .			38,70	60	98	2,38	10	65	41	5	1,00	6,17	27,82	12	70	5,88	15	34,67	10,20
1929-30 . .			40,34	73	1,03	2,54	12	74	53	7	1.07	6,83	29,09	12	73	6,20	18	36,32	10,85
1930-31 . .			41,67	2,00	1,05	2,93	13	58	74	11	1,14	8,68	31,34	13	84	6,55	21	39,07	11,28
1931-32 . .			44,57	2,06	1,08	3,10	12	14	79	13	1,01	8,43	31,76	13	79	7,25	24	40,17	12,83
1932-33 . .			43,56	2,20	1,15	3,38	13	..	73	14	1,00	8,73	31,57	2	83	8,01	25	40,68	11,61
1933-34 . .			40,17	2,60	1,29	3,77	13	..	57	15	1,12	9,63	31,29	3	86	8,07	26	40,51	9,29
1934-35 . .			39,25	3,30	1,35	3,90	13	..	48	16	1.12	10,44	30,57	3	85	7,91	8	39,44	10,25
1935-36 . .	19,07	19,20	38,27	4,05	1,51	3,99	13	..	48	15	1,15	11,46	30,18	3	81	7,92	29	39,23	10,50
1936-37 . . (Revised)	18,47	17,47	35,94	4,25	1,47	4,07	72	..	60	15	1,19	12,45	29,64	2	79	7,97	31	38,73	9,66
1937-38 . . (Budget).	18,83	16,78	35,61	3,49	1,50	2,61	72	..	81	13	1,07	10,33	28,18	8	73	5,52	31	34,82	11,12

TABLE VI.

Analysis of main heads of 'Other expenditure' Column 17 in Table III.

Year.	Forest Expenditure.	Total Civil Administration.	Miscellaneous.						Commutation of Pensions.	Civil Works.	Salt, and other Capital outlay charged to revenue.	Grants-in-aid and Subventions to Provinces.	Total other Central expenditure.
			Famine.	Territorial, etc., Pensions.	Superannuation Allowances, etc.	Stationery and Printing.	Miscellaneous.	Total.					
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	..	..	16,80
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 . . .	23	9,69	..	31	2,74	35	72	4,12	11	75	3	96	15,89
1933-34 . . .	19	9,54	..	30	2,94	35	64	4,23	—2	90	1	1,00	15,85
1934-35 . . .	19	(a)11,10	..	31	3,10	36	60	4,37	3	(b)1,23	2	2,98	19,92
1935-36 . . .	20	10,59	..	(c)	3,07	35	79	4,21	—2	90	1	1,19	17,03
1936-37 (Revised) .	19	11,06	..	(c)	2,87	37	65	3,89	6	1,11	1	2,78	19,10
1937-38 (Budget) .	20	10,43	..	(c)	2,80	42	55	3,77	6	1,46	..	3,16	19,08

(a) Includes 25 for development of tribal areas, 20 for development of broadcasting and 93 for development of civil aviation.
(b) Includes 40 on account of special subvention to the Road Development Fund.
(c) Included under Civil Administration, Superannuation allowances and Miscellaneous.

TABLE VII.

Analysis of the total expenditure on 'Civil Administration' in Table VI.

Year.	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Payments to Crown Representative.	Tribal Areas.	External Affairs.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Veterinary.	Cooperative Credit.	Industries.	Broadcasting.	Aviation.	Indian Stores Department.	Miscellaneous Departments.	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	9,94
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	16	11	11,14
1927-28	1,72	89	14	35	69	33	..	32	1,58	..	2,50	..	91	48	30	17	29	..	..	15	..	10	17	12	11,21
1928-29	1,88	97	15	35	74	29	..	32	1,58	..	2,54	..	93	45	31	19	30	..	..	7	..	5	19	13	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	21	15	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	9	29	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	9	41	12,17
1932-33	1,53	94	9	25	55	22	10	29	1,45	..	2,18	..	67	35	22	13	30	..	..	2	..	10	10	20	9,89
1933-34	1,54	98	8	24	54	23	10	29	1,36	..	2,16	..	66	30	23	13	29	..	..	2	..	13	9	17	9,54
1934-35	1,61	1,01	7	22	52	23	10	29	1,65(a)	..	2,11	..	70	29	24	16	33	..	..	4	..	1,07(b)	8	(c)38	11,10
1935-36	1,70	1,08	6	23	36	24	10	29	..	1,08	2,47	63	69	24	20	16	36	7	1	7	5	17	21	12	10,59
1936-37 (Revised).	1,79	1,09	6	22	34	26	10	30	..	1,13	2,51	62	75	24	23	21	33	9	1	8	9	23	23	15	11,06
1937-38 (Budget).	1,73	1,01	7	23	30	29	9	28	..	1,05	1,92	52	72	24	22	22	53	11	1	9	15	25	24	16	10,43

(a) Includes 25 for development of tribal areas on the North-West Frontier.
(b) „ 93 „ development of Civil Aviation.
(c) „ 20 „ „ „ Broadcasting.

ACCOUNTS, 1935-36.

7. The revised estimate for 1935-36 anticipated a surplus of 1,97 which it was proposed to transfer to a Revenue Reserve Fund to help out the finances of 1937-38, the first year of Provincial Autonomy. The actual surplus, however, amounted to 1,84, the decrease of 13 being the net result of the following variations :—

Customs	—61
Taxes on Income	+27
Salt	—27
Interest receipts	+16
Interest payments	+13
Other items	+19
Net	—13

REVISED ESTIMATE, 1936-37.

8. The revised estimate for the current year compares with the budget estimate as shown below:—

	Budget, 1936-37.	Revised, 1936-37.
Revenue	1,20,61	1,18,98
Expenditure	1,20,55	1,20,90
Surplus+, Deficit—	+6	—1,92

9. The important variations as compared with the budget estimate are as follows :—

	+Better —worse. +	—
Customs	..	2,11
Central Excise Duties	41	..
Taxes on Income	..	37
Salt	10	..
Posts and Telegraphs (net)	7	..
Currency receipts	..	29
Miscellaneous	38	..
Civil Administration (expenditure)	17	..
Interest Payments	..	46
Other items	12	..
	1,25	3,23
Net worseness	1,98	

Budget Estimate, 1937-38.

10. The budget estimate for next year compares with the revised estimate for the current year as shown below :—

	Revised, 1936-37.	Budget, 1937-38.
Revenue	1,18,98	1,19,42
Expenditure	1,20,90	1,19,35
Surplus+, Deficit—	—1,92	+7

11. The following tables show in detail the variations between the budget estimate for the current year, the revised estimate for the current year and the budget estimate for next year under the main heads of account and the position is further explained in the section-notes on certain heads of revenue and expenditure.

Revenue.

Heads of Account.	1936-37. Budget.	1936-37. Revised.	1937-38. Budget.
Revenue.			
Customs — Petrol tax for Road Fund	1,47	1,40	1,41
Customs — Other items	45,43	43,38	41,19
Central Excise Duties	6,03	6,44	7,16
Taxes on Income, including Corporation Tax	15,67	15,30	14,30
Salt	8,75	8,85	8,25
Opium	47	47	50
Other principal heads of revenue	99	97	94
Irrigation : Receipts less working expenses	..	..	1
Interest	62	61	71
Civil Administration	89	92	92
Currency and Mint	1,26	98	1,06
Civil Works	26	33	35
Miscellaneous	1,29	1,67	1,42
Extraordinary Receipts	..	..	5,07
Posts and Telegraphs :			
Receipts less working expenses	81	87	77
Railways :			
Receipts less working expenses	31,74	31,67	30,14
Defence Services	4,93	5,12	5,22
TOTAL	1,20,61	1,18,98	1,19,42

Expenditure.

	1936-37.		1937-38.
	Budget.	Revised.	Budget.
Heads of Account.			
Expenditure.			
Customs	1,23	1,26	1,19
Central Excise Duties	10	9	9
Taxes on Income, including Corporation Tax	87	89	75
Salt	1,08	1,08	1,07
Opium	29	29	25
Other heads recording direct demands on the revenue	58	57	49
Irrigation: Interest and Miscellaneous charges	5	5	11
Interest	9,20	9,66	11,12
Reduction or Avoidance of Debt	3,00	3,00	3,00
Civil Administration	11,23	11,06	10,43
Currency and Mint	34	37	34
Civil Works: Transfer to Road Fund	1,47	1,40	1,41
Civil Works: Other items	1,10	1,11	,46
Superannuation Allowances and Pensions	2,93	2,87	2,80
Miscellaneous	1,02	1,02	97
Miscellaneous adjustment, etc.	20	20	2
Grants-in-aid to Provincial Governments	2,58	2,58	3,14
Extraordinary payments	26	26	1
Posts and Telegraphs: Interest on Debt	80	79	73
Railways: Interest and Miscellaneous charges	31,74	31,67	29,99
Defence Services	50,38	50,57	49,84
Capital expenditure financed from Revenue:			
Posts and Telegraphs	10	5	7
Other Works	1	1	1
Commutation of Pensions	—1	5	6
TOTAL	1,20,55	1,20,90	1,19,35
Surplus+, Deficit—	+6	—1,92	+7

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

CUSTOMS.

——	Revenue (Receipts *less* Refunds and share of Jute Duty payable to Provinces).	Expenditure.	Net revenue.
1933-34	45,71·93	98·56	44,73·37
1934-35	46,78·85	1,01·37	45,77·48
1935-36	46,73·33	1,07·32	45,66·01
1936-37 Budget	46,90·00	1,23·67	45,66·33
1936-37 Revised	44,78·50	1,26·32	43,52·18
1937-38 Budget	42,60·50	1,19·12	41,41·38

12. The details are as follows :—

——	Accounts 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37. Budget.	1936-37. Revised.	Budget. 1937-38.
SEA CUSTOMS.						
IMPORTS.						
I.—Revenue duties.						
Ale, beer, porter, cider and other fermented liquors	34·21	34·88	38·42	41·00	38·00	35·00
Spirits and liqueurs	1,77·98	1,76·81	1,78·73	1,85·00	1,75·00	1,60·00
Wines	13·81	14·42	14·19	15·00	13·00	13·00
Spices	18·27	16·84	17·00	17·00	19·00	19·00
Tea	13·36	8·79	15·23	16·00	12·00	12 00
Tobacco	1,14·82	1,07·48	1,04·54	1,20·00	1,25·00	1,40·00
Kerosene oil	3,64·01	4,06·38	3,77·45	4,05·00	3,95·00	3,73·00
Motor Spirit	3,50·95	3,86·19	4,37·19	4,98·00	4,85·00	4,80·00
Oils, batching, fuel and lubricating	39·59	42·14	45·11	48·00	42·00	40·00
Cotton, raw	30·38	38·91	58·42	55·00	45·00	40·00
Boots and shoes	24·28	17·43	12·53	12·00	10·00	5·00
Motor cars, cycles, Scooters omnibuses, chassis, vans, lorries and parts thereof	95·02	1,33·69	1,28·78	1,40·00	1,30·00	1,29·00

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37. Budget.	1936-37. Revised.	Budget, 1937-38.
CUSTOMS—*contd.*						
IMPORTS—*contd.*						
I.—Revenue duties—contd.						
Electric lighting bulbs . . .	15·92	16·60	18·06	20·00	15·00	16·00
Wireless reception instruments and apparatus	4·09	7·83	10·81	12·00	13·00	15·00
Dyes derived from coal-tar and coal-tar derivatives . . .	23·64	32·37	34·26	35·00	27·00	30·00
Machinery	1,50·86	1,59·71	1,76·84	1,80·00	1,80·00	1,68·00
Iron and Steel	39·34	44·09	45·51	40·00	38·00	36·00
Silver bullion, coin, sheets, plates and other manufactures . .	2·18	22·19	38·51	2·00	1,60·00	1,60·00
Tin, block	6·15	7·67	9·04	10·00	9·00	9·00
Metals, other than Iron and Steel, silver and block tin . . .	75·86	96·05	88·01	1,05·00	65·00	77·00
Railway plant and rolling stock .	9·31	13·39	19·40	20·00	12·00	12·00
Artificial silk yarn and thread .	15·70	31·38	28·62	30·00	30·00	31·00
Yarns and textile fabrics, others .	1,00·11	1,62·02	1,21·61	1,35·00	1,30·00	1,15·00
Cinematograph films . . .	12·81	13·60	13·99	16 00	15·00	16·00
Portland cement excluding white Portland cement	10·16	9·81	8·09	9·00	7·00	5·00
Pneumatic rubber tyres and tubes	32·52	34·89	34·75	40·00	35·00	15·00
Toys, games and sports goods .	25·37	23·75	21·69	24·00	23·00	22·00
Betelnuts	56·54	45·70	47·29	48·00	55·00	55·00
All other articles	8,94·91	9,73·89	10,19·41	10,40·00	10,00·00	9,30·00
II.—Protective duties.						
Wheat and wheat flour. . .	3·22	·08	·11	...	·25	·25
Broken rice	...	...	11·52	12·00	1·00	1·00
Sugar	4,72·04	3,81·35	3,24·16	2,00·00	55·00	50·00
Heavy Chemicals	·18	·23	·15	·15	·25	·25
Iron and Steel	85·05	78·60	91·11	70·00	80·00	70·00
Silver wire, thread and other manufactures	5·72	4·27	5·05	4·00	5·00	5·00
Paper and Stationery . . .	24·24	21·26	22·94	23·00	22·00	21·00
Raw Silk	17·90	30·69	33·45	33·00	26·00	21·00
Silk yarn and thread . . .	12·03	20·08	21·55	22·00	30·00	25·00
Cotton yarn and thread . .	40·17	32·58	40·83	40·00	25·00	22·00
Cotton fabrics of British manufacture	2,10·42	2,87·26	2,24·69	2,40·00	1,65·00	1,84·00
Cotton fabrics not of British manufacture	2,50·44	2,58·38	3,30·24	3,00·00	3,30·00	2,90·00

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37. Budget.	1936-37. Revised.	Budget, 1937-38.
SEA CUSTOMS—*contd.*						
IMPORTS—*contd.*						
II.—Protective duties—contd.						
Silk fabrics	1,28·18	88·96	67·60	70·00	60·00	66·00
Cotton hosiery	20·87	27·52	15·99	16·00	25·00	15·00
Artificial silk fabrics	68·23	1,10·57	1,36·91	1,30·00	1,85·00	2,20·00
Fabrics of artificial silk mixed with other materials	44·78	26·54	17·31	18·00	22·00	20·00
Other textile manufactures	...	49·15	42·40	49·00	36·00	24·00
Matches, match splints and veneers	·29	·23	·07	...	..	..
Wood pulp	11·49	11·01	8·66	8·85	6·00	5·00
TOTAL IMPORTS	41,47·35	45,07·66	45,58·22	45,54·00	43,76·50	41,97·50
SEA CUSTOMS—EXPORTS.						
Skins, raw	18·82	8·45	1·02	...	..	..
Jute—						
Raw / Manufactured	3,46·67	3,59·07	3,77·62	3,80·00	4,00·00	4,10·00
Rice	69·36	64·79	56·59	70·00	55·00	9·00
TOTAL EXPORTS	4,34·85	4,32·31	4,35·23	4,50·00	4,55·00	4,19·00
Sea Customs—Miscellaneous	8·03	9·36	10·89	10·00	11·00	10·00
Land Customs	1,15·82	57·23	36·76	40·00	25·00	30·00
Warehouse and wharf rents / Miscellaneous	4·62	7·48	4·90	5·00	5·00	3·00
TOTAL GROSS REVENUE	47,10·67	50,14·04	50,46·00	50,59·00	48,72·50	46,59·50
Deduct—Refunds	*1,38·74*	*1,57·83*	*1,86·05*	*1,80·00*	*1,95·00*	*1,44·00*
Deduct—Share of Jute Export Duty assigned to Provinces	...	*1,77,36*	*1,86·62*	*1,89·00*	*1,99·00*	*2,55·00*
NET TOTAL REVENUE	45,71·93	46,78·85	46,73·33	46,90·00	44,78·50	42,60·50
EXPENDITURE.						
India	97·13	99·85	1,05·65	1,22·11	1,24·75	1,17·79
England	1·44	1·53	1·68	1·56	1·58	1·33
Exchange	—·01	—·01	—·01	...	—·01	..
Total	98·56	1,01·37	1,07·32	1,23·67	1,26·32	1,19·12

13. *Revenue.*—The revised estimate of net revenue is 2,11 less than the budget estimate for the current year. This large deterioration is the net result of the following variations :—

	—	+
Sugar	1,45	..
Silver	..	1,58
Metals other than Iron and Steel	40	..
All other articles	40	..
British piecegoods	75	..
Art silk fabrics	..	55
Other minor items	1,24	..
	4,24	2,13
	net —2,11	

14. The budget estimate of net revenue for next year is 2,18 less than the current year's revised. If allowance is made for the losses of 51 due to the transfer of an additional 12½ per cent. jute export duty to the provinces and 4,26 due to the separation of Burma, the estimate for next year provides for an improvement over the current year's revised of 2,59 which is distributed over a large number of items.

15. *Expenditure.*—The increase in the revised estimate over the current year's budget is more than accounted for by certain arrear compensations paid to Travancore and Cochin Durbars.

The decrease in the next year's estimate is mainly due to the separation of Burma.

CENTRAL EXCISE DUTIES.

—	Revenue (Receipts *less* Refunds and Assignments to Provinces).	Expenditure.	Net Revenue.
1933-34	1 30,00	...	1,30,00
1934-35	4,11,21	9,36	4,01,85
1935-36	5,51,54	10·02	5,41·52
1936-37 Budget	6,03,00	9,78	5,93·22
1936-37 Revised	6,44·00	8·66	6,35·34
1937-38—Budget	7,16·00	8·55	7,07·45

16. The figures have been explained in the Hon'ble the Finance Member's Budget Speech.

CORPORATION TAX AND OTHER TAXES ON INCOME.

	Revenue. (Receipts *less* refunds and Provincial Governments' share of Income-tax revenue.)	Expenditure.	Net revenue.
1933-34	17,12·85	82·48	16,30·37
1934-35	17,54·53	85·13	16,69·40
1935-36	17,07,39	91·36	16,16·03
1936-37 Budget	15,67·00	86·74	14,80·26
1936-37 Revised	15,30,00	89·15	14,40·85
1937-38 Budget	14,30,00	75·20	13,54·80

17. The decline in income-tax receipts from sugar manufacturing companies and from money-lenders accounts for a deterioration of 37 in revised as compared with the budget estimate for the current year.

18. After allowing for a loss of 1,40 due to the separation of Burma, the estimate for next year provides for an improvement of 40, of which 20 is due to the measures to be taken under the Incometax Bill recently passed by the Legislative Assembly.

19. *Expenditure.*—The increase in the revised over the budget estimate for the current year is due to the lump cut made in the estimates on account of the discharge of the staff employed on taxation of lower incomes not being fully realised.

Of the saving in the budget for next year 11 is due to the separation of Burma.

20. The following tables give the usual details :—

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37. Budget.	1936-37. Revised.	Budget, 1937-38.
REVENUE.						
EXCESS PROFITS DUTY.—						
1. Bengal	·01	..	·04	·02	...	...
CORPORATION TAX.						
1. India (excluding Delhi) . .						·18
2. Madras						7·86
3. Bombay and Sind . . .						51·05
4. Bengal						66·50
5. United Provinces . .						11·00
6. Punjab (including Delhi and North-West Frontier Province.)						4·03
7. Bihar and Orissa						1·40
8. Central Provinces . . .						2·50
9. Assam						3·29
						1,47·81
SUPER-TAX.						
1. India (excluding Delhi) .	3·02	5·99	4·62	3·28	·46	·28
2. Madras	16·04	15·44	16·34	13·98	12·26	4·99
3. Bombay, Baluchistan and Sind .	80·59	83·98	86·83	83·06	87·06	38·01
4. Bengal	1,03 08	1,36·92	1,35·76	1,23·41	1,12·40	45·50
5. United Provinces . .	22·27	23·27	25·97	22·20	15·70	4·95
6. Punjab (including Delhi and North-West Frontier Province)	6·94	7·49	7·09	7·14	9·47	6·45
7. Burma	15·88	28·61	22·70	26·55	33·19	...
8. Bihar and Orissa	9·53	13·08	12·33	10·00	11·75	12·04
9. Central Provinces . .	1·35	·80	2·19	3·50	4·60	2·50
10. Assam	2·53	1·27	·26	3·18	3·45	·16
TOTAL .	2,61·28	3,16·85	3,14·09	2,96·30	2,90·34	1,14·83
INCOME-TAX.						
1. India General (excluding Delhi)—						
Civil	1,18·94	1,22·49	1,10·50	85·96	19·57	20·03
Non-Civil Departments . .	1,10·62	1,15·11	1,11·58	1,13·10	96·50	92·95
2. Madras	1,84·94	1,77·59	1,74·44	1,62·22	1,45·33	1,45·69
3. Bombay, Baluchistan and Sind .	4,54·78	4,40·18	4,39·29	4,06·98	4,12·88	4,27·38
4. Bengal	3,16·01	3,59·81	3,62·30	3,02·61	4,00·22	3,89·81
5. United Provinces . . .	1,06·15	1,17·72	1,12·12	95·92	83·95	84·75
6. Punjab (including Delhi and North-West Frontier Province)	1,01·67	1,03·20	1,00·47	95·81	1,05·06	1,06·85
7. Burma	1,32·25	1,19·52	1,14·45	1,17·24	1,11·54	...
8. Bihar and Orissa	56·55	61·10	56·40	54·75	52·00	52·52
9. Central Provinces . . .	37·99	33·99	30·21	33·06	29·75	29·90
10. Assam	22·16	21·36	18·18	21·60	22·97	23·14
11. Coorg	·33	·27	·26	·29	·27	·27
TOTAL .	16,42·39	16,72·34	16,30·20	14,89·04	14,80·04	13,73·29

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37. Budget.	1936-37. Revised.	Budget, 1937-38.
REVENUE—*contd.*						
MISCELLANEOUS.						
1. Madras	·01	·08	·09	·10	·24	·10
2. Bombay	·01	·02	·01	·01	·02	·02
3. Bengal	..	·02	·09	·10	·10	·10
4. United Provinces	·16	·75	·09	·25	·25	·25
5. Punjab	·02	·01	·51	·01	·39	·38
6. Burma	·11	·15	·08	·02	·04	...
7. Bihar and Orissa	·04	·02	·03	·03	·05	.05
8. Central Provinces	·01	·02	·01	·05	·15	.10
TOTAL	·86	1·07	·91	·57	1·24	1·00
Total Receipts from Taxes on Income	19,03·99	19,90·26	19,45·24	17,85·93	17,71·62	16,36·93
Deduct—Refunds	*1,88·10*	*2,32·21*	*2,35·29*	*2,15·13*	*2,37·32*	*2,06·93*
Deduct—Shares of Provincial Governments in Income-tax revenue under the Devolution Rules	*3·04*	*3·52*	*2·56*	*3·80*	*4·30*	...
Net Total Revenue of the Central Government	17,12·85	17,54·53	17,07·39	15,67·00	15,30·00	14,30·00
EXPENDITURE.						
India	81·06	84·23	89·63	85·15	87·25	73·75
England	1·42	·90	1·74	1·59	1·91	1·45
Exchange	..	...	—·01	...	—·01	...
TOTAL	82·48	85·13	91·36	86·74	89·15	75·20
Distributed as follows:—						
Payments to Provincial Governments	·24	·22	·06	·06	·06	·06
Direct expenditure of Central Government	82·24	84·91	91·30	86·68	89·09	75·14

21. **Figures of Income-tax revenue payable to Provincial Governments are shown below :—**

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37.		Budget. 1937-38.
				Budget.	Revised.	
Punjab	..	..	..	..	·38	..
Bihar and Orissa	1·32	·29	..	·80	·30	..
Assam	1·72	3·23	2·56	3·00	3·62	..
TOTAL	3·04	3·52	2·56	3·80	4·30	..

SALT.

	Revenue (Receipts *less* Refunds and Provincial Share).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1933-34	8,85·65	1,15·05	7,70·60
1934-35	8,00·01	1,15·92	6,84·09
1935-36	8,42·80	1,19·34	7,23·46
1936-37 Budget	8,75·00	1,08·40	7,66·60
1936-37 Revised	8,85·00	1,08·49	7,76·51
1937-38 Budget	8,25·00	1,07·08	7,17·92

22. The relevant details are given below :—

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37.		Budget, 1937-38.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,32·88	2,12·26	2,18·54	2,38·34	2,42·28	2,33·88
Madras (a)	1,88·55	1,74·71	1,78·39	1,81·40	1,81·22	1,77·85
Bombay (a)	1,81·89	1,65·78	1,79·96	1,78·76	1,87·44	1,81·63
Sind (a)	7·25	6·74	6·80	6·77	7·12	7·11
Bengal (b)	2,52·90	2,18·58	2,32·97	2,45·55	2,46·30	2,46·02
Burma (b)	42·44	39·20	44·03	43·17	45·03	..
Bihar and Orissa	·01	·01	·05	·01	·01	·01
TOTAL RECEIPTS	9,05·92	8,17·23	8,60·74	8,94·00	9,09·40	8,46·50
Deduct—Refunds	*14·63*	*13·52*	*14·58*	*15·30*	*22·50*	*20·50*
Deduct—Provincial Share	*5·64*	*3·70*	*3·36*	*3·70*	*1·90*	*1·00*
TOTAL REVENUE	8,85·65	8,00·01	8,42·80	8,75·00	8,85·00	8,25·00
EXPENDITURE.						
Cost of salt purchased by Government	6·75	6·09	6·64	6·41	5·55	5·06
Assignments and compensations	40·05	40·03	40·05	40·40	39·14	39·23
Interest	4·20	4·11	4·11	4·10	4·09	4·09
Depreciation	2·21	2·03	2·32	2·26	2·46	2·28
Other charges	60·64	62·05	65·48	54·40	55·82	55·45
Expenditure on retrenched personnel	·05	·01	·01	·01	·01	·01
Capital outlay on salt works	·31	·93	·50	·29	·58	·36
Total India	1,14·21	1,15·25	1,19·11	1,07·87	1,07·65	1,06·48
England	·84	·67	·23	·53	·85	·60
Exchange	..	...	..	...	—·01	...
TOTAL	1,15·05	1,15·92	1,19·34	1,08·40	1,08·49	1,07,08

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

23. The revised estimate for the current year assumes total issues of 5,30 lakhs of maunds of salt. The estimate for next year is based on a total issue of 5,10 lakhs of maunds of salt excluding Burma.

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

	In lakhs of maunds.
1931-32	5,39
1932-33	5,15
1933-34	5,37
1934-35	5,08
1935-36	5,25
1936-37 (Estimate)	5,30
1937-38 (Estimate), excluding Burma	5,10

25. Figures of Provincial Governments' shares of Salt Revenue on account of additional duty on Foreign Salt under the Salt (Additional Import Duty) Acts, are given below:—

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37.		Budget, 1937-38.
				Budget.	Revised.	
Madras	..	..	..	..	..	..
Bombay	·07	·04	·03	·04	·02	·02
Bengal	2·12	1·19	·96	1·19	·54	·59
United Provinces	·03	·02	·01	·02	01	·01
Burma	2·05	1·68	1·73	1·68	·98	..
Bihar and Orissa	1·12	·63	·51	·63	·29	·31
Central Provinces	..	..	..	..	..	..
Assam	·25	·14	·12	·14	·06	·07
Total	5·64	3·70	3·36	3·70	1·90	1·00

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.
1933-34		1,12·96	46·01	1,58·97	63·89	6·93	70·82	88·15
1934-35		26·61	45·33	71·94	28·87	6·01	34·88	37·06
1935-36		10·37	50·73	61·10	28·57	6·08	34·65	26·45
1936-37	Budget	·08	47·33	47·41	23·05	5·81	28·86	18·55
	Revised	·08	47·23	47·31	23·58	5·71	29·29	18·02
1937-38	Budget	·09	49·43	49·52	18·80	6·57	25·37	24·15

26. The revenue from opium was derived mainly from exports of 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. Exports of provision opium to foreign countries ceased at the end of the calendar year 1935. In future, the receipts will be confined to opium sold for consumption in India.

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

		Revenue.	Expenditure (including capital expenditure).	Net revenue.
1933-34		1,06·07	55·64	50·43
1934-35		1,20·02	59·69	60·33
1935-36		1,05·98	56·37	49,61
1936-37	Budget	98·99	57·58	41·41
	Revised	96·65	56·98	39·67
1937-38	Budget	94·04	48·93	45·11

27. These heads comprise Land Revenue, Provincial Excise, Stamps, Forest Registration and Receipts from Motor Vehicles Taxation Acts. The decrease of 8 in expenditure next year is due to the discontinuance of the assignments payable to U. P. and Punjab Governments for loss of still head duty.

IRRIGATION.

		Revenue (Receipts *less* Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1933-34		·07	4·06	3·99
1934-35		·74	5·99	5·25
1935-36		·31	5·06	4·75
1936-37	Budget	·19	5·60	5·41
	Revised	·29	5·54	5·25
1937-38	Budget	1·01	11·35	10·34

28. The estimate for next year includes provision for (1) the irrigation research station to be taken over from the Bombay Government and (2) Nasirabad section of the Lloyd Barrage situated in Baluchistan.

POSTS AND TELEGRAPHS.

—	Accounts, 1933-34.	Accounts, 1934-35.	Accounts, 1935-36.	1936-37. Budget.	1936-37. Revised.	Budget, 1937-38.
INDIAN POSTS AND TELEGRAPHS DEPARTMENT.						
GROSS RECEIPTS	10,72·62	11,19·88	11,47·57	11,74·15	11,67·45	11,15·93
WORKING EXPENSES—						
India	10,31·68	9,89·71	10,54·75	10,78·29	10,67·79	10,24·18
England	8·51	8·19	13·04	14·31	12·97	14·77
Exchange	—·01	—·02	—·07	...	—·07	...
TOTAL	10,40·18	9,97·88	10,67·72	10,92·60	10,80·69	10,38·95
NET RECEIPTS	32·44	1,22·00	79·85	81·55	86·76	76·98
EXPENDITURE CHARGED TO REVENUE—						
Interest	84·38	84·05	79·38	80·26	78·76	72·75
NET REVENUE	—51·94	37·95	·47	1·29	8·00	4·23
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	4·73	2·99	·67	9·64	4·94	7·05
England	...	...	...	...	...	...
Exchange	...	...	...	...	...	...
TOTAL	4·73	2·99	·67	9·64	4·94	7·05
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	5·36	32·84	39·23	42·02	44·51	63·12
England	·02	·03	·01	...	·01	...
Exchange	...	...		...	...	...
TOTAL	5·38	32·87	39·24	42·02	44·52	63·12

29. The decrease in Gross receipts in the revised as compared with the original budget is more than accounted for by the provision of 9 for refund to Provincial Governments on account of their share of unified stamps for the years 1930-31 to 1933-34. The saving in working expenses is due partly to economies and partly because certain claims from other departments did not materialise.

30. The estimates for next year provide for the separation of Burma and Aden. For purposes of comparison the figures including and excluding Burma and Aden are given below :—

	Revised, 1936-37.	Budget, 1937-38 including Burma and Aden.	Budget, 1937-38 excluding Burma and Aden.
Gross receipts	11,68	11,91	11,16
Working expenses	10,81	11,21	10,39
Net receipts	87	70	77
Interest charges	79	79	73
Surplus or deficit	+8	—9	+4

Comparing like with like, the budget estimate of gross receipts provides for an increase of 14 over the revised apart from the special refund of 9 included in the revised. The main items in the increase of 40 under working expenses are 12 for increments, 8 for the Empire Air Mail scheme and 5 for additional postal facilities in rural and urban areas.

31. 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	—1,61·10
1932-33	—41·89	—2,02·99
1933-34	—51·94	—2,54·93
1934-35	+37·95	—2,16·98
1935-36	+·47	—1,73·84
1936-37 (Revised)	+8·00	—1,65·84
1937-38 (Budget)	+4·23	—1,37·61

As a result 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, was reduced by 1,61·39. The figures of the progressive loss at end of 1931-32 and subsequent years have been corrected accordingly. The progressive figures shown against 1935-36 and 1937-38 include similar adjustments of 42·67 and 24·00 respectively.

INTEREST RECEIPTS.

	Accounts, 1935-36.	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
India	33·95	38·29	37·45	47·31
England	52·80	24·04	24·04	24·04
Exchange	—·27	..	—·12	..
TOTAL	86·48	62·33	61·37	71·35

32. The budget estimate for next year includes certain receipts which were hitherto shown as deductions from Interest Payments.

INTEREST PAYMENTS.

	Accounts, 1935-36.	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
Gross payments—				
A.—Interest on Ordinary Debt—				
(*i*) Rupee Debt	19,16·58	18,76·77	18,56·25	18,82·88
(*ii*) Sterling Debt	19,20·18	17,49·25	17,47·29	16,78·14
Exchange	—9·94	..	—9·06	..
Total	38,26·82	36,26·02	35,94·48	35,61·02
B.—Interest on Unfunded Debt and other Obligations—				
Bonus on Post Office Cash Certificates	4,05·00	3,75·00	4,25·00	3,49·00
Post Office Savings Bank Deposits	1,50·75	1,70·00	1,47·00	1,50·00
State Provident Funds	3,98·27	4,14·10	4,06·62	2,60·31
Service Funds	13·36	72·64	72·15	72·32
Railway Depreciation Fund	48·22	50·92	60·38	81·14
Posts and Telegraphs Renewals Reserve Fund	15·22	15·87	14·60	13·26
Other items	1,14·97	1,16·53	1,19·21	1,07·05
Total	11,45·79	12,15·06	12,44·96	10,33·08
Total—Gross payments	49,72·61	48,41·08	48,39·44	45,94·10
C.—Transfers—				
Deduct—Amounts transferred to—				
Railways	30,17·50	29,89·97	29,63·82	28,17·90
Irrigation	2·53	2·54	2·51	7·44
Posts and Telegraphs	80·61	81·51	79·25	73·23
Commutation of Pensions	22·49	23·53	23·49	23·86
Other heads	7·11	7·36	7·60	6·88
Provincial Governments	..	..	..	5,52·57
Provincial Loans Fund	7,92·52	8,16·00	7,96·74	..
Total deductions	39,22·76	39,20·91	38,73·41	34,81·88
Total Net Interest payments	10,49·85	9,20·17	9,66·03	11,12·22

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

	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
Rupee Debt.			
(*i*) Management of Debt	7·77	9·00	8·45
(*ii*) Discount on Treasury Bills	70·00	26·05	43·57
(*iii*) Discount and premium written off to revenue	67·18	67·18	70·08
(*iv*) Interest on temporary loans	..	3·80	..
(*v*) Interest on all other loans	17,31·69	17,49·20	17,60·66
(*vi*) Other items	·13	1·01	·12
	18,76·77	18,56·24	18,82·88
Sterling Debt.			
(*i*) Interest on loans contracted in England	14,21·98	14,20,34	13,60·77
(*ii*) Interest on Railway annuities	1,99·26	1,99·26	1,90·42
(*iii*) Interest on outstanding liabilities of railway companies taken over on purchase	1,13·43	1,13·43	1,13·43
(*iv*) Management of Debt	12·86	12·66	11·92
(*v*) Other items	1·72	1·60	1·60
	17,49·25	17,47·29	16,78·14

34. The estimates under " Rupee Debt " assume the following figures for Treasury Bills outstanding :—

1st April 1936.	31st March 1937.	31st March 1938.
32,13·00	29,69·00	33,69·00

35. Interest on provident fund balances is calculated at 4¼ per cent. per annum in revised and 4 per cent. in budget. Interest on depreciation and reserve fund balances is calculated at 4·83 per cent. in current year and 4·75 per cent. in next which are the rates assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

36. The total net interest charges have varied as follows since 1925-26:—

Actuals,	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
"	1932-33	11,61
"	1933-34	9,29
"	1934-35	10,25
"	1935-36	10,50
Revised,	1936-37	9,66
Budget,	1937-38	11,12

37. The reduction of 84 in the revised estimate for the current year as compared with the actuals of last year is the net result of the following variations:—

	Increase + Decrease —.
(a) Gross Interest on Ordinary Debt	—2,32
(b) Transfers to Commercial Departments, etc.	+49
(c) Interest on unfunded debt and other obligations	+99
NET	—84

(a) and (b) are due to the full effects of the conversion operations of 1935-36 and the repayment during the current year of £17 millions 5½ per cent. Sterling Stock. The increase under (c) is made up of—

(i) Bonus on Post Office Cash Certificates	+20
(ii) Interest on Service Funds	+59
(iii) Interest on Railway Depreciation Fund	+12
(iv) Other items	+8
	+99

(i) is due to larger discharges of Cash Certificates and (iii) to larger balance in the Fund. The increase under (ii) is mainly the result of an alteration in the accounting arrangements in respect of the I. M. S. and I. C. S. Family Pension Funds. This increase is set off by reductions of 34 under military pensions and 20 under Civil pensions.

38. The estimate for next year exceeds the current year's revised by 1,46. If, however, allowance is made for the increases of 1,43 due to the separation of Burma and 90 due to the Niemeyer Award and alterations consequent upon the introduction of Provincial Autonomy, the estimate for next year is 87 less than the revised estimate for the current year. Of this decrease, 76 occurs under Bonus on Post Office Cash Certificates. There is also a saving due to the repayment of the 5½ per cent. sterling loan but the main benefit of this accrues to the Railways and other borrowers.

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

Year.	Balance held at close of the year on account of cash certificates.	Bonus provided for from revenue.
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	55,64	2,20
1933-34	63,71	2,60
1934-35	65,96	3,30
1935-36	65,98	4,05
1936-37	65,23	4,25
1937-38	63,73	3,49

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

40. The provision of 3,00 under the head will cover the following specific items :—

	Revised, 1936-37.	Budget, 1937-38.
Sinking fund provision for 5 per cent. rupee loans	1,36·71	1,36·71
Railway sinking funds	22·85	22·94
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47		
A part of the capital portion of Railway annuities	1,40·44	1,40·35
TOTAL	3,00·00	3,00·00

41. 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	3,00
1934-35	3,00
1935-36	3,00
1936-37	3,00
1937-38	3,00

CIVIL ADMINISTRATION.

		Revenue.	Expenditure.	Net expenditure.
1933-34		75·75	9,53·51	8,77·76
1934-35		82·72	11,09·25	10,26·53
1935-36		91·94	10,58·92	9,66·98
1936-37	Budget	88·53	11,22·99	10,34·46
	Revised	91·87	11,05·73	10,13·86
1937-38	Budget	91·73	10,42·79	9,51·06

Expenditure.

42. The saving of 17 in the revised as compared with the budget for the current year is made up of—

	Saving.	Excess.
(*a*) Delhi refuse and sewage disposal schemes	11	
(*b*) Payments to provinces from Sugar Excise Duty	10	
(*c*) Capital expenditure on Anand Creamery	4	
(*d*) Sino-Burmese Boundary Commission	..	6
(*e*) Bridge over the Zhob river	..	2
	25	8
Net saving	17	

43. The budget for next year is less than the current year's revised by 63. If, however, allowance is made for a saving of 79 due to the separation of Burma, the budget for next year shows an increase of 16. This is mainly due to a provision of 5 for the Jute Committee and the re-voting of a portion of the expenditure on Anand Creamery and Delhi Refuse Scheme.

CURRENCY AND MINT.

		Revenue.	Expenditure.	Net revenue.
1933-34		1,33·41	59·31	74·10
1934-35		1,48·10	73·55	74·55
1935-36		1,16·90	42·16	74·74
1936-37	Budget	1,26·13	34·01	92·12
	Revised	97·61	36·89	60·72
1937-38	Budget	1,06·49	34·00	72·49

44. *Revenue.*—The details of the estimates are given below :—

	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
(1) Surplus profits of the Reserve Bank	65	36	50
(2) Profits from circulation of bronze and nickel coin	40	32	35
(3) Other items	21	30	21
	1,26	98	1,06

CIVIL WORKS.

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

Ordinary.

		Revenue.	Expenditure.	Net expenditure.
1933-34		26·93	89·72	62·79
1934-35		27·05	83·40	56·35
1935-36		28·68	90·14	61·46
1936-37	Budget	25·54	1,09·97	84·43
	Revised	33·12	1,10·97	77·85
1937-38	Budget	34·71	1,46·23	1,11·52

Appropriation to Road Fund.

1933-34		1,08·51
1934-35		1,58·93
1935-36		1,28·69
1936-37	Budget	1,47·50
	Revised	1,40·00
1937-38	Budget	1,41·00

46. The increase of 35 in the budget for next year over current year's revised under "ordinary expenditure" is due to—

(1) Earthquake expenditure in Quetta (Revised includes 14 on this account)	11
(2) Construction of Central Government Office Building in Bombay	6
(3) New Custom House in Calcutta	6
(4) Residency in Bahrein	3
(5) Other items	9
	35

47. The saving of 11 under this head due to the separation of Burma is almost wholly in the Appropriation to the Road Fund.

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1933-34		1,53·80	4,21·26	2,67·46
1934-35		1,47·75	4,39·77	2,92·02
1935-36		1,36·34	4,18·66	2,82·32
1936-37	Budget	1,29·25	3,94·39	2,65·14
	Revised	1,66·92	3,94·83	2,27·91
1937-38	Budget	1,41·51	3,83·14	2,41·63

48. The revised estimate of revenue includes 10 on account of gain on Exchange and 24 on account of Post Office Cash Certificates issued prior to 1923. If these certificates are subsequently presented, the payment will be debited to revenue.

EXTRAORDINARY ITEMS.

—	Accounts, 1935-36.	1936-37. Budget.	1936-37. Revised.	Budget, 1937-38.
Receipts—				
India	..	..	·20	5,07·20
England	·02	..	..	..
Exchange	..	..	..	..
TOTAL	·02	..	·20	5,07·20
Payments—				
India	2,72·21	26·28	26·30	1·05
England	34	·22	·18	·14
Exchange	..	..	..	..
TOTAL	2,72·55	26·50	26·48	1·19

49. The budget estimate of receipts for next year includes 1,84 to be transferred from the Revenue Reserve Fund and 3,23, the payment by Burma referred to in paragraph 4.

GRANTS-IN-AID TO PROVINCIAL GOVERMENTS.

1935-36 Actuals		1,00·00
1936-37	Budget	2,58·00
1936-37	Revised	2,58·00
1937-38 Budget		3,14·27

50. The details of the estimates are as follows :—

	Revised, 1936-37.	Budget, 1937-38.
United Provinces	..	25·00
Assam	..	30·00
North-West Frontier Province	1,00·00	1,00·00
Orissa	50·00	47·00
Sind	1,08·00	1,10·00
Coorg	..	2·27
Total	2,58·00	3,14·27

MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND PROVINCIAL GOVERNMENTS.

1935-36 Actuals		19·52
1936-37	Budget	19·57
1936-37	Revised	19·57
1937-38 Budget		1·63

51. The special subvention of 18 to Burma equivalent to the proceeds from their Match Tax disappears from next year.

WAYS AND MEANS.

HOME TREASURY.

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

(In millions of £.)

	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
RECEIPTS.			
1. Discount on loans written off to revenue	·34	·34	·30
2. Unfunded Debt	·23	·22	—5·78
3. Remittances between England and India.	—·02	·44	—2·43
4. Deposits and Advances	4·91	4·90	·01
Total Receipts, excluding transfers of cash and loans	5·46	5·90	—7·90
DISBURSEMENTS.			
5. Excess of Expenditure of the Central Government over Revenue	23·49	23·31	22·89
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	1·29	2·00	2·67
(b) Other items	·02	·01	..
7. Discharge of Permanent Debt	18·93	18·93	2·14
8. Disbursements on behalf of Provincial Governments	2·71	2·77	..
Total Disbursements.	46·44	47·02	27·70
NET DISBURSEMENTS	40·98	41·12	35·60
Transfers through the Reserve Bank (net)	40·98	41·09	35·58
New Loan (less discount)	..	..	..
Reduction (+) or increase (—) of cash balance	..	+·03	+·02
Opening Balance	·55	·57	·54
Closing Balance	·55	·54	·52

53. The details of the figures shown in the revised estimate for the current year and the budget estimate for next year against " Discharge of permanent debt " are as follows :—

	Revised, estimate 1936-37.	Budget, estimate 1937-38.
Capital portion of Railway annuities	1·89	1·97
Railway sinking funds	·17	·17
$5\frac{1}{2}$ per cent. sterling stock	16·86	..
Expired loans	·01	..
Total	18·93	2 14

54. The budget for next year under head (2) includes £6 millions for transfer to the Family Pension Funds Commissioners.

55. The minus figure in the budget for next year under head (3) is due to the inclusion therein of the disbursements on behalf of provincial governments which appear in the current year's budget and revised under head (8).

56. There was no Sterling Loan this year and the estimates assume that there will be none next year also.

INDIA.

57. The following is a summary of the estimates of ways and means in India during 1936-37 and 1937-38 :—

(In crores of rupees.)

—	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	31·38	29·16	30·59
2. Treasury Bills issued (net)	11·00	—2·44	4·00
3. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net) .	—·50	—·75	—1·50
(b) Post Office Savings Bank deposits (net)	8·25	7·50	8·00
(c) Other Savings Bank deposits (net) .	6·65	6·16	4·21
4. Appropriation for reduction or avoidance of debt	3·00	3·00	3·00
5. Railway Depreciation Fund . . .	2·84	5·80	6·59
6. Posts and Telegraphs Renewals Reserve Fund.	·14	—·03	·05
7. Discount Sinking Fund	·67	·67	·70
8. Defence Reserve Fund	—·82	·01	—1·42
9. Revenue Reserve Fund	..	..	—1·84
10. Miscellaneous Deposits and Remittances (net)	·49	2·50	1·64
TOTAL RECEIPTS . .	63·10	51·58	54·02

(In crores of rupees.)

	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
DISBURSEMENTS.			
11. Capital Expenditure not charged to Revenue—			
(a) State Railways	1·53	—·50	·90
(b) Posts and Telegraphs . . .	·42	·45	·63
(c) Other items	·73	·67	·57
12. Permanent Debt discharged . . .	·20	·31	·11
13. Civil Aviation	·48	·30	·34
14. Economic development and improvement of rural areas	·95	·95	·80
15. Broadcasting	..	—·17	·18
16. Development in tribal areas on the North-West Frontier	..	—·02	·05
17. Sind and Orissa Buildings . . .	..	·43	..
18. Fund for reconstruction of Earthquake damage (Bihar)	·70	1·00	..
19. Post Office Cash Certificate Bonus Fund .	1·00	·95	1·51
20. Payment to Reserve Bank for surplus silver	..	..	5·00
21. Loans by the Central Government—			
(a) To Provincial Loans Fund or Provincial Governments . .	3·98	2·22	—1·60
(b) Other Loans	·50	—·66	—1·10
22. Remittances between England and India .	—·03	·58	—3·25
23. Transfers through the Reserve Bank (net).	54·64	54·79	47·45
24. Balances of Provincial Governments .	—1·98	·65	10·60
TOTAL DISBURSEMENTS .	63·12	61·95	62·19
NET DISBURSEMENTS .	·02	10·37	8·17
New Loan	..	12·01	..
Reduction (+) or increase (—) of cash balance	+·02	—1·64	+8·17
Opening Balance	12·51	14·52	16·16
Closing Balance	12·49	16.16	7·99

58. A sum of Rs. 12,01 lakhs was realised in cash by the floatation of the current year's rupee loan, which was a $2\frac{3}{4}$ per cent. loan 1948-52 issued at par.

59. The estimates assume that there will be no rupee loan next year.

60. The following table gives a summary of the estimates of ways and means in India and England combined :—

(In lakhs of rupees.)

—	Budget, 1936-37.			Revised, 1936-37.			Budget, 1937-38.		
	India. 1	England. 2	Total. 3	India. 4	England. 5	Total. 6	India. 7	England. 8	Total. 9
Opening Balance	12,51	73	13,24	14,52	76	15,28	16,16	72	16,88
Excess of Revenue over Expenditure	31,38	—31,32	6	29,16	—31,08	—1,92	30,59	—30,52	7
New Loan	...	...	...	12,01	...	12,01	...	...	...
Treasury Bills issued (net)	11,00	...	11,00	—2,44	...	—2,44	4,00	...	4,00
Post Office Cash Certificates (Net)	—50	...	—50	—75	...	—75	—1,50	...	—1,50
Post Office Savings Bank Deposits (Net)	8,25	...	8,25	7,50	...	7,50	8,00	...	8,00
Other Unfunded Debt (Net)	6,65	31	6,96	6,16	30	6,46	4,21	—7,71	—3,50
Discount Sinking Fund	67	...	67	67	46	1,13	70	40	1,10
Reduction or Avoidance of Debt	3,00	...	3,00	3,00	...	3,00	3,00	...	3,00
Railway Depreciation Fund	2,84	...	2,84	5,80	...	5,80	6,59	...	6,59
Posts and Telegraphs Depreciation Fund	14	...	14	—3	...	—3	5	...	5
Defence Reserve Fund	—82	...	—82	1	...	1	—1,42	...	—1,42
Other Deposits and Advances (Net)	52	6,97	7,49	1,92	7,11	9,03	3,05	—3,23	—18
TOTAL	63,13	—24,04	39,09	63,01	—23,21	39,80	57,27	—41,06	16,21
GRAND TOTAL	75,64	—23,31	52,33	77,53	—22,45	55,08	73,43	—40,34	33,09
Capital Outlay—									
Railways	1,53	1,72	3,25	—50	2,67	2,17	90	3,56	4,46
Posts and Telegraphs	42	...	42	45	...	45	63	...	63
Civil	37	3	40	36	1	37	37	1	38
Commutation of Pensions	40	...	40	36	...	36	25	...	25
Gratuities to retrenched personnel	—4	...	—4	—5	...	—5	—5	...	—5
Discharge of Permanent Debt	20	25,24	25,44	31	25,24	25,55	11	2,84	2,95
Cash Certificate Bonus Fund	1,00	...	1,00	95	...	95	1,51	...	1,51
Civil Aviation	48	...	48	30	...	30	34	...	34
Economic development and improvement of rural areas	95	...	95	95	...	95	80	...	80
Broadcasting	...	...	...	—17	...	—17	18	...	18
Development in tribal areas on N. W. F.	...	...	...	—2	...	—2	5	...	5
Sind and Orissa Buildings	...	...	...	43	...	43	...	...	...
Fund for reconstruction of Earthquake damage (Bihar)	70	...	70	1,00	...	1,00	...	...	...
Loans to public (Net)	50	...	50	—66	...	—66	—1,10	...	—1,10
Payment to Reserve Bank for Surplus Silver	...	...	...	...	...	...	5,00	...	5,00
Transfers through the Reserve Bank (Net)	54,64	—54,64	...	54,79	—54,79	...	47,45	—47,45	...
Provincial requirements	2,00	3,61	5,61	2,87	3,70	6,57	9,00	...	9,00
TOTAL	63,15	—24,04	39,11	61,37	—23,17	38,20	65,44	—41,04	24,40
Closing Balance	12,49	73	13,22	16,16	72	16,88	7,99	70	8,69
GRAND TOTAL	75,64	—23,31	52,33	77,53	—22,45	55,08	73,43	—40,34	33,09

J. C. NIXON.

The 27th February 1937.

APPENDIX I.

Memorandum on the Defence Services Estimates, 1937-38.

Excluding the provision for the rebuilding of Quetta, the Defence Services Estimates for 1937-38 total 43.87 crores. The total estimate for 1936-37 including a provision of 60 lakhs for Quetta was 45.45 crores.

The estimates for the two respective years may be put on a comparable basis by deducting from the 1936-37 figure, the provision of 60 lakhs for Quetta and 124 lakhs being the estimated reduction in the 1937-38 estimates on account of the separation of Burma and Aden (*i.e.*, 104 lakhs for Burma and 20 lakhs for Aden). The figure for 1936-37 thus reduced is 43.61 crores.

The estimate of 43.87 crores for the coming year is therefore 26 lakhs in excess of that of the current year. Included in this excess, however, is a sum of 6 lakhs specially provided to meet expenditure on the Defence, Police and Indian States Forces Contingent to be despatched to the United Kingdom for the Coronation. As this item should properly be excluded as a factor of increase, the true net increase in the Defence Services Estimates for 1937-38 is 20 lakhs.

2. It might be inferred from the position thus disclosed that no contribution towards tiding over a difficult period has been made by the Defence authorities.

In actual fact, however, this contribution has been a substantial one as the following particulars will show. Certain unavoidable increases to standing charges have had to be provided for, chief amongst which is an increase of about 25 lakhs in Ordnance Services. This is the rise in the Ordnance budget which Hon'ble Members have already been told must inevitably follow the long period of retrenchments during which time ordnance expenditure was kept in check by the utilisation of surpluses. These surpluses are rapidly diminishing and a point has now been reached when direct purchases and manufacture must be resorted to in order to maintain stocks at their proper level. A rise in the prices of basic metals is another unavoidable cause of increased expenditure under this head.

Hon'ble Members are aware of the sharp upward tendency in grain prices now prevailing. This situation has had to be met by an increased provision of about 14 lakhs for grain purchases. Other unavoidable increases which have had to be provided for are :—

(*a*) An increase of 3 lakhs under transportation to meet the effect of the withdrawal, by the Railway authorities, of certain travelling concessions hitherto allowed to the Defence Services.

(*b*) An increase of 7 lakhs due to revised conditions for the grant of proficiency pay sanctioned by His Majesty's Government for all British troops.

(*c*) An increase of 4 lakhs to meet the recurring effect of new measures introduced during the current financial year.

(*d*) The restoration of a sum of 4 lakhs by which the current year's standing charges were decreased on account of the absence of troops from India.

(*e*) Other miscellaneous measures involving a net increase of 3 lakhs.

So far, therefore, it will be seen that increases amounting to 60 lakhs have had to be provided for and it may be asked how it has been possible to do so and at the same time restrict the total increase in the Defence Estimates to 20 lakhs. As has been remarked earlier in this paragraph, the increases which have been described are unavoidable and in order to meet them the Defence authorities have been forced to make reductions elsewhere in standing charges notably under Military Engineer Services on whom an arbitrary reduction of 8 lakhs has been imposed. The remaining 32 lakhs have been found by a drastic restriction of cash provision throughout the Estimates which may, in the event, necessitate an actual curtailment of existing services under the heads affected should the provision prove to be insufficient to finance them.

3. As stated in paragraph 1 above, a sum of 60 lakhs was provided for the rebuilding of Quetta during 1936-37. Expenditure totalling 85 lakhs has been budgetted for in 1937-38 of which 10 lakhs will be carried over as unspent from the current year's provision leaving a net provision of 75 lakhs.

The grand total of the Defence Services Estimates for 1937-38 is, therefore, 43·87 crores ordinary and 75 lakhs for Quetta, *viz.*, 44·62 crores.

A table showing the course of expenditure during the past five years and the estimated expenditure in the current and impending financial years is given below :—

	Crores of rupees.
1931-32	51·76
1932-33	46·74
1933-34	44·42
1934-35	44·34
1935-36	44·98
1936-37 (Budget estimate)	45·45
1936-37 (Revised estimate)	45·45
1937-38 (Budget estimate)	44·62

4. Hon'ble Members will recollect that in 1928-29, the Defence authorities embarked upon a re-equipment programme estimated to cost 10 crores. The progress made in working off commitments against this programme has been dealt with year by year in this Memorandum. The position in regard to these measures is now as follows :—

	Crores of rupees.
Amount spent up to 31st March 1936	8·05
Amount allotted from the Defence Reserve Fund 1936-37	·28
Revised estimated cost of the programme	10·25
The balance to complete is therefore	1·92

In paragraph 7 of the Memorandum on the Estimates for 1936-37 it was stated that the balance required to complete the programme was 1·71 crores. It will be noticed from the foregoing statement that the revised estimated cost of the programme is 10·25 crores and that the balance to complete is 1 92 crores.

The causes leading to the institution of the re-equipment fund, the arrangements for a "stabilised" Defence Budget and those leading to the final abandonment of the latter are well known and perhaps need not be recounted here. During the years following the breakdown of the "stabilised" budget system, Government has been able to provide the Defence authorities with funds sufficient only to cover the maintenance costs of the forces *plus* certain small sums to meet miscellaneous new measures of a minor character. Thus it is that instead of the re-equipment programme being completed in four years a period of nine years has elapsed and the programme still remains to be completed.

It will be appreciated that two important implications necessarily arise from this situation, *viz.* :—

(*a*) That estimates of costs made so long ago must, in the light of modern developments, need revision.

(*b*) That although the re-equipment was intended to bring the level of efficiency of the Defence Forces up to modern standards it did not follow that the level so attained would remain static. Five years have elapsed since the time when re-equipment should have been completed. During that time new liabilities have arisen and if the Defence Forces are to be kept abreast of modern developments in organisation and armament, they will have to be met. In other words, owing to the delay in the completion of the original re-equipment programme and the inability of Government to provide any funds in excess of those required for maintenance, the situation in 1937 is similar to that which existed in 1928.

Following on the implication at (*a*) above, therefore, it has been necessary to revise the costing of the re-equipment programme. In regard to (*b*), the new liabilities which have accrued make it apparent that re-equipment cannot be met for less than about 12 crores of which, it will be seen, about 8 crores will have been completed by the end of the current financial year leaving a balance of 4 crores to complete. To meet this liability rather over one crore is available and earmarked in the Defence Reserve Fund. But for the fact that the cost of N. W. Frontier Operations in recent years has had to be met from within the ordinary budget provision for Defence Services the amount available would have been much greater than this.

NEW DELHI :	G. H. ADDISON,
The 27th February 1937.	Offg. *Financial Adviser, Military Finance.*

—	Accounts, 1935-36.	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
EXPENDITURE.	Rs.	Rs.	Rs.	Rs.
58.—Defence Services—Effective.				
1. Fighting Services . .	16,93,11,311	17,13,69,000	16,90,05,000	16,50,22,000
2. Administrative Services .	6,79,37,993	6,98,08,000	6,85,74,000	6,81,33,000
3. Manufacturing Establishments (including stores) . . .	2,63,28,859	2,74,76,000	2,91,20,000	3,03,49,000
4. Army Headquarters, Staff of Commands, etc. .	2,02,89,292	2,05,40,000	2,02,52,000	2,01,68,000
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. N.) . . .	3,33,71,518	3,57,70,000	3,55,36,000	4,06,88,000
6. Special Services . .	2,00,427	..	..	5,50,000
7. Transportation, Conservancy, Hot Weather establishments and Miscellaneous . .	2,94,94,129	2,81,24,000	2,90,23,000	2,61,41,000
8. Military Engineer Services (including stores).	3,51,72,145	3,69,66,000	3,68,98,000	3,74,04,000
9. Auxiliary and Territorial Forces . . .	63,38,428	63,21,000	63,13,000	58,72,000
10. Royal Air Force (including stores) . .	1,80,88,857	1,94,66,000	1,70,82,000	1,92,68,000
11. Royal Indian Navy (including stores) .	62,56,958	74,65,000	61,13,000	63,36,000
12. Quetta Reconstruction .	9,45,166	50,00,000	39,86,000	84,96,000
Total .	41,37,35,083	42,83,05,000	42,19,02,000	42,84,27,000
59.—Defence Services—Non-Effective.				
1. Army	8,57,63,884	8,23,06,000	8,22,64,000	8,27,05,000
2. Royal Air Force . .	5,21,409	5,52,000	5,39,000	5,56,000
3. Royal Indian Navy .	8,93,480	8,96,000	9,14,000	9,29,000
Total .	8,71,78,773	8,37,54,000	8,37,17,000	8,41,90,000
60.—Transfers to/from Defence Reserve Fund .	9,39,397	—82,40,000	91,000	—1,42,25,000
Total Expenditure .	50,18,53,253	50,38,19,000	50,57,10,000	49,83,92,000

—	Accounts, 1935-36.	Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
	Rs.	Rs.	Rs.	Rs.
RECEIPTS.				
XLVII.—Defence Services —Effective . .	4,73,44,888	4,56,35,000	4,75,54,000	4,80,79,000
XLVIII.—Defence Services —Non-Effective . .	47,08,365	36,84,000	36,56,000	41,31,000
Total Receipts .	5,20,53,253	4,93,19,000	5,12,10,000	5,22,10,000
Net Expenditure .	44,98,00,000	45,45,00,000	45,45,00,000	44,61,82,000

APPENDIX II.

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.]

—	1936-37.				1937-38.			
	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.
Expenditure charged to revenue.	1,00,19	1,08,07	2,08,26*	48	90,12	1,06,88	1,97,00*	46
Expenditure not charged to revenue.	4,25	22	4,47	95	3,58	2,14	5,72	63
Total Expenditure both charged and not charged to revenue.	1,04,44	1,08,29	2,12,73	49	93,70	1,09,02	2,02,72	46

*These figures have been arrived at as follows :—

	1936-37	1937-38
Expenditure as per Budget Statements	1,22,70	1,19,35
Add—Working expenses of—		
(a) Railway Department	70,23	67,22
(b) Posts and Telegraphs	10,93	10,39
(c) Irrigation	1	4
Add—Refunds	4,39	...
	2,08,26	1,97,00

GIPD—784(S) FD—S2—26-2-37—500.