

EAST INDIA (BUDGET)

Return to an Address of the Honourable the
House of Commons, dated 4th July, 1932 ; for,

“RETURN OF THE BUDGET OF THE GOVERNOR GENERAL OF INDIA IN COUNCIL FOR 1932-33”

India Office,
5th July, 1932 }

S. F. STEWART,

~~Under~~ *Secretary of State for India*

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GOVERNMENT OF INDIA,
FINANCE DEPARTMENT,

BUDGET FOR 1932-33.

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PART I.
Railway Budget.

Speech of the Railway Member

introducing the

Railway Budget for 1932-33.

It is once more my duty to present to the Assembly the Railway Budget estimate for the coming year. On this occasion no change has been made in the form of the papers to be placed in the hands of Honourable Members of sufficient importance to require separate notice. In the preparation of the budget I have, as always, received the greatest assistance from the Chief Commissioner, the Financial Commissioner and the Members and staff of the Railway Board. A special word of thanks is also due to the members to the Standing Committee on Railway Finance for the help they have given us throughout the year.

2. I have no doubt that, as on former occasions, Honourable Members when giving notice of motions for reductions in the demands will indicate briefly the questions they wish to raise. The advantages of this practice are so obvious that I need not dilate upon them.

Financial results of 1930-31.

3. The anticipations we formed a year ago as to the financial results of the working of the railways in 1930-31 were very nearly fulfilled. We expected that the loss on all the railways, both commercial and strategic, would be 5½ crores, and that it would be necessary to withdraw nearly 11 crores from the reserve in order to pay the contribution to general revenues. The actual sum taken from the reserve exceeded the estimate by only 6 lakhs, but it is fair to add that the working expenses were nearly a crore above the figure taken in the revised estimates, this excess being counterbalanced by an increase in the arrear adjustments with the depreciation fund.

Revised estimate for 1931-32.

4. If my estimate of the financial results of 1930-31 proved to be very near the mark, the case is far otherwise with the current year. We budgeted for a heavy reduction of expenditure as a result of the economy measures which railway administrations had already started, and here our expectations have been more than fulfilled, for our working expenses are likely to be less by nearly 3 crores than the budget figure. But this result, satisfactory in itself, is far more than counterbalanced by a substantial decline in our earnings. The figures I shall give in order to explain the position are those for the commercial lines, for the loss on the strategic railways at 2 crores is very close to our estimate, and it is unnecessary to refer to them further.

5. When I presented the budget estimates for the current year to the House, I anticipated an improvement in the gross traffic receipts of about 6 crores. Of this sum, 2 crores was expected to accrue from minor alterations in rates and fares, and for the rest it was assumed that the latter part of the year would show some improvement in traffic. As Honourable Members are no

doubt aware from the statement of traffic earnings which we publish weekly, our hope that the cold weather of 1931-32 would be marked by an upward tendency in trade and some relief of the prevailing economic depression has not been fulfilled. I had always believed that a change for the better might begin towards the end of September, but although that month was certainly marked by changes of a somewhat startling character—changes which may contain within them the seeds of a real trade improvement in the future—I fear it cannot be said that they have as yet resulted in any appreciable advantage to the railway revenues. Instead of being about 6 crores higher than the previous year, our net traffic earnings are lower by more than 8 crores. Both goods earnings and passenger earnings have fallen off by about 8½ per cent., and every class of traffic has been affected. It is evident that both the severity and the duration of the economic crisis through which the world is passing were underestimated a year ago and that I was over-sanguine in anticipating that the current year would find us already on the up grade.

6. The position, as disclosed in the revised estimates, compares with the budget figures as follows. We placed the total receipts at 101 crores and the total charges at nearly 98 crores, leaving a surplus for the year of 3 crores. Of this latter sum, about 2 crores would in any case have been required to meet the loss on the strategic railways and a balance of about 1 crore would have been left towards the contribution. It was recognised, therefore, that the reserves would have to be drawn upon to the extent of 4 crores in order to pay the contribution. Actually, our total receipts are now estimated at 86½ crores and our total charges at 94 crores, so that instead of a surplus there is a deficit of 7½ crores. This figure is raised to 9½ crores by the loss on the strategic railways, and it becomes necessary to exhaust the balance of the reserve fund, not in order to pay a contribution to the general revenues but to meet a part of the deficit. The amount in the Reserve Fund does not exceed 5 crores, and, in order to balance the accounts, the only expedient open to us is a temporary loan of 4½ crores from the depreciation fund. In effect this means that after paying our obligatory interest charges, the balance remaining falls short by this amount of the full allotment for depreciation.

Budget for 1932-33.

7. For the year 1932-33 we estimate that our total receipts will be 88½ crores and the total charges 94½ crores. The loss on the commercial lines is therefore 5½ crores, and to this must be added the loss on the strategic railways of 2 crores, the total deficit for the year being 7½ crores. As there is now no balance in the reserve fund, the whole of this sum has to be made good by a temporary loan from the depreciation fund. I ought to mention at this point that, by a change in accounting methods, both the earnings and the expenditure are higher by about 1½ crores than they would have been under the system previously followed. This fact should be remembered when any comparison is made with the figures of the previous year.

8. Our estimate of earnings is based on the assumption that the volume of traffic will be about the same as it has been during 1931-32. The enhancements of rates and fares that have been introduced this year by particular railways and the general surcharge on coal freights should increase our earnings by about 1 crore, and it is only to this extent that we expect any improvement in our revenues. Both in 1930-31 and in 1931-32 our estimate of receipts proved unduly optimistic, and on this occasion we have felt it necessary to take a conservative figure. To attempt to estimate the earnings of any commercial system under the world conditions which now prevail is largely a matter of

guess work, but while on the one hand I can see no definite reason for thinking that during the next twelve months the volume of business will show much expansion, on the other hand there is equally little reason for anticipating any further marked deterioration. In these circumstances, it is hardly possible to do otherwise than to take the current level of earnings as the basis of our estimate.

9. If allowance is made for the accounting change to which I have already referred, our working expenses next year are expected to be nearly 2 crores lower than in this year. Out of this sum $1\frac{1}{2}$ crores is due to the emergency cut in pay, which will be in force for the whole year instead of for part of the year only. The balance is not far short of 50 lakhs, but account must also be taken of an automatic increase of 25 lakhs in the amount required for depreciation, and an increase in fuel charges by 37 lakhs owing to the surcharge on coal freight. When allowance is made for both these factors, the reduction in working expenses, apart from the cut in pay, is raised to about 1 crore. If this result is achieved, the position will not I think be unsatisfactory. It is to be remembered that by the end of the current year 400 miles of new lines will have been opened, and there is also an automatic increase in expenditure caused by the annual increments earned by the staff. These are items which raise our costs whether we will or no, and they have to be set off against the reductions in items fully under our control. But I should like to make it plain that, while we have not considered it safe to anticipate a larger reduction in expenditure as compared with the present year, there is no intention that the economy campaign should be relaxed in the slightest degree. Only the most rigid control of expenditure and insistence on economy, wherever economies are possible, can ultimately restore full solvency to the railways, and every effort will be used to bring about this result.

Capital Programme.

10. The activities of the railways on the capital side have been subjected to as close a restriction as on the revenue side. The financial circumstances of the time are such as to leave us no option, and the programme of new works has been ruthlessly pruned. The total sum provided is only $9\frac{1}{2}$ crores, of which the major portion is debitable to the depreciation fund. To cut down our development work to this extent is only possible by limiting the sums allotted for new construction to 1 crore, which will enable us very nearly to complete all the lines now under construction. By the end of next year the Sagaing bridge over the Irrawaddy will be the only unfinished item, and it will be very near completion, as the sum required for it in the following year is only 13 lakhs. So far as open line works are concerned, the only works for which any large provision has been made are the rebuilding and strengthening of certain important bridges where the work could not be postponed any longer consistently with the safety of the public. By the end of next year therefore the capital expenditure to which Government stands committed will be reduced to a very low figure, and capital expenditure can be limited strictly in accordance with the financial exigencies of the time.

11. This brings me to the end of my review of the figures included in the revised estimates for the current year and the budget estimates for 1932-33, and I have deliberately made my survey of the figures as concise as possible. It has been customary in the latter part of the budget speech to enlarge on one or other of the more important aspects of railway policy. On this occasion it will perhaps be better to keep more closely to the financial position of the railways, and to examine from a broader point of view what that position is.

There is the more reason for adopting this course, because a policy of retrenchment necessarily curtails and limits any attempt to pursue an active policy of development and improvement in any direction, and for the moment many of our plans are at a standstill. It is a matter of particular regret to myself that our schemes for improving the conditions of service of our lower paid staff have been grievously retarded, but indeed the slowing up has been general and felt in all departments.

12. From the year 1922-23 up to the year 1929-30 the commercial lines had a surplus in every year and were able to make substantial contributions in aid of general revenues. In the three years from 1930-31 onwards, however, there are deficits, ascertained or estimated, amounting to 3, 7½ and 5½ crores. These deficits can be viewed from one or other of two different points of view. In one aspect what in effect they mean is that the full amount which ought to be allocated to the depreciation fund cannot be provided owing to insufficiency of earnings. This does not mean that the railways have been unable to meet out of revenue the sums actually expended in each year in the replacement of assets, but that they have failed to provide the full sum required to be set aside if the future is to be safeguarded, and our ability ensured to meet fully out of accumulated revenues all sums required for replacements in the future. It is not an uncommon practice for commercial concerns to regulate their actual allocations to depreciation in any particular year not on theoretical grounds but on the basis of the actual results of the year's working. The mere fact therefore that our railways have not been able for three years in succession to meet out of current earnings the depreciation charges in full is not in itself an argument against their ultimate solvency, provided always there is a reasonable prospect that the unfavourable conditions will gradually pass away, so that the losses incurred in lean years may be made good in the more prosperous years which follow.

13. The other way of viewing the position is this. Ordinarily, a company railway in any country in the world would have raised part of the capital invested in the line by means of prior charges such as debentures, and another part in the form of ordinary shares. I will not complicate the comparison by referring to preference shares which might be held to fall in the one class or the other according as the dividend was cumulative or non-cumulative. When trade is depressed and railway earnings decrease, it becomes impossible to maintain the same distributions out of the balance remaining after working expenses have been covered. In that case, the ordinary dividends would first be sacrificed, the provision for depreciation would come next, and the prior charges last of all, because failure to meet them would be an act of insolvency. A State-managed railway, however, is usually in a different position, and certainly this is true of the Indian Railways. The whole of the capital has been raised in the form of what is equivalent to debentures, for the ordinary share capital of the company-managed lines is a negligible proportion of the total. It is true, therefore, to say that, before any allocation can be made for depreciation, interest has to be paid in full on the whole of the capital invested in the undertaking. The point to which I draw attention is this, that so far as the commercial lines are concerned, if only one-fourth of the capital investment were in the form of ordinary shares instead of in the form of fixed interest-bearing securities, it would be possible, in each case of the three deficit years, to meet the depreciation charges in full by means of a reduction in, or the total suspension of, the ordinary dividend. When gloomy views are sometimes expressed as to the solvency of the Indian railways, it is important, I think, to bear this aspect of the case in mind. What

we have to face, even when the country is passing through the severest economic crisis which the world has yet seen, is no worse than that which an ordinary commercial undertaking has to grapple with, when all obligatory expenditure can be met in full but dividends on the ordinary shares can not be paid.

14. I may be asked, however, what about the contributions to general revenues? The obligation imposed on the railways by the Separation Convention to pay an annual contribution amounting to one per cent. of the capital at charge—subject to minor variations in amount according to the financial results of each year—can be viewed as a measure of taxation imposed on the railways, or as being in the nature of an additional distribution of profits which the taxpayer, who is, I take it, the ordinary shareholder of the undertaking, may fairly claim to receive in addition to the recoupment of the interest he himself has to pay on the money invested in the concern. I am not interested at the moment to consider which of these two views is the more accurate one, but whichever view is adopted, it is clear that when trade is suffering from acute depression, it may be impossible either to realise a tax on railway revenues or to earn any additional distribution of the nature of a dividend or bonus. This has always been recognised, and for this reason the Separation Convention provided for the accumulation of a reserve fund out of the profits of the good years, so that when the lean years came, the contribution would have been collected in advance. Three years ago when the balance in the reserve fund amounted to about 18½ crores it seemed that a sufficient fund had been accumulated to tide the railways over even a series of 3 or 4 years of bad trade. But what we have had to face during the last two years, and must continue to face in the coming year, is something much more serious than an ordinary trade depression, namely, a catastrophic decline in prices accompanied by the greatest slump in trade which the world has yet seen. It is impossible for the railways of India, or for any other commercial undertaking, to plan its financial organisation on lines which will provide adequate security against conditions of this kind. Such emergencies have to be faced as they arise, and measures taken to meet the immediate exigencies of the moment. They cannot be planned out in advance.

15. On the revenue side we have endeavoured to alleviate our difficulties by making certain increases in rates and fares, where it seemed likely that by this means additional income could be obtained. The increases made have been mainly in connection with coaching traffic, including both passenger fares and parcel rates, but about six weeks ago a surcharge of 15 per cent. was imposed on coal freights apart from shipment and bunker coal, and this is by far the most important change in goods rates. I refer especially to this increase, because I should have been most unwilling to agree to it, had the financial position of the railways been less serious than it is. I have long held the view that it is in the interests of the railways to keep coal freights at the lowest level commercially possible, because cheap coal is essential to industrial development, and industrial development means increased traffic for the railways. But on this occasion circumstances left no alternative. It could not be doubted that a higher charge, to the extent imposed, could in fact be realised without diminishing traffic, and even with the addition made, our coal freights still remain at a very low level.

16. In my budget speech last year I explained my view that no solution of our difficulties was to be found in any general increase in the level of freights and fares, and all that has occurred since then has strengthened the conviction which I then formed. Conditions being what they are, and the root cause of all our difficulties being the lack of purchasing power of the community

as a whole, any general increase in freights and fares would defeat its own object. The subject which has engaged my own attention during the last year has been rather the converse question whether we might not secure increased revenue from a reduction in freights on certain commodities owing to the expansion in the volume of traffic which might follow. In particular, in accordance with the undertaking which I gave in my budget speech last year, the question of cotton freights was specially examined last autumn and was discussed with the Agents of the lines principally concerned. But I have not yet been able to satisfy myself that a freight reduction in any class of agricultural produce could be effected without a substantial loss of earnings, and as things stand to-day, such a loss could not be faced. The sole experiment we have made in this direction, namely, the reduction in the wheat freight to Karachi which was made in July last, was not so successful as to encourage us to undertake further experiments of the same kind. Owing to changes which took place shortly afterwards in the level of prices within and outside India, the export of wheat became impossible, and no increase in the volume of traffic followed, but merely a diversion of trade within India from one route to another involving an appreciable loss of revenue to the railways.

17. The question of cotton freights, as I have already said, received special attention, and had prices remained at the level which they touched at the beginning of September last, there was great reason to apprehend that the existing level of freights could not be maintained, since it was becoming doubtful whether, without a reduction, the crop would move. The departure from the gold standard, however, in that month brought about an immediate rise in cotton prices, and this tendency became subsequently still more accentuated owing to an unexpected shortage in the cotton crop, especially in the Central Provinces and Berar. With prices as they now stand, Government are satisfied that there is no danger that the cotton crop will not move, and no adequate grounds have been established for the reduction in freight. The general question, however, is one which requires constant and close observation, and I have personally drawn the attention of the Agents of the principal lines to the necessity of seeing that the matter is not overlooked.

18. Throughout the year the one subject on which the time and energies of every one connected with the Railway Department has been concentrated has been Retrenchment. Into the details of the subject I will not enter now, for Honourable Members will find full particulars of the action taken in order to bring down expenditure in the Railway Board's memorandum, and in the special memorandum which has been prepared to show the action taken on the report of the Retrenchment Sub-Committee, and no doubt I shall have opportunities of dealing with the subject when the cuts are moved. In the main, costs have been reduced not by any spectacular curtailment of activities, but by the aggregation of an immense number of small economies in every branch of the administration. This is an aspect of the case to which I drew special attention last year, and I need not dilate upon it again. I should like, however, to take this opportunity of acknowledging the very valuable services of the Railway Retrenchment Sub-Committee and to express my appreciation of the assistance we have obtained from their recommendations. To a very large extent we have found it possible to take action on the lines suggested, and where we have found it impossible to go quite so far as the Committee wished, we have given their views the most careful consideration before departing from them.

19. One of the recommendations of the Sub-Committee was the appointment of an expert committee to go further into the question. That was a

recommendation which I welcomed, for I am convinced that the railways of India have everything to gain and nothing to lose from a review of their practices and methods by experts with railway experience in other countries. We took all steps possible to bring about the constitution of such a committee which would visit India during the current cold weather. We were disappointed, however, to find that the services of the experts whom we hoped to obtain could not be secured, and we were driven to the conclusion that the appointment of the Committee must be postponed. The object aimed at in the appointment of such a committee is of course something much more far-reaching than the mere enforcement of economy in the ordinary sense, for it may involve very considerable reorganisation of methods, and for this purpose it is necessary that the qualifications of the members should be of the highest kind. It is my earnest hope that it will be possible to arrange for the appointment of such a committee next cold weather, so that our methods of working may be reviewed by those who can speak with authority and from their knowledge of what is done elsewhere.

20. The question may be asked—what is to be the future financial position of the Indian railways and how are they to emerge from the very difficult position in which they now stand? These are questions with far-reaching implications and easier to ask than to answer, but one thing at least is certain, that since the crisis was brought about not by any circumstances peculiar to India but by economic conditions extending over the whole world, a permanent solution of the problem can be achieved only on a worldwide scale. The various countries in the world are now so closely knit together that conditions in any one country have immediate and far-reaching effects on all other countries. It would take me far beyond my proper sphere to enter into any analysis of the world conditions to which I have referred, but this perhaps may be said that, if the statesmen of the world fail to find a solution of the difficulties with which they are faced, the financial position of the Indian Railways is merely one very small item in a long list of commercial undertakings of all sorts whose very existence will be threatened.

21. This is the last occasion, Mr. President, on which I shall have the honour of submitting the Railway Budget for the consideration of this House. When I look back on the series of speeches I have delivered, I am somewhat ashamed at the prolixity with which at times I have spoken. On this occasion I have striven to be more concise, but I cannot close without paying a special tribute to all those with whom I have been associated during the last five years in the administration of the Railways of India. To all of them I owe a very deep debt, but I shall name only two, and the first is the Financial Commissioner. Sir Alan Parsons is about to quit these Benches and to transfer himself from the Railway Department and the Legislative Assembly to the Finance Department and the Council of State. I sometimes wonder whether in the dignified repose—the *otium cum dignitate*—which we naturally associate with the proceedings of the Upper House he will not sometimes look back with regret on the long series of supplementary questions with which he has had at times to grapple in this House and the genial Parliamentary ferocities with which Honourable Members opposite sometimes enliven our discussions. I do not know how long they will linger in his memory, but in, my own they are already tinged with the tender hues of regret, as of 'old unhappy, far off things and battles long ago'. But whatever I may remember, I shall not forget the days I have spent with a very faithful, administrator and a very loyal colleague. It is a great satisfaction to me to know that he will have in Mr. Rau a worthy successor who has already proved his capacity.

22. The second of my associates whom I desire to name is the Chief Commissioner, Mr. Russell. To him has fallen what is perhaps the most difficult task of all, namely, to guide and administer the railways during the era of retrenchment. It is one thing to take over charge of a great commercial organisation at the beginning of a boom when money is plentiful, new schemes can be initiated and each scheme in turn seems to lead to satisfactory results, and it is another thing—and here I speak from personal experience—to take charge of such an organisation at a time when the period of prosperity has passed, or is passing, and each month seems gloomier than that which preceded it. In my first Budget speech I paid my tribute to the work which had been done by Sir Clement Hindley, and I desire now to acknowledge the value of the services Mr. Russell has been able to render at a time not of success and prosperity but of gloom and depression. Retrenchment on the railways spells discouragement on every side, the abandonment of deeply cherished hopes and ambitions—a construction programme reduced almost to negligible proportions, the indefinite postponement of all schemes of improvement, whether in traffic working, in the provision of increased amenities for the travelling public, or in improvements of the condition of the lower paid staff. It has often seemed to me as if all the work which between 1922 and 1929 was devoted to the improvement of the railway administration of India was being pulled to pieces and scrapped, and when that is the case, to avoid discouragement is not easy. It became necessary, as the trade depression intensified, to inflict real and serious hardship on all classes of railway servants, whether in the form of reductions in pay or reductions in establishment involving many discharges. Nor was it only the immediate loss which the staff had to apprehend, but also the curtailment of prospects in the future, for in every grade the number of appointments has been cut down, and in many cases hopes of promotion have been indefinitely postponed. It is in work of this kind that Mr. Russell and I have been engaged during the past year, a more unwelcome task I cannot imagine.

23. On this subject I am only going to say two things more. If you think of going out to shoot tigers, Mr. Russell is a good man to have as a companion, for if a cool head and an undaunted heart are what you want, he will see you through. The second thing I wish to say is this. If we at headquarters have had an unpleasant time but have striven to meet the crisis in the only way it can be met, what about the great body of railway servants throughout India whose lives from day to day have been profoundly affected by the policy of retrenchment—how have they met the crisis? The answer to that question can be given quite shortly and simply. From the highest ranks to the lowest they have met the emergency in the spirit of loyalty and service, carrying out the policy which circumstances have imposed upon us with unflinching resolution, and frank acceptance of what is inevitable, however unwelcome. If I did not pay my tribute to the way in which the great body of railway servants throughout India have passed through these critical times, I should indeed be unworthy to fill the post which I have held for the last five years. That honour and that trust are now to pass to other shoulders. But so far as I am concerned, I have no doubt at all as to the future of the Indian Railways. We cannot indeed control world conditions, and with other countries we may be involved in a common catastrophe. But in so far as our difficulties can be combatted by our own resources, I have complete confidence that so long as our staff are imbued with the spirit they have shown during the last two years, every difficulty will be met and every obstacle overcome until the return of prosperity enables us to resume that active policy of development on which India's economic future so largely depends.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council,

AS LAID BEFORE THE
Indian Legislature, 1932.

RAILWAY DEPARTMENT;
New Delhi, the 25th February 1932.

A. A. L. PARSONS,
Financial Commissioner of Railways.

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BUDGET FOR 1932-33.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings—						
Upper class . . .	3,81,78,000	...	...	3,81,78,000	3,35,00,000	...
Third class . . .	27,36,62,546	...	...	27,36,62,546	25,15,00,000	...
Other coaching traffic earnings.	5,28,59,801	...	...	5,28,59,801	5,00,00,000	...
Goods traffic earnings .	59,83,89,256	...	...	59,83,89,256	55,00,00,000	...
Sundry earnings . . .	1,68,84,855	6,43,141	7,347	1,95,35,343	1,63,53,000	6,43,000
Credits for materials released from works chargeable to the Depreciation Fund.	...	...	...	...	...	...
TOTAL EARNINGS . . .	98,19,54,458	6,43,141	7,347	98,26,04,946	90,13,53,000	6,43,000
<i>Deduct</i> —						
Refunds of Revenue collected.	11,38,335	...	...	11,38,335	12,00,000	...
Earnings of worked lines.	4,98,75,440	...	...	4,98,75,440	4,65,00,000	...
Earnings of State Railways.	93,09,40,683	6,43,141	7,347	93,15,91,171	85,36,53,000	6,43,000
Suspense	46,25,494	...	...	46,25,494	...	...
Gross receipts of State Railways.	93,55,66,177	6,43,141	7,347	93,62,16,665	85,36,53,000	6,43,000
<i>Deduct</i> —Working expenses of State Railways.*	64,73,37,250	52,84,206	67,401	65,26,83,857	60,37,05,000	53,53,000
Surplus profits paid to Indian States and railway companies.	1,16,29,532	...	...	1,16,29,532	3,27,75,000	...
Net receipts	27,65,99,395	—46,41,065	—60,054	27,18,98,276	24,16,73,000	—47,15,000
(b) Strategic lines—						
Gross receipts	1,47,60,130	...	...	1,47,60,130	1,32,10,000	...
<i>Deduct</i> —Refunds of Revenue collected.	10,563	...	...	10,563	10,000	...
Working expenses	2,18,57,935	609	3	2,18,57,947	1,92,00,000	...
Net receipts	—71,07,768	—609	—3	—71,08,380	—60,00,000	...
Total net receipts, Commercial and Strategic lines.	26,94,91,627	—46,41,674	—60,057	26,47,59,896	23,56,73,000	—47,15,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	16,87,877	3,44,502	3,794	20,36,173	18,11,000	88,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	1,26,86,183	...	...	1,26,86,183	90,15,000	...
Dividend on investments in branch lines, and other Miscellaneous Receipts.	20,91,701	...	...	20,91,701	15,50,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	5,31,972	...	...	5,31,972	5,53,000	...
TOTAL RECEIPTS	28,64,89,360	—42,97,172	—56,263	28,21,35,935	24,86,03,000	—46,27,000
XII-B.—Transfers from Railway Reserve Fund.	10,92,35,160	..	...	10,92,35,160	4,95,06,000	...
XII-C.—Loans from the Railway Depreciation Fund.	...	...	...	...	4,53,02,000	...
TOTAL	39,57,24,520	—42,97,172	—56,263	39,13,71,085	34,33,10,000	—46,27,000

* For details see statement 1(a).

BUDGET FOR 1932-33.

Government from Railways in India and England.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Budget, 1931-32.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,35,00,000	-73,00,000	3,40,00,000	...	...	3,40,00,000	+5,00,000
...	25,15,00,000	-5,17,00,000	25,45,00,000	...	...	25,45,00,000	+30,00,000
...	5,00,00,000	-73,00,000	5,00,00,000	...	...	5,00,00,000	...
...	55,00,00,000	-7,88,00,000	55,75,00,000	...	...	55,75,00,000	+75,00,000
4,000	1,70,00,000	-15,00,000	1,63,57,000	6,43,000	...	1,70,00,000	...
...	...	...	1,20,00,000	...	...	1,20,00,000	+1,20,00,000
4,000	90,20,00,000	-14,66,00,000	92,43,57,000	6,43,000	...	92,50,00,000	+2,30,00,000
...	12,00,000	-3,00,000	12,00,000	...	...	12,00,000	...
...	4,65,00,000	-56,00,000	4,73,00,000	...	...	4,73,00,000	+8,00,000
4,000	85,43,00,000	-14,07,00,000	87,59,57,000	6,43,000	...	87,65,00,000	+2,32,00,000
...
4,000	55,43,00,000	-14,07,00,000	57,56,57,000	6,43,000	...	57,65,00,000	+2,32,00,000
37,000	60,91,00,000	-8,49,00,000	60,23,99,000	53,01,000	...	60,81,00,000	-10,00,000
...	82,75,000	+7,75,000	80,00,000	...	...	80,00,000	-2,75,000
-33,000	23,69,25,000	-10,65,75,000	26,49,58,000	-45,58,000	...	26,04,00,000	+2,34,75,000
...	1,32,10,000	-18,00,000	1,35,10,000	...	...	1,35,10,000	+3,00,000
...	10,000	...	10,000	...	...	10,000	...
...	1,92,00,000	-11,00,000	1,00,000	...	...	1,89,00,000	-3,00,000
...	-60,00,000	-7,00,000	-54,00,000	...	...	-54,00,000	+6,00,000
-33,000	23,09,25,000	-10,72,75,000	25,95,58,000	-45,18,000	...	25,50,00,000	+2,40,75,000
1,000	19,00,000	+1,60,000	17,43,000	57,000	...	18,00,000	-1,00,000
...	80,15,000	-27,64,000	60,65,000	...	...	60,65,000	-9,50,000
...	15,50,000	-50,000	6,50,000	...	...	6,50,000	-9,00,000
...	5,53,000	-1,03,000	4,50,000	...	...	4,50,000	-1,03,000
-32,000	24,39,43,000	-11,00,92,000	27,04,06,000	-45,01,000	...	26,59,05,000	+2,20,22,000
...	4,95,06,000	+81,39,000	...	...	...	...	-4,95,06,000
...	4,53,02,000	+4,52,02,000	7,53,79,000	...	...	7,53,79,000	+2,06,77,000
-32,000	33,66,51,000	-5,67,51,000	34,63,45,000	-45,01,000	...	34,18,44,000	+31,93,000

BUDGET FOR 1932-33.

1(a).—Statement of Working Expenses

Heads of working expenses.	Accounts 1930-31.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	14,01,35,327	2,48,64,206	62,124	14,50,61,657	13,80,95,000	48,72,000
Repairs and maintenance	15,25,01,530	...	...	15,25,01,530	13,53,00,000	...
Operation	25,45,81,624	4,00,000	5,277	25,49,86,901	22,95,74,000	5,22,000
Depreciation	12,64,37,829	...	...	12,64,37,829	15,00,00,000	...
Expense	2,59,558	...	...	2,59,558	19,50,000	...
Emergency deductions from pay	...	...	...	...	-77,14,000	-36,000
Payment to Income-tax Department in respect of Railway staff exempted from sur-charge.	...	...	...	...	...	...
TOTAL	67,39,15,668	52,84,206	67,401	67,92,67,475	63,73,05,000	53,58,000
Less—Share of Worked Lines.	2,65,78,618	...	...	2,65,78,618	2,35,00,000	...
Working Expenses	64,73,37,250	52,84,206	67,401	65,36,88,857	60,37,05,000	53,58,000

BUDGET FOR 1932-33.

of State Railways—Commercial Lines.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
33,000	14,30,00,000	+30,00,000	11,63,05,000	48,95,000	...	12,18,00,000	-2,12,00,000
...	13,53,00,000	-1,69,00,000	15,24,00,000	...	...	15,24,00,000	+1,71,00,000
4,000	23,01,00,000	-1,87,00,000	24,56,58,000	5,12,000	...	24,62,00,000	+1,61,00,000
...	13,00,00,000	...	13,25,00,000	...	...	13,25,00,000	+25,00,000
...	19,50,000	+19,50,000	...	...	...	...	-19,50,000
...	-77,50,000	-77,50,000	-2,27,94,000	2,06,000	...	-2,30,00,000	-1,53,50,000
...	...	...	22,00,000	...	...	22,00,000	+22,00,000
37,000	63,26,00,000	-3,64,00,000	62,68,99,000	52,01,000	...	63,31,00,000	-5,00,000
...	2,35,00,000	-85,00,000	2,40,00,000	...	...	2,40,00,000	+5,00,000
87,000	60,91,00,000	-3,49,00,000	60,28,99,000	52,01,000	...	60,81,00,000	-10,00,000

2.—Statement of the expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways—						
(a) Commercial lines—						
Interest—						
on Government capital at charge .	18,30,68,826	11,53,21,678	14,14,885	29,97,06,369	18,83,39,000	11,59,83,000
on capital contributed by Indian States and Companies.	4,19,188	1,31,71,337	1,68,306	1,37,58,731	4,20,000	1,32,77,000
Total interest, commercial lines .	18,34,88,014	12,83,93,015	15,83,191	31,24,64,120	18,87,59,000	12,83,60,000
(b) Strategic lines—						
Interest on capital at charge .	1,46,91,014	—	—	1,46,91,014	1,47,93,000	—
TOTAL INTEREST	19,71,79,028	12,83,93,015	15,83,191	32,71,55,134	20,35,51,000	12,83,60,000
11. Subsidized Companies—						
Land and subsidy	5,90,392	—	—	5,90,392	8,30,000	—
12. Miscellaneous Railway expenditure—						
Commercial lines	43,87,805	17,88,056	23,183	61,99,043	36,13,000	13,69,000
Strategic lines	69,184	—	—	69,184	33,000	—
Payments to general revenues—						
Contribution	5,73,57,333	—	—	5,73,57,333	—	—
13A—Surplus Railway Revenue transferred to Railway Reserve Fund.	—	—	—	—	—	—
TOTAL	26,95,68,471	13,01,80,971	16,06,373	39,13,71,085	20,60,15,000	13,97,39,000

BUDGET FOR 1932-33.

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

1931-32.			BUDGET ESTIMATE, 1932-33.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
8,05,000	30,42,27,000	-30,49,000	19,27,66,000	11,57,20,000	...	30,84,66,000	+43,59,000
93,000	1,37,90,000	+1,98,000	4,20,000	1,34,01,000	...	1,38,21,000	+31,000
8,98,000	31,80,17,000	-28,51,000	19,31,86,000	12,91,31,000	...	32,23,07,000	+42,90,000
...	1,47,92,000	-60,000	1,48,57,000	...	...	1,48,57,000	+65,000
8,98,000	33,28,09,000	-39,11,000	20,80,43,000	12,91,31,000	...	33,71,64,000	+43,85,000
...	8,20,000	+1,20,000	7,00,000	...	...	7,00,000	-1,20,000
9,000	49,90,000	-3,50,000	26,34,000	13,06,000	...	39,40,000	-10,50,000
...	32,000	-8,000	40,000	...	...	40,000	+8,000
...	...	-5,36,02,000	...	...	...	...	...
...
9,07,090	33,86,51,000	-5,67,51,000	21,14,17,000	13,04,27,000	...	34,18,44,000	+31,93,000

BUDGET FOR 1932-33.

2(a).—Contribution from Railway to General Revenues, 1931-32.

(Based on actuals, 1929-30.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,23,54,27,823 at charge, commercial lines		7,23,54,278
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,01,11,46,955	
Subsidised Companies, share of surplus profits	58,70,738	
Interest on Depreciation and Reserve Fund balances	1,24,57,407	
Dividend on investments in branch lines and other miscellaneous receipts	21,46,398	
(ii) Charges—Commercial lines—		1,03,16,31,496
Working expenses	66,09,10,135	
Indian States and Railway Companies' share of surplus profits	1,51,97,708	
Interest—		
On capital at charge	27,69,03,348	
On capital contributed by Indian States and Companies	1,36,94,043	
Land and subsidy	4,39,199	
Miscellaneous railway expenditure	53,61,958	
Contribution at 1 per cent. on capital at charge	7,23,54,278	1,04,48,59,650
(iii) Deficit . . . . .	...	1,32,38,161
(iv) Contribution of one-fifth of surplus . . . . .	...	...
3. (i) Total contribution from railway revenues [1 plus 2 (iv) ] . . . . .	...	7,33,54,278
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,09,273	
(ii) Loss in working	47,43,587	
		1,87,51,860
(ii) Net payment due from railway to general revenues in 1931-33	5,36,03,418

BUDGET FOR 1932-33.

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2 (a).—Contribution from Railway to General Revenues, 1932-33.

(Based on actuals, 1930-31.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,35,94,89,837 at charge, commercial lines		7,35,94,899
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	93,62,16,665	
Subsidised Companies' share of surplus profits	20,36,173	
Interest on Depreciation and Reserve Fund balances	1,26,86,183	
Dividend on investments in branch lines and other miscellaneous receipts	20,91,701	
(ii) Charges—Commercial Lines—		95,30,80,723
Working expenses	65,26,88,857	
Indian States and Railway Companies' share of surplus profits	1,16,39,533	
Interest—		
On capital at charge	29,87,05,389	
On capital contributed by Indian States and Companies	1,37,59,731	
Land and subsidy	5,90,393	
Miscellaneous railway expenditure	61,99,043	
Contribution at 1 per cent. on capital at charge	7,35,94,889	
(iii) Deficit		1,05,71,66,84
(iv) Contribution of one-fifth of surplus		10,41,86,13
(v) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
		7,25,94,89
Deduct—Loss on strategic lines borne by railway revenues—		
(1) Interest on capital	1,46,91,014	
(ii) Loss in working	66,46,593	
		2,13,37,607
(ii) Net payment due from railway to general revenues in 1932-33		5,32,58,292

BUDGET FOR 1932-33.

—Statement of receipts, of the Central Government in India and England for State

HEADS OF ACCOUNT.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<p>I.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways</p>	---	---	---	---	---	---

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE	ACCOUNTS, 1930-31.				REVISED ESTIMATE,	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
55.—Construction of State Railways:—				...		
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				8,37,15,000		
Other Works				7,24,61,452		
New Construction				4,27,62,000		
Suspense				—1,89,97,000		
Purchase of Railways and branch line shares				1,00,000		
Emergency deductions from pay.				...		
TOTAL	7,22,29,804	5,70,88,156	7,23,492	13,00,41,452	5,48,11,000	2,70,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				9,31,000		
Other Works				11,38,807		
New Construction				—14,000		
Emergency deductions from pay.				...		
TOTAL	20,45,807			20,45,807	15,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	7,42,75,611	5,70,88,156	7,23,492	13,20,87,259	5,63,11,000	2,70,00,000
53-C.—Discharge of Debentures	...				...	...

BUDGET FOR 1932-33.

A.—Railway Depreciation Fund

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	12,24,30,420	16,29,30,420	13,91,73,358	14,57,71,358	Appropri- ation from Deprecia- tion Fund.	11,39,59,065	8,25,00,000	12,77,02,000	13,18,79,00
Appropri- ation to Deprecia- tion Fund.	13,07,12,003	13,43,00,000	13,43,00,000	13,70,00,000	Closing balance.	13,91,73,358	21,47,30,420	14,57,71,358	15,08,92,3
TOTAL	25,31,32,423	29,72,30,420	27,34,73,358	28,27,71,358	TOTAL	25,31,32,423	29,72,30,420	27,34,73,358	28,27,71,3

BUDGET FOR 1932-33.

B.—Railway Reserve Fund.

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	16,34,22,274	5,43,23,274	5,41,87,114	46,81,114	Appropriation from Re- serve Fund.	10,92,35,160	4,13,67,000	4,95,06,000	...
Appropriation to Reserve Fund.	...	...	...	...	Closing Balance.	5,41,87,114	1,34,56,274	46,81,114	46,81,114.
TOTAL	16,34,22,274	5,43,23,274	5,41,87,114	46,81,114	TOTAL	16,34,22,274	5,43,23,274	5,41,87,114	46,81,114

Speech by the Hon'ble Mr. T. G. Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1932-33 in the Council of State.

SIR,

I have again the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. This is the third time I have performed this duty. There is a very old superstition that the third time is lucky. I am afraid the Council may not consider that the superstition has been entirely fulfilled in this instance, but I trust I shall be able to show that the Railways of India have done their best, in these days of world-wide trade depression and the consequent falling off in traffic, to meet the situation.

2. As in previous years I propose to give a short resumé of the results of the last financial year, 1930-31, broad details of our revised estimates for this year and a forecast of our revenue and expenditure for the year 1932-33, finishing with some account of our capital expenditure during the current financial year and the expenditure proposed for 1932-33, and I will include a brief review of the situation and a short description of certain railway activities which may be of interest to the Council. I shall endeavour to avoid the quotation of great masses of figures, leaving Honourable Members to study the details given in the Memorandum which will be placed in their hands this morning.

3. When we prepared our revised estimates for the year 1930-31 for presentation to the Council in February of last year we estimated that there would be a loss in the working of commercial and strategic lines combined of 5.12 crores. The actual loss was 5.18 crores. To meet this loss and also to pay our contribution to General Revenues it was necessary to withdraw 10.92 crores from the Reserve Fund, leaving a balance of 5.42 crores at the end of the year. I do not think I need enter into details of the reasons for these results. Railways, like all other undertakings which depend on the prosperity of a country for their revenues, have been greatly affected by the general trade depression and have been working very much under capacity. The expenditure from the Depreciation Fund was 11.40 crores, leaving 13.92 crores at the credit of the Fund at the end of the year.

4. Coming to the current year, in framing our estimates of revenue and expenditure a year ago we, after very full consideration of the position, decided that we were on reasonably safe ground in allowing for a slight increase over 1930-31—a year of abnormally low traffic. Unfortunately our hopes have been falsified and our receipts are actually considerably worse than they were in 1930-31. We now estimate these from commercial lines at 86.68 crores against the 101.02 crores allowed for in our estimates. Although we were unduly optimistic in our estimate of receipts we were at the same time unduly pessimistic about our working expenses, and if our anticipations prove correct these should be about 3½ crores, or 3 crores excluding emergency deductions from pay, less than we budgeted for—a no mean achievement on the part of railway administrations.

5. As I have said we now estimate our total receipts at 86·68 crores. Our total charges, that is, working expenses (including depreciation), surplus profits paid to Indian States and Railway Companies, interest and miscellaneous charges, will amount to 94·12 crores, leaving a net deficit of 7·44 crores for commercial lines; and a loss of 2·03 crores for strategic lines brings the total loss to 9·47 crores. The balance in the Reserve Fund at the beginning of the year was 5·42 crores. Of this sum 47 lakhs is invested in securities, which it is not considered advisable to realise at the moment. After utilising 4·95 crores of the free balance in the Reserve Fund we have a deficit of 4·52 crores to make up. It is proposed to make up this deficit by taking a temporary loan from the Depreciation Fund of this amount. Despite this, owing to our curtailed programme of renewals, the Depreciation Fund will be increased by 66 lakhs and will stand at 14·58 crores at the end of the year. As I think I have said on a previous occasion, these estimates are prepared before the results of two of the heaviest traffic months of the year are known, but I am afraid I can hold out no hopes that during these months there will be any substantial improvement. The approximate results which we get week by week show no indication of this. The reasons for this heavy fall in our receipts are not far to seek. Many of the Honourable Members of this Council are connected with business and know far more about the reactions which the world trade depression has had on India than I do. I shall only quote a few figures to illustrate the position. The number of passengers carried this year has shown a decline of over 15 per cent. The total number of passenger miles has fallen by 14·7 per cent.—a sure indication that the people of India at the present moment have no money to spare for railway travelling. As regards goods traffic, the position is the same. Again I shall quote only a few figures. Up to the 2nd of January the Railways loaded eighty-three thousand fewer wagons with coal and coke, a decrease of 10 per cent.; twenty-six thousand and five hundred fewer with oilseeds, a decrease of 15 per cent.; twenty-two thousand five hundred less under cotton, a decrease of 23 per cent.; two hundred and twenty-nine thousand, or a decrease of 13 per cent., of miscellaneous full wagons, as compared with the loading for 1930-31, itself a year of abnormally low traffic.

6. Let me now turn for a moment to working expenses of commercial lines. These we place at 4·72 crores below last year, despite the fact that last year's figures were diminished by an arrear credit adjustment to the extent of 1·66 crores. The actual decrease is, therefore, 6·38 crores, of which about 58 lakhs has been obtained from the emergency deductions from pay which were introduced from January. The balance of 5½ crores represents the result of the endeavours made by Railways to reduce their working expenses. These results have been obtained despite the fact that Railways have endeavoured to prosecute the activities which were started in the more prosperous years. It has, of course, been necessary to slow down in certain directions but few of our activities have ceased altogether. Railways are like a machine which once having gained momentum can be kept going with the expenditure of very little fuel, whereas the stopping and starting up again requires a large expenditure of power and money. We have continued the progressive standardisation of railway equipment. We have continued our publicity policy, though on a modified scale, and we have not ignored the desire which has been expressed on many occasions by Honourable Members of this Council that the conditions under which our staff work should be improved. It is true that owing to the serious drop in railway earnings it has not been possible to launch fresh schemes for the improvement of the service conditions of the staff; nevertheless,

appreciable progress has been made with the schemes to which I referred last year, namely,

- (i) The introduction of the Hours of Employment Regulations ;
- (ii) Acceleration of payments of salaries and allowances ;
- (iii) Removal of the legitimate complaints in regard to the raising and recovery of debits ;
- (iv) Grant of assistance to Railway employees towards the education of their children ;
- (v) Relief of indebtedness ; and
- (vi) Introduction of staff benefit funds.

The Hours of Employment Regulations were given statutory force on the North Western and East Indian Railways with effect from 1st April 1931, and though it has been necessary, in view of the present financial outlook and on a consideration of the recommendation of the Railway Retrenchment Sub-Committee, to defer their introduction on the Company-managed Railways and on the Burma Railways, steps have been taken to introduce them on the Great Indian Peninsula and Eastern Bengal Railways with effect from the 1st April of this year.

7. The scheme for speeding up payments of salaries and allowances which was introduced last year on one of the Divisions of the East Indian Railway has been extended to the Howrah Division on the same Railway, while the Eastern Bengal Railway has quite recently introduced a system for the preparation and payment of wage bills so as to ensure that wages are, as a general rule, paid within 7 days of the period to which they relate.

8. The report of the Traffic Officer who was placed on special duty to enquire into the existing procedure on the East Indian Railway with regard to fines and debits imposed on the traffic staff was received in March 1931. After a discussion with a representative committee consisting of officers from all the principal railways in December 1931, orders giving effect to the decisions arrived at as a result of this discussion were issued to the State-managed Railways. The Company-managed Railways at the same time were informed of the orders issued to the State-managed Railways.

9. The Officer of the Education Department placed on special duty to frame an estimate of the cost of introducing new rules for the grant of assistance to railway employees towards the education of their children and to report on certain other outstanding questions, such as the standard of education up to which assistance should be given and other cognate matters, has completed his investigation on the Eastern Bengal Railway and is now carrying out a similar investigation on the East Indian, Great Indian Peninsula and North Western Railways. His final report is expected next month.

10. I mentioned last year that a new fund called "The Lower Paid Staff Loan Fund" had been created on the East Indian Railway with the object of advancing loans at reasonable rates of interest to the lower paid employees. It is now proposed to start a similar fund on the North Western Railway with effect from 1st April 1932.

11. The Staff Benefit Funds to which I also referred last year were introduced on the State-managed Railways from 1st April 1931.

12. The Railway Board have made a preliminary examination of the recommendations of the Royal Commission on Labour in India in so far as these affect railways and after discussion with the Agents of the principal railways have come to provisional conclusions on points of lesser importance. Further discussion of the remaining matters which concern railways will take place in April next, after which the final recommendations of the Railway Board will be submitted to the Government of India.

13. I think the Council will expect me to give in some detail the measures which have been taken to meet the situation created by the serious falling off in traffic with consequent reduction in earnings. I have already referred to the results of this year's working. Soon after the commencement of this financial year, I might say even before the commencement of the year, we saw that our anticipations of traffic were not likely to be fulfilled and that it would be necessary to take drastic steps to reduce the gap between receipts and expenditure. This could only be done in two ways, by decreasing our expenditure and increasing our receipts. I shall deal first with the efforts made to decrease expenditure. We have had several discussions with the administrations of our major railways. At these we have emphasised the absolute necessity of cutting down every item of expenditure to the absolute minimum, but at the same time stressing that any steps which were taken must not endanger the safety of the travelling public. An intensive economy campaign was inaugurated on every railway, each railway pooling its ideas with other railways. The result has been, as I have stated, a reduction of 5½ crores without allowing for any of the savings obtained from the temporary reduction in the emoluments of the railway staff. The main sources from which the saving has been obtained are reduction in the consumption of fuel and consumable stores, cutting down maintenance of station buildings and staff quarters to the absolute minimum, cutting down train mileage to absolute essentials, the abolition and holding in abeyance of a large number of superior posts. On State-managed Railways 169 posts have either been abolished or held in abeyance. On Company-managed Railways 24 posts have been abolished and 44 left unfilled. Compensatory allowances and special pay have been reduced or abolished. We feel that in a time of national emergency such as at present, it is quite fair to ask our officers and staff to do additional work without the additional remuneration which they might expect in more prosperous times. A large number of staff have been reduced, either by not filling vacancies or by actual discharges. Finally the emergency deduction in pay, which came into force from 1st January of this year, is expected in a full year to save 2.38 crores.

14. Before leaving this subject I should like to acknowledge our indebtedness to the Railway Sub-Committee of the Retrenchment Advisory Committee. When the Committee started work retrenchment was in full swing and all Railways and the Railway Board continued independent investigations into the possibilities of further economy while the Committee was at work. This, however, did not deter the Sub-Committee who went into the whole question with great thoroughness within the limited time at their disposal. Their recommendations have received our very careful consideration, and from the budget papers, which will be circulated to Honourable Members, it will be seen that in the great majority of cases their recommendations have been adopted with little or slight modification. In some cases it has been found possible to go beyond the recommendations of the Committee. In other cases, of course, it has not been considered advisable to go quite so far. In one very important matter—that of cuts in pay of railway staff—we have, while obtaining a larger

reduction, not adopted the method recommended by the Committee, though we have as recommended by them applied the cut to all staff. The concluding recommendation of the Committee was the appointment of a small Committee, mainly composed of financial and railway experts, to undertake a full enquiry into the detailed working of the various departments of Railway Administrations. Immediately after the report was received the Government of India made every endeavour to obtain suitable personnel for such a Committee with the intention of carrying out the enquiry this cold weather. It is to be regretted that owing to the urgent preoccupations of the leading railway and financial experts in the present very difficult times, the efforts made to get together a suitable Committee were unsuccessful, and it has been necessary to postpone the constitution of the Committee until next year.

15. On more than one occasion the presentation of the Railway Budget has been referred to in another place as the annual meeting of the shareholders of the State Railways of India, and while shareholders look to their Board of Directors for a report showing how their property is being managed Honourable Members, in their capacity as representatives of the general public, are also undoubtedly interested in the charges the public have to pay when using the railway. In a year of falling revenues, when rigid economy and severe measures of retrenchment have been forced on railways, other measures which will have the effect of increasing revenue have also to be considered. Here we come up against two schools of thought; one suggesting reduced rates and fares as providing an incentive to traffic, the other considering an enhancement in rates and fares as being a more satisfactory expedient. When I last addressed this Council, I said that I was in the unhappy position of having to announce that it would be necessary to increase certain of our rates. I, however, gave this House an assurance that any changes we made would be done with due regard to the trade of the country and said that care would be taken not to impose rates which would press too hardly on any particular section of the community. I think we may reasonably claim that this assurance has not been disregarded, in so far that such alterations as have been made in our rates and fares within the last twelve months have been fairly and evenly distributed so as to make their incidence felt as lightly as was possible in the circumstances. Honourable Members are no doubt aware of the enhancements that have been made, and I propose, therefore, to refer only to the more important of these, so as to give this House some idea of the additional revenue, we believe, we will get as a result of the action taken. The increase in passenger fares on most of the principal railways was estimated to give us about 109 lakhs more in a normal year; on luggage and parcels, the rates were put up by about 15 per cent. giving us increased revenue approximating to 62 lakhs; and in the case of coal we hope to get 60 lakhs by the surcharge of 15 per cent. which had effect from 15th January last. From certain other minor changes which individual railways considered it was possible to make in the scale of terminal charges, in the freight rates on petrol, jaggree, sugar and a few other comparatively unimportant commodities, and by the withdrawal or modification of some concession rates, the additional revenue anticipated approximates in a full year to 105 lakhs. In considering the desirability or otherwise of these enhancements, we have not been unmindful of the obligation that rests on Railways to do nothing that would impede the free movement of traffic, but, on the contrary, to assist whenever an opportunity offers by reducing rates to secure traffic that is not likely otherwise to move. To illustrate this point, I may refer to the substantial reduction in the freight rates on wheat and wheat flour made by the North Western Railway Administration in May last year, when it was

found that the parity of wheat prices in India was considerably above the point at which export was possible, and export was desirable in order to reduce the large surplus of wheat in the country which tended to keep prices down at a level that was proving unremunerative to the grower. In the event, the reduction made proved of no avail, as world prices slumped substantially and Indian wheat prices continued to be above world parity. Although over 250 thousand tons were carried to Karachi during the period the reduced rates were in operation, export overseas was negligible; and the only practical effect of the reduction was to divert to the sea route for shipment to Indian ports traffic which would normally have been carried by railway at the ordinary rates. On the assumption that the quantity railed into Karachi would have moved to that port in any case, the reduction in railway freights led to a loss of revenue estimated at about sixteen lakhs. Incidentally, this instance seems to indicate that the suggestion that lower freight rates will bring increased revenue for railways must be subject to certain important qualifications, not the least of which is that unless the margin available for a reduction to facilitate movements is substantial, any reduction made is a needless sacrifice of revenue to be deprecated at all times and particularly now when, owing to a world wide depression in trade and other causes, the financial position of railways is not such as to justify experiments in freight reductions. I think also that the general indications are that, taken as a whole, railway rates are not on the high side, and their incidence on the free movement of traffic is not very appreciable. Having said this, I should like to assure Honourable Members that these views are not a prelude to any contemplated action for a further enhancement in rates and fares, although we would be unmindful of our obligations for the solvency of the railway system of this country, if we neglected to take any opportunity that may present itself of adjusting rates and fares to obtain increased revenue either by reductions when these are proved to be necessary or by enhancements where such action appears to be indicated.

16. I have now to assume the role of a prophet and endeavour to make a forecast of our receipts and expenditure for 1932-33. Like most prophets I am skating on very thin ice and am almost certain to fall through the ice and be drowned. It is quite impossible to say whether we have reached the trough of the wave of depression. All we can say is that we are very far off the crest of a wave of prosperity. I do not think it is safe to assume that there will be any increase in the volume of traffic over that of the present financial year, and the only increase which we can expect in our receipts will be from the increases in rates and fares which we have introduced this year. On this assumption we estimate our gross traffic receipts from commercial lines at 86.57 crores as compared with our revised estimate of 85.55 crores for this financial year. In estimating our working expenses we are on slightly safer grounds. We know what railways have already done. We place these at 60.81 crores against 62.69 crores our revised budget estimate for this year. Both these figures include our contribution to the Depreciation Fund. Of this reduction of 188 lakhs we get about 1½ crores from the emergency cut in pay after paying 22 lakhs to the Income-tax Department; so excluding this we expect to bring down our working expenses by another 33 lakhs. Honourable Members may not think this is a very great achievement, but I would explain that the surcharge on coal freights affects our working expenses to the extent of 37 lakhs. This, of course, also appears on the receipt side. Further, 25 lakhs additional has to be found for the Depreciation Fund, and finally increments in pay of staff and staff required on new lines will amount to about half a crore. After allowing for the abnormal gratuity payments this year, we may say that our Budget provides

for a decrease of $1\frac{1}{2}$ crores over the reduction on this year's working of about 6 crores. It may be possible by further economies to increase this figure and we will continue to explore any avenue of economy, but I am sure the Council will realise that indiscriminate economies in working may very well result in a loss in that they may be reflected in a larger reduction in receipts.

17. It remains now for me to give an account of our expenditure under Capital and Depreciation Fund for the current year and to place before the Council our programme for the ensuing year. In presenting the programme of works for 1931-32 I estimated that our total expenditure would amount to 21.70 crores, or allowing for a reduction in stores balances of 2 crores, a net cash expenditure of 19.70 crores. By the exercise of the most rigid economy and cutting down all but absolutely essential works it has been found possible to reduce this figure to 16.60 crores, despite the fact that we have opened or hope to open 406 miles of new railways this financial year. The more important of these are the—

Chittagong-Dohazari	25 miles.
Raipur-Parvatipuram, a section of the Raipur-Vizianagram line thus completing the line from Raipur to Vizianagram	74 miles.
Kalukhali-Bhateapara	53 miles.
Dharwa-Pusad	43 miles.
Sind Left Bank Feeder Railways	120 miles.
Chinnasalem-Vridhachalam	32 miles.
and the Pollachi-Palghat	33 miles.

18. Our activities in open line works, as was only to be expected, have not been very spectacular; we have concentrated on keeping our track, bridges and rolling stock up to the requisite standard.

19. Our programme for 1932-33 has been still further curtailed and we have only been able to provide $9\frac{1}{2}$ crores, after allowing for a further reduction in stores balances of $1\frac{1}{2}$ crores. An allotment of 101 lakhs will practically complete all new lines under construction, or a total of 173 miles. The remainder will be spent, as was done last year, on essential open line works. None of these are of great magnitude, but I may mention 3 of them—the Gorai Bridge on the Eastern Bengal Railway, the Barakar Bridge on the East Indian Railway and the Betwa Bridge on the Great Indian Peninsula Railway. None of these works, in the interests of safety and also of economy, could be postponed longer. Our expenditure on rolling stock will be limited to $1\frac{1}{2}$ crores.

20. I trust that my review of the situation and the figures which I have placed before the Council will not lead to a spirit of too great pessimism as regards the future of Indian Railways. India, like all other great countries throughout the world, is passing through troublous times and it was not to be expected that the Railways would escape, but I for one feel confident that when better times do return the Railways will be the first to feel the effect. Lessons learnt during this period of economy and retrenchment will bear fruit and lead to all the greater prosperity. The Council may rest assured that the Railways will be in a position to meet all the needs of traffic when this reaches its normal level once again.

21. As is customary, in concluding my Budget speech I wish to bring to the notice of the Council the valuable services which the Agents, officers and staff of all railways throughout India have rendered to the country during the past year ; this has been a particularly trying one ; not only have the emoluments of the staff been subjected to reduction but their immediate prospects have been seriously affected by the economy campaign, through the abolition of many of the higher paid posts, both for officers and subordinates. There are several officers who in normal times might reasonably have expected by now to have reached the administrative ranks with the higher pay these carry, but who have had to be content with the lower ranks and lower pay. Much the same applies to subordinates. Several of the plums of their services have been taken away. No man can face a reduction in his salary and prospects with equanimity, but I think I can safely say that unpalatable as these measures have been, they have been accepted by practically all ranks as inevitable and all are cheerfully carrying out their work as before, with the same keenness in their search for every possible economy and with the same desire to do all in their power to restore prosperity to Indian Railways. I am glad of the opportunity which my presence here gives me of publicly expressing to the Agents and to all those serving under them the gratitude of the Railway Board for their whole-hearted co-operation in what is their and our common aim.

Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1932-33 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
	EXPENDITURE CHARGED TO REVENUE.	Rs.
	<i>Commercial Railways.</i>	
1	Railway Board	7,75,000
2	Inspection	70,000
3	Audit	12,00,000
4	Working Expenses : Administration	9,97,00,000
5	Working Expenses : Repairs and maintenance and Operation	36,76,00,000
6	Companies' and Indian States' share of surplus profits and net earnings.	80,00,000
9	Appropriation to Depreciation Fund	13,25,00,000
11	Miscellaneous Expenditure	6,50,000
12	Appropriation to the Reserve Fund . . . . .	..
	<i>Strategic Railways.</i>	
14	Working Expenses (including Appropriation to Depreciation Fund and Miscellaneous Expenditure).	1,85,00,000
	EXPENDITURE CHARGED TO CAPITAL.	
	<i>Commercial Railways.</i>	
7	New Construction	1,00,60,000
8	Open Line Works	3,05,50,000
	<i>Strategic Railways.</i>	
15	New construction and Open Line Works	8,00,000
	OTHER EXPENDITURE.	
10	Appropriation from Depreciation Fund	13,18,79,000
	<i>(Commercial and Strategic.)</i>	
13	Appropriation from the Reserve Fund . . . . .	..

BUDGET FOR 1932-33.

BUDGET*
of the
**Railway Revenue and Expenditure of the
Governor-General in Council,
March 1932**

RAILWAY DEPARTMENT; **A. A. L. PARSONS,**
New Delhi, the 5th March 1932. *Financial Commissioner of Railways*

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* Published with Government of India, Finance Department, Resolution No. 4458-B, dated 29th March, 1932.

BUDGET FOR 1932-33.

1(a).—Statement of Working Expenses

Head of working expenses.	ACCOUNTS 1930-31.				REVISED ESTIMATE	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	14,01,85,327	48,84,206	62,124	14,50,81,657	13,80,96,000	48,72,000
Repairs and maintenance	15,25,01,530	—	—	15,25,01,530	13,53,00,000	—
Operation	25,45,81,624	4,00,000	5,277	25,49,86,901	22,95,74,000	5,23,000
Depreciation	12,64,37,829	—	—	12,64,37,829	13,00,00,000	—
Suspense	2,59,558	—	—	2,59,558	19,50,000	—
Emergency deductions from pay	—	—	—	—	—77,14,000	—36,000
Payment to Income-tax Department in respect of Railway staff exempted from surcharge.	—	—	—	—	—	—
Total	67,39,15,868	53,84,206	67,401	67,92,67,475	62,72,05,000	53,58,000
Deduct—Share of Worked Lines.	2,65,78,618	—	—	2,65,78,618	2,26,00,000	—
Working Expenses	64,73,37,250	53,84,206	67,401	65,26,88,857	60,37,05,000	53,58,000

BUDGET FOR 1932-33.

of State Railways—Commercial Lines.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Budget, 1931-32.
Exchange.	TOTAL.		India.	England,	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
33,000	14,30,00,000	+30,00,000	11,69,05,000	48,95,000	...	12,18,00,000	-2,13,00,000
—	18,53,00,000	-1,69,00,000	15,24,00,000	—	—	15,24,00,000	+1,71,00,000
4,000	23,01,00,000	-1,87,00,000	24,56,88,000	5,12,000	...	24,62,00,000	+1,61,00,000
—	13,00,00,000	...	13,25,00,000	—	—	13,25,00,000	+25,00,000
...	19,50,000	+19,50,000	...	...	...	...	-19,50,000
...	-77,50,000	-77,50,000	-2,27,94,000	-3,06,000	...	-2,30,00,000	-1,52,50,000
...	...	...	22,00,000	...	...	22,00,000	+22,00,000
37,000	63,26,00,000	-3,84,00,000	62,68,99,000	52,01,000	...	63,21,00,000	-5,00,000
...	2,35,00,000	-35,00,000	2,40,00,000	...	...	2,40,00,000	+5,00,000
37,000	60,91,00,000	-3,49,00,000	60,28,99,000	52,01,000	...	60,81,00,000	-10,00,000

BUDGET FOR 1932-33.

2.—Statement of the expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways—						
(a) Commercial lines—						
Interest—						
on Government capital at charge	18,20,68,628	11,53,21,678	14,14,886	29,87,05,369	16,83,89,000	11,59,83,000
on capital contributed by Indian States and Companies.	4,19,188	1,31,71,337	1,68,306	1,37,58,731	4,20,000	1,32,77,000
Total interest, commercial lines	18,24,87,816	12,83,92,915	15,83,191	31,24,64,120	16,87,59,000	12,83,60,000
(b) Strategic lines—						
Interest on capital at charge	1,46,91,014	—	—	1,46,91,014	1,47,92,000	—
TOTAL INTEREST	19,71,79,030	12,83,92,915	15,83,191	32,71,55,134	20,35,51,000	12,83,60,000
11. Subsidized Companies—						
Land and subsidy	5,90,392	—	—	5,90,392	6,30,000	—
12. Miscellaneous Railway expenditure—						
Commercial lines	48,87,805	17,88,056	23,182	61,99,043	36,12,000	13,69,000
Strategic lines	69,184	—	—	69,184	32,000	—
Payments to general revenues—						
Contribution	5,73,67,332	—	—	5,73,67,332	—	—
13A—Surplus Railway Revenue transferred to Railway Reserve Fund.						
TOTAL	25,95,68,741	13,01,80,971	16,06,373	39,13,71,085	20,80,15,000	12,97,29,000

BUDGET FOR 1932-33.

The Revenue of the Central Government in India and in England.

1931-32.		BUDGET ESTIMATE, 1932-33.					
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
8,05,000	30,42,27,000	-30,49,000	19,37,86,000	11,57,20,000	---	30,84,86,000	+42,59,000
93,000	1,37,90,000	+1,98,000	4,20,000	1,34,01,000	---	1,38,31,000	+31,000
8,98,000	31,80,17,000	-28,51,000	19,31,86,000	12,91,31,000	---	32,23,07,000	+42,90,000
...	1,47,92,000	-60,000	1,48,57,000	---	---	1,48,57,000	+65,000
8,98,000	33,28,06,000	-29,11,000	20,80,43,000	12,91,31,000	---	33,71,64,000	+43,55,000
...	8,20,000	+1,20,000	7,00,000	---	---	7,00,000	-1,20,000
9,000	49,90,000	-3,50,000	26,34,000	18,06,000	---	49,40,000	-10,50,000
...	32,000	-8,000	40,000	---	---	40,000	+8,000
...	---	-5,36,02,000	---	---	---	---	---
...	---	---	---	---	---	---	---
9,07,000	33,88,51,000	-5,87,51,000	21,14,17,000	13,04,37,000	---	34,18,44,000	+31,93,000

BUDGET FOR 1932-33.

2(a).—Contribution from Railway to General Revenues, 1931-32.

(Based on actuals, 1929-30.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,23,54,378 at charge, commercial lines		7,23,54,378
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,01,11,46,955	
Subsidised Companies, share of surplus profits	58,70,738	
Interest on Depreciation and Reserve Fund balances	1,24,57,407	
Dividend on investments in branch lines and other miscellaneous receipts	21,46,398	
(ii) Charges—Commercial lines—		1,03,16,21,40
Working expenses	66,09,10,125	
Indian States and Railway Companies' share of surplus profits	1,51,97,708	
Interest—		
On capital at charge	27,69,02,349	
On capital contributed by Indian States and Companies	1,36,94,043	
Land and subsidy	4,39,199	
Miscellaneous railway expenditure	53,61,958	
Contribution at 1 per cent. on capital at charge	7,23,54,378	1,04,48,59,654
(iii) Deficit	---	1,32,38,161
(iv) Contribution of one-fifth of surplus	---	---
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	---	7,23,54,378
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,09,273	
(ii) Loss in working	47,43,587	
		1,87,51,860
(ii) Net payment due from railway to general revenues in 1931-32	---	5,36,02,418

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2(a).—Contribution from Railway to General Revenues, 1932-33.

(Based on actuals, 1930-31.)

	Rs.	Rs.
1 per cent. on capital of 7,35,94,89,857 at charge, commercial lines		7,35,94,898
(i) Receipts—Commercial Lines—		
Gross traffic receipts	93,62,16,665	
Subsidised Companies' share of surplus profits	20,36,173	
Interest on Depreciation and Reserve Fund balances	1,24,86,163	
Dividend on investments in branch lines and other miscellaneous receipts	20,91,701	
(ii) Charges—Commercial Lines—		95,30,30,722
Working expenses	65,26,66,957	
Indian States and Railway Companies' share of surplus profits	1,16,23,532	
Interest—		
On capital at charge	29,67,05,389	
On capital contributed by Indian States and Companies	1,37,56,731	
Land and subsidy	5,90,392	
Miscellaneous railway expenditure	61,99,043	
Contribution at 1 per cent. on capital at charge	7,35,94,899	
(iii) Deficit		1,65,71,63,948
(iv) Contribution of one-fifth of surplus		10,41,56,121
(i) Total contribution from railway revenues [1 plus 2 (iv)]		7,35,94,899
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,46,91,014	
(ii) Loss in working	66,45,593	
		2,13,36,608
(ii) Net payment due from railway to general revenues in 1932-33		5,22,58,293

BUDGET FOR 1932-33.

4.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.	
	India.	England.	Exchange.	TOTAL.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
53.—Construction of State Railways:—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock				3,37,15,000		
Other Works				7,34,61,453		
New Construction				4,37,63,000		
Suspense				-1,89,97,000		
Purchase of Railways and branch line shares				1,00,000		
Emergency deductions from pay.				—		
TOTAL	7,23,39,604	5,70,88,156	7,33,492	13,00,41,453	5,48,11,000	2,70,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				9,31,000		
Other Works				11,38,807		
New Construction				-14,000		
Emergency deductions from pay.				—		
TOTAL	20,45,607			20,45,607	15,00,000	—
TOTAL COMMERCIAL AND STRATEGIC LINKS	7,42,75,611	5,70,88,156	7,33,492	13,20,87,359	6,63,11,000	2,70,00,000
53-C.—Discharge of Debentures						

BUDGET FOR 1932-33.

Central Government in India and England on Railways.

1931-32.			BUDGET ESTIMATE, 1932-33.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1931-32.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	2,41,50,000	-48,90,000				78,25,000	-1,65,25,000
	5,12,00,000	-2,38,60,000				3,85,00,000	-1,27,00,000
	2,70,25,000	-18,75,000				1,01,50,000	-1,68,75,000
	-2,01,75,000	-1,75,000				-1,51,00,000	+50,75,000

	-2,00,000	-2,00,000				-4,75,000	-2,75,000
1,89,000	8,20,00,000	-3,08,00,000	2,57,00,000	1,50,00,000	...	4,07,00,000	-4,18,00,000
	4,00,000	-25,000				25,000	-2,75,000
	10,00,000	-1,61,000				8,00,000	-2,00,000
	1,00,000	-14,000				...	-1,00,000
	...	...				-35,000	-35,000
...	15,00,000	-3,00,000	8,00,000	...	...	8,00,000	-7,00,000
1,59,000	8,35,00,000	-3,10,00,000	2,65,00,000	1,50,00,000	...	4,15,00,000	-4,20,00,000
...

BUDGET FOR 1932-33.

A.—Railway Depreciation Fund

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	12,24,20,420	10,39,20,420	13,91,73,358	14,57,71,358	Appropriation from Depreciation Fund.	11,39,59,065	8,25,00,000	12,77,02,000	13,18,79,000
Appropriation to Depreciation Fund.	13,07,12,098	13,43,00,000	13,43,00,000	13,70,00,000	Closing balance.	13,91,73,358	21,47,20,420	14,57,71,358	15,08,93,358
TOTAL	25,31,32,423	23,72,20,420	27,34,73,358	28,27,71,358	TOTAL	25,31,32,423	29,72,20,420	27,34,73,358	28,27,71,358

BUDGET FOR 1932-33.

B.—Railway Reserve Fund.

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	16,34,22,274	5,48,23,274	5,41,87,114	46,81,114	Appropriation from Re- serve Fund.	10,92,35,160	4,18,87,000	4,95,08,000	...
Appropri- ation to Reserve Fund.	...	...	...	...	Closing Balance.	5,41,87,114	1,34,56,274	46,81,114	46,81,114
TOTAL	16,34,22,274	5,48,23,274	5,41,87,114	46,81,114	TOTAL	16,34,22,274	5,48,23,274	5,41,87,114	46,81,114

Explanatory Memorandum of the Railway Budget for 1932-33.

1930-31.

Commercial and Strategic Lines together.

In February last, when presenting the budget estimates for 1931-32, we anticipated that the results of working of railways in 1930-31 would be a loss of 5·12 crores (2·93 crores on commercial lines and 2·19 crores on strategic lines). In order, therefore, to pay our contribution of 5·74 crores we thought we should have to withdraw 10·86 crores from our reserve. The actual results were not very different: our total loss was 6 lakhs more and we withdrew 10·92 crores from the reserve, leaving a balance of 5·42 crores at the end of the year.

It should be added, however, that while the actual receipts were very near anticipations, the difference being only 5 lakhs, our working expenses were nearly a crore higher than we expected, and it was only because the excess was almost wholly counterbalanced by an increase in the arrear adjustments with the depreciation fund, referred to in paragraph 7 of our memorandum last year, that the net result showed our total loss as only 6 lakhs higher than we had anticipated.

The expenditure from the depreciation fund (11·40 crores) was nearly 2½ crores more than was anticipated. This was partly due to the adjustments referred to above. The balance at the credit of the Fund at the end of the year was 13·92 crores.

1931-32.

A.—Commercial Lines.

2. In framing our budget for 1931-32 about a year ago, we allowed for a modest improvement in traffic over what we thought were the abnormally low figures of 1930-31, and for increased receipts from alterations of rates and fares already given effect to or under investigation at the time. We also allowed for a large reduction of expenditure as a result of the economy measures which railway administrations had already started. The reduction has exceeded our expectations, for excluding the emergency deductions from pay, our working expenses are likely to be lower by nearly 3 crores than we budgeted for: but on the other hand, the general economic depression in the country and abroad has been so severe and our traffic receipts have fallen so heavily that, instead of getting a small gain from commercial lines as we had hoped, we now expect a loss during the current year still heavier than in the last.

BUDGET FOR 1932-33.

The statement below compares the principal figures of the revised estimate for 1931-32 with the budget estimate and the actual expenditure during 1930-31.

(Figures in lakhs of rupees.)

Particulars.	Accounts, 1930-31.	1931-32.	
		Budget.	Revised.
Gross traffic receipts	93,73	99,65	85,55
<i>Deduct</i> —Refunds of revenue	11	15	12
Total	93,62	99,50	85,43
Government share of profit, etc., from subsidised companies.	20	18	19
Interest on Depreciation and Reserve Fund balances	1,27	1,18	90
Dividends on investment in branch lines and other miscellaneous receipts.	21	16	16
Total Receipts	95,30	1,01,02	86,68
Working expenses (including depreciation)	65,27	64,40	60,91
Surplus profits paid to Indian States and Railway Companies.	1,16	75	83
Interest charges	31,25	32,09	31,80
Miscellaneous charges	68	60	58
Total Charges	98,36	97,84	94,12
Gain from Commercial lines	—3,06	3,18	—7,44

3. We have at various times during the year introduced enhancements both in passenger fares and in goods rates wherever it seemed likely that it would increase earnings to do so; but notwithstanding all these measures to improve revenue, our receipts have fallen to a lower level than in any year since 1922-23. Instead of being 6 crores more than last year as we had hoped, our gross traffic receipts

will, so far as we can see at present, be about 8 crores less. Both passenger and goods earnings are expected to be over 8 per cent. below last year's level. The details of our estimates are as follows :

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1930-31.	1931-32.	
		Budget.	Revised.
Passenger earnings	31,18	34,40	28,50
Other coaching traffic earnings	5,29	5,73	5,00
Goods earnings	59,84	62,88	55,00
Other earnings	1,95	1,85	1,70
Total	98,26	1,04,86	90,20
<i>Deduct—</i>			
Refunds of revenue	11	15	12
Worked lines	4,99	5,21	4,65
Suspense	46	..	..
Net Total	93,62	99,50	85,43

4. It is now expected that passenger earnings will be 2½ crores (or 8½ per cent.) below last year in spite of enhancements in fares during the year estimated to give us an additional 1½ crores in a full year. The number of passengers carried in the first seven months of the year has fallen from 344 million to 292 million, a decline of over 15 per cent. The total number of passenger miles has fallen from 11,887 million to 10,135 million, a decrease of 14.7 per cent. and the average lead is only slightly better than last year—34.71 miles against 34.54 miles. We expect a fall in our other coaching traffic earnings of 29 lakhs (nearly 6 per cent.) though, since May last, our luggage and parcels rates have been enhanced by 15 per cent. and are now at a level not appreciably different from that in force before the reduction three years ago.

5. The fall in our goods earnings is at present expected to be as severe. Our present anticipations are that we shall lose nearly 5 crores as compared with last year and 8 crores as compared with our budget estimates. In the first seven months of the year the number of tons carried fell by 8.8 million, a decrease of just over 15 per cent. Here again, there was a slight increase in the average lead from 191.9 miles to 194.4 miles and the decrease in ton miles was only 14 per cent., the actual figure being 9,605 million against 11,178 million last year.

The traffic carried has throughout been considerably lower this year than last, and there has been a large decrease in the number of wagons loaded. Up to the 2nd of January, we loaded 83,000 fewer wagons under coal and coke, a decrease of 10 per cent.; 26,500 fewer under oilseeds, a decrease of 15 per cent.; and 22,500 less under cotton, a decrease of 23 per cent. The loading of miscellaneous full wagons shows a fall of 229,000 or 13 per cent. as compared with last year, and though the percentage decline under miscellaneous 'smalls' is comparatively small, being 3 per cent. the decrease in the number of wagons loaded is 32,000.

BUDGET FOR 1932-33.

6. The present estimates of working expenses are compared in the following table with the budget figures and those of 1930-31—

(Figures in lakhs of rupees.)

	Actuals, 1930-31.	1931-32.	
		Budget.	Revised.
Administration	14,51	14,00	14,30
Repairs and Maintenance	15,25	15,22	13,53
Operation	25,50	24,88	23,01
Depreciation	12,64	13,00	13,00
Suspense	3	..	..
Emergency deductions from Pay	..	..	—58
Total	67,93	67,10	63,26
<i>Deduct—</i>			
Worked lines	2,66	2,70	2,35
Net working expenses	65,27	64,40	60,91

7. Our total ordinary working expenses, exclusive of depreciation, will, it is now anticipated, be 4.72 lakhs below last year in spite of the fact that last year's figures were diminished by arrear credit adjustments to the extent of 1,66 lakhs. The actual decrease is thus 6,38 lakhs of which about 58 lakhs has been obtained from the emergency deductions from pay, which railways, in common with all Government departments, have been constrained to introduce from January. The balance of 5,80 lakhs represents the result of the strenuous efforts made by railways to decrease their working expenses.

8. We estimate that the total charges grouped under the head 'Administration' will be 21 lakhs lower than last year, excluding from consideration the emergency deductions from pay. When we remember that owing to the large number of discharges of staff as a result of retrenchment during the current year, our expenditure on gratuities has been 25 lakhs more than last year, and that there is a normal and inevitable tendency to increased expenditure year by year as a result of increments and staff required for new lines, the decrease this year is remarkable and bears testimony to the energetic efforts of railway administrations to reduce expenditure. It would take too long to mention all the various ways and methods which they have tried, but a brief description of a few of them may be found interesting :

(a) A large number of superior posts have been abolished in the course of the year, and others held in abeyance during the absence on leave of permanent incumbents or otherwise. Some have been replaced by posts of lower grade. On State-managed railways following the recommendations of the Retrenchment Committee, it has been decided to abolish the 36 construction posts that were added in the last revision, the deputation reserve of 4 per cent., and the training reserve of 41 posts. These account for the reduction of the cadre by 104 posts. In addition, the working posts in the cadres have been reduced and as a result of re-arrangement 37 posts have been abolished and 28 more held in abeyance. On Company-managed railways, similarly, 24 posts have been abolished and 44 more left unfilled.

- (b) Special pay has been withdrawn or reduced to a large extent ; and compensatory allowances have been reconsidered and, in many cases reduced or abolished.
- (c) A large number of office staff has been reduced either by vacancies remaining unfilled or by actual discharges.
- (d) Large decreases in contingent expenditure have been effected by economising in the use of stationery, curtailing printing, reducing expenditure on telegrams and postage, use of cheaper paper, etc.
- (e) Publicity expenses have been reduced to a considerable extent by putting publicity under the Commercial Department, reducing the number of tourist advisers and cinema cars, etc.

9. The largest saving, however, has been in the cost of repairs and maintenance of our works and rolling stock. The

Repairs and Maintenance. revised estimate for 1931-32 is 1,72 lakhs less than the booked expenditure for 1930-31, which, as has been pointed out, was diminished by 1,66 lakhs as a result of correction of certain past erroneous adjustments. In other words, the total expenditure is expected to be 3,38 lakhs, or 20 per cent. lower than in 1930-31. Part of this saving must be taken as expenditure postponed for the time being, but we are confident that a considerable portion can be taken as a permanent saving. It is one of the advantages of a period of acute depression like the present that it impels every authority responsible for expenditure to examine each item of expenditure very carefully in order to see whether he could do without it or carry out the work at cheaper cost. Every railway has for instance carefully considered the scales of consumable stores, tools and plant with a view to reduction. Cheaper substitutes have been experimented with. Scrap material has been reclaimed and reconditioned and brought into use. The strength of the permanent-way gangs and level crossing gatemens has been carefully examined and reduced wherever possible. Repairs to staff quarters, buildings and bridges have been drastically curtailed. Only essential minor works have been undertaken. Rolling stock has been laid up when not required. The period between overhauls has been increased. Overtime has been reduced in workshops and sheds. Short time has been introduced in many workshops. Some railways have closed certain workshops altogether.

10. Our total cost of operation is now estimated at just over 23 crores—

Operation. 2½ crores lower than the expenditure last year : of this, 1,18 lakhs is due to a reduction in fuel charges. The price of coal was about the same as in the previous year and this reduction is entirely due to the decrease in train and engine mileage consequent on the fall in traffic and measures taken to economise in the use of coal. About half a crore is expected to be saved in expenditure on staff. All railways have reduced, or are attempting to reduce, staff to correspond, as far as possible, to the fall in traffic. Large numbers have been discharged or given inducements to retire voluntarily. Some have been placed on compulsory leave for a time or reduced to a lower grade. Other economy measures adopted, have included the closing down of a number of stations or converting them into flag stations ; closing wholly or in part of certain branch lines with little traffic ; reduction of scales of consumable stores and substitution of cheaper qualities ; and revision of scales of handling charges. Finally, all railways have been effecting, wherever possible, reductions in train mileage, both goods and passenger as well as shunting. It is interesting to note that in the first eight months of the year, the total train mileage has been reduced from 112½ million to 101 million, a reduction of over 10 per cent.

BUDGET FOR 1932-33.

The share of the expenditure which is recovered from worked lines mainly depends on their earnings and is likely to be 31 lakhs lower than last year.

11. The appropriation to the depreciation fund grows with our expenditure on works each year and will be 36 lakhs higher this year than last. Surplus profits payable to Companies and to Indian States will be 33 lakhs lower as a result of the fall in traffic in 1930-31 as compared with the previous year.

12. Interest charges show an increase of 55 lakhs which is somewhat lower than the usual annual growth; this is the result of our reduced scale of capital expenditure.

B.—Strategic Lines.

13. The usual figures are given in the statement below :—

(Figures in lakhs of rupees.)

Particulars.	Actuals, 1930-31.	1931-32.	
		Budget.	Revised.
Gross traffic receipts	1,48	1,50	1,32
Interest on balance of Depreciation Fund	5	7	6
Total Receipts	1,53	1,57	1,38
Working expenses (including depreciation)	2,18	2,03	1,92
Interest charges	1,47	1,49	1,48
Miscellaneous charges	1	1	1
Total Charges	3,66	3,53	3,41
Net loss in working	2,13	1,96	2,03

The net loss in working is likely to be 10 lakhs less than in 1930-31 mainly as a result of the fact that the working expenses of 1930-31 were increased abnormally by a debit to revenue of 9 lakhs representing the cost of the dismantled Decauville railway. The fall in traffic receipts of 16 lakhs has been more than made up by economies in expenditure.

C.—Summary of Results.

14. Our total receipts from commercial lines will, on these estimates, be 86.68 crores, or 8.62 crores below last year. Our total charges will be 94.12 crores, or 4.24 crores less than last year. This leaves us with a deficit of 7.44 crores as compared with 3.06 crores last year. The loss on strategic railways of 2.03 crores brings the total loss to 9.47 crores. This exceeds the balance of 5.42 crores in our reserve at the beginning of the year, of which only 4.95 crores can be considered free; for 47 lakhs have been invested in securities, such as shares in private railway companies, which it is inadvisable to realize. In the circumstances, the contribution to general revenues has to be postponed; and in order to pay our full interest charges, the balance of 4.52 crores left after utilising the free balance of the Reserve Fund must be met by a temporary loan from the Depreciation Fund.

The expenditure from the Depreciation Fund is expected to be 8½ crores against the payment to the fund of 13.43 crores, leaving a balance of 5.18 crores, but as we intend to borrow 4.52 crores from the Depreciation Fund to meet our deficit, the balance at credit to the fund will be increased by only 66 lakhs and will amount to 14.58 crores at the end of the year.

1932-33.

A.—Commercial Lines.

15. The principal figures of the budget estimates for 1932-33 for commercial lines are compared in the following statement with our present estimate for the current year. In order to facilitate comparison between the two sets of figures, the amount of credits from material released from works charged to the depreciation fund, which is deducted from working expenses in the current year, but will be shown on the receipts side in 1932-33, is shown separately.

(Figures in lakhs of rupees.)

Particulars.	Revised, 1931-32.	Budget, 1932-33.
Gross traffic receipts	85,55	86,57
Credits from material returned from works charged to depreciation fund.	..	1,20
Deduct—Refunds of revenue	12	12
Total	85,43	87,63
Government share of profits, from subsidized companies	19	18
Interest on balances of depreciation and reserve funds	90	81
Dividends on investment in branch lines and other miscellaneous receipts.	16	6
Total Receipts	86,68	88,70
Working expenses (including depreciation)	62,69	60,81
Credits from material returned from works charged to depreciation fund.	—1,78	..
Surplus profits paid to Indian States and Railway Companies	83	80
Interest charges	31,80	32,23
Miscellaneous charges	58	46
Total Charges	94,12	94,30
Loss from commercial lines	7,44	5,60

16. In placing gross traffic receipts one crore higher than in 1931-32 we are merely allowing for the full effect during a whole year of the enhancements of rates and fares, including the surcharge on coal freights, that we have introduced at varying dates during the current year; this should give us an extra crore and a quarter, but we shall receive about twenty-five lakhs less than this year because 1932-33 has only 365 days instead of 366. There are no sufficient indications that traffic will improve to justify our anticipating an increase in its volume; on the other hand we do not think it necessary to anticipate still further deterioration. The estimate therefore assumes that the volume of traffic in 1932-33 will be about the same as in the current year.

Our total working expenses including depreciation show a decrease of 1,88 lakhs from this year's figure, of which about $\frac{1}{2}$ crore may be taken as due to the abnormally heavy expenditure on gratuities in the current year, and $1\frac{1}{2}$ crores, net after payment of 22 lakhs to the Income-tax Department, will be derived from the emergency deductions in pay which will be in force during the whole year. Excluding these we expect to bring down our total expenditure by 13 lakhs. But seeing that the surcharge on coal freights will increase our fuel charges by about 37 lakhs (of which account had been taken in our receipts' estimate); that

BUDGET FOR 1932-33.

25 lakhs more has to be provided for depreciation ; and that increments in pay and, to a smaller extent, the staffing of new lines opened this year mean an increase of at least half a crore in our charges, our estimate really provides for a further reduction of $1\frac{1}{4}$ crores in working expenses following on the decrease of about 6 crores in the current year.

17. The estimates of earnings are compared in more detail with the current year's latest estimates in the statement below :—

(Figures in lakhs of rupees.)

	Revised, 1931-32.	Budget, 1932-33.
Passenger earnings	28,50	28,85
Other coaching traffic earnings	5,00	5,00
Total	33,50	33,85
Goods earnings	55,00	55,75
Other earnings	1,70	1,70
Credits from material returned from works charged to the depreciation fund.	..	1,20
Total	90,20	92,50
<i>Deduct—</i>		
Refunds of revenue	12	12
Worked lines	4,65	4,73
Net Total	85,43	87,65

18. There will be no compensation for the practical exhaustion of the reserve fund in any substantial increase in the balance in the depreciation fund, since interest-free loans will have to be taken from the latter fund both this year and next ; consequently we have to face a reduction in our receipts from interest, which is the chief individual factor in the decrease of 20 lakhs in our estimates of other receipts.

19. The estimates of working expenses are given in the following table with the current year's figures. A direct comparison between the two sets of figures is however difficult owing to certain accounting changes which we explain below—

(Figures in lakhs of rupees.)

	Revised, 1931-32.	Budget, 1932-33.
Administration	14,30	12,18
Repairs and Maintenance	15,31	15,24
Credits from material returned from works charged to the depreciation fund	—1,78	..
Operation	23,01	24,62
Depreciation	13,00	13,25
Emergency deductions from pay	—58	—2,30
Payment to income-tax department in respect of Railway staff exempted from surcharge	..	22
Total	63,26	63,21
<i>Deduct—</i> Worked lines	2,35	2,40
Net working expenses	60,91	60,81

20. Of the decrease of 2,12 lakhs (excluding decreases due to the emergency deductions in pay) under this head, 1,75 lakhs in all represent the result of certain accounting changes which increase the expenditure under 'Operation' correspondingly. Gratuities and contributions to Provident Fund in respect of all railway staff were formerly debited to this head; but it has been decided that from 1932-33 onwards gratuities and provident fund contributions of staff whose pay is not debited to this demand should be shown under 'Operation'. This accounts for 1,62 lakhs. The balance is due to the decision to discontinue the transfer from the head 'Operation' to this head of part of the pay of Assistant Station Masters doing telegraph duties which is considered to be set off by the work done by telegraphists on purely operating duties.

Allowing for these, and for the fact that in 1931-32 we had to meet an exceptionally heavy gratuities bill, there is still a decrease under this head notwithstanding the increase ordinarily to be expected from annual increments and the opening of 400 miles of new line in the current year.

21. The estimated cost of repairs and maintenance during 1932-33 is 7 lakhs lower than in the current year.

22. When the accounting changes referred to earlier are taken into account, the nominal increase of 1,61 lakhs under this head is turned into a real decrease of 14 lakhs. But for the fact that the surcharge on coal freights will increase our fuel charges by 37 lakhs—with a corresponding increase in receipts—the decrease would have exceeded half a crore. A small part of this is due to a decrease in the price of coal.

23. The emergency deductions from pay which will be in force throughout the whole year, are expected to yield 2,30 lakhs; but we shall have to pay 22 lakhs to the income-tax department in respect of additional income-tax payable by railway staff exempted from it during these two years.

24. Surplus profits payable to railway companies and Indian States are expected to be slightly less than in the current year; but our miscellaneous charges show a relatively large decrease (over 20 per cent. as compared with the previous year), as a result of drastic curtailment of various activities. The increase of 43 lakhs in our interest charges is small compared with what it has been in recent years owing to the drastic curtailment of new capital expenditure.

Strategic Lines.

25. The figures of the revised estimates for 1931-32 and the budget for 1932-33 are given below :—

(Figures in lakhs of rupees.)

Particulars.	Revised, 1931-32.	Budget, 1932-33.
Gross receipts	1,32	1,35
Interest on balances of depreciation fund	6	4
Total Receipts	1,38	1,39
Working expenses (including depreciation)	1,92	1,89
Interest charges	1,48	1,48
Miscellaneous	1	1
Total Charges	3,41	3,38
Net loss in working	2,03	1,99

Summary of results.

26. If these estimates prove correct, the net results of next year's working ought to be better, if slightly, than the current year's. Our total receipts from commercial lines should be 88·70 crores or 2·02 crores better than this year : while our total charges ought to be 94·30 crores or only 18 lakhs more. The net loss will then be 5·60 crores or 1·84 crores less than in 1931-32. Adding the loss on strategic lines, the total deficit comes to 7·59 crores, to meet which we shall again be compelled to have recourse to a temporary loan from the Depreciation Fund.

The opening balance of the Depreciation Fund is expected to be 14·58 crores. We are putting in 13·70 crores into it during 1932-33 and taking out 5·60 crores for works expenditure and 7·59 crores as a temporary loan or 13·19 crores in all, so that the closing balance is estimated at 15·09 crores.

Capital Expenditure.

27. Our works programme for the current year amounted to 21·70 crores ; and since we expected to reduce our stores balances by 2 crores, we asked the Assembly for a grant of 19·70 crores. Of this 8½ crores was to be found from the Depreciation Fund and the balance was capital expenditure. Our present anticipations are that the total cash expenditure this year will be 16·60 crores, or 3·10 crores less.

We have no reason at present to suppose that our anticipations regarding a reduction in stores balances will not materialise, nor that the expenditure from the Depreciation Fund will be appreciably different from our budget estimates. The chief saving is in our capital expenditure, especially on open line works.

28. Our works programme for 1932-33 is still more attenuated ; we have been able to provide only 9½ crores for it. The total cost of the works in the programme is 11½ crores but we hope that 1½ crores will be found by utilisation of stores at present in stock, thus reducing our stores balances which ought to be below 13½ crores at the beginning of the year.

We have allotted only 1,01 lakhs for new construction where our aim has been to complete all lines now under construction. By the end of the year, the Sagaing Bridge over the Irrawaddy will be the only unfinished item on our new construction programme, and it will be very near completion, the balance required for it in the following year being barely 13 lakhs. Open line works are expected to cost 10½ crores, of which about 2½ crores are required for works in progress, about 4½ crores for track renewals and 1½ crores for rolling stock. The amount provided for new works is less than 2 crores and more than a half of this is on small items costing not more than a lakh each for which we allow a lump sum to Agents to be utilised at their discretion.

The only individual new works of any importance for which any large provision has been made in the budget are the rebuilding or strengthening of certain important bridges, like the Gorai bridge on the Eastern Bengal Railway, the Barakar bridge on the East Indian Railway and the Betwa bridge on the Great Indian Peninsula railway works which could not be postponed any longer consistently with the safety of the public.

29. Finally we wish to express our gratitude to the members of the Standing Finance Committee for Railways for the help they have given us throughout the year.

T. G. RUSSELL,

Chief Commissioner of Railways.

A. A. L. PARSONS,

Financial Commissioner of Railways.

NEW DELHI ;

The 16th February 1932. }

APPENDIX I.

CAPITAL EXPENDITURE.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1930-31 to 1932-33 is set out in the table below :—

	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
		Budget.	Revised.	
England—				
Sterling pay- ments. £	4,281,613	2,437,500	2,025,000	1,125,000
Converted into rupees at 1s. 6d. to the rupee. Ra.	5,70,88,156	3,25,00,000	2,70,00,000	1,50,00,000
Exchange . Ra.	7,23,492	..	1,89,000	..
Total England . Ra.	5,78,11,648	3,25,00,000	2,71,89,000	1,50,00,000
India --				
Payments in India Ra.	18,82,34,676	16,45,00,000	13,88,11,000	8,25,00,000
Total England and India. Ra.	24,60,46,324	19,70,00,000	16,60,00,000	9,75,00,000

The distribution of the above between capital and depreciation fund is as follows :—

Capital	13,20,87,259	11,45,00,000	8,35,00,000	4,15,00,000
Depreciation Fund .	11,39,59,065	8,25,00,000	8,25,00,000	5,60,00,000

BUDGET FOR 1932-33.

2. The statement below gives a comparison of the allotments made for open lines and lines under construction during the same period (viz., 1930-31 to 1932-33) under commercial and strategic lines separately :—

(Figures in thousands of rupees.)

	Accounts, 1930-31.	Revised Estimates, 1931-32.	Budget Estimates, 1932-33.
Commercial.			
Purchase of branch line shares, etc.	1,00	..	..
Open line (including rolling stock) { Capital { Dep. Fund	8,71,79 11,22,88	5,50,00 7,99,00	3,06,00 5,44,00
Total open lines (Commercial) { Capital { Dep. Fund	8,72,79 11,22,88	5,50,00 7,99,00	3,06,00 5,44,00
Lines under construction { Capital { Dep. Fund	4,27,62 ..	2,70,00 ..	1,01,00 ..
Total Commercial { Capital { Dep. Fund	13,00,41 11,22,88	8,20,00 7,99,00	4,07,00 5,44,00
Total	24,23,29	16,19,00	9,51,00
Strategic.			
Open line (including rolling stock) { Capital { Dep. Fund	20,60 16,71	14,00 26,00	8,00 16,00
Lines under construction—Capital	—14	1,00	..
Total Strategic { Capital { Dep. Fund	20,46 16,71	15,00 26,00	8,00 16,00
Total Commercial and Strategic Lines { Capital { Dep. Fund	13,20,87 11,39,59	8,35,00 8,25,00	4,15,00 5,60,00
Total	24,60,46	16,60,00	9,75,00

3. The distribution of the total budget provision of 9.75 crores for 1932-33 is as follows:—

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
<i>State Railways managed by the State.</i>						
Burma Railways—						
<i>New Construction—</i>						
Myingyan Natogyi Paleik	..	..	..	4	..	4
Sagaing Bridge . . .	..	..	..	40,00	..	40,00
Taungdwingyi Kyaukpa-daung.	..	..	..	4	..	4
<i>Open Line</i>	{ Capital . . .	—1,96	19,25	17,29	..	..
	{ Dep. Fund . . .	6,12	18,21	24,33	..	..
Total	{ Capital . . .	—1,96	19,25	17,29	40,08	40,08
	{ Dep. Fund . . .	6,12	18,21	24,33	..	..
Eastern Bengal Railway—						
<i>New Construction—</i>						
Kalukhali Kamarkhali	..	..	..	4,60	..	4,60
Bhateapara.	..	..	..	7,90	..	7,90
Tangla Belsiri . . .	..	..	..	5	..	5
Dinajpur Ruhea . . .	..	..	..	26	..	26
Baruipur Lakshmikantapur.	..	..	..	17	..	17
Purnea Murliganj . . .	..	..	..	22	..	22
Abdulpur Nawabganj . . .	..	..	..	..	..	..
<i>Open Line</i>	{ Capital . . .	11,85	17,15	29,00	..	..
	{ Dep. Fund . . .	5,96	36,04	42,00	..	..
Total	{ Capital . . .	11,85	17,15	29,00	13,20	13,20
	{ Dep. Fund . . .	5,96	36,04	42,00	..	..
East Indian Railway—						
<i>New Construction—</i>						
Calcutta chord . . .	..	..	..	4,82	..	4,82
Lucknow Sultanpur Zafarabad.	..	..	..	7,50	..	7,50
<i>Open Line.</i>	{ Capital . . .	15,05	73,55	88,60	..	..
	{ Dep. Fund . . .	13,10	75,26	88,36	..	..
Total	{ Capital . . .	15,05	73,55	88,60	12,32	12,32
	{ Dep. Fund . . .	13,10	75,26	88,36	..	..

BUDGET FOR 1932-33.

Railways.	Open Lines.			New Construction		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Great Indian Peninsula Railway—						
Open Line .	Capital .	—97	5,45	4,48	..	..
	Dep. Fund .	6,21	48,97	55,18	..	..
Total .	Capital .	—97	5,45	4,48	..	..
	Dep. Fund .	6,21	48,97	55,18	..	..
North-Western Railway— Commercial lines—						
<i>New construction—</i>						
	Chiniot Kushab . . . . .	..	..	..	30	..
	Kalabagh Bridge . . . . .	..	..	..	14	..
	Kangra Valley . . . . .	..	..	..	52	..
	Sind Left Bank Feeders . . . . .	..	..	..	55	..
Open Line .	Capital .	6,75	—2,00	4,75	..	..
	Dep. Fund .	16,69	76,83	93,52	..	..
Total .	Capital .	6,75	—2,00	4,75	1,51	..
	Dep. Fund .	16,69	76,83	93,52	..	..
North Western Railway (Strategic Lines)—						
Open Line .	Capital .	25	8,00	8,25	..	..
	Dep. Fund .	3,10	12,90	16,00	..	..
Total .	Capital .	25	8,00	8,25	..	..
	Dep. Fund .	3,10	12,90	16,00	..	..
State Railway Collieries						
		..	45	45	..	..
Total State Lines managed by the State.	Capital .	30,97	1,21,85	1,52,82	67,11	..
	Dep. Fund .	51,18	2,68,21	3,19,39	..	..
TOTAL .		82,15	3,90,06	4,72,21	67,11	..
						67,11

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
<i>State Railways managed by Companies or Indian States</i>						
Assam Bengal Railway—						
<i>New construction—</i>						
Netrokona Mohangunj .	..	..	..	18	..	18
Chittagong Fatikchhari (Nazirhat) . .	..	..	..	82	..	82
Chittagong Duhazari .	..	..	..	50	..	50
<i>Open Line</i> . { Capital .	1,37	4,30	5,67	..	..	..
{ Dep. Fund.	2,54	9,21	11,75	..	..	..
Total . { Capital .	1,37	4,30	5,67	1,50	..	1,50
{ Dep. Fund.	2,54	9,21	11,75	..	..	..
Bengal Nagpur Railway—						
<i>New construction—</i>						
Raipur Vizianagram .	..	..	..	22,17	..	22,17
<i>Open Line</i> . { Capital .	1,78	15,80	17,58	..	..	..
{ Dep. Fund.	2,26	28,53	30,79	..	..	..
Total . { Capital .	1,78	15,80	17,58	22,17	..	22,17
{ Dep. Fund.	2,26	28,53	30,79	..	..	..
Bezwada Railway—						
<i>Open Line</i> . { Capital .	..	30	30	..	..	..
{ Dep. Fund.	..	..	..	..	..	..
Bengal and North-Western Railway (Tirhut Section)—						
<i>Open Line</i> . { Capital .	30	-3,50	-3,20	..	..	..
{ Dep. Fund.	27	5,67	5,94	..	..	..
Total . { Capital .	30	-3,50	-3,20	..	..	..
{ Dep. Fund.	27	5,67	5,94	..	..	..

Railways.	Open Lines.			New Construction.			
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.	
Bombay, Baroda and Central India Railway—							
<i>Open Line</i>	{ Capital .	15,62	42,30	57,92	..	..	..
	{ Dep. Fund .	20,31	63,22	83,53	..	..	..
Total	{ Capital .	15,62	42,30	57,92	..	..	..
	{ Dep. Fund .	20,31	63,22	83,53	..	..	..
Dronachellam Kurnool Railway—							
<i>Open Line</i>	{ Capital .	..	65	65	..	..	..
	{ Dep. Fund .	..	..	..	..	..	..
Jodhpur Railway —							
<i>Open Line</i>	{ Capital .	..	15	15	..	..	..
	{ Dep. Fund .	30	75	1,05	..	..	..
Madras and Southern Maharashtra Railway—							
<i>Open Line</i>	{ Capital .	9,54	25,40	34,94	..	..	..
	{ Dep. Fund .	14,60	43,10	57,70	..	..	..
Total	{ Capital .	9,54	25,40	34,94	..	..	..
	{ Dep. Fund .	14,60	43,10	57,70	..	..	..
Rohilkund and Kumaon Railway—							
<i>Open Line</i>	{ Capital .	-1,17	-55	62	..	..	..
	{ Dep. Fund .	73	1,56	2,29	..	..	..
South Indian Railway—							
<i>New construction—</i>							
Madura Bodinayakanur .	..	..	..	82	..	82	
Vilupuram Trichinopoly .	..	..	..	2,88	..	2,88	
Dindigul Pollachi .	..	..	..	1,01	..	1,01	
Cuddalore Vriddhachalam	..	..	..	95	..	95	

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
South Indian Railway—concl'd.						
<i>New construction—concl'd.</i>						
Trichinopoly Manamadura	..	..	..	52	..	52
Polachi Palghat . . .	..	..	..	2,87	..	2,87
Salem Attur Vriddhaobalam	..	..	..	1,67	..	1,67
<i>Open Lines</i> . { Capital	15,75	29,30	45,05	..	..	..
{ Dep. Fund	5,13	29,43	34,56	..	..	..
Total . { Capital	15,75	29,30	45,05	10,72	..	10,72
{ Dep. Fund	5,13	29,43	34,56	..	..	..
Total State Railways managed by Companies or Indian States . { Capital	45,53	1,14,15	1,59,68	34,39	..	34,39
{ Dep. Fund	46,14	1,81,47	2,27,61	..	..	..
Total .	91,67	2,95,62	3,87,29	34,39	..	34,39
Total all State Railways. { Capital	76,50	2,36,00	3,12,50	1,01,50	..	1,01,50
{ Dep. Fund	97,32	4,49,68	5,47,00	..	..	..
For emergencies { Capital	..	6,00	6,00	..	..	..
{ Dep. Fund	..	13,00	13,00	..	..	..
Emergency deductions from pay . . . . .	..	-4,50	-4,50	-50	..	-50
Total . { Capital	76,50	2,37,50	3,14,00	1,01,00	..	1,01,00
{ Dep. Fund	97,32	4,62,68	5,60,00	..	..	..
Grand Total .				9,75,00		

NOTE.—Figures in italics represent expenditure from the depreciation fund.

Open Line Works.

4. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group :—

	(Figures in lakhs of rupees.)		
	Capital.	Depreciation fund.	Total.
(1) Track	1,17	3,06	4,23
(2) Bridges	67	64	1,31
(3) Traffic facilities	83	27	1,10
(4) Workshops and Loco. sheds	44	19	63
(5) Staff quarters	18	4	22
(6) Welfare Works	8	1	9
(7) Electric installations	10	2	12
(8) Signalling and interlocking	12	4	16
(9) Electrification of track	2	..	2
(10) Removal of infringements . . . . .	..	..	..
(11) Ferries . . . . .	..	1	1
(12) Collieries	6	..	6
(13) Emergencies	6	13	19
(14) Other Works	20	22	42
(15) Suspense (Reduction of stores balances)	—1,51	..	—1,51
(16) Emergency deductions from pay	—5	..	—5
Total	2,37	4,63	7,00

(1) and (2). *Track and Bridges.*—In order to be able to run the new heavy standard locomotives without restriction the previous policy of strengthening and improving track and bridges is being pursued though owing to general financial stringency the programme has had to be somewhat curtailed.

The Nerbudda bridge on the Great Indian Peninsula Railway and the Kotri bridge on the North Western Railway have been completed and only a small provision is necessary to complete the Roopnarayan bridge on the Bengal Nagpur Railway. The renewal of the Nerbudda bridge at Broach on the Bombay, Baroda and Central India Railway is in hand and a substantial provision has been made to push on this work, as well as the renewal of girders on the metre gauge section of that railway between Rutlam and Ajmer. On the Great Indian Peninsula Railway the programme of bringing up to main

line standard the North East main line between Itarsi and Agra is being continued as far as Jhansi only for the present, and this involves the renewal of girders on the Narain and Betwa Bridges in addition to those which were commenced in 1931-32. On the East Indian Railway the down line girder on the Barakar bridge is also being renewed as well as the Gorai bridge on the Eastern Bengal Railway.

A further instalment of relaying with 115 lb. section in the colliery area of the East Indian Railway and of relaying of with 90 lb. section of rails on the Dinapur Division of that railway is being provided. On the Burma Railways main line 10 miles of 75 lb. section relaying is being carried out, the released rails being re-utilised on the Mu Valley Branch. Provision is being made for a further instalment of relaying with 90 lb. section on the Itarsi-Agra section so as to complete this work up to Jhansi, at the same time the 69 lb. section rails on the Wardha-Balharshah section are also being renewed with 90 lb. section rails. On the North Western Railway it is proposed to renew a further instalment on the Delhi-Ambala-Kalka section with 90 lb. rails and on the Madras and Southern Mahratta Railway provision has been made for over 60 miles of relaying with 60 lb. section rails on the metre gauge section between Hubli and Castle Rock.

(3) *Traffic facilities.*—Of the doubling schemes mentioned last year that of the Ishurdi-Abdulpur section on the Eastern Bengal Railway has been completed and the only item under this head is the doubling between Cawnpore and Tundla on the East Indian Railway, which it is proposed to hold in abeyance when the section between Tundla and Etawah has been completed, provision made being to this end. The only important remodelling scheme of those mentioned last year that will require funds in 1932-33 is that at Erode junction on the South Indian Railway where a provision of some Rs. 13 lakhs has been made for its completion.

(4) *Workshops, Station and other buildings.*—Under this head the only important items are as shown below :—

	Estimated cost.	Approximate outlay to end of 31st March 1932.	Provision for 1932-33.
Dohad (Scheme 'G') (Bombay, Baroda and Central India Railway).	30·09 <i>4·62</i>	19·85 <i>0·03</i>	8·37 <i>0·02</i>
Perambur shops (Madras and Southern Mahratta Railway)	244·41 <i>35·75</i>	235·75 <i>26·52</i>	7·00 <i>9·29</i>

NOTE.—Figures in italics represent expenditure from the Depreciation Fund.

BUDGET FOR 1932-33.

(5) *Staff quarters.*—The following table shows the distribution of the proposed expenditure for the provision of quarters for a large proportion of the staff :—

Railways.	Officers' Quarters.		Other Quarters.		Total
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete bungalows under construction.	Provision for new quarters.	
Assam Bengal	15	27	42
Bengal Nagpur	3,75	..	3,75
Bengal and North-Western.	32	32
Bombay, Baroda and Central India.	39	..	39
Burma	10	1,98	2,08
East Indian	2,27	50	2,77
Great Indian Peninsula.	15	38	53
Jodhpur	2	..	2
Madras and Southern Mahratta.	1,81	1,81
North Western. (Commercial.)	3,98	3,98
Rohilkhand and Kumaon.	6	6
South Indian	2,91	2,91
North Western (Strategic)	2,80	59	3,39
Total	9,63	12,80	22,43

(9) *Electrification of Track.*—The South Indian Railway suburban electrification scheme in the Madras area has been opened; a small provision of Rs. 1.98 lakhs capital has been made for completion.

5. *Amenities for passengers.*—The statement below shows the expenditure proposed on the various categories under which these amenities are usually subdivided.

(Figures in thousands.)

Railways.	Water supply.	Waiting rooms and halls.	Indian refreshment rooms.	Booking facilities.	Latrines and sanitary arrangements.	Raised platforms.	Additions and betterments to lower class carriages.	Total.
1. Assam Bengal . . .	4	6	5	5	5	—	68	93
2. Bengal Nagpur . . .	...	...	...	...	...	...	...	...
3. Bengal and North-Western.	...	...	1	...	...	...	...	1
4. Bombay, Baroda and Central India.	1	1	...	2	1	...	7,80	7,85
5. Burma	5	...	...	...	5	...	...	10
6. Dronachellam-Kurnool	...	...	...	...	...	...	...	...
7. Eastern Bengal . . .	...	...	...	...	...	...	...	...
8. East Indian	12	12	12	12	7	7	6,11	6,73
9. Great Indian Peninsula	...	...	...	...	...	...	...	...
10. Jodhpur . . . . .	...	...	...	...	...	...	...	...
11. Madras and Southern Mahratta.	5	78	...	...	12	...	5,58	6,53
North-Western . . .	50	50	20	20	30	1,00	2,16	4,86
13. Rohilkund & Kumaon	...	...	...	...	3	...	...	2
14. South Indian	3	22	...	5	12	90	...	1,33
TOTAL	80	1,69	38	44	74	1,07	22,38	23,35

6. *Rolling Stock.*—Of the total amounts provided for expenditure on rolling stock during 1932-33, 30½ lakhs (of which 10½ lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new items is shown in the statement below.

BUDGET FOR 1932-33.

	Broad Gauge.			Metre
	Additions.	Renewals.		Additions.
	Capital.	Capital.	Deprecia- tion Fund.	Capital.
<i>I.—Locomotives—</i>				
(a) Engines and Tenders	50	—13,59	13,59	..
(b) Boilers . . . . .	..	1,71	12,88	..
(c) Miscellaneous expenditure . . . . .	..	1,20	3,28	..
<i>II.—Coaching Stock—</i>				
(a) I and II Class . . . . .	..	2,22	55	..
(b) Inter and III Class . . . . .	..	1,18	2,55	..
(c) Composites	9,51	6,95	5,33	..
(d) Other coaches	24	6,25	2,50	85
(e) Miscellaneous expenditure . . . . .	..	3,23	..	..
<i>III.—Goods Stock—</i>				
(a) General Service	7,32	8,68	12,52	..
(b) Other types	2,95	3,62	4,32	2,32
(c) Miscellaneous expenditure . . . . .	..	38	2	..
Total	20,52	21,83	57,54	3,17

(Figures in thousands of rupees.)

Gauge.		Narrow Gauge.			Grand Total.	
Renewals.		Additions.	Renewals.			
Capital.	Depreciation Fund.	Capital.	Capital.	Depreciation Fund.	Capital.	Depreciation Fund.
3,21	5,48	65	83	98	-8,40	20,05
48	2,71	..	57	1,25	2,76	16,84
1,60	1,14	..	..	..	2,80	4,42
99	1,42	..	14	9	3,35	2,06
1,28	2,19	..	6	16	2,52	4,90
1,41	1,16	..	..	..	17,87	6,49
-2,16	3,07	..	45	67	5,63	6,24
20	20	..	..	..	3,43	20
2,18	1,50	..	..	..	18,18	14,02
-2,09	6,11	..	..	..	6,80	10,43
90	4	..	..	..	1,28	6
8,00	25,02	65	2,05	3,15	56,22	85,71

BUDGET FOR 1932-33.

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1933.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive . . .	1	..	1	..	24	24	1	5	6
2. Coaching vehicles (in terms of four-wheelers)—									
(a) I and II class.	..	8	8	..	16	16	..	2	2
(b) Inter and III class . . . . .	..	22	22	..	40	40	..	4	4
(c) Composites	46	54	100	..	20	20	..	..	..
(d) Other coaches	1	32	33	5	..	5	..	4	4
3. Goods wagons (in terms of four-wheelers)—									
(a) General Service	144	456	600	..	140	140	..	..	..
(b) Other types	28	75	103	12	54	66	..	..	..

The following statement shows in terms of four-wheeler the details of the new units of coaching and goods stock which will be constructed as *additions* to the authorised stock of the railways:—

Railways	Locomotives.		Coaching Stock.			Goods Stock.			
	Broad Gauge.	Narrow Gauge.	Broad Gauge.		Metre Gauge.	Broad Gauge.		Metre Gauge.	
			Compo- sites.	Other coaches.	Other coaches.	General Service.	Other types.	General service.	Other types.
Bengal Nagpur	1	..	..	..	..	..	1	..	..
Bombay, Baroda and Central India . . . . .	..	1	2	..	..	..	9	..	..
Burma . . . . .	..	..	..	..	..	..	..	..	2
Eastern Bengal Great Indian Penin- sula . . . . .	..	..	..	..	..	..	18	..	..
Madras and Southern Mahratta . . . . .	..	..	2	1	5	..	..	..	..
North Western . . . . .	..	..	20	..	..	..	..	..	..
South Indian . . . . .	..	..	22	..	..	144	..	..	..
Total	1	1	46	1	5	144	28	..	12

New construction.

7. A complete list of new lines, whether under construction or likely to be commenced during the year 1932-33, for which the allotment of 101·00 lakhs proposed for new construction is intended, is given in the demands for grants for new construction of commercial and strategic lines. The total mileage of these new lines excluding that of the lines to be opened in 1931-32 aggregates 341 miles. The additions to the several main systems are indicated in the statement below :—

Railway system.	Mileage of lines in progress.	Mileage of lines, the construction of which has been sanctioned but not yet commenced.	Mileage of unsanctioned lines.	Total.
Bengal Nagpur	74	..	..	74
Burma	5	..	..	5
Eastern Bengal	106	..	..	106
East Indian	120	..	..	120
North Western	3	..	..	3
South Indian	33	..	..	33
Total	341	..	..	341

8. It is expected that about 406 miles of railway will be opened in the current year and about 173 miles in 1932-33. The details are as follows :—

Lines opened and to be opened in 1931-32.

<i>Name of project.</i>	<i>Mileage.</i>
<i>Assam Bengal Railway—</i>	
Chittagong-Dohazari	25
<i>Bengal Nagpur Railway—</i>	
Raipur-Parvatipuram (Part)	74
<i>Eastern Bengal Railway—</i>	
Kalukhali-Bhateapara with a branch from Madhukhali to Kamarkhali	53
<i>East Indian Railway—</i>	
<i>Central India Coalfields Railway—</i>	
Manendragarh-Chirmiri Siding	13
Manendragarh-Jhagrakhand Siding	2
<i>Great Indian Peninsula Railway—</i>	
Dharwa-Pusad	43
<i>North-Western Railway—</i>	
Shahpur City-Khushal	6
Chiniot-Chinni Khichi	3
Kalabagh Bridge	2
Sakrand-Tharushah	66
Tando Adam-awabshah	54
<i>South Indian Railway—</i>	
Chinnasalem-Vriddhachalam	32
Pollachi-Palghat	33
Total	406

Lines expected to be opened during 1932-33.

<i>Eastern Bengal Railway—</i>	
Tangla-Rangapara	53
<i>East Indian Railway—</i>	
Calcutta chord	12
Lucknow-Sultanpur-Zafarabad	108
Total	173

APPENDIX II.

Capital expenditure on State-owned Railways.

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
OPEN LINES.					
State Railways managed by State—					
Aden (Commercial)	—4	4,53	—4,50	..	3
Burma	42,71	31,47,99	33,00	17,29	31,98,28
Eastern Bengal	69,34	48,51,09	40,00	29,00	49,20,09
East Indian	1,13,57	1,37,63,04	86,00	88,60	1,39,37,64
Great Indian Peninsula	1,53,78	1,16,61,10	95,25	4,48	1,17,60,83
North Western	55,03	1,06,45,74	31,00	4,75	1,06,81,49
Strategic Lines	20,60	30,35,07	14,00	8,25	30,57,32
Miscellaneous	3,64	2,43,01	..	..	2,43,01
Abandoned projects . . . . .	..	32,26	..	..	32,26
State Railway Collieries	89	99,92	80	45	1,01,17
Total State Railways managed by State	4,59,52	4,74,83,75	2,95,55	1,52,82	4,79,32,12
State Railways managed by Companies or Indian States—					
Assam Bengal	33,95	20,81,82	20,00	5,67	21,07,49
Bengal Nagpur	45,05	71,62,64	45,00	17,58	72,25,22
Bengal and North-Western (Tirhut)	22,15	9,55,77	11,00	—3,20	9,63,57
Bezwada Extension	3	17,67	5	30	18,02
Bombay, Baroda and Central India	1,19,79	72,83,63	70,50	57,92	74,12,05
Dronachellam Kurnool Railway Extension	6,29	16,77	50	65	17,92
Jodhpur	4	83,76	60	15	84,51
Madras and Southern Mahratta	81,30	51,70,38	59,00	34,94	52,64,32
Rohilkund and Kumaon (Lucknow Barsilly)	80	1,55,69	1,55	62	1,57,86
South Indian	1,23,47	36,14,43	62,00	45,05	37,21,48
Total State Railways managed by Companies or Indian States	4,32,87	2,65,42,56	2,70,20	1,59,68	2,69,72,44
Total Open Lines	8,92,39	7,40,26,31	5,65,75	3,12,50	7,49,04,56

APPENDIX II—*contd*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION.					
State Railways managed by State—					
Burma Railways—					
Pegu Kayan	..	54,29	..	..	54,29
Heho Shevenyaung	2	26,65	..	..	26,65
Taungdwingyi-Kysukpa- daung	2,46	95,01	10	4	95,15
Sagaing Bridge	7,71	57,32	19,05	40,00	1,16,37
Myingyan Natogyi Palek	2,48	66,17	15	4	66,36
Kayan Thongwa	8	14,31	..	..	14,31
Nyaunglebin Madauk	41	12,47	15	..	12,62
Taungdwingyi-Minbu Pakokku—					
(a) Taungdwingyi Pata- nago	}	57,08	-60	..	56,48
(b) Patanago Malun Pa- kokku					
Total	13,05	3,33,30	18,85	40,08	4,42,23

BUDGET FOR 1932-33.

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APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION <i>—contd.</i>					
State Railways managed by State— <i>contd.</i>					
Eastern Bengal Railway—					
Banipur-Lakshminantapur	2,48	39,73	60	26	40,59
Tangla Belsiri	6,00	8,17	14,00	7,90	30,07
Dinajpur Ruben	6	32,86	5	5	32,96
Dacca Aricha	26	3,05	25	..	3,30
Kalukhali-Kamarkhali Bha- teapara	16,00	33,21	22,00	4,60	59,81
Nawabganj Abdulpur . .	3,05	83,45	80	22	84,47
Parua Murliganj includ- ing Behariganj branch .	22	30,56	30	17	31,03
Total	28,07	2,31,03	38,00	13,20	2,82,23
East Indian Railway—					
Central Indian Coal- fields	4,46	3,99,18	1,00	..	4,00,18
Calcutta Chord	71,21	2,79,91	40,00	4,82	3,24,73
Lucknow Sultanpur Zafar- abad	30,13	64,82	28,00	7,50	1,00,32
Unao-Madhoganj	5,45	31,31	1,50	..	32,81
Chandpur-Bijnor Muazzam- pur Narian branch . .	1,28	24,03	1,50	..	25,53
Total	1,12,53	7,99,25	72,00	12,32	8,83,57

BUDGET FOR 1932-33.

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by State— <i>contd.</i>					
Great Indian Peninsula Rail- way—					
Agra Bah	—17	28,78	..	..	28,78
Darwaha-Pushad	14,04	25,86	5,80	..	31,66
Kartal Kamasin	7	2,43	5	..	2,43
Nasik Belapur Sheo- gaon	4	1,25	..	..	1,25
Khamgaon-Chikli Hiwar—khed-Akot-Akola Bassim (late Khandwa Hingoli)	15	2,02	5	..	2,07
Amraoti Narkhed	7	3,06	5	..	3,11
Amraoti Narkhed	7	1,06	5	..	1,11
Total	14,27	64,46	6,00	..	70,46
North Western Railway—					
Amritsar Narowal	39	61,69	—10	..	61,59
Kangra Valley	1	2,94,48	20	52	2,95,20
Shahdara Narowal	62	28,78	..	..	28,78
Jassar Shakargarh Chak Amru . . . . .	..	16,01	..	..	16,01
Rohtak Gohana Pani- pat . . . . .	..	24,54	..	..	24,54
Lyallpur Jaranwala	1	15,40	20	..	15,60
Chak Jhumra Chiniot	18	19,09	—5	..	19,04
Khushab Chiniot	17,60	1,26,49	4,00	30	1,30,79
Lyallpur Chananwala	—6,61	10,62	..	..	10,62
Sind Left Bank Fee- ders	38,79	67,47	16,00	55	84,02
Batala Beas	—1,26	14,78	—5	..	14,73
Kalabagh Bridge	13,03	42,23	6,80	14	49,17
Strategic Lines	—14	3,82,52	1,00	..	3,83,52
Suspense	—2	1	..	..	1
Total	62,60	11,04,11	28,00	1,51	11,33,62
Total State Railways manag- ed by State	2,30,52	25,82,15	1,62,85	67,11	28,12,11

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by Companies or Indian States—					
Assam Bengal Railway—					
Sibsagar Road Kha- wang	—1	31,78			31,78
Furkating Badulipara Jorhat	38	31,61	10	..	31,71
Karimganj .. Longai Valley	67	32,10	70	..	32,80
Netrakona Mohan- ganj	25	19,43	50	18	20,11
Habiganj Shaistaganj Ballia	18	20,54	20	..	20,74
Senchoa Mairabari	1,87	22,27	—65	..	21,62
Feni Belonia	42	13,45	15	..	13,00
Chittagong Nazirhat	1,78	20,31	50	82	21,63
Chittagong Dohazari	19,66	43,22	6,25	50	49,97
Megna bridge at Bhairab .. . . .	..	1	1,25	..	1,26
Total	25,20	2,34,72	9,00	1,50	2,45,22
Bengal Nagpur Railway—					
Raipur Vizianagram	1,14,03	4,10,90	65,00	22,17	4,98,07
Guttitangar Branch	1	2,05	..	..	2,05
Total	1,14,04	4,12,95	65,00	22,17	5,00,12

BUDGET FOR 1932-33.

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>contd.</i>					
State Railways managed by Companies or Indian States— <i>contd.</i>					
Bengal and North-Western Railway—					
Mashrak Thawe	7,82	19,29	3,00	..	22,29
Madras and Southern Maharashtra Railway—					
Nidadavolu Narasapur	—13	68,90	..	..	68,90
Cocanada Kotepall	—1,09	41,83	60	..	42,43
Gadivada Bhimavaram	—7	40,66	5	..	40,71
Hotgi Sholapur	33	7,88	..	..	7,88
Kannivihalli Swamihalli	6	5,82	..	..	5,82
GunturGurzala Macheria	1,71	45,99	35	..	46,34
Total	81	2,11,08	1,00	..	2,12,08

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION					
<i>—contd.</i>					
State Railways managed by Companies or Indian States					
<i>—contd.</i>					
South Indian Railway—					
Villupuram Trichinopoly	474	1,98,40	3,75	2,88	2,05,03
Virudunagar Tenkasi .	54	68,92	15	..	69,07
Shoranur Nilambur .	1,31	80,81	15	..	80,96
Dindigul Pollachi . .	48	78,86	2,35	1,01	82,22
Trichinopoly Manama- dura. . . .	12,00	1,10,47	1,90	52	1,12,89
Mayavaram Tranquebar	49	21,29	15	..	21,44
Madura Bedinayakanur	..	53,48	15	82	54,45
Vridhachalam Cudda- lore	1,09	26,34	70	95	27,99
Salem Attur Vridha- challam . . .	18,96	73,68	9,90	1,87	85,25
Pollachi Palghat . .	10,33	36,42	11,00	2,87	50,29
Salem Mettur Dam	—34	12,93	5	..	12,98
Total	49,60	7,61,60	30,25	10,72	8,02,57

BUDGET FOR 1932-33.

APPENDIX II—*concl'd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1930-31.	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	To end of 1932-33.
LINES UNDER CONSTRUCTION—<i>concl'd.</i>					
State Railways managed by Companies or Indian States— <i>concl'd.</i>					
Nizam's Guaranteed State Railways—					
Dhone (Dronschalam) Kurnool Extension	—51	14,88	15	..	15,03
Total State Rail- ways managed by Companies or Indian States	1,96,96	16,54,52	1,08,40	34,39	17,97,31
Total Lines under Construction	4,27,48	42,36,67	2,71,25	1,01,50	46,09,42
Total Open Lines and Constructions	13,19,87	7,82,62,98	8,37,00	4,14,00	7,95,13,98
For emergencies	..	..	..	6,00	6,00
Purchase of Branch Line shares, etc.	1,00	54,76	..	..	54,76
Emergency deductions from pay	..	..	—2,00	—5,00	—7,00
Total Capital Expenditure	13,20,87	7,83,17,74	8,35,00	4,15,00	7,95,67,74

APPENDIX III.

Gross receipts, working expenses, and net receipts of State-Owned Railways.

Gross Receipts.

(Figures in thousands of rupees.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30	1930-31.		
	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>
Open mileage at end of year	28,004	28,426	29,451	31,218	31,489	31,895	32,063
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
State Railways managed by the State—							
Burma	4,60,77	5,03,25	4,95,06	4,87,13	4,27,81	3,51,00	3,56,00
Eastern Bengal	6,71,97	7,00,20	7,02,83	6,73,07	5,86,01	5,06,00	5,17,00
East Indian	19,65,38	20,43,76	20,31,24	19,85,18	18,24,30	17,08,45	18,05,50
Great Indian Peninsula	14,70,48	15,08,90	15,30,26	14,58,35	13,33,36	12,38,00	12,61,00
North-Western—Commercial Lines	14,03,60	14,88,48	14,22,79	14,39,21	14,97,96	12,83,00	13,15,00
Strategic Lines	1,53,45	1,60,40	1,66,65	1,58,81	1,47,49	1,32,00	1,35,00
State Railways managed by Companies or Indian States—							
Assam Bengal	1,76,00	2,04,90	2,07,19	2,05,24	1,96,05	1,85,55	1,87,50
Bengal Nagpur	8,19,85	9,15,57	9,12,37	9,31,44	8,17,01	7,05,00	7,20,00
Bombay, Baroda and Central India	11,25,97	11,33,56	11,85,90	11,51,68	10,89,60	10,40,00	10,47,00
Madras and Southern Mahratta	8,12,24	8,63,76	9,19,96	8,97,54	7,98,21	7,90,00	8,03,00
South Indian	5,48,91	5,80,13	5,63,24	6,32,74	5,79,96	5,38,00	5,51,00
Other Railways	2,33,64	2,39,90	2,35,19	2,49,89	2,11,90	1,98,00	2,02,00
Total	98,42,26	1,03,42,81	1,03,72,68	1,02,70,28	95,09,66	86,75,00	89,00,00

BUDGET FOR 1932-33.

APPENDIX III—*contd.*

Working Expenses.

(Figures in thousands of rupees.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—							
Burma	2,83,17	2,94,33	3,21,73	3,05,36	3,12,59	2,80,96	2,77,45
Eastern Bengal	4,40,24	4,51,64	4,68,97	4,70,70	4,65,73	4,19,87	4,27,90
East Indian	11,90,24	11,92,01	12,17,48	12,42,14	12,24,40	11,28,48	11,28,35
Great Indian Peninsula	10,32,67	6,77,25	10,03,89	10,19,72	10,45,78	9,20,90	9,12,50
North-Western—Commercial Lines	9,49,37	9,89,86	10,01,28	10,63,78	11,29,53	10,16,90	10,06,75
Strategic Lines	1,86,72	1,94,67	1,98,60	2,08,83	2,18,58	1,92,00	1,89,00
State Railways managed by Companies or Indian States—							
Assam Bengal	1,12,66	1,20,72	1,26,87	1,40,14	1,41,33	1,40,60	1,40,00
Bengal Nagpur	5,58,11	6,21,06	6,29,49	6,74,84	6,67,25	6,04,73	6,16,00
Bombay, Baroda and Central India	7,21,24	7,08,32	7,37,80	7,40,25	7,47,28	6,76,05	6,64,50
Madras and Southern Mahratta	4,76,82	4,75,33	4,85,60	4,84,86	4,75,89	4,51,12	4,44,05
South Indian	3,04,69	3,13,26	3,23,20	3,44,12	3,56,94	3,29,82	3,49,70
Other Railways	1,22,07	1,04,99	1,06,48	1,23,19	1,25,87	1,21,57	1,13,80
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments . . . . .	..	..	..	..	—1,65,70	..	..
Total	63,78,00	64,43,44	66,21,39	68,17,93	67,45,47	62,83,00	62,70,00

BUDGET FOR 1932-33.

APPENDIX III—concl'd.

Net Receipts.

(Figures in thousands of rupees.)

STATE RAILWAYS.	ACCOUNTS.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—							
Burma	1,77,60	2,08,92	1,73,33	1,81,77	1,15,22	70,04	78,55
Eastern Bengal	2,31,73	2,48,56	2,32,86	2,02,37	1,20,28	86,13	89,10
East Indian	7,75,14	8,51,75	8,13,76	7,43,04	5,99,90	5,79,97	6,77,15
Great Indian Peninsula	4,37,81	5,31,65	5,26,37	4,38,63	2,87,58	3,17,10	3,48,50
North Western—Commercial lines	4,54,23	4,98,62	4,21,51	3,75,43	3,68,43	2,66,10	3,08,25
Strategic lines	—33,27	—34,27	—31,95	—50,02	—71,09	—60,00	—54,00
State Railways managed by Companies or Indian States—							
Assam Bengal	63,34	84,18	80,32	65,10	54,72	44,95	47,50
Bengal Nagpur	2,61,74	2,94,51	2,82,88	2,56,60	1,49,76	1,00,27	1,04,00
Bombay, Baroda and Central India	4,04,73	4,25,24	4,48,10	4,11,43	3,42,32	3,63,95	3,82,50
Madras and Southern Mahratta	3,35,42	3,88,43	4,34,36	4,12,68	3,22,32	3,38,88	3,58,95
South Indian	2,44,22	2,66,87	2,40,04	2,85,62	2,73,02	2,08,18	2,01,30
Other Railways	1,11,57	1,34,91	1,28,71	1,26,70	86,03	76,43	88,20
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments . . . . .	..	..	..	..	1,65,70	..	..
Total	34,64,26	38,99,37	37,51,29	34,52,35	27,64,19	23,92,00	26,30,00

BUDGET FOR 1932-33.

APPENDIX IV.

Statement showing gain or loss in working of State-Owned Railways.

(Figures in thousands of rupees.)

	Accounts.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
Commercial Lines.							
Receipts.							
Passenger Earnings ..	34,79,17	35,73,35	34,72,00	35,18,63	31,18,40	28,50,00	28,85,00
Other Coaching Traffic Earnings.	6,06,96	6,17,17	6,03,19	5,68,69	5,28,60	5,00,00	5,00,00
Goods Earnings	61,48,94	65,34,09	66,89,01	64,37,06	59,83,70	55,00,00	55,75,00
Other Earnings (a) .	1,71,42	1,98,77	2,08,89	2,18,74	1,95,35	1,70,00	1,70,00
Credit for materials released from works chargeable to De- preciation Fund . . .							1,20,00
Total .	1,04,06,49	1,09,23,38	1,09,73,09	1,07,43,12	98,26,05	90,20,00	92,50,00
Deduct—							
Refunds of revenue	(b) 35,03	13,55	15,33	14,52	11,38	12,00	12,00
Worked Lines	6,76,85	7,18,06	7,26,71	6,47,30	4,98,75	4,65,00	4,73,00
Suspense	—5,80	—9,36	—25,02	30,17	46,25		
Net total .	96,88,81	1,01,82,41	1,02,06,03	1,01,11,47	93,62,17	85,43,00	87,65,00
Government share of profits, etc., from subsidised companies	39,72	35,60	38,84	58,71	20,36	19,00	18,00
Interest on Deprecia- tion and Reserve Fund Balances.	62,52	79,86	1,04,13	1,24,57	1,26,86	90,15	80,65
Dividends on invest- ments in Branch lines and other Miscel- laneous receipts.	4,75	8,17	11,57	21,46	20,92	15,50	6,50
Total Receipts .	97,95,80	1,03,06,04	1,03,60,57	1,03,16,21	95,30,31	86,67,65	88,70,15

(a) The figures for hire charge and other payments from Railways have been shown as reduction of Working Expenses.

(b) The refunds of Revenue include remission of earnings also.

BUDGET FOR 1932-33.

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APPENDIX IV—contd.

(Figures in thousands of rupees.)

	Accounts.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29	1929-30.	1930-31.		
Commercial Lines— contd.							
Charges.							
Administration . . .	12,74,26	13,11,43	13,85,43	14,02,99	14,50,81	14,30,00	12,18,00
Repairs and Main- tenance.	17,64,54	17,52,30	17,57,26	17,78,64	16,25,01	13,53,00	15,24,00
Operation (a) . . .	24,37,53	24,32,25	25,15,41	25,39,19	25,49,88	23,01,00	24,62,00
Depreciation . . .	10,53,14	11,00,86	11,60,47	12,17,95	12,64,38	13,00,00	13,25,00
Suspense	-5,67	2,97	-32,44	-15	2,60	19,50	..
Emergency deductions from pay.	..	..	..	..	..	-77,50	-2,30,00
Payment to Income- tax Department in respect of railway staff exempted from surcharge.	..	..	..	..	..	..	22,00
Total	65,23,80	65,99,81	67,86,13	69,38,62	67,92,68	63,26,00	63,21,00
Deduct—							
Worked Lines . . .	3,32,52	3,51,04	3,63,35	3,29,52	2,65,79	2,35,00	2,40,00
Working Expenses . .	61,91,28	62,48,77	64,22,78	66,09,10	65,26,89	60,91,00	60,81,00
Surplus profits paid to Indian States and Railway Cos.	1,65,56	1,57,14	1,59,14	1,51,98	1,16,30	82,75	80,00
Interest charges . . .	24,55,35	25,93,05	27,91,14	29,05,96	31,24,64	31,80,17	32,23,07
Miscellaneous charges	70,52	53,44	34,57	58,01	67,89	58,10	46,40
Total charges	88,82,71	90,52,40	94,07,63	97,25,05	98,35,72	94,12,02	94,30,47
Gain from Commercial lines	9,13,09	12,53,64	9,52,94	5,91,16	-3,05,41	-7,44,37	-5,60,32

(a) The figures for hire charges and other payments from Railways have been shown a reduction of Working Expenses.

BUDGET FOR 1932-33.

APPENDIX IV—concl'd.

(Figures in thousands of rupees.)

	Accounts.					Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.		
Strategic Lines.							
Receipt.							
Gross Traffic Receipts	1,53,45	1,60,40	1,66,65	1,58,81	1,47,49	1,32,00	1,35,00
Interest on balances of Depreciation Fund.	1,40	1,62	2,07	3,09	5,32	5,53	4,50
Total Receipts	1,54,85	1,62,02	1,68,72	1,61,90	1,52,81	1,37,53	1,39,50
Charges.							
Working expenses	1,51,28	1,57,98	1,59,33	1,67,80	1,76,43	1,51,50	1,51,00
Depreciation	35,44	36,69	39,28	41,03	42,15	43,00	45,00
Emergency deductions from pay.	..	..	..	..	..	-2,50	-7,50
Payment to Income- tax Department in respect of railway staff exempted from surcharge.	..	..	..	..	..	..	50
Net Working expenses	1,86,72	1,94,67	1,98,61	2,08,83	2,18,58	1,92,00	1,89,00
Interest charges	1,31,35	1,34,03	1,41,81	1,40,09	1,46,91	1,47,92	1,48,57
Miscellaneous	21	2,06	30	50	69	32	40
Total charges	3,18,28	3,30,76	3,40,72	3,49,42	3,66,18	3,40,24	3,37,97
Net loss in Working Strategic lines.	1,63,43	1,68,74	1,72,00	1,87,52	2,13,37	2,02,71	1,98,47
Net gain on State Railways.	7,49,66	10,84,90	7,80,94	4,03,64	-5,18,78	-9,47,08	-7,58,79
Contribution to Gen- eral Revenues.	6,01,13	6,27,83	5,23,20	6,11,86	5,73,57	..	..
Railway Reserve Fund	1,48,53	4,57,07	2,57,74	-2,08,22	-10,92,35	-4,95,06	..
Railway Depreciation Fund.	..	..	..	..	..	-4,52,02	-7,58,79

PART II.
General Budget.

Speech of the Finance Member

Introducing the

Budget for 1932-33.

INTRODUCTORY.

Sir, I rise to present the Budget 1932-33 in circumstances which are somewhat unusual. The House is already familiar—almost painfully familiar—with the main features of the present financial situation, and a special occasion has already been taken to ask for the supplies which six months ago we considered to be necessary in order to carry us safely through next year. As His Excellency the Governor General has already announced, we do not propose to ask the House at the present stage to approve any extensions or modifications of the plan for raising revenue which we put forward last September. A Budget speech must therefore lack much of the interest which normally attaches to it. Nevertheless a very important part of the financial business still remains to be performed—the voting of the actual grants for expenditure—while the occasion is an appropriate one for attempting a general review of the financial position. I should indeed be failing in my duty if I did not utilise this occasion to the full—for on the occasion of the emergency session it was impossible to put forward really accurate estimates of expenditure or to deal fully with a most important part of Government finance—the Ways and Means position.

I must therefore ask Honourable Members to bear with me at some length on the present occasion, even though my speech may lack the interest—real even if painful—of an occasion for proposing new taxation.

2. *General Economic Position.*—I shall not attempt any exhaustive review of economic conditions, but a picture for the current year can be drawn in a few lines. Generally speaking the monsoon was favourable, and India has had quite a normal year as regards agricultural production. Yet her exports and imports have fallen in value to a bare half of what they were two years ago. Exports of merchandise for the first 10 months of the current year amounted in value to Rs. 134½ crores as against Rs. 265 crores for the first 10 months of 1929-30, while the value of merchandise imported has fallen from 201 to about 105 crores. These are staggering figures, and indicate the extent to which our present difficulties are due to low prices produced by world conditions. The most striking falls in exports for the period mentioned are in Jute and Jute products which have fallen from Rs. 69 crores to Rs. 28½, and raw cotton which have fallen from just under 51 crores to 20½, while as regards imports, the most notable cases are cotton manufactures which have fallen from 49·67 to 15·86 crores, and sugar which has fallen from 13·8 to 4·9 crores.

Nevertheless, in spite of this enormous fall in the value of trade, our favourable trade balance, if movements of Treasury are included, for the first 10 months of this year is Rs. 71 crores as compared with Rs. 43 crores for 1929-30. Here is the significance of the export of gold.

As an indication of our higher rates of taxation I may remind the House that this year we have collected for the 10 months about Rs. 29 crores of import duties on Rs. 105 crores of imports, as compared with about Rs. 33 crores of duties on Rs. 201 crores of imports for 1929-30.

These are the salient facts in the situation. They tell their own story, and provide the clue to the whole of the account of our finances which I have now to give.

If Honourable Members wish to study the position more closely I would add that, following the practice which I initiated last year, I am circulating a full report by the Director General of Commercial Intelligence and Statistics reviewing the trade statistics for 1931. I trust that this will be found of value.

3. *Last year, 1930-31.*—I will deal very briefly with last year's accounts. The actual results have shown a substantial improvement on the revised estimates which I gave last year. Revenue proved actually Rs. 84 lakhs larger than I expected and expenditure Rs. 26 lakhs less, so that the total result was Rs. 1.10 lakhs better—the actual deficit being Rs. 11.58 crores instead of Rs. 12.68 as anticipated.

REVISED ESTIMATES FOR 1931-32 AND BUDGET PROSPECTS FOR 1932-33.

4. Turning now to the position for the current year, and the prospects for next year, I need not remind Honourable Members of the circumstances in which we were forced during last September to undertake *interim* measures to fortify our budgetary position. According to our estimates at that time we should, on the existing basis of taxation, have had to face deficits of over 19 crores in each of the years 1931-32 and 1932-33. We hoped by our new measures of retrenchment and taxation to reduce the deficit for the current year to Rs. 10.17 crores, and for next year—when the effects of retrenchment would be fully felt and with the new rates of taxation applicable for a whole year—to realise a surplus of Rs. 5.23 crores.

But I emphasised in presenting the estimates in September that they could not, in the extremely uncertain circumstances then prevailing, be regarded as more than guesses, and that we looked to the estimated surplus for next year mainly as a reserve margin against this uncertainty. The actual Customs returns for the months since last September have made it necessary for us to revise our estimates.

As a result we now allow for a deterioration in the figures by about 3 crores for each year, and we anticipate that the current year will close with a deficit of 13.66 crores and that the surplus for 1932-33 will be Rs. 2.15 crores. This surplus of 2.15 crores, based as it is on severely reduced estimates of revenue, we regard as providing a reasonable margin of safety.

I would remind the House also of another consideration. For this year and next year combined we are providing from Revenue no less than 13.71 crores for Reduction or Avoidance of Debt. This of course in no way represents recurrent expenditure. Moreover in our case a provision for writing off our debt is a measure of a specially conservative nature, seeing that practically the whole of our debt is covered by productive undertakings which themselves make adequate financial provision against depreciation of the value of their capital assets. The matter may therefore be looked

at in this way. If we combine the results for this year and next year our estimates show a net deficit of 11.51 crores. But as this is arrived at after providing 13.71 crores for Reduction of Debt, our recurrent receipts for the two years will exceed our recurrent expenditure by 2.20 crores.

If this result is achieved over two years of unexampled depression when practically every Government in the world is having to show very heavy deficits, we may, I think, justifiably regard the Indian financial position as comparatively sound.

Comparison of present Estimates with September Forecasts.

5. I will not attempt any detailed comparison of the present figures with the forecasts which I gave in September. The latter did not profess to be more than rough approximations, and we were not able to present detailed estimates under the various account heads:

The comparisons between the two may be broadly summarised as follows. As regards the current year we are reducing our estimates by Rs. 5 crores on Customs and Rs. 1 crore on Income-tax, and as against this we are reckoning on a net improvement under other heads of about Rs. 2½ crores. This leaves a deterioration of about Rs. 3½ crores, or, to be exact, Rs. 3.49 lakhs, which, added to our estimated deficit of Rs. 10.17 lakhs, brings the total to Rs. 13.66 lakhs.

	Lakhs.
For next year we are reducing our estimates for tax revenue and Opium receipts by	4.58
While the net result under other heads shows an improvement of	1.50
The net deterioration on balance is thus	3.08
Which deducted from the previously estimated surplus of 5.23 lakhs gives a surplus of	2.15

The main improvement in the case of both years occurs under the Finance heads, and this is mainly due to the improvement in the Government's position as currency authority owing to the increased demand for currency.

ANALYSIS OF PRESENT ESTIMATES.

6. Having thus briefly summarised the main differences between the September forecasts and our present estimates, I must turn to a fuller exposition of the latter.

The broad picture may be presented as follows. So far as gross revenue and expenditure are concerned:

	In crores of Rupees.	
	Revenue.	Expendi- ture.
The results for 1930-31 are	124.60	136.18
Our Budget Estimate for 1931-32 was	134.87	134.86
Our Revised Estimate for 1931-32 is	120.77	134.43
Our Budget Estimate for 1932-33 is	129.96	127.81

I must, while giving these figures, remind the House that as they include gross interest payments and the counterbalancing receipts from commercial departments, they do not show the true picture as regards reduction in administrative expenditure.

BUDGET FOR 1932-33.

I will now explain the position more fully as regards the main heads of Revenue and Expenditure.

REVENUE, 1932-33.

7. Customs—

	Lakhs.
The actual revenue (less refunds) for 1930-31 was	46,81
The Budget Estimate for 1931-32 was	56,46
The Revised Estimate for 1931-32 is	46,23
The Budget Estimate for 1932-33 is	52,31

The Budget estimate for next year is thus 4,15 lakhs less than the current budget estimate in spite of the fact that the increased and new duties imposed by the Supplementary Finance Act were expected to bring in additional revenue of 9½ crores.

8. The main deterioration as compared with the current budget occurs under the heads of sugar, silver, cotton piecegoods and liquors. These require special mention.

The decrease in imports of sugar has been the most important single factor in upsetting our estimates. On the basis of the past five years' consumption it seemed that until the beginning of the current year a quantity of about 850,000 tons could be regarded as a normal figure for imports, excluding the sugar which enters over the land customs line at Viramgam. As against this we now in fact only reckon for the current year on imports of about 475,000 tons and about 500,000 tons for next year. This decrease may be partly accounted for by the increase in Indian production—a subject to which I shall return again—but it is mainly due to decrease of purchasing power.

As it may be argued that the increased duties have themselves been responsible for reduced consumption, I give the following figures which are interesting. In the first place the actual cost to the consumer, in spite of the recent increases in import duty, has on the whole declined over the last few years. The wholesale price including duty averaged about Rs. 312 per ton for 1926-27

289 per ton for 1927-28
273 per ton for 1928-29
258 per ton for 1929-30
237 per ton for 1930-31
255 per ton for the first six months of 1931-32.

For the five years from 1926-27 to 1930-31 the average amount of cash spent on the imports of sugar including the duty averaged about Rs. 23 crores, and this average kept up even till 1930-31, when the present crisis had begun.

Now, however, for 1931-32 and 1932-33 on the quantities and prices which we have allowed for in our estimates the total amount of cash spent on imported sugar *plus* duty will only be about Rs. 12½ crores and Rs. 14½ crores respectively.

These figures indicate that it is a falling off in purchasing power and not any rise in the price of sugar brought about by our increased duties which has mainly affected consumption. Our estimates had allowed for a substantial decrease in consumption, but not so large as we feel we must now face. Under this head we are in fact down by Rs. 3,56 lakhs

for the current year, and 2.16 for next year, as compared with the original budget estimates for 1931-32 on the basis of customs duties without the surcharge.

Silver, again, is an important factor in the decrease. For 1930-31 the duty actually collected was Rs. 2.33 lakhs, but for next year with the increased duty we are not counting on more than Rs. 1.60 lakhs. The former represented imports of 111 million ounces and next year's estimates only allow for 34 million ounces.

Apart from sugar or silver another most disappointing head has been cotton piecegoods. Here as compared with the 1931-32 Budget we are down in the current year by 1.96 lakhs and next year by 1.86 lakhs. Again in the case of liquors, we have had to reduce our estimate for the current year by 88 lakhs, and for next year by 79 lakhs, as compared with the Budget estimate for 1931-32.

Results from New Import Duties.

9. It may be interesting at this point to add some comments on the operation of the new customs duties imposed in the Emergency Finance Bill of last September.

10. *Import Duty on Machinery.*—The new duty of 10 per cent. on machinery produced for the four months to end of January 1932 Rs. 35 lakhs and is estimated to produce up to March 31st a total of 49 lakhs, and for 1932-33 Rs. 1.00 lakhs. This compares with the estimates furnished in September of Rs. 52 lakhs for the current year and Rs. 1.03 lakhs for next year. On the current year's results it is therefore making a satisfactory showing in comparison with our estimates.

11. *Import duty on Raw Cotton.*—As regards the new import duty of $\frac{1}{2}$ anna per pound on raw cotton, we have had to be more cautious in our present estimates and to reduce substantially the figures from those anticipated at the time of the Emergency Finance Bill. Here we are now only counting on Rs. 16 lakhs for the current year and Rs. 32 lakhs for next, as compared with our original estimates of Rs. 43 lakhs and Rs. 87 lakhs respectively. Our reduced figures are based on estimates of imports of about 22,800 tons in the last six months of the current year (making a total for the year of about 72,000 tons) and of about 46,000 tons for next year. The need for caution in estimating was brought out by the fact that imports in the first three months after the duty was imposed fell to 6,500 tons as against 10,600 tons in the corresponding period of the previous year. The total quantity imported in the previous year was 58,000 tons. Taking these facts into account together with the shortage of this season's Indian crop and the present activity of the Indian mills, the figures on which we have now based our estimates for next year may be regarded as providing a distinct margin of safety.

As regards the general effects of the duty a precise estimate is difficult just now owing to the presence of a number of abnormal complicating factors.

Conditions in the world's cotton market have been abnormal, and this may equally be said of local conditions in India, as there has been a shortage of production owing to unfavourable weather conditions, with a resultant rise in prices for grades which are primarily exported and not affected by the import duty. Expert opinion, however, agrees that the imposition of the duty has been responsible for a definite improvement

in the prices paid for staple cotton. The shortage of the Indian crop has been offset by a bumper crop in America, and it seems very probable that had the duty not been imposed American cotton would have been imported at cheap rates to the detriment of Indian agricultural interests. It is fortuitous circumstances of this kind that have been mainly responsible in the past for large imports of American or Egyptian cotton, where these have taken place; while it seems unlikely, that the steady demand from Bombay for East Africans will be seriously dislocated by the duty. It is, of course, too soon to trace the effect of the duty on the actual development of the production of staple cotton in India, but I am confident that all interests concerned will soon realise that the import duty will do much to accelerate this desirable development. A particularly interesting point is that for progress on these lines it is reasonable to look towards the area that will be developed by irrigation from the recently completed Sukkur barrage. The general conclusion is that the effects of this duty have been definitely favourable to Indian interests.

12. *Import duty on Dyes*.—The other new duty imposed in September was on dyes. Here we now expect to get 20 lakhs next year against our September estimate of 17.

13. These three new import duties (on machinery, cotton and dyes) are therefore now expected to produce altogether 1,52 lakhs against our first estimate of 2,07—but, as I have said, the present provision allows for a very cautious estimate as regards cotton.

Lakhs.

14. *Taxes on Income*—

The actual revenue (less refunds and share of Provincial Governments) for 1930-31 was	16,00
The Budget estimate for 1931-32 was	17,44
The Revised estimate for 1931-32 is	17,30
The Budget estimate for 1932-33 is	18,73

My present estimate of 18,73 lakhs for next year includes a payment of 23 lakhs by Railways, already referred to in the Railway budget. The House will recollect that according to our proposals for cuts in pay the new income-tax charges estimated in September were to be merged in the cut. This really had the effect that a Government employee was to be subject to a deduction of 10 per cent, made up of cut in pay *plus* income-tax combined. In the case of ordinary Government officials the whole of the deduction is treated as a cut in pay. But in the case of Railway employees we have decided for various reasons—chiefly connected with the position of the Company Railways—to treat them as meeting this deduction partly by way of the new income-tax charged and partly by way of cut. Therefore in the case of the Railway officials, Rs. 23 lakhs of the total deductions which they suffer by way of cut and tax combined is treated as income-tax receipts.

Excluding this special item of 23 lakhs, my present estimate for next year is only 1,06 lakhs more than the Budget estimate for the current year in spite of the fact that the increase in the rates of income-tax and the levy of income-tax for the first time on incomes between Rs. 2,000 and Rs. 1,000 were expected to yield an additional revenue of 3½ crores. We have therefore made substantial allowance for deterioration in the general conditions of business in the current year.

Effect of recent increases and extensions of Income-tax.

The supplementary and extending Finance Act lowered the minimum income liable to income-tax from Rs. 2,000 to Rs. 1,000 and imposed a surcharge of 12½ per cent. in the current year on all rates of income-tax and super-tax. Unlike the changes in customs duty, these provisions only took effect when the Act actually became law, that is to say at the end of November last. So far as the taxation of the lower incomes in particular was concerned, extensive additions to our staff had then to be made to cope with the additional work. Some delay was inevitable in organising the new staff and in effecting the new processes of assessment. We have therefore not yet conclusive evidence as to what the yield of the taxation of the lower incomes will be in the current year. It is hardly probable that the assessments will all be completed in the short time that remains while it is of course quite certain that the whole demand will not be collected this year. This will mean no more than throwing forward some of the revenue due on account of the current year into next year, and this has been allowed for in our estimates.

The imposition of the surcharge on assessments already made was of course a far simpler matter than the invasion of the new field of taxation offered by lower income, and here we anticipated a yield for the current year of Rs. 1,74 lakhs. Up to the end of January the demand on this account was Rs. 1,16 lakhs and collections Rs. 62 lakhs.

Income-tax Evasion.

There is one further point to which I must allude in dealing with income-tax. In my reply to the speeches made by certain Honourable Members in the course of the debate on the supplementary Finance Bill, which indicated a belief that evasion of income-tax was widespread and serious, I promised to enquire into the matter and endeavour to ascertain the facts.

I have had the whole subject reviewed and have taken stock of the weapons in our armoury to see whether due use was made of the powers which we have got and whether they required to be reinforced. I also invited suggestions, both in regard to evidence of evasion and in regard to measures for dealing with it, from the business community. On the first point, I cannot say that we have received any enlightenment. As to the second, while the response has not overwhelmed me, suggestions for which I am grateful, have been elicited that merit consideration and will receive it. As a result of these suggestions and our own reflections we are feeling our way towards certain methods that I trust will prove valuable. In regard to their precise nature I am sure that the House will appreciate my motives for reticence. In vain is the net spread in the sight of the bird.

15. *Salt revenues—*

	Lakhs.
The actual revenue (less refunds) for 1930-31 was	6,83
The Budget estimate for 1931-32 was	7,05
The Revised estimate for 1931-32 is	8,48
The Budget estimate for 1932-33 is	9,43

I now estimate for an increase of 2,38 lakhs in 1932-33 as compared with the current budget, from the abolition of the Salt Credit System and the surcharge on the duty. In my September forecast I had only allowed

BUDGET FOR 1932-33.

for an improvement of 1.85 lakhs. The further improvement is due to the fact that the figures of salt issues so far in the current year do not indicate any drop in offtake which at one time we considered probable.

16. *Other Tax revenue*—

	Lakhs.
The actual revenue (less refunds) for 1930-31 was	1,10
The Budget estimate for 1931-32 was	1,15
The Revised estimate for 1931-32 is	1,05
The Budget estimate for 1932-33 is	88

The fall of 27 lakhs as compared with the current budget is due mainly to the exclusion of the provincial revenues of the North-West Frontier Province.

17. *Opium revenue*—

	Lakhs.
The actual revenue (less refunds) for 1930-31 was	2,53
The Budget estimate for 1931-32 was	2,16
The Revised estimate for 1931-32 is	1,98
The Budget estimate for 1932-33 is	1,33

The Budget estimate for 1932-33 is 83 lakhs less than the current budget, the reduction being due partly to our policy of reducing exports and partly to two of the foreign purchasing Governments not taking their quota in 1932. This has been an unexpected factor in worsening our estimates.

18. *Commercial Departments*—

	Lakhs.
The actual net revenue for 1930-31 was	4,03
The Budget estimate for 1931-32 was	3,93
The Revised estimate for 1931-32 is	-1,39
The Budget estimate for 1932-33 is	-19

Honourable Members are already familiar with the position as regards the Railway Budget. We do not expect any contribution from Railways either in the current year or the next.

As regards Posts and Telegraphs, the loss in the working of the Department in the coming year, after allowing for the full effect of the retrenchment and taxation measures, is now expected to be about Rs. 16 lakhs. This does not, however, take into account the effect of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee except in one small respect explained in the Finance Secretary's Memorandum. Whether the further recommendations are to be adopted is still under consideration by the Government, and we have announced that if we ultimately reach the conclusion that we ought not to accept any particular recommendations, we shall refer the points of difference for consideration by the Public Accounts Committee. I would, in this connection, remind Honourable Members of what I said in my Statement in this House on the Financial Position on the 29th September last. If all the recommendations of the Committee were accepted, the deficit of about Rs. 16 lakhs would be converted into a surplus of about Rs. 27 lakhs, but that would represent merely an adjustment in the Government accounts and no improvement as regards the financial position of the Government as a whole.

19. *Finance Heads*.—Here we must consider the general Finance headings, Interest receipts, Currency and Mint receipts, Interest on Debt and the provision for Reduction or Avoidance of Debt.

Before dealing in detail with these heads, I would mention that we have this year adopted a change in the accounting procedure in regard to discount on treasury bills, so as to include in the accounts of each year only that portion of the discount which has been earned during the year. In the case of bills issued to the Paper Currency Reserve we have similarly decided to take credit in the accounts of the year for the profit that has actually been earned during the year. The previously existing procedure, under which in the case of the latter class of bills the debit on account of interest was taken in the accounts of one year and the corresponding credit for profit on note circulation in the following year, resulted in an inaccurate presentation of the financial results of the year, especially when the volume of bills outstanding was undergoing fluctuations. Apart from this, a credit on account of Gain on Exchange appears for the first time in the revised estimates of the current year, and is due to the decision to transfer to revenue each year the net credit or debit on account of exchange resulting from the year's transactions, which was hitherto kept in suspense as explained in the Financial Secretary's Memorandum.

20. Under Interest receipts—

	Lakhs.
The actual receipts in 1930-31 were	3,38
The Budget estimate for 1931-32 was	2,92
The Revised estimate for 1931-32 is	2,25
The Budget estimate for 1932-33 is	1,80

The fall of over a crore in the budget of the next year as compared with the estimate for the current year is due to two facts. In the first place, we were able to supplement actual receipts in the current year by drawing 58 lakhs from the Gold Standard Reserve Revenue Equalisation Fund—the creation of which I explained in my Budget Speech of February 1930. There will be no balance left in this fund to be drawn upon next year. In the second place the proportion of interest-bearing securities in the fund to gold has now been substantially reduced.

21. Under Currency and Mint—

	Lakhs.
The actual net receipts in 1930-31 were	27
The Budget estimate for 1931-32 was	—15
The Revised estimate for 1931-32 is	81
The Budget estimate for 1932-33 is	2,61

The improvement is almost wholly accounted for by the anticipated increased profit on note circulation due to the expansion of currency during the current year against treasury bills. I shall deal with this subject more fully in a later part of my speech. For the present I would remind Honourable Members that this merely represents a restoration of part of the reduction in currency profits which resulted from the much heavier contraction of the preceding two years.

It will be convenient on this occasion, in order to deal fully with the whole field of administrative expenditure to give here also the gross receipts under the heads "Currency and Mint."

	Lakhs.
The actual receipts in 1930-31 were	1,24
The Budget estimate for 1931-32 was	63
The Revised estimate for 1931-32 is	1,85
The Budget estimate for 1932-33 is	3,31

22. *Under Interest payments—*

	Lakhs.
The actual net expenditure in 1930-31 was	11,29
The Budget estimate for 1931-32 was	11,99
The Revised estimate for 1931-32 is	13,14
The Budget estimate for 1932-33 is	13,11

I estimate the total gross payments at 45,95 lakhs for ordinary debt and 8,87 lakhs for other obligations, recoveries from Railways and other Commercial Departments and the Provincial Loans Fund at 41,71 lakhs and total net payments at 13,11 lakhs. The increase in the net interest payments is due partly to the deficits in the years 1930-31 and 1931-32 and partly to the increase of the rate of interest allowed on Provident Fund balances from 5 per cent. in the current year to 5½ per cent. in the next. The increase is partly counterbalanced by a decrease in the interest payable on Railway Depreciation and Reserve Fund balances owing to fact that these have, as Honourable Members are aware, to be heavily drawn on for meeting the deficit in the working of the Railways.

23. *Under Reduction or Avoidance of Debt—*

	Lakhs.
The actual provision in 1930-31 was	6,15
The Budget estimate for 1931-32 was	6,78
The Revised estimate for 1931-32 is	6,89
The Budget estimate for 1932-33 is	6,82

As a large portion of our capital resources during the current year was found from Treasury Bills issued to the Paper Currency Reserve, and as these bills are excluded from the calculation of total debt for purposes of the Debt Redemption Scheme, the provision in 1932-33, instead of showing the usual increase, shows a reduction of 7 lakhs as compared with the Revised estimate for the current year.

24. *Other heads of revenue—*

	Lakhs.
The actual revenue in 1930-31 was	4,12
The Budget estimate for 1931-32 was	3,39
The Revised estimate for 1931-32 is	4,03
The Budget estimate for 1932-33 is	3,00

The deterioration of 39 in 1932-33 as compared with the current budget is chiefly due to the elimination of the provincial revenue receipts of the North-West Frontier Province and to a reduction in the receipts on Reparation account.

25. *Summary of Revenue Estimates.*—To sum up, the Budget for 1932-33 under the heads of Tax Revenue, Net Revenue from Commercial Departments, Opium Revenue and Other Revenue and the Finance headings shows as compared with the current budget:

	In lakhs of Rupees.	
	Better.	Worse.
Tax Revenue retained by the Central Government, i.e., excluding the transfer to the Road Fund	+	—
Net Revenue from Commercial Departments	..	—88
Opium Revenue (gross)	..	—4,12
Finance headings	..	—53
Other revenue	..	+41
	+41	—39
	+41	—6,22
	—5,81	

EXPENDITURE ESTIMATES.

26. *Summary.*—I must now turn to the expenditure side, but before going into details I will summarise the position so as to complete the other side of the picture to the Revenue summary which I have just given.

Civil Expenditure—

	Lakhs.
The actual Civil expenditure in 1930-31 was	24,93
The Budget estimate for 1931-32 was	23,34
The Revised estimate for 1931-32 is	22,65
The Budget estimate for 1932-33 is	20,65

Military Expenditure—

The actual Military expenditure (net) in 1930-31 was	54,30
The Budget estimate for 1931-32 was	52,00
The Revised estimate for 1931-32 is	51,76
The Budget estimate for 1932-33 is	46,74

From these figures it will be seen that total Civil and net Military expenditure in 1932-33 is estimated at 67,39 lakhs, which is 11,84 lakhs less than for 1930-31, and 7,95 lakhs less than the current budget.

To complete my comparison between the Budget for the current year and next year—according to the summary which I have given:

	Lakhs.
The reduction in net Receipts under the headings of Tax Revenue, Commercial departments, Finance heads, and other receipts is	5,81
While the net reduction in Civil and Military expenditure is	7,95
Thus accounting for a net improvement of	2,14
As the surplus in the current year's budget was Rs. 1 lakh, the surplus we are estimating in 1932-33 is	2,15

27. In considering the expenditure figures which I have just given I would ask Honourable Members to concentrate on the reduction of 11,84 lakhs from the actuals of 1930-31, for it is over the two years that our Retrenchment work must be assessed. Apart from this, I must point out that the figure of 7,95 lakhs, representing the reduction for next year's as compared with the current year's budget does not represent the full amount of our retrenchment measures.

The following points must be borne in mind in interpreting this figure.

First, it includes nothing for retrenchment measures in the Posts and Telegraphs Department, the results of which are of course merged in the net result on their working account, which is included in the Budget figures, not under Civil expenditure but under the Commercial Department head.

Secondly, the Civil expenditure figures were reduced by an abnormal item in the current year, because the amount for capital expenditure on the commercial departments charged to Revenue was actually a minus figure owing to receipts of 54 lakhs on the sale of the Indo-European telegraph undertaking. If capital expenditure is excluded from the comparison the reduction in Civil expenditure for 1932-33 as compared with the Budget for 1931-32 is 3,18 lakhs, and the total reduction for Civil and Military expenditure combined is 8,44 lakhs.

Thirdly, there are changes in accounting and otherwise as between the current year and next year which must be taken into account in making a final comparison. These will be explained in the remarks which I have now to make on the retrenchment measures which have been actually effected.

28. *Retrenchment measures.*—I must now give some account of how we have given effect to the Retrenchment programme which was promised on my presentation of the Emergency Finance Bill. On this point I must ask Honourable Members to give their close study to the memoranda which we are circulating. These show in considerable detail how the Retrenchment plans have been worked out under each head of the Demands for Grants. It is only by studying these details that one can understand what is involved and what has been achieved. For my present purpose—unless I were to speak at interminable length—I must confine myself to the broadest outline. I will take Civil and Military expenditure separately.

Civil Expenditure.

29. In my speech on first introducing the Emergency Finance Bill in September I indicated that as regards civil expenditure (including Posts and Telegraphs) we hoped to achieve Retrenchment measures providing for a reduction of Rs. 3.25 lakhs, against which we allowed for terminal charges, compensation, etc., about Rs. 75 lakhs, so that we were reckoning on a net saving of Rs. 2.50 lakhs for next year. I elaborated this estimate somewhat in November, while the general forecast of expenditure which I then gave allowed for certain further reductions. The position which is revealed in the papers which I am now presenting may be summarised as follows:

	Lakhs.
On account of definite measures carried out in accordance with the recommendations of the Retrenchment Committees (for which my previous figure was Rs. 3.25 lakhs) the gross savings now incorporated in the Demands for Grants are	3.45
But on top of this we have insisted on further miscellaneous reductions amounting in all to	88
Thus producing total reductions of	4.33
As against this the cost of terminal charges now comes out at	33
So that the net figure (to be compared with my earlier figure of Rs. 2.50 lakhs) is increased to	4.00

To this must be added the temporary saving on cuts in pay which for Civil heads—including the Posts and Telegraphs—we now put at 1.22 lakhs, instead of my former figure of 1.15.

30. The total saving on Retrenchment and cuts in pay on the Civil side including Posts and Telegraphs is thus 5.22 lakhs after allowing for terminal charges as against a figure of 3.65, which I estimated in September. Having arrived at this figure one is confronted by the fact—which perhaps Honourable Members do not always appreciate—that, even in times like this, expenditure cannot stand still, and that there is a constant swelling tide of increasing demands to be kept back. The various Retrenchment Committees working on the budget figures for 1931-32 could not of course make allowance for this.

In the first place there is the automatic increase imposed on our expenditure by the addition of increments to pay under the present time-scale system. This accounts for an unavoidable increase of Rs. 35 lakhs.

On top of this I have to provide for new expenditure under various heads which I will, for my present purpose, divide into two classes:

First, apparent additions to expenditure which do not represent real increases in the net cost of administration.

Secondly, unavoidable new outgoings.

31. Under the first head the following important items may be noted:

Nasik Printing Presses.—Here we are adopting recommendations made both by the General Purposes Sub-Committee and the Public Accounts Committee and in future will show in the accounts the gross figures of expenditure and receipts instead of, as formerly, a net figure of the surplus of receipts over expenditure. This means adding Rs. 22½ lakhs to the expenditure side—which is of course more than balanced by countervailing receipts.

Aden.—The Central Government is now taking over directly the administration of Aden from the Bombay Government. This adds Rs. 5 lakhs to the expenditure side, against which Rs. 6½ lakhs are added to revenue.

Delhi Capital Account.—The Capital account has now been closed down and expenditure on the maintenance of buildings, etc., formerly charged to capital, has now to be borne on revenue. This adds Rs. 17 lakhs to the budgetary expenditure, which is in no sense a new item. Against this there are certain receipts of about Rs. 7 lakhs.

Payments to Travancore and Cochin Durbars.—Here there is an increase shown as expenditure of Rs. 9 lakhs accounted for by the increased share which these two Durbars have to receive from the customs collected at Cochin Harbour. This has to be treated as expenditure, but it is clearly not expenditure in the true sense.

Increased Income-tax Staff.—Again, in this class of expenditure I must mention Rs. 18 lakhs which represents the cost of the additional income-tax staff required for dealing with the 350,000 new assesseees who are brought in by reducing the income-tax limit to Rs. 1,000. This is indeed increased expenditure, but it is of course essential, and is more than balanced by receipts. I would here note that the net increase under Income-tax is only about Rs. 12½ lakhs—the difference being accounted for by retrenchment in the existing staff.

Another item is Rs. 2 lakhs for developments at Khewra salt mine and other Northern India salt sources. This is balanced by our share in the special import duty on foreign salt.

Lastly I must include in this class an extra charge of about Rs. 8½ lakhs for interest payable by the Posts and Telegraphs Department.

32. I will now turn to the second class of expenditure which really represents additional outgoings. Honourable Members may think that in these hard times we ought to have admitted nothing new, but certain items have been absolutely unavoidable.

I will mention the following more important items:

Rs. 5½ lakhs for the Round Table Conference committees now touring in India.

Rs. 3½ lakhs representing the increased rupee equivalent of our contribution to the League of Nations due mainly to the fall in the gold value of the rupee. This is notable as being practically our only external obligation which has increased owing to this change in our currency.

Rs. 2 lakhs for the All-India Medical Council, and the Calcutta Hygiene Institute.

Rs. 6 lakhs for the inauguration of the new province in the North-West Frontier area.

Rs. 3½ lakhs for the Delhi conspiracy case, etc.

33. Altogether the items of unavoidable new expenditure of the class which I am now describing come to about Rs. 29 lakhs, while the apparent increase under the first class of items which I mentioned is about Rs. 89 lakhs—the total thus added to the expenditure side of the budget being Rs. 1,18 lakhs.

34. I have mentioned these items in order to explain how the position is complicated when an attempt is made to see how the retrenchments made affect the actual budgetary figures, but I would again refer Honourable Members to the detailed statements now circulated which show the exact position under each head of the Demands for Grants.

For the present I would remind them of the following broad facts, when they compare what we have achieved with the recommendations of the various Retrenchment Committees. The total recommended by the four civil Sub-Committees was Rs. 4,99 lakhs, and we have against this achieved economies of Rs. 4,33 lakhs or nearly 87 per cent.—before allowing for terminal charges which, of course, the committees did not take into account.

35. I would mention two other striking results in this connection. The first is the actual reduction in Expenditure. I have already given the figures from the accounts showing a reduction of 11,84 lakhs for Civil and Military Expenditure (excluding Posts and Telegraphs) since 1930-31. The position may also be stated in another way. If Honourable Members will look at the analytical table which is included in the Financial Secretary's memorandum (which is prepared now on a slightly different basis from that which I circulated in September) they will find that what I may describe as the net controllable administrative expenditure, civil and military (which excludes the cost of collection of taxes and of the administration of salt and Posts and Telegraphs expenditure) has been brought down from just over Rs. 76 crores in 1930-31 to just over Rs. 64 crores for 1932-33, a reduction of about 16 per cent.

The second fact is of a more distressing nature, but it indicates the magnitude of the effort which we have made. In pursuance of the retrenchment campaign the following appointments in the Civil Departments (including Posts and Telegraphs) have been or will shortly come under reduction so far as information is at present available—

Gazetted officers	299
Ministerial establishment and other superior establishment	5,279
Inferior establishment	1,485
Total	<u>7,063</u>

36. *North-West Frontier Province.*—Before I leave the subject of Civil Expenditure I must make special reference to one substantial change in the estimates before the House this year. This arises from the change in the constitutional position of the North-West Frontier Province. The position is explained in detail in the Financial Secretary's Statement and for my present purpose I need merely summarise it by saying that a sum amounting to about Rs. 66½ lakhs drops out from the Government of India receipts, representing the revenue for the area of the new Governor's Province, while, on the other side expenditure amounting to about Rs. 1,63½ lakhs is taken over by the Province. The net difference between these two figures is a deficit of about Rs. 97½ lakhs, and as against this our proposal is that the Central Government should give a subvention of one crore to the new Province. It is a subvention on this basis which appears in the Demands for Grants placed before the Assembly. It has been fixed at a round figure and give the Province a small margin of about 2½ lakhs. The subvention is to be operative for three years, or until the new Constitution for India is inaugurated—whichever is the earlier. In either event the position will again be reviewed.

The account which I have just given represents the position for a full year. For next year the position as set out in the Demands for Grants is slightly complicated for the following reason. We had anticipated that the new province would come into existence from the 1st April next, and we had made our financial arrangements accordingly. It has, however, been found impossible to get the elections over and the new Council into being until later in the month. Consequently, under the Government of India Act, the expenditure and revenue of the Province for the first part of the month of April constitute Central transactions. Honourable Members will observe from the form of the Demand for the North-West Frontier Province that we have therefore been forced to provide (a) for a certain amount of direct expenditure in the early part of April next, and (b) for virtually handing back to the province the revenue which we may collect during that period.

The problem of fixing the subvention on a fair basis just at the present time of economic disturbance has been one of great difficulty. In fact, had financial considerations alone to be taken into account, one would hardly have chosen the present time for the fixing of a subvention. On the other hand, it had to be done; and it seemed also necessary to fix it for a reasonable period, as it would have been impossible to impart any degree of financial autonomy to the province if the amount of the subvention had to be determined afresh from year to year. The North-West Frontier Province Subjects Committee faced the problem and indicated the various elements in the calculation. That Committee suggested a basic subvention of 1,17 lakhs; but they left it to the Government of India to make allowance in the revenue figures for the present low level of prices. Also, reporting as they did in the month of June last year, and relying for their material on the facts of the past, they naturally failed to adjust the figures to the lower level of expenditure now prevailing in all parts of India as a result of the present retrenchment campaign. We were fortunate, while dealing with this latter factor, to have had before us for the North-West Frontier Province the main propositions and figures of Sir Abdur Rahim's Retrenchment Sub-Committee. We concluded that the fair and proper course was to set out a budget for the North-West Frontier Province exactly as we should have framed it had the administration of the province been

remaining with the Government of India. We, however, made allowance for the extra cost of the necessary administrative and legislative machinery, and for carrying out the recommendation of the Subjects Committee to transfer the management of Roads and Buildings to the local Public Works Department. Except in regard to these two matters, we had to recognise that any further increase of resources placed at the disposal of the North-West Frontier Province could be made only by withdrawing funds from other parts of India. The Government of India could hardly have contemplated a programme of expanding activities in that province while the rest of India is having seriously to restrict all its activities. In fixing the recurring subvention at the figure of a crore we have, I believe, dealt fairly with the new province, consistent with our responsibilities for other areas. With more direct contact with the administrative needs, the new provincial Government may, we hope, be in a position to make better use of the money than we have been able to from the Centre. So far as we are concerned, we shall be relieved of a responsibility which it has always been difficult for the Government of India to exercise—a difficulty which is felt in connection with the financial control of all the directly administered Central Areas by the Government of India, whose organization is really designed for purposes of a different nature.

Military Expenditure.

37. I must now turn to the Army Budget.

Revised Estimate, 1931-32.—The budget allotment for military expenditure in 1931-32, excluding the special grant for expansion of the Territorial Force, was Rs. 51.90 crores. 22 lakhs, representing the proceeds of the emergency cut on the pay of officers, has been surrendered, and the revised estimate now stands at 51.68 crores.

The military authorities have conducted their retrenchment campaign on an 18 months' plan, extending over the period from the 1st October, 1931 to the 31st March, 1933. Retrenchment on a large scale necessarily involves the payment of substantial terminal charges, and it was an essential part of the military programme to reduce expenditure in the last six months of the current financial year in order that credit might be taken in 1932-33 for the full effect of retrenchment. The military authorities were assisted here by a further fall in prices which will produce a saving of about 17 lakhs. With the help of this windfall His Excellency the Commander-in-Chief has been able, by insisting on general economy in expenditure and by introducing forthwith certain retrenchment measures which bring in immediate savings, to complete successfully the first stage of his programme. Apart from the formal surrender of the 22 lakhs on officers' pay, His Excellency has effected savings sufficient to meet the whole cost of employment of troops in the Burma rebellion and other disturbances (about 30 lakhs) without any additional grant, and to carry forward a sum of 21 lakhs which should suffice to cover terminal charges payable in 1932-33.

38. *Budget Estimate for 1932-33.*—In September last I informed the House that His Excellency the Commander-in-Chief had agreed, as the Army's contribution in the national emergency, to accept a cut of Rs. 5½ crores on his 1931-32 budget. I have now only to say that His Excellency has made good his undertaking in full, and that the estimate for the military budget in 1932-33, excluding again the special grant for the Territorial Force, stands at 46.65 crores.

Honourable Members will find among their budget documents an Army Department paper giving a detailed account of the methods by which this reduced figure has been reached. The total reduction, which is raised to 5½ crores to allow for certain unavoidable new items such as the establishment of the Indian Sandhurst, is made up of first, 1.40 crores from cuts in pay, secondly, 3.10 crores from retrenchment measures in recurring expenditure, and thirdly, 1 crore from postponement of progress with the special re-equipment programme. It is necessary to appreciate the exact significance of these savings. To take the first—the cut in pay, this, except for certain categories of British Army personnel (in regard to whom the reduction, following what has been done in England, is permanent), represents the general 10 per cent. cut which we have imposed on all Government servants, and, as we have undertaken that this cut will be restored as soon as conditions permit, most of this part of the reduction must be regarded as purely temporary. Turning to the second class, the retrenchment in recurrent expenditure, this to some extent is accounted for by special temporary savings, such as the eating down of stocks and postponement of essential buildings. As regards the third class, the postponement of the re-equipment programme, this cannot be regarded as permanently cancelled. It does, however, represent special non-recurring expenditure, and when conditions permit it will be necessary to consider special means for financing the completion of this programme.

The significance of these remarks may be indicated in the following way. As regards the cut in pay, when the general cut of 10 per cent. is removed this will automatically throw back on to the Army a recurrent liability of 1.23 lakhs—(1.40 less 17 which is a permanent cut). As regards the retrenchment in normal expenditure, about 65 lakhs of this represents savings which are not in the strict sense recurrent. About 20 lakhs represents drafts on stocks, etc., and 45 lakhs postponement of the provision for buildings which are regarded by the Army Department as essential. As regards the postponement of the re-equipment programme, the one crore saved on this for next year may have to be found later by some form of special non-recurring provision. The Army authorities have throughout made it clear that they have only agreed to postponement in order to help in meeting the present national emergency, and that the permanent cancellation of these measures could not—consistently with maintaining the efficiency of the Army—be effected. His Excellency the Commander-in-Chief has given an assurance that he will not relax his efforts to secure further reductions in recurrent expenditure both by pressing on with measures already accepted, and by developing any further lines that may present themselves, but he has made it clear that he does not see any hope of being able to find economies in normal expenditure, that is to say, economies from measures other than the reduction of fighting troops which raises quite different issues, which can go near to balancing the burden of 1.23 lakhs which would arise from restoring cuts in pay combined with the disappearance of the 65 lakhs of special savings on recurrent expenditure from next year. In support of this he points out that in spite of the intensive examination of all sources of economy both by his own officers and by the Retrenchment Committee, it was only possible to work up to the present reduction of 5½ crores by reducing troops at a saving of 35 lakhs. Further, although provision has been made in the estimates for 1932-33 for some rise in the prices of food grains, as compared with

those prevailing in 1931-32, the rates now taken are still far below the recent normal level, and, if prices should rise to, and be stabilised at, something like the 1929 level, this event, though welcome on general grounds would mean an automatic increase in the military estimates. On these considerations His Excellency wishes it to be made clear that he cannot regard the budget figure of 46.65 crores as representing a new *standard* level of standing charges, and that the normal cost of the Forces at their present strength when the cut in pay is restored must be recognised to be about 48 crores even if the prevailing low prices for grain, etc., continue. I have thought it right to let Honourable Members know the conclusions which His Excellency has drawn from the facts of the present situation, and I can only add that the Government will continue to press for all possible efforts to secure further recurrent economies, and that the campaign for retrenchment will not be regarded as finally closed with the achievements of this year.

39. *General Remarks on Retrenchment.*—I cannot turn from this review of expenditure without again paying a tribute to the work done by the various Retrenchment Sub-Committees. Honourable Members will possibly criticise us in the course of this debate for not having given sufficient effect to their recommendations. As a matter of fact I do not believe that, if they carefully study the papers which are now being put before them, they will be able to sustain this charge. But in any case, however much they may attack me, they will not be able to destroy the sense of gratitude which I feel to them for the assistance which they have given us in performing this very arduous and unpleasant task. For such of those Committees as have continued, even till this moment, their labours, the task must long ago have lost any glamour which it possessed. Nevertheless they have continued their pursuit with unflinching vigour. The task of retrenchment is not yet completed; much work still remains to be done in seeing that full effect is given to various measures now being inaugurated, while the search for new economies, and resistance to the pressure for new demands must be sustained for a long period to come. The main work as regards this must rest with the Government; and I trust that Honourable Members will believe me when I assure them that it will be continued without any failing of energy.

GENERAL REVIEW OF THE BUDGETARY POSITION.

40. Before I conclude my review of the Budgetary position I think it necessary to make certain general observations. The present occasion is an appropriate one to attempt something more than a mere bald enumeration of facts and figures and to take stock of the whole position. I say this for two reasons. In the first place we have in the last two years made some very important changes in our scheme of taxes, the effects of which ought to be carefully noted. In the second place the strain of the present economic crisis affords a good opportunity for testing the strength of the various parts of the structure on which our revenue depends.

41. There are two important points which such an examination reveals, first the effect of recent protective policy on revenue, and secondly, the direction in which reserve powers of taxation to meet an emergency can be exercised.

The Protective effect of our Import Duties.

42. I will take these points in order. It is in our import duties that the most significant changes have been made. Among the customs import

duties the two largest individual items were until two years ago those on cotton piecegoods and sugar. The recent increases in these duties—which formerly were regarded only as revenue measures—would in any case, and apart from any decisions which the Legislature has taken or may shortly take in regard to them, have given to them a highly protective character. It is obvious that as the protective effect increases, their value as revenue producers must diminish. The facts as regards cotton piecegoods are well known; but they are so striking that they deserve repetition. To-day we cannot reckon on more than about 900 million square yards of imports, as compared with an average of about 1,800 million yards for the post-war period up to 1929, and about 3,200 million yards before the war. It is on the present reduced quantity that we must rely for collecting duties. Taking the post-war years of normal prosperity and post-war prices, say 1922-23 to 1928-29, the average annual amount of import duties collected on cotton piecegoods was about Rs. 6½ crores. To-day, even with the higher duties, we cannot on the reduced quantities reckon on a revenue of more than Rs. 3½ crores.

43. If we turn to sugar, the protective effect has not yet fully developed and we must look for our comparison rather to the future. In the immediate present the yield of duties on sugar is, as I have already indicated, being affected mainly by the present abnormal drop in purchasing power, but looking to the future the following information may be of interest. According to figures which have been supplied to me by the office of the Imperial Council of Agricultural Research, it appears that Indian production of sugar may increase from 155,000 tons in 1930-31 to about 330,000 tons in 1933-34; that is to say, at the rate of about 60,000 tons per annum, and this rate of increase may be expected to continue in the future. With a duty of Rs. 9 per cwt. this means that if the increase in Indian production is balanced by an exactly corresponding decrease in imports of foreign sugar, there will be a progressive loss of revenue at the rate of Rs. 1,08 lakhs per annum. Needless to say it is to be hoped that we shall also see, as a counterbalancing factor to this loss, some increase in the total consumption—partly as a result of a normal growth in demand, and partly as representing a recovery from the present abnormal depression. But the fact remains that locally produced sugar must make the imports so much less than what they would otherwise have been. The figure of a progressive loss of Rs. 1,08 lakhs per annum is in fact what the policy of protection will cost the Indian customs revenue, against which may perhaps be set some increase in receipts from income-tax. I am not now expressing any view on the merits of protection as a policy; but it is necessary to realise the facts as regards its effects on revenue.

44. It is also important to realise that if the Central Government is to have properly balanced machinery of taxation at its command, it ought to have means, either through the income-tax or in other ways, of recovering to itself some increase in revenue to counterbalance the loss which may occur in the revenue from import duties as a result of a protective policy. That is a point which those who are framing a new Federal Constitution should bear in mind.

45. I have dealt only with the two most important individual items—cotton piecegoods and sugar—but similar results may be taking place as regards a number of other articles on the customs list as a result of the higher duties.

Result from various Taxes.

46. I will turn now to the other point which I mentioned as worthy of examination—the way in which the stresses and strains of the present crisis are showing up the strengths and weaknesses of the various parts of our structure of taxation.

This can be tested by seeing how the estimates of revenue from increased and from new taxes are working out.

In my review of the revenue estimates the fact which I have had chiefly to emphasise is the disappointing yield of customs duties. In spite of recent substantial increases, and of the addition at various recent dates of such new duties as those on silver, machinery, and raw cotton, our final estimates for the current year show a total deterioration under Customs of Rs. 2,90 lakhs, as compared with the average for the 3 years 1928-29 to 1930-31. Now this result is of course mainly due to the general fall in the value of exports and consequently in the purchasing power for imports, combined with the operation of subsidiary causes, such as the protective effect of certain duties to which I have already called attention. A more detailed examination, however, of the heads under which deterioration has occurred shows up some interesting facts.

Leaving aside cotton piecegoods which I have treated solely as an example of the effects of protection, the chief deterioration among other items in the current year, as compared with the three year average, occurs under the following heads:

Sugar, to which I have already referred at such length in spite of special large increases in the rate of duty, accounts for Rs. 1,49 lakhs.

Liquors, tobacco, motorcars and articles in the so-called luxury schedule with the basic rate of 30 per cent., which may be classed together as typical cases of articles required by the well-to-do classes, show a deterioration of Rs. 1,58 lakhs, or 22 per cent.

To these two examples may be added silver (for which I cannot make the same comparison as in the cases which I have just dealt with, because an import duty was only first imposed in 1930) which for the current year shows, as compared with 1930-31, a falling off of Rs. 1,23 lakhs despite the enhancement of the duty.

These three heads account for a deterioration of no less than Rs. 4,30 lakhs from what might have been regarded as the expectation of revenue in a normal year at much lower rates of tax. They cover articles other than prime necessities, for although sugar in some form is perhaps a general necessity, this description does not strictly apply to the kind of sugar which is imported.

On the other hand, if we turn to the main articles of consumption by the Indian masses we find a different picture, and the increases made in the rates of taxation are likely to provide substantial increases in revenue.

In the case of kerosene, for example, we expect to get in the current year, from excise and import duties combined, Rs. 3,57 lakhs, as compared with an average for 1928-29 to 1930-31 of Rs. 2,71 lakhs. Here, therefore, is a reserve to which we have been able effectively to turn.

Then again, as regards salt, the enhancement of 25 per cent. in the duty seems to have had no appreciable effect on the consumption, and we are able to anticipate increased revenue in a full year (apart from the

immediate and temporary gain from the abolition of the salt credit system) of Rs. 1,60 lakhs over and above the normal revenue at the old rate.

I might here also mention two other articles of consumption by the Indian masses the results in regard to which are equally interesting. I refer to betel nuts and spices.

As regards betel nuts, the recent substantial increases in duty do not appear greatly to have affected consumption, for we are relying on a revenue of about Rs. 60 lakhs for the current year and Rs. 63 lakhs next year from this duty, as against a normal revenue before the increase of Rs. 33 lakhs.

A similar result appears in the case of spices. From those items (cloves, nutmegs and pepper) for which separate trade statistics are on record—and they constitute 80 per cent. of the whole—we are able to anticipate a revenue of about Rs. 20 lakhs in the current year and of Rs. 22 lakhs next year, against a normal revenue before the increases in duty of under Rs. 9 lakhs.

47. The figures which I have given are of course, in a sense, only an illustration of well-known principles affecting the yield of taxes on articles of elastic and inelastic demand. But it is interesting to examine how these principles work out in practice. Such an examination of these examples indicates that a Finance Member—who has unfortunately to be hard-hearted and exclude all sentiment from his plans and calculations—must be brought to the conclusion that if in times of emergency he needs to raise extra revenue, then his most sure and reliable course is to impose slight increases in the taxes which fall on the masses of the population. A few annas per head from 300 millions is the most effective course, whereas attempts to extract heavy taxation from a limited class seem almost to have reached their limit. This is a conclusion which is not likely to be popular, but all who share in the responsibility for maintaining the financial position of India must face hard facts.

48. While these facts must be faced, I do not wish to suggest that where increased revenue is sought there should not be a fair and proportionate increase in direct taxation. No critic of the Government could, in the face of the recent heavy increases in income-tax, complain that this proportion has not been preserved. The increase in rates are well known, and beyond this it is merely necessary to state the simple fact that in times of great depression we are counting on getting about 18½ crores from income-tax as compared with an average of slightly over 16 crores for the five years of comparative prosperity from 1923 to 1929.

Reasons for increased need of Tax Revenue.

49. After making these observations on considerations affecting the raising of tax revenue I want to ask Honourable Members to give their attention to the circumstances which have made it necessary to put a special strain on such tax revenue at the present time. For this purpose I must direct special notice to the table analysing the various heads of receipts and expenditure which is brought up to date and included on page 2 of the Financial Secretary's memorandum. This shows that whereas in the comparatively prosperous five years from 1923-24 to 1927-28 the extent to which the Government had to rely on Tax revenue (less cost of collection) amounted only to an average figure of about Rs. 67½ crores, we are endeavouring for 1932-33 in a period of unexampled depression to raise from Tax revenue about Rs. 77 crores.

50. What is the reason for this increase in the pressure on Tax Revenue? It is, as the figures, which I have already given, show, certainly not increased expenditure, for that is being enormously reduced. The real reason is the deterioration under other heads of Government receipts. These, according to my analytical table, averaged Rs. 28 crores for the five years from 1923 to 1928, whereas for this year and next year we can only count on about Rs. 9 crores—a drop of no less than Rs. 19 crores. The main factors in this decrease—apart from the relinquishment of the Provincial contributions—have been deteriorations under the following three heads—

- (1) Net revenue from commercial departments,
- (2) Finance heads, and
- (3) Opium receipts.

The total receipts from these three heads for the five years 1923 to 1928 averaged Rs. 15.71 crores, while our estimate for 1932-33 only allows for Rs. 4.83 crores, a reduction of nearly Rs. 11 crores. Thus commercial departments which in the former period assisted revenue to an extent on an average of 6.77 crores will for next year show a net deficit of 19 lakhs. Finance head receipts (Currency and Mint and Interest receipts) which in the former period produced 6.63 crores are reduced for next year to 4.41 crores, and Opium receipts which produced a net profit of 2.31 crores come down next year to 61 lakhs net. Here are the real causes of deterioration, and on top of this must be added the following main facts; first, that Provincial contributions which were 9.2 crores in 1923 have disappeared, and secondly, that the provision for Reduction or Avoidance of Debt which for the five years 1923 to 1928 averaged about 4.5 crores has now gone up to about 7 crores.

There is one other special point to which I would call attention and that is that we are now meeting our liabilities in regard to Cash Certificates in a much fuller way than was previously the case. In the five years 1923 to 1928 the amount annually charged to the Budget in respect of bonus on Cash Certificates amounted on an average only to an interest charge of about 2 per cent. We are now meeting the full accrued liability and the provision has increased from 23 lakhs in 1927-28 to 2,20 lakhs in next year's budget although the mean capital outstanding has only increased from about 29 crores to about 47 crores.

51. These figures indicate the main sources of the difficulties with which the Government has now to compete, quite apart from the inevitable falling off in tax receipts owing to the economic depression which would in any case have made it necessary to raise the rates. The first effort to deal with such a position should undoubtedly be to reduce expenditure. I have already given a detailed account of what we have done in this direction. But I would remind the House again of the main results. The controllable administrative expenditure under which I include Military expenditure and all Civil expenditure, other than Debt Services, Extraordinary expenditure and the cost of tax collection, averaged for the five years 1923—1928 about 75½ crores and by 1930-31 it had increased to just over 76 crores. The provision for 1932-33 has been reduced to just over 64 crores, a reduction all round of about 16 per cent. The need for increasing tax revenue has been brought upon us not by swollen expenditure but by the tremendous drop in the returns from the economic activities of the Government and in the economic productivity of the

country on which the revenue from taxation depends. I would ask all Honourable Members to study carefully the figures which I have prepared, for they indicate the realities of the situation.

WAYS AND MEANS.

52. *Summary.*—I will now turn to a review of the Ways and Means position for the current year and the next, a summary of which in the usual form will be included in the printed copies of my speech.

Lia

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
Railway Capital Outlay (Construction) .	11.45	8.35	4.15
Other Capital Outlay	1.93	1.82	1.50
Provincial Drawings	9.50	15.41	10.62
Discharge of permanent debt (net) .	29.54	33.09	26.56
Loans and Advances by Central Govern- ment	1.21	.98	.26
Other transactions	—79	3.50	.06
	<u>52.84</u>	<u>63.15</u>	<u>43.15</u>

Resources.

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
Revenue Surplus . . . . .	.01	—13.66	2.15
Rupee Loan (net)	15.00	16.95	14.50
Sterling Loan (net)	24.76	17.35	8.00
Treasury Bills with public			—7.51
India Bills	—5.40	—5.40	..
Post Office Cash Certificates and Savings Bank	4.06	7.19	7.00
Other Unfunded Debt	5.63	2.69	4.71
Appropriation for Reduction or Avoid- ance of Debt	6.78	6.89	6.82
Depreciation and Reserve Funds . . . . .	.99	—3.73	.52
Expansion of Currency against Treasury Bills (net) . . . . .	..	35.09	..
Reduction of Cash Balance	1.01	—22	6.96
	<u>52.84</u>	<u>63.15</u>	<u>43.15</u>

53. The outstanding features to be noted in the revised figures for 1931-32 are the heavy drawings on their Reserves by the Railways; the reduction in Railway Capital expenditure combined with the large increase in Provincial Government's drawings as compared with the original estimates; the fact that permanent debt was discharged to almost exactly the same extent as it was increased by new rupee and sterling loan; and lastly—and most important—the addition of approximately Rs. 35 crores to our resources as a result of the expansion of currency against Treasury Bills.

54. *Expansion of the currency.*—I will deal first with this last mentioned feature. In my Budget speech for 1930-31 I explained fully the

effect of our currency operations on our Ways and Means position. During the years 1930-31 and 1931-32 Government, in their capacity as currency authority, had to effect large contractions of the currency in order to avoid the development of an inflationary position having regard to the tremendous fall in world prices of all commodities. This process continued until September 1931 when the suspension of the gold standard in Great Britain, and the linking of the rupee to sterling instead of gold, produced a complete change in the situation. For various reasons a large demand for currency then arose in India. This demand enabled us to replace in the Paper Currency Reserve a large part of the Treasury Bills which had been cancelled during the previous two years, and in this way to recover resources which had been temporarily lost by the previous contraction. As it had been necessary during 1929-30 and 1930-31 in order to meet contraction against rupee securities and silver, for the Government in effect to provide funds amounting to Rs. 43,60 lakhs, the net result on our Ways and Means position during the last three years of contraction and expansion has been to decrease our resources by about Rs. 8½ crores.

55. *Loans.*—The expansion of Rs. 35 crores to which I have referred, enabled us to meet large unforeseen demands and at the same time decrease our ordinary borrowings. In the budget for 1931-32 I assumed that sterling borrowing would be limited to the conversion of the £15 million outstanding from the 5½ per cent. 1932 loan maturing in January 1932. What actually happened was that a loan of £10 million sterling was raised in London in May 1931, but the 5½ per cent. 1932 loan was repaid from the Home Treasury balances, the net result being that the sterling borrowings during the current year will be £5 millions less than was estimated a year ago. The gross proceeds of the rupee loan amounted to 16,95 lakhs as against Rs. 15 crores estimated at the beginning of the year. The loan took the form of 6½ per cent. Treasury Bonds, 1935 issued at par. The notable feature of this loan was that it was kept open "on tap" for a long period—from the 15th September to the 12th December—and that special facilities were given for subscriptions at all Post Offices doing savings bank business in addition to treasuries and branches of the Imperial Bank. In this way a special appeal was made to small investors in the mofussil who could come into a Post Office at any time and take up a few bonds against a payment which included a proportion of the interest accrued, the proper addition being made to the purchase price from week to week. The response in all the circumstances was extremely satisfactory. While the banks and the money market took comparatively small interest, owing to the exceptionally unfavourable international and internal situation, small investors all over the country took full advantage of the additional facilities given. Of the total subscriptions of 16,95 lakhs, 2,04 lakhs represented conversions of maturing 1931 bonds and the total amount subscribed through the Post Office, including conversions amounted to 6,52 lakhs. The lessons learned from the success of this loan in times of unprecedented difficulty should be of value for the future.

56. Owing to the fall, during the current year, in the price of Government securities large purchases of the 5 per cent. 1929-47 loan and the 5 per cent. 1945-55 loan were effected from the balance in the depreciation funds of these loans. These purchases were mainly responsible for the increase of about 3½ crores in the amount provided in the current year for the discharge of permanent debt.

57. *Railways.*—The Railway Capital outlay in the current year is now estimated to be Rs. 8,35 lakhs as against 11,45 lakhs provided in the budget. To this extent therefore (Rs. 3,10 lakhs) our Ways and Means position, as affected by the Railways, has improved in comparison with the estimates. On the other hand the large deterioration in the working results of the Railways has much more than offset this saving. It was anticipated that there would be a surplus of Rs. 1,22 lakhs available for the Railway contribution, and that by drawing Rs. 4,14 lakhs from the Railway Reserve fund this would be made up to the full figure of Rs. 5,36 lakhs. Instead the Railways showed a deficit, after meeting all interest charges, of Rs. 9,47 lakhs. They can therefore not pay any Railway contribution and have to draw Rs. 4,95 lakhs from their Reserve fund and Rs. 4,52 lakhs from their Depreciation fund balance in order to cover this deficit.

The net result is that, so far as concerns the effect of the Railway operations on our Ways and Means position, this is Rs. 7,59 lakhs worse than anticipated in the Budget.

In order, however, to correct undue pessimism I must point out that the total amount set aside by the Railways for depreciation in the current year is Rs. 13.43 crores, and that the amount to be drawn from the depreciation fund is Rs. 8,25 lakhs for actual expenditure on renewals and Rs. 4,52 lakhs to meet the deficit, or a total of Rs. 12,77 lakhs. Even, therefore, after providing for this latter deduction, a surplus of Rs. 66 lakhs remains to be added to the balance in the Fund.

58. *Provincial drawings.*—The provincial drawings have been exceptionally heavy. The Government of India in pursuance of its policy of cutting down capital expenditure to a minimum refused to sanction loans from the Provincial Loans Fund for any new scheme but loans were granted for the purpose of completing schemes already in hand. In addition, most of the provincial Governments are faced with heavy deficits, and in some provinces loans to agriculturists on a large scale have had to be granted to assist them in tiding over difficulties due to the fall in prices or failure of crops. The net result is that provincial drawings are expected to be about 6 crores more than was estimated at the beginning of the year.

59. *Public savings.*—The receipts from Post Office Cash Certificates and Savings Bank are expected to exceed the budget estimate by 3,13 lakhs while the amount of Treasury Bills in the hands of the public at the end of the year is expected to be the same as at the beginning of the year.

60. *Revenue Deficit.*—The estimated deficit of 13,66 lakhs will remain uncovered and will be an addition to the public debt.

61. *Next year.*—The Ways and Means programme for next year is necessarily tentative and subject to modification in the light of the actual circumstances which may arise.

62. *Capital Expenditure demands—(a) Railways.*—As the House knows, the Railway Capital expenditure has again been drastically reduced, the provision for 1932-33 being 4,15 lakhs only as compared with the revised estimate of 8,35 lakhs for the current year. To appreciate the magnitude of this reduction, which represents the culmination of a policy which we were forced to initiate in 1929 the current figure of 4,15 lakhs must be

compared with the past figure of no less than 29,35 lakhs in 1928-29, and 30,16 lakhs in 1929-30.

(b) *Provincial Governments.*—The borrowing programme of the Provinces has also been reduced to a minimum, but in present circumstances they have certain unavoidable financial requirements. Provision for their demands has, however, been reduced from 15,41 lakhs anticipated this year to 10,62 lakhs.

63. *Borrowing Programme, 1932-33.*—With this reduced provision for Railway Capital expenditure and for the Provinces, I estimate that it will be possible to reduce the amount of Treasury Bills held by the public by about 7½ crores from our current resources, and that we shall not have to raise any loans during the year, except for the purpose of meeting or converting maturing loan obligations. As regards the latter, the 6 per cent. sterling bonds 1932-33, which Government have the option to repay on the 15th June 1932, will in any case be repaid. In the estimates which I am now presenting I have treated funds for this purpose as being provided by corresponding new borrowing in London. But it is quite possible that this will not be necessary. If exchange continues as at present it appears likely that we shall be able to repay these bonds without borrowing in London, the necessary funds for the purchase of the sterling required being provided by borrowing in India. As regards rupee loans, I am reckoning that we shall issue a loan of 14½ crores, i.e., the amount required to provide for the repayment of the 6 per cent. bonds 1932 falling due on the 1st October 1932. I would add that if the recent improving tendency in the Government securities market continues, it should be possible to raise a larger loan in India on favourable terms and in that case we shall probably take advantage of this opportunity to fund a part of the floating debt and thus reduce this to a greater extent than the 7½ crores which I have, as already explained, allowed for meeting out of current resources.

64. *Home charges.*—A year ago it was estimated that the net requirements of the Home Treasury would be £33½ millions. During the first six months of the year the weakness of exchange which had been a feature of previous years increased owing to the export of capital and international complications. Government not only were unable to purchase sterling, but, in order to implement their obligations under the Currency Act, had to sell sterling to the extent of about £14 millions. This amount was obtained by drawing on the securities in the reserves, while in addition to this amount £9 millions were found from the same source to meet the ordinary requirements of the Home Treasury. After the suspension of gold standard by Great Britain the rupee-sterling exchange soon gathered strength mainly due to the export of gold. Before the end of October the tide had definitely turned, and Government were able to effect remittances to London through the market. The total purchases of sterling on treasury account during the year have been taken for the purpose of my estimates at about £35½ millions. It is assumed that if sterling purchases exceed this amount, the surplus will be added to the currency reserves. Taking into account the £9 millions which, as I have already explained, were drawn for Home requirements from the reserves, the total amount provided for the requirements of the Home Treasury for the year will on my estimates amount to about £44½ millions, or about £11 millions more than was estimated at the beginning of the year. This surplus has been used partly to provide for the net reduction of

about £5 millions which, as I have already explained, has been effected in the sterling debt, i.e., a repayment of about £15 millions 5½ per cent. sterling loan, less a new 6 per cent. sterling loan, for £10 millions issued in May 1931. The remainder will be retained in the Home Treasury balance, making the closing balance for the year £10·8 millions. This large closing balance will be a reserve for meeting our sterling requirements next year. With this reserve in hand, unless the whole or part of the 6 per cent. 1932-33 bonds is repaid from balances, remittance of £24½ millions will suffice to meet our needs in 1932-33. If further sterling remittances over and above these two requirements are obtained it will be appropriate that they should go to the strengthening of our currency reserves.

General Remarks on Expansion of Currency.

65. I must now make a few general remarks on the currency position with particular reference to the criticisms of the recent expansion which has been appearing in certain sections of the Indian press. If I treat criticism as worthy of any serious reply I do so mainly because from certain questions which have been asked recently in this House it appears that Honourable Members are anxious to have their minds cleared on the matter. Put very briefly what is said amounts to this—that the recent expansion of the currency is not justified by any rise in rupee prices; and that the Government is in effect using the note printing press to meet its own requirements, thereby causing a dangerous inflationary position.

66. Now so long as the Government is the currency authority it is simple and obvious for our critics to say that our currency policy is dictated by revenue considerations. But our answer is equally simple and obvious. So long as our exchange is pegged to something external—either gold, or, as at present, an external currency like sterling—we could not follow such a course even if we so desired. We cannot in fact expand or contract currency beyond the actual requirements of the public which uses that currency without the results becoming apparent in our exchange position. If a Government is out-running the constable, and if it has to expand currency to meet its own needs because its revenue is inadequate and because its credit is so bad that it cannot borrow enough to make ends meet, then its exchange will weaken and collapse. The great improvement which has recently taken place both in our credit and exchange is the most effective answer which I can give to Government's critics. The money market is a shrewd judge. And the money markets of India and the world clearly do not share the views of our critics.

67. The criticism has in one respect a certain interest, because its very nature points to one feature in the Indian situation which we all admit to be undesirable—namely, that the Government is also the currency authority. We have a dual role, and so long as we have this dual role not only will it be easy for our critics to say that our currency policy is dictated by revenue considerations, but we ourselves are put into the unfortunate position that fluctuations in our receipts as currency authority react upon and upset our budgetary position. But let me assure this House that we keep these two roles rigidly distinct, and that we never allow our revenue needs to deflect us from a sound currency policy. Surely our own record—particularly recently—proves this. In those difficult eighteen months which preceded last September, when our revenue

was falling short of our actual outgoings, we did not hesitate to perform our duty as currency authority by drawing off the market that surplus money which had to be withdrawn in order to maintain stability of exchange. We had to raise our floating debt not merely to meet our revenue requirements, but to a far greater extent in order to contract surplus currency. That process reacted most severely on our budgetary position, and made the deterioration in our general financial position appear far greater than was really the case. I had occasion to deal fully with this aspect of the matter last year. To-day the wheel has turned, and the improvement in our position as currency authority is favourably influencing both our general financial position and our budgetary equilibrium. But we are really doing no more than recovering a part of the ground that we lost last year, and we have not created a single pie of currency beyond what the public requires. Let me again remind the House of the figures which I have already given. Our expansion in the current year has provided us with net additional funds of Rs. 35 crores, but our contraction in the two preceding years was Rs. 43½ crores, so that in the three years the Government in performing its duty as currency authority has had to lose resources of Rs. 8½ crores. From the recent improvement the whole country is deriving great benefit and we have done our best, to the extent that we were justified by the exchange position in doing so, to ease the position for commerce and industry by supplying them with the currency that they required and by regulating our Treasury Bill policy in a way which has enabled the bank to reduce its rate from 8 per cent. to 6 per cent. Why should our critics cavil at that?

68. To those who say that the recent rise in prices has not been sufficient to justify the extent of our expansion I can only answer that the public whose needs we as currency authority have to supply has absorbed the money. There is no evidence either in the Bank's figures or otherwise of an undue surplus. It is not possible to say exactly where the money has gone. Some is undoubtedly required to meet the greater needs of trade with higher rupee prices for commodities. It is clear also that in certain cases currency must now be held where gold was held before. That shows a gratifying confidence in the country's currency. Apart from this I would make two observations. In the first place stocks of currency held in the banks and throughout the country must have been reduced to abnormally low figures by the contraction which we effected up till September, and as a result of the high rates for Treasury Bills which we had to maintain. There was clearly much lee-way to be made up. In the second place, in a country with a fully developed money market organisation, contraction and expansion of *credit* plays a much more important part than contraction and expansion of currency. India is not entirely on a par with a modern Western country in this respect. Except in a few large towns there is no fully developed money market or credit machinery. In the vast areas of the countryside the organisation is still on ancient lines, and the possibilities of variation in the absorption of currency are comparatively large. In the last few months in India there is no evidence of any large expansion of credit, and the whole demand for extra accommodation has fallen on currency. This must be remembered in assessing the situation in India. In any case, whatever our critics say, we can assert with the greatest assurance that the present position is sound. On the other hand it is quite obvious that the recent improvement in the exchange position and in the demand for

currency has been very largely due to the sale and export of gold. If that were to cease, and if there were to be any economic set-back in the world with a renewed fall in gold and rupee prices, then we may again have to reverse the present process in order to maintain a sound position. Will our critics in that case shift their ground yet once more and criticise us again from the other side? For the present at least let us hope that such a necessity will not arise, and until it does let us be thankful for small mercies in the welcome improvement which has recently come about.

69. *Export of Gold.*—The reference to the export of gold which I have just made brings me to that as another matter on which I must say something because the public mind is so much concerned about it. I would at the outset draw a distinction between the export of gold from private holdings and any loss of gold from our monetary reserves. The distinction is not always kept clear in the public mind. There has of course been no loss of gold from our monetary reserves. On the contrary our holding has largely increased in the current year. Therefore, so far as the backing to our currency is concerned, there has been no weakening of the position.

70. Apart from this, His Excellency the Governor General dealt a few months ago in this House with the broad aspects of this question. He pointed out that in relation to the vast stores of gold held privately in India the quantities now being exported were of minor importance. At present values India has imported over 700 crores worth of gold in the last 30 years alone. Her total holdings must vastly exceed this quantity. In relation to these accumulated stores, exports of about Rs. 50 crores worth, though large in themselves, sink almost into insignificance. What is happening now has not yet, in fact, appreciably affected India's position as a holder of gold.

71. In the meanwhile the export is giving India a favourable trade balance and enabling her people, who are in this way realising a small portion of their reserves, to tide over the present terribly difficult times. India is thereby being saved much of the hardship under which other countries are suffering. Reserves are being drawn upon in hard times, and, as His Excellency asked, of what use is a reserve if it can never be drawn upon.

72. Those, however, who deplore the present export of gold apparently hold the view that gold is so extraordinarily valuable as a possession that no country which has once acquired it should part with a single ounce of it—particularly not in the present times of economic crisis. And many of them go on to assert that the present Government of India alone of all Governments is allowing this export to take place.

73. Now, in the first place, to the general argument I think the answer is simple. What is the special and unique quality of gold which justifies the holding of it? Surely its quality as a reserve which in the last resort is, according to the present world system, the only ultimate sure method for settling obligations as between one country and another. But if this is accepted, then the necessary implication is that the gold must on occasions be used for this purpose. If it is *never* to be used it might just as well be at the bottom of the sea. If no country ought ever to part with its gold, then the logical extension of this argument would be that even a country like South Africa should retain every ounce

of gold which is produced from her mines. But the advocates of the contrary view may say that this is an unfair distortion of their argument, and that they only argue that just at the present time, and in India's special circumstances, it is necessary to preserve the gold. Now is it true that there are any special circumstances which make it necessary to hold on to gold now? On broad grounds I should give a directly contrary answer. What is the essential feature of the world position to-day? Surely that gold in terms of commodities is grossly overvalued. Its overvaluation means that all those to whom fixed payments in money based on gold are due have to receive far too large a share of the world's production. The present low level of commodity prices, or, to express it the other way round, the present overvaluation of gold, is just exactly the calamity from which the world is suffering, and unless it is set right then one of two results must happen; either the economic system will collapse, or currencies will have to detach themselves from gold. England, and with her more than half the world, has already accepted the latter result. America, still on gold, is in terrible difficulties, and is straining every effort—as recent announcements show—to find a policy which will bring about a rise in the gold prices of commodities, or, in other words, a fall in the value of gold. If she succeeds her present currency system may survive. If she does not, she, too, may be forced off the gold standard. This is no exaggeration of the position. It is impossible to escape the conclusion that the world is faced now with two alternatives, *either* to find some means (by better international arrangements and the better use of the available monetary stocks of gold) for reducing the real value of gold as expressed in commodities, *or* to abandon gold altogether as the basis of currency. If those are the two alternatives then surely one is forced inevitably to the conclusion, that in either case—whichever of the two alternatives actually happens, it would, taking a long view, pay to part with gold now. Why therefore should the people of India be deprived of the right to exercise their own judgment in this matter and sell their gold? My critics would answer "Let them do so, but let the Government buy it and use this opportunity to build up reserves for starting a Reserve Bank". But to this there are clear answers. First, "For the Government as currency authority to buy gold now that the currency is divorced from gold would be a pure speculation". Secondly, "The Government could not afford to buy and hold all the gold which is being offered now, for it has its own external obligations to meet". Thirdly, "If currency reserves are required, and if we could afford now to accumulate them, we have already our proper proportion of gold. It is rather external securities that we need to complete an ample margin of reserves". Fourthly, "We are indirectly acquiring sterling securities against the gold exports so far as the proceeds are not required to meet the balance of payments due on private account. So far as our financial position permits of it we shall use these securities to increase our currency reserves".

74. I come now to the last point in the critics' arguments,—that we are doing something which no other Government in the world is doing in permitting the export of gold. On this point there is extraordinary ignorance or misconception. As a general proposition, it is true to say that where the Government of any other country to-day has prohibited the export of gold, it has taken this action in practically all cases as a measure of exchange control. In England there is no sort of restriction on the export of gold, and as recent Press telegrams have shown, the ordinary public in England is doing exactly what the Indian public is doing and

seizing this opportunity to realise any gold which they hold at great profit. South Africa, France, Belgium, Holland, and of course the United States have absolutely no restrictions. Nor has even Australia at present, although its Government has power to impose restrictions by proclamation. I can mention two important countries which have restrictions—Canada, where gold exports are only allowed by the Government or by Chartered Banks subject to Government licence, and Japan, where since a decree of December 17, 1931, exports are only allowed under Government licence. In both these cases restrictions are features of exchange control—and fortunately we have no need to impose any control over exchange operations in India to-day. I say, fortunately, because nothing is more damaging to commerce than that.

75. We have given this matter our most constant and careful consideration ever since last October, when the process began, and we are absolutely certain that in present circumstances the best interests of India are being served by allowing free movement of gold to continue—that in fact this movement is proving that India's gold resources are an immense reserve of strength, the moderate employment of which is saving her people at present from much suffering, and preserving the balance of payments and the credit of the country as a whole in times when other countries, particularly countries whose economic conditions resemble those of India, are sorely strained.

There is much popular misapprehension of the significance of what is happening, which may perhaps be corrected by putting it in the following way.

The phenomena of the last few months should not be viewed by themselves, but as one phase in a process of many years. India requires a certain flow of exports to balance her imports of merchandise and external payments. In the past years the volume of this flow has been more than is required, and has been stored up, as in a reservoir, by being put into gold. Now that the volume has shrunk owing to the immense fall in the prices of India's exports (a fall which has been far greater proportionately than for India's imports) the flow is being supplemented by drawing to a moderate extent on the reservoir of gold. Thus the "reservoir" is performing exactly its proper function of equalising the flow, while the quantities being drawn off are negligible in comparison with the quantities stored.

Our critics often speak as though the interests of Government were somehow different to the interests of the country in this matter. There could be no more absurd idea. The difficulties of Government, either as the authority for revenue and expenditure, or as currency authority, react on the public and *vice versa*. What are the signs at present? We are free from hampering measures of exchange control; exchange is strong; our credit improved; we have reduced our external obligations and strengthened our reserves, thereby saving the taxpayer interest charges, and improving the chances for raising fresh capital when this is needed for the development of the country; the bank rate has come down from 8 to 6 per cent., and, as a result, all who are engaged in trade and industry have obtained great relief; while, as another result, Government securities are rising, a fact which in its turn is improving the position of all banks and investors. If anyone fails to see benefit to the public in all these signs he must be blind indeed.

GENERAL CONCLUSION.

76. It has been necessary to cover a wide field in this speech, and I fear that I have detained the House at great length, even though I have only been able to deal most summarily with the points on which I have touched.

On a broad review I think we may feel satisfied with the position. We can face next year with a prospect of a fairly substantial surplus, while even though the current year is closing with a nominal deficit, if we take into account the provision which we are making from revenue for reducing our debt, we can actually reckon on a surplus of receipts over expenditure for the two years combined.

77. If one looks round the country and at the outward signs of its economic and financial position, while I fully recognise that the difficulties are still immense and that large sections of the people are in dire straits, owing to the present low level of prices and trade depression, nevertheless there is not a total absence of encouraging signs.

78. Even if the sales of gold may to some extent represent a forced realisation of savings, yet as against this there are indications that the masses in India still have a considerable amount of money available for investment. The amount invested in Post Office Cash Certificates during the current year is expected to aggregate about Rs. 6 crores as against an average of Rs. 4.5 crores for the preceding eight years, while the increase in the Post Office Savings Bank deposits will be about Rs. 1,20 lakhs as against a decrease of Rs. 10 lakhs last year. Further, the subscriptions by small investors to the 6½ per cent. Treasury Bonds were very large as is indicated by the fact that about Rs. 6½ crores out of a total of Rs. 16,95 lakhs were subscribed through the Post Office.

79. Then, again, certain industries at least are in a healthy condition. I alluded in the course of the last financial debates to the state of the cotton-mill industry, which I still claim to be the only large staple industry in any country in the world which is not only fully employed, but expanding, to-day; and which increased its production for 1931 by about 400 million yards as compared with 1930. The sugar industry (to which I have already referred) is also expanding rapidly, and according to our information thirteen important factories are in course of erection while seven more are being planned.

80. Lastly, one may point to the easing of money rates, the repayment without borrowing or drawing on our reserves of £15 million sterling in January, and to the recent very striking improvement in the price of our Government securities both in India and in London. Our 3½ per cent. sterling stock, which in September last went as low as 43, had risen on March 2nd to about 66, and other securities have also improved substantially. In fact, London has really taken a lead in this matter and it is a curious fact that it is certain sections of the Indian public that are apparently doing their best to spread pessimism and check the return of confidence. This rise in Government securities does not of course in itself indicate a revival of trade. But such a movement is a natural prelude to general recovery, which must have brought about an enormous improvement in the position of all the banks and made them stronger to give support to a revival of trade when the conditions justify such action. Apart from Government securities there has been a general rise in the

prices of the leading investment stocks. Taking quotations at the end of February, the following typical examples may be given:

Imperial Bank shares had improved from a bottom figure of 825 to over 1,000.

Bombay Dyeing from about 613 to 681.

Tata Iron and Steel ordinary from 16/6 to about 25.

Indian Cement from 120 to 188.

81. But while I can gladly note these signs for encouragement, and while our budgetary position is sound, such margin as we have provided is certainly no more than is required for safety in these uncertain times. Even now all the conditions in the world are so disturbed, that no Finance Minister can possibly present his estimates as infallible. We have hardly yet emerged from what Mr. McKenna in a recent speech has described as a state of "cataclysmic instability". The old landmarks are gone and we are living in conditions for which in many respects there is no parallel. What is required above all is a general rise in prices, and an economic revival throughout the world which will lead to an increased demand for our products. Our own action alone cannot provide this. International action is required. On this subject one can at least say that the present signs are more hopeful, and that there now seems to be a fair prospect that the great problems of war debts and reparations which have been weighing so heavily on the world may be settled this summer in such a way as to make some recovery possible.

I have dwelt on world conditions and said little about internal political conditions. Here the mere fact that constitutional changes are impending makes it all the more necessary that we should preserve the country's financial foundations in a sound condition and convince the world that any future Indian Government will so maintain them. The latter is a task on which Indian leaders should concentrate. But just at this time we see, on the contrary, efforts in certain quarters to propagate mistrust, and to impede the normal course of trade. I have taken no account of any effects from those efforts in my calculations. Local effects there may be, and Bombay, for example, with her strange passion for self-inflicted wounds, may, unless the commercial interests so threatened bestir themselves, find herself wounded beyond recovery and in danger of losing her place as a commercial market, just as she has been losing her industrial place to other centres. But, so far as India as a whole is concerned, we confidently believe that such efforts will fail to have any appreciable effect on her economic life, and that ultimately the good sense of the country will prevail.

82. In the circumstances which I have described we have taken such financial measures as we think that we can fairly ask the country to support at the moment, but the situation still needs careful watching. And this brings me to the last subject which I wish to mention. In times like the present, when every country is struggling for its financial and economic existence, the best chance for any nation is that all its available forces for national effort should be marshalled together. That is what has happened in England, and as a result England has once again resumed her front place, and may help to give a lead to the countries of the world in finding a way out of this disastrous economic crisis. Is it vain even now to ask for such co-operation in India when we are trying to establish sound conditions for the new constitution? I have just said that the whole financial

situation still wants careful watching. Let me mention the following practical points. First, the general question of a permanent reduction in the scale of Government expenditure is by no means yet finally disposed of. Secondly, if the economic condition of the world should worsen during the coming year it may react upon us, and we may require further measures to protect our position. Thirdly, we shall need to consider most carefully before the next Budget the working of the new taxes which we imposed as emergency measures, and the shaping of our financial policy in a more permanent form to meet the needs of the future when greater stability has returned and when conditions can be foreseen with greater certainty. Lastly, I must make a short reference to one feature on which I have not dwelt fully in my general review—namely, the finances of the Provincial Governments. Many of them are labouring under financial difficulties which in some respects are greater than our own, and, as I have already indicated, have had recourse to loans from the Central Government in order to cover budgetary deficits. This is a problem which affects India as a whole, and in it we all have a common interest. I will say no more now than that the position will require very careful consideration during the coming year. If in the handling of these problems representatives of the unofficial communities in India were ready to give their advice and support to Government, I feel confident that the national interests would benefit from such co-operation. Honourable Members may perhaps take up these points in debate.

83. In the picture which I have drawn I have tried to give a fair account both of the conditions which encourage hope and of the factors which call for caution. For the coming year we must pray for good crops, and recognise that beyond this much depends on events outside India. In the meanwhile let us not belittle such elements of good fortune as have come to us. We have in the past year ridden a storm which might well have wrecked us, but we have emerged from it stronger than before. We have overhauled our expenditure and reduced this to a level which should leave us a margin of revenue when any economic recovery begins, and at least substantially ease the financial problems at the start of the new Constitution. Difficulties there are which still remain to be overcome, and tasks to be accomplished. If the Indian public would co-operate in a common effort with Government, this could be done more surely and more easily; but we are determined that it shall be done. In the meanwhile, if we look round the world in the present times of difficulty we may fairly claim that there is no country in the world whose intrinsic financial position is sounder, or whose ultimate prospect of economic advance in the future is more bright.

GEORGE SCHUSTER.

The 7th March 1932.

BUDGET
of the
Governor-General in Council,
as laid before the
Indian Legislature, 1932.

FINANCE DEPARTMENT,
New Delhi, the 7th March 1932.

A. F. L. BRAYNE,
Offg. Secretary to the Govt. of India.

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BUDGET FOR 1932-33.

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

	For details, vide State- ment.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	46,80,76,245	56,45,97,000	46,22,55,000	52,31,37,000
Taxes on Income	"	16,00,33,363	17,44,54,000	17,30,40,000	18,73,38,000
Salt	"	6,83,32,449	7,05,00,000	8,48,03,000	9,43,40,000
Opium	"	2,53,27,460	2,15,98,000	1,98,24,000	1,32,63,000
Other Heads	"	2,08,32,337	2,21,46,000	2,15,06,000	1,79,39,000
TOTAL PRINCIPAL HEADS		74,30,81,853	65,32,55,000	78,14,39,000	83,60,07,000
Railways: Net Receipts (as per Rail- way Budget)	A	39,13,71,085	39,54,02,000	33,66,51,000	34,18,44,000
Irrigation: Net Receipts	"	4,83,307	13,75,000	9,39,000	1,56,000
Posts and Telegraphs: Net Receipts .	"	—60,30,910	—49,21,000	—42,54,000	78,99,000
Interest Receipts	"	3,38,42,993	2,91,99,000	2,24,69,000	1,50,12,000
Civil Administration	"	96,87,408	1,03,45,000	95,09,000	90,11,000
Currency and Mint	"	1,24,30,493	63,34,000	1,65,35,000	3,31,17,000
Civil Works	"	27,15,147	24,65,000	23,40,000	26,79,000
Miscellaneous	"	95,64,305	73,69,000	1,58,33,000	66,87,000
Military Receipts	"	3,96,89,885	4,47,57,000	4,08,60,000	4,17,96,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments	"	—	—	—	—
Extraordinary Items	"	99,30,155	30,44,000	15,63,000	23,91,000
TOTAL REVENUE		1,24,59,55,721	1,34,86,64,000	1,20,76,94,000	1,29,96,29,000
DEVIAT		11,58,44,974	—	13,65,84,000	—
TOTAL		1,36,18,00,695	1,34,86,64,000	1,34,42,78,000	1,29,96,29,000

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

	For details, vide Statement.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,33,10,309	4,40,34,000	4,20,55,000	4,16,64,000
Forest and other Capital outlay charged to Revenue	"	4,02,049	2,16,000	1,22,000	3,16,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget)	"	33,40,18,763	34,16,00,000	33,86,51,000	34,18,44,000
Irrigation	"	35,56,690	22,10,000	21,61,000	4,32,000
Posts and Telegraphs	"	95,05,824	42,49,000	38,19,000	1,01,25,000
Debt Services	"	17,42,18,396	18,77,40,000	20,02,60,000	19,92,35,000
Civil Administration	"	13,33,80,640	13,06,36,000	12,82,40,000	9,64,98,000
Currency and Mint	"	96,96,003	78,71,000	1,04,01,000	70,02,000
Civil Works	"	2,62,62,387	2,41,28,000	2,22,68,000	11,94,18,000
Miscellaneous	"	4,30,07,563	4,08,92,000	4,20,06,000	4,00,09,000
Military Services	"	58,28,69,885	56,47,57,000	55,82,60,000	50,91,96,000
Miscellaneous adjustments between the Central and Provincial Governments	"	...	...	...	1,02,00,000
Extraordinary Items	"	15,62,196	25,000	10,15,000	22,10,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,36,18,00,695	1,34,85,58,000	1,34,43,78,000	1,27,81,400
SURPLUS		...	1,06,000	...	2,140,000
TOTAL		1,36,18,00,695	1,34,86,64,000	1,34,43,78,000	1,29,95,400

BUDGET FOR 1932-33.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	—	1,06,000	—	2,14,84,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	—	—	—	—
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	46,97,53,501	10,31,63,000	1,30,70,000	—
Floating Debt (net incurred)	"	—	—	37,99,70,000	49,30,000
Unfunded Debt (net incurred)	"	5,78,41,378	9,69,72,000	19,87,94,000	11,71,03,000
Deposits and Advances (net)	"	—	7,44,43,000	—	6,73,03,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	—	1,04,33,000	—	51,21,000
TOTAL DEBT, DEPOSITS AND ADVANCES.	"	52,75,94,879	28,40,10,000	49,08,34,000	19,44,46,000
Remittances (net)	C	6,15,138	6,47,000	3,36,000	4,37,000
Advances of Provincial Governments (net)	"	—	—	—	1,02,68,000
TOTAL RECEIPTS	—	52,82,10,002	28,47,68,000	49,11,63,000	22,66,35,000
Opening Balance {					
India	"	25,76,33,677	12,74,69,677	17,28,23,746	10,18,90,746
England	"	6,51,57,683	6,46,96,683	7,40,43,787	14,71,59,787
TOTAL	—	87,10,01,363	47,69,29,360	73,80,30,533	47,56,86,533

BUDGET FOR 1932-33.

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Central Government, in India and in England.

	For details, vide State- ment.	DISBURSEMENTS.			
		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Deficit		11,58,44,974	...	13,65,94,000	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	4,01,689	—3,94,000	—3,94,000	4,000
Construction of State Railways (as per Railway Budget)	"	13,30,87,359	11,46,00,000	8,35,00,000	4,15,00,000
Discharge of Debentures (as per Railway Budget) . . . . .	"	...	...	...	...
Construction of Irrigation Works	"	27,553	67,000	15,000	...
Capital outlay on Posts and Telegraphs	"	—3,87,995	91,30,000	87,63,000	23,15,000
Capital outlay on Vizagapatam Port	"	38,73,238	43,18,000	37,52,006	55,55,000
Capital outlay on Light-houses and Light-ships	"	—12,821	...	—2,000	...
Currency Capital outlay	"	1,35,474	5,000	1,000	4,000
Initial expenditure on New Capital at Delhi	"	48,26,555	24,72,000	12,22,000	...
Payment of commuted value of pensions	"	42,65,721	37,38,000	36,26,000	46,55,000
Capital outlay on Bombay Land Scheme	"	2,10,37,335	...	...	...
Payments to Retrenched Personnel . . . . .	"	...	...	10,00,000	25,00,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		16,62,74,008	13,38,36,000	10,16,65,000	15,65,38,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged) . . . . .	"	...	...	...	12,06,19,000
Floating Debt (net discharged)	"	6,59,35,548	5,39,60,900	...	...
Deposits and Advances (net)	"	31,32,745	...	4,39,45,000	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	9,24,62,222	...	4,29,08,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		16,15,50,515	5,39,60,000	8,68,58,000	12,06,19,000
Loans and Advances by the Central Government (net Advances)		10,97,01,781	7,44,71,000	14,09,80,000	11,90,96,000
Balances of Provincial Governments (net)		7,07,62,551	3,21,00,000	2,39,00,000	...
TOTAL DISBURSEMENTS		32,77,87,074	26,98,97,000	27,24,43,000	27,62,48,000
Closing Balance { India		17,28,23,746	12,03,84,877	10,18,90,746	11,36,63,746
{ England		7,40,43,787	6,16,77,683	14,71,59,787	6,57,53,787
TOTAL		24,68,71,533	18,20,62,560	24,90,50,533	17,94,17,533

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	46,80,76,245	...	...	46,80,76,245	46,23,55,000	...	1
II.—Taxes on Income	16,00,33,362	...	...	16,00,33,362	17,30,49,000	...	2
III.—Salt	6,83,22,449	...	...	6,83,22,449	8,48,03,000	...	3
IV.—Opium	2,53,27,460	...	...	2,53,27,460	1,98,24,000	...	4
V.—Land Revenue	33,94,897	...	...	33,94,897	31,28,000	...	5
VI.—Excise	46,50,223	...	...	46,50,223	46,15,000	...	6
VII.—Stamps	28,01,728	...	...	28,01,728	25,62,000	8,000	7
VIII.—Forest	29,78,297	2,996	42	29,81,335	24,20,000	3,000	8
IX.—Registration	1,49,773	...	...	1,49,773	1,49,000	...	9
X.—Payments from Indian States	63,44,881	...	...	63,44,881	63,23,000	...	10
TOTAL	74,20,78,815	2,996	42	74,20,81,853	76,14,23,000	11,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	16,71,123	...	...	16,71,123	19,36,000	...	12
<i>Deduct—Working Expenses</i>	<i>11,90,624</i>	...	...	<i>11,90,624</i>	<i>10,00,000</i>	...	13
Net Receipts	4,80,499	...	...	4,80,499	9,36,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,908	...	...	2,908	3,000	...	15
TOTAL	4,83,307	...	...	4,83,307	9,39,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,77,66,026	28	...	10,77,66,054	10,70,03,000	...	17
<i>Deduct—Working Expenses</i>	<i>11,27,52,243</i>	<i>7,60,704</i>	<i>9,726</i>	<i>11,35,22,673</i>	<i>11,02,70,000</i>	<i>9,80,000</i>	18
Net Receipts	-49,66,217	-7,60,676	-9,726	-57,36,619	-32,67,000	-9,80,000	19
Indo-European Telegraph Department—							
Gross Receipts	9,46,692	11,91,838	15,996	21,54,526	...	...	20
<i>Deduct—Working Expenses</i>	<i>23,15,286</i>	<i>1,31,820</i>	<i>1,711</i>	<i>24,48,217</i>	...	...	21
Net Receipts	-13,68,594	10,60,018	14,285	-2,94,291	...	...	22
TOTAL	-63,34,511	2,99,342	4,559	-60,30,910	-32,67,000	-9,80,000	23
Debt Services—							
XVI.—Interest	1,07,96,734	2,27,70,740	2,75,519	3,38,42,993	1,11,91,000	1,12,29,000	24
Carried over	74,70,24,045	2,30,73,078	2,80,120	77,08,77,243	77,02,81,000	1,02,60,000	25

* Sterling converted into Rupees at £1=Rs. 13½.

BUDGET FOR 1932-33.

Government, in India and in England.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Budget, 1931-32.	Increase (+) Decrease (-) as compared with Revised 1931-32.
Item No.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.	Rs.	Rs.
	Rs.	Rs.						
1	...	46,22,55,000	-10,23,42,000	52,31,37,000	...	...	52,31,37,000	+6,08,72,000
2	...	17,30,46,000	-14,05,000	18,73,38,000	...	...	18,73,38,000	+1,42,89,000
3	...	16,48,03,000	+1,43,03,000	9,43,40,000	...	...	9,43,40,000	+85,37,000
4	...	1,98,24,000	-17,34,000	1,32,63,000	...	...	1,32,63,000	-65,61,000
5	...	31,28,000	-6,53,000	14,58,000	...	...	14,58,000	-16,70,000
6	...	46,18,000	-1,69,000	38,67,000	...	...	38,67,000	-7,48,000
7	...	25,70,000	-1,62,000	33,01,000	...	...	33,01,000	+7,31,000
8	...	24,23,000	-8,20,000	17,89,000	...	...	17,89,000	-6,34,000
9	...	1,49,000	-2,000	86,000	...	...	86,000	-63,000
10	...	68,23,000	+11,78,000	74,38,000	...	...	74,38,000	-11,85,000
11	...	76,14,33,000	-9,18,16,000	6,60,07,000	...	...	6,60,07,000	+7,45,68,000
12	...	19,36,000	-4,21,000	1,83,000	...	...	1,83,000	-17,53,000
13	...	10,00,000	-16,000	1,52,000	...	...	1,52,000	+8,48,000
14	...	9,36,000	-4,37,000	81,000	...	...	81,000	-9,05,000
15	...	3,000	+1,000	1,55,000	...	...	1,55,000	+1,52,000
16	...	9,39,000	-4,36,000	1,83,000	...	...	1,83,000	-7,53,000
17	...	10,70,03,000	-26,02,000	11,50,73,000	...	...	11,50,73,000	+80,70,000
18	7,000	11,12,57,000	+32,89,000	10,68,04,000	8,70,000	...	10,71,74,000	-40,83,000
19	-7,000	-43,54,000	+6,67,000	87,69,000	-8,70,000	...	78,99,000	+1,21,53,000
20
21
22
23
24	79,000	2,24,89,000	-67,10,000	99,45,000	80,67,000	...	1,80,13,000	-44,77,000
25	73,000	78,06,13,000	-9,62,95,000	85,40,07,000	71,97,000	...	66,21,04,000	+8,14,91,000

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	74,70,24,045	2,80,78,078	2,80,120	77,08,77,248	77,02,81,000	1,02,80,000	
Civil Administration—							
XVII.—Administration of Justice	2,82,647	...	...	2,82,647	2,82,000	3,000	1
XVIII.—Jails and Convict Settlements.	4,74,766	...	...	4,74,766	3,99,000	...	2
XIX.—Police	4,11,184	3,216	45	4,14,895	5,68,000	...	3
XX.—Ports and Pilotage	21,08,274	275	3	21,08,552	19,86,000	...	4
XX(1).—Light houses and Light ships	13,18,654	...	...	12,18,654	11,14,000	...	5
XXI.—Education	2,24,191	...	...	2,24,191	2,36,000	...	6
XXII.—Medical	3,01,984	10,808	149	3,13,736	3,62,000	1,000	7
XXIII.—Public Health	4,54,742	...	...	4,54,742	3,97,000	...	8
XXIV.—Agriculture	18,76,940	...	...	18,76,940	18,87,000	...	9
XXV.—Industries	30,165	...	...	30,165	19,000	...	10
XXVI.—Miscellaneous Departments	20,01,630	6,118	101	20,08,849	19,98,000	16,000	11
XXVI-A.—Indian Stores Department	2,85,371	...	...	2,85,371	2,71,000	...	12
TOTAL	96,64,898	22,212	298	96,87,408	94,90,000	19,000	13
Currency and Mint—							
XXVII.—Currency	1,17,84,598	1,55,608	2,130	1,19,42,331	1,77,43,000	...	14
XXVIII.—Mint	4,88,089	72	1	4,88,163	7,82,000	...	15
TOTAL	1,22,72,687	1,55,676	2,131	1,24,30,493	1,86,25,000	...	16
Civil Works—							
XXX.—Civil Works	27,15,308	-160	-2	27,15,147	23,40,000	...	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	12,36,747	2,42,215	3,081	14,82,043	11,22,000	3,15,000	18
XXXIV.—Stationery and Printing	40,47,056	18,471	219	40,65,746	33,25,000	27,000	19
XXXV.—Miscellaneous	24,78,264	15,30,039	20,313	40,16,516	1,05,76,000	5,63,000	20
TOTAL	77,60,067	17,80,725	23,513	95,64,305	1,49,23,000	9,05,000	21
Military Receipts—							
XXXVI.—Army—							
Effective	1,91,93,574	32,03,609	41,876	2,24,38,859	2,30,66,000	38,85,000	22
Non-effective	25,35,119	82,09,680	1,14,157	1,08,58,956	18,71,000	78,27,000	23
TOTAL	2,17,28,693	1,14,13,289	1,55,833	3,32,97,815	2,49,37,000	1,17,12,000	24
XXXVII.—Marine	21,55,790	42,742	596	21,99,128	3,08,000	21,000	25
XXXVIII.—Military Engineer Services	43,92,007	923	12	43,92,942	38,00,000	...	26
XXXVIII-A.—Transfers from Military Reserve Fund	...	...	...	...	...	...	27
TOTAL	2,82,76,490	1,14,56,954	1,56,441	3,98,89,885	2,88,45,000	1,17,33,000	28
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	29
Extraordinary Items—							
XL.—Extraordinary Receipts	51,00,000	47,58,318	61,837	99,20,155	8,00,000	7,58,000	30
XL-A.—Transfers from Revenue Services and Interest	...	...	...	...	...	...	31
	57,00,000	47,58,318	61,837	99,20,155	8,00,000	7,58,000	32
Carried forward	89,57,24,520	-42,97,173	-56,263	89,13,71,085	34,33,10,000	-46,27,000	33
TOTAL	1,20,85,38,015	3,69,49,631	4,68,076	1,24,59,55,721	1,18,85,13,000	1,90,48,000	34

*Sterling converted into Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

Government, in India and in England—contd.

Item No.	1931-32.		Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs. 72,000	Rs. 78,06,13,000		Rs. -9,82,96,000	Rs. 85,49,07,000	Rs. 71,97,000	Rs. 86,21,04,000		Rs. +8,14,91,000
1	...	2,84,000	...	1,15,000	...	1,15,000	-1,69,000	
2	...	3,99,000	-85,000	2,98,000	...	2,98,000	-1,01,000	
3	...	5,69,000	-87,000	9,67,000	...	9,67,000	+3,98,000	
4	...	19,86,000	-3,00,000	20,10,000	...	20,10,000	+24,000	
5	...	11,14,000	-1,84,000	11,63,000	...	11,63,000	+49,000	
6	...	2,36,000	+27,000	1,80,000	...	1,80,000	-56,000	
7	...	3,63,000	-1,86,000	2,15,000	...	2,15,000	-1,48,000	
8	...	3,97,000	-8,000	3,15,000	...	3,15,000	-82,000	
9	...	18,57,000	+80,000	17,20,000	...	17,20,000	-1,37,000	
10	...	19,000	-1,000	15,000	...	15,000	-4,000	
11	...	20,14,000	+7,000	16,98,000	6,000	17,04,000	-3,10,000	
12	...	2,71,000	-98,000	3,09,000	...	3,09,000	+38,000	
13	...	86,08,000	-5,38,000	90,05,000	6,000	90,11,000	-4,98,000	
14	...	1,77,43,000	+1,18,65,000	3,27,93,000	...	3,27,93,000	+1,59,49,000	
15	...	7,52,000	+3,76,000	3,25,000	...	3,25,000	-4,57,000	
16	...	1,65,25,000	+1,31,91,000	3,31,17,000	...	3,31,17,000	+1,46,93,000	
17	...	33,40,000	-1,45,000	26,79,000	...	26,79,000	+3,39,000	
18	2,000	14,39,000	-1,76,000	11,61,000	2,65,000	14,46,000	+7,000	
19	...	32,53,000	-1,48,000	27,98,000	23,000	28,18,000	-4,36,000	
20	4,300	1,11,42,000	+87,68,000	19,99,000	4,26,000	24,25,000	-87,17,000	
21	6,000	1,55,32,000	+44,44,000	59,53,000	7,34,000	66,87,000	-91,46,000	
22	27,000	2,69,75,000	+19,19,000	2,24,58,000	28,67,000	2,58,25,000	-16,53,000	
23	55,000	97,53,000	+1,51,000	19,47,000	68,31,000	77,78,000	-19,75,000	
24	82,000	3,67,31,000	+20,00,000	2,43,05,000	86,98,000	3,31,03,000	-36,28,000	
25	...	2,29,000	-11,53,000	2,38,000	4,000	2,42,000	-87,000	
26	...	36,00,000	-20,68,000	46,60,000	...	46,60,000	+10,60,000	
27	...	...	-28,78,000	87,91,000	...	87,91,000	+37,91,000
28	82,000	4,06,60,000	-40,97,000	3,20,94,000	87,03,000	4,17,98,000	+11,38,000	
29	...	...	...	...	...	...	...
30	5,000	15,63,000	-14,61,000	1,08,000	22,83,000	23,91,000	+8,36,000	
31	...	...	...	...	...	...	...
32	5,000	15,63,000	-14,61,000	1,08,000	22,83,000	23,91,000	+8,36,000	
33	-32,000	38,88,51,000	-5,67,51,000	34,63,45,000	-45,01,000	34,18,44,000	+31,93,000	
34	1,33,000	1,20,76,94,000	-14,09,70,000	1,28,53,08,000	1,44,21,000	1,29,96,29,000	+9,19,25,000	

B.—Statement of the Expenditure charged to Revenue.

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED	Item No.
	India.	England.	Exchange.	TOTAL.	India.	
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	91,69,900	1,67,331	2,161	93,39,392	89,08,000	1
2.—Taxes on Income	73,73,695	99,010	1,319	74,72,924	72,36,000	2
3.—Salt	1,25,41,087	99,930	1,391	1,26,42,398	1,15,00,000	3
4.—Opium	73,21,299	1,13,720	1,464	74,36,483	50,30,000	4
5.—Land Revenue	9,92,843	...	...	9,92,843	9,54,000	5
6.—Excise	16,31,094	24,957	311	16,56,362	16,28,000	6
7.—Stamps	38,135	44,958	579	83,702	40,000	7
8.—Forest	34,43,808	2,10,730	2,739	36,57,277	30,17,000	8
9.—Registration	39,648	...	...	39,648	29,000	9
TOTAL	4,25,40,009	7,60,546	9,754	4,33,10,309	4,13,26,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	—2,204	...	...	—2,204	47,000	11
7A.—Capital outlay on Central Stamp Store	...	...	...	...	...	12
8A.—Forest Capital outlay	4,04,263	...	...	4,04,263	75,000	13
TOTAL	4,03,049	...	...	4,02,049	1,32,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	13,66,047	...	...	12,66,047	12,81,000	15
15.—Other Revenue Expenditure	19,38,309	87,745	1,337	20,17,391	6,43,000	16
TOTAL	31,94,356	87,745	1,337	32,82,438	19,34,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	2,73,363	...	...	2,73,363	1,85,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	76,12,689	...	...	76,12,689	86,35,000	19
Indo-European Telegraph Department	6,08,075	...	...	6,08,075	...	20
TOTAL	82,21,764	...	...	82,21,764	86,35,000	21
Posts and Telegraphs Capital outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	13,05,877	...	...	13,05,877	10,39,000	22
Indo-European Telegraph Department	—26,165	4,278	60	—21,817	—54,55,000	23
TOTAL	12,79,712	4,278	60	12,84,060	3,48,16,000	24
Debt Services—						
19.—Interest on Ordinary Debt	21,75,19,013	19,66,65,175	24,75,808	41,66,79,995	24,19,79,000	25
Debt—Amount chargeable to—						
Railways	19,67,63,751	11,52,21,678	14,14,865	31,34,05,314	20,31,31,000	26
Irrigation	19,66,047	...	...	19,66,047	12,81,000	27
Posts and Telegraphs	83,87,558	...	...	83,87,558	87,79,000	28
Other heads	21,36,497	...	...	21,36,497	24,39,000	29
Provincial Loans Fund	6,54,87,245	...	...	6,54,87,245	7,26,00,000	30
Remainder chargeable to Ordinary Debt	—5,65,07,086	8,14,63,497	10,60,923	2,60,17,334	—4,62,51,000	31
20.—Interest on other Obligations	8,58,26,233	9,03,315	9,514	8,67,41,062	8,39,51,000	32
21.—Reduction or Avoidance of Debt	6,14,56,000	...	...	6,14,56,000	6,89,38,000	33
TOTAL	9,07,76,147	8,23,66,813	10,70,437	17,42,13,396	10,66,63,000	34
Carried over	14,66,87,309	8,32,19,381	10,81,578	23,09,88,268	15,40,44,000	

* Sterling converted into Rupees at £1 = Rs. 13½

BUDGET FOR 1932-33.

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1931-32.			Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
1	3,36,000	1,000	91,45,000	-6,61,000	89,55,000	1,48,000	...	91,03,000	-42,000
2	1,00,000	1,000	73,26,000	-4,00,000	82,33,000	95,000	...	83,28,000	+10,02,000
3	1,11,000	1,000	1,16,12,000	-8,01,000	1,12,67,000	71,000	...	1,13,38,000	-2,74,000
4	96,000	1,000	81,17,000	+7,54,000	71,10,000	52,000	...	71,62,000	-9,56,000
5	...	...	9,59,000	-30,000	5,42,000	...	...	5,42,000	-4,17,000
6	9,000	...	16,37,000	-2,73,000	15,68,000	27,000	...	15,95,000	-42,000
7	11,000	...	51,000	-20,000	14,15,000	30,000	...	14,45,000	+13,94,000
8	1,61,000	1,000	31,79,000	-5,45,000	19,80,000	1,55,000	...	21,35,000	-10,44,000
9	...	...	29,000	-3,000	16,000	...	...	16,000	-13,000
10	7,24,000	5,000	4,30,55,000	-19,79,000	4,10,86,000	5,78,000	...	4,16,64,000	-3,91,000
11	...	...	47,000	-55,000	2,31,000	...	...	2,31,000	+1,84,000
12	...	...	...	...	85,000	...	...	...	+10,000
13	...	...	75,000	-39,000	...	...	...	85,000	...
14	...	...	1,22,000	-84,000	3,16,000	...	...	3,16,000	+1,84,000
15	...	...	12,81,000	-6,000	2,70,000	...	...	2,70,000	-10,11,000
16	52,000	...	6,95,000	-89,000	95,000	44,000	...	1,39,000	-5,58,000
17	52,000	...	19,76,000	-45,000	3,65,000	44,000	...	4,09,000	-15,67,000
18	...	...	1,85,000	-4,000	23,000	...	...	23,000	-1,62,000
19	...	...	86,35,000	-63,000	95,18,000	...	...	95,18,000	+8,83,000
20	...	...	...	...	...	...	...	...	...
21	...	...	86,35,000	-63,000	95,18,000	...	...	95,18,000	+8,83,000
22	...	...	10,39,000	-11,000	6,07,000	...	...	6,07,000	-4,32,000
23	...	...	-58,55,000	-3,58,000	...	...	...	...	+58,55,000
24	...	...	-48,16,000	-3,67,000	6,07,000	...	...	6,07,000	+54,23,000
25	20,75,48,000	14,52,000	45,09,79,000	+1,60,31,000	25,78,36,000	20,16,58,000	...	45,94,94,000	+85,10,000
26	11,50,83,000	8,05,000	81,90,19,000	+81,09,000	20,76,23,000	11,57,20,000	...	32,33,43,000	-43,24,000
27	...	...	19,81,000	+8,000	2,70,000	...	...	3,70,000	+10,11,000
28	...	...	87,76,000	+98,000	96,68,000	...	...	96,68,000	-8,83,000
29	...	...	24,89,000	+8,000	24,77,000	...	...	24,77,000	-38,000
30	...	...	7,86,06,000	-31,00,000	8,14,02,000	...	...	8,14,02,000	-88,02,000
31	9,24,65,000	6,47,000	4,68,61,000	+1,61,47,000	-4,25,98,000	8,59,33,000	...	4,23,35,000	-45,26,000
32	4,97,000	3,000	8,44,31,000	-47,08,000	8,81,41,000	5,76,000	...	8,87,16,000	+42,35,000
33	...	...	6,59,89,000	+11,01,000	6,51,84,000	...	...	6,61,84,000	-7,54,000
34	9,29,62,000	6,50,000	20,02,80,000	+1,25,40,000	11,27,27,000	6,65,08,000	...	19,92,35,000	-10,45,000
35	9,37,38,000	6,55,000	24,84,87,000	+99,88,000	16,46,42,000	9,71,30,000	...	26,17,72,000	+38,35,000

BUDGET FOR 1932-33.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1930-31.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,66,87,809	8,32,19,381	10,81,578	23,09,88,268	15,40,44,000	
Civil Administration—						
22.—General Administration	1,54,88,045	57,10,127	73,798	2,12,71,965	1,49,14,000	1
23.—Audit	99,77,227	3,37,165	4,320	1,03,18,712	99,65,000	2
24.—Administration of Justice	14,26,948	1,01,223	1,262	15,28,339	14,62,000	3
25.—Jails and Convict Settlements	46,95,732	50,357	637	47,46,716	38,46,000	4
26.—Police	90,52,875	1,98,939	2,537	92,54,561	84,49,000	5
27.—Ports and Pilotage	22,81,015	3,44,240	4,371	26,29,626	23,51,000	6
27 (1).—Light Houses and Light Ships	12,18,533	...	...	12,18,533	11,14,000	7
28.—Ecclesiastical	23,53,274	8,51,188	10,896	32,15,358	22,77,000	8
29.—Political	1,83,69,665	12,20,544	15,405	1,96,05,614	1,51,18,000	9
29-A.—Frontier Watch and Ward	2,76,72,570	77,871	984	2,77,51,425	2,38,99,000	10
30.—Scientific Departments	82,44,829	10,59,560	13,688	93,18,077	79,96,000	11
31.—Education	61,42,079	96,117	1,231	62,39,427	61,81,000	12
32.—Medical	29,95,545	2,05,927	2,630	32,04,103	28,71,000	13
33.—Public Health	18,07,017	1,07,925	1,445	19,16,367	17,00,000	14
34.—Agriculture	46,98,885	1,21,023	1,680	48,21,548	33,21,000	15
35.—Industries	2,35,710	49,590	625	2,85,925	1,95,000	16
36.—Aviation	16,97,682	5,35,718	6,776	22,40,166	11,71,000	17
37.—Miscellaneous Departments	27,23,177	1,53,018	1,976	28,78,171	45,28,000	18
37-A.—Indian Stores Department	8,35,528	99,357	1,293	9,36,208	7,83,000	19
TOTAL	12,19,15,306	1,13,19,979	1,45,455	13,33,80,640	11,20,81,000	20
Currency and Mint—						
38.—Currency	46,65,820	54,264	669	47,20,759	46,03,000	21
39.—Mint	43,68,671	1,03,201	1,372	44,72,244	56,59,000	22
TOTAL	90,34,497	1,57,465	2,041	91,93,003	1,02,62,000	23
Civil Works—						
41.—Civil Works	2,61,91,403	70,131	853	2,62,62,387	2,21,88,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	6,713	...	...	6,713	1,37,000	25
44.—Territorial and Political Pensions	30,40,821	1,12,745	1,433	31,54,999	31,23,000	26
45.—Superannuation Allowances and Pensions	25,34,063	2,28,39,651	2,89,301	2,56,52,915	39,84,000	27
46.—Stationery and Printing	43,68,046	6,17,643	7,886	49,93,575	47,19,000	28
47.—Miscellaneous	58,91,284	21,59,237	27,633	80,78,154	49,56,000	29
TOTAL	1,68,31,527	2,57,19,275	3,25,953	4,23,76,755	1,69,19,000	30
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commuted value of pensions financed from Ordinary Revenue	6,30,808	...	...	6,30,808	2,00,000	31
Military Services—						
48.—Army—						
Effective	35,19,51,888	8,34,04,540	10,73,108	43,65,19,536	34,73,70,000	32
Non-effective	3,59,47,505	4,88,93,481	6,31,378	8,54,72,314	5,60,29,000	33
49.—Marine	38,78,99,393	13,23,87,971	17,01,426	52,19,91,550	38,33,99,000	34
50.—Military Engineer Services	61,51,630	28,52,929	36,974	90,41,533	43,85,000	35
50-A.—Transfers to Military Reserve Fund	4,88,95,893	5,38,362	6,958	4,94,41,183	4,00,02,000	36
TOTAL	24,15,319	...	...	24,15,319	18,98,000	37
Contributions and miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments.	...	...	...	...	...	38
Extraordinary Items—						
52.—Extraordinary Payments	15,62,196	...	...	15,62,196	9,75,000	39
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	40
TOTAL	15,62,196	...	...	15,62,196	9,75,000	41
Railway Expenditure as per Railway Budget	20,22,26,409	13,01,80,971	16,06,373	33,40,13,753	20,80,15,000	42
TOTAL EXPENDITURE CHARGED TO REVENUE	97,04,41,560	38,64,48,464	40,10,671	1,36,18,00,695	96,03,68,000	43

* Sterling converted into Rupees at £1=Rs. 13½.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,20,85,38,015	3,69,49,631	1,24,54,87,646
Exchange added to Revenue.	4,68,075	...	1,68,075
TOTAL	1,20,90,06,090	3,69,49,631	1,24,59,55,721
Railway Capital not charged to Revenue—			
As per Railway Budget	...	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 per cent. Bonds, 1933-34	...	...	...
Other 6 per cent. Bonds	...	25,27,82,500	...
5½ per cent. Stock	...	11,69,29,859	...
4½ per cent. Stock	...	19,19,297	...
<i>Rupee Debt—</i>			
New Rupee Loan	...	...	...
6½ per cent. Treasury Bonds, 1935	...	...	...
6 per cent. Bonds, 1933-36	29,70,80,900	...	...
3½ per cent. Loans	7,91,000	...	...
TOTAL	29,78,71,900	37,16,31,456	66,95,03,356
Floating Debt—			
Treasury Bills—			
Issued to Public	1,59,02,75,000	...	...
Issued to Paper Currency Reserve	19,04,70,000	...	...
India Bills	...	5,39,59,452	...
Temporary Loans	13,00,00,000	8,00,00,000	...
TOTAL	1,93,07,45,000	13,39,59,452	2,06,47,04,452
Carried over	3,43,76,22,990	54,25,40,739	

* Sterling converted into Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

Central Government, in India and in England—contd.

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,18,85,13,000 1,33,000	1,90,48,000 ...	1,20,75,61,000 1,33,000	1,28,52,08,000 ...	1,44,21,000 ...	1,29,96,29,000 ...
1,18,86,46,000	1,90,48,000	1,20,76,94,000	1,28,52,08,000	1,44,21,000	1,29,96,29,000
...	13,33,33,000	...	...	...	...
...	6,64,000	...	...	5,15,000	...
...	4,28,14,000	...	...	13,13,000	...
...	20,24,000	...	...	21,34,000	...
16,95,00,000	...	...	14,50,00,000	...	...
6,00,000	...	...	4,28,000	...	...
17,01,00,000	17,88,35,000	34,89,35,000	14,54,28,000	39,63,000	14,93,90,000
2,09,18,80,000 78,38,20,000 14,50,00,000	...	...	1,70,00,00,000 98,56,00,000 ...	8,00,00,000...	...
3,02,07,00,000	..	3,02,07,00,000	2,68,56,00,000	8,00,00,000	2,76,56,00,000
4,37,94,46,000	19,78,83,000	...	4,1,62,36,000	9,83,83,000	...

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	3,43,76,22,990	54,25,40,739	
Unfunded Debt—			
Deposits of Service Funds	9,40,053	15,66,691	
Post Office Cash Certificates	11,73,32,638	...	
Savings Bank Deposits	36,44,09,189	...	
TOTAL	48,31,81,880	15,66,691	48,47,48,571
Deposits and Advances—			
Provincial Loans Fund	20,76,41,114	...	
Posts and Telegraphs Depreciation Fund	44,04,340	...	
Deposits of Local Funds—			
District Funds	17,13,40,478	...	
Other Funds	10,16,34,516	...	
Sinking Funds for Central Loans	2,01,15,022	...	
Other appropriations for Reduction or Avoidance of Debt	4,34,80,000	...	
Sinking Fund Investment Account	1,28,36,405	...	
Sinking Funds for loans granted to local bodies	4,23,006	...	
Gold Standard Reserve . . . . .	...	89,14,69,173	
Gold Standard Reserve Revenue Equalisation Fund . . . . .	...	2,83,92,601	
Paper Currency Reserve . . . . .	...	6,66,14,701	
Appropriations for the reduction of created Securities in the paper Currency Reserve . . . . .	...	...
Deposits of Branch Line Companies	2,53,256	...	
Road Development Fund	98,03,207	...	
Post Office Cash Certificate Bonus Fund	40,85,718	...	
Departmental and Judicial Deposits	85,54,86,508	...	
Advances	33,57,93,198	5,94,471	
Discount Sinking Fund	46,08,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve . . . . .	...	...
Suspense	58,85,057	13,80,643	
Exchange on Remittance Accounts	52,97,481	...	
Miscellaneous	2,15,10,337	1,70,82,761	
Military Reserve Fund	24,15,319	...	
TOTAL	1,80,70,16,972	1,00,55,34,350	2,81,25,51,322
Railway Depreciation and Reserve Funds as per Railway Budget	13,07,12,033	...	13,07,12,003
Carried over	5,85,85,33,845	1,54,96,41,780	

* Sterling converted into Rupees at £1 = Rs. 134.

BUDGET FOR 1932-33.

Central Government, in India and in England—contd.

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Ra.	Ra.	Ra.	Rs.	Rs.	Rs.
4,37,94,46,000	19,78,83,000		4,11,62,36,000	9,83,83,000	
9,18,000	17,63,000		9,10,000	18,02,000	
14,50,00,000	...		12,50,00,000	...	
40,15,37,000	...		39,55,49,000	...	
54,74,55,000	17,63,000	54,92,18,000	52,14,59,000	18,02,000	52,32,61,000
23,08,00,000	...		21,58,02,000	...	
88,29,000	...		40,09,000	...	
16,96,76,000	...		17,15,38,000	...	
10,00,20,000	...		10,03,10,000	...	
1,97,34,000	...		1,96,59,000	...	
5,10,31,000	...		5,03,45,000	...	
83,52,000	...		...	...
4,45,000	...		4,63,000	...	
...	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...
...	
3,00,82,000	...		...	...
2,00,000	...		2,50,000	...	
1,00,00,000	...		1,14,00,000	...	
16,00,000	...		...	...
85,31,64,000	...		74,28,03,000	...	
41,60,77,000	8,15,000		32,75,13,000	91,000	
48,41,000	...		50,85,000	...	
1,25,33,000	...		...	...
2,77,93,000	2,51,000		2,49,73,000	2,32,000	
15,97,86,000	2,15,83,000		1,88,72,000	1,82,31,000	
18,98,000	...		...	...
2,10,18,61,000	86,81,24,000	2,96,99,85,000	1,69,30,22,000	59,12,34,000	2,28,42,56,000
13,43,00,000	...	13,43,00,000	13,70,00,000	...	13,70,00,000
7,16,30,62,000	1,06,77,70,000		6,46,77,17,000	69,14,19,000	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,85,85,33,845	1,54,96,41,780	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	82,22,090	...	
Other Loans and Advances	...	...
TOTAL	82,22,090	...	82,22,090
Remittances—			
Remittances within India—			
Inland Money Orders	90,36,26,828	...	
Other Local Remittances	...	...
Other Departmental Accounts	95,294	...	
Net Receipts by Civil Treasuries from—			
Railways	68,29,085	...	
Posts and Telegraphs	...	...
Net Receipts from Civil Treasuries by—			
Posts and Telegraphs	3,18,44,669	...	
Army, Marine and Military Engineer Services	37,50,55,328	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	83,50,000	
Sale of Sterling	7,64,48,346	...	
Sale of Silver	...	3,13,61,881	
Other transactions	2,32,67,762	2,95,16,622	
Sterling purchased in India	...	7,19,33,333	
Transfers through the Gold Standard Reserve	...	8,32,96,000	
Transfers through the Paper Currency Reserve	2,18,95,275	2,34,19,219	
TOTAL	1,43,90,62,587	24,78,77,055	1,68,69,39,642
Balances of Provincial Governments	...	...	...
TOTAL RECEIPTS	7,30,58,18,522	1,79,75,18,835	
Opening Balance	25,76,33,677	(a) 8,51,57,683	
GRAND TOTAL	7,56,34,52,199	1,88,26,76,518	

* Sterling converted into Rupees at £1 = Rs. 13½.

(a) Of this amount, £ 3748 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,16,30,62,000	1,06,77,70,000		6,46,77,17,000	69,14,19,000	
1,03,47,000	...		80,35,000	...	
1,03,47,000	...	1,03,47,000	80,35,000	...	80,35,000
88,46,00,000	...		90,54,00,000	...	
3,76,000	...		3,41,000	...	
3,21,77,000	...		3,09,36,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	
36,44,74,000	...		32,99,30,000	...	
...	85,20,000		...	80,00,000	
18,73,04,000	...		...	...
...	2,53,84,000		...	66,80,000	
1,49,03,000	2,48,76,000		1,40,11,000	2,03,74,000	
...	47,00,00,000		...	32,67,00,000	
...	28,17,20,000		66,80,000	...	
...	
1,51,32,74,000	81,07,00,000	2,32,39,74,000	1,40,17,34,000	36,17,54,000	1,76,34,88,000
1,88,73,000	...	1,88,73,000	4,77,35,000	...	4,77,35,000
8,70,55,56,000	1,87,84,70,000		7,92,52,21,000	1,05,31,73,000	
17,28,23,746	(b) 7,40,43,787		10,18,90,746	(b) 14,71,59,787	
8,87,83,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

* Sterling converted into Rupees at £ 1 = Rs. 13½.

(b) Of this amount, £ 1,085 represents the funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1932-33.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	97,04,41,560	38,64,48,464	1,35,68,90,024
Exchange charged as Expenditure	49,10,671	...	49,10,671
TOTAL	97,53,52,231	38,64,48,464	1,36,18,00,695
Irrigation, Posts and Telegraphs and other Capital Out-ay not charged to Revenue—			
SECURITY PRINTING PRESS	4,01,689	...	4,01,689
IRRIGATION, ETC., WORKS	27,553	...	27,553
POSTS AND TELEGRAPHS	51,97,568	—55,65,563	—3,67,995
VIZAGAPATAM PORT	36,89,338	1,83,900	38,73,238
LIGHT-HOUSES AND LIGHTSHIPS	—1,20,650	1,07,829	—12,821
CURRENCY	1,35,474	...	1,35,474
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	43,92,354	4,34,201	48,26,555
PAYMENTS OF COMMUTED VALUE OF PENSIONS	42,65,721	...	42,65,721
BOMBAY LAND SCHEME	2,10,37,335	...	2,10,37,335
PAYMENTS TO RETRENCHED PERSONNEL	...	...	...
TOTAL	3,90,26,383	—48,39,633	3,41,86,749
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	7,49,99,103	5,70,88,156	13,20,87,259
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
7 p. c. Stock	...	2,082	...
6 p. c. Bonds	...	...	...
5½ p. c. Stock	...	...	...
State Railway annuities	...	2,05,84,781	...
Do. Do. Sinking Funds	...	26,66,667	...
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1930	15,42,36,200	...	...
Do. Do. 1931	...	...	...
Do. Do. 1932	...	...	...
Other 6 p. c. Bonds	1,71,600	...	...
5½ p. c. War Bonds, 1928	5,01,275	...	...
Other 5½ p. c. War Bonds	1,34,350	...	...
5 p. c. Loan, 1915-55	14,93,600	...	...
5 p. c. Loan, 1929-47	1,44,83,500	...	...
5 p. c. Loan, 1939-44	45,45,700	...	...
4 p. c. Terminable Loan	2,900	...	...
4 p. c. Railway Loan from Nawab of Rampur	...	...	...
Other Loans	9,22,400	...	...
TOTAL	17,64,96,525	2,32,53,530	19,97,50,055
Carried over	1,25,58,74,241	46,19,50,517	

*Sterling converted into Rupees at Rs. £1=13½.

BUDGET FOR 1932-33.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
96,03,68,000	38,12,44,000	1,34,16,12,000	91,30,19,000	36,51,26,000	1,27,81,45,000
26,66,000	...	26,66,000	...	...	...
96,30,34,000	38,12,44,000	1,34,42,78,000	91,30,19,000	36,51,26,000	1,27,81,45,000
...
—3,94,000	...	—3,94,000	4,000	...	4,000
15,000	...	15,000	...	...	...
83,62,000	4,01,000	87,63,000	23,15,000	...	23,15,000
36,35,000	1,17,000	37,52,000	54,55,000	1,00,000	55,55,000
—6,000	4,000	—2,000	—2,000	2,000	4,000
1,000	...	1,000	4,000	...	...
10,95,000	1,27,000	12,22,000	...	...	...
38,26,000	...	38,26,000	46,55,000	...	46,55,000
...
10,00,000	...	10,00,000	24,40,000	60,000	25,00,000
1,75,34,000	6,49,000	1,81,83,000	1,48,71,000	1,62,000	1,50,33,000
5,65,00,000	2,70,00,000	8,35,00,000	2,65,00,000	1,50,00,000	4,15,00,000
...
...	...	...	...	8,00,00,000	...
...	19,74,04,000	...	...	...	...
...	2,13,00,000	...	...	2,20,40,000	...
...	26,87,000	...	...	26,87,000	...
20,00,000	...	...	10,00,000	...	...
7,25,00,000	...	...	7,50,000	...	...
...	...	...	14,40,00,000	...	...
70,000	...	...	60,000	...	...
1,50,000	...	...	1,00,000	...	...
1,10,000	...	...	90,000	...	...
2,05,77,000	...	...	1,00,00,000	...	...
1,00,91,000	...	...	43,00,000	...	...
45,92,000	...	...	45,00,000	...	...
2,000	...	...	2,000	...	...
47,00,000	...	...	...	...	...
7,02,000	...	...	5,00,000	...	...
11,54,34,000	22,13,71,000	33,68,65,000	16,53,02,000	10,47,07,000	27,00,09,000
1,15,25,62,000	68,02,64,000	...	1,11,26,92,000	48,49,95,000	...

C.—Statement of Receipts and Disbursements of the

Accounts, 1930-31.

	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	1,26,58,74,241	46,19,50,517	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,39,68,70,000	...	
Do. Paper Currency Reserve	42,37,70,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	15,00,00,000	8,00,00,000	
TOTAL	1,97,06,40,000	16,00,00,000	2,13,06,40,000
Unfunded Debt—			
Special Loans	34,705	...	
Deposits of Service Funds	13,65,150	82,730	
Post Office Cash Certificates	8,35,76,196	...	
Savings Bank Deposits	31,57,59,993	2,60,88,419	
TOTAL	40,07,36,044	2,61,71,149	42,69,07,193
Deposits and Advances—			
Provincial Loans Fund	20,79,94,245	...	
Posts and Telegraphs Depreciation Fund	4,73,082	...	
Deposits of Local Funds—			
District Funds	17,71,88,465	...	
Other Funds	10,54,41,038	...	
Sinking Funds for Central Loans	2,02,47,604	...	
Other Appropriations for Reduction or Avoidance of Debt	...	...
Sinking Fund Investment Account	23,54,594	...	
Gold Standard Reserve	...	89,15,04,682	
Gold Standard Reserve Revenue Equalisation Fund	...	2,84,43,427	
Paper Currency Reserve	...	6,66,14,701	
Deposits of Branch Line Companies	4,83,175	...	
Road Development Fund	1,12,25,607	...	
Departmental and Judicial Deposits	88,22,18,123	...	
Advances	33,55,79,792	5,85,092	
Discount Sinking Fund	...	...
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	4,94,42,969	...	
Suspense	1,84,58,782	14,22,162	
Exchange on Remittance Account	...	...
Miscellaneous	2,11,284	1,57,95,243	
Military Reserve Fund	...	...
TOTAL	1,81,13,18,760	1,00,43,65,307	2,81,56,84,067
Railway Depreciation and Reserve Funds as per Railway Budget	22,31,94,225	...	22,31,94,225
Carried over	5,67,17,63,270	1,65,24,86,973	

* Sterling converted into Rupees at £1=Rs. 134.

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,15,25,62,000	63,02,64,000		1,11,96,92,000	48,49,95,000	
2,09,18,80,000	...		1,77,50,80,000	...	
34,98,90,000	...		98,56,00,000	...	
...	5,39,60,000		...	...
14,50,00,000	...		...	...
2,58,67,70,000	5,39,60,000	2,64,07,30,000	2,76,06,80,000	...	2,76,06,80,000
66,000	...		66,000	...	
13,34,000	2,15,000		13,41,000	2,14,000	
8,50,00,000	...		7,50,00,000	...	
36,38,09,000	...		32,95,34,000	...	
45,02,09,000	2,15,000	45,04,24,000	40,59,44,000	2,14,000	40,61,58,000
23,04,00,000	...		21,45,02,000	...	
97,000	...		1,69,000	...	
17,41,76,000	...		17,40,62,000	...	
10,22,30,000	...		10,10,93,000	...	
3,42,84,000	...		1,78,39,000	...	
8,87,000	...		...	...
68,27,000	...		...	...
...	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...
...	
2,00,000	...		2,50,000	...	
1,10,00,000	...		97,00,000	...	
85,86,49,000	...		75,54,85,000	...	
41,94,59,000	7,62,000		32,57,37,000	91,000	
...	
8,30,61,000	...		...	...
4,86,84,000	95,35,000		2,21,14,000	2,10,000	
13,69,59,000	...		...	...
3,00,82,000	2,11,18,000		10,00,000	1,82,31,000	
...	...		37,91,000	...	
2,13,69,95,000	87,99,35,000	3,01,39,30,000	1,62,57,42,000	59,12,12,000	2,21,69,54,000
17,72,08,000	...	17,72,08,000	13,18,79,000	...	13,18,79,000
6,50,37,44,000	1,56,13,74,000		6,04,39,37,000	1,07,64,21,000	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,67,17,63,270	1,65,24,86,973	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	9,16,70,000	...	
Other Loans and Advances	2,62,53,871	...	
TOTAL	11,79,23,871	...	11,79,23,871
Remittances—			
Remittances within India—			
Inland Money Orders	90,55,78,634	...	
Other Local Remittances	10,35,456	...	
Other Departmental Accounts	...	...
Net Payments into Civil Treasuries by—			
Railways	44,12,823	...	
Posts and Telegraphs	...	...
Net Issues from Civil Treasuries to—			
Posts and Telegraphs	3,16,08,433	...	
Army, Marine and Military Engineer Services	37,47,57,782	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,50,000	...	
Sale of Sterling	...	7,64,48,346	
Sale of Silver	3,13,61,881	...	
Other transactions	3,40,72,929	1,80,54,408	
Sterling purchased in India	7,19,33,333	...	
Transfers through the Gold Standard Reserve	8,32,96,000	...	
Transfers through the Paper Currency Reserve	2,34,19,219	2,18,95,275	
TOTAL	1,56,99,26,490	11,63,98,029	1,68,63,24,519
Balances of Provincial Governments	3,10,14,832	3,97,47,729	7,07,62,551
TOTAL DISBURSEMENTS	7,39,06,28,453	1,80,86,32,731	
Closing Balance	17,28,23,746	(b) 7,40,43,787	
GRAND TOTAL	7,56,34,52,199	1,88,26,76,518	

*Sterling converted into Rupees at £1 = Rs. 13½.

(b) Of this amount, £3,748 represents the

BUDGET FOR 1932-33.

Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,50,37,44,000	1,56,13,74,000		6,04,39,37,000	1,07,64,21,000	
13,12,00,000	...		11,64,83,000	...	
2,01,07,000	...		1,06,48,000	...	
15,13,07,000	...	15,13,07,000	12,71,31,000	...	12,71,31,000
88,44,00,000	...		90,50,00,000	...	
2,61,000	...		3,95,000	...	
3,22,90,000	...		3,08,45,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	
36,44,74,000	...		32,99,30,000	...	
85,20,000	...		80,00,000	...	
...	18,73,04,000		...	...
2,55,84,000	...		66,80,000	...	
2,48,76,000	1,49,03,000		2,03,74,000	1,40,11,000	
47,00,00,000	...		32,67,00,000	...	
28,17,20,000	...		...	66,80,000	
...	
2,12,14,38,000	20,22,07,000	2,32,36,45,000	1,74,23,60,000	2,06,91,000	1,76,30,51,000
..	4,17,73,000	4,17,73,000	...	3,74,67,000	3,74,67,000
8,77,64,89,000	1,60,53,54,000		7,91,34,28,000	1,13,45,79,000	
10,18,90,746	(b) 14,71,59,787		11,36,83,746	(b) 6,57,58,787	
8,87,83,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

funds of the Gold Standard Reserve.

BUDGET FOR 1932-33.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1930-31.		REVISED ESTIMATE, 1931-32.		BUDGET ESTIMATE, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	45,87,36,903	...	45,31,10,000	...	51,40,34,000	...
Taxes on Income	15,25,60,438	...	16,57,33,000	...	17,90,10,000	...
Salt	5,56,80,151	...	7,31,91,000	...	8,30,02,000	...
Opium	1,78,90,977	...	1,17,07,000	...	61,01,000	...
Other Heads	1,39,03,015	...	1,56,53,000	...	1,22,06,000	...
TOTAL	69,87,71,644	...	71,93,84,000	...	79,43,43,000	...
Forest and other Capital Outlay charged to Revenue . . . . .	...	4,03,049	...	1,22,000	...	3,16,000
Irrigation . . . . .	...	30,78,383	...	12,33,000	...	2,46,000
Railways	5,73,57,332	...	...	...	...	...
Posts and Telegraphs . . . . .	...	1,55,36,734	...	80,73,000	...	23,26,000
Debt Services . . . . .	...	14,03,70,403	...	17,77,91,000	...	18,13,33,000
Civil Administration . . . . .	...	12,36,98,332	...	11,37,31,000	...	8,74,82,000
Currency and Mint	37,34,490	...	81,24,000	...	2,61,15,000	...
Civil Works . . . . .	...	2,35,47,340	...	1,99,38,000	...	1,67,40,000
Miscellaneous . . . . .	...	3,34,43,258	...	2,61,73,000	...	3,33,22,000
Military Services . . . . .	...	4,30,00,000	...	51,76,00,000	...	46,74,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments. . . . .	...	...	...	...	...	1,03,00,000
Extraordinary Items	83,57,959	...	5,48,900	...	1,81,000	...
TOTAL	76,72,31,325	88,30,66,299	72,80,56,000	86,46,40,000	82,06,39,000	79,91,55,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Revenue and Expenditure.	ACCOUNTS, 1930-31.		REVISED ESTIMATE, 1931-32.		BUDGET ESTIMATE, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit . . . . .	...	11,58,44,974	...	18,66,84,000	2,14,84,000	...
Capital Account—						
Capital outlay on Security Printing Press . . . . .	...	4,01,689	...	—3,84,000	...	4,000
Railway Capital not charged to Revenue . . . . .	...	18,20,27,259	...	8,85,00,000	...	4,15,00,000
Construction of Irrigation Works . . . . .	...	27,553	...	15,000	...	...
Capital outlay on Posts and Telegraphs . . . . .	...	—3,67,996	...	87,63,000	...	23,15,000
Capital outlay on Vizagapatam Port . . . . .	...	38,73,288	...	37,53,000	...	55,55,000
Capital outlay on Light-houses and Light-ships . . . . .	...	—12,821	...	—2,000	...	...
Currency Capital outlay . . . . .	...	1,35,474	...	1,000	...	4,000
Initial expenditure on New Capital at Delhi . . . . .	...	48,26,555	...	13,23,000	...	...
Payment of commuted value of pensions . . . . .	...	42,65,721	...	38,26,000	...	46,55,000
Capital outlay on Bombay Land Scheme . . . . .	...	2,10,37,885	...	...	...	...
Payments to Retrenched Personnel . . . . .	...	...	...	10,00,000	...	25,00,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	46,97,63,501	...	1,20,70,000	...	...	12,06,13,000
Floating Debt . . . . .	...	6,59,35,548	37,99,70,000	...	48,20,000	...
Unfunded Debt	5,78,41,378	...	9,67,94,000	...	11,71,03,000	...
Deposits and Advances . . . . .	...	9,56,14,967	...	8,68,53,000	7,24,23,000	...
Loans and Advances by Central Government . . . . .	...	10,97,01,781	...	14,09,60,000	...	11,90,96,000
Remittances	6,15,123	...	3,29,000	...	4,37,000	...
Balances of Provincial Governments . . . . .	...	7,07,62,551	...	2,29,60,000	1,02,68,000	...
Opening Balance	84,27,91,360	...	24,68,67,533	...	24,90,50,533	...
Closing Balance . . . . .	...	24,68,67,533	...	24,90,50,533	...	17,94,37,533
TOTAL	87,10,01,363	87,10,01,362	73,80,30,533	78,90,30,533	47,56,85,533	47,56,85,533

Speech of the Financial Secretary in the Council of State on the 7th March 1932.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary) : Sir, I rise to present the statement of the estimated expenditure and revenue of the Governor General in Council for the year 1932-33 in respect of subjects other than Railways.

2. Five years ago it was my great privilege to present the first Budget to the House in this Chamber under very different circumstances from those which prevail to-day. Then we had a period of comparative prosperity behind us and the three previous years had shown substantial surpluses. In the budget of 1927-28 Government were therefore able to make proposals for the final abolition of the provincial contributions which stood in the way of provincial autonomy and development. To-day we live in a time when the whole world is suffering from a deep-seated economic malady, the symptoms of which are a catastrophic fall in prices, a deep depression in trade, and a general upheaval of all the old standards which make it difficult to forecast the financial prospects of the future. The year 1930-31 closed with a deficit of Rs. 11.58 crores, and for the current year we expect a deficit of Rs. 13.6 crores. This presents a gloomy picture which at the outset and in present conditions would seem to be of ill augury for the budget of 1932-33. Government have, however, expectations of considerable improvement from the full yield of new taxation, from substantial retrenchments in expenditure, and from a general amelioration in conditions of which signs are not wanting, and expect to realise a surplus next year of Rs. 2.15 crores. The means by which this result is secured will be found in detail in the various statements which will be placed in Honourable Members' hands, a study of which will, I hope, induce the conclusion that the Indian financial position can be justifiably regarded as sound and that when the economic crisis under which the whole world suffers begins to fade away, no country will be in a sounder position than India to move forward from strength to strength.

3. In the present statement I propose only to deal on broad lines with the position, avoiding too great detail and the mass of figures which must accompany any fuller account. This is but an introduction to a fuller study of the papers which Honourable Members will be able to undertake before the general discussion on Friday. There are no surprises in this budget for, as His Excellency the Governor General has already announced, it is not intended at the present stage to propose any extensions or modifications of the scheme for increasing revenue which was placed before the House some months ago, and this budget statement must lose some of the interest which usually attaches to it.

4. Before I deal with the revenue and expenditure of the current and ensuing years, I will instance some salient features of the situation which provide a clue to the whole financial position. Exports of merchandise for the first ten months of the current year amounted in value to about Rs. 135 crores as against 265 crores for 1929-30, while the value of imported merchandise has fallen from 201 to 105 crores. These startling figures indicate to what extent our present difficulties are due to world conditions. Exports of jute and jute products have fallen from Rs. 69 crores to Rs. 28½ crores, raw cotton from 51 to 20, while under imports cotton manufactures have fallen from 49.7 to 15.9

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crores, and sugar from 13·8 to 4·9 crores. Despite all this, our favourable trade balance, including treasure, for the first ten months is Rs. 71 crores as compared with Rs. 43 crores for 1929-30. Herein lies the significance of the export of gold. As an indication of our higher rates of taxation I may state that this year we have collected for ten months about Rs. 29 crores of import duty on Rs. 105 crores value of imports, as compared with Rs. 33 crores of duty on Rs. 201 crores of imports for 1929-30. A full report by the Director-General of Commercial Intelligence reviewing the trade statistics for 1931 is being circulated to Honourable Members.

5. It will be remembered that it was estimated in September last that on the then existing basis of taxation there would be deficits of over 19 crores in each of the years 1931-32 and 1932-33, and it was hoped that by new measures of retrenchment and taxation the deficit in the current year would be reduced to about Rs. 10 crores, and that for next year the full effect of these measures would produce a surplus of about Rs. 5½ crores. These were but rough estimates and our present position in the light of the most recent information is that we shall close this year with a deficit of Rs. 13·66 crores and that the surplus for next year will be Rs. 2·15 crores, a surplus, which I would emphasise, is based on severely reduced estimates of revenue and which provides a reasonable margin of safety. The net effect of the two years is a deficit of Rs. 11·5 crores, but I would remind the House that this is not so bad as it looks because for this year and next together we are providing no less than Rs. 13·7 crores from Revenue towards reduction or avoidance of debt, or 2·2 crores more than the total deficit for the two years. This provision is in no way recurrent expenditure and is a measure of specially conservative nature as practically the whole of the debt is covered by productive undertakings which themselves make adequate financial provision against depreciation. The real position is that as the net deficit of 11·5 crores for the two years is arrived at after providing 13·7 crores for reduction of debt, current receipts for the two years will actually exceed current expenditure by 2·2 crores, which may be regarded as a sound position if it is reached in these times of unexampled depression.

7. The increase in the deficit of the current year from the earlier estimate of 10 crores is mainly due to the fact that on the latest information the Customs estimates for the current year have to be reduced by 5 crores and the Income-tax estimates by 1 crore, but there is improvement of about 2½ crores under Finance heads mainly due to the improvement of the currency position, which leaves the net deterioration at about 3½ crores.

8. The total budget estimates for 1931-32 and 1932-33 are as follows :

	Revenue.	Expenditure.
Original—1931-32	134·87	134·86
Revised—1931-32	120·77	134·43
Budget—1932-33	129·96	127·81

As regards estimates of revenue for next year, the following are the main features :

Customs.—Under Customs the estimate for 1932-33 is 52·3 crores which is about 6 crores more than the revised estimate of the current year, as it takes into account the currency of the new taxation for a full year. It is

however, 4 crores less than the original estimate of the current year despite the additional duties, which shows that a large allowance is made for the depression in trade. Under this head the deterioration is most marked under sugar, silver, cotton piece-goods and liquors. In the case of sugar, whereas the average importation was 850,000 tons in recent years, the customs duty for 1932-33 is calculated on an import of 500,000 tons only, a decrease due mainly to fall in purchasing power though increased Indian production may play some part. The estimated decrease in revenue from sugar is 216 lakhs next year as compared with the original estimate for 1931-32 on the basis of duties without the surcharge.

Silver is another important factor. In 1930-31 the duty collected was 233 lakhs on 111 million ounces imported but for next year the estimate is only Rs. 160 lakhs on 34 million ounces.

Under cotton piece-goods the customs receipts are expected to be Rs. 186 lakhs less next year than in the 1931-32 budget and under liquors the deterioration is expected to be 79 lakhs.

Income-tax.—The estimate for 1932-33 is only 18·7 crores compared with 17·3 for the current year although the increase in rates of income-tax and the new levy on incomes between Rs. 2,000 and 1,000 were expected to yield an additional 3½ crores. Thus, substantial allowance has been made for deterioration in general conditions of business in the current year. In this connection I may say that the whole subject of evasion of the tax has been reviewed and Government are feeling their way towards certain methods which it is hoped will have valuable results.

Salt.—Under Salt revenue an improvement of 238 lakhs as compared with the current budget is expected from the abolition of the credit system and the surcharge.

Under Commercial Departments, the estimated revenue for the current year was 393 lakhs; for next year there will be a net loss of 19 lakhs. As Honourable Members are aware, no contribution from Railways is expected this year or next. Under Posts and Telegraphs, the loss on working in the next year after allowing for the full effect of retrenchment and increased charges, is expected to be about 16 lakhs. This does not take into account the effect of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee which are under consideration, but any adjustments in accordance with those recommendations, while they might improve the results of the Department, would not affect the budgetary position as a whole. Under the head Currency and Mint an improvement of over 2½ crores is expected next year, which is mainly due to the anticipated increased profit on note circulation due to the expansion of currency against treasury bills: this merely represents a restoration of part of the reduction in currency profits which resulted from the much heavier contraction of the preceding two years.

9. I now come to the expenditure estimates for 1932-33, and here I enter upon the familiar ground of the retrenchment campaign which has yielded such very satisfactory results. At the outset I may perhaps be permitted to say that in my capacity as Retrenchment Officer I have been in close touch with the operations of the various Retrenchment Sub-Committees and had indeed the privilege of being Secretary to the Army Committee. I can thus testify to the extremely searching scrutiny to which the expenditure of the Government has been subjected by those Sub-Committees, the members of which have devoted weeks of intensive and exacting toil to their task. That

task is not complete as Government are awaiting further reports from four of the six Sub-Committees. As I was attached to the Inchcape Committee throughout its enquiry nine years ago, I think I may say that the present campaign has been much more drastic and the scrutiny more severe than in the earlier enquiry, partly because the task was rendered more difficult as the field had already been gleaned once.

Nor should a tribute be omitted to the part which the Heads of Departments have played in carrying into effect the retrenchments recommended. It has been often a difficult and uncongenial task especially in those many cases where retrenchment has dealt a severe blow to activities of which they had just reason to be proud.

10. What then are the results achieved? In the supplementary budget the Finance Member estimated that retrenchment in civil expenditure including Posts and Telegraphs would produce a saving of Rs. 325 lakhs against which there would be terminal charges for compensation, etc., of about 75 lakhs—the net result being a reduction of 250 lakhs, while from cuts in pay of civil officers a saving of 115 lakhs was expected. The actual result is that the gross saving on the civil side is 345 lakhs on account of definite measures carried out in respect of the recommendations of the Sub-Committees; to this Government have added a further 88 lakhs from further miscellaneous reductions, making altogether a reduction of 433 lakhs against a sum total of 499 lakhs recommended by the four civil Sub-Committees (excluding Railways and Army). The percentage is 87, which I trust Honourable Members will regard as satisfactory.

11. Against this gross total of 433 lakhs must be set 33 lakhs for terminal charges of retrenched personnel, leaving 400 lakhs net compared with 250 lakhs assumed by the Finance Member in his supplementary budget. Temporary cuts in pay will yield 122½ lakhs compared with 115 lakhs assumed at the earlier stage. The gross total of retrenchments and cuts in pay on the civil side is thus 555 lakhs.

On the military side, in the supplementary budget a net reduction of 525 lakhs was assumed for next year including cuts in pay; this figure has been maintained in the estimates for 1932-33 and is composed of 228 lakhs out of 278 lakhs recommended by the retrenchment committee, 182 lakhs from other measures of retrenchment including postponement of the programme of re-equipment, and 140 lakhs from cuts in pay.

The sum total of reductions due to retrenchment and cuts in pay on the civil and military estimates thus amounts to just over 11 crores, of which 843 lakhs represents retrenchments and 262 lakhs cuts in pay.

12. Now in regard to the effect of retrenchments on the civil side, I must refer to certain items of expenditure which go to reduce the actual result as reflected in the budget estimate. In the first place, there is unavoidable expenditure of Rs. 35 lakhs on increments of pay to Government establishments—there is the sum of Rs. 33 lakhs to be paid out in terminal charges for retrenched personnel: these are unavoidable charges. But in addition to this there is certain expenditure which must be provided for and which is inevitable. This may be divided into two categories—

(a) New expenditure, which is apparent only, inasmuch as it does not represent real fresh expenditure. Under this head I would mention provision of 22½ lakhs for the Nasik Printing Presses. This results from recommendations both of the General Purposes and Public

Accounts Committees to the effect that the budget in future should show gross figures of expenditure and receipts instead of, as in this year, a net figure. This of course adds 22½ lakhs to the expenditure side which, however, is more than balanced by receipts. Again, the Central Government is taking over from Bombay the direct administration of Aden, which means an addition of 5 lakhs to the expenditure side, but this is counter-balanced by 6½ lakhs additional revenue. The Delhi Capital account has been closed down with the result that expenditure now charged to capital will henceforth be charged to revenue. This adds 17 lakhs to the budgeted expenditure but is in no real sense a new item. Against this there are receipts of about 7 lakhs. There is also under this head an extra charge of 8½ lakhs for interest on the Posts and Telegraphs Department. Further, it has been necessary to provide Rs. 12½ lakhs for additional Income-tax staff in consequence of the doubling of the number of assesses.

- (b) There is a second class of expenditure which represents unavoidable new outlay. Examples are—5½ lakhs for the Round Table Conference, 6 lakhs for the inauguration of the new province in the North-West Frontier, 3½ lakhs for the Delhi Conspiracy case.

All together under the first class the extra provision is about 89 lakhs and under the second head 29 lakhs—or a total of 118 lakhs. These items have been mentioned because the position becomes complicated when an attempt is made to trace the actual effect of the retrenchments on the budget figure. At this stage I would draw the attention of Honourable Members to the very full memoranda which have been supplied showing the results of the retrenchment operations in great detail. If any Member find any difficulty in understanding any point or any figures, I shall be only too glad to give all the help I can.

The effect of retrenchment on the establishments of Government is one which all of us must find distressing, but it indicates the extent of the retrenchment. In pursuance of the campaign the following appointments in the Civil departments including Posts and Telegraphs have been or will shortly come under reduction so far as information is at present collected—

Gazetted officers	299	} a total of 7,063.
Ministerial and other superior establishment	5,279	
Inferior establishment	1,485	

The reductions in military establishment amount to nearly 16,000 men.

13. There is one important point in the budget this year which complicates the account to which I would draw the attention of the House. That is the change in the position of the North-West Frontier Province and its effect on the estimates. This is described in full in my memorandum, but briefly the position is that Rs. 66½ lakhs drop out of the receipt side of the budget, while 163½ lakhs disappear from the expenditure side. This is a net difference of 97½ lakhs which represents the deficit of the province; instead the Government have now provided for a subvention of one crore of rupees. The subvention is to be in operation for three years or until the new Constitution for India is established, whichever is earlier. There is, however, a complication which arises out of the fact that the new Council cannot come into being till later on in the month of April than was anticipated and that the revenue

and expenditure will remain as central transactions for that period of delay I would say a few words as regards the fixing of the subvention which has been a matter of some difficulty in the present abnormal times. The North-West Frontier Province Subjects Committee suggested a basic contribution of 117 lakhs but left it to Government to make adjustments in the revenue figures for the present low prices, nor could they at the time anticipate the results of the retrenchment campaign. Government have since had that advantage and have considered the advance recommendations of the General Purposes Retrenchment Committee, and in consequence they have formulated a budget for the province on the same lines as they would have done had the administration remained with them, except that allowance had to be made for the extra cost of the administration. They have, however, made no provision for increasing the resources to provide for any programme of expansion, nor could they do so at a time when the rest of India is compelled to a policy of severe curtailment of its beneficent activities. But Government maintains that they have dealt fairly with the province in the circumstances and it is to be hoped that the Provincial Administration will be in a position to utilise its resources to a fuller extent than may have been done under a central administration.

14. I have already dealt briefly with the military estimates for next year, but it is necessary to explain the position further. The Army Department memorandum explains how the net decrease by $5\frac{1}{2}$ crores to 46.65 crores has been arrived at. It is made up of 140 lakhs from cuts in pay and 310 lakhs from retrenchment, against which there is expenditure of 25 lakhs on certain unavoidable new items such as the Indian Sandhurst. Of the saving on cuts in pay only 17 lakhs can be regarded as permanent, the remainder is due to the cut of 10 per cent. which, as Honourable Members know, is a temporary measure. Out of the 310 lakhs of retrenchment, about 65 represents savings which are not strictly recurrent as they result from eating up of stocks and postponing building. In addition, one crore accrues from the postponement of the re-equipment programme. The Army authorities have throughout made it clear that they have only agreed to postpone their programme in order to meet the present national emergency and that the permanent cancellation could not be accepted consistently with maintaining the efficiency of the Army. His Excellency the Commander-in-Chief has given an assurance that he will not relax his efforts to secure further reductions in recurring expenditure both by pressing on with measures already accepted and by developing further lines which may present themselves, but he has made it clear that he does not see any hope of effecting economies from measures other than reduction of troops, which raises different issues, which would go near to make up the 123 lakhs which would result from restoring cuts in pay and the disappearance of 65 lakhs of other special savings. It has indeed only been possible to reach the reduced estimate for next year by reducing troops to effect a saving of Rs. 35 lakhs. Also there is the effect of the prices of food grains to be considered; if these rise to anything like the 1929 level, an event desirable enough on general grounds, there must be an automatic increase in military expenditure. Therefore His Excellency desires it to be made clear that he cannot regard the budget figure of 46.65 crores as representing a new standard level and that the normal cost of the Forces at their present strength when the cut in pay is restored must be recognised to be about 48 crores even if the prevailing low prices for grain, etc., continue. I have thought it right to let Honourable Members know the conclusion which His Excellency has drawn from the facts of the present situation. Government will continue to press for every possible economy and the retrenchment campaign is not to be regarded as finally closed with the present achievements.

15. Before I leave the subject of the estimates of expenditure, I would like to draw attention to a table on page 2 of my general memorandum which shows that whereas in the comparatively prosperous years from 1923 to 1928 the extent to which Government had to rely on tax revenue was only Rs. 68 crores, on the average, next year in a time of severe depression the call on tax revenue will amount to 77 crores. The reason for this pressure on tax revenue is not increased expenditure, for controllable expenditure has gone down in that period from 75 crores to 64 crores; the reason lies in the falling off of revenue from commercial departments, the finance heads and opium in which there is a reduction of nearly 11 crores next year compared with the average for the five years 1923—28. This is the real cause of deterioration to which must be added the abolition of provincial contributions which stood at Rs. 9 crores in 1923 and the increase in the provision for reduction or avoidance of debt from $4\frac{1}{2}$ to 7 crores. A further point is that we are now meeting their full accrued liability in respect of Cash Certificates which means a further 2 crores. It is clear that the need for increasing tax revenue is not greatly increased expenditure but the heavy drop in the returns from the economic activities of Government and in the productivity of the country on which the revenue from taxation depends.

16. On the subject of Ways and Means I will not take up the attention of the House except to mention one or two salient features. In the current year the most important features have been the increase in provincial drawings by nearly 6 crores owing mostly to heavy deficits and loans to agriculturists to assist them to tide over the fall in prices or failure of crops. The other important feature was the addition of Rs. 35 crores to the resources as a result of expansion of currency against treasury bills. During 1930-31 and 1931-32 Government had to effect large contractions of the currency to avoid development of an inflationary position owing to the tremendous fall in world prices of all commodities. This process continued till September when the suspension of the Gold Standard produced a complete change in the situation. For various reasons a large demand for currency has arisen, which enabled Government to replace in the Paper Currency Reserve a large part of the Treasury Bills which had been cancelled during the previous two years and in this way to recover resources temporarily lost by the previous contraction: the net effect of contraction and expansion during the last three years has been to decrease resources by Rs. $8\frac{1}{2}$ crores. Under loans, £10 million was raised in London in May 1931 but the 1932 loan was repaid from treasury balances—a net reduction of £5 million in sterling borrowing. The loan in India achieved nearly 17 crores against an estimate of 15 crores, and a satisfactory feature was the extent to which small investors took advantage of the loan in a time of depression. Another satisfactory feature is that the receipts this year from Post Office Cash Certificates are expected to amount to over 7 crores compared with the estimate of 4 crores. For next year the main feature is that it should not be necessary to raise any loans except for the purpose of meeting or converting maturing loan obligations. It is assumed that the 6 per cent. sterling bonds, 1932-33, which Government have the option to repay in June will be replaced by other sterling borrowing, but it may be possible to repay these bonds without borrowing in London if exchange continues strong. As regards rupee loans, it is expected to issue a loan of $14\frac{1}{2}$ crores which is required to provide for the repayment of 6 per cent. 1932 bonds which fall due in October. If the recent improving tendency in the Government securities market continues, it should be possible to raise a larger loan in India on favourable terms, and in that case Government will probably take the opportunity to fund a part of the floating debt.

17. There are two questions which have engaged considerable attention during the year, the export of gold and the expansion of the currency.

As regards the first the House will have an opportunity of discussing the question and hearing the views of Government on the Resolution which my Honourable friend Rai Bahadur Jagdish Prasad proposes to move to-morrow and therefore I need not deal with the question now. As regards expansion of the currency, the criticism has been advanced that the recent expansion has not been justified by any rise in rupee prices and that the Government is in effect using the note printing press to meet its own requirements, thereby causing a dangerous inflationary position. Government were severely criticised before for contracting as they are now taken to task for expanding the currency. As to this charge the answer is simple that so long as the rupee exchange is pegged to something external either gold or sterling, currency cannot be expanded or contracted beyond the requirements of the public without the results becoming apparent in the exchange position. If Government expands currency to meet its own needs because its revenue is inadequate or its credit is bad, then exchange will weaken and collapse. The great improvement which has recently taken place both in credit and exchange is the best answer Government can give to its critics whose views are not shared by the money markets. To those who say that the recent rise in prices has not been sufficient to justify the extent of expansion of the currency, the only answer is that it has been absorbed and that there is no evidence in the Bank's figures or otherwise of an undue surplus. Where the money has gone it is not possible to say exactly. Some is required to meet the needs of trade with higher rupee prices and also currency must now be held to a large extent where gold now exported was held before. This shows a gratifying confidence in the country's currency. Whatever the critics may say, Government can assert with the greatest assurance that the position is sound. It is obvious that the recent improvement in the exchange position and in the demand for currency has been largely due to the sale and export of gold. If that were to cease and if there were to be any set back in the world with a renewed fall in gold and rupee prices, then Government may again have to reverse the process to maintain a sound position. Will the critics again shift the ground and criticise Government once more from the other side? For the present let us hope such a necessity will not arise.

18. I will now conclude this review. Government can justifiably maintain that their budgetary position is sound—expenditure has been heavily retrenched in accordance with the recommendations of the Retrenchment Committee, made after a severer scrutiny than has ever before been made; the revenue estimates are based on conservative data having regard to the present state of trade depression, and thus Government can face next year with a prospect of a fairly substantial surplus, while, even though the current year is closing with a nominal deficit, if we take into account the provision made from revenue for reducing debt, we can reckon on a surplus of receipts over expenditure for the two years combined. There are not wanting favourable signs in the increase of investments in Cash Certificates and Savings Bank deposits and in subscriptions by small investors to the Treasury Bonds. Again one may point to the easing of money rates, the repayment without borrowing of 15 million sterling in January and to the recent strong improvement in the price of Government securities both in India and in London. For example, the 3½ per cent. sterling stock which in September last went down to 43 had risen on March 2nd to about 66 and other securities have also improved. The Secretary of State was able to point the other day with satisfaction to the fact that at the time, of such general economic depression, there was a striking

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improvement in the general financial situation of the Government of India and that there were many signs, still uncertain but none the less hopeful, of better times.

The old landmarks are gone and Government are facing conditions for which there are in many respects no parallel. In these circumstances Government have taken such measures as they can fairly ask the country to support, but neither India nor any other country can feel that the position is assured. In India also there is the added difficulty of uncertainty about the political question and threats of civil disobedience directed mainly at impeding the ordinary course of trade, but no account of this feature has been taken in the estimates in the confident hope that ultimately the good sense of the country will prevail. Finally, if only world conditions improve, there is every ground for increasing confidence for the future. Despite the difficulties which remain, it would be hard to find a country in the world whose intrinsic financial position is sounder or whose prospects of economic advance in the future are more bright. (Applause.)

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Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1932-33.

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
†	A.—EXPENDITURE CHARGED TO REVENUE.		Rs.	Rs.	Rs.
16	Customs	Customs	60,34,000	29,25,000	89,59,000
17	Taxes on Income	Taxes on Income	79,21,000	3,12,000	82,33,000
18	Salt	Salt	71,42,000	43,56,000	1,14,98,000
19	Opium	Opium	69,90,000	1,72,000	71,62,000
20	Stamps	Stamps	13,24,000	67,000	13,91,000
21	Forest	Forest	4,93,000	1,60,000	6,53,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	2,45,000	3,33,000	5,78,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	10,67,90,000	1,10,09,000	11,77,99,000
	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt.	2,80,20,000	3,24,99,000	11,05,19,000
26	Interest on Miscellaneous Obligations.	Interest on other Obligations.	48,12,000	3,39,04,000	8,87,16,000
27	Staff, Household and allowances of the Governor-General.		3,91,000	8,63,000	12,59,000
28	Executive Council		85,000	4,16,000	5,01,000
29	Council of State		90,000	60,000	1,50,000
30	Legislative Assembly and Legislative Assembly Department.		7,09,000	32,000	7,91,000
31	Foreign and Political Department		7,74,000	1,99,000	9,73,000
32	Home Department		5,48,000	7,51,000	12,99,000
33	Public Service Commission		1,33,000	2,39,000	3,72,000
34	Legislative Department		2,93,000	1,77,000	4,70,000
35	Department of Education, Health and Lands.	General Administration.	5,25,000	1,67,000	6,92,000
36	Finance Department		9,32,000	2,45,000	11,77,000
38	Commerce Department		3,39,000	1,04,000	4,43,000
39	Army Department		4,54,000	92,000	5,46,000
40	Department of Industries and Labour.		4,42,000	1,15,000	5,57,000
41	Central Board of Revenue		1,45,000	85,000	2,30,000
42	Payments to Provincial Governments on account of Administration of Agency subjects.		2,44,000	36,000	2,80,000
43	Audit	Audit	85,46,000	8,30,000	93,76,000
44	Administration of Justice	Administration of Justice.	50,000	..	50,000
45	Police	Police	1,83,000	5,000	1,88,000
46	Ports and Pilotage	Ports and Pilotage	10,54,000	10,55,000	21,09,000
47	Lighthouses and Lightships	Lighthouses and Lightships.	11,43,000	20,000	11,63,000
48	Survey of India	Scientific Departments.	14,79,000	5,55,000	20,34,000
49	Meteorology	Scientific Departments.	15,26,000	83,000	16,09,000
50	Geological Survey	Scientific Departments.	1,56,000	2,10,000	3,66,000
51	Botanical Survey	Scientific Departments.	1,35,000	28,000	1,63,000
52	Zoological Survey	Scientific Departments.	81,000	37,000	1,18,000
53	Archæology	Scientific Departments.	8,86,000	1,34,000	10,20,000
54	Mines	Scientific Departments.	1,16,000	1,08,000	2,24,000
55	Other Scientific Departments	Scientific Departments.	2,68,000	..	2,68,000
56	Education	Education	11,84,000	29,000	12,13,000
	Carried over		19,26,82,000	19,24,92,000	38,51,74,000

† Demands Nos. 1—15 relate to expenditure on Railways.

BUDGET FOR 1932-33.

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Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1932-33—*contd.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
		Brought forward	Rs. 19,29,82,000	Rs. 19,24,92,000	Rs. 38,51,74,000
	A.—EXPENDITURE CHARGED TO REVENUE—<i>contd.</i>				
57	Medical Services	Medical	6,13,000	2,27,000	8,40,000
58	Public Health	Public Health	6,59,000	1,70,000	8,29,000
59	Agriculture	Agriculture	9,49,000	1,25,000	10,74,000
60	Imperial Council of Agricultural Research Department.	Do.	1,42,000	46,000	1,88,000
61	Civil Veterinary Services	Do.	6,02,000	67,000	6,69,000
62	Industries	Industries	1,48,000	37,000	1,85,000
63	Aviation	Aviation	8,72,000	2,000	8,74,000
64	Commercial Intelligence and Statistics.	Miscellaneous Departments.	2,60,000	48,000	3,08,000
65	Census	Do.	5,79,000	1,53,000	7,32,000
66	Emigration—Internal	Do.	23,000	10,000	33,000
67	External	Do.	1,69,000	47,000	2,16,000
68	Joint-Stock Companies	Do.	1,14,000	17,000	1,31,000
69	Miscellaneous Departments	Do.	4,40,000	65,000	5,05,000
70	Indian Stores Department	Indian Stores Department.	4,01,000	1,33,000	5,44,000
71	Currency	Currency	45,32,000	1,78,000	47,04,000
72	Mint	Mint	21,60,000	71,000	22,31,000
73	Civil Works	Civil Works	1,82,15,000	12,04,000	1,94,19,000
74	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	58,30,000	2,06,64,000	2,63,94,000
75	Stationery and Printing	Stationery and Printing.	39,40,000	41,000	39,81,000
76	Miscellaneous	Miscellaneous	10,12,000	37,59,000	37,71,000
76A	Expenditure on retrenched personnel charged to revenue.	Extraordinary charges.	19,25,000	2,75,000	22,00,000
77	Refunds		84,12,000	2,14,19,000	2,98,31,000
78	North-West Frontier Province		1,00,18,000	1,26,79,000	2,25,97,000
79	Baluchistan		27,00,000	42,24,000	69,24,000
80	Delli		44,32,000	3,24,000	47,56,000
81	Ajmer-Merwara		13,53,000	1,26,000	14,79,000
82	Andamans and Nicobar Islands	Distributed over respective heads of account.	31,49,000	2,38,000	33,81,000
83	Rajputans		4,19,000	6,88,000	11,05,000
84	Central India		3,88,000	6,10,000	9,98,000
85	Hyderabad		2,71,000	5,82,000	8,53,000
85A	Aden		4,17,000	28,000	4,45,000
86	Expenditure in England—Secretary of State for India.		19,16,000	17,93,000	37,09,000
87	Expenditure in England—High Commissioner for India.		23,35,000	37,87,000	61,22,000
Non-voted.	<i>Excise</i>	<i>Excise</i>		2,22,000	2,22,000
	<i>Ecclesiastical</i>	<i>Ecclesiastical</i>		27,03,000	27,03,000
	<i>Political</i>	<i>Political</i>		85,88,000	85,88,000
	<i>Frontier Watch and Ward</i>	<i>Frontier Watch and Ward.</i>		1,01,20,000	1,01,20,000
	<i>Territorial and Political Pensions</i>	<i>Territorial and Political Pensions.</i>		31,45,000	31,45,000
	<i>Bangalore</i>	Distributed over respective heads of account.		12,83,000	12,83,000
	<i>Western India States Agency</i>			15,19,000	15,19,000
	<i>Military Services</i>	<i>Military Services</i>		50,91,96,000	50,91,96,000
	TOTAL (Carried over)		27,20,77,000	80,18,81,000	1,07,39,58,000(a)

(a) This figure is arrived at from the Budget Statement at follows:—

As per Statement B of the Budget Statement	Rs. 1,27,81,45,000
Add—Working Expenses—	
Posts and Telegraphs	10,71,74,000
Irrigation	1,52,000
Refunds	3,03,31,000
	1,41,58,02,000
Deduct—Railway Expenditure	34,18,44,000
	1,07,39,58,000

BUDGET FOR 1932-33.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1932-33—concl'd.

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted	Total.
			Rs.	Rs.	Rs.
	B.—EXPENDITURE CHARGED TO CAPITAL.	Brought forward .	27,20,77,000	80,18,81,000	1,07,39,58,000
88	Capital outlay on Security Printing	Capital outlay on Security Printing Press	4,000	..	4,000
89	Forest Capital outlay	Capital outlay on Forests.	1,000	..	1,000
90	Irrigation .	Construction of Irrigation Works.	1,000	..	1,000
91	Indian Posts and Telegraphs	Capital outlay on Posts and Telegraphs.	23,18,000	2,000	23,15,000
93	Capital outlay on Currency Note Press.	Currency Capital outlay not charged to Revenue.	4,000	..	4,000
94	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	55,52,000	3,000	55,55,000
95	Capital outlay on Light houses and Lightships.	Capital outlay on Light houses and Lightships.	1,000	..	1,000
96	Commutated value of Pensions	Payment of Commuted Value of Pensions.	31,28,000	15,27,000	46,55,000
96A	Expenditure on retrenched personnel charged to capital.	Payments to retrenched personnel.	23,00,000	2,00,000	25,00,000
	TOTAL		1,33,04,000	17,32,000	1,50,36,000
	C.—DISBURSEMENTS OF LOANS AND ADVANCES.				
98	Interest-free advances	..	66,34,000	..	66,34,000
99	Loans and advances bearing interest.	..	12,71,31,000	..	12,71,31,000
	TOTAL		13,37,65,000	..	13,37,65,000
	GRAND TOTAL		41,91,46,000	80,38,13,000	1,22,27,59,000

No. D.-4458-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 29th March 1932.

RESOLUTION.

The statements relating to the Revised estimates for 1931-32 and the Budget estimates for 1932-33, which were presented to the Legislative Assembly and the Council of State on the 25th February 1932 and the 7th March 1932, are now published for general information.

2. The reductions made by the Legislative Assembly in the Demands presented to them consisted of two token cuts of Rs. 100 each in Demand No. 28—Executive Council. These have been accepted to far as the demands are concerned. They do not however affect the figures in these statements which are in round thousands of rupees.

A. F. L. BRAYNE,

Secretary to the Government of India.

BUDGET
of the
Governor-General in Council,
March, 1932

FINANCE DEPARTMENT,
New Delhi, the 29th March 1932. }

A. F. L. BRAYNE,
Offg. Secretary to the Govt. of India.

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BUDGET FOR 1932-33.

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

	For details, vide Statement.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
	A	Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	46,80,74,345	56,45,97,000	46,22,55,000	52,31,37,000
Taxes on Income	"	16,00,32,363	17,44,54,000	17,30,49,000	18,73,38,000
Salt	"	6,83,22,449	7,05,00,000	8,48,03,000	9,43,40,000
Opium	"	2,53,27,460	2,15,58,000	1,98,24,000	1,32,63,000
Other Heads	"	2,08,22,337	2,21,46,000	2,15,08,000	1,79,39,000
TOTAL PRINCIPAL HEADS		74,30,81,853	85,32,55,000	76,14,39,000	83,60,07,000
Railways: Net Receipts (as per Railway Budget)	A	39,13,71,085	39,54,02,000	33,66,51,000	34,18,44,000
Irrigation: Net Receipts	"	4,63,307	13,75,000	9,39,000	1,86,000
Posts and Telegraphs: Net Receipts	"	—60,30,910	—49,21,000	—42,54,000	78,99,000
Interest Receipts	"	3,38,42,993	2,91,99,000	2,24,89,000	1,50,12,000
Civil Administration	"	96,87,409	1,08,45,000	95,09,000	90,11,000
Currency and Mint	"	1,24,30,493	63,34,000	1,85,25,000	2,31,17,000
Civil Works	"	27,15,147	24,85,000	23,40,000	26,79,000
Miscellaneous	"	95,64,305	73,89,000	1,58,33,000	66,67,000
Military Receipts	"	3,98,89,885	4,47,57,000	4,08,00,000	4,17,96,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	"	—	—	—	—
Extraordinary Items	"	92,20,155	30,44,000	15,63,000	23,91,000
TOTAL REVENUE		1,24,59,55,721	1,34,86,64,000	1,20,76,94,000	1,29,96,29,000
DEFICIT		11,58,44,974	—	13,65,64,000	—
TOTAL		1,36,18,00,695	1,34,86,64,000	1,34,42,78,000	1,29,96,29,000

BUDGET FOR 1932-33.

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

	For details, vide Statement.	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Expenditure-					
Direct Demands on the Revenue	B	4,33,10,309	4,40,34,000	4,20,55,000	4,16,64,000
Forest and other Capital outlay charged to Revenue	"	4,02,049	2,16,000	1,22,000	3,16,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget)	"	33,40,13,753	34,18,00,000	33,66,51,000	34,18,44,000
Irrigation	"	35,56,690	22,10,000	21,61,000	4,32,000
Posts and Telegraphs	"	95,05,824	42,48,000	38,19,000	1,01,25,000
Debt Services	"	17,42,13,396	13,77,40,000	20,02,80,000	19,92,35,000
Civil Administration	"	13,33,80,640	13,06,36,000	12,82,40,000	9,64,33,000
Currency and Mint	"	96,96,003	78,71,000	1,04,01,000	70,02,000
Civil Works	"	2,62,62,387	2,41,28,000	2,32,68,000	1,04,19,000
Miscellaneous	"	4,30,07,663	4,08,92,000	4,20,06,000	4,00,00,000
Military Services	"	58,26,89,885	56,47,67,000	55,82,60,000	50,91,96,000
Miscellaneous adjustments between the Central and Provincial Governments	"	...	...	...	1,02,00,000
Extraordinary Items	"	15,62,196	25,000	10,15,000	22,10,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,36,18,00,695	1,34,85,58,000	1,34,42,78,000	1,27,81,45,000
SURPLUS		...	1,06,000	...	2,14,84,000
TOTAL		1,36,18,00,695	1,34,86,64,000	1,34,42,78,000	1,29,96,29,000

BUDGET FOR 1932-33.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	...	1,06,000	...	1,14,84,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	...	...	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	46,97,53,501	10,31,62,000	1,30,70,000	...
Floating Debt (net incurred) . . . . .	"	...	...	87,99,70,000	49,30,000
Unfunded Debt (net incurred)	"	5,78,41,378	9,69,72,000	9,87,94,000	11,71,03,000
Deposits and Advances (net)	"	...	7,44,43,000	...	6,73,03,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	1,04,33,000	...	51,21,000
TOTAL DEBT, DEPOSITS AND ADVANCES.	"	52,75,94,879	28,40,10,000	49,08,34,000	19,44,46,000
Remittances (net)	C	6,15,133	6,47,000	3,39,000	4,37,000
Balances of Provincial Governments (net)	"	...	...	...	1,03,68,000
TOTAL RECEIPTS . . . . .	...	53,62,10,002	28,47,63,000	49,11,63,000	22,66,35,000
Opening Balance { India . . . . .	...	25,76,33,677	12,74,69,677	17,28,23,746	10,18,90,746
{ England . . . . .	...	8,61,67,683	6,46,96,683	7,40,43,787	14,71,59,787
TOTAL . . . . .	...	87,10,01,362	47,69,29,360	73,80,30,533	47,68,65,533

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	46,80,76,245	...	...	46,80,76,245	46,22,55,000	...	1
II.—Taxes on Income	16,00,33,362	...	...	16,00,33,362	17,30,49,000	...	2
III.—Salt	6,83,22,449	...	...	6,83,22,449	6,46,03,000	...	3
IV.—Opium	2,53,27,460	...	...	2,53,27,460	1,98,24,000	...	4
V.—Land Revenue	33,94,397	...	...	33,94,397	31,28,000	...	5
VII.—Excise	46,50,223	...	...	46,50,223	46,15,000	...	6
VIII.—Stamps	28,01,728	...	...	28,01,728	25,62,000	8,000	7
VIII.—Forest	29,78,397	2,996	43	29,81,335	24,20,000	2,000	8
IX.—Registration	1,49,773	...	...	1,49,773	1,49,000	...	9
X.—Payments from Indian States	63,44,881	...	...	63,44,881	86,23,000	...	10
TOTAL	74,20,78,815	2,996	43	74,20,81,853	76,14,26,000	11,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	16,71,123	...	...	16,71,123	19,36,000	...	12
Deduct—Working Expenses	11,90,694	...	...	11,90,694	10,99,000	...	13
Net Receipt	4,80,429	...	...	4,80,429	8,36,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,808	...	...	2,808	3,000	...	15
TOTAL	4,83,307	...	...	4,83,307	8,39,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,77,86,026	28	...	10,77,86,054	10,70,03,000	...	17
Deduct—Working Expenses	11,97,53,243	7,69,704	9,736	11,35,22,673	11,09,79,000	9,80,000	18
Net Receipts	-49,66,217	-7,60,676	-9,736	-57,36,619	-32,67,000	-9,80,000	19
Indo-European Telegraph Department—Gross Receipts	9,46,692	11,91,838	15,996	21,54,526	...	...	20
Deduct—Working Expenses	23,15,299	1,31,899	1,711	24,48,217	...	...	21
Net Receipts	-13,68,594	10,60,018	14,285	-2,94,291	...	...	22
TOTAL	-63,34,811	2,99,343	4,559	-60,30,910	-32,67,000	-9,80,000	23
Debt Services—							
XVI.—Interest	1,07,96,734	2,27,70,740	2,75,519	3,38,43,993	1,11,81,000	1,13,29,000	24
Carried over	74,70,24,045	2,50,73,078	2,80,120	77,92,77,243	77,02,81,000	1,02,60,000	25

* Sterling converted into

Government, in India and in England.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.	
Item No.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1931-32.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1931-32.
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
1	...	46,32,55,000	-10,38,43,000	53,31,37,000	...	...	53,31,37,000	+ 6,08,72,000
2	...	17,30,49,000	-14,05,000	18,73,38,000	...	...	18,73,38,000	+ 1,42,89,000
3	...	8,48,03,000	+ 1,43,03,000	9,43,40,000	...	...	9,43,40,000	+ 85,37,000
4	...	1,98,24,000	-17,34,000	1,32,63,000	...	...	1,32,63,000	- 65,61,000
5	...	31,28,000	- 9,53,000	14,58,000	...	...	14,58,000	- 16,70,000
6	...	46,18,000	-1,89,000	38,67,000	...	...	38,67,000	- 7,48,000
7	...	35,70,000	-1,53,000	33,01,000	...	...	33,01,000	+ 7,31,000
8	...	24,33,000	-8,30,000	17,69,000	...	...	17,69,000	- 6,34,000
9	...	1,49,000	- 3,000	66,000	...	...	66,000	- 63,000
10	...	86,23,000	+ 11,78,000	74,38,000	...	...	74,38,000	- 11,85,000
11	...	76,14,39,000	- 9,18,16,000	83,60,07,000	...	...	83,60,07,000	+ 7,45,68,000
12	...	19,36,000	- 4,21,000	1,83,000	...	...	1,83,000	- 17,53,000
13	...	10,00,000	- 16,000	1,52,000	...	...	1,52,000	+ 8,48,000
14	...	9,36,000	- 4,87,000	31,000	...	...	31,000	- 9,05,000
15	...	3,000	+ 1,000	1,55,000	...	...	1,55,000	+ 1,52,000
16	...	9,39,000	- 4,36,000	1,66,000	...	...	1,66,000	- 7,73,000
17	...	10,70,03,000	- 26,02,000	11,50,73,000	...	...	11,50,73,000	+ 80,70,000
18	7,000	11,12,57,000	+ 32,69,000	10,68,04,000	8,70,000	...	10,71,74,000	- 40,38,000
19	-7,000	-42,54,000	+ 6,67,000	87,69,000	-8,70,000	...	78,99,000	+ 1,21,63,000
20
21
22
23	-7,000	-42,54,000	+ 6,67,000	87,69,000	-8,70,000	...	78,99,000	+ 1,21,63,000
24	79,000	2,24,89,000	- 87,10,000	99,45,000	80,67,000	...	1,80,12,000	- 44,77,000
25	72,000	78,06,13,000	- 9,82,95,000	86,49,07,000	71,87,000	...	66,21,04,000	+ 8,14,91,000

Rupees at £1 = Rs. 13½

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1930-31.				REVISED ESTIMATE.		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
Brought forward	Rs. 74,70,24,045	Rs. 2,30,73,078	Rs. 2,80,130	Rs. 77,03,77,243	Rs. 77,03,81,000	Rs. 1,02,60,000	
Civil Administration—							
XVII.—Administration of Justice	2,82,647	...	...	2,82,647	2,82,000	2,000	1
XVIII.—Jails and Convict Settlements.	4,74,768	...	...	4,74,768	3,99,000	...	2
XIX.—Police	4,11,134	3,216	45	4,14,395	5,69,000	...	3
XX.—Ports and Pilotage	21,03,274	276	3	21,03,553	19,56,000	...	4
XX(1).—Light houses and Light ships	12,19,654	...	...	12,19,654	11,14,000	...	5
XXI.—Education	2,24,191	...	...	2,24,191	2,38,000	...	6
XXII.—Medical	3,01,984	10,803	149	3,13,736	3,63,000	1,000	7
XXIII.—Public Health	4,54,743	...	...	4,54,743	3,97,000	...	8
XXIV.—Agriculture	18,78,340	...	...	18,78,340	18,57,000	...	9
XXV.—Industries	30,165	...	...	30,165	19,000	...	10
XXVI.—Miscellaneous Departments	20,01,630	8,118	101	20,09,849	19,98,000	16,000	11
XXVI-A.—Indian Stores Department	2,85,371	...	...	2,85,371	2,71,000	...	13
TOTAL	96,64,698	22,212	298	96,87,208	94,90,000	19,000	13
Currency and Mint—							
XXVII.—Currency	1,17,84,598	1,55,803	2,130	1,19,42,531	1,77,43,000	...	14
XXVIII.—Mint	4,88,089	72	1	4,88,162	7,82,000	...	15
TOTAL	1,22,72,687	1,65,875	2,131	1,24,30,493	1,85,25,000	...	16
Civil Works—							
XXX.—Civil Works	27,15,308	—159	—2	27,15,147	23,40,000	...	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	12,36,747	2,42,215	3,081	14,82,043	11,32,000	3,15,000	18
XXXIV.—Stationery and Printing	40,47,056	18,471	219	40,65,746	32,35,000	27,000	19
XXXV.—Miscellaneous	24,78,264	15,30,039	20,213	40,18,516	1,05,75,000	5,63,000	20
TOTAL	77,60,067	17,80,725	23,513	95,64,305	1,48,22,000	9,05,000	21
Military Receipts—							
XXXVI.—Army—							
Effective	1,91,93,574	32,03,609	41,676	2,24,38,859	2,30,66,000	38,85,000	22
Non-effective	25,35,119	83,09,680	1,14,137	1,08,58,956	18,71,000	78,27,000	23
	2,17,28,693	1,14,13,289	1,55,833	3,32,97,815	2,43,37,000	1,17,12,000	24
XXXVII.—Marine	21,55,790	42,742	596	21,99,128	3,08,000	21,000	25
XXXVIII.—Military Engineer Services	43,92,007	933	12	43,92,942	36,00,000	...	26
XXXVIII-A.—Transfers from Military Reserve Fund	...	...	...	...	...	...	27
TOTAL	2,82,76,490	1,14,56,954	1,56,441	3,98,89,885	2,88,45,000	1,17,33,000	23
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	29
Extraordinary Items—							
XL.—Extraordinary Receipts	51,00,000	47,58,318	61,837	99,20,155	8,00,000	7,58,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	31
TOTAL	51,00,000	47,58,318	61,837	99,20,155	8,00,000	7,58,000	32
Railway Revenues as per Railway Budget	89,57,34,530	—42,97,173	—56,263	89,13,71,085	34,33,10,000	—46,27,000	33
TOTAL REVENUE	1,20,85,38,015	3,69,49,631	4,68,075	1,24,59,55,721	1,18,85,13,000	1,90,43,000	34

* Sterling converted into

Government, in India and in England—contd.

1931-32.			BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
Item No.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.	Rs.
	Rs.	Rs.			Rs.	Rs.	
	72,000	78,08,13,000	65,49,07,000	71,97,000		86,21,04,000	+ 8,14,91,000.
1	...	2,64,000	...	1,15,000	...	1,15,000	-1,69,000
2	...	3,98,000	-55,000	3,98,000	...	2,98,000	-1,01,000
3	...	5,69,000	-87,000	9,87,000	...	9,87,000	+ 3,98,000
4	...	19,98,000	-3,00,000	20,10,000	...	20,10,000	+ 24,000
5	...	11,14,000	-1,84,000	11,63,000	...	11,63,000	+ 49,000
6	...	2,36,000	+ 27,000	1,80,000	...	1,80,000	-66,000
7	...	3,63,000	-1,86,000	2,15,000	...	2,15,000	-1,48,000
8	...	3,87,000	-9,000	3,15,000	...	3,15,000	-82,000
9	...	18,57,000	+ 80,000	17,20,000	...	17,20,000	-1,87,000
10	...	19,000	-1,000	15,000	...	15,000	-4,000
11	...	20,14,000	+ 7,000	16,98,000	6,000	17,04,000	-3,10,000
12	...	2,71,000	-98,000	3,09,000	...	3,09,000	+ 38,000
13	...	95,09,000	-8,38,000	90,05,000	6,000	90,11,000	-4,98,000
14	...	1,77,43,000	+ 1,15,65,000	3,27,93,000	...	3,27,93,000	1,50,49,000
15	...	7,63,000	+ 3,28,000	3,25,000	...	3,25,000	-4,67,000
16	...	1,85,25,000	+ 1,21,91,000	5,31,17,000	...	3,31,17,000	+ 1,45,92,000
17	...	28,40,000	-1,45,000	26,79,000	...	26,79,000	+ 3,39,000
18	2,000	14,39,000	-1,76,000	11,61,000	3,85,000	14,46,000	+ 7,000
19	...	32,52,000	-1,48,000	27,98,000	23,000	28,16,000	-4,36,000
20	4,300	1,11,42,000	+ 87,68,000	19,99,000	4,26,000	24,25,000	-67,17,000
21	6,000	1,55,33,000	+ 64,44,000	69,53,000	7,34,000	66,87,000	-91,46,000
22	27,000	2,69,78,000	+ 18,19,000	2,34,58,000	28,87,000	2,53,25,000	-16,53,000
23	55,000	97,53,000	+ 1,61,000	19,47,000	58,31,000	77,78,000	-19,75,000
24	82,000	3,67,31,000	+ 20,00,000	2,44,05,000	68,98,000	3,31,08,000	-38,28,000
25	...	8,29,000	-11,53,000	2,38,000	4,000	2,42,000	-87,000
26	...	36,00,000	-20,68,000	46,60,000	...	46,60,000	+ 10,60,000
27	...	...	-28,78,000	87,91,000	...	87,91,000	+ 87,91,000
28	82,000	4,06,60,000	-40,97,000	3,20,84,000	87,03,000	4,17,98,000	+ 11,36,000
29	...	...	...	...	...	...	...
30	5,000	15,63,000	-14,61,000	1,08,000	22,83,000	23,91,000	+ 8,28,000
31	...	...	...	...	...	...	...
32	6,000	15,63,000	-14,61,000	1,08,000	22,83,000	23,91,000	+ 8,28,000
33	-32,000	38,86,51,000	-5,67,61,000	34,68,45,000	-45,01,000	34,18,44,000	+ 31,93,000
34	1,33,000	1,20,78,94,000	-14,09,70,000	1,28,52,08,000	1,44,21,000	1,29,96,29,000	+ 9,19,35,000

Rupees at £1 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE,	ACCOUNTS, 1930-31.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue —						
1.—Customs	91,69,800	1,67,321	2,161	93,39,282	89,08,000	1
2.—Taxes on Income	73,73,696	99,010	1,219	74,72,924	74,25,000	2
3.—Salt	1,25,41,687	99,930	1,361	1,26,42,978	1,15,00,000	3
4.—Opium	73,21,299	1,13,720	1,464	74,36,483	60,30,000	4
5.—Land Revenue	9,22,343	—	—	9,22,343	9,50,000	5
6.—Excise	16,31,094	24,267	311	16,55,672	16,28,000	6
7.—Stamps	38,135	44,909	579	83,702	40,000	7
8.—Forest	34,43,808	2,10,730	2,720	36,57,258	30,17,000	8
9.—Registration	39,648	—	—	39,648	28,000	9
TOTAL	4,26,40,000	7,60,546	9,754	4,33,10,300	4,13,26,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	—2,204	—	—	—2,204	47,000	11
7A.—Capital outlay on Central Stamp Store	—	—	—	—	—	12
8A.—Forest Capital outlay	4,04,263	—	—	4,04,263	75,000	13
TOTAL	4,02,059	—	—	4,02,059	1,22,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,68,047	—	—	12,68,047	12,61,000	15
15.—Other Revenue Expenditure	19,38,309	87,745	1,327	20,17,381	8,43,000	16
TOTAL	31,94,356	87,745	1,327	32,83,428	19,34,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	2,73,263	—	—	2,73,263	1,85,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	76,13,689	—	—	76,13,689	66,35,000	19
Indo-European Telegraph Department	6,09,075	—	—	6,09,075	—	20
TOTAL	82,21,764	—	—	82,21,764	66,35,000	21
Posts and Telegraphs Capital outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	13,05,877	—	—	13,05,877	10,39,000	22
Indo-European Telegraph Department	—26,155	4,278	60	—21,817	—58,55,000	23
TOTAL	12,79,722	4,278	60	12,84,060	4,48,16,000	24
Debt Services—						
19.—Interest on Ordinary Debt	21,75,19,013	19,66,65,175	24,75,809	41,66,79,996	34,19,79,000	25
Debt—Amount chargeable to—						
Railways	19,67,63,751	11,63,21,678	14,14,888	31,34,05,314	29,31,31,000	26
Irrigation	12,68,047	—	—	12,68,047	12,81,000	27
Posts and Telegraphs	63,67,558	—	—	63,67,558	87,79,000	28
Other heads	21,26,497	—	—	21,26,497	24,39,000	29
Provincial Loans Fund	6,54,87,245	—	—	6,54,87,245	7,28,00,000	30
Remainder chargeable to Ordinary Debt	—5,65,07,086	8,14,63,437	10,60,933	2,80,17,384	—4,62,51,000	31
20.—Interest on other Obligations	8,58,28,833	9,03,315	2,514	8,67,41,662	8,39,51,000	32
21.—Reduction or Avoidance of Debt	6,14,55,000	—	—	6,14,55,000	6,59,38,000	33
TOTAL	9,07,76,147	8,23,66,912	10,70,437	17,41,13,396	10,66,65,000	34
Carried over	14,66,87,309	8,32,19,381	10,61,578	23,09,85,268	15,40,44,000	35

* Sterling converted into

BUDGET FOR 1932-33.

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1931-32.			Increase (+) Decrease (-) as compared with Budget, 1931-32.	BUDGET ESTIMATE, 1932-33.				Increase (+) Decrease (-) as compared with Revised, 1931-32.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	3,36,000	1,000	91,45,000	-6,61,000	89,55,000	1,48,000	91,03,000	-43,000	
2	1,00,000	1,000	73,26,000	-4,00,000	82,33,000	95,000	83,28,000	+10,02,000	
3	1,11,000	1,000	1,16,13,000	-8,61,000	1,12,67,000	71,000	1,13,38,000	-2,74,000	
4	96,000	1,000	81,17,000	+7,54,000	71,10,000	53,000	71,62,000	-9,55,000	
5	...	...	9,59,000	-30,000	5,44,000	...	5,42,000	-4,17,000
6	9,000	...	16,37,000	-2,73,000	15,68,000	27,000	15,95,000	-42,000	
7	11,000	...	61,000	-30,000	14,15,000	30,000	14,45,000	+13,94,000	
8	1,61,000	1,000	31,79,000	-5,45,000	19,80,000	1,55,000	21,35,000	-10,44,000	
9	...	...	39,000	-3,000	16,000	...	16,000	-13,000
10	7,34,000	5,000	4,20,55,000	-19,79,000	4,10,86,000	5,78,000	4,16,64,000	-3,91,000	
11	...	...	47,000	-55,000	2,31,000	...	2,31,000	+1,84,000
12	...	...	...	...	...	...	...	...
13	...	...	75,000	-39,000	85,000	...	85,000	+10,000
14	...	...	1,22,000	-94,000	3,16,000	...	3,16,000	+1,94,000
15	...	...	12,61,000	-6,000	2,70,000	...	2,70,000	-10,11,000
16	53,000	...	6,95,000	-89,000	95,000	44,000	1,39,000	-5,56,000	
17	52,000	...	19,76,000	-45,000	3,65,000	44,000	4,09,000	-16,67,000	
18	...	...	1,85,000	-4,000	28,000	...	28,000	-1,62,000
19	...	...	86,35,000	-63,000	95,18,000	...	95,18,000	+8,83,000
20	...	...	...	...	...	...	...	...
21	...	...	86,35,000	-63,000	95,18,000	...	95,18,000	+8,83,000
22	...	...	10,39,000	-11,000	6,07,000	...	6,07,000	-4,32,000
23	...	...	-58,55,000	-3,56,000	...	...	...	+58,55,000
24	...	...	-48,16,000	-3,87,000	6,07,000	...	6,07,000	+54,23,000
25	20,75,48,000	14,52,000	45,08,79,000	+1,60,51,000	25,78,36,000	20,16,53,000	45,94,89,000	+85,10,000	
26	11,50,83,000	8,05,000	21,90,19,000	+31,08,000	20,76,33,000	11,57,90,000	32,33,43,000	-43,24,000	
27	...	...	19,81,000	+6,000	2,70,000	...	2,70,000	+10,11,000
28	...	...	87,79,000	+98,000	96,62,000	...	96,62,000	-8,68,000
29	...	...	24,89,000	+3,000	24,77,000	...	24,77,000	-38,000
30	...	...	7,36,00,000	-31,00,000	8,14,02,000	...	8,14,02,000	-88,02,000
31	9,24,65,000	6,47,000	4,68,61,000	+1,61,47,000	4,25,98,000	8,59,33,000	4,23,35,000	-45,26,000	
32	4,97,000	3,000	8,44,51,000	-47,08,000	8,81,41,000	5,75,000	8,87,16,000	+42,35,000	
33	...	...	6,82,38,000	+11,01,000	6,61,84,000	...	6,61,84,000	-7,54,000
34	9,29,64,000	6,50,000	20,02,80,000	+1,25,40,000	11,27,27,000	8,65,08,000	19,92,35,000	-10,45,000	
35	9,37,38,000	6,55,000	24,84,37,000	+99,88,000	16,46,42,000	8,71,30,000	26,17,72,000	+33,35,000	

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1930-31.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,20,85,38,015	3,69,49,631	1,24,54,87,646
Exchange added to Revenue	4,68,075	...	4,68,075
TOTAL	1,20,90,06,090	3,69,49,631	1,24,59,55,721
Railway Capital not charged to Revenue—			
As per Railway Budget	..	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 per cent. Bonds, 1933-34	...	...	...
Other 6 per cent. Bonds	...	25,27,82,500	...
5½ per cent. Stock	...	11,69,29,859	...
4½ per cent. Stock	...	19,19,297	...
<i>Rupee Debt—</i>			
New Rupee Loan	...	...	...
6½ per cent. Treasury Bonds, 1935	...	...	...
6 per cent. Bonds, 1933-36	...	...	...
3½ per cent. Loans	29,70,80,900	...	...
	7,91,000	...	...
TOTAL	29,78,71,900	37,16,31,256	66,95,03,556
Floating Debt—			
Treasury Bills—			
Issued to Public	1,59,02,75,000	...	...
Issued to Paper Currency Reserve	19,04,70,000	...	...
India Bills	...	5,39,59,452	...
Temporary Loans	15,00,00,000	8,00,00,000	...
TOTAL	1,93,07,45,000	13,39,59,452	2,06,47,04,452
Carried over	3,43,76,22,990	54,25,40,739	

* Sterling converted into

BUDGET FOR 1932-33.

Central Government, in India and in England.

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,18,85,13,000 1,33,000	1,90,48,000 ...	1,20,75,61,000 1,33,000	1,28,52,08,000 ...	1,44,21,000 ...	1,29,96,29,000 ...
1,18,86,46,000	1,90,48,000	1,20,76,94,000	1,28,52,08,000	1,44,21,000	1,29,96,29,000
...
...	13,33,33,000		...	...
...	6,64,000		...	5,15,000	
...	4,28,14,000		...	13,13,000	
...	20,24,000		...	21,34,000	
...	
16,95,00,000	...		14,50,00,000	...	
...	
6,00,000	...		4,28,000	...	
17,01,00,000	17,88,35,000	34,89,35,000	14,54,28,000	39,62,000	14,93,90,000
2,09,18,80,000 78,38,20,000 ...	...		1,70,00,00,000 98,56,00,000 ...	...
14,50,00,000	...		...	8,00,00,000	
3,02,07,00,000	..	3,02,07,00,000	2,68,56,00,000	8,00,00,000	2,76,56,00,000
4,37,94,46,000	19,78,83,000		4,11,82,36,000	9,58,83,000	

Rupees at £1 = Rs. 13½.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1930-31.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	3,43,76,22,990	54,25,40,739	
Unfunded Debt—			
Deposits of Service Funds	9,40,053	15,66,691	
Post Office Cash Certificates	11,78,32,638	...	
Savings Bank Deposits	36,44,09,189	...	
TOTAL	48,31,81,880	15,66,691	48,47,48,571
Deposits and Advances—			
Provincial Loans Fund	20,76,41,114	...	
Posts and Telegraphs Depreciation Fund	44,04,340	...	
Deposits of Local Funds—			
District Funds	17,13,40,478	...	
Other Funds	10,16,34,516	...	
Sinking Funds for Central Loans	2,01,15,022	...	
Other appropriations for Reduction or Avoidance of Debt	4,34,80,000	...	
Sinking Fund Investment Account	1,28,36,405	...	
Sinking Funds for loans granted to local bodies	4,28,006	...	
Gold Standard Reserve . . . . .	...	89,14,69,173	
Gold Standard Reserve Revenue Equalisation Fund . . . . .	...	2,83,92,601	
Paper Currency Reserve . . . . .	...	6,66,14,701	
Appropriations for the reduction of created Securities in the Paper Currency Reserve . . . . .	...	...
Deposits of Branch Line Companies	2,53,256	...	
Road Development Fund	98,03,207	...	
Post Office Cash Certificate Bonus Fund	40,83,718	...	
Departmental and Judicial Deposits	85,54,86,508	...	
Advances	33,57,93,198	5,94,471	
Discount Sinking Fund	46,06,000	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve . . . . .	...	...
Suspense	58,85,037	13,80,643	
Exchange on Remittance Accounts	52,97,481	...	
Miscellaneous	2,15,10,337	1,70,82,761	
Military Reserve Fund	24,15,319	...	
TOTAL	1,80,70,16,972	1,00,55,34,350	2,81,25,51,322
Railway Depreciation and Reserve Funds as per Railway Budget	13,07,12,003	...	13,07,12,003
Carried over	5,85,85,33,845	1,54,96,41,780	

* Sterling converted into

BUDGET FOR 1932-33.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,37,94,43,000	19,78,83,000		4,11,62,36,000	9,83,83,000	
9,18,000	17,63,000		9,10,000	18,02,000	
14,50,00,000	...		12,50,00,000	...	
40,15,37,000	...		39,55,49,000	...	
54,74,55,000	17,63,000	54,92,18,000	52,14,59,000	18,02,000	52,32,61,000
23,08,00,000	...		21,58,02,000	...	
38,29,000	...		40,09,000	...	
16,96,76,000	...		17,15,38,000	...	
10,00,20,000	...		10,03,10,000	...	
1,97,34,000	...		1,96,59,000	...	
5,10,31,000	...		5,03,45,000	...	
83,52,000	...		...	...
4,45,000	...		4,63,000	...	
...	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...
...	
3,00,82,000	...		...	...
2,00,000	...		2,50,000	...	
1,00,00,000	...		1,14,00,000	...	
16,00,000	...		...	...
85,31,64,000	...		74,28,03,000	...	
41,60,77,000	8,15,000		32,75,13,000	91,000	
48,41,000	...		50,85,000	...	
1,25,33,000	...		...	...
2,77,93,000	2,51,000		2,49,73,000	2,32,000	
15,97,86,000	2,15,33,000		1,88,72,000	1,82,31,000	
18,98,000	...		...	...
2,10,18,61,000	86,81,24,000	2,96,99,85,000	1,69,30,22,000	59,12,34,000	2,28,42,56,000
13,43,00,000	...	13,43,00,000	13,70,00,000	...	13,70,00,000
7,16,30,62,000	1,06,77,70,000		6,46,77,17,000	69,14,19,000	

Rupees at £1 = Rs. 134.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31		
	India.	England	TOTAL.
	Rs.	£s.	Rs.
Brought forward	5,85,85,33,845	1,54,96,41,780	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	82,22,090	—	
Other Loans and Advances	—	—	
TOTAL	82,22,090	—	82,22,090
Remittances—			
Remittances within India—			
Inland Money Orders	90,36,26,828	—	
Other Local Remittances	—	—	
Other Departmental Accounts	95,294	—	
Net Receipts by Civil Treasuries from—			
Railways	68,29,085	—	
Posts and Telegraphs	—	—	
Net Receipts from Civil Treasuries by—			
Posts and Telegraphs	3,18,44,669	—	
Army, Marine and Military Engineer Services	37,50,55,328	—	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	—	83,50,000	
Sale of Sterling	7,64,48,346	—	
Sale of Silver	—	3,13,61,881	
Other transactions	2,32,67,762	2,95,16,622	
Sterling purchased in India	—	7,19,33,333	
Transfers through the Gold Standard Reserve	—	8,32,96,000	
Transfers through the Paper Currency Reserve	2,18,95,275	2,34,19,219	
TOTAL	1,43,90,62,587	24,78,77,055	1,68,69,39,642
Balances of Provincial Governments	—	—	—
TOTAL RECEIPTS	7,30,58,18,522	1,79,75,18,835	
Opening Balance	25,76,33,677	8,51,57,683 ^(a)	
GRAND TOTAL	7,56,34,52,199	1,88,26,76,518	

* Sterling converted into Rupees at £1 = Rs. 13½.

(a) Of this amount, £ 3,748 represents the funds of the Gold Standard Reserve.

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,16,30,62,000	1,06,77,70,000		6,46,77,17,000	69,14,19,000	
1,03,47,000	...		80,35,000	...	
1,03,47,000	...	1,03,47,000	80,35,000	...	80,35,000
88,46,00,000	...		90,54,00,000	...	
3,76,000	...		3,41,000	...	
3,21,77,000	...		3,09,36,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	
36,44,74,000	...		32,99,30,000	...	
...	85,20,000		...	80,00,000	
18,73,04,000	...		...	...
...	2,55,84,000		...	66,80,000	
1,49,03,000	2,48,76,000		1,40,11,000	2,05,74,000	
...	47,00,00,000		...	32,67,00,000	
...	28,17,20,000		66,80,000	...	
...	
1,51,32,74,000	81,07,00,000	2,32,39,74,000	1,40,17,34,000	86,17,54,000	1,76,34,88,000
1,88,73,000	...	1,88,73,000	4,77,35,000	...	4,77,35,000
8,70,55,56,000	1,87,84,70,000		7,92,52,21,000	1,05,31,73,000	
17,28,23,746	(b) 7,40,43,787		10,18,90,746	(b) 14,71,59,787	
8,87,83,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

* Sterling converted into Rupees at £1=Rs. 13½.
 (b) Of this amount, £1,056 represents the funds of the Gold Standard Reserve.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	97,04,41,560	38,64,48,464	1,35,68,90,024
Exchange charged as Expenditure	49,10,671	...	49,10,671
TOTAL	97,53,52,231	38,64,48,464	1,36,18,00,695
Irrigation, Posts and Tele- graphs and other Capital Out- lay not charged to Revenue—			
SECURITY PRINTING PRESS	4,01,689	...	4,01,689
IRRIGATION, ETC., WORKS	27,553	...	27,553
POSTS AND TELEGRAPHS	51,97,568	—55,65,563	—3,67,995
VIZAGAPATAM PORT	36,89,338	1,83,900	38,73,238
LIGHT-HOUSES AND LIGHTSHIPS	1,20,650	1,07,829	—12,821
CURRENCY	1,35,474	...	1,35,474
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	43,92,354	4,34,201	48,26,555
PAYMENTS OF COMMUTED VALUE OF PENSIONS	42,65,721	...	42,65,721
BOMBAY LAND SCHEME	2,10,37,335	...	2,10,37,335
PAYMENTS TO RETRENCHED PERSONNEL	...	...	...
TOTAL	3,90,26,382	—48,39,633	3,41,86,749
RAILWAY CAPITAL NOT CHARGED TO REVENUE— As per Railway Budget	7,49,99,103	5,70,88,156	13,20,87,259
Public Debt Discharged— Permanent Debt—			
<i>Sterling Debt—</i>			
7 p. c. Stock	...	2,082	
6 p. c. Bonds	...	...
5½ p. c. Stock	...	...
State Railway annuities	...	2,05,84,781	
Do. Do. Sinking Funds	...	26,66,667	
<i>Rupee Debt—</i>			
6 p. c. Bonds, 1930	15,42,36,200	...	
Do. Do. 1931	...	...
Do. Do. 1932	...	...
Other 6 p. c. Ebonds	1,71,600	...	
5½ p. c. War Bonds, 1928	5,01,275	...	
Other 5½ p. c. War Bonds	1,34,350	...	
5 p. c. Loan, 1915-55	14,93,600	...	
5 p. c. Loan, 1929-47	1,44,88,500	...	
5 p. c. Loan, 1929-44	45,45,700	...	
4 p. c. Terminable Loan	2,900	...	
4 p. c. Railway Loan from Nawab of Rampur	...	...
Other Loans	9,22,400	...	
TOTAL	17,64,96,525	2,32,53,580	19,97,50,065
Carried over	1,23,58,74,241	46,19,50,517	

* Sterling converted into

BUDGET FOR 1932-33.

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Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
96,03,68,000	38,12,44,000	1,34,16,12,000	91,30,19,000	36,51,26,000	1,27,81,45,000
26,66,000	...	26,66,000	...	...	...
96,30,34,000	38,12,44,000	1,34,42,78,000	91,30,19,000	36,51,26,000	1,27,81,45,000
-3,94,000	...	-3,94,000	4,000	...	4,000
15,000	...	15,000	...	...	...
83,62,000	4,01,000	87,63,000	23,15,000	...	23,15,000
36,35,000	1,17,000	37,52,000	54,55,000	1,00,000	55,55,000
-6,000	4,000	-2,000	-2,000	2,600	...
1,000	...	1,000	4,000	...	4,000
10,95,000	1,27,000	12,22,000	...	...	...
38,26,000	...	38,26,000	46,55,000	...	46,55,000
...
10,00,000	...	10,00,000	24,40,000	60,000	25,00,000
1,75,34,000	6,49,000	1,81,83,000	1,48,71,000	1,62,000	1,50,33,000
5,65,00,000	2,70,00,000	8,35,00,000	2,65,00,000	1,50,00,000	4,15,00,000
...	...	...	...	8,00,00,000	...
...
...	19,74,04,000	...	...	2,20,40,000	...
...	2,13,00,000	...	...	26,67,000	...
...	26,67,000	...	...	...	...
20,00,000	...	...	10,60,000	...	...
7,25,00,000	...	...	7,50,000	...	...
...	...	...	14,40,00,000	...	...
70,000	...	...	60,000	...	...
1,50,000	...	...	1,00,000	...	...
1,10,000	...	...	90,000	...	...
2,05,77,000	...	...	1,00,00,000	...	...
1,00,91,000	...	...	43,00,000	...	...
45,92,000	...	...	45,00,000	...	...
2,000	...	...	2,000	...	...
47,00,000	...	...	...	...	...
7,02,000	...	...	5,00,000	...	...
11,64,94,000	22,13,71,000	33,68,65,000	16,53,02,000	10,47,07,000	27,00,09,000
1,15,25,62,000	63,02,84,000	...	1,11,96,92,000	48,49,95,000	...

Rupees at 21 = Rs. 100.

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

Accounts, 1930-31.

	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward.	1,26,58,74,241	46,19,50,517	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,39,68,70,000	...	
Do. Paper Currency Reserve	42,37,70,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	15,00,00,000	8,00,00,000	
TOTAL	1,97,06,40,000	16,00,00,000	2,13,06,40,000
Unfunded Debt—			
Special Loans	34,705	...	
Deposits of Service Funds	13,65,150	82,730	
Post Office Cash Certificates	8,35,76,196	...	
Savings Bank Deposits	31,57,59,993	2,60,88,419	
TOTAL	40,07,36,044	2,61,71,149	42,69,07,193
Deposits and Advances—			
Provincial Loans Fund	20,79,94,245	...	
Posts and Telegraphs Depreciation Fund	4,73,082	...	
Deposits of Local Funds—			
District Funds	17,71,88,465	...	
Other Funds	10,54,41,038	...	
Sinking Funds for Central Loans	2,02,47,604	...	
Other Appropriations for Reduction or Avoidance of Debt	...	...
Sinking Fund Investment Account	23,54,594	...	
Gold Standard Reserve	...	89,15,04,682	
Gold Standard Reserve Revenue Equalisation Fund	...	2,84,43,427	
Paper Currency Reserve	...	6,66,14,701	
Deposits of Branch Line Companies	4,83,175	...	
Road Development Fund	1,12,25,607	...	
Departmental and Judicial Deposits	88,22,18,123	...	
Advances	33,55,79,792	5,85,092	
Discount Sinking Fund	...	...
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	4,94,42,969	...	
Suspense	1,84,58,782	14,22,162	
Exchange on Remittance Account	...	...
Miscellaneous	2,11,284	1,57,95,243	
Military Reserve Fund	...	...
TOTAL	1,81,13,18,760	1,00,43,65,307	2,81,56,84,067
Railway Depreciation and Reserve Funds as per Railway Budget	22,31,94,225	...	22,31,94,225
Carried over	5,67,17,63,270	1,65,24,86,973	

* Sterling converted into.

BUDGET FOR 1932-33.

Central Government, in India and in England—*contd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,15,25,62,000	63,02,64,000		1,11,96,92,000	48,49,95,000	
2,09,18,80,000	...		1,77,50,80,000	...	
34,98,90,000	...		98,56,00,000	...	
14,50,00,000	5,39,60,000		...	...
2,58,67,70,000	5,39,60,000	2,64,07,30,000	2,76,06,80,000	...	2,76,06,80,000
66,000	...		66,000	...	
13,34,000	2,15,000		13,41,000	2,14,000	
8,50,00,000	...		7,50,00,000	...	
36,38,09,000	...		32,95,34,000	...	
45,02,09,000	2,15,000	45,04,24,000	40,59,44,000	2,14,000	40,61,58,000
23,04,00,000	...		21,45,02,000	...	
97,000	...		1,69,000	...	
17,41,76,000	...		17,40,62,000	...	
10,22,30,000	...		10,10,93,000	...	
3,42,84,000	...		1,78,39,000	...	
8,87,000	...		...	...
68,27,000	81,33,20,000		...	57,26,80,000	
...	3,22,00,000		...	...
2,00,000	...		2,50,000	...	
1,10,00,000	...		97,00,000	...	
85,86,49,000	...		75,54,85,000	...	
41,94,59,000	7,62,000		32,57,37,000	91,000	
...	
8,30,61,000	...		2,21,14,000	2,10,000	
4,86,84,000	95,35,000		...	1,82,31,000	
13,69,59,000	...		10,00,000	...	
3,00,82,000	2,11,18,000		37,91,000	...	
...	
2,13,69,93,000	87,59,35,000	3,01,39,30,000	1,62,57,42,000	59,12,12,000	2,21,69,54,000
17,72,08,000	...	17,72,08,000	13,18,79,000	...	13,18,79,000
6,50,37,44,000	1,53,13,74,000		6,04,39,37,000	1,07,64,21,000	

BUDGET FOR 1932-33.

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1930-31.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,67,17,63,270	1,65,24,86,973	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	9,16,70,000	...	
Other Loans and Advances	2,62,53,871	...	
TOTAL	11,79,23,871	...	11,79,23,871
Remittances—			
Remittances within India—			
Inland Money Orders	90,55,78,634	...	
Other Local Remittances	10,35,456	...	
Other Departmental Accounts	...	...
Net Payments into Civil Treasuries by—			
Railways	44,12,823	...	
Posts and Telegraphs	...	...
Net Issues from Civil Treasuries to—			
Posts and Telegraphs	3,16,08,433	...	
Army, Marine and Military Engineer Services	37,47,57,782	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,50,000	...	
Sale of Sterling	...	7,64,48,346	
Sale of Silver	3,13,61,881	...	
Other transactions	3,40,72,929	1,80,54,408	
Sterling purchased in India	7,19,33,333	...	
Transfers through the Gold Standard Reserve	8,32,96,000	...	
Transfers through the Paper Currency Reserve	2,34,19,219	2,18,95,275	
TOTAL	1,56,99,26,490	11,63,98,029	1,68,63,24,519
Balances of Provincial Governments	3,10,14,822	3,97,47,729	7,07,62,551
TOTAL DISBURSEMENTS	7,39,06,28,453	1,80,86,32,731	
Closing Balance	17,28,23,746	7,40,43,757	
GRAND TOTAL	7,56,34,52,199	1,88,26,76,518	

* Sterling converted into

(b) Of this amount, £3,748 represents the

BUDGET FOR 1932-33.

245101

Central Government, in India and in England—*concl'd.*

REVISED ESTIMATE, 1931-32.			BUDGET ESTIMATE, 1932-33.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,50,37,44,000	1,56,13,74,000		6,04,39,37,000	1,07,84,21,000	
13,12,00,000	...		11,64,83,000	...	
2,01,07,000	...		1,06,48,000	...	
15,13,07,000	...	15,13,07,000	12,71,31,000	...	12,71,31,000
88,41,00,000	...		90,50,00,000	...	
2,61,000	...		3,95,000	...	
3,22,20,000	...		3,08,45,000	...	
1,12,48,000	...		9,74,85,000	...	
1,81,92,000	...		1,69,51,000	...	
...	
36,44,74,000	...		32,99,30,000	...	
85,20,000	...		80,00,000	...	
2,55,84,000	18,73,64,000		86,80,000	...	
2,48,76,000	1,49,03,000		2,03,74,000	1,40,11,000	
47,00,00,000	...		32,67,00,000	...	
28,17,20,000	...		...	66,80,000	
...	
2,12,14,38,000	20,22,07,000	2,32,36,45,000	1,74,23,60,000	2,06,91,000	1,76,30,51,000
...	4,17,73,000	4,17,73,000	...	3,74,67,000	3,74,67,000
8,77,64,89,000	1,80,53,54,000		7,91,34,28,000	1,13,45,79,000	
10,18,90,746	(b) 14,71,59,787		11,86,83,746	(b) 6,57,53,787	
8,87,83,79,746	1,95,25,13,787		8,02,71,11,746	1,20,03,32,787	

Rupces at £1 = Rs. 13½.

funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	ACCOUNTS, 1930-31.		REVISED ESTIMATE, 1931-32.		BUDGET ESTIMATE, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	45,87,36,963	...	45,31,10,000	...	51,40,24,000	...
Taxes on Income	15,25,60,438	...	16,57,33,000	...	17,90,10,000	...
Salt	5,56,80,151	...	7,31,91,000	...	8,30,02,000	...
Opium	1,78,90,977	...	1,17,07,000	...	61,01,000	...
Other Heads	1,39,03,015	...	1,56,53,000	...	1,22,06,000	...
TOTAL	69,87,71,544	...	71,93,94,000	...	79,43,43,000	...
Forest and other Capital Outlay charged to Revenue . . . . .	...	4,02,049	...	1,22,000	...	3,16,000
Irrigation . . . . .	...	30,73,363	...	12,32,000	...	2,46,000
Railways	5,73,57,332	...	...	...	...	...
Posts and Telegraphs . . . . .	...	1,55,36,734	...	80,73,000	...	22,26,000
Debt Services . . . . .	...	14,08,70,403	...	17,77,91,000	...	18,12,33,000
Civil Administration . . . . .	...	12,36,93,232	...	11,37,31,000	...	8,74,82,000
Currency and Mint	37,34,490	...	81,24,000	...	2,61,15,000	...
Civil Works . . . . .	...	2,35,47,240	...	1,99,28,000	...	1,67,40,000
Miscellaneous . . . . .	...	3,34,43,259	...	2,61,73,000	...	3,33,22,000
Military Services . . . . .	...	54,30,00,000	...	51,76,00,000	...	43,74,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments. . . . .	...	...	...	...	...	1,02,00,000
Extraordinary Items	83,57,959	...	5,48,000	...	1,61,000	...
TOTAL	76,72,31,325	81,30,06,299	73,80,56,000	68,46,40,000	83,08,39,000	79,91,55,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concl'd.*

Revenue and Expenditure.	ACCOUNTS, 1930-31.		REVISED ESTIMATE, 1931-32.		BUDGET ESTIMATE, 1932-33.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit . . . . .	...	11,58,44,974	...	13,65,64,000	2,14,64,000	...
Capital Account—						
Capital outlay on Security Printing Press . . . . .	...	4,01,669	...	—3,94,000	...	4,000
Railway Capital not charged to Revenue . . . . .	...	13,20,67,259	...	8,35,00,000	...	4,15,00,000
Construction of Irrigation Works . . . . .	...	27,553	...	15,000	...	...
Capital outlay on Posts and Telegraphs . . . . .	...	—3,67,995	...	67,63,000	...	23,15,000
Capital outlay on Vizagapatam Port . . . . .	...	38,73,236	...	37,53,000	...	55,55,000
Capital outlay on Light-houses and Light-ships . . . . .	...	—12,821	...	—2,000	...	...
Currency Capital outlay . . . . .	...	1,35,474	...	1,000	...	4,000
Initial expenditure on New Capital at Delhi . . . . .	...	46,26,555	...	12,22,000	...	...
Payment of commuted value of pensions . . . . .	...	42,65,721	...	36,26,000	...	46,55,000
Capital outlay on Bombay Land Scheme . . . . .	...	2,10,37,335	...	...	...	...
Payments to Retrenched Personnel . . . . .	...	...	...	10,00,000	...	25,00,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	46,97,53,501	...	1,20,70,000	...	...	12,06,19,000
Floating Debt . . . . .	...	6,59,35,546	37,99,70,000	...	49,20,000	...
Unfunded Debt	5,76,41,378	...	9,67,94,000	...	11,71,03,000	...
Deposits and Advances . . . . .	...	9,56,14,967	...	8,68,53,000	7,24,23,000	...
Loans and Advances by Central Government . . . . .	...	10,97,01,781	...	14,09,60,000	...	11,60,96,000
Remittances	6,15,128	...	3,29,000	...	4,37,000	...
Balances of Provincial Governments . . . . .	...	7,07,62,551	...	2,29,00,000	1,02,68,000	...
Opening Balance	84,27,91,360	...	24,68,67,533	...	24,90,50,533	...
Closing Balance . . . . .	...	24,68,67,533	...	24,90,50,533	...	17,94,37,533
TOTAL	87,10,01,363	87,10,01,363	73,80,30,533	73,80,30,533	47,66,95,533	47,66,95,533

Explanatory Memorandum

by the

Financial Secretary.

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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 1930-31, 1931-32 and 1932-33 respectively.}

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts under revenue and expenditure heads in each year are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London for that year. In the revised estimate for the current year and the budget estimate for the next year, the rate of conversion has been assumed to be 1s. 5 7/8d. and 1s. 6d. the rupee respectively.

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.	(5) 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	1,24,24	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 (Revised)	1,20,77	1,27,54	-6,77	6,89	-13,66
1932-33 (Budget)	1,29,96	1,20,99	+8,97	6,82	+2,15

(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 the figures given in the statement 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 given above 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. With a view 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 . . (Revised).	68,98	8,72	77,70	13,14	6,89	51,76	19,57	91,36	—13,66
1932-33 . . (Budget).	76,98	9,25	86,23	13,11	6,82	46,74	17,41	84,08	+2,15

(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.	Post 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—
1931-32	68,783	1,100	69,783	-7,01	1,27	3,30	1,11	9,83	...	9,15	78,43	13,70	4,46	...	...	63,81	17,01	1,10	1,06,08	-27,65
1932-33	67,38	2,97	64,41	4,00	1,93	2,59	1,16	9,20	...	2,37	85,74	13,87	4,55	...	...	65,27	16,89	18	1,00,76	-15,02
1933-34	69,14	3,48	66,66	8,87	1,66	2,14	3,16	9,30	2,60	2,72	97,11	15,97	3,93	...	3,41	56,23	15,86	-27	94,72	+2,39
1934-35	70,24	2,70	67,54	3,11	1,44	3,28	3,41	9,20	2,54	1,86	96,33	14,90	3,78	...	1	55,63	(c) 16,75	-37	90,70	+5,68
1935-36	71,08	2,96	68,10	2,78	2,04	3,94	4,32	6,20	63	2,43	93,39	13,37	4,97	...	26	56,00	(d) 17,00	-1,52	90,08	+3,31
1936-37	70,63	2,87	67,06	3,09	3,33	3,39	4,09	5,17	60	2,66	93,28	11,77	4,97	2,96	4	55,07	(e) 17,39	18	93,28	...
1937-38	71,13	3,01	68,12	5,92	3,07	1,90	3,82	...	14	2,78	95,55	10,57	5,04	-2,22	18	54,79	(f) 18,99	20	85,55	...
1938-39	(a) 74,77	3,14	71,63	4,52	2,72	2,17	2,50	...	80	3,11	87,25	10,20	5,42	-74	1	55,10	(g) 17,42 and (h)	16	87,57	-32
1939-40	(a) 74,09	3,25	71,74	5,24	2,55	2,00	4,40	...	1,89	3,38	91,20	10,85	5,74	...	...	55,10	(h) 18,11	13	90,98	+27
1940-41	(a) 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	(h) 19,09	15	91,72	-11,59
1941-42 (Revised).	(a) 72,06	3,08	68,98	1,30	1,17	61	2,25	...	16	3,87	75,85	13,14	6,89	...	10	51,76	(h) 18,08	-46	89,51	-13,00
1942-43 (Budget).	(a) 80,21	3,33	76,98	-19	61	2,61	1,80	...	24	2,70	84,81	13,11	6,82	...	22	46,74	(h and i)	6	82,66	+2,15

(a) Exclude 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) " " 65 "

TABLE III

(e) Includes bounties 80 lakhs.
 (f) " " 13 "
 (g) " " 4 "
 (h) Excludes transfers to Road Development Fund.
 (i) Includes 1,02 on account of North-West Frontier Province.

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	41,85	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	1,20	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	55	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 (Revised)	46,23	92	17,30	73	8,48	1,16	31	10	46	16	26	1	2	..	73,06	1,00	72,06	3,03	69,99
1932-33 (Budget).	52,31	91	18,73	83	9,43	1,13	15	6	39	16	33	16	1	..	81,35	1,14	80,21	3,23	76,98

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

	Gross Interest on Ordinary Debt.	Amounts charged to					Net Interest on Ordinary Debt.	Interest on other obligations.										Total Interest on other obligations.	Total Interest payments (Net).						
		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	7	..	..	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	..	..	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	..	..	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	..	..	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	..	..	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	..	..	11	76	8,68	11,28
1931-32	45,10	31,90	13	88	7,26	24	40,41	4,69	2,06	1,08	3,11	13	6	16	14	82	13	76	..	..	13	76	8,45	13,14
(Revised)																									
1932-33	45,95	32,33	3	97	8,14	24	41,71	4,24	2,20	1,14	3,42	14	3	15	4	81	15	79	..	..	15	79	8,87	13,11
(Budget).																									

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:—

Amount of Certificates outstanding (Mean of opening and closing balances).	Provision for bonus.	Percentage to capital outstanding of interest charges actually borne on budget.	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	1926-27	16	·7
1922-23	3,73	48	1927-28	23	·8
1923-24	5,77	28	1928-29	60	1·9
1924-25	10,76	16	1929-30	73	2·2
1925-26	17,03	16	1930-31	2,00	5·4
			1931-32	2,06	5·0
			(Estimate.)		
			1932-33	46,93	4·7
			(Estimate.)		

TABLE V.

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

	Forest Expenditure.	Total Civil Administration.	Famine.	Territorial, etc., Pensions.	Miscellaneous. Superannuation, 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	13,08
1930-31	36	13,34	..	32	2,56	55	81	4,24	6	1,65	4	3,08
1931-32 (Revised)	32	12,32	1	32	2,61	54	70	4,18	2	1,23	5	3,23
1932-33 (Budget)	21	9,65	..	31	2,62	42	63	3,98	2		4	3,23
											80,21	76,98

(a) To this figure should be added 1,02 on account of North-West Frontier Province to arrive at the figure shown in Table II.

TABLE VI.

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

	General Administration.																			in other		
	Audit.	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.	Department	Department	Department	Department
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	69	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 (Revised)	2,01	1,03	16	39	8	27	11	30	1,64	2,40	89	63	31	18	35	2	20	47	..	9	..	12,32
1932-33 (Budget).	1,53	97	9	26	54	25	12	29	1,44	2,19	64	35	23	14	23	2	9	21	..	6	..	9,65

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BUDGET FOR 1932-33.

ACCOUNTS, 1930-31.

4. The Accounts for 1930-31 show a deficit of 11,58, compared with a deficit of 12,68 in the revised estimate for the same year. The principal variations in the actuals from the revised estimate are as follows :

<i>Revenue.</i>			
Increases.	Decreases.		
Customs	79	Opium	10
Taxes on income	20	Payments from Indian States	11
Interest	6		
Total increase in revenue	84		
 <i>Expenditure.</i> 			
Debt Services	20	Civil Administration	20
		Civil Works	6
		Other heads of expenditure	20
Total decrease in expenditure	26		

ESTIMATES FOR THE CURRENT AND NEXT YEARS.

5. Owing to adverse developments in the first half of the current year, due to the continuance of the world-wide depression, the equilibrium between revenue and expenditure which was aimed at when the budget estimates were presented in March last was greatly disturbed, and it was found necessary to undertake *interim* measures to counteract the deterioration in the revenue and expenditure returns of Government. It was estimated in September 1931 that on the basis of taxation adopted in the original budget for the current year there would be a deficit of 19,55 in the current year and of 19,50 in the next, or 39,05 for the two years together. To deal with the position, the Government took three lines of action : reductions in expenditure by economy and retrenchment, an emergency cut in salaries of Government servants, and fresh taxation.

6. The following table compares the original budget for the current year with the supplementary estimates framed in September last embodying the anticipated results from the measures referred to in the preceding paragraph :

	Revenue.	Expenditure.	Surplus + Deficit—	Proposed reduction in normal provision for Reduction or Avoidance of Debt.	Final Surplus + or Deficit—
Original budget 1931-32	1,34,87	1,34,86	+1	..	+1
Supplementary 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

It was considered justifiable to regard the combined deficit of 4,94 over the two years as covered by making a reduction of about 2,47 in each year from the provision for Reduction or Avoidance of Debt.

The combined result of the two years was arrived at as follows :—

	1931-32.	1932-33.
(1) <i>Retrenchments</i> —		
Civil expenditure including posts and telegraphs but excluding railways	30	2,50
Military expenditure . . . . .	..	4,50
(2) <i>Cuts in pay</i> —		
Civil officers and establishment including posts and telegraphs but excluding railways	35	1,15
Military officers	25	75
Total of retrenchments and cuts in pay	90	8,90
(3) <i>Additions to revenue</i> —		
Customs revenue	4,85	9,72
Income-tax (net)	2,05	3,53
Salt—		
(i) Abolition of credit sales	1,00	1,00
(ii) Surcharge	21	85
Posts and Telegraphs	37	73
Total additions to revenue	8,48	15,83
Total of retrenchments, cuts in pay and additions to revenue	9,38	24,73
Deficit anticipated before <i>interim</i> measures were taken	19,55	19,50
Resultant deficit—, surplus +	—10,17	+5,23

The figures of revenue and expenditure were not separately worked out in every detail for the Supplementary Budget but it was assumed that the measures introduced would affect the broad groups of revenue and expenditure in the manner set forth in paragraphs 7 to 10 below.

REVISED ESTIMATE, 1931-32.

7. The Revised Estimate for 1931-32 shows a deficit of 13,66 as compared with a surplus of 1 in the original Budget and a deficit of 10,17 in the Supplementary Budget. The following tables show the gross and net figures in Revised as compared with the Supplementary Budget :—

	Supplementary Budget, 1931-32.	Revised, 1931-32.	Improvement + or Deterioration—of Revised over Supplementary Budget.
Gross Revenue	1,26,13	1,20,77	—5,36
Gross Expenditure	1,36,30	1,34,43	+1,87
Deficit	10,17	13,66	—3,49

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	Supplementary Budget, 1931-32.	Revised, 1931-32.	Improvement + or Deterioration—of Revised over Supplementary Budget.
(II)			
Tax Revenue (net)	74,65	68,98	-5,67
Net revenue from Commercial Departments	-98	-1,39	-41
Opium (net)	1,25	1,17	-8
Currency and Mint (net)	-68	81	+1,49
Interest Receipts	2,68	2,25	-43
Extraordinary Receipts	7	16	+9
Other Revenue	3,09	3,87	+78
	80,08	75,85	-4,23
Interest on Debt	13,82	13,14	+68
Reduction or Avoidance of Debt	6,90	6,89	+1
Military Expenditure (net)	51,75	51,76	-1
Other Expenditure	18,20	18,18	+2
Net Capital Expenditure of Commercial Departments (Posts and Telegraphs and Irrigation) charged to revenue	-42	-46	+4
	90,25	89,51	+74
Deficit (—)	-10,17	-13,66	-3,49

8. The Revised estimate for the current year is 3,49 worse than the estimate for the same year taken in the Supplementary Budget. The worseness under "Net Tax Revenue" represents a drop of 5,08 under 'Customs', 1,00 under 'Income-tax' and 10 under 'Other heads' excluding 'Salt', counterbalanced by an increase of 30 under 'Salt' and a decrease of 21 under 'Cost of collection'. The improvement in Salt revenue both in the Revised current year and in the Budget for next year—*vide* paragraph 10—is due to the absence of any indications of a drop in offtake which was assumed in the Supplementary Budget. The deterioration of 41 in the "Net revenue from Commercial Departments" is almost wholly due to the deterioration in the estimate for the Posts and Telegraphs Department. This is partly accounted for by the fact that the new measures for increasing receipts were actually introduced some six weeks later than had been allowed for in the Supplementary Budget estimates. Net Opium receipts are 8 lakhs down owing to a reduction in the number of chests taken by foreign purchasing Governments. The betterness under "Currency and Mint (Net)" is wholly due to the profit arising in connection with the expansion of currency against treasury bills, which, as a result of the change in accounting procedure explained in paragraph 19 of the Hon'ble the Finance Member's Budget speech, is now adjusted in the accounts of each year to the extent of the amount of profit earned during the year. The fall in interest receipts is due to the heavy depreciation in securities held in the Gold Standard Reserve, which was not allowed for at the time of the Supplementary Budget. There is an increase of 9 under "Extraordinary receipts", which is mainly the refund by the Military Department of the savings under the civil grant for the expansion of the Territorial Forces which had been transferred in past years to the Military Reserve Fund. The large addition to "Other revenue" is due to gain on exchange which is fully explained in paragraph 50 below. As regards expenditure, the important variation occurs under "Interest

on Debt”, where the improvement is explained by the change in accounting procedure referred to above. This improvement, has been partly offset by an increase under discount on treasury bills issued to the Paper Currency Reserve to a larger extent than was assumed in the Supplementary Budget.

9. The Budget Estimate for 1932-33 shows a surplus of 2,15 against a surplus of 5,23 in the Supplementary Budget for the same year. The gross and net figures are compared below :—

	Supplementary Budget, 1932-33.	Budget, 1932-33.	Improvement + or Deterioration—of Budget 1932-33 over Supplementary Budget for same year..
Gross Revenue	1,33,06	1,29,96	—3,10
Gross Expenditure	1,27,83	1,27,81	+2
Surplus (+)	+5,23	+2,15	—3,08

10. Except under some of the principal heads of Tax Revenue and the Finance headings no detailed estimates were worked out in connection with the Supplementary Budget. Retrenchment plans definitely adopted were taken into account and allowance was made for further possible retrenchments. The effect of the measures introduced by the Supplementary Finance Act was also taken into account. Broadly speaking the present estimates of gross expenditure show practically no variation from the Supplementary Budget in spite of unavoidable increases under certain items. As regards gross revenue the reduction of 3,10 may be broadly analysed as follows —

	Better +	Worse —
Customs (after eliminating the share payable to the Road Fund) . . . . .	..	5,00
Taxes on Income	71	..
Salt	61	..
Opium . . . . .	..	73
Interest Receipts . . . . .	..	88
Currency and Mint	2,78	..
Other Heads . . . . .	..	59
	4,10	7,20
Net reduction		3,10

The reduction under Customs is necessitated by the large drop of revenue in the Revised and the improbability of such a large recovery in Budget as the original estimate taken in the Supplementary Budget would involve. The improvement under ‘Taxes on Income’ has been fully explained in paragraph 14 of the Hon’ble the Finance Member’s Budget speech. The increase under Salt has been explained in paragraph 8 above. The large variation in Opium Receipts is due to the fact that two of the foreign purchasing Governments are not taking any opium in 1932—a factor which was not known at the time of the Supplementary Budget. Although it was expected that the receipts from Interest would diminish in 1932-33 as compared with the Revised—vide paragraph 18 of the Financial Secretary’s Memorandum of the 29th September 1931—no actual reduction was made in the estimate in the absence of definite information. The large increase under “Currency and Mint” is due to the expansion of currency which has taken place since September last.

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE,

CUSTOMS.

	Revenue (Receipts <i>less</i> Refunds).	Expenditure.	Net revenue.
1928-29	49,28·01	93·59	48,34·42
1929-30	51,27·66	97·51	50,30·15
1930-31	46,80·76	93·39	45,87·37
1931-32 { Budget	56,45·97	98·06	55,47·91
{ Revised	46,22·55	91·45	45,31·10
1932-33 Budget	52,31·27	91·03	51,40·24

11. The details are as follows :—

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.	
				Budget.	Revised.		
REVENUE.							
SEA CUSTOMS.							
IMPORTS.							
<i>Non-protective Special Duties.</i>							
Wheat and wheat flour . . . . .	..	..	..	..	2·07	·03
Liquors—							
(a) Ale, beer, porter, cider and other fermented liquors	21·98	24·58	23·85	31·05	33·00	32·95	
(b) Spirits and Liqueurs	2,14·90	2,15·10	2,03·59	2,45·00	1,60·00	1,67·04	
(c) Wines	15·11	14·61	12·91	15·70	10·00	13·29	
Sugar, all sorts	7,77·20	8,69·70	10,78·97	11,16·00	7,60·00	9,00·00	
Tobacco	2,58·48	2,27·90	1,26·60	1,48·60	1,25·60	1,43·19	
Coal, coke and patent fuel	·95	1·19	·91	1·16	·67	·63	
Tin, block	6·15	7·13	6·59	6·90	5·55	6·16	
Oils . { Kerosene	1,63·03	1,64·33	} 2,11·89	{ 1,92·29	} 2,61·20	} 2,91·23	
{ Motor spirit	·06	18·35					{ 40·00
{ Other mineral oils	30·51	28·26					{ 35·00

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	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—contd.						
SEA CUSTOMS—contd.						
IMPORTS—contd.						
<i>Non-protective Special Duties—contd.</i>						
Arms, ammunition and military stores	6·12	5·84	5·12	6·06	8·10	8·02
Motor cars and cycles	1,02·14	95·01	72·81	1,01·50	71·60	80·63
Silver bullion, coin, sheets and plates not manufactured	..	17·70	2,32·64	2,37·65	1,10·05	1,60·00
Artificial silk yarn and thread	10·43	7·42	6·63	7·25	7·85	10·28
Cotton yarn and thread	45·80	45·16	30·09	34·80	37·40	47·05
Silk or artificial silk mixtures	8·02	7·83	5·24	6·60	17·50	26·87
Portland Cement (excluding white Portland cement)	11·53	10·52	10·00	13·09	13·45	16·89
Raw cotton	..	..	..	..	16·13	32·30
Other Articles	2·66	3·49	5·09	4·15	10·55	19·53
<i>Duty at 2½ per cent.</i>						
Printing materials, vinegar and other articles	·84	·25	·20	·17	·21	·16
<i>Duty at 10 per cent.</i>						
Metals—Iron and Steel	46·41	43·91	35·28	46·05	35·00	36·05
Railway plant and rolling stock	20·16	20·60	16·27	19·85	12·35	14·20
Machinery	..	..	..	..	49·00	1,00·00
Dyes and colours	..	..	..	..	10·16	30·55
Other articles	·54	·41	·59	·54	·72	·29
<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)	1,80·75	1,77·00	1,50·13	1,60·00	1,37·37	1,47·49
Raw materials and articles mainly unmanufactured	79·06	73·64	57·73	72·64	67·64	69·03
Articles wholly or mainly manufactured—						
(a) Cutlery, hardware, implements and instruments	1,45·67	1,40·81	1,11·18	1,44·20	1,30·40	1,35·90
(b) Broadcast wireless receiving apparatus and component parts	..	..	·56	·41	·38	·43
(c) Metals, other than Iron and Steel	82·76	75·01	66·08	87·17	61·50	69·13
(d) Yarn and textile fabrics (including short fents of cotton cloth but excluding artificial silk yarn, cotton yarn and silk and artificial silk manufactures.	1,74·82	1,59·18	98·64	1,56·80	1,20·00	1,20·33
(e) Pneumatic rubber tyres and tubes	33·10	37·29	30·63	40·40	37·50	40·56
(f) All other articles wholly or mainly manufactured	4,13·11	4,36·33	3,42·38	4,45·15	4,01·20	4,08·62
Miscellaneous	64·34	63·65	55·88	67·00	67·50	74·73
<i>Duty at 30 per cent.</i>						
Spices	..	..	..	16·00	21·70	24·47
Silk or artificial silk piece-goods and other manufactures of the same.	87·60	79·00	50·16	66·33	89·40	1,12·77
Cinematograph films, exposed	..	..	..	6·00	6·05	6·58
Betelnuts	..	..	..	46·00	60·03	62·80
Other articles	1,00·92	1,05·27	69·64	88·75	93·06	1,11·25

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—concl'd.						
SEA CUSTOMS—concl'd.						
IMPORTS—concl'd.						
<i>Protective Special Duties.</i>						
Iron and Steel { (a) Liable to additional duties	2,62'45	2,13'23	1,43'39	1,93'00	1,21'90	1,36'99
(b) Not liable to additional duties						
Silver wire, thread and other manufactures			5'63	5'78	7'38	8'38
Paper and Stationery	28'10	29'41	21'52	23'86	23'16	25'55
Cotton piece-goods	6,04'49	5,83'63	3,73'45	5,65'00	3,69'30	3,79'15
Matches, match-splints and veneers	25'28	13'94	3'75	3'73	2'30	1'75
Heavy Chemicals . . . . .	..	..	..	..	'99	3'77
<i>Government stores.</i>						
Articles liable to protective duties—						
Iron and Steel { (a) Liable to additional duties	67'10	58'73	63'82	38'19	46'50	47'42
(b) Not liable to additional duties						
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	40,92'07	40,72'81	37,29'49	45,36'12	36,23'51	41,13'98
Export duties—						
(a) Hides and skins, raw	36'83	35'43	24'80	26'73	20'48	25'55
(b) Jute (raw and manufactured)	4,21'99	4,66'24	3,44'28	3,60'42	3,25'31	3,25'32
(c) Rice.	99'45	1,20'48	90'61	93'58	93'29	90'69
(d) Tea . . . . .	..	..	..	..	..	..
(e) Government Stores	'01	..	..	'01	'01	..
Sea Customs—Miscellaneous	13'37	12'15	9'77	10'57	7'72	8'95
Land Customs	98'84	1,14'02	1,51'10	1,41'36	1,12'26	1,21'55
Excise Duty on Motor Spirit	1,55'03	2,81'13	2,68'33	3,62'62	3,24'54	3,75'51
Excise Duty on Kerosene	92'35	95'70	1,43'81	1,87'10	2,06'97	2,63'00
Excise Duty on Silver . . . . .	..	..	16'60	22'00	23'00	20'00
Warehouse and wharf rents and Miscellaneous	5'80	5'65	5'49	5'86	4'76	4'92
TOTAL RECEIPTS	50,15'74	52,03'67	47,84'28	57,45'87	47,41'84	53,49'47
<i>Deduct—Refunds</i>	<i>87'73</i>	<i>76'01</i>	<i>1,03'52</i>	<i>99'90</i>	<i>1,19'29</i>	<i>1,18'20</i>
NET TOTAL REVENUE	49,28'01	51,27'66	46,80'76	56,45'97	46,22'55	52,31'27
EXPENDITURE.						
India	91'53	96'13	91'70	96'40	89'08	89'55
England	2'01	1'37	1'67	1'66	2'36	1'48
Exchange . . . . .	..	'01	'02	..	'01	..
Total	93'59	97'51	93'39	98'06	91'45	91'03

12. The Indian Finance (Supplementary and Extending) Act, 1931 imposed with effect from the 30th September 1931 a temporary surcharge of 25 per cent. on all existing duties with the exception of export duties and also imposed certain new, and increased certain existing import duties. As regards new duties, machinery, dyes and raw cotton were removed from the free list and made subject to a duty of 10 per cent. *ad valorem* in the case of machinery and dyes and $\frac{1}{2}$ anna per lb. in the case of raw cotton. The increases in existing duties were as follows :—

	From	To
(i) Artificial silk piece-goods	20 per cent.	40 per cent.
(ii) Artificial silk yarn	10 per cent.	15 per cent.
(iii) Brown sugar	Rs. 6 as. 12 per cwt.	Rs. 7 as. 4 per cwt.
(iv) Boots and shoes	20 per cent.	20 per cent. or a minimum of 4 as. per pair.
(v) Camphor	20 per cent.	40 per cent.
(vi) Electric bulbs	20 per cent.	40 per cent.

The surcharge on these articles was leviable on the increased duty.

13. It was estimated at the time of the Supplementary Budget that on the basis of the then existing rates of duty there would be a drop in revenue of 10,00 as compared with the Budget Estimate framed in March 1931. The changes introduced by the Supplementary Finance Act, were expected to yield an additional revenue of 4,85 in 1931-32 and 9,72 in 1932-33, giving a Revised Estimate of total revenue of 51,31 and a Budget Estimate of 57,18. The estimates now presented on the basis of the progress of up to date actuals indicate a worseness of 5,08 in Revised and 4,87 in Budget as compared with the calculations in the Supplementary Budget. The principal deterioration from the estimates occurs under the heads sugar, silver and cotton piece-goods.

14. As regards refunds, the increase in Revised as compared with Budget, 1931-32 represents larger re-exports and increase in rates of duty.

TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue).	Expenditure.	Net revenue.
1928-29	16,70·34	68·96	16,01·38
1929-30	16,70·61	71·85	15,98·76
1930-31	16,00·33	74·73	15,25·60
1931-32 { Budget	17,44·54	77·26	16,67·28
{ Revised	17,30·49	73·26	16,57·23
1932-33 Budget	18,73·38	83·28	17,90·10

15. The following tables give the usual details:—

	Accounts, 1923-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1 Bengal	·01	·01	·01	·01	·01	·01
SUPPER-TAX.						
1. India	2·94	4·01	3·06	2·02	3·07	2·86
2. Baluchistan	·12	·25	·14	·20	·14	·14
3. North-West Frontier	·97	1·21	·86	·60	·79	·73
4. Madras	20·90	21·65	18·04	23·00	18·00	20·00
5. Bombay	79·83	95·30	85·64	80·00	90·00	93·00
6. Bengal	2,55·10	2,65·94	2,48·08	1,93·68	1,82·00	1,75·00
7. United Provinces	19·74	19·33	18·03	13·10	32·60	21·50
8. Punjab	7·82	5·88	4·15	2·51	4·23	4·51
9. Burma	56·54	49·60	57·56	54·50	54·25	51·00
10. Bihar and Orissa	49·22	12·49	11·86	19·09	16·39	17·50
11. Central Provinces	4·95	2·90	3·18	4·51	8·40	5·83
12. Assam	3·59	3·01	2·25	1·96	1·63	1·99
TOTAL	5,01·72	4,81·57	4,53·34	3,95·17	4,01·70	3,94·11
INCOME-TAX.						
1. India General—						
Civil	41·74	48·87	54·87	80·63	68·73	67·30
Non-Civil Departments	66·58	69·16	71·80	71·80	93·70	1,10·90
2. Delhi	10·40	11·40	10·44	10·67	13·47	14·50
3. Baluchistan	1·76	1·70	1·56	1·47	1·88	1·67
4. North-West Frontier	9·56	9·82	8·30	8·56	10·95	11·69
5. Madras	1,34·45	1,38·71	1,36·38	1,79·00	1,77·00	1,95·10
6. Bombay	2,93·84	3,16·59	3,04·84	3,45·86	3,82·88	4,40·86
7. Bengal	3,91·98	3,97·57	3,68·48	3,67·37	3,13·00	3,31·25
8. United Provinces	73·21	74·55	74·52	82·52	87·00	95·60
9. Punjab	65·31	62·39	58·44	63·00	69·37	78·89
10. Burma	1,76·62	1,73·86	1,40·95	1,93·65	1,67·20	1,78·00
11. Bihar and Orissa	50·75	47·74	44·69	59·64	61·84	69·75
12. Central Provinces	36·87	37·54	37·74	45·01	43·70	47·13
13. Assam	20·36	19·46	18·66	20·83	20·01	21·15
14. Coorg	·22	·25	·31	·24	·28	·26
TOTAL	13,73·65	14,09·61	13,31·98	15,30·25	15,11·01	16,64·27

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	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1932-33		Budget, 1932-33.
				Budget.	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India	08	04	01	..	..	..
2. North-West Frontier Province .	..	01	..	01	01	01
3. Madras	06	02	03	03	03	03
4. Bombay	01	04	13	14	13	12
5. Bengal . . . . .	..	04	..	02	02	02
6. United Provinces	05	10	09.	..	..	..
7. Punjab	06	05	03	03	09	04
8. Burma	08	03	50	02	25	03
9. Bihar and Orissa	01	04	03	06	02	03
10. Central Provinces	09	03	09	03	25	10
11. Assam	01	..	..	..	..	..
12. England . . . . .	..	05	..	..	..	..
TOTAL	40	45	89	34	70	36
Total Receipts from Taxes on Income	18,75.78	18,91.64	17,85.23	19,25.77	19,13.51	20,58.75
Deduct—Refunds—						
India	1,70.06	1,85.23	1,54.25	1,54.83	1,64.72	1,67.05
England	07	01	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL REFUNDS	1,70.13	1,85.29	1,54.25	1,54.83	1,64.72	1,67.05
Deduct—Share of Provincial Govern- ments in Income-tax revenue under the Devolution Rules	35.31	35.74	30.64	26.40	18.30	18.32
Total Revenue of the Central Gov- ernment	16,70.34	16,70.61	16,00.33	17,44.54	17,30.49	19,73.38
EXPENDITURE.						
India	67.46	70.35	73.73	75.87	72.25	82.33
England	1.50	1.49	99	1.39	1.00	95
Exchange . . . . .	..	01	01	..	01	..
TOTAL	68.96	71.85	74.73	77.26	73.26	83.28
Distributed as follows—						
Payments to Provincial Govern- ments	1.90	31	30	24	26	21
Direct expenditure of Central Gov- ernment	67.06	71.54	74.43	77.02	73.00	83.07

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

	Accounts, 1925-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
Madras	5.48	7.27	6.75	5.50	3.00	4.00
United Provinces . . . . .	..	.71	1.40	1.00	..	..
Punjab	4.02	3.60	2.00	..	..	..
Burma	12.21	11.40	10.36	12.00	8.50	7.50
Bihar and Orissa	4.74	4.49	3.14	3.90	2.80	2.82
Central Provinces	2.23	2.74	2.65	..	1.00	1.00
Assam	6.63	5.53	4.34	4.00	3.00	3.00
TOTAL	35.31	35.74	30.64	26.40	18.30	18.32

17. It was estimated in September last at the time of the Supplementary Budget that on the then existing basis of taxation the revenue from Taxes on Income would show a fall of 1,25 in the current year as compared with the original budget for the same year, and that business being generally worse in the current year than in the last, the revenue would make a poorer showing next year. The Supplementary Finance Act introduced a tax of 2 pies in the rupee for the current year and 4 pies in the next on incomes between Rs. 1,000 and Rs. 2,000 per annum and imposed a surcharge of 12½ per cent. in the current year and 25 per cent. in the next on the existing rates of income-tax and super-tax. In the case of Government servants the increases of income-tax and super-tax, both by way of surcharge on existing rates or by way of imposition of a tax for the first time on lower incomes were merged in the general cut in salaries. On the basis of these measures the Supplementary Budget assumed a total revenue of 18,31 in the current year and 18,02 in the next.

18. The estimates now presented show a worseness of 1,00 in Revised and a betterness of 71 in Budget as compared with the calculations in the Supplementary Budget. Of the betterness in Budget, 23 represents recovery from State and Company-managed Railways—*vide* paragraph 14 of the Honourable the Finance Member's Budget speech.

SALT.

	Revenue (Receipts <i>less</i> Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1928-29	7,59.93	1,23.83	6,36.10
1929-30	6,76.46	1,23.08	5,48.38
1930-31	6,83.22	1,26.40	5,56.82
1931-32 { Budget	7,05.00	1,25.15	5,79.85
{ Revised	8,48.03	1,16.59	7,31.44
1932-33 Budget	9,43.40	1,15.69	8,27.71

19. The relevant details are given below:—

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,47.19	1,54.46	1,44.29	1,64.46	2,00.77	2,44.6-
Madras (a)	1,47.65	1,47.53	1,42.87	1,47.94	1,77.46	2,07.9
Bombay (a)	1,59.20	1,59.25	1,60.95	1,56.42	1,95.27	1,83.89
Bengal (b)	1,76.90	1,84.95	2,08.92	2,06.02	2,51.76	2,82.67
Burma (b)	84.86	81.67	33.40	84.83	41.23	44.63
Bihar and Orissa	.01	.01	..	.01	.01	.01
Assam	.01	.01	..	..	..	..
TOTAL RECEIPTS	7,65.82	6,80.88	6,90.52	7,09.68	8,66.50	9,62.35
Deduct—Refunds	5.89	4.42	7.30	4.68	5.47	5.95
Deduct—Provincial Share	..	..	..	..	13.00	13.00
TOTAL REVENUE	7,59.93	6,76.46	6,83.22	7,05.00	8,48.03	9,43.40
EXPENDITURE.						
Cost of salt purchased by Govern- ment	7.03	8.29	9.33	9.90	8.22	8.37
Assignments and compensations	39.49	39.70	39.13	37.49	36.42	38.19
Interest	4.97	4.38	4.19	4.74	4.21	4.29
Depreciation	2.92	2.76	2.63	2.4	2.51	2.52
Other charges	67.94	70.79	70.13	68.33	63.64	59.30
Capital outlay on salt works	.58	1.12	— .02	1.02	.47	2.31
Total India	1,22.93	1,27.04	1,26.39	1,24.12	1,15.47	1,14.98
England	.90	1.03	1.00	1.03	1.11	.71
Exchange	..	.01	.01	..	.01	..
TOTAL	1,23.83	1,28.08	1,26.40	1,25.15	1,16.59	1,15.69

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported s

20. 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 March 1932. This change in the system was expected to give an additional revenue of 1,00 each in the current year and the next. The Supplementary Finance Act, 1931, imposed a surcharge of 25 per cent. on the customs and excise duties on salt. Allowing for a decrease in offtake, the total revenue in the current year and the next after the adoption of the new measures was taken at 8,18 and 8,82 respectively. There are now no indications of a decrease in consumption and this explains the betterness in the present estimates in both years.

21. The deduct entry of 13·00 in revised represents $\frac{1}{3}$ ths of the additional revenue collected under the Salt (Additional Import Duty) Act, 1931, distributed to Provincial Governments on the basis of the consumption of imported salt in the provinces. The estimates for next year assume the continuance of the Act.

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.	
1928-29	2,57·08	69·51	3,26·59	42·44	12·51	54·95	2,71·64	
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	
1931-33	Budget	1,54·35	61·23	2,15·58	62·27	11·86	73·63	1,41·95
	Revised	1,43·38	54·86	1,98·24	71·07	10·10	81·17	1,17·07
1932-33	Budget	80·26	53·37	1,32·63	63·56	9·06	71·62	61·01

22. 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.

23. The exports of provision opium in the current year are expected to amount to 3,582 chests, but will drop to 2,004 chests next year. This is partly due to the arrangement whereby they have to be extinguished progressively by a date not later than the 31st December 1935 and partly to the fact that the Dutch East Indies and Siam Governments are not taking any opium in 1932—their quotas for that year being 482 and 695 chests respectively. This accounts mainly for the fall in the budget estimate of revenue for 1932-33.

24. As regards Expenditure, the increase in the Revised as compared with the Budget for the current year is due to the increased outturn of the last season.

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

	Revenue.	Expenditure.	Net revenue.	
1928-29	2,23·85	61·37	1,62·48	
1929-30	2,25·60	63·35	1,62·25	
1930-31	2,03·22	64·19	1,39·03	
1931-32	Budget	2,21·46	67·26	1,54·20
	Revised	2,15·08	58·55	1,56·53
1932-33	Budget	1,79·39	57·33	1,22·06

BUDGET FOR 1932-33.

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25. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States. The fall in Revenue in Revised under all heads except the last amounts to 18 and is due to the prevailing trade and economic depression. It is partly counterbalanced by an increase of 12 under "Payments from Indian States" due to the postponement of one half-yearly instalment of subsidy by Mysore from 1930-31 to the current year. The decrease in Budget, 1932-33, as compared with the Revised estimate of revenue is partly due to the last mentioned factor, but mainly to the elimination of the revenue receipts of the North-West Frontier Province.

The receipts and expenditure of the Security Printing Press at Nasik will, with effect from the 1st April 1932, be included in the figures of revenue and expenditure under the head "Stamps". Hitherto only the net commercial profit or loss was shown in the revenue budget of the Government of India and the change in procedure is proposed in pursuance of the recommendation of the General Purposes Sub-Committee of the Retrenchment Advisory Committee and the Public Accounts Committee. This accounts for the fact that the Budget estimate of expenditure is almost the same as the Revised, in spite of the elimination of the expenditure relating to the North-West Frontier Province.

IRRIGATION.

	Revenue (Receipts <i>less</i> Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1928-29	9.40	22.25	12.85
1929-30	9.96	29.98	20.02
1930-31	4.83	35.56	30.73
1931-32 { Budget	13.75	22.10	8.35
{ Revised	9.39	21.61	12.22
1932-33 Budget	1.86	4.32	2.46

26. The Budget excludes the revenue and expenditure relating to the North-West Frontier Province.

POSTS AND TELEGRAPHS.

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT.						
GROSS RECEIPTS	11,08.65	11,29.49	10,77.66	10,96.05	10,70.03	11,50.73
WORKING EXPENSES--						
India	10,87.53	11,18.65	11,27.52	11,87.73	11,02.70	10,63.04
England	7.30	7.45	7.61	7.53	9.80	8.70
Exchange . . . . .	.01	.06	.10	. . . . .	.7	. . . . .
TOTAL	10,94.84	11,26.16	11,35.23	11,45.26	11,12.57	10,71.7
NET RECEIPTS	8.81	8.83	-57.87	-49.21	-42.54	73.99

	Accounts, 1928-29.	Accounts, 1929-30.	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT—contd.						
EXPENDITURE CHARGED TO REVENUE—						
Interest	62.65	65.78	76.12	86.98	86.35	95.18
NET REVENUE	-53.84	-62.45	1,33.49	-1,33.19	-1,28.99	-16.19
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	13.12	11.67	13.06	10.50	10.39	6.07
England . . . . .	..	..	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	13.12	11.67	13.06	10.50	10.39	6.07
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	46.40	2.25	53.62	29.70	29.20	23.15
England	9.67	5.78	88	3.43	.46	..
Exchange . . . . .	.02	.05	.01	..	..	..
TOTAL	56.09	34.08	54.51	33.13	29.66	23.15
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	15.27	11.81	9.47	..	..	..
England	13.63	14.02	11.92	..	..	..
Exchange . . . . .	.03	.13	.16	..	..	..
TOTAL	28.93	25.96	21.55	..	..	..
WORKING EXPENSES—						
India	28.67	26.02	23.15	..	..	..
England	1.66	1.76	1.32	..	..	..
Exchange . . . . .	..	.01	.02	..	..	..
TOTAL	30.33	27.79	24.49	..	..	..
NET RECEIPTS	-1.40	-1.83	-2.94	..	..	..
EXPENDITURE CHARGED TO REVENUE—						
Interest	5.37	5.52	6.09	..	..	..
NET REVENUE	-6.77	-7.35	-9.03	..	..	..
CAPITAL OUTLAY CHARGED TO REVENUE—						
India . . . . .	.44	-.33	-.28	-54.99	-58.55	..
England . . . . .	.05	.04	.04	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	.49	-.29	-.22	-54.99	-58.55	..
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	-3.62	-2.14	-1.07	53.76	54.40	..
England . . . . .	.86	1.14	-56.53	4.41	3.55	..
Exchange . . . . .	..	.01	-.59	..	.02	..
TOTAL	-2.76	-1.01	-58.19	58.17	57.97	..

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

28. Except in one respect, explained below, the recommendations of the Posts and Telegraphs Accounts Enquiry Committee have not been taken into account in these estimates as the Government of India have not reached a final decision in regard to one of the most important of the recommendations, namely, the institution of the Depreciation Fund with an initial opening balance of 8.25 crores equivalent to the amount of the accrued depreciation on the 1st April 1925. A change has, however, been made, according to the recommendation of the Committee in the percentage calculation of the pensionary liability of the Department. This is now charged on a basis of 7.5 per cent. instead of 8.2 per cent. as formerly.

29. At the time of the Supplementary Budget in September last, the deficit in the working of the department was estimated at 1.48. The Supplementary Finance Act provided for an increase in inland postal rates of 50 per cent. over existing rates and this, together with retrenchments and cuts in pay and certain other measures for increasing revenue, was expected to reduce the loss in working to 92 in the current year and 20 in the next. The present estimates show a worseness of 37 in Revised and a betterness of 4 in Budget. The deterioration in Revised is due partly to normal revenue having proved lower than anticipated, and partly to the gain from the new measures being less because they were introduced at dates later than were assumed in the Supplementary Budget.

30. The annual loss in the working of the Department since it was commercialised is given below :—

	Current.	Progressive.
	Loss—	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 (Revised)	-1,28.89	-3,57.53
1932-33 (Budget)	-16.19	-3,73.72

The figures are, however, inclusive of the loss on the non-commercial activities of the Wireless Branch, which is shown below :

1928-29	5.24
1929-30	6.86
1930-31	8.19
1931-32 (Revised)	8.40
1932-33 (Budget)	6.73

INTEREST RECEIPTS.

	Accounts, 1930-31.	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
India	Interest on loans and advances	82.25	90.82	94.39
	Interest on advances to railway companies charged to capital	16.65	5.48	8.61
	Other items	9.07	.22	8.81
	Interest on temporary investment of cash balances, etc.	14.38	3.31	28.69
England	Excess over £40 millions in the Gold Standard Reserve	2,08.83	1,35.48	25.60
Transfer from Gold Standard Reserve Revenue Equalisation Fund	4.50	53.68	58.00	..
Exchange	2.75	..	.79	..
TOTAL	3,28.43	2,91.99	2,24.89	1,80.12

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31. The large decrease under the head "Excess over £40 millions in the Gold Standard Reserve" in the Revised as compared with the Budget of the current year is due mainly to the substitution of gold for sterling securities in the Reserve, but depreciation of securities held in the Reserve has been a contributory factor in the reduction of interests receipts under this head. In the Budget for 1932-33 allowance has been made for a small increase in the amount of sterling securities in the Reserve. The transfer from the Gold Standard Reserve Revenue Equalisation Fund in the current year will exhaust the balance in that Fund and nothing will be available for transfer in 1932-33.

INTEREST PAYMENTS.

	Accounts, 1930-31.	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
<i>Interest on Ordinary Debt—</i>				
<i>Gross payments—</i>				
India	21,75·19	22,35·49	24,19·79	25,78·36
England	19,66·85	21,13·99	20,75·48	20,16·53
Exchange	24·76	..	14·52	..
Total	41,66·80	43,49·48	45,09·79	45,94·89
<i>Deduct—Amounts charged to—</i>				
Railways	31,34·05	32,21·28	31,90·19	32,33·43
Irrigation	12·66	12·87	12·81	2·70
Posts and Telegraphs	83·68	88·77	87·79	96·62
Other heads	21·37	24·42	24·39	24·77
Provincial Loans Fund	6,54·87	6,95·00	7,26·00	8,14·02
Total deductions	39,06·63	40,42·34	40,41·18	41,71·54
Net	2,60·17	3,07·14	4,68·61	4,23·35
<i>*Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	2,00·00	2,10·00	2,06·00	2,20·00
Post Office Savings Bank Deposits	1,04·43	1,06·42	1,08·05	1,13·55
Provident Funds	2,92·99	3,17·83	3,10·72	3,42·33
Service Funds	12·32	13·06	13·03	13·52
Fixed Deposits of Provin- cial Governments	22·25	17·25	6·50	3·50
Famine Relief Fund	16·06	16·13	15·65	15·47
Railway Reserve Fund	57·71	16·35	14·11	..
„ Depreciation Fund	74·55	1,08·00	81·57	85·15
Posts and Telegraphs Depre- ciation Fund	10·80	12·43	12·93	15·02
Other items	76·30	74·42	76·25	78·62
Total	8,67·41	8,91·89	8,44·81	8,87·16
Total Interest payments	11,27·58	11,99·03	13,13·42	13,10·51

INTEREST ON ORDINARY DEBT.

32. 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.

33. The increase in the gross payments of interest on Ordinary Debt in India in the Revised is due almost wholly to the larger amount estimated to be paid on account of Discount on treasury bills, about 4,71 against 2,80 originally provided for. The estimate is based on the progress of actuals up-to-date and on the assumption that the treasury bills outstanding with the public and in the Paper Currency Reserve at the end of the current year will be 55,38 and 49,28 respectively against 55,38 and 5,89 at the beginning of the current year. As regards payments in England, the saving in Revised is due to the moratorium granted by the Imperial Government coincident with the Hoover moratorium. The saving is reduced by the increase in provision for interest on 1933-34 Bonds, the issue of which was not foreseen at the time of the Budget.

34. It has been assumed in the Budget, 1932-33, that the treasury bills outstanding at the end of the year will be 7,51 less than at the beginning and that new loans will be raised in India and England to the amounts of the maturing debt during the year in the two countries respectively. The Budget includes 25 for service of a new loan in India and 56 for a new loan in England. The provision for discount on treasury bills in Budget is 6,01.

INTEREST ON OTHER OBLIGATIONS.

35. The decrease in Revised in the provision for interest on Railway Depreciation and Reserve Funds as compared with the Budget for the current year represents a larger withdrawing of those balances to meet the deficit in the working of Railways. The saving in interest payments on balances of Provincial Governments placed in fixed deposit with the Central Government reflects the deterioration in the revenue position of those Governments which have had in consequence to draw heavily on their balances. Interest on provident fund balances is calculated at 5 per cent. per annum in Revised current year and at 5½ per cent. in Budget. Interest on Depreciation and Reserve Fund balances is calculated at 5.70 per cent. in both years, which is the rate 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 in recent years:—

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
Revised, 1931-32	.	.	.	.	.	.	.	.	.	13,14
Budget, 1932-33	.	.	.	.	.	.	.	.	.	13,11

37. While there was a steady reduction from 1923-24 to 1928-29, there has been an increase since the latter year. This is explained partly by the

variations in the Government's borrowing rate and partly also by the fact that insufficient provision had been made in the past in respect of the liability for bonus payments on cash certificates. The deficits in 1930-31 and 1931-32 have also contributed to the increase in those years. The following table makes the position clear :—

Year.	Approximate borrowing rate in India.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	6 per cent.	8,42	28
1924-25	5½ "	13,12	16
1925-26	5½ "	20,96	16
1926-27	4½ "	26,68	16
1927-28	4½ "	30,70	23
1928-29	5 "	32,30	60
1929-30	5½ "	35,00	73
1930-31	6½ "	38,43	2,00
1931-32	6½ "	44,43	2 06
1932-33		49,43	2,20

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

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

39. On this basis, the estimates for the two years work out as follows :—

	(In lakhs of rupees, sterling amounts being converted at Rs. 13½ per £.)		
	31st March 1923.	31st March 1931.	31st March 1932.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42	4,72,62	4,78,08
Sterling Debt	3,23,51.	4,50,11	4,41,82
Unfunded Debt	62,56	1,46,71	1,56,59
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	81,75	67,09	64,96
	<u>8,29,24</u>	<u>11,36,53</u>	<u>11,41,45</u>

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(In lakhs of rupees, sterling amount being converted at Rs. 13½ per £.)
 31st March 1923. 31st March 1931. 1st March 1932.

Deduct—

Discount included above but separately provided for	7,32	18,78	16,59
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	89,22	1,02,36
	<u>32,21</u>	<u>1,08,00</u>	<u>1,18,95</u>
NET	7,97,03	10,28,53	10,22,50
Excess over outstanding debt on 31st March 1923		2,31,50	2,25,47
¾ th of above		2,89,38	2,81,84
Add basic provision		4,00,00	4,00,00
TOTAL		<u>6,89,38</u>	<u>6,81,84</u>

40. These figures include the following specific items:

	Revised, 1931-32.	Budget, 1932-33.
Sinking fund provision for 5 per cent. rupee loans	1,79,07	1,78,39
Capital portion of railway annuities	2,14,49	2,20,40
Railway sinking funds	26,85	26,67
TOTAL	<u>4,20,41</u>	<u>4,25,46</u>

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	6,82

BUDGET FOR 1932-33.

The reduction in the provision for the next year is due to the fact that a large part of the capital resources in the current year was found from the issues of treasury bills to the Paper Currency Reserve, which are excluded from the amount of debt for the purposes of calculation under the Debt Redemption Scheme.

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net expenditure.	
1928-29	1,00·93	11,43·51	10,42·58	
1929-30	1,16·59	12,65·91	11,49·32	
1930-31	96·87	13,33·80	12,36·93	
1931-32 {	Budget	1,03·45	13,06·36	12,02·91
	Revised	95·09	12,32·40	11,37·31
1932-33 Budget	90·11	9,64·93	8,74·82	

42. The fall in revenue in Revised as compared with Budget, 1931-32* is distributed over all the heads comprised in this group. The further reduction in Budget next year is due to the exclusion of the receipts in the North-West Frontier Province.

The reduction in expenditure is due to retrenchments and cuts in pay and is fully explained in the memorandum dealing with retrenchment. Budget excludes 97 on account of expenditure in the North-West Frontier Province.

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net revenue.	
1928-29	2,88·33	71·62	2,16·71	
1929-30	2,73·69	74·21	1,99·48	
1930-31	1,24·30	96·96	27·34	
1931-32 {	Budget	63·34	78·71	—15·37
	Revised	1,85·25	1,04·01	81·24
1932-33 Budget	3,31·17	70·02	2,61·15	

43. 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, 1931-32.	Budget, 1932-33.
(i) Interest on rupee securities	16.98	16.98
(ii) Discount on treasury bills issued to the Paper Currency Reserve	1,48.74	2,86.96
(iii) Interest on loans against internal bills of exchange or on the issue of currency against Government securities purchased temporarily from the Imperial Bank of India and placed in the Reserve	9.32	10.83
	<u>1,75.04</u>	<u>3,14.77</u>

The revised estimate of expenditure in the current year includes 31 lakhs on account of so-called loss on circulation of nickel and bronze coin. It represents approximately the difference between the face value and the metal value of the large amount of coin which has returned from circulation.

CIVIL WORKS.

44. In order to avoid confusion in comparison with earlier years, the grant to the Road Fund which is included for budgetary purposes under Civil Works is shown separately.

		Revenue.	Expenditure.	Net expenditure.
1928-29		17.04	1,54.78	1,37.74
1929-30		22.65	1,60.40	1,37.75
1930-31		27.15	1,64.59	1,37.44
1931-32	Budget	24.85	1,40.28	1,15.43
	Revised	23.40	1,22.68	99.28
1932-33	Budget	26.79	80.19	53.40
<i>Appropriation to Road Fund.</i>				
1928-29				4.50
1929-30				97.87
1930-31				98.03
1931-32	Budget			1,01.00
	Revised			1,00.00
1932-33	Budget			1,14.00

The large reduction in ordinary expenditure in Budget, 1932-33, is the result of retrenchment and the elimination of provincial expenditure on Civil Works in the North-West Frontier Province. Expenditure on Civil Works in the North-West Frontier for 1931-32 is estimated at 37. The Budget includes a small amount of 2 for completion of works hitherto borne on the Delhi Capital project and transferred to the revenue head owing to the decision of Government to close the capital project with effect from the 1st April 1932. It also includes about 14 of maintenance expenditure previously borne by the New Delhi Capital head.

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1928-29		89.47	4,05.93	3,16.46
1929-30		95.62	4,45.65	3,50.03
1930-31		95.64	4,30.07	3,34.43
1931-32	Budget	73.89	4,08.92	3,35.03
	Revised	1,55.33	4,20.06	2,61.73
1932-33	Budget	66.87	4,00.09	3,33.22

45. The larger Revised Estimate of revenue compared with the Budget is due to gain by exchange transferred from the deposit head "Exchange on Remittance account"—*vide* paragraph 50 below.

The increase in the Revised Estimate of expenditure as compared with the Budget for the current year represents larger payments on superannuation allowances and pensions and new expenditure on Conferences and Committees. These are counterbalanced by savings under Stationery and Printing charges due to the exercise of strict economy. The position regarding expenditure in the next year is explained in the retrenchment memorandum. As under certain other heads, Budget excludes provincial expenditure in the North-West Frontier Province amounting to 9.

EXTRAORDINARY ITEMS.

	Accounts, 1930-31.	1931-32.		Budget, 1932-33.
		Budget.	Revised.	
Receipts—				
India	51·00	..	8·00	1·08
England	47·58	30·44	7·58	22·83
Exchange	·62	..	·05	..
TOTAL	99·20	30·44	15·63	23·91
Payments—				
India	15·62	·25	9·75	19·86
England . . . . .	..	..	·40	2·24
Exchange . . . . .	..	..	..	..
TOTAL	15·62	·25	10·15	22·10

46. The Indian credits in Revised represent the refund by the Military Department of past savings in the grants for the expansion of the Territorial Forces. The receipts in England are on account of reparations. It has been assumed in the Budget for 1932-33 that there will be a resumption of such receipts at the expiry of the 12 months' moratorium from July 1931.

47. The payments in Revised and Budget mainly represent charges incurred on retrenched personnel. It has been decided to record the expenditure incurred on this account as follows :

	Head of Account.
(i) Leave and Travelling allowances (in the civil departments other than commercial departments).	Extraordinary payments.
(ii) Pensions (in the civil departments other than commercial departments).	Superannuation Allowances and Pension.

		Head of Account.
(iii)	Gratuities (in the civil departments other than commercial departments).	Capital head—Payments to Retrenched Personnel.
(iv)	Leave and Travelling allowances in the Posts and Telegraphs Department and civil commercial departments.	Working expenses under the respective Major head concerned.
(v)	Pensions ditto	Superannuation allowances and pensions (charges for pensionary liability will be recovered and accounted for as usual).
(vi)	Gratuities ditto	Capital head—Payments to Retrenched Personnel.

The debits to the capital head [items (iii) and (vi) above] will be written back to revenue in five equal instalments, beginning from 1933-34, the debits to revenue in the case of Posts and Telegraphs and Civil Commercial Departments being taken to working expenses under the respective major head of account, and in other cases under the major head "Superannuation Allowances and Pensions."

EXCHANGE.

48. From the 1st April 1920 to the 31st March 1927, the accounts were maintained on the basis of the rate of 2s. per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee, however, stood at a lower level. In consequence of this variation from the accounting rate, large sums were booked as credits or debits on account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. *These were purely book-keeping transactions.* Under that system, there was an account 'gain' when the remittances through the market were less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter having been financed partly from other sources, *e.g.*, a sterling loan floated in London. Similarly, there was an accounts 'loss' when the remittances were greater in order to meet the demands of trade. These 'gains' and 'losses' fluctuated within very wide limits as will be seen from the following statement of balances at the end of each of the financial years from 1919-20 onwards:—

		Credit +, Debit —.
31st March	1920	+5,23
" "	1921	—22,85
" "	1922	—11,48
" "	1923	+5,47
" "	1924	+8,55
" "	1925	+5,40
" "	1926	+1,31
" "	1927	+12,44
" "	1928	+12,69
" "	1929	+12,86
" "	1930	+13,17
" "	1931	+13,70

49. The procedure for the allocation of exchange gains and losses was as follows. All exchange gains and losses arising out of remittance transactions were recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts of outlay incurred in England was calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, while the portion relating to the expenditure of Provincial Governments was similarly debited to the Provincial Governments concerned. It was intended that it should remain for consideration with reference to the circumstances of each year, whether the balance remaining under the suspense head after these transfers had been made, should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years.

50. The balance at the credit of the deposit head on the 31st March 1931, has been adjusted partly by the writing off of credits that arose from mere book keeping transactions and partly by transfer of the balance to another suspense head against losses outstanding on certain other accounts. From the 1st April 1931, the net credit or debit under the deposit head resulting from the year's transactions will be transferred to the revenue account at the end of each year as a miscellaneous item of revenue or expenditure.

The transactions in the current year are expected to be as follows:—

Gross gain on remittance transactions.	65
Add transfers to	
Revenue	25
Capital	2
Provinces	3
	<u>30</u>
Total gain transferred to the revenue account	<u>85</u>

SUBVENTION TO THE NORTH-WEST FRONTIER PROVINCE.

51. With effect from some date in April 1932, the North-West Frontier Province will be 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. The details of estimated Provincial revenue and expenditure of the province in 1932-33 are as follows:

	<i>Revenue.</i>
Land Revenue	19-73
Excise	8-55
Stamps	9-50
Forest	7-50
Registration . . . . .	.67
Irrigation	9-77
Interest . . . . .	.80
Civil Administration	5-81
Civil Works . . . . .	.55
Miscellaneous	3-39
	<u>66-27</u>

<i>Expenditure.</i>		India.
Land Revenue		3·29
Excise		1·01
Stamps		·16
Forest		7·19
Registration		·14
Forest Capital outlay		·08
Irrigation		13·79
Interest on Debt		·55
Reduction or Avoidance of Debt		1·17
Civil Administration		95·38
Civil Works		29·15
Miscellaneous		8·58
		<hr/>
		1,60,49
Expenditure in England		3·00
		<hr/>
		1,63·49
		<hr/>

52. Save in a few places, these figures follow what would have been the budget figures had the administration remained under the Central Government. The main departures from this position are an extra 2·30 provided under General Administration for the new machinery—Legislature, Minister, etc.—of the new province, and full provision made under Civil Works for the transfer of Roads and Buildings, as recommended by the North-West Frontier Province Subjects Committee, from the Military Engineering Services to an augmented local Public Works Department.

53. On these figures the balance arrived at is :—

Expenditure	1,63·49
Receipts	66·27
	<hr/>
	97·22
	<hr/>

While on the one hand a certain further amount of retrenchment remains to be done in the existing expenditure heads and should be carried out, the province will, on the other, have to face the growth of expenditure due to yearly increments of pay and the cost of the restoration in 1933 of the cut in pay. The subvention has accordingly been fixed at the round figure of 1,00 to be operative for three years, or until the new constitution for India is inaugurated, whichever is earlier.

54. In addition, an initial balance of 10 will be placed at the disposal of the province. About 1½ of this represents the depreciation fund of the local press, while a further 3 is specifically for new buildings required at the initiation of the new regime. The rest will constitute a cash reserve partly to be utilised for meeting unforeseeable liabilities.

55. The North-West Frontier Province Subjects Committee recommended a basic subvention figure of 1,17 to operate for five years. That Committee however recognised that its basic figures for the main sources of provincial revenue would require modification. On the other side of the account it used expenditure figures based on past actuals, and thus assumed a standard of expenditure unaffected by the comprehensive campaign of retrenchment now being operated in all parts of India both Central and Provincial. The difference of 17 between the figures is almost entirely explained by these two factors, although at the same time there were a few technical errors in the Committee's figures which have now been corrected.

56. The North-West Frontier Province Subjects Committee also listed a large number of projected schemes of expansion involving recurring and non-recurring expenditure, which it presumed would be taken into account by the Government of India at the time of determining the amount of the subvention. In the present state of the finances of India and of the world it is impossible for either the Central Government or any Provincial Government in India to contemplate embarking on an ambitious programme of expanding activities, and it has had to be recognised that these could find no place in a subvention which is to operate at the most for the next three years.

57. In order to meet the position brought about by the impossibility of inaugurating the new province from the 1st of April it has been necessary to split up the 1,00 subvention for 1932-33 into two parts, *viz.*—

- 18 likely to be disbursed direct by the Government of India in the early part of April ;
- 82—the balance to be made over to the North-West Frontier Province.

Also a provision of 2 (with a corresponding receipt item) has had to be made for virtually giving back to the province the revenue likely to be collected in the early part of April.

WAYS AND MEANS.

HOME TREASURY.

58. 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 heavy 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.

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

[In millions of £.]

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	40	40	30
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	56	64	60
(b) Other transactions	77	75	48
3. Deposits and Advances . . . . .	..	—54	12
Total Receipts, excluding direct remittances and loans	1·73	1·25	1·50
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	27·27	27·17	26·30
5. Disbursements on behalf of Provincial Governments	3·45	3·13	2·81
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	2·44	2·03	1·13
(b) Other items	·08	·05	·01
7. Discharge of Permanent Debt	16·53	16·60	7·86
8. Discharge of Floating Debt	4·05	4·05	..
TOTAL DISBURSEMENTS	53·82	53·03	38·11
NET DISBURSEMENTS	52·09	51·78	36·61
Remittances from India (net)	33·30	44·25	24·70
New Loan (less discount)	18·57	13·01	6·00
Reduction (+) or increase (—) of cash balance	+·22	—5·48	+6·11
Opening Balance	4·85	5·56	11·04
Closing Balance	4·63	11·04	4·93

BUDGET FOR 1932-33.

60. Item 2 (a) has already been explained in paragraph 58. 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.

61. 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 40.

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

	(In millions of £.)	
	Revised, 1931-32.	Budget, 1932-33.
Purchase of Sterling	35.25	24.50
Transfers through Gold Standard Reserve	23.05	..
Less Sale of Sterling	14.05	..
	44.25	24.50

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

63. The sterling debt incurred in 1931-32 is as follows :—

Month of issue	Form of issue.	Nominal amount. £	Issue price per cent.	Cash received. £
May 1931	6 per cent. Bonds, 1933-34	10,000,000	100	10,000,000

In addition to this, £3.01 being proceeds of £3.12 million out of the £12 million 5½ per cent. India Stock 1933-38, issued in February 1931, were actually realised in the year 1931-32.

INDIA.

64. The following is a summary of the estimates of ways and means in India during 1931-32 and 1932-33 :—

(In crores of rupees.)

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	36.37	22.56	37.22
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	4.00	6.00	5.09
(b) Savings Bank deposits (net)	5.55	3.73	6.55
3. Appropriation for reduction or avoidance of debt	6.78	6.89	6.82
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	1.28	—3.92	.90
5. Post Office Cash Certificate Bonus Fund . . . . .	.10	.16	..
6. Miscellaneous Deposits and Remittances (net) . . . . .	.55	—3.85	—4.3
TOTAL RECEIPTS	54.63	31.57	56.06

	Budget, 1931-32.	Revised, 1931-32.	Budget, 1932-33.
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	8.20	5.65	2.65
(b) Posts and Telegraphs . . . . .	.83	.33	.23
(c) Delhi . . . . .	.24	.11	
(d) Other items . . . . .	.76	.81	1.26
8. Permanent Debt discharged (net)	8.03	11.49	16.49
9. Floating Debt discharged (net) . . . . .	..	—43.39	7.51
10. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net) . . . . .	..	7.05	..
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	6.29	13.12	11.65
(b) Other Loans	1.21	.98	.26
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	44.40	59.00	32.67
(b) Drawings by the Iraq administration recoverable in England . . . . .	.75	.85	.80
(c) Other transactions (net).	1.02	1.00	.63
13. Balances of Provincial Governments	—1.39	—1.89	—4.77
TOTAL DISBURSEMENTS	70.34	55.61	69.38
NET DISBURSEMENTS	15.71	24.04	13.32
New Loan	15.00	16.95	14.50
Reduction (+) or increase (—) of cash balance	+71	+7.09	—1.18
Opening Balance	12.75	17.28	10.19
Closing Balance	12.04	10.19	11.37

65. The estimates of Provincial Governments' transactions—*vide* items 11 (a) and 13—are based on the assumption that the net drawings from the Central Government in India and England, including those in the shape of advances through the Provincial Loans Fund, will be 15.41 crores in the current year and 10.62 crores in the next.

66. The result of the current year's rupee loan, which was 6½ per cent. Treasury Bonds 1935 issued at par, is summarised below :—

(In lakhs of rupees.)

Subscriptions in cash	14,91
Subscriptions in the form of 6 per cent. 1931 Bonds	2,04
Total nominal value	16,95

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67. The amount of the new loan now estimated for next year has been shown separately at 14.5 crores.

68. The balances of treasury bills have been taken in the estimates as follows :—

(In crores of rupees.)			
	31st March 1931.	31st March 1932.	31st March 1933.
With the public . . .	55.38	55.38	47.87
In the Paper Currency Reserve	5.89	49.28	49.28

69. 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 1932 shows an increase of 18½ crores over the balance on the 31st March 1931. Neglecting various balancing items, this increase may be attributed to the deficit of 13.66 crores in 1931-32 and also to the book loss, on the sale of silver, which is placed at 7 crores (*vide* item 10). Government, in their capacity as currency authority, have actually strengthened their position by the sale of silver as they have obtained liquid assets in exchange for assets which were frozen, but as the silver in the form of rupees was valued in the Paper Currency Reserve at Re. 1 per standard tola, the sale involved either a decrease in the note circulation or an increase in the rupee securities in this Reserve corresponding to the difference between the bullion value and the currency value of the rupees sold. In either case, the net effect on the ordinary Government accounts was an increase in the unproductive debt. For this reason, the increase in the current year in the balance of interest-bearing obligations not covered by the assets mentioned does not represent any real deterioration in the debt position except to the extent of the revenue deficit.

A. F. L. BRAYNE.

The 7th March 1932.
The 29th March 1932.

APPENDIX I.

Memorandum on the Military Estimates for 1932-33.

The Military Estimates for 1932-33 have been prepared in the same form as those for 1931-32. These follow a cash system of estimates and accounts which was re-adopted in 1927-28 in place of the elaborate system of cost accounts which was previously in force.

2. The Inchcape Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57½ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The expenditure in the year 1923-24 showed an actual reduction to Rs. 56.23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and thus the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was passed in the first year.

3. On the basis of this recommendation the Government of India adopted as their policy a progressive reduction of military expenditure. The actual expenditure in 1923-24 and succeeding years is shown in the following table :—

	Crores of rupees.
1923-24	56.23
1924-25	55.63
1925-26	56.00
1926-27	55.97
1927-28	54.79
1928-29	55.10
1929-30	55.10
1930-31	54.30
1931-32 (Budget)	52.00
1931-32 (Revised)	51.76
1932-33 (Budget)	46.74

These figures may seem to indicate that the Government of India were not very successful, until the end of the period, in enforcing their policy of a

progressive reduction of expenditure, but such an inference would be hardly correct. In the first place, since the Inchcape Committee reported certain charges, amounting in the aggregate to about 50 lakhs, have been debited to the Military Estimates which were formerly charged to other heads; the more important of these are Customs duties (27 lakhs) and Printing and Stationery charges (18 lakhs). Moreover, in 1925 it was necessary, following on a revision of pay of British Army officers in the United Kingdom, to revise the pay of Army officers in India at an increased cost of 50 lakhs. Thus the expenditure figure of 56 crores in 1925-26 and 1926-27 included a crore of unavoidable expenditure of which the Inchcape Committee had not taken account. In the second place, from 1928-29 onwards the true progress of normal expenditure is to some extent obscured by the stabilisation of the budget in that year. This reference to the stabilisation of the budget requires some explanation.

4. When the Inchcape Committee held their enquiry, the imperative need was an immediate and large reduction of expenditure in every field. The military expenditure, for reasons already explained, was still swollen by abnormal charges and had not come down to the new peace level. It was therefore probably inevitable that the cuts recommended by the Committee took the form of rough and ready axing rather than of scientific pruning. The immediate reduction in 1923-24 to 56-23 crores was substantially greater than even the Inchcape Committee had anticipated and as the years went on the evil effects of the somewhat indiscriminate retrenchment became apparent. In 1927-28 things came to a head and the Government of India found themselves in a dilemma. On the one hand the equipment of the Forces had fallen and was progressively falling below modern standards; it was estimated that an outlay of about 10 crores within the next few years was required to put the Army and Air Force 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, the finances of India were such that the Government of India could not contemplate an increase of military expenditure. The eventual solution was a decision to stabilise the military budget for a period of 4 years at an annual figure of 55 crores in the hope that on that figure and within that period the military authorities, with permission to utilise savings which they might make, would be able to complete the 10 crores programme. This arrangement lasted for the two years 1928-29 and 1929-30. Then a deterioration in the general finances of India led to modification of the arrangement with the result that the budget allotment dropped to 54 $\frac{1}{5}$ crores in 1930-31 and 52 crores for 1931-32. With each drop the period of stabilisation was extended by one year. The idea underlying this modification was, while securing a gradual reduction of military expenditure, to provide as far as possible the same amount for carrying out the special programme, though spread over a longer period. The reduction in 1931-32 included not only this modification but also a further arbitrary cut of 1.73 crores to assist in balancing the revenue and expenditure of the Government of India as a whole. The present position is that up to the end of the financial year 1931-32 it has been found possible to provide, under the stabilisation arrangement as modified from time to time, 7 crores towards carrying out the special 10 crores programme.

5. It will now be convenient to indicate the progress during the period of stabilisation of the expenditure on "standing charges", that is, the normal expenditure on maintenance excluding the special programme. When the figure of 55 crores was adopted in 1927-28 as the stabilised budget figure the standing charges were estimated at 54 crores. The following table shows

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in parallel columns for each of the 4 years of the stabilisation period the total budget provision and the expenditure on standing charges :—

	Total Budget (in crores.)	Standing charges (in crores.)
1928-29	55.00	53.84
1929-30	55.00	52.56
1930-31	54.20	52.39
1931-32	51.90	50.27 (estimate).

It will be seen that in the course of the 4 years the expenditure on standing charges has fallen by more than 3½ crores. This is due partly to the fall in commodity prices, partly to the gradual replacement of British other ranks on the old rates of pay by men on the Anderson rates, and partly to the effects of the economy campaign which was initiated by the military authorities in 1928-29 as one of the conditions of the stabilisation arrangement. It should be mentioned that as an offset against the savings due to the abnormally low prices of Indian food grains in 1930-31 and 1931-32 the figures of standing charges for those years include extraordinary expenditure in dealing with the Civil Disobedience movement, operations against the tribes on the North-West Frontier and the Burma rebellion. The total of these extraordinary charges in the two years is about 1½ crores.

6. In the preceding paragraphs the recent history of military expenditure has been brought down to the current financial year. In this year the financial situation necessitated yet another retrenchment campaign. All departments of Government were called upon to co-operate in reducing expenditure and at the same time retrenchment committees were set up consisting mainly of members of the Indian Legislature. The military authorities and the Army Retrenchment Sub-Committee have been working in close collaboration and as a result of the various measures adopted H. E. the Army Member has been able to accept for 1932-33 a budget figure of 46.65 crores, a reduction of 5.25 crores below the figure for 1931-32. The budget figure excludes the allotment for expansion of Territorial Force which in 1932-33 is 9 lakhs.

7. The following table shows how the reduction of expenditure is made up. The figure of reduction is 5.50 crores, since in addition to working down to a standing charge of 46.65 crores it has been necessary to find an additional 25 lakhs, to cover expenditure on certain unavoidable new measures such as the pay of staff, etc., of the "Indian Sandhurst". The savings of 5.50 crores are made up as follows :—

From the emergency cut in pay	Crores of rupees. 1.40
From postponement of further progress with the special programme of re-equipment	1.00
From measures classified as retrenchment schemes	3.10
Total	5.50

A brief explanation is given of each of these three items.

8. The pay cut falls into two parts—the cut on British other ranks and the cut on other personnel, military or civil, paid from the military estimates. The cut on British other ranks follows the cut imposed by His Majesty's Government and consists of a 10 per cent. reduction on the pay of all men who are still on the old, or pre-Anderson, rates of pay. The cut on other personnel follows the emergency cut imposed by the Government of India on Government servants generally.

9. The saving due to postponement of further progress with the special programme of re-equipment has been put at one crore because that is the amount allotted to the programme in 1931-32 out of normal current revenue. Practically no provision has been made for programme expenditure in 1932-33 beyond a small amount in the Military Works budget required for the completion of works already in progress.

10. The amount of 3·10 crores taken as the saving from retrenchment schemes represents the results of the campaign carried out this year by the military authorities and the Retrenchment Committee. The saving is the ultimate saving expected after all terminal charges are paid off: the budget is being framed on the basis of expenditure during the 18 months from October 1931 to March 1933 and it is hoped that the terminal charges payable during the financial year 1932-33 will be covered by the savings effected in the financial year 1931-32 on economy measures which it has been found possible to introduce at once. The Army Retrenchment Sub-Committee adjourned at the end of September 1931 leaving certain fields of expenditure still unsurveyed. They have now resumed their enquiry and are surveying those fields: further recommendations may therefore be expected. In anticipation of the Committee's final report, however, the military authorities have already effected such economies as they consider possible, and it is not considered probable that the further recommendations of the Sub-Committee will indicate additional sources of saving which will materially affect the estimates for 1932-33. A detailed statement showing how the recommendations of the Army Retrenchment Sub-Committee have been carried out has been prepared by the Army Department and forms part of the Budget papers furnished to the members of the Legislature.

11. The following is a brief summary of the main points affecting the major heads of the estimates. The variations in detail will be found described against each head in the volume of detailed estimates.

Part A-1.—Pay and allowances and Miscellaneous cash expenditure on the Fighting Services.

	(In thousands of Ra.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	19,94,76	12,02	18,82,74
Budget, 1931-32	18,69,62	16,58	18,53,04
Revised, 1931-32	18,54,45	18,65	18,35,80
Budget, 1932-33	17,55,48	10,93	17,44,55

This most important head in the Army Estimates records the pay and other cash charges in the fighting units constituting the Standing Army in India.

The decrease in estimates for 1932-33 as compared with the Budget for 1931-32 is due mainly to retrenchments, emergency pay cuts, smaller provision for pay of officers (other than emergency cut) based on actuals, effect of replacement of British soldiers on higher rates of pay by men on lower rates and smaller payments of marriage allowances and allotments partly counterbalanced by terminal charges in connection with retrenchments and smaller receipts. The receipts in 1931-32 included a non-recurring credit representing India's share of the surplus in the Army, Navy and Air Force Insurance Fund.

The decrease as compared with the revised for 1931-32 is due to the effect of retrenchments, emergency pay cuts operating for the full year and smaller provision for unemployment insurance—the payment in 1931-32 includes arrears for 1930-31—partly counterbalanced by provision for terminal charges in connection with retrenchments and smaller receipts.

12. *Part A-II.*—Administrative Services.

	(In thousands of Rs.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	7,10,46	11,20	6,99,26
Budget, 1931-32	7,31,74	12,23	7,19,51
Revised, 1931-32	7,07,52	12,98	6,94,54
Budget, 1932-33	6,52,58	12,01	6,40,57

The main charges compiled under this head are pay and allowances of the personnel of the Administrative Services.

The decrease in budget for 1932-33 as compared with that for 1931-32 is the result of retrenchments, emergency pay cut, smaller reserves for special measures partly counterbalanced by provision for the Military Academy, Dehra Dun, increased provision for Supply and Mechanical Transport Services owing to an under-estimate in 1931-32, larger contribution for services rendered by the Survey of India, and terminal charges in connection with retrenchments.

The decrease as compared with the revised for 1931-32 is due to retrenchments, emergency pay cut operating for the full year partly counterbalanced by provision for the Military Academy, Dehra Dun, and increased contribution to the Survey of India.

13. *Part A-III.*—Manufacturing Establishments.

	(In thousands of Rs.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	3,01,53	1,79	2,99,74
Budget, 1931-32	3,21,00	68,76	2,52,24
Revised, 1931-32	2,92,61	68,21	2,24,40
Budget, 1932-33	2,73,24	73,25	1,99,99

Under this head are recorded the expenses of Medical Store Depots, Bakeries, Butcheries, Ordnance and Clothing Factories, Grass Farms and Dairy Farms which are all treated as producing and manufacturing formations in the Army.

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The decrease in the budget for 1932-33 as compared with that for 1931-32 is due to retrenchments, emergency pay cuts and smaller production charges in Grass and Dairy Farms.

The decrease as compared with the Revised Estimate, 1931-32, is due to retrenchments and emergency pay cuts operating for the full year.

14. *Part A-IV.*—Army Headquarters, Staff of Commands, etc.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	2,19,06	17	2,18,89
Budget, 1931-32	2,16,96	54	2,16,42
Revised, 1931-32	2,10,43	55	2,09,88
Budget, 1932-33	1,90,04	55	1,89,49

The decrease in the budget for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments and emergency pay cuts.

15. *Part A-V.*—Purchase and Sale of Stores, Equipment and Animals.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	5,67,06	1,59,41	4,07,65
Budget, 1931-32	4,87,06	1,26,87	3,60,19
Revised, 1931-32	4,58,32	1,38,12	3,20,20
Budget, 1932-33	4,22,84	1,28,52	2,94,32

The decrease in the budget for 1932-33 as compared with that for 1931-32 is due chiefly to retrenchments and postponement of the special re-equipment programme partly counterbalanced by an anticipated increase in prices of food grains.

The decrease as compared with the revised for 1931-32 is due chiefly to retrenchments and postponement of re-equipment programme partly counterbalanced by smaller receipts for stores supplied to other Governments, etc., and to rise in prices of food grains.

16. *Part A-VI.*—Special Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	4,44	18	4,26
Budget, 1931-32	11	1	10
Revised, 1931-32	21,08	2	21,06
Budget, 1932-33	9	1	8

The charges ordinarily compiled under this head are for the extra expenditure incurred on troops on the Tibet Frontier.

The actuals, 1930-31, represent mostly the direct cash expenditure on the operations in the North-West Frontier. The revised for 1931-32 similarly represents mostly expenditure in connection with the Burma rebellion.

17. *Part A-VII.*—Transportation, Conservancy, Hot Weather Establishments and Miscellaneous Charges and Receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	3,31,67	36,52	2,95,15
Budget, 1931-32	3,24,93	24,84	3,00,09
Revised, 1931-32	3,27,18	27,99	2,99,19
Budget, 1932-33	3,13,17	26,07	2,87,10

The decrease in the estimate for 1932-33 as compared with the budget for 1931-32 is due mainly to retrenchment measures, elimination of provision for renewal of telegraph mobilisation stores, smaller sea transportation charges and contribution to His Majesty's Government towards the military expenditure of Aden partly counterbalanced by increased provision for rail charges as a result partly of increase in rates and terminal charges.

The decrease as compared with the revised, 1931-32, is due mainly to retrenchments.

18 *Part A-VIII.*—Non-effective charges and receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	8,51,88	1,08,59	7,43,29
Budget, 1931-32	8,43,12	95,72	7,47,40
Revised, 1931-32	8,49,18	97,53	7,51,65
Budget, 1932-33	8,40,57	77,78	7,62,79

The increase in budget for 1932-33 as compared with that for 1931-32 is due to decrease in receipts ; there were arrear receipts in England from His Majesty's Imperial Government and other Departments in 1931-32 and provision for terminal charges in connection with retrenchments partly counterbalanced by elimination of provision in India for commuted value of pensions under military rules owing to the decision to finance such payments outside revenue. These payments will in the first instance be charged to a capital head which will be relieved by equated payments charged to revenue in subsequent years and to cost of living cuts in pensions. The increase as compared with the revised, 1931-32, is due to smaller receipts and provision for terminal charges in connection with retrenchments, partly counterbalanced by elimination of provision for commuted value of pension under Military rules and cost of living cuts in pensions.

19. *Total Part A.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	48,80,86	3,29,88	45,50,98
Budget, 1931-32	47,94,54	3,45,55	44,48,99
Revised, 1931-32	47,20,77	3,64,05	43,56,72
Budget, 1932-33	44,48,01	3,29,12	41,18,89

BUDGET FOR 1932-33.

20. *Part B.*—Auxiliary and Territorial Forces.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	90,20	26	99,94
Budget, 1931-32	91,03	20	90,83
Revised, 1931-32	93,71	30	93,41
Budget, 1932-33	84,36	25	84,11

The decrease in budget for 1932-33 as compared with that for 1931-32 is due to retrenchments, emergency cuts in pay, smaller provision for expenditure on expansion of Territorial Force.

The decrease as compared with the revised, 1931-32, is due to retrenchments, emergency pay cut operating for the full year and smaller expenditure on Territorial Forces. The revised provided for a refund of Rs. 8 lakhs to general revenues, being the unspent balance of allotments in previous years for expansion of the Territorial Force.

21. *Part C.*—Royal Air Force.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1920-31	2,48,86	2,84	2,46,02
Budget, 1931-32	2,22,12	1,56	2,20,56
Revised, 1931-32	2,11,01	2,96	2,08,05
Budget, 1932-33	1,59,57	1,66	1,57,91

The decrease in the budget for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments, emergency cut in pay and smaller provision for re-equipment of Royal Air Force Squadrons as the programme of re-equipment is nearing completion.

22. *Total Army.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	52,19,92	3,32,98	48,86,94
Budget, 1931-32	51,07,69	3,47,31	47,60,38
Revised, 1931-32	50,25,49	3,67,31	46,58,18
Budget, 1932-33	46,91,94	3,31,03	43,60,91

23. *Marine.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	50,41	21,99	68,42
Budget, 1931-32	84,22	14,82	69,40
Revised, 1931-32	73,12	3,29	69,83
Budget, 1932-33	67,45	2,42	65,03

The decrease in the estimate for 1932-33 as compared with the budget and revised for 1931-32 is due to retrenchments and emergency cut in pay. The gross expenditure and receipts in revised, 1931-32 and budget, 1932-33, show considerable variation as compared with the budget, 1931-32. Provision of Rs. 11 lakhs was made in the Budget for 1931-32 under expenditure for the construction of a sloop. As this expenditure was to be met by transfer of funds from the Kidderpore Dockyard Suspense Account a corresponding sum was provided on the receipt side also. It was decided, however, in the course of the year to postpone the construction of the sloop. The revised, 1931-32 and budget, 1932-33, do not, therefore, allow for any provision on this account either on the expenditure or on the receipt side.

24. *Military Engineer Services.*

	(In thousands of Rs.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	4,94,41	43,93	4,50,48
Budget, 1931-32	4,55,66	56,68	3,98,98
Revised, 1931-32	4,65,01	36,00	4,29,01
Budget, 1932-33	3,32,57	46,60	2,85,97

The decrease in the estimate for 1932-33, as compared with the budget for 1931-32, is due to retrenchments and emergency cuts in pay.

The difference as compared with the revised, 1931-32, is due to retrenchments, emergency cuts in pay operating for the full year, non-provision for extra-expenditure in connection with the Burma rebellion, and larger receipts. Revised, 1931-32, provides for no receipts by transfer from the Land Sales Suspense Account, while the budget allows for a credit of Rs. 10 lakhs from this account.

25. *Transfers to or from Military Reserve Fund.*

	(In thousands of Rs.)		
	Gross Expenditure.	Receipts.	Net.
Actuals, 1930-31	24,15	..	24,15
Budget, 1931-32 . . . . .	..	28,76	-28,76
Revised, 1931-32	18,98	..	18,98
Budget, 1932-33 . . . . .	..	37,91	-37,91

This head was opened as a result of the stabilisation of military budget estimates whereby any savings in one year may be transferred to a suspense-head for utilisation in a future year. The saving is charged to military expenditure by credit to a suspense account "Military Reserve Fund" and when the money is taken out in a future year to meet expenditure the "Military Reserve Fund" is debited and the Military Estimates are credited.

* In the budget for 1931-32 a credit of Rs. 28.76 lakhs from the "Military Reserve Fund" was allowed for but owing to introduction of certain retrenchment measures in 1931-32 it was not necessary to utilise this credit. It is anticipated that at the end of the current year a sum of Rs. 18.98 lakhs will be transferred to the "Military Reserve Fund". This, however, is not a free balance of savings but consists largely of amounts earmarked to cover the cost of specific commitments.

In the estimate for 1932-33 a credit of Rs. 37.91 lakhs has been taken by transfer from the "Military Reserve Fund".

26. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1928-29 under Army, Marine, Military Engineer Services, Transfers to or from Military Reserve Fund and also the totals.

27. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

NEW DELHI :
The 7th March 1932. }

A. MACLEOD,
Financial Adviser, Military Finance.

ARMY.

	Actuals, 1928-29.	Actuals 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.
				Budget.	Revised.	
EXPENDITURE.						
India—						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Pay and allowances and Miscellaneous cash expenditure of the fighting services R	16,19,31,337	16,01,33,629	15,49,74,662	15,19,11,000	15,00,64,000	14,15,76,000
Administrative services R	6,39,77,053	6,43,06,970	6,63,50,325	6,83,63,000	6,64,06,000	6,10,66,000
Manufacturing establishments R	2,67,60,444	2,44,50,971	2,31,55,975	2,64,64,000	2,59,00,000	2,46,21,000
Army Headquarters, Staff of Commands, etc. R	1,94,66,467	2,00,98,799	2,06,05,254	2,04,09,000	1,97,03,000	1,76,43,000
Purchase and sale of stores, equipment and animals R	4,95,30,975	4,81,51,728	4,28,65,690	3,52,71,000	2,89,19,000	3,57,18,000
Special services R	—25,123	10,792	4,43,655	11,000	21,00,000	9,000
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous R	2,51,01,348	2,37,60,666	2,38,52,690	2,34,64,000	2,36,80,000	2,17,60,000
TOTAL—EFFECTIVE R	34,56,42,442	34,09,13,475	33,27,48,251	32,64,12,000	32,76,77,000	30,53,96,000
<i>Non-Effective Services.</i>						
Non-effective charges R	3,54,39,935	3,58,06,175	3,55,54,120	3,56,37,000	3,63,11,000	3,52,73,000
Part B.—Auxiliary and territorial forces—Effective R	50,44,524	79,08,372	90,20,068	91,03,000	95,71,000	64,36,000
Part C.—Royal Air Force { Effective R	1,13,46,637	1,07,39,551	1,12,56,647	1,20,24,000	1,05,08,000	95,00,000
{ Non-Effective R	23,729	27,756	24,763	60,000	60,000	32,300
TOTAL, PART C R	1,18,70,366	1,07,67,107	1,12,81,410	1,20,84,000	1,65,68,000	98,30,000
TOTAL INDIA. { Effective R	36,50,33,603	35,95,61,099	35,30,24,966	34,95,39,000	34,78,56,000	32,36,33,000
{ Non-Effective R	3,64,63,714	3,58,33,931	3,65,78,533	3,56,97,000	3,53,71,000	3,53,03,000
R	40,04,97,317	39,53,95,029	38,96,03,579	38,52,36,000	38,42,27,000	35,89,35,000
EXPENDITURE.						
England—						
Part A.—Standing Army.						
<i>Effective Services.</i>						
Pay and allowances and miscellaneous cash expenditure of the Fighting Services £	2,562,159	2,690,392	2,687,613	2,828,625	2,586,075	2,547,900
Administrative services £	289,858	327,374	314,690	222,400	325,950	314,400
Manufacturing establishments £	514,218	569,783	524,738	422,700	352,975	202,725
Army Headquarters, Staff of Commands, etc. £	79,320	96,094	97,529	96,525	100,575	102,075
Purchase and sale of stores, equipment and animals £	1,020,044	1,216,031	1,036,045	782,625	518,475	267,450
Carried over { £	4,765,629	4,929,674	4,562,625	4,254,075	3,783,150	3,434,550
R	40,04,97,317	39,53,95,029	38,96,03,579	38,52,36,000	38,42,27,000	35,89,35,000

BUDGET FOR 1932-33.

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ARMY—concl'd.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.
					Budget.	Revised.	
Brought forward	{ R	40,04,97,317	39,53,95,030	38,96,06,679	38,52,36,000	38,42,37,000	35,89,35,000
	{ £	4,765,639	4,929,674	4,567,625	4,254,075	3,783,150	3,434,550
Special services	£	1,256	12	55	---	150	---
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£	606,338	625,156	692,588	750,675	677,850	716,550
TOTAL—EFFECTIVE	£	5,373,123	5,754,843	5,261,268	5,004,750	4,461,150	4,151,100
<i>Non-Effective Services.</i>							
Non-effective charges	£	3,647,947	3,712,121	3,647,508	3,650,625	3,643,525	3,653,300
Part C.—Royal Air Force—							
Effective	£	661,459	934,053	1,000,623	740,100	748,650	439,500
Non-Effective	£	14,800	15,200	19,500	19,500	18,325	20,025
TOTAL, PART C.		676,259	949,253	1,020,323	759,600	767,475	459,525
TOTAL ENGLAND	£	9,697,329	10,416,196	9,939,098	9,414,975	8,674,150	8,269,425
TOTAL ENGLAND	{ Effective	R 8,04,61,000	R 8,91,84,993	R 8,34,94,540	7,65,98,000	6,04,64,000	6,13,08,000
	{ Non-Effective	R 4,88,36,630	R 4,96,97,621	R 4,68,38,431	4,89,35,000	4,86,58,000	4,90,51,000
	R	13,92,97,730	13,88,82,614	13,33,87,971	12,55,33,000	11,53,22,000	11,03,59,000
TOTAL EXPENDITURE	{ Effective	R 44,54,94,698	R 44,87,46,091	R 43,65,19,536	42,61,37,000	41,73,20,000	38,48,40,000
	{ Non-Effective	R 8,43,00,341	R 8,55,31,553	R 8,54,72,314	8,46,33,000	8,52,29,000	8,43,54,000
	R	52,97,95,037	53,42,77,643	52,19,91,850	51,07,69,000	50,25,49,000	46,91,94,000
REVENUE.							
India	{ Effective	R 1,77,34,350	R 1,96,42,373	R 1,92,35,250	2,17,02,000	2,30,93,000	2,24,58,000
	{ Non-Effective	R 17,90,834	R 28,83,636	R 26,49,376	18,08,000	19,26,000	19,47,000
	{ TOTAL	R 1,95,15,184	R 2,25,26,008	R 2,18,84,626	2,35,70,000	2,50,19,000	2,44,05,000
England	{ Effective	R 35,63,477	R 34,36,121	R 32,03,609	34,57,000	58,85,000	28,67,000
	{ Non-Effective	R 35,36,263	R 66,81,094	R 83,09,680	77,04,000	78,37,000	58,31,000
	{ TOTAL	R 70,99,740	R 1,01,17,215	R 1,14,13,289	1,11,61,000	1,17,12,000	86,98,000
TOTAL REVENUE	{ Effective	R 2,13,66,837	R 2,30,78,493	R 2,24,38,859	2,51,59,000	2,69,78,000	2,63,25,000
	{ Non-Effective	R 53,27,097	R 95,64,730	R 1,08,58,956	95,72,000	7,53,000	77,78,000
	{ TOTAL	R 2,66,13,934	R 3,26,43,223	R 3,32,97,815	3,47,31,000	3,67,31,000	3,31,03,000
NET EXPENDITURE	{ India	R 38,09,82,133	R 37,28,69,021	R 36,77,19,353	38,16,66,000	35,92,06,000	33,45,30,000
	{ England	R 12,91,98,980	R 12,87,65,599	R 12,09,74,652	11,43,73,000	10,96,10,000	10,16,61,000
	{ Effective	R 43,42,07,666	R 42,56,67,598	R 41,40,50,677	40,09,79,000	39,03,42,000	35,95,15,000
	{ Non-Effective	R 7,99,73,247	R 7,59,68,623	R 7,46,13,358	7,50,80,000	7,54,76,000	7,63,78,000
	{ TOTAL	R 50,31,81,113	R 50,16,34,420	R 48,66,64,035	47,60,38,000	46,58,18,000	43,00,91,000

BUDGET FOR 1932-33.

MARINE.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	53,98,683	51,97,295	61,88,604	54,74,000	44,05,000	39,13,000	
England	£	208,109	229,865	213,969	231,100	318,035	212,025	
	R	27,88,130	30,64,857	28,57,979	29,48,000	29,07,000	26,27,000	
Total Expenditure	R	81,86,803	82,62,152	90,41,533	84,22,000	73,12,000	67,45,000	
REVENUE.								
India	R	13,60,709	14,73,314	21,56,386	14,78,000	3,05,000	2,38,000	
England	£	180	728	3,206	300	1,575	300	
	R	2,397	9,705	42,743	4,000	21,000	4,000	
Total Revenue	R	13,63,106	14,83,019	21,99,139	14,82,000	3,29,000	2,42,000	
NET EXPENDITURE.	India	R	40,37,975	27,23,981	40,32,318	39,96,000	40,97,000	36,80,000
	England	R	27,85,723	30,55,152	28,10,167	29,44,000	28,86,000	28,23,000
	TOTAL	R	68,23,697	67,79,133	68,42,485	69,40,000	69,83,000	65,03,000

MILITARY ENGINEER SERVICES.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	4,30,75,608	4,64,76,282	4,89,02,871	4,50,97,000	4,60,05,000	3,77,97,000	
England	£	27,695	33,658	40,377	35,175	37,200	34,500	
	R	3,69,266	4,51,444	5,38,362	4,69,000	4,96,000	4,60,000	
TOTAL	R	4,43,48,674	4,69,37,726	4,94,41,181	4,55,66,000	4,65,01,000	3,33,57,000	
REVENUE.								
India	R	59,60,421	56,82,501	43,92,119	56,68,000	36,00,000	46,60,000	
England	£	...	...	69	...	...	...
	R	...	...	923	...	...	...
TOTAL	R	59,60,421	56,82,501	43,92,943	56,68,000	36,00,000	46,60,000	
NET EXPENDITURE.	India	R	3,80,19,187	4,07,63,781	4,45,10,503	3,94,29,000	4,24,05,000	2,81,37,000
	England	R	3,69,266	4,51,444	5,37,459	4,69,000	4,96,000	4,60,000
	TOTAL	R	3,83,88,453	4,12,45,225	4,50,48,241	3,98,98,000	4,39,01,000	2,65,97,000

BUDGET FOR 1932-33.

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TRANSFERS TO OR FROM MILITARY RESERVE FUND.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	26,06,737	13,41,222	24,15,319	...	18,98,000	...	
England	R	...	...	...	...	...	...
Total Expenditure	R	26,06,737	13,41,222	24,15,319	...	18,98,000	...	
REVENUE.								
India	R	...	...	...	28,76,000	...	37,91,000
England	R	...	...	...	...	...	...
Total Receipts	R	...	...	...	28,76,000	...	37,91,000
Net Expenditure.	India	R	26,06,737	13,41,222	24,15,319	-28,76,000	18,98,000	-37,91,000
	England	R
	Total	R	26,06,737	13,41,222	24,15,319	-28,76,000	18,98,000	-37,91,000

TOTAL MILITARY SERVICES : SUMMARY.

		Actuals, 1928-29.	Actuals, 1929-30.	Actuals, 1930-31.	1931-32.		Budget, 1932-33.	
					Budget.	Revised.		
EXPENDITURE.								
India	R	45,24,82,345	44,34,09,828	44,71,10,623	43,56,07,110	43,65,35,000	39,56,50,000	
England	£	9,934,183	10,679,919	10,183,444	9,671,550	9,139,375	8,515,950	
	R	13,24,55,106	14,28,98,915	13,57,79,282	13,89,50,000	13,17,35,000	11,35,46,000	
Total Expenditure	R	58,49,37,451	59,08,08,743	58,28,89,865	56,47,57,000	55,83,00,000	50,91,96,000	
REVENUE.								
India	R	2,68,36,314	2,96,61,823	2,64,32,931	3,35,92,000	2,89,27,000	3,30,94,000	
England	£	532,565	759,519	859,271	857,375	8,79,975	652,650	
	R	71,01,137	1,01,26,920	1,14,56,954	1,11,65,000	1,17,33,000	87,02,000	
Total Receipts	R	3,39,37,451	3,98,08,743	3,98,89,885	4,47,57,000	4,06,00,000	4,17,96,000	
Net Expenditure.	India	R	42,56,46,031	41,57,28,005	41,86,77,692	40,23,15,000	40,76,08,000	6,25,56,000
	England	R	13,53,53,869	13,22,71,995	12,43,22,308	11,77,85,000	10,99,93,000	10,48,44,000
	TOTAL	R	56,10,00,000	55,10,00,000	54,30,00,000	52,00,00,000	51,76,00,000	4,74,00,000

APPENDIX II.

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

	31st March 1923.	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.
INTEREST-BEARING OBLIGATIONS.										
<i>India—</i>										
(In crores of rupees.)										
Loans (a)	339·83	358·81	370·38	308·29	374·44	372·25	390·73	405·11	417·24	42 70
Treasury Bills in the hands of the public	21·59	2·12	..	..	..	7·59	4·00	36·04	55·38	55·38
Treasury Bills in the Paper Currency Reserve	49·65	49·65	49·65	49·65	41·47	81·04	39·15	29·22	5·89	49·23
Other Obligations— Post Office Savings Banks	23·20	24·79	25·64	27·23	29·51	32·67	34·49	37·13	37·03	33·22
Cash Certificates	3·13	8·42	13·12	20·96	26·68	30·70	32·30	35·00	38·43	44·43
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·02	55·82	60·52	65·41	70·33	72·86
Depreciation and Reserve Funds . . . . .	..	..	9·08	15·45	20·10	25·48	31·09	30·18	21·39	17·51
Provincial Balances (b)	2·86	4·17	4·83	11·87	10·49	10·48	10·43	10·21	6·09	3·82
Total Loans, etc.	411·07	410·58	420·03	417·94	415·91	411·78	433·83	470·37	478·51	527·36
Total Other Obligations	65·36	76·38	95·06	121·87	137·80	155·15	168·83	177·93	173·27	176·84
Total in India	476·43	486·96	515·09	539·81	553·71	566·93	602·71	648·30	651·78	704·20
<i>In England —</i>										
(In millions of £.)										
Loans (a)	222·92	244·53	263·39	266·35	265·09	272·32	283·31	289·03	316·81	314·64
War Contribution	19·71	19·27	18·81	18·32	17·81	17·28	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61·31	60·10	58·84	57·53	56·19	54·79	53·35	51·86	50·32	48·72
India Bills . . . . .	..	..	..	..	..	..	..	6·00	4·05	..
Provident Funds, etc. . . . .	..04	..13	..16	..21	..27	..19	..43	2·54	..69	..81
Total in England	303·98	324·03	341·20	342·41	339·36	344·58	353·81	366·15	388·59	380·89
Equivalent at 1s. 6d. to the Rupee										
(In crores of rupees.)										
Total Interest-bearing obligations	405·31	432·04	454·93	450·55	452·48	459·44	471·75	488·20	518·12	507·65
	881·74	919·00	970·02	996·36	1,006·19	1,026·37	1,074·46	1,136·50	1,169·90	1,212·05
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	752·33
Capital advanced to other Commercial Departments	19·43	20·07	22·00	17·77	19·16	20·73	21·81	22·70	23·65	25·49
Capital advanced to Provinces	87·49	97·56	106·43	114·60	120·17	126·34	137·52	142·60	151·82	164·96
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	20·43
Total Interest-yielding assets	633·04	663·58	716·64	749·82	786·90	829·58	875·51	913·74	938·90	963·20
Cash, bullion and securities held on Treasury account	44·80	50·47	57·35	51·96	37·48	24·26	28·34	45·36	34·03	33·37
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	196·97	215·48

(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 £18½ 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 £3½ millions, on the termination of the contract with that Railway on the 1st July 1925. *Vide* also last sentence under (c) above.

(f) Includes 4·88 crores on account of the liability referred to in (c) above.

BUDGET FOR 1932-33.

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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.]

	1931-32.				1932-33.			
	Voted.	Non-voted.	Total.	Per-centage of voted to total.	Voted	Non-voted	Total.	Per-centage of voted to total.
Expenditure charged to revenue	96,75	1,20,65	2,17,40	45	90,11	1,15,09	2,05,20	44
Expenditure not charged to revenue	13,25	18	13,88	99	5,47	18	5,65	97
Total Expenditure both charged and not charged to revenue.	1,10,00	1,20,78	2,30,78	48	95,59	1,15,27	2,10,85	45

*These figures have been arrived at as follows :—

Expenditure as per Budget Statements	1,35,57	1,27,81
Add—Working expenses of—		
(a) Railway Department	67,18	63,50
(b) Posts and Telegraphs	11,50	10,72
(c) Irrigation	10	2
Add—Refunds	3,05	3,15
	<u>2,17,40</u>	<u>2,05,20</u>

APPENDIX IV.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND
THE DELHI PROVINCE.

PREFATORY NOTE.

I.—Scope of pro formâ account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay*. The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II—*Annual Expenditure*.

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation for the troops already there had long been recognised as pressing. Similarly, the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance.

II.—Relation between the pro formâ account and the regular accounts.

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

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5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

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n 2, *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, e.g., from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

n II, *ibid.*

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7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or, secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the quasi-provincial administration of the Central area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Central revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

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9. Expenditure which does not appertain to provincial administration, is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the heads Army and Military Engineer Services, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Posts and Telegraphs expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro forma* account will take credit only for actual Central receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtain by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7 and I and IV of Part I, and Items 2 and 3 to IV of Part II of *pro forma* account.

Item I of Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro forma* account.

12. The project estimate for the New Capital at Delhi has been closed with effect from the 1st April 1932. All further expenditure in connection with the Project will be debited to 41—Civil Works. All receipts connected with the project, which are now adjusted by deduction from the Capital head "57" will be credited to XXX—Civil Works with certain exceptions. No financial adjustment will be made in respect of the balances under Suspense Accounts which cannot be cleared by actual adjustment before the accounts for the year 1931-32 are closed. These balances will be treated as additions to the opening balances of Suspense Accounts under the head "41" for the year 1932-33.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE
DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of rupees.]

Expenditure.	Actuals to end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	Receipts.	Actuals to end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
2. DELHI PROJECT:							
Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A)	14,63,90	12,22	...	I.—Receipts on account of Central buildings vacated by the Government of India or attached offices in consequence of the move (a)†.			
2. Temporary Delhi	54,33	...	...		21,90	43	43
3. Initial expenditure of non-Civil Departments:—							
(a) Military services †	1,16,11	61	13				
(b) Railways †	1,11,62	1,64	85				
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,36	...	...	II.—Non-recurring receipts on account of Temporary Works	3	...	...
5. Cost of withdrawal to Delhi of Central offices previously located at Calcutta or elsewhere	9,30	23	21	III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi‡	...	...	...
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	10,43	44	57	IV.—Miscellaneous items	5,46	...	...
7. Miscellaneous items §	12,45	63	13				
TOTAL	17,79,40	15,67	1,39	TOTAL	30,38	43	43
Total expenditure to end of 1932-33		17,96,55		Total receipts to end of 1932-33		31,24	
Net expenditure to end of 1932-33		17,65,31					

* NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† NOTE 2.—The expenditure included under item 3 (a) is that relating to the formation of the new Cantonment. Its details are as follows:—

	To end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
Acquisition of land	13,20	...	...
Cost of buildings	94,05	60	13
Establishment charges	6,80	1	...
Tools and plant	2,06	...	...
TOTAL	1,16,11	61	1

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Naulal Baza. They include transactions on account of Delhi New Capital Railway Works.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues, (Audit Staff, Delhi Experiments), and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

|| NOTE 5.—These heads record only actual receipts obtained from the sale of the vacated buildings and land. An explanation in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1922-23 the Government of Bengal, by moving their offices into the vacated Central buildings in Calcutta, saved Rs. 7,69,460 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation. With effect from 1923-24 rent is being recovered from the Local Government for the occupation of the Central buildings at Calcutta and the receipts are being shown under head I.

(a) Includes Rs. 19 lakhs on account of value of premises No. 3, Kailaghat Street sold to E. R. Railway and Rs. 20,000 on account of rent receipts.

BUDGET FOR 1932-33.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE
DELHI PROVINCE—contd.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of rupees.]

Expenditure.	Actuals, 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.	Receipts.	Actuals, 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
I. Expenditure of Delhi Province*	97,06	79,13	80,84	I.—Revenue of Delhi Province*	43,66	43,45	49,93
II. Miscellaneous items	...	...	...	II.—Saving under Calcutta house allowances	29	29	30
				III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices †.	2,50	2,50	2,50
Total expenditure	97,06	79,13	80,84	IV.—Miscellaneous items	46	45	40
Net expenditure	51,15	37,44	27,65	Total receipts	45,91	46,69	53,19

* Note 1.—The details of this item are given in Statement II-A.

† Note 2.—The figure shown against item III is a minimum figure calculated once for all on the assumption that offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro forma* account.

[Figures in thousands of rupees.]

Items.	Actuals to end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
A.—Pay and allowances—			
(a) Preliminary Investigation—			
(i) Gazetted Government servants* . . .	2,04	...	...
(ii) Non-gazetted Government servants . . .	14	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants* . . .	1,21,49	5,06	...
(ii) Non-gazetted Government servants . . .	1,05,31	9,07	...
(c) Other officers employed on the Project—			
(i) Gazetted Government servants* . . .	6,29	20	...
(ii) Non-gazetted Government servants . . .	6,54	24	...
B.—Travelling allowances of Officers and Establishment—			
(a) Preliminary Investigation—			
(i) Gazetted Government servants* . . .	23	...	...
(ii) Non-gazetted Government servants . . .	2	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants* . . .	10,31	55	...
(ii) Non-gazetted Government servants . . .	6,62	43	...
(c) Other officers employed on the Project—			
(i) Gazetted Government servants* . . .	80	2	...
(ii) Non-gazetted Government servants . . .	63	2	...
C.—Supplies, Services and Contingencies—			
(a) Preliminary investigation	51	...	...
(b) Public Works and Electrical officers employed on the Project	9,59	69	...
(c) Other officers employed on the Project	51	1	...
Total A, B and C	2,71,03	16,28	...
Deduct—Credits from other heads of accounts	77,43	9,82	...
Net total A, B and C (carried over)	1,93,60	6,46	...

*Note.—The town planners and other experts are included under this head.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro forma* account—*contd.*

[Figures in thousands of rupees.]

Items.	Actuals to end of 1930-31.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
Net total A, B, C (brought forward)	1,93,60	6,46	...
D.—Works Expenditure—			
(i) Buildings—			
(a) Government House	1,81,74	5	...
(b) Secretariats	1,84,83	4	...
(c) Other buildings	2,85,09	9,60	...
(d) Legislative Chambers	88,92	7	...
(ii) Communications	31,51	1,25	...
(iii) Miscellaneous Public Improvements	21,84	1,03	...
(iv) Electric Light and Power	66,08	3,10	...
(v) Irrigation	42,17	69	...
(vi) Sanitation including water supply, drainage and sewage	1,21,22	4,44	...
(vii) Purchase of tools and plant	95,10	37	...
(viii) Stock and Suspense	23,05	—1,21	...
(ix) Miscellaneous items	92,41	1,81	...
(x) Maintenance during construction	95,06	1,71	...
(xi) Railway diversion	13,79	...	...
E.—Acquisition of land	34,16	20	...
F.—Other Miscellaneous expenditure	1,92	—1	...
G.—Minus Unallotted Reserve . . . . .	...	...	...
<i>Deduct—Receipts on Capital Account.</i>	<i>1,08,59</i>	<i>17,38</i>	<i>...</i>
TOTAL	14,63,90	12,22	...

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province.

[Figures in thousands of rupees.]

RECEIPTS.				EXPENDITURE.			
Major Heads of Account.	Actuals, 1930-31.	Revised Esti- mate, 1931-32.	Budget Esti- mate, 1932-33.	Major Heads of Account.	Actuals, 1930-31.	Revised Esti- mate, 1931-32.	Budget Esti- mate, 1932-33.
I.—Customs . . . . .	...	...	...	2. Taxes on Income	80	77	92
II.—Taxes on Income	10,44	13,47	14,50	5. Land Revenue	58	58	56
IV.—Opium . . . . .	...	...	...	6. Excise	3,65	3,52	3,53
V.—Land Revenue	3,66	2,68	2,68	7. Stamps	8	8	8
VI.—Excise	6,21	6,80	6,80	8. Forests	7	5	6
VII.—Stamps	6,53	6,69	6,69	9. Registration	4	4	4
IX.—Registration	48	47	47	15. Miscellaneous Irrigation Expenditure	1	1	1
XIV.—Irrigation works for which no Capital Account is kept	1	2	1	22. General Administration	3,98	3,83	3,71
XVI.—Interest	20	14	13	23. Audit	27	29	26
XVII.—Administration of Jus- tice	33	33	33	24. Administration of Justice	2,47	3,81	4,84
XVIII.—Jails and Convict Settlements	20	14	18	25. Jails and Convict Settlements	1,70	1,57	1,53
XIX.—Police	41	10	4	26. Police	13,69	13,38	12,19
XXI.—Education	57	59	64	28. Ecclesiastical	24	32	23
XXII.—Medical	18	23	24	29. Political	15	12	11
XXIII.—Public Health	78	7	7	31. Education	9,73	9,71	8,75
XXIV.—Agriculture	5	5	5	32. Medical	5,23	5,20	4,91
XXV.—Industries	5	3	1	33. Public Health	1,57	1,69	3,24
XXVI.—Miscellaneous Depart- ments	14	43	43	34. Agriculture	60	63	55
XXX.—Civil Works	9,58	9,17	14,62	35. Industries	29	27	27
XXXIII.—Receipts in aid of Superannuation	17	14	14	37. Miscellaneous Departments	3	3	3
XXXIV.—Stationery and Printing	8	7	7	38. Currency	18	17	18
XXXV.—Miscellaneous	2,14	1,84	1,83	41. Civil Works—Delhi Province	39,44	25,32	25,31
TOTAL	47,86	43,45	49,93	Civil Works—Viceregal Estates, Delhi	4,08	4,40	4,64
				44. Territorial and Political Pensi- ons	48	50	50
				45. Superannuation Allowances and Pensions	3,47	3,73	3,73
				46. Stationery and Printing	3	3	3
				47. Miscellaneous	3,53	1,31	2,97
				60B. Commuted value of pensions	42	-2,30	-2,30
				TOTAL	97,06	79,13	80,84

Appendix V.
COMMERCIAL AND FINANCIAL STATISTICS.

Appen
COMMERCIAL AND

	1923-24.	1924-25.	1925-26.	1926-27.
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure excluding capital expenditure not charged to Revenue—				
Surplus	2,38,99,758	5,68,25,698	3,31,18,187	..
Deficit . . . . .	..	..	..	..
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	20,80,11,576	13,46,94,254	19,23,53,255	27,22,07,907
Capital charge involved in the purchase of Railways.	..	..	3,42,73,830	..
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	75,21,560	1,17,55,881	2,23,54,139	32,59,130
Capital outlay on Light-houses and Light-ships.	..	..	..	..
Capital outlay on Visagapatam Port and Security Printing not charged to Revenue.	..	..	31,16,371	48,34,320
Payments to Retrenched personnel	..	..	..	..
Initial Expenditure on New Capital at Delhi.	1,54,73,652	1,42,18,868	99,06,184	61,63,117
Commuted value of pensions not charged to Revenue.	..	..	..	23,85,222
Currency Capital outlay	..	..	..	8,66,401
Outlay on Bombay Land Scheme . .	..	..	..	..
Net Public Debt incurred	17,67,00,540	9,62,96,934	-4,03,50,226	-4,86,34,295
Value of commodities exported, excluding Gold and Silver.	3,63,37,60,000	4,00,24,30,000	3,56,81,20,000	3,11,05,00,000
Value of commodities imported excluding Gold and Silver.	2,37,18,40,000	2,53,36,40,000	2,36,00,10,000	2,40,81,80,000
Excess of Exports over Imports, excluding Gold and Silver.	1,26,19,20,000	1,46,87,90,000	1,50,81,10,000	70,23,20,000
Net Imports of Gold	29,18,70,900	73,92,60,000	34,25,50,000	19,40,00,000
Net Imports of Silver	13,69,80,000	20,07,40,000	17,12,40,000	19,56,30,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	47,88,50,000	94,00,00,000	51,37,90,000	39,26,30,000
Excess of Exports over Imports including Gold and Silver.	78,30,70,000	52,87,90,000	96,83,20,000	30,96,40,000
Net Imports of Currency Notes*	1,64,60,000	3,00,000	(d)—33,00,000	5,20,000
Excess of Exports over Imports including Gold, Silver and Currency Notes.†	76,66,10,000	52,84,90,000	99,16,20,000	30,91,20,000
Council Bills and Purchase of sterling. (a)	21,833,705	40,770,162	46,316,500	3,115,000
Rupee Equivalent thereof	31,45,48,173	55,38,97,524	61,23,87,532	2,91,70,083
Sale of Sterling . . . . .	..	..	..	1,425,000
Rupee Equivalent thereof . . . .	..	..	..	1,92,67,608
Silver coined at the Indian Mints .	60,00,791	33,25,394	30,73,478	50,49,436

* Recorded from

† Represents net

(a) Includes remittances of the

(b) Figures

(c) Net

(d) Net

BUDGET FOR 1932-33.

dix V.

FINANCIAL STATISTICS.

1927-28.	1928-29.	1929-30.	1930-31.	1931-32. Revised.	1932-33. Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
..	..	26,83,598	..	..	2,14,84,000
..	\$1,54,002	..	11,58,44,974	13,65,84,000	..
82,48,48,923	25,38,12,112	30,18,80,476	13,21,14,812	8,35,15,000	4,15,03,000
..	3,99,30,676	..	..	..	..
46,87,947	53,33,185	33,07,339	-3,67,995	87,63,000	23,15,000
..	..	12,821	-12,821	-2,009	..
19,28,440	24,47,840	35,97,772	42,74,927	33,58,000	65,59,000
..	..	..	..	10,00,000	25,00,000
49,57,732	36,64,623	72,72,239	48,26,555	12,22,000	..
44,26,219	86,03,034	33,08,633	42,65,721	33,26,000	46,55,000
12,94,577	3,37,014	63,632	35,474	1,009	4,000
23,74,563	..	..	2,10,37,335	..	..
+2,44,27,934	+31,64,15,740	+50,50,22,284	+40,38,17,953	+39,20,40,000	-11,56,99,000
3,30,26,40,000	3,39,15,10,000	3,18,99,00,000	2,26,50,20,000	(c)1,48,08,20,000	
2,61,52,40,000	2,63,39,80,000	2,49,70,70,000	1,73,09,10,000	(b)1,19,48,90,000	
63,74,00,000	75,75,30,000	69,23,30,000	53,41,10,000	(b)28,59,30,000	
18,10,00,000	21,20,00,000	14,22,10,000	12,75,20,000	(b)(d) -51,24,40,000	
13,83,60,000	9,77,00,000	8,62,10,000	10,07,90,000	(b)(d) -35,76,000	
31,93,60,000	30,97,00,000	22,84,20,000	22,83,10,000	(b)(d) -51,60,10,000	
36,90,40,000	44,78,30,000	46,44,10,000	30,58,00,000	(b)80,19,40,000	
(d)-17,70,000	(d)-2,90,000	(d)-15,30,000	3,10,000	(b)(d) -26,80,000	
36,98,10,000	44,81,20,000	46,59,40,000	33,54,90,000	(b)30,48,20,000	
23,325,000	30,810,000	15,215,000	5,395,000	35,250,000	24,502,500
87,77,30,264	41,02,18,223	20,39,11,720	7,25,74,925	47,00,00,000	32,67,00,000
..	..	..	5,733,626	14,047,804	..
..	..	..	7,74,56,907	18,97,75,019	..
10,15,926	52,46,573	1,90,000	18,23,532	..	..

April 1922.
 exports of gold.
 Currency Department.
 for eleven months.
 imports.
 exports.

	1923-24.	1924-25.	1925-26.	1926-27.
Maximum price in pence of an oz. troy standard Silver in London.	34 1/16 (3rd and 5th Jan., 13th and 14th Feb.).	36 1/16 (9th Oct.).	33 7/16 (5th Sept.).	30 1/2 (5th May).
Minimum price in pence of an oz. troy standard Silver in London.	30 11/16 (13th July).	31 1/2 (29th Dec.).	30 1/2 (19th and 22nd Mar.).	24 1/2 (20th Oct.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	1s. 4'53d.	1s. 6'028d.	1s. 6'15d.	1s. 6'02d.
Average of the daily telegraphic transfer rates from Calcutta on London.	1s. 4'46d.	1s. 5'51d.	1s. 6'08d.	1s. [5'902d.
Rate of Exchange for the adjustment of transactions betw. en the Indian and Imperial Governments.	1s. 4d., 1s. 4 1/2d., 1s. 4 1/2d., 1s. 5d., and 1s. 5 1/2d.	1s. 4 1/2d., 1s. 5d., 1s. 5 1/2d., 1s. 5 1/2d. and 1s. 6d.	1s. 6d., 1s. 6 1/2d.	1s. 5 1/2d., 1s. 6d. and 1s. 6 1/2d.
Maximum rate of discount on loans on demand at the Imperial Bank of India.	9 (14th Feb. to 31st Mar.).	9 (1st to 9th Apr.).	7 (1st Apr. to 20th May).	7 (10th Feb. to 31st Mar.).
Minimum rate of discount on loans on demand at the Imperial Bank of India.	4 (28th June to 14th Nov.).	4 (31st July to 20th Aug.).	4 (3rd July to 27th Sept.).	4 (10th June to 31st Dec.).
Maximum rate of discount at the Bank of England.	4 (5th July to 31st Mar.).	5 (5th to 31st Mar.).	5 (1st Apr. to 4th Aug. and 3rd Dec. to 31st Mar.).	5 (throughout the year.)
Minimum rate of discount at the Bank of England.	3 (1st Apr. to 4th July).	4 (1st Apr. to 4th Mar.).	4 (2nd Oct. to 2nd Dec.).	--
Maximum Government balance at the Imperial Bank of India. Rs.	29,74,54,000 (20th July).	32,18,07,000 (31st July).	28,96,31,000 (29th May).	36,41,13,000 (July).
Minimum Government balance at the Imperial Bank of India. Rs.	6,22,69,000 (6th Nov.).	7,43,62,000 (31st Dec.).	4,29,57,000 (11th Dec.).	3,85,92,000 (17th Dec.).
Maximum price in Calcutta of 5 per cent. War Loan, 1929-47.	93-10	94-14	97-4	102-6
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	87-12	92-14	94-13	99-14
Maximum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	93-14	99-8	101-7	110-4
Minimum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	93-2	97	93-13	104-9
Maximum price in Calcutta of Government 3 1/2 per cent. Rupee Securities.	63-3 (8th Mar.).	63-6 (10th July).	73-8 (27th Mar.).	79-1 (15th Dec.).
Minimum price in Calcutta of Government 3 1/2 per cent. Rupee Securities.	61 (3rd to 5th Apr.).	63-4 (18th Sept.).	67-10 (5th May)	74-6 (1st Apr.).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	57-12 (8th Mar.).	58-10 (10th July).	63-14 (25th Mar.).	67-14 (15th to 21st Dec.).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	51-14 (3rd to 5th Apr.).	53-8 (18th Sept.).	57-15 (15th to 18th May)	63-8 (1st and 6th Apr)

FINANCIAL STATISTICS—contd.

1927-28.	1928-29	1929-30.	1930-31.	1931-32, Revised.	1932-33, Budget.
27 (6th Dec.)	28½ (21st May).	25½ ⁵ / ₈ (2nd and 11th Apr.).	19½ ³ / ₈ (23rd April)	21 ⁹ / ₇ (10th and 14th Nov.)	
24½ ¹ / ₈ (8th, 11th and 22nd Aug.)	25 ⁶ / ₁₀ (16th Feb.)	18 ⁴ / ₈ (6th Mar.)	12½ (6th Feb.)	12½ (27th May).	
1s. 5'99d.	1s. 6'02d.	1s. 5'709d.	1s. 5'841d.	1s. 6½d.	
1s. 5'93d.	1s. 5'97d.	1s. 5'85d.	1s. 5'78d.	1s. 5'91d.	
1s. 6d.	1s. 6d.	1s. 6d.	1s. 6d.	1s. 6d.	
7 (1st Apr. to 1st June, 22nd Dec to 31st Mar.).	8 (14th Feb. to 31st Mar.).	8 (1st to 10th Apr.).	7 (1st and 2nd April and 15th Jan. to 31st Mar.).	8 (22nd Sept. to 13th January).	
4 (28th July to 7th Sept.).	5 (19th July to 14th Nov.).	5 (6th June to 9th Oct.)	5 (10th July to 19th Nov.).	6 (28th May to 5th August and 25th February to 31st March).	
5 (1st to 20th Apr.).	5½ (7th Feb. to 31st Mar.).	6½ (26th Sept. to 30th Oct.).	3½ (in April).	6 (21st Sept. to 17th Feb.).	
4½	4½ (1st Apr. to 6th Feb.).	3½ (from 20th Mar.).	3 (from 1st May).	2½ (14th May to 22nd July).	
19,97,33,000 (1st Apr.).	17,20,73,000 (24th Aug.).	20,35,73,000 (28th June).	23,70,44,000 (29th Aug.).	21,26,89,000 (31st July).	
3,05,09,000 (7th Oct.).	3,71,10,000 (6th Apr.).	5,88,61,000 (7th June).	6,94,35,000 (26th Dec.).	6,35,46,000 (4th Dec.).	
161-11	100-8	99-4	95-9	94-14	
100-4	99-2	94-12	94-3	79-0	
108-13	106-11	103-12	101-9	101-11	
105-13	103-4	100	99-4	88-8	
79-5 (29th Apr.)	76-10 (21st and 22nd June).	72-5 (10th May).	68-14 (1st and 2nd April).	63-0 (1st-7th April).	
74-6 (9th Dec.).	71-14 (27th Feb. and 1st Mar.).	63-15 (19th Feb.).	61-5 (2nd Mar.).	51-7 (7th Jan.).	
67-14 (29 Apr.).	64-12 (2nd to 5th Apr., 10th Apr., 14th to 25th June).	61-15 (10th May).	59-1 (1st and 2nd April).	54 (1st-7th April).	
63-14 (8th Dec.).	60-13 (19th to 21st Mar.).	54-13 (19th Feb.).	52-9 (2nd Mar.).	44-1 (7th Jan.).	

	1923-24.	1924-25.	1925-26.	1926-27.
Maximum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	13,80,92,000 (Oct.)	10,20,98,000 (Apr.)	9,48,86,000 (Apr.)	8,59,21,000 (Oct.)
Minimum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	10,06,94,000 (Mar.)	9,69,36,000 (Mar.)	8,41,90,000 (Mar.)	8,10,29,000 (Sept.)
Maximum price in London of 3½ per cent. Rupee Securities in £	45	49½	54½	57½
Minimum price in London of 3½ per cent. Rupee Securities in £	39	45	49½	54½
Maximum price in London of India 3½ per cent. Stock.	72½	69½	69½	74½
Minimum price in London of India 3½ per cent. Stock.	61½	63	63½	67½
Maximum price in London of India 3 per cent. Stock.	62½	59½	59½	63½
Minimum price in London of India 3 per cent. Stock.	52½	54	54½	57½
Maximum price in London of India 2½ per cent. Stock.	52½	49½	49½	52½
Minimum price in London of India 2½ per cent. Stock.	44½	45	46½	48½
Maximum price in London of 5½ per cent. Stock, 1932.	105	103½	103	104
Minimum price in London of 5½ per cent. Stock, 1932.	99	100	99	101
Maximum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1932-33.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-34.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1933-35.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Maximum price in London of 6 per cent. Stock, 1935-37.	..	..	..	..
Maximum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Minimum price in London of 5½ per cent. Stock, 1936-38.	..	..	..	..
Maximum price in London of 4½ per cent. Stock, 1950-55.	93	89½	91½	93½
Minimum price in London of 4½ per cent. Stock, 1950-55.	82½	85½	85½	88½
Maximum price in London of 4½ per cent. Stock, 1953-63.	..	..	..	..
Minimum price in London of 4½ per cent. Stock, 1953-63.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,98,97,61,000 (Jan.)	1,84,19,40,000 (Mar.)	1,93,34,10,000 (Mar.)	2,01,09,29,000 (Sept.)
Minimum Government Paper Currency outstanding. Rs.	1,70,94,80,000 (May.)	1,71,26,07,000 (June)	1,78,23,07,000 (May)	1,80,01,24,000 (Feb.)
Number of Post Office Savings Banks.	10,535	10,727	11,162	11,094
Number of accounts in Post Office Savings Banks.	2,089,314	2,164,473	2,317,390	2,518,143
Amount deposited in Savings Banks Rs.	24,78,93,170	25,63,91,907	27,23,14,764	29,50,89,541
Average of each deposit . Rs.	118.64	118.45	117.50	117.19
Net addition to deposits . Rs.	1,58,84,409	85,11,737	1,59,19,857	2,27,74,777

BUDGET FOR 1932-33.

FINANCIAL STATISTICS—concl'd.

1927-28.	1928-29.	1929-30.	1930-31.	1931-32, Revised.	1932-33, Budget.
8,73,81,000 (Dec.).	9,08,93,000 (July).	8,71,22,000 (Apr.).	8,54,29,000 (May).	8,33,45,000 (April).	
8,09,28,000 (Nov.).	8,23,92,000 (June).	8,41,97,000 (March).	8,34,03,000 (March).	8,24,70,000 (Jany.).	
58	56	53	49½	45½	
55½	52½	47	44½	37	
73½	72½	70	68½	65	
68	60½	55½	55½	41	
63½	62½	60	59½	55½	
59	56½	47	47	34	
52	52½	50½	49	46	
49	48½	40½	40½	29½	
103½	102½	102	103½	101½	
100½	100½	96	96	95	
--	--	--	104 13/16	102½	
--	--	--	99 9/16	90	
--	--	--	(a) --	101½	
--	--	--	--	87	
--	--	--	105½	102 7/16	
--	--	--	99 5/16	87	
--	--	--	103½	102 15/16	
--	--	--	101	87	
--	--	--	--	97½	
--	--	--	--	77	
94½	95 1/8	91½	90	87½	
89½	89½	78	78	55	
--	95	91½	89½	86 9/16	
--	87	77	77	54½	
1,86,23,22,000 (Jan.)	1,92,47,31,000 (Feb.).	1,87,70,73,000 (June).	1,74,14,84,000 (April).	1,82,31,76,000 (February).	
1,69,08,18,000 (June).	1,77,15,84,000 (June).	1,77,23,06,000 (Mar.).	1,56,53,56,000 (Feb.).	1,46,22,59,000 (September).	
12,328	12,422	12,768	12,846		
2,606,071	2,020,332	2,304,904	2,477,613		
32,66,63,188	34,49,07,680	37,13,13,370	37,02,59,875		
125.84	170.67	161.10	149.44		
8,15,73,647	1,82,39,492	2,64,05,690	-10,58,495		

(a) According to calendar year.

ANNEXURE

to

Budget for 1932-33.

STATEMENT ON THE FINANCIAL POSITION.

The Honourable Sir George Schuster (Finance Member) : I rise to make a statement on the financial position and on our plans for dealing with it, in somewhat unusual and difficult circumstances. On the one hand it is necessary that we should not delay in restoring equilibrium between revenue and expenditure. On the other hand the foundations on which we have to base our estimates are at the moment fluctuating owing to the changes which have come upon our currency position in the week which has just passed. But the very nature of that change makes it all the more necessary that our internal financial position should be sound—for once a country's currency is cut adrift from the moorings of a stable standard such as Gold, it is particularly necessary to avoid getting into any sort of inflationary position resulting from a failure to balance current expenditure with current revenue. If we can convince the world that our internal budgetary and monetary position is sound, then with our favourable balance of trade we shall be able to preserve confidence in our currency and save the country from those disasters which some Honourable Members who spoke on Saturday professed to apprehend. Therefore we must take immediate steps to ensure clear and solid foundations for our internal position.

But the very fact that the steps must be immediate, creates its own difficulties. In the first place, we have to present to the Legislature an emergency plan with very short notice. I can assure the House that we do this with the greatest possible reluctance. We recognise that Honourable Members may be put to very great inconvenience by any sudden change in plans, but I am sure that they on their side will recognise that we must put the public interests first, and that if the public interests make it imperative to take a certain course of action, Government ought not to hesitate to ask the members of the Legislature to make any sacrifice involved. Nevertheless, when I have said this, I must also add that, so far as it is consistent with what we consider to be our duty as a Government, we will do our utmost to meet the convenience of Honourable Members. And in this respect I should like to say at the outset of my speech that we have taken account of the last portion of the motion of my Honourable friend the Deputy President which was passed by a large majority in this House on Saturday, and that we are prepared to act on the suggestion which emanated from the non-official benches in the course of the debate on that motion.

We have to get through business which we consider to be in the national interest but our desire is to put it through in such a way as best suits the convenience of this House. We very much appreciate the tone and spirit in which Saturday's debate was conducted, and we believe that we can detect in the attitude of the whole House a desire to take a full share of responsibility in the present emergency. That here will be criticism of some of our proposals I cannot doubt, but I believe that it will be fair criticism—and fair and honest criticism we shall always welcome.

Then I come to the second of the difficulties to which I have referred resulting from the necessity for immediate action. It is quite clear that

in present circumstances it is impossible to prepare accurate estimates of what our revenue is likely to be in the next 18 months. The course of the exchange value of sterling and of the rupee is uncertain, while no one can yet foretell what the reactions in the world of England going off the Gold Standard will be. I am sure that I shall be told in debate that in these circumstances it is not fair to come before the country with a programme of taxation ; or that my estimates are unreliable and that I cannot justify the taxes which I am proposing. But I have explained the reasons why we cannot wait, and I would most earnestly appeal to this House, and through them to the country, to respect those reasons. It has seemed to us that the only sound course is to take our estimates as we had been able to foresee them before the events of last week and to put before the House a plan which would produce equilibrium on the basis of those estimates.

Then there is another difficulty, resulting from immediate action, in that we have not yet had time fully to consider the reports of the various Retrenchment Committees and to work out plans based on them. Honourable Members are aware of the circumstances in which these reports have been received. They were formally submitted on Saturday, 19th September. A sub-committee of Council commenced their consideration the very next day—Sunday. Then on Monday we found ourselves landed in the crisis which has been so much before the House in the past week, and further consideration of the reports has therefore been retarded. I shall have to deal with these reports in a later portion of my speech, but I should like to make clear at the outset that we shall approach all these proposals with the firm intention of giving effect to them to the utmost extent possible. I should also like at this early stage to express my great appreciation of the work which has been done by all the Honourable Members who have served on these committees. They have been working like slaves, or, as one Honourable Member put it to me at the last meeting of the main committee, "like devils", and I can assure the House that their labours are appreciated. I have every confidence that as a result of a general scaling down of expenditure which the recommendations of these committees, if carried out, will effect, the finances of the Government of India will be established on a more secure basis than has existed since before the war, and that by these efforts a position will have been produced which will not only make it possible to establish a new Federal Government on a sound foundation, but will leave a margin available for the development of those nation-building services for which the Provincial Governments will mainly be responsible. That, however, is looking to the future, and before we emerge from the dark and tangled jungle of our present difficulties into the clear air and sunlight to which I have cast my imagination forward, we have to accomplish a period of hard and self-sacrificing labour. I will not say unpleasant labour, for, although many of the immediate effects are unpleasant, I will not describe the task as a whole as unpleasant, for it is one which is essentially constructive in its nature, and merely involves self-restraint and determination for the sake of that India which we are serving, and in the hope of better times to come. Let us now address ourselves to the immediate task.

Revenue Prospects.

Tax Revenue.—The returns of the first five months indicate that we shall fall short of our Budget estimates for customs by at least Rs. 10

crores, the heaviest reductions being under cotton piece-goods, sugar, silver, spirits and liquor, excise on motor-spirit, iron and steel and in the jute export duty. As regards income-tax, we expect a deficit of 1½ crores; while on salt we expect a reduction of about 8 lakhs. This brings the total deficit on tax revenue to 11 crores 33 lakhs.

Commercial undertakings.—As regards the Railways, traffic returns to date show a very disquieting position. Without attempting to give an exact estimate now, we must clearly accept the fact that it will be impossible for the Railways, in spite of all their retrenchment measures, to make any general contribution to the budget until the present economic depression completely passes. At present it looks for the current year at least as if they will not only have to use the whole of the remaining balance of their reserves, now standing at Rs. 525 lakhs, but also to draw further on their depreciation fund to the extent of about Rs. 160 lakhs in order to meet the interest due on Government advances. It is highly important, if possible, to reduce freights on agricultural products at the present time, and, if it could be done, it would certainly be in the public interest to find a method for easing the Railway position through the present period of extreme depression. Whether it will be possible to relieve the Railways in any way so as to enable them to reduce charges remains to be seen; but, when our taxation proposals are considered, this aspect of the position should be kept in mind. For the present I can only say that we shall not get any Railway contribution this year, and for this reason Rs. 5.36 crores drop out of our budget.

Under Posts and Telegraphs a fall of 18 lakhs is anticipated in revenue, after taking into account additional receipts from enhanced parcel rates and revised scale of fees for insurance of postal articles introduced with effect from the 15th June and 15th August 1931 respectively. A saving of 6 lakhs is expected under Working expenses, leaving a net deterioration of 12 lakhs. Honourable Members will recollect that we estimated for a Budget deficit of 147 lakhs, so that the position here is extremely unsatisfactory. If the recommendations of the committee presided over by my Honourable friend, Sir Cowasjee Jehangir, for investigating the possibility of adjusting the accounts of the Posts and Telegraphs were accepted, the budget deficit of 147 lakhs would be reduced to 92, but that of course represents merely an adjustment in the Government accounts and no improvement as regards the financial position of the Government as a whole. I shall revert to this matter again.

Finance headings.—Owing to the cancellation of treasury bills in the Currency Reserve and the utilisation of sterling securities in the Reserves for meeting the requirements of the Secretary of State, the receipts under Currency and Interest show a falling off of 34 lakhs.

The emergence of a revenue deficit in our Budget, and in the Budgets of the Provincial Governments, and the replacement of treasury bills in the Currency Reserve by treasury bills in the hands of the public as a result of cancelling redundant currency, have not only increased the amount of our borrowings by treasury bills, but also have been the cause of higher discount rates. The charges for discount on treasury bills have therefore increased by 221 lakhs. A reduction of 12 lakhs is anticipated under Interest on ordinary debt in India on account of operations of the Depreciation Funds. The saving of 56 lakhs (representing one-half year's interest on the outstanding amount of the War Loan liability) realised

from the acceptance of His Majesty's Government's proposal on the principle of the Hoover plan has been partly counterbalanced by the increase of 40 lakhs on interest on the sterling loan of £10 millions raised early in the year.

Owing to the deterioration in the position of Provincial Governments and the Railways, the charge under the heading Interest on other obligations on account of interest on their balances will be reduced by 10 lakhs.

There will be an automatic increase in the provision for Reduction or Avoidance of Debt of 12 lakhs on account of the amount of treasury bills outstanding with the public on the 31st March, 1931, being 10 crores more than was assumed in the budget.

The net result of all these factors is that under the Finance headings our position will be adversely affected to the extent of 2.29 crores.

Under Extraordinary receipts we have to provide for a reduction of 23 lakhs, as under the Hoover plan we shall have to forego 9 months' Reparations receipts. As already noted, however we have, against this, a saving on the interest on our own War Debt of 56 lakhs.

Civil Expenditure.—As regards Civil expenditure we have unfortunately some items which have not been provided for. These include exceptional items such as the loss owing to the heavy return of nickel coin from circulation due chiefly to the prevailing depression. This accounts for no less than 43 lakhs which according to our practice has to be debited to the budget. Then again there is a good deal of expenditure in connection with the Round-Table Conference and the various commissions of enquiry in the North West Frontier Province and elsewhere which have had to be set up in order to carry out recommendations of the last Round-Table Conference. As against these items we shall have some savings in the current year owing to reductions which have been made (apart from the special retrenchment proposals, to which I shall refer later) ; but these will probably not be sufficient to offset the items of deterioration which I have mentioned. On all these heads we feel it necessary to anticipate a deterioration of about 23 lakhs.

To sum up, the total deterioration in our income and expenditure is :

- 11.33 crores in tax revenue,
- 5.48 crores on commercial departments,
- 2.29 crores on general Finance headings,
- 23 crore under Extraordinary receipts,
- 23 crore under other heads including Civil expenditure.

As the budget provided for a small surplus of 1 lakh, on the basis of the present estimates, there will be a net deficit of 19.55 crores.

Prospects for 1932-33.—As far as we can see at present, there seems to be no justification for expecting any large improvement in the budgetary position next year. In fact, income-tax revenue may be considerably less than in the current year. On the other hand, there will be a saving of 48 lakhs in the interest payments on the outstanding amount of our War Loan liability.

I have already dealt with the factors of uncertainty which affect any estimate that we can give at present. But we consider that the only safe

line to take now is to estimate that conditions will not substantially improve at least before the end of the next financial year, and that was must reckon again on a deficit of 19½ crores for 1932-33.

Putting the deficit for the current year and next year together, we have a gap to fill of 39.05 crores. If we are, straight away, to establish a really sound position, we need to devise a plan which will provide us during the remainder of the combined two-year period, either with reductions in expenditure or with increased revenue to fill this gap. That is, indeed a task of extreme difficulty. We have a two years deficit to deal with, but we have only 18 months left during which new measures can operate. Nor is even this period fully available, for although new taxation can be made effective from the beginning, there must be some considerable delay before the full results of our retrenchment plans can be met.

Three lines of action.

This is the position, and the line of action which we have to take to deal with it may be divided into three distinct lines.

First, reductions in expenditure due to more economical organisation of Government departments and restriction of activities.

Secondly, an emergency cut in salaries.

Thirdly, fresh taxation.

Reduction in Expenditure.—I will deal first with reductions in expenditure, and I put this first because Honourable Members know that I have throughout attached primary importance to this line of action. I may say that after the last Budget discussions I registered to myself a Resolution that I would not come before this House and ask them to vote any fresh taxes until I could feel myself to be in a position to satisfy them that we, on the Government side, were going to give effect to the maximum possible measures of retrenchment. In these circumstances I am sure all honourable members will appreciate that if I put forward the whole of our present programme at a time when the Government has not yet completely worked out its retrenchment plans, so that all the details cannot be displayed before the House, I do so only under the compelling hand of necessity. But I would ask them also to appreciate that it is only the details which are lacking, and that we are determined, as I have already said, to approach all these proposals with the firm intention of giving effect to them to the utmost extent possible. Variations in subsidiary matters there must be, and where essential public interests are concerned Government must have time to weigh fully the considerations at stake, but our aim and intention is to adhere as closely as possible to the recommendations of the committees. I hope that before the discussions of our present proposals are finished and before the House is asked to record any final vote as regards new taxation, we shall be able to put before them a more definite and detailed plan. I feel that Honourable Members are entitled to ask for this, and that we have no justification in putting plans for taxation before them except under the most solemn pledge of effecting the maximum reduction of expenditure. I feel no hesitation in taking this line because it is the right line in the public interest. Any improvement that we can effect by way of reduction of expenditure is a

certain improvement ; but any improvement that we seek to make by increasing taxation depends entirely on our estimates being realised, and, in the present conditions, with reduced purchasing power, and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are, to say the least, highly uncertain. Having said this I will turn to a statement of what we expect to achieve by way of retrenchment, and I will be as definite as possible.

As regards Civil expenditure, apart from commercial departments, an enormously preponderating portion falls within the scope of the General Purposes Sub-Committee. The General Purposes Sub-Committee took up first a selected set of subjects which *prima facie* offered the most likely scope for retrenchment. The measures recommended by the Sub-Committee for this portion of the field would produce savings estimated at about 120 lakhs. For my present purposes I am taking as the estimated saving, this figure, reduced by a margin of 20 lakhs, representing what we estimate may be the charge for compensation and recurrent pensions payable in respect of officials whose posts are abolished. Thus we reckon to get a net saving of about a crore on this part of the field. We have also to take into account the grants for those departments (largely the main administrative and revenue-collecting departments) which have not yet been examined by the General Purposes Sub-Committee. Over this part of the field the scope for retrenchment is more restricted. In respect of it we estimate that we shall be able to effect a net saving of about 90 lakhs, including an automatic drop of about 23½ lakhs in the expenditure on Census operations, but taking into account something for compensations, etc. This is only an estimate, and in making it we have anticipated that the sub-committee will be guided by the same principles that they have applied in dealing with other departments. While it is necessary for me to put in some estimated figure for my present purpose, we rely on the help and recommendations of the General Purposes Sub-Committee in regard to these departments just as much as we have relied on them for those which have already been examined. If they can find economies of greater extent than we have estimated, so much the better. If their final recommendations fall short of our figure, then we shall have that much to make up in some way or other. The difference can hardly be of such magnitude as to effect our general plan, and when I have completed my presentation of the general plan it will I think be clear that there is sufficient margin available.

Recommendations of the other Retrenchment Sub-Committees (other than those for Railways and the Army) indicate measures for improving the Civil position for 1932-33, as compared with the budget for the present year, by a gross sum of about 97 lakhs. Taking into account compensations, etc., we propose to count on a net improvement of 60 lakhs under these grants.

Out of the retrenchment measures to which I have referred we expect to realise savings of about 30 lakhs in the current year.

Military Expenditure.—Now I come to the Army—and before I get to details I must make some general remarks. I have in the past incurred some criticism in this House for venturing to express my appreciation of the helpful way in which I had been met by His Excellency the Commander-in-Chief and his principal staff officers. I am as little anxious as any Member of a Government could be to expose gratuitous targets for attack, but I

should fail in my duty and I might even say in all sense of decency, if I did not take this occasion to express publicly what I feel about the way in which the Army authorities have helped in the past months. I am sure the members of the Army Retrenchment Sub-Committee who are present here to-day will not quarrel with me when I say that they have been impressed with both the efficiency and helpfulness of the Chief Staff officers whom they have seen. To unofficial Members of this House the Army has hitherto been a closed book. It has been fully opened now at least to the members who have been on the Retrenchment Committee. I think that they have been impressed by what they have read in it, and that discussions on the Army will hereafter be conducted in a clearer atmosphere and with better understanding on both sides.

The military authorities have been working throughout in very close touch with their Retrenchment Sub-Committee, and have been examining all possible methods of economy. The great majority of the measures proposed by the Committee have been accepted in principle; indeed many of them had already been initiated by the military authorities. We have given His Excellency the Commander-in-Chief a free hand as to the methods by which retrenchment should be effected with the minimum loss of efficiency. The Army Retrenchment Committee has not yet explored all parts of the field and estimates have had to be included for the savings here. There is therefore possibly some room for further improvement while some of the measures recommended may lead to greater reductions in future years. For the present the Army authorities guarantee for next year a net reduction of 4½ crores. These reductions, therefore, for which we hope, will produce a net defence budget for 1932-33 of Rs. 47.40 crores, as compared with Rs. 51.90 in the current year, and with the stabilised budget figure, of Rs. 55 crores two years ago.

In mentioning this figure, I must make it clear that :

- (a) It includes a reduction of Rs. 1.75 crores of non-recurring expenditure on the special programme of re-equipment which, though very necessary and important from the point of view of efficiency, His Excellency the Commander-in-Chief has, in view of the present financial crisis, agreed to postpone.
- (b) It does not include any allowance for cuts in officers' pay. I shall deal with the possibilities from this separately.
- (c) It does not include any savings which may accrue from reduction of troops, except that of a small reduction on the Frontier.

In accordance with resolutions of the Round Table Conference, the question of the future strength of the Army in India is under examination by the Committee of Imperial Defence.

What this really amounts to is that in 2 years without impairing the strength of the fighting forces without taking into account the possibilities of a temporary cut in officers' pay, Army expenditure will have been reduced from 55 crores to 47.40 crores. This, Sir, is I submit no mean achievement; it has been done quietly, and without the imposition or display of Royal Commissions. It has been achieved by hard patient work and co-operation between the Army Department, the Finance Department and the chosen representatives of this Assembly. That, I submit, is the right way to work out economies, and brings credit on all concerned.

Emergency cuts in pay.—I now come to the difficult question of an emergency cut in pay. Let me state at the outset the general conclusions reached by the Government as part of the plan which I am now presenting.

These are :

First, that any cut applied must be general and on a fair basis.

Secondly, that it should be of a temporary nature not extended beyond the need of the present exceptional emergency. Its justification is in the need for a common sacrifice in a national emergency. Although it may be said that the subordinate ranks have gained from the low level of prices, there is as yet no proof of a substantial fall in the cost of living of many classes of Government servants.

Thirdly, that it should not in any way affect pension or provident fund rights.

We have given a great deal of thought to the way in which a cut should be applied, and after the most searching consideration of all sorts of graduated scales we have come to the following conclusions.

We think, first, that a simple plan is best, and that although it may be necessary to exempt pay below a certain low limit at the bottom, a uniform scale is really the fairest and best in the public interest.

We consider that the rate should not exceed 10 per cent. in any individual case, and that, as I shall explain later, this should include the enhancement of income-tax now proposed. For the general Government services we think that the limit of exemption should ordinarily be about Rs. 40—perhaps a bit higher, perhaps a bit lower. I ought, however, to mention that special considerations may have to be applied to a great commercial undertaking like the Railways, but the maximum will not be exceeded in any case.

I may, however, here interpose that I am pleased to be able to say that His Excellency the Viceroy has decided that he will impose upon himself a cut of 20 per cent. (Applause) and that for ourselves, the members of his Council, we will surrender 15 per cent. of our pay. (Applause.)

The action to be taken by Provincial Governments in regard to officers within their rule-making powers will be for their own decision, but we have little doubt that they will recognise the desirability of attaining throughout India as large a measure of uniformity as possible. In this connection I may mention that uniformity is particularly desirable in the police service, and since Local Governments are far more concerned in this matter than the Central Government, we shall not reach final conclusions in this case until after further consultation with them.

I must also refer to the fact that it does not lie within the power of the Government of India to take decisions as regards all the officers within its service. Certain officers have been guaranteed their rights under the Government of India Act and these cannot be altered without legislation in the British Parliament. As regards other officers, their position is governed by Fundamental Rule 23, and can only be altered under rules made by the proper authorities. For the great bulk of officers, the rule-making power now lies with the Government of India and Local Governments, subject to the sanction of the Secretary of State in Council. There

are certain officers, however, in regard to whom the Secretary of State in Council has himself to make the rules. The position is, that we have received the assurance of the Secretary of State that he will sanction the rules which we, or Provincial Governments, may make in those cases where we or they have the power. Further, in regard to officers protected by the Government of India Act, or in regard to whom the Secretary of State has himself to make rules, I am authorised to say that His Majesty's Government are satisfied that a financial necessity exists amounting to a national emergency, which requires that a reduction should be made in pay, and that His Majesty's Government have undertaken to introduce legislation in Parliament at the first practicable opportunity. The legislation would be of an emergency character, and would authorise the Secretary of State in Council to reduce the salaries of officers protected under the Government of India Act for a limited period and subject to a maximum of 10 per cent. which would be inclusive of the enhancement of income-tax contained in my present financial proposals and subject to a discretionary power for the Secretary of State in Council to make exceptions in cases of hardship. It would apply to the special class of protected officers serving under Local Governments as well as under the Government of India Act. Officers not specifically protected by the Government of India Act, but in regard to whom the Secretary of State has himself to make rules, would be treated on the same lines as the protected officers.

This is a general description of our plan, and we shall explain our proposals in greater detail at a later stage in the discussions on the Finance Bill—particularly as regards the exemptions which may be made in the lowest grades.

We think that it should be practicable to impose the cuts from December 1st next. It must be clearly explained that there is no intention that they should remain operative beyond March 31, 1933. They will not be continued beyond that date without further examination of economic conditions; and if economic conditions so required or permitted, we should re-consider them before that date.

And that brings me to a point of essential importance in this matter. A cut of this nature must be regarded as a very exceptional measure which can only be justified in very exceptional circumstances. It is nothing less than a direct variation of the conditions under which an officer enters the Government service, and it must be remembered that the security of these conditions represents an essential attraction of service under a government. It would be fatal to the public interest if that sense of security were destroyed. Therefore no variation can be justified except in a real national emergency and when it is quite clear that all other measures have been fully tried. Even so it is necessary to examine the case still further. We must test the emergency by an examination of the causes which have created it. In the present case it was clear that the emergency had arisen from an unprecedented fall in prices of those commodities which India produces and on which the revenue of the country depends. The value of commodities had fallen too low in terms of money, the value of money had gone up too high. But in the last days a change has been made in the basis on which the value of our money, or our unit of currency, depends. The results of this, or of any general economic recovery producing an improvement in the revenue position, may make it necessary to reconsider the justification and necessity for this cut. It is of course clear that a general decline in the

gold value of the rupee would affect all servants of Government alike, while I might further mention incidentally that if, on the other hand, the rupee had been detached from sterling and the value of the rupee had either appreciated or declined in relation to sterling, there would have been some difference in the case of certain classes of officers of which Government would have had to take account.

However that may be, or might have been, what I have to say now is that in the conditions on which we have to base our present estimates, we and His Majesty's Government consider an emergency cut on the lines already indicated to be absolutely essential.

As regards the financial effect of cuts on the scale which we propose, I have estimated the position roughly as follows for the purpose of my present financial plan:

Civil.—We put the total saving for 1932-33 at 115 lakhs, and for the four months from December 1st of the current year at 35 lakhs. This includes savings on the personnel of the Posts and Telegraphs Department.

Railways.—The saving on Railways will be very substantial. I refrain from giving an exact figure pending the final settlement of a plan. In any case it will not directly affect my present proposals, for we consider that any saving effected by a cut in pay on the Railways must be utilised to improve their own internal position, and that it cannot be translated into any improvement of general revenues. As I have already stated, a cut in fact will only be justifiable during the continuance of the present emergency, and during such period we cannot in any case rely on receiving any general contribution from the Railways. It is in our opinion essential that if they have any margin it should be made available for reduction in freights on agricultural products.

Army.—As regards Army officers, the same cut would apply to them as to Civil officers of the Government. We estimate a saving of 75 lakhs in 1932-33 and 25 lakhs for the four months of the current year from December 1st. I may note that if this saving is effected it will reduce the expenditure of the Army next year to 46.65 crores.

Abolition of Salt Credit System.—I have now dealt with the first two lines of action, first, General Retrenchment, secondly, cuts in pay; and before I come to the third—which is new taxation—I have to mention another measure which is in the nature of an expedient to improve our revenue position over the next 18 months.

We have been studying since the end of the last Budget session the possibility of effecting an immediate increase in our salt revenue by reducing or abolishing the credit system. After careful examination of the question in consultation with the officers of the Salt Department, we came to the conclusion that, subject to giving fair notice to trade, we might justifiably terminate credits altogether. We have accordingly notified the gradual termination of the system by limiting credits to 3 months as from the 1st October 1931, and discontinuing the grant of new credits altogether from the 1st March 1932. This means that we shall actually collect in the current year and again in next year 15 instead of 12 months' revenue on all salt issued under the credit system. I expect our revenue will be increased by one crore each year on this account. This of course involves no real increase either in taxation or revenue. It only means that we shall,

during the next 18 months collect 24 months' revenue on credit salt. After that we shall be entirely on a cash basis.

Taxation.—I must now turn to the third measure—new taxation. Here our plan is very simple, and though unpleasant, I hope that Honourable Members will on the whole recognise it as fair.

General Surcharge.—The main plank of our proposals is to put a temporary surcharge on all existing taxes, with the exception of customs export duties, for these could not without detriment to our export trade be included. With this exception, the surcharge will apply to all customs and excise duties (including salt) and to the income-tax and supertax. The surcharge which we propose is 25 per cent. on the existing rates in each case.

The principle is uniform, but as regards the income-tax there is an administrative difficulty inasmuch as the tax, although only imposed as from October 1st, has to be collected on a 12 months' basis. It would lead to great hardship in case of salaries or other income taxed at the source if we were to supplement deductions already made by a retrospective increase at the full rate of 25 per cent. Therefore we propose that the surcharge for the current year should be 12½ per cent. on income-tax, but it will be collected at this rate on the whole year's income.

New Taxes.—Apart from these general surcharges, we are forced to include certain new taxes. As regards income-tax, we consider that in this emergency there is justification for reducing the exemption limit and imposing a small tax of 4 pies in the rupee on incomes between Rs. 1,000 and Rs. 2,000 per annum. For the same reasons as I have explained already in connection with the surcharge on the existing income-tax, the rate will be imposed at 2 pies for the current year and 4 pies for next year.

The remaining special increases or new taxes which we propose are in regard to import duties. I will deal first with the increases in existing duties.

We propose to increase the import duty on artificial silk piecegoods from 20 to 40 per cent. and on artificial silk yarn from 10 per cent. to 15 per cent. We also propose to increase the duty on brown sugar from Rs. 6-12-0 to Rs. 7-4-0 per cwt. This follows the Tariff Board's recommendation. As regards boots and shoes, we propose that there should be imposed as an alternative to the 20 per cent. duty a minimum of 4 annas per pair. The duty will thus be 20 per cent. or 4 annas a pair whichever is the higher. We also propose to increase the duty on camphor and on electric bulbs from 20 to 40 per cent. As regards all these articles the surcharge will be levied on the increased duty.

Then there are three items formerly on the free list on which we think it justifiable to impose a small duty on revenue grounds. The result of the surcharges imposed in last Budget and proposed now is that the level of the general revenue tariff has been increased from 15 to 25 per cent. There is, therefore, some justification for adding a 10 per cent. duty to articles hitherto free.

We propose to put duties of 10 per cent. on machinery and dyes, and of ½ anna per lb. on raw cotton. I must expect criticism of these duties especially from the cotton mills, and I must acknowledge that their imposition may appear to be in some ways inconsistent with previous policy.

The justification must be the need for revenue, while as regards the cotton mills we may claim that on balance their position will be improved by our surcharge proposals, for under these the import duties on cotton piecegoods will be increased by one quarter. This more than offsets the burden of $\frac{1}{4}$ anna per lb. on goods made from imported cotton, and affords an effective answer to possible criticisms on the grounds to which I have referred.

I have one more word to say as regards the income-tax proposals. In considering the cut to be applied to the salaries of Government officials we considered what total reduction of their emoluments could fairly be imposed. If the general rate of reduction is to be 10 per cent., that represents what we think fair, and if further increases of income-tax were to be added, that would go beyond the reasonable limit. We therefore propose that increases of income-tax, both by way of surcharge on existing rates or by way of imposition of a tax for the first time on salaries from Rs. 1,000 to Rs. 2,000 should be merged in any general cut which we are imposing or which the Provincial Governments may impose.

Postal rates.—Apart from measures of taxation we propose some enhancement of the inland postal rates, namely to increase the existing rates in respect of letters and postcards by one-half. That is, the rates for inland postal letters will be $1\frac{1}{2}$ annas instead of 1 anna (Laughter) and for postcards 9 pies instead of 6 pies. This enhancement should produce 73 lakhs in a full year and should go a long way to cover the deficit of 92 lakhs in the working results of the department which would, as I stated before, be left even if the recommendations of the Posts and Telegraphs Accounts Enquiry Committee are accepted.

Summary of the plans.

I may now summarise the effects of all these plans :

For the current year we shall improve the position as follows :

		(Figures in lakhs of rupees.)
Special retrenchment programme	..	30
Cuts in pay—Civil	.. ..	35
Military	.. ..	25
Total cuts and retrenchment	..	90
Anticipation of salt revenue	.. ..	100
Extra taxation—		
Customs—New or increased duties	..	154
Surcharges on existing taxes	..	331
Salt—Surcharge	.. ..	21
Income-tax nett	.. ..	205
Total new taxation	..	711
Increased Post and Telegraph charges	..	37
The total improvement is thus	.. ..	938
Against an estimated deficit of	.. ..	19,55
We should thus close the year with a deficit of	.. ..	10,17

On the other hand, in 1932-33 we should have the following improvements :

Retrenchment measures—Civil ..	250	
Military ..	450	
Cuts in pay—Civil	115	
Military	75	
Total cuts and retrenchment ..		890
Anticipation of salt revenue		100
Extra taxation—		
Customs—New or increased duties ..	310	
Surcharges on existing taxes	662	
Salt—surcharge	85	
Income-tax—nett	353	14,10
Increased Post and Telegraph charges ..		73
The total improvement is thus		24,73
Against an estimated deficit of		19,50
We should thus close the year with a surplus of		5,23

We should thus close the current year with a deficit of 10,17 and the next year with a surplus of 5,23.

That is to say, the combined result of the two years will be a deficit of 4,94.

We consider that we are justified in regarding this deficit as covered by making during this period of exceptional stress a reduction of about 247 in each year from the provision for Reduction or Avoidance of Debt. Even after making this deduction, this provision will amount to 4,43 in the current year and about 4,68 in 1932-33. When it is remembered that the portion of our debt which is not covered by productive assets or cash balances is no more than 194 crores this may fairly be claimed as an adequate Sinking Fund allocation during a period of exceptional depression.

But I may put the position in another way which throws up in a still more favourable light what we are proposing. I have explained that on present estimates the combined deficit for the two years is just over 39.05 crores. We may fairly say that half the current year's deficit has already been incurred—say about 9.80 crores. If we look at our task as one of having to make a new budget for 18 months, starting with October 1st, we should have to find means for filling a gap of 29.25 crores. We are actually providing for finding improvements of 34.11 crores over the next 18 months. Therefore we are not only providing a balance for that period, but we should have a surplus of 4.86 crores towards making up the deficit of 9.80 crores on the first half of the current year.

If these forecasts are fulfilled, then even if there is no improvement in the economic position, the Finance Member, when he presents the Budget for 1933-34, will find himself in possession of a surplus of 5.23 crores and he will be able to make a substantial easing of the burdens.

It is perhaps forecasting events too much to say in what order these reductions should be made. But there are certain principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay and secondly in taking off the surcharge on the income-tax now to be imposed. I think we may predict with as much certainty as is possible for any such forecasts that these special impositions will not in any case be extended beyond March 31, 1933.

This is the picture, but I must add a few words before I leave it. Much will be said about the increase in the burdens of taxation. But I want the public to appreciate that we are not so much increasing the total amounts of taxes levied as providing by increasing the rates for collecting the same amount of revenue.

Our difficulties have not in any way been caused by an increase in expenditure. Quite the contrary. We have in fact to face three things—a drop in the yield of the current taxes, a drop in the revenues from commercial departments, and a deterioration under the Finance headings. The first we meet mainly by increasing the rates of the taxes; and the last two by retrenchments. I want Honourable Members to give particular attention to a table which I will circulate with copies of my speech in which I analyse expenditure and revenue and show in parallel columns tax revenue and net administrative expenditure. By the latter I mean the net expenditure on the Army and all other heads charged to revenue with the exception of the debt services. They will find here the true record of our achievements and proposals. This figure of net administrative expenditure will, according to our plans, have proceeded as follows :

	(Figures in crores of rupees.)			
1930-31	73.67
1931-32	74.66
1932-33	65.95

If this can really be achieved, then we shall be able to congratulate ourselves on having put matters on a really sound basis.

Conclusion.

Then I want to add something as to the reasons for the present measures. I referred at the outset of my speech to the dangers, now that we are divorced from a gold standard, of any inflationary action for the purposes of meeting the current expenditure of the Government. If once that process starts, it may be impossible to save the country from a complete collapse of its currency. That has been the experience of all countries whose currencies collapsed after the War. They all went through the same process. Budgetary deficits, met first by borrowing; then a reluctance of the public to subscribe to government loans or treasury bills; then recourse to the note-printing press and inflation to provide funds to meet current public expenditure; then collapse in confidence in the currency, notes printed faster and faster until the amounts reached astronomical figures, and finally the complete disappearance of any value to the currency at all. *We want to erect a solid barrier against the possibility of India getting on to that slippery slope.* That is the essential justification for our proposals. We have heard much talk in the last days about

the disappearance of our currency reserves. But no currency reserve can be large enough to stand up against a lack of confidence in the currency. Reserves are only valuable to tide over temporary difficulties. The real safeguard must be confidence in the soundness of a country's financial situation. If a country meets current expenditure with current revenue, and if, further, it has a favourable balance of trade, then it can face all the vicissitudes of fortune with confidence, and its actual currency reserves are of minor importance.

That brings me to the last thing which I have to say to-day. I know that our proposals of taxation will be criticised. But I will appeal to all critics, either in this House or outside it, not to criticise them hastily or unfairly. We believe that we are doing the right thing for India—that in these critical times, and looking to the years before us, when we have to meet heavy loan maturities both external and internal, the matter of vital importance is to preserve the trust of the public of India and elsewhere in the soundness of our financial position. Let honourable members, by all means, examine our proposals with searching criticism, but I would appeal to them, with all the emphasis which I can command, to do or say nothing which will lead the outside world to suppose that they have not a full sense of their responsibility, or that they do not believe that the paramount duty of every man, who has India's interest at heart, and who can in any way influence the situation, is to preserve intact that financial stability on which the whole fabric of the country's life depends. (Applause.)

The 29th September 1931.

THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL, 1931.

Introduced in the Legislative Assembly on the 29th September 1931.

A bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions.

WHEREAS it is expedient to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions to the financial year beginning on the 1st April, 1932 ; It is hereby enacted as follows :—

1. This Act may be called the Indian Finance (Supplementary and Extending) Act, 1931.
Short title.

2. The operation of section 2 of the Indian Finance Act, 1931, fixing the rate of salt duty for the year beginning on the 1st April, 1931, of section 5 of the said Act and the Third Schedule thereto as amended by section 6 of this Act, fixing inland postage rates, for the said year, and of section 7 of the said Act and the Fourth Schedule thereto as amended by sections 7, 8 and 9 of this Act, fixing rates of income-tax and super-tax for the said year, is hereby extended to the 31st day of March, 1933.

Extension to the next financial year of the operation of the temporary provisions of the Indian Finance Act, 1931.

3. (1) The amendments specified in Part I of Schedule I to this Act shall be made in Schedule II to the Indian Tariff Act, 1894.
Amendment of the Second Schedule to the Indian Tariff Act, 1894, and the Indian Finance Act, 1931.

VIII of

(2) The amendment specified in Part II of Schedule I to this Act shall be made in Schedule II to the Indian Finance Act, 1931.

4. Where any goods chargeable with a duty of customs under Part II, Part IV, Part V, Part VI or Part VII of Schedule II to the Indian Tariff Act, 1894, VIII of
Additional customs duties.
as amended by section 3, or under any of the said Parts read with any other enactment or with any notification of the Governor General in Council for the time being in force, are assessed to duty, there shall be levied and collected as an addition to and in the same manner as the total amount so chargeable, a sum equal to one-quarter of such total amount :

Provided that salt chargeable with duty under Item No. 35 of the said Part II shall not be liable to two such additions of duty :

Provided further that such addition of duty shall not be levied and collected on—

- (a) raw cotton, comprised in Item No. 41A,
- (b) dyes and colours, comprised in Item No. 58A, or
- (c) machinery, comprised in Items Nos. 59A, 59B, 59C and 59D, of the said Schedule as amended by section 3.

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5. Where any salt, motor spirit, kerosene or silver chargeable with duty under the Indian Salt Act, 1882, or under the Motor Spirit (Duties) Act, 1917, or under the Indian Finance Act, 1922, or under the Silver (Excise Duty) Act, 1930, or under any of the said Acts read with any other enactment or with any notification of the Governor General in Council for the time being in force, is assessed to duty, there shall be levied and collected, as an addition to and in the same manner as the total amount so chargeable, a sum equal to one-quarter of such total amount.

6. In section 5 of the Indian Finance Act, 1931, the following proviso shall be added, namely :—
Increase of certain inland postage rates.

“ Provided that from a date to be appointed in this behalf by the Governor General in Council, by notification in the Gazette of India, each rate specified in the said Schedule in respect of letters and postcards shall be increased by one-half of its amount.”

7. (1) In Part I of Schedule IV to the Indian Finance Act, 1931, for the Lowering of limits of total income item—
liable to income-tax.

“ When the total income is less than Rs. 2,000 Nil.”
the following shall be substituted, namely :—

“ When the total income is Rs. 1,000 or upwards but is less than Rs. 2,000. Four pies in the rupee.” :

Provided that for the year beginning on the 1st day of April, 1931, the rate chargeable on any such total income shall be two pies in the rupee only.

(2) For the purpose of assessing and collecting the tax imposed by the proviso to sub-section (1),—

1922. (a) the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part I of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

1922. (c) making such further adaptations in the Indian Income-tax Act, 1922, as may seem to it to be necessary to secure that the tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

8. (1) In respect of the year beginning on the 1st day of April, 1931, each Additional income-tax and super-tax for the current financial year. rate of income-tax and super-tax specified in Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-eighth of its amount.

(2) For the purpose of assessing and collecting the additional tax imposed by sub-section (1),—

1922. (a) the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part II of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

1922. (i) making such further adaptations in the Indian Income-tax Act, 1922, as may seem to it to be necessary to secure that the additional tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

9. In respect of the year beginning on the 1st day of April, 1932, each Additional income-tax and super-tax for the next financial year. rate of income-tax and super-tax specified in Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-fourth of its amount.

10. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, X of 1923. Amendment of section 19, Act X of 1923. for the figures "1932" the figures "1933" shall be substituted.

It is hereby declared that it is expedient in the public interest that XVI of clauses 3, 4 and 5 of this Bill should have immediate effect under the Provisional Collection of Taxes Act, 1931.

SCHEDULE I.

[See section 3.]

PART I.

Amendments to be made in Schedule II of the Indian Tariff Act, 1894.

1. Item No. 7 shall be deleted.
2. In Part I, the heading "DYES AND COLOURS" and Item No. 14C shall be omitted.
3. In Part I, the heading "MACHINERY", and Items Nos. 18A, 18B, 18C and 18D shall be omitted.
4. In Item No. 27A, for the figures "1 4" in the last column the words "One rupee" shall be substituted.
5. In Item No. 34,—
 - (a) in sub-item (1), for the figures "23" the figure "8" shall be substituted;
 - (b) sub-item (2) shall be omitted; and
 - (c) sub-items (3) and (4) shall be re-numbered as sub-items (2) and (3).
6. After Item No. 41, and under the general head "II.—Raw Materials and produce and articles mainly unmanufactured", the following heading and item shall be inserted, namely:—

"TEXTILE MATERIALS.

41A | COTTON, raw | POUND | Six pies."

7. In Part II, under the general head "III.—Articles wholly or mainly manufactured", the following heading and item shall be inserted, namely:—

"APPAREL.

41B | BOOTS AND SHOES | Ad valorem | 20 per cent. or 4 annas
per pair, whichever
is higher."

8. In Item No. 43C, for the figures "7½" in the last column, the figures "12½" shall be substituted.

9. In item No. 45A, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

10. In Part IV, under the general head "*III.—Articles wholly or mainly manufactured*", the following heading and item shall be inserted, namely:—

"DYES AND COLOURS.

58A | **DYES** derived from coal-tar, and coal-tar derivatives, used in any dyeing process."

11. After Item No. 59, the following heading and items shall be inserted, namely:—

"MACHINERY.

59A | **MACHINERY**, namely, such of the following articles as are not otherwise specified:—

- (1) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;
- (2) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;
- (3) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose;
- (4) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials other than cotton, hair and canvas ply and driving chains but excluding driving ropes not made of cotton;
- (5) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.

Note.—The term 'industrial system' used in sub-clause (3) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.

59B | The following **TEXTILE MACHINERY AND APPARATUS** by whatever power operated, namely, healds, heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbies; Jacquard machines; Jacquard harness linen cards; Jacquard cards; punching plates for Jacquard cards; Warping mills; multiples box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre wil-
lowing machines; heald knitting machines; doobby cards; lattices and lags for dobbies; wooden winders, silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines, harness building frames; card lacing frames; drawing and denting hooks; sewing thread balls making machines; cumbli finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes, lingoes, comber boards and comber board frames; take-up motions, temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.

59C | PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electrotype blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nap rollers standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines and clarified liquid glue but excluding ink and paper.

59D | COMPONENT PARTS OF MACHINERY, as defined in Nos. 59A, 59B and 59C, namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose :

Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable."

12. In Item No. 85,—

(a) the words "boots and shoes" shall be omitted ;

(b) after the words "silk mixtures" the words "or of artificial silk or artificial silk mixtures, and boots and shoes" shall be added.

13. In Item No. 100, after the word "silk", wherever it occurs, except in the seventh sub-item, the words "or artificial silk" shall be inserted.

14. In Item No. 100A, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

15. After Item No. 126, the following heading and item shall be inserted namely :—

"CHEMICAL DRUGS AND MEDICINES.

127 | CAMPHOR."

16. After Item No. 128, the following item shall be inserted, namely :—
"128A | ELECTRIC BULBS."

17. In Item No. 133, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

PART II.

Amendment to be made in Schedule II to the Indian Finance Act, 1931.

In the entry relating to "Part IV, Nos. 58 to 64 inclusive", for the words in the second column the following shall be substituted, namely :—

"All articles for the time being included in Part IV of the Second Schedule, except—

(1) Dyes and Colours comprised in Item No. 58A, and

(2) Machinery, comprised in Items Nos. 59A, 59B, 59C and 59D."

SCHEDULE II.

Adaptations of the Indian Income-tax Act, 1922.

PART I.

[See section 7.]

Adaptations for the assessment and collection of income-tax in the current financial year on total incomes of Rs. 1,000 and upward and less than Rs. 2,000.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income less than Rs. 2,000 chargeable under the head "Salaries" shall be deemed to have failed to deduct income-tax at the time of making all payments made before the commencement of this Act, and such person may make the adjustments permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee under section 23 of the Indian Income-tax Act, 1922, and has found that nothing is payable thereon, he may proceed to determine the sum payable by such assessee by virtue of section 7 of this Act, and such sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.

PART II.

[See section 8.]

Adaptations for the assessment and collection of additional income-tax and super-tax in the current financial year.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income chargeable under the head "Salaries" shall be deemed to have made a deficient deduction in respect of the additional income-tax imposed by section 8 of this Act at the time of making all payments made before the commencement of this Act, and such person may make the adjustments permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee and has determined the sum payable thereon under section 23 of the Indian Income-tax Act, 1922, he may proceed to determine the further sum payable by such assessee by virtue of section 8 of this Act, and such further sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue certain provisions of the Indian Finance Act, 1931, to the 31st March, 1933 ; to increase the import duties on brown sugar, boots and shoes, artificial silk yarn and thread, artificial silk piecegoods, camphor and electric bulbs ; to impose import duties on raw cotton, machinery and dyes ; to impose a surcharge of 25 per cent. on all import duties other than the new duties on raw cotton, machinery and dyes, and on all excise duties including salt ; to impose a surcharge on income-tax of 12½ per cent. in the current financial year and of 25 per cent. in the financial year 1932-33 ; to levy income-tax on incomes between Rs. 1,000 and Rs. 1,999 per annum ; and to increase the rates of postage for letters and postcards.

2. Clause 3 provides for the following important alterations in customs tariff :—

- (1) Levy of an import duty of 6 pies per pound on raw cotton ;
- (2) Levy of an import duty of 10 per cent. on machinery ;
- (3) Levy of an import duty of 10 per cent. on dyes ;
- (4) Increase in the import duty on brown sugar from Rs. 6-12 to Rs. 7-4 per cwt. ;
- (5) Increase in the import duty on boots and shoes from 20 per cent. *ad valorem* to 20 per cent. *ad valorem* or 4 annas per pair, whichever is higher ;
- (6) Increase in the import duty on artificial silk yarn and thread from 10 per cent. *ad valorem* to 15 per cent. *ad valorem* ;
- (7) Increase in the import duty on artificial silk piecegoods, camphor and electric bulbs from 20 per cent. to 40 per cent. *ad valorem*.

3. Clauses 4 and 5 provide for a surcharge of 25 per cent. on all customs import duties exceeding 2½ per cent. *ad valorem*, including those specified in paragraph 2 above excepting the new duties on raw cotton, machinery and dyes, and on all excise duties including salt.

4. Clause 6 read with clause 2 provides that the rate of postage on all inland letters and postcards should be increased by 50 per cent., *i.e.*, the rate for an ordinary inland letter should be one anna and six pies instead of one anna, and the rate for the ordinary inland postcard should be nine pies instead of six pies.

5. Clause 7 (*I*) provides that incomes of Rs. 1,000 and upwards but less than Rs. 2,000 should be subject to income-tax at the rate of two pies in the rupee in the financial year 1931-32 and of four pies in the rupee in the financial year 1932-33.

6. Clauses 8 (*I*) and 9 provide that the rates of income-tax and super-tax now in force should be increased by 12½ per cent. in the financial year 1931-32 and by 25 per cent. in the financial year 1932-33.

7. The Indian Income-tax Act was not so drafted as to provide for such a contingency as a change of income-tax and super-tax rates in the middle of a financial year, at a time when some assessments for the year will have been

completed, while others are yet outstanding and when certain payments of salaries and interest on securities will have already been made after deduction of tax at the rates hitherto in force. It is for this reason that clause 7 (2) and clause 8 (2) have been inserted, making certain adaptations of the procedure laid down by the Act and giving the Central Board of Revenue authority to deal with any unforeseen difficulties that may arise, if experience should show that a literal application of the existing law would produce inequitable results. It will be seen that these clauses and any rules made under them will necessarily be of an ephemeral character.

8. Clause 10 provides for the credit to revenue till 31st March 1933 of interest on securities forming part of the Paper Currency Reserve.

GEORGE SCHUSTER.

SIMLA ;

The 29th September 1931.

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EXPLANATORY MEMORANDUM

BY

THE FINANCIAL SECRETARY.

NOTE 1.—Unless otherwise stated, the amounts are in lakhs of rupees. The expressions “current year” and “next year” stand for the financial year 1931-32 and 1932-33, respectively.

NOTE 2.—A supplementary note showing the reductions proposed under the various heads of expenditure as a result of the work of the retrenchment committees is attached. The figures in this explanatory memorandum do not take those reductions into account.

1. The following table compares the total recorded revenue and expenditure of the Government of India in the years 1929-30 with the revised estimate of 1930-31 and the budget and the present forecast for the current year:—

					1929-30, Accounts.	1930-31, Revised.	1931-32, Budget.	1931-32, Present forecast.
Revenue .. .. .	..	..	..	..	1,32,69	1,23,44	1,34,87	1,17,39
Expenditure .. .. .	..	..	..	..	1,32,42	1,36,12	1,34,86	1,36,94
Surplus + Deficit—	..	..	..	..	+27	-12,68	+1	-19,55

2. The revised figures for the current year in the above table do not take into account the effect of either proposals for retrenchment and cuts in pay or those for securing additional revenues. On the present basis the figures of revenue and expenditure for the next year will be as follows:—

1932-33.								
Revenues .. .. .	..	..	..	..	..	..	..	1,16,50
Expenditure .. .. .	..	..	..	..	..	..	..	1,36,00
Deficit .. .. .	..	..	..	..	..	..	..	19,50

The total deficit for the current year and the next will thus be 19,55 plus 19,50 = \$9,05.

3. The proposals for retrenchments and cuts in pay and for increasing the revenues are expected to yield the following results:—

	1931-32 (6 months).	1932-33 (12 months).
(1) Retrenchments—		
Civil expenditure including posts and telegraphs but excluding railways	30	2,50
Military expenditure .. .. .	..	4,50
(2) Cuts in pay—		
Civil officers and establishment including posts and telegraphs but excluding railways	35	1,15
Military officers	25	75
Total of retrenchments and cuts in pay	90	8,90

(3) Additions to revenue—	1931-32 (6 months.)	1932-33 (12 months.)
Customs revenue	4,85	9,72
Income-tax (net)	2,05	3,53
Salt—		
(i) Abolition of credit sales	1,00	1,00
(ii) Surcharge	21	85
Posts and Telegraphs	37	73
Total additions to revenue	8,48	15,83

4. With the above changes, the revised estimate of the current year and the present forecast for the next year will be as follows :—

	Revenue.	Expenditure.	Surplus + or deficit—
Revised 1931-32 ..	125,94	136,11	—10,17
Forecast 1932-33 ..	132,51	127,28	+5,23

It will be seen from the statement above that after taking into account the net effect of all the proposals for economy and taxation, the uncovered deficit over the two-year period will be 10,17—5,23 or 4,94. It is proposed provisionally to meet this deficit by reduction of the provision for reduction or avoidance of debt by 2,47 each year.

5. As usual, some further details of the changes in the figures of revenue and expenditure are given below.

Customs.

6. The net deterioration of 10,00 in the Customs revenue in the current year, which is due to the prevailing trade depression and the reduced purchasing power of the people, is distributed as follows :—

	Better + Worse—
Spirits and liquors	—70
Sugar	—100
Tobacco	—35
Mineral oils	—25
Motor cars and cycles	—30
Silver	—100
Metals—iron and steel	—10
Articles of food and drink	—50
Raw materials	—10
Cutlery, hardware, etc.	—20
Metals other than iron and steel	—30
Yarn and textiles	—30
All other articles wholly or mainly manufactured	—60
Other articles	—15
Betel nuts	+10
Iron and steel (protective)	—60
Cotton piecegoods	—200
Export duty on jute	—90
Excise duty on motor spirit	—75
	<hr/>
	—1,000

These estimates were framed before the events of the last week happened and as explained by the Honourable the Finance Member in his statement, they do not take into account the possible reactions of those events on the revenues.

7. The proposals in the new Finance Bill, after providing for a reduction in consumption, are expected to yield an additional revenue of 14,57 under Customs as detailed below :—

(i) *Levy of new duties and increase in existing duties (excluding the surcharge).*

	1931-32.	1932-33.
Sugar	3	7
Artificial silk piecegoods	29	57
Artificial silk yarn	5	10
Raw cotton	43	87
Machinery	52	103
Dyes	8	17
Boots and shoes	7	14
Camphor	2	5
Electric bulbs	5	10
	154	310
	464	

(ii) *Surcharge of 25 per cent. on customs import duties including excise duties on motor spirit, kerosene and silver.*

	Rs.	Rs.
Surcharge	3,31	6,62
	9,93	

Taxes on income.

8. On the present basis of taxation the revenue estimates show a fall of 1,25 in the current year as compared with the budget estimate of 17,44. Business has been generally worse in the current year than in the last, so that with the existing rates of income-tax and supertax, the revenue will show a still further falling off next year.

9. The net increase in revenue anticipated from taxation of incomes between Rs. 1,000 and 1,999 and from the 12½ per cent. surcharge in the current year and from the 25 per cent. surcharge in the next after allowing for the merging of the tax on salaries of Government officers in the cut in pay is shown below :—

	1931-32.	1932-33.
	Rs.	Rs.
Taxation of lower incomes	38	70
Surcharge	1,74	3,01
	2,12	3,71
Total	5,83	

10. The reduction of the taxable limit of income from Rs. 2,000 to Rs. 1,000 involving the addition of a large number of assesseees will necessitate the entertainment of extra establishment which will cost 7 in the current year and 18 in the next, or 25 in the two years together

Salt.

11. The salt revenue was estimated at 7,05 in the budget of the current year. A reduction of 8 is anticipated due mainly to reduced sales of locally manufactured salt in Madras.

12. The limitation of salt credits to 3 months in the current year as from the 1st October 1931 and the termination of the credit system altogether from the 1st March 1932 is expected to give an additional 2,00 in the two years. The imposition of the surcharge of 25 per cent. will, after taking into account reduction in consumption, give a further increase of 1,06 in the two years. The distribution of the total increase of 3,06 is as follows:—

	1931-32.	1932-33.
	Rs.	Rs.
(i) Limitation and ultimate abolition of credit system ..	1,00	1,00
(ii) Imposition of surcharge	21	85
Total ..	1,21	1,85
	3,06	

13. As regards expenditure a reduction of 7 is anticipated as a result of economy in the current year.

Opium.

14. The total revenue from opium was taken in the budget estimate of the current year at 2,15. It is now expected that owing to a reduction in the indents for excise opium, there will be a small decrease of 9 in the current year's revenue under this head.

15. On the other hand, there will be an increase of 8 under opium expenditure in the current year due partly to the increased outturn of the last season and partly to increased payments to certain Indian States under existing agreements regarding production and sale of opium in the States.

Posts and Telegraphs.

16. The statement below shows the present estimates of revenue and expenditure based on the actuals of the first few months:—

	1931-32, Budget.	1931-32, Present estimate.
Gross receipts	10,96	10,78
Deduct working expenses	11,45	11,39
Net receipts	-49	-61
Interest on capital outlay	87	87
Net loss including capital charged to revenue ..	1,47	1,59

The saving under Working Expenses is due to various measures of economy already adopted. The deterioration of 18 is due chiefly to anticipated short realization in stamp revenues and money order commission, due allowance being made for the additional receipts expected during the year from enhanced parcel rates and insurance fees already introduced.

17. The enhancement of the postal rates for letters and postcards is expected to bring in an additional revenue of 37 in the current year and 73 in the next.

Interest Receipts.

18. Owing to the replacement of the sterling securities in the Gold Standard Reserve by gold, the interest receipts in England from the investments in the Reserve are estimated to be 24 less in the current year than was provided in the Budget. The receipts from this source will probably diminish further next year.

Interest Payments.

19. The budget estimates for the current year under the head Interest on Ordinary Debt were as follows:—

<i>Gross payments.</i>		
India	.. .. .	22,35
England	.. .. .	21,14
		43,49
<i>Deductions.</i>		
Chargeable to commercial departments and the Provincial Loans Fund.	.. .. .	40,42
<i>Net</i> .. .. .	.. .. .	3,07

20. The expenditure in India included 2,80 on account of discount on treasury bills. For the reasons explained in the Honourable the Finance Member's statement on the financial situation, the present estimate of the year's expenditure on this account is 5,01; or an increase of 2,21 over the current year's budget figure. There will however be a small saving of 12 under interest on ordinary loans.

21. As regards expenditure in England, there will be an increase of 40 on account of interest and other charges in connection with the sterling loan of £10 million floated early in the current year. As against this, there will be a saving of 56 representing one half year's interest on the outstanding amount of India's war contribution as explained in the press *communiqué* dated the 26th June 1931 regarding the effect of His Majesty's Government's proposals following the Hoover plan.

22. The total gross interest payments in the current year will thus be increased by 1,93 to 45,42.

23. The amount of advances to the Provincial Loans Fund in the current year may be increased as compared with the budget owing to deterioration in the financial position of the Provincial Governments, but it is not proposed to make any change at present in the interest chargeable to the Provincial Loans Fund in the absence of reliable estimates. The net interest payments on ordinary debt in the current year will therefore be 5,00.

24. As regards interest on other obligations, a saving of 10 is anticipated in the payments on account of interest on the balances of Provincial Governments and Railways.

25. The present estimate of total interest payments in the current year is 13,82 against 11,99 budgetted for, or a deterioration of 1,83.

Appropriation for Reduction or Avoidance of Debt.

26. The budget provision for the current year under this head was 6,78 made up as follows:—

Obligatory provision for railway annuities and sinking funds and for the 5 per cent. rupee loan sinking funds	4,19
Non-obligatory provision to make up the total provision according to the Debt redemption scheme	2,59
Total	6,78

27. Owing to the amount of the treasury bills in the hands of the public outstanding on the 31st March 1931 being 10,00 more than the figure assumed in the current year's budget there is an automatic increase of 12 in the provision under the head after taking into account the small reduction due to larger cancellations in 1930-31 of the 5 per cent. rupee loans on account of purchases for the depreciation funds.

28. A sufficiently reliable estimate can not at present be framed of the total outstanding debt of the Government of India at the end of the current year to enable an accurate estimate of next year's provision under Reduction or Avoidance of Debt but it may safely be assumed that the provision in 1932-33 will not be less than that in the current year and may be 20 to 30 more.

29. As explained in the Honourable the Finance Member's statement, it is proposed to reduce the total provision in the two years by the amount of the uncovered deficit during that period, that is, on present estimates 4,94.

Currency and Mint.

30. As pointed out in the Financial Secretary's explanatory memorandum in connection with the budget of the current year, the estimates under this group depend on the transactions connected with the securities in the Paper Currency Reserve and the circulation of nickel coin. Owing to the cancellation of treasury bills in the Reserve and a large return of nickel coin from circulation on account of prevailing depression, there will be a deterioration of 53 under this group of which 43 is the estimated loss on nickel coin circulation.

Extraordinary Items.

31. Provision has been made for a reduction of 23 under Extraordinary receipts in the current year as under the Hoover proposals nine months' Reparation receipts will not be forthcoming. The net receipts will be 7 against 30 in the current year's budget.

Other Heads.

32. The other variations in the current year under heads not specified above result in a net improvement of 30 as compared with the budget, which is chiefly due to an all round reduction in expenditure.

The 29th September, 1931.

H. DENNING.

Supplementary note on Retrenchment in the civil and posts and telegraphs departments.

1. A convenient summary of the recommendations of the General Purposes Sub-committee will be found on page 70 of their report. The two largest items are Civil Aviation and the Survey of India. The proposal to hold in abeyance the Indian State Air Service has already been accepted by Government, while the recommendations regarding the Survey of India are undergoing detailed but urgent examination, as it will be necessary to come to a decision before the survey parties would ordinarily take the field.

2. The Public Works, Accounts and Audit Departments Sub-committee has recommended a reduction of nearly 3 lakhs in the Irrigation grant and of nearly 32 lakhs in the Civil Works grant. The total of these two grants in 1931-32 is 172 lakhs, excluding the block grant for road development. In addition they have pointed out that by closing the New Delhi capital estimates a sum of about 12 lakhs yearly (representing rents and charges for electricity and water, etc.) may be legitimately credited to revenue. All these economies Government are expecting to effect. They are also hoping to save something by charging certain maintenance costs of communications in centrally administered areas to the Road Fund, if the Assembly assents to the Resolution on the subject.

3. Under Audit and Accounts Government have already taken steps to stop the experiment of the separation of accounts and audit in the civil departments. By these and other means proposed by the retrenchment sub-committee Government expect to realise a gross saving of most of the sum of 15½ lakhs recommended by that sub-committee. Of this sum about 12½ lakhs affect the two civil grants 43-Audit and 37-Separation of Accounts from Audit aggregating 116½ lakhs.

4. The Stationery Retrenchment Sub-committee has recommended a reduction of about 16½ lakhs in the net grant of 63½ lakhs for 1931-32 under Stationery and Printing. Government expect to achieve this, but 10 lakhs, representing a reduction of the abnormal carryover of stock in 1931-32, will have to be restored in 1933-34.

5. The Stores Retrenchment Sub-committee has proposed retrenchment amounting to 3½ lakhs in the net grant of 8.32 lakhs for the Indian Stores Department.

6. The activities of Government within the purview of the General Purposes Sub-committee regarding which the sub-committee has not yet reported include the revenue earning departments under the Central Board of Revenue, the Secretariat departments of the Government of India, the activities under the Commerce Department, and the centrally administered areas and sphere of the Foreign and Political Department. It is hoped to effect a net saving of 90 lakhs in these departments, taking into account expenditure on Census.

7. The actual economies proposed by the Posts and Telegraphs Retrenchment Sub-committee (excluding the effect of a cut in the pay of present incumbents) aggregate Rs. 14.30 lakhs immediately and Rs. 44.23 lakhs ultimately.

8. A statement showing the effect of the above retrenchments is appended. The last column of the statement shows the net saving after allowing roughly for the cost of compensation to retrenched staff.

STATEMENT.

	Budget grant, 1931-32.	Reduction in 1932-33.	Net Saving.
Field covered by General Purposes Sub-Committee	321·77	121·21	100
Field not yet covered by General Purposes Sub-Committee including Census	1,758·39	120	90
P. W. Grants	172·17	34·79	} 60
(out of New Delhi account) .. .. .	..	12·00	
Stationery and Printing	63·29	16·56	
Audit (Civil)	116·56	12·43	
(P. & T.) .. .. .	..	2·55	
(Railways) .. .. .	..	·50	
Indian Stores Department	8·32	3·77	
Posts and Telegraphs .. .. .	..	14·30	
Total (lakhs)	24,40·50	338·11	250

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

New Delhi, the 28th November 1931.

The following Act, which has been assented to by the Governor General under the provisions of clause (b) of sub-section (1) of section 67-B of the Government of India Act, and has been expressed to be made by the Governor General under the provisions of sub-section (2) of the same section, is hereby published for general information :—

(Made by the Governor General on the 28th November 1931.)

An Act to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions.

WHEREAS it is expedient to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions to the financial year beginning on the 1st April 1932 ; It is hereby enacted as follows :—

1. This Act may be called the Indian Finance (Supplementary and Extending) Act, 1931.
Short title.

2. The operation of section 2 of the Indian Finance Act, 1931, fixing the rate of salt duty for the year beginning on the 1st April, 1931, of section 5 of the said Act and the Third Schedule thereto as amended by section 6 of this Act, fixing inland postage rates for the said year, and of section 7 of the said Act and the Fourth Schedule thereto as amended by sections 7, 8 and 9 of this Act, fixing rates of income-tax and super-tax for the said year, is hereby extended to the 31st day of March 1933.
Extension to the next financial year of the operation of the temporary provisions of the Indian Finance Act, 1931.

3. (1) The amendments specified in Part I of Schedule I to this Act shall be made in Schedule II to the Indian Tariff Act, 1894, and the Indian Finance Act, 1931. VIII of

(2) The amendment specified in Part II of Schedule I to this Act shall be made in Schedule II to the Indian Finance Act, 1931.

4. Where any goods chargeable with a duty of customs under Part II, Part IV, Part V, Part VI or Part VII of Schedule II to the Indian Tariff Act, 1894, as amended by section 3, or under any of the said Parts read with any other enactment or with any notification of the Governor General in Council for the time being in force, are assessed to duty, there shall be levied and collected as an addition to and in the same manner as the total amount so chargeable, a sum equal to one quarter of such total amount :
Additional customs duties.

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Provided that salt chargeable with duty under Item No. 35 of the said Part II shall not be liable to two such additions of duty :

Provided further that such addition of duty shall not be levied and collected on —

- (a) raw cotton, comprised in Item No. 41A.
- (b) dyes and colours, comprised in Item No. 58A, or
- (c) machinery, comprised in Items Nos. 59A, 59B, 59C and 59D, of the said Schedule as amended by section 3.

5. Where any salt, motor spirit, kerosene or silver chargeable with duty under the Indian Salt Act, 1882, or under the Motor Spirit (Duties) Act, 1917, or under the Indian Finance Act, 1922, or under the Silver (Excise Duty) Act, 1930, or under any of the said Acts read with any other enactment or with any notification of the Governor General in Council for the time being in force, is assessed to duty, there shall be levied and collected, as an addition to and in the same manner as the total amount so chargeable, a sum equal to one quarter of such total amount.

6. In section 5 of the Indian Finance Act, 1931, the following proviso shall be added, namely :—
Increase of certain inland postage rates.

“ Provided that from a date to be appointed in this behalf by the Governor General in Council, by notification in the Gazette of India, each rate specified in the said Schedule in respect of letters and single postcards shall be increased by one quarter of an anna and the rate specified in respect of reply postcards shall be increased by half an anna.”

Lowering of limits of total income liable to income-tax.

7. (1) In Part I of Schedule IV to the Indian Finance Act, 1931, for the item—

“ When the total income is less than Rs. 2,000 .. Nil.”

the following shall be substituted, namely :—

“ When the total income is Rs. 1,000 or upwards but is less than Rs. 2,000. Four pies in the rupee.” :

Provided that for the year beginning on the 1st day of April 1931, the rate chargeable on any such total income shall be two pies in the rupee only.

(2) For the purpose of assessing and collecting the tax imposed by the proviso to sub-section (1),—

(a) the Indian Income-tax Act, 1922, shall be deemed to be subject to the adaptations set out in Part I of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

(i) making such further adaptations in the Indian Income-tax Act, 1922, as may seem to it to be necessary to secure that the tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

8. (1) In respect of the year beginning on the 1st day of April, 1931, each rate of income-tax and super-tax specified in Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-eighth of its amount.

(2) For the purpose of assessing and collecting the additional tax imposed by sub-section (1),—

(a) the Indian Income-tax Act, 1922, shall be deemed to be subject to **XI of 1922** the adaptations set out in Part II of Schedule II to this Act, and

(b) the Central Board of Revenue may make rules—

(i) making such further adaptations in the Indian Income-tax Act, **XI of 1922**, as may seem to it to be necessary to secure that the additional tax shall be equitably levied, and

(ii) regulating the procedure of income-tax authorities in securing the assessment and collection of the tax and the granting of refunds arising therefrom.

9. In respect of the year beginning on the 1st day of April 1932, each rate of income-tax and super-tax specified in Schedule IV to the Indian Finance Act, 1931, excluding the rate imposed by section 7, shall be increased by one-fourth of its amount.

10. In sub-section (7) of section 19 of the Indian Paper Currency Act, **X of 1923**, for the figures "1932" the figures "1933" shall be substituted.

SCHEDULE I.

(See section 3.)

PART I.

Amendments to be made in Schedule II of the Indian Tariff Act, 1894.

1. Item No. 7 shall be deleted.

2. In Part I, the heading "DYES AND COLOURS" and Item No. 14C shall be omitted.

3. In Part I, the heading "MACHINERY", and Items Nos. 18A, 18B, 18C and 18D shall be omitted.

4. In Item No. 27A, for the figures "1 4" in the last column the words "One rupee" shall be substituted.

5. In Item No. 34,—

(a) in sub-item (1), for the figures "23" the figure "8" shall be substituted;

(b) sub-item (2) shall be omitted; and

(c) sub-items (3) and (4) shall be re-numbered as sub-items (2) and (3).

6. After Item No. 41, and under the general head "*II.—Raw Materials and produce and articles mainly unmanufactured*", the following heading and item shall be inserted, namely:—

"TEXTILE MATERIALS.

41A | Cotton, raw | Pound | Six pies."

SCHEDULE I—*contd.*PART I—*contd.*

7. In Part II, under the general head "*III.—Articles wholly or mainly manufactured*", the following heading and item shall be inserted, namely:—

"APPAREL.

41B	Boots and Shoes ..	<i>Ad valorem</i> ..	20 per cent. or 4 annas per pair whichever is higher."
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8. In Item No. 43C, for the figures "7½" in the last column, the figures "12½" shall be substituted.

9. In Item No. 45A, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

9A. In Item No. 46D, for the figure "5", the figure "8" shall be substituted.

10. In Part IV, under the general head "*III.—Articles wholly or mainly manufactured*", the following heading and item shall be inserted, namely:—

"DYES AND COLOURS.

58A	Dyes derived from coal-tar, and coal-tar derivatives, used in any dyeing process."
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11. After Item No. 59, the following heading and items shall be inserted, namely:—

"MACHINERY.

59A	Machinery, namely, such of the following articles as are not otherwise specified:—
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- (1) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;
- (2) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;
- (3) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose;
- (4) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton;
- (5) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.

Note.—The term 'industrial system' used in sub-clause (3) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.

SCHEDULE I—*contd.*PART I—*contd.*

- 59B The following TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, healds, heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbies; Jacquard machines; Jacquard harness linen cards; Jacquard cards; punching plates for Jacquard cards; warping mills; multiples box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; dobbie cards; lattices and lags for dobbies; wooden winders; silk looms; silk throwing and reeling machines; cotton yarn reeling machines: sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines; harness building frames; card laeing frames; drawing and denting hooks; sewing thread balls making machines; cumbli finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes, lingoos, comber boards and comber board frames; take-up motions; temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.
- 59C PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electrotype blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic map rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines and clarified liquid glue but excluding ink and paper.
- 59D COMPONENT PARTS OF MACHINERY, as defined in Nos. 59A, 59B and 59C, namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose:
- Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable."

12. In Item No. 85,—

- (a) the words "boots and shoes" shall be omitted;
- (b) after the words "silk mixtures" the words "or of artificial silk or artificial silk mixtures, and boots and shoes" shall be added.

13. In Item No. 100, after the word "silk", wherever it occurs, except in the seventh sub-item, the words "or artificial silk" shall be inserted.

14. In Item No. 100A, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

15. After Item No. 126, the following heading and item shall be inserted, namely:—

"CHEMICAL DRUGS AND MEDICINES.

127 | CAMPHOR."

SCHEDULE I—*concl'd.*PART I—*concl'd.*

16. After Item No. 128, the following item shall be inserted, namely :—
 "128A | ELECTRIC BULBS."

17. In Item No. 133, after the word "silk", wherever it occurs, the words "or artificial silk" shall be inserted.

PART II.

Amendment to be made in Schedule II to the Indian Finance Act, 1931.

In the entry relating to "Part IV, Nos. 58 to 64 inclusive", for the words in the second column the following shall be substituted, namely :—

"All articles for the time being included in Part IV of the Second Schedule, except—

- (1) Dyes and Colours, comprised in Item No. 58A, and
- (2) Machinery, comprised in Items Nos. 59A, 59B, 59C and 59D."

SCHEDULE II.

Adaptations of the Indian Income-tax Act, 1922.

PART I.

(See section 7.)

Adaptations for the assessment and collection of income-tax in the current financial year on total incomes of Rs. 1,000 and upward and less than Rs. 2,000.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income less than Rs. 2,000 chargeable under the head "Salaries" shall be deemed to have failed to deduct income-tax at the time of making all payments made before the commencement of this Act, and such person may make the adjustments permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee under section 23 of the Indian Income-tax Act, 1922 and has found that nothing is payable thereon, he may proceed to determine the sum payable by such assessee by virtue of section 7 of this Act, and such sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.

PART II.

(See section 8.)

Adaptations for the assessment and collection of additional income-tax and super-tax in the current financial year.

1. For the purposes of the proviso to sub-section (2) of section 18 of the Indian Income-tax Act, 1922, any person responsible for paying any income chargeable under the head "Salaries" shall be deemed to have made a deficien

SCHEDULE II—*concl'd.*PART II—*concl'd.*

deduction in respect of the additional income-tax imposed by section 8 of this Act at the time of making all payments made before the commencement of this Act, and such person may make the adjustment permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee and has determined the sum payable thereon under section 23 of the Indian Income-tax Act, 1922, he may proceed to determine the further sum payable by such assessee by virtue of section 8 of this Act, and such further sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.

SCHEDULE II—*concl'd.*PART II—*concl'd.*

deduction in respect of the additional income-tax imposed by section 8 of this Act at the time of making all payments made before the commencement of this Act, and such person may make the adjustment permitted by that proviso.

2. Notwithstanding that the Income-tax Officer has assessed the total income of an assessee and has determined the sum payable thereon under section 23 of the Indian Income-tax Act, 1922, he may proceed to determine the further sum payable by such assessee by virtue of section 8 of this Act, and such further sum shall, for the purposes of the Indian Income-tax Act, 1922, be deemed to be a sum determined under section 23 of that Act.