

EAST INDIA (BUDGET)

Return to an Address of the Honourable the
House of Commons, dated 27th July, 1936; for,

“RETURN OF THE BUDGET OF THE GOVERNOR
GENERAL OF INDIA IN COUNCIL
FOR 1936-37”

India Office,
28th July, 1936 }

S. F. STEWART,
Under Secretary of State for India

*Ordered by The House of Commons to be Printed
28th July, 1936*

LONDON

PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

[PRINTED IN INDIA]

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1936

Price 4s. 0d. Net

158

(36863-19) Wt. 480-1300 500 8/30 P. St. G. 350

GOVERNMENT OF INDIA:
FINANCE DEPARTMENT.

BUDGET FOR 1936-37.

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PART I.
Railway Budget.

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Railway Budget.

Speech of the Railway Member introducing the Railway Budget for 1936-37.

I rise to present to the House the Railway Budget for 1936-37. Honourable Members will shortly have in their hands the papers which it has now become customary for the Railway Department to furnish Honourable Members with, in order to enable them to follow clearly the figures on which the estimates are based, and no explanation is necessary on my part with regard to these papers. I would only draw the particular attention of Honourable Members to the graphs included in the Budget Memorandum, which would show at a glance the salient figures of the finances of Railways since the separation of Railway Finance from the General Budget. Ever since the Railway Budget has been separated from the General Budget, it has been the practice of Honourable Members, when giving notice of cuts, to indicate briefly the nature of the questions which they intend to raise, and I have no doubt that this salutary practice, which enables Government Members to supply the House with fuller information on the points raised than would otherwise be possible, will be continued. This request has been made year after year by the Railway Member, but the practice to which I have referred has now become so well established that I do not think it will be necessary for me or for any of my successors to repeat this request.

2. In presenting the Budget for 1935-36 this time last year, my predecessor, Sir Joseph Blore, felt that the hope that Railway earnings were on the road to recovery had been justified and that there were good grounds for an optimistic forecast with regard to the future. This spirit of optimism was based on the improving traffic receipts in the first ten months of 1934-35. It is somewhat of an irony, however, that even as he was making his Budget speech in this House, the clouds had begun to gather and the optimistic anticipations of a continuance of improvement in traffic and earnings had begun to fade away. It was about the middle of February, 1935, that railway receipts again began to exhibit a downward tendency, and since then that tendency has persisted almost unchecked, though the decrease has been more in some months than in others. It had been anticipated that for the first time in many years, our commercial lines would give us in 1935-36, a surplus,—small, it is true, but still a surplus. The House is already aware that there is no likelihood of that hope being fulfilled; a deficit is inevitable, and it is only the exact size of the deficit with regard to which there is any doubt.

Financial results of 1934-35.

3. The House will thus realise that I have not a very cheerful tale to tell, and I shall not detain the House over preliminaries. Before I proceed to explain the estimates for the current and the next year, it will probably be useful to make a brief reference to the financial results of 1934-35. These are described in detail in the Administration Report issued by the Railway Board early last month. The Budget estimates for 1934-35 had estimated a deficit of 5½ crores, including the loss on strategic lines. At the time of the presentation of last year's Budget, however,

A

it was hoped that the deficit would be reduced from $5\frac{1}{2}$ crores to $4\frac{1}{2}$ crores. Owing to the slump in traffic which supervened during the last six or seven weeks of the last financial year, the actual deficit for 1934-35 turned out to be five crores, that is to say, three-quarters of a crore higher than was expected. Of this, two crores was attributable, to strategic lines.

Revised estimates for 1935-36.

4. When the Budget for 1935-36 was framed, it was estimated that the total traffic receipts in respect of State-owned lines would amount to $98\frac{1}{2}$ crores, and the total working expenses, including depreciation, to $64\cdot43$ crores. Allowing for miscellaneous receipts and expenditure, the net railway revenue was estimated at $29\frac{3}{4}$ crores, resulting in a deficit of under two crores. To justify this estimate of traffic receipts, we should have earned in 1935-36 about $3\frac{1}{4}$ crores more than we earned in 1934-35, but during each of the last ten months traffic earnings have unfortunately been almost consistently below last year's, and it is now considered unlikely that our traffic receipts will exceed 90 crores, which, allowing for the extra day in February this year, is really half a crore below last year's figures and $3\frac{1}{2}$ crores below our budget estimate. The principal commodities that have contributed to this fall in traffic earnings are rice, cotton and oil seeds, the last alone being responsible for a fall of over 60 lakhs in the first seven months of the year. On the other hand, we expect our working expenses (including depreciation) to be $64\cdot01$ crores, that is to say, 42 lakhs below our budget estimate. Allowing for miscellaneous receipts and expenditure, our total net revenue is expected to stand at $26\cdot83$ crores, which is slightly more than that in 1934-35. Owing to a fall in the rate of interest resulting in our interest charges being 43 lakhs less than last year, the net deficit is expected to be half a crore less than in 1934-35, or just over $4\frac{1}{2}$ crores. It is proposed to meet the total deficit of $4\frac{1}{2}$ crores by a loan from the depreciation fund, the actual balance of which will, at the end of the financial year, be just under nine crores. Our total borrowings from the depreciation fund to meet deficits will reach the high figure of 32 crores. But for these borrowings the actual balance of the depreciation reserve would have amounted to just over 41 crores.

5. Finding that during the first quarter of the year the level of our traffic earnings was consistently below that of the previous year, and realising that we were likely to be faced with a much bigger deficit than we had anticipated, we took necessary steps to impress upon the Agents, who are directly responsible for the administration of the vast Railway System of India, the necessity of watching the position very closely and of devising methods of increasing revenue and reducing expenditure so far as was practicable. In July last, my Honourable colleague, the Finance Member, and I called a preliminary Conference of all the Agents of Class I Railways for an exchange of views with regard to the ways and means of meeting this set-back in railway earnings. In the beginning of October, we had another meeting with the Agents, when we were able to go into suggestions for the improving of net revenue at some greater length, and the Agents took advantage of the opportunity to discuss the various suggestions among themselves. At these meetings, Agents were asked to take stock of the position of their individual lines and to consider what they could do to improve the present position. As a result of the examination of their tariffs undertaken by the Railway Administrations, it was

found that there was no great scope for an increase in freights without risk of undue hardship to trade or further reduction in earnings. Nevertheless, Railway Administrations are taking steps to make small increases in their freights, where these are possible, without involving a risk of one or other of the contingencies to which I have referred, and it is expected that as a result of these changes, an addition of about a crore may be made to our earnings in the course of 1936-37.

6. As regards passenger earnings, we expect the result to be better than the actual earnings in 1934-35 and our budget estimate for 1935-36. The increase, as compared with the latter, is likely to be 55 lakhs, and as compared with the former, 37 lakhs. The total number of passengers carried in the first seven months of the year is $2\frac{1}{4}$ millions more than the number carried in the corresponding months of the last year, and the passenger miles during the same period are two per cent. higher than last year.

7. As regards goods, though the total tonnage carried during the first seven months of the year is practically the same as that carried in the corresponding period of last year, the ton mileage shows a decrease of $\frac{1}{2}$ per cent. The reduction of the coal surcharge has had very little effect in stimulating traffic but has operated to reduce the earnings of the first seven months by 11 lakhs; though there has been a small increase of $\frac{1}{4}$ million tons in quantity as compared with last year, the number of wagons loaded has been smaller. Rice traffic, which was exceptionally brisk in 1934-35 as the result of heavy imports of Burma rice for the devastated areas in Bihar, has undergone considerable reduction this year and is responsible for a loss of 40 lakhs in the first seven months of the year. Grain and pulse show a fall of ten per cent. in quantity and 20 per cent. in earnings, amounting to 20 lakhs. Oil seeds, owing to short sowings last year, as a result of the fall in prices, are down by nearly 600,000 tons (30 per cent.) in quantity and 61 lakhs (33 per cent.) in earnings. There has been a fall of 18 per cent. in respect of cotton, both in earnings and in quantity, and this has been responsible for another 20 lakhs. The only commodity in respect of which we have witnessed a large increase is metallic ores. These have shown an improvement, during the first seven months of the year, of 30 per cent. in quantity and over 40 per cent. in earnings amounting to 23 lakhs.

8. As regards ordinary working expenses, there is expected to be an apparent decrease of 42 lakhs and a real decrease of 17 lakhs, as compared with last year. This disparity is explained by the fact that an item of $12\frac{1}{2}$ lakhs in respect of charges on account of freight on coal consumed on the Bombay, Baroda and Central India Railway during 1935-36 was included in the accounts of the previous year as the coal was received in advance before the beginning of the current year. If that item had not been included in the accounts of the previous year and had been debited to the current year, it would have reduced the working expenses of the previous year by $12\frac{1}{2}$ lakhs and would have correspondingly increased the working expenses of the current year.

9. As the House is aware, the emergency deduction from the pay of railway servants was abolished from the beginning of the current year as in the case of other Government servants, and this will result in an increase of expenditure during the current year by 90 lakhs. This has masked the decrease in expenditure of 42 lakhs and has converted it into

an increase of 48 lakhs. As compared with the budget estimate, however, the revised estimate shows a saving of 40 lakhs on account of ordinary working expenses. The House will recall that the terrible earthquake of the 31st May, 1935, did considerable damage to our buildings at Quetta. Our working expenses have, however, been affected by the earthquake only to a small extent. It was fortunate that the railway line within the affected area was not seriously damaged; for, apart from the loss to railway finances, such damage would have seriously upset the running of trains and would have rendered relief operations far more difficult and far less effective, thus adding considerably to the horror and suffering of those involved in this calamity.

10. While on this subject, may I beg the indulgence of the House to interrupt my narrative in order to pay a well-deserved tribute to the devotion to duty displayed by all grades of railway staff throughout the area affected.

Budget estimates for 1936-37.

11. Turning now to the estimates for the next year: We have placed the total traffic receipts on State lines, both commercial and strategic, at $91\frac{1}{2}$ crores against 90 crores in the current year. This means an increase of $1\frac{1}{2}$ crores, allowing for the extra day in February this year, as compared with 1935-36. Our total working expenses, including depreciation, are estimated at $64\frac{1}{2}$ crores. The net traffic receipts will thus stand at $26\frac{1}{4}$ crores. Allowing a crore for miscellaneous receipts, our net revenue will stand at 27.67 crores, an improvement of 84 lakhs upon the current year. This figure will fall short of our total interest charges by 3.44 crores, so that a loan 3.44 crores from the depreciation fund will again be required, and the actual balance in the fund at the end of the year is likely to be about $11\frac{1}{4}$ crores. Our total loans from the fund will stand at about $35\frac{1}{2}$ crores and the nominal balance of the fund will be over $47\frac{1}{4}$ crores.

12. Our estimate of earnings for 1936-37 has been framed in a conservative spirit. It assumes an improvement of a crore from alterations in rates and fares which Railways have introduced or intend to introduce during the current year, but in actual volume of traffic it assumes no more than that in 1936-37: we shall get the traffic that we actually got in 1934-35 and that we shall recover the ground we have lost during the current year.

13. We have estimated our ordinary working expenses at $51\frac{1}{4}$ crores, which is half a crore above the figure for the current year. Nine lakhs of this increase is due to the restoration of the deduction in salaries inasmuch as, during the current year this restoration was operative only in respect of eleven months, and during the next year it will be operative in respect of the full twelve months. Again, as I have explained, the current year's total of working expenses should have been $12\frac{1}{2}$ lakhs higher if a particular item of expenditure pertaining to the year had not been incurred last year and included in that year's accounts. The real increase in working expenses over the current year is, therefore, only $28\frac{1}{2}$ lakhs.

14. Our programme of capital expenditure for the next year is necessarily more restricted than the programme for 1935-36, and the total expenditure on works included in it is only $11\frac{1}{2}$ crores. In view of the

fact that for many years the actual expenditure on capital works has, for various reasons, been much lower than the amounts that we have provided in our budget estimates, we have decided to make a lump sum deduction of $1\frac{1}{4}$ crores from the total sum required and to provide only $10\frac{1}{4}$ crores for the purpose. This includes a quarter of a crore for new construction which is practically confined to the Megna Bridge. In view of the fall in traffic, we propose to purchase only 750 general service wagons next year. Practically all the other works are in the nature of replacements and improvements of the open line, such as renewals of track, for which we have provided five crores; strengthening of bridges, for which we are likely to require $\frac{3}{4}$ crore; and rolling stock, on which we expect to spend a little under $3\frac{1}{4}$ crores.

15. In his Budget speech last year, Sir Joseph Bore, basing his hopes on the traffic figures for the first eight months of 1934-35, said, that there was good justification for the view that we had definitely turned the corner and that we might now hope once more, with some measure of confidence, for a period of balanced budgets so far, at any rate, as our commercial lines were concerned. This year's figures would appear to indicate that those anticipations are not likely to be realised for some years. Though it is expected that this year's deficit will be smaller than last year's, mainly owing to a reduction in the rate of interest, and it is hoped that the results of next year's working would show a further small improvement, we must recognise that any real improvement in the position is likely to be slow. With expected deficits of $4\frac{1}{2}$ crores and $3\frac{1}{2}$ crores in 1935-36 and in 1936-37, respectively, following upon accumulated deficits in each of the previous 5 years, totalling nearly 38 crores, it is obvious that the seriousness of the position cannot be under-rated.

16. Railways are our biggest national asset; and in view of the situation in which we find ourselves and also having regard to the impending changes in Railway Administration, namely, the handing over of the Administration of our Railways to the Federal Railway Authority, I venture to think that I would have the indulgence of the House in attempting a brief review of Railway finances for the past few years, say, from the date of the separation of railway finances from general finances, to discover, if possible, the factors which have contributed towards placing us in our present unenviable position, so that knowing what is wrong with us, we might be able to attempt a remedy. The period I propose to take for this review is from 1924-25 to 1934-35, the former being the first year of the separation of finances and the latter, the last completed financial year.

17. Under the separation convention, Railways were required to pay a contribution to general revenues as follows:

One per cent. on the Government capital at charge for commercial lines at the end of the penultimate year, plus $\frac{1}{5}$ th of the net gain of the penultimate year minus the loss on strategic lines during the penultimate year. In addition, when the year's results showed a surplus after meeting the fixed contribution based on the results of the penultimate year and if the surplus exceeded Rs. three crores, $\frac{1}{3}$ rd of the excess over Rs. 3 crores had to be paid to general revenues. Any profit left after paying the above contribution was to go to a reserve fund. At the same time a depreciation fund was founded, the contribution to this being based on the lives of the various assets on a strictly straight line basis.

The liabilities imposed on Railways were to meet their working expenses, including their contribution to the depreciation fund, interest on capital at charge, and contribution to general revenues, as detailed.

18. Now let us examine how far Railways have been able to meet these liabilities during the period under review. This period may be subdivided into two sub-periods, which may be described as the period of prosperity—1924-25 to 1929-30; and the period of adversity—1930-31 to 1934-35. During the period of prosperity, Railways met all their liabilities, and even in 1930-31, the first year of depression, they contributed 5½ crores to general revenues. This contribution was, however, met from accumulations in the Railway Reserve Fund. In all during this period, after meeting all their liabilities, Railways contributed 42 crores to general revenues. After 1930-31, Railways have made no contribution to general revenues, and have only been able to meet working expenses and interest charges by borrowings from the depreciation fund. The total amount borrowed from this fund up to the end of 1934-35 was 27½ crores, and the actual balance in that fund had been reduced at the end of that year to 9½ crores. It should be noted, however, that since the contribution to general revenues has ceased, Railways have taken over the responsibility for loss on strategic lines—about two crores per annum.

19. The main reasons for the falling off in earnings during the period of adversity may be summarised briefly as:

- (a) world depression and general collapse of commodity prices;
- (b) the striving after self-sufficiency by almost every country in the world including India and development of internal trade and production;
- (c) increase in motor competition, and to a lesser degree, river and sea competition.

To these may be added certain factors which have tended towards keeping our working expenses at a higher level than we would have reached had these factors not come into play; and these are:

- (i) labour legislation;
- (ii) improvement in service conditions of staff.

Under (a) in the first group *i.e.*, world conditions and collapse of commodity prices, I only propose to deal with our main products, *viz.*, cotton, wheat and oil seeds. With respect to cotton, the acreage sown appears to vary in direct proportion to the market price, and obviously railway earnings vary with the area under cultivation. In November 1923, Broach cotton reached a price of Rs. 715 per candy. During that year, the area under cultivation was 23,636,000 acres. In the next year, the acreage increased to 26,801,000, and in 1925-26 to 28,491,000. In 1926, the price of Broach cotton dropped to Rs. 236 per candy, and in 1926-27 the acreage under cotton fell to 24,882,000. There was a still further drop in acreage in 1927-28, but apparently, owing to the increase in the price in 1927, when Broach cotton reached Rs. 491 per candy, the acreage again increased to 27,000,000. In 1928-29, lower prices again prevailed and the acreage dropped to 26,000,000. In 1930, the price dropped still further and the acreage fell to 23,800,000. Lower prices again prevailed in 1931 and there was a further drop in acreage to 22,480,000. In addition to the fall in price, in some of these years the crop was affected by unfavourable weather conditions. As an example of the effect which these conditions may have on the crop, we find that

in 1930-31 the yield per acre was 88 lbs., whereas in 1931-32 it dropped to 68 lbs. Our earnings from cotton dropped from Rs. 4½ crores in 1929-30 to under 3½ crores in 1934-35. Taking the Great Indian Peninsula Railway alone, in 1929-30, the earnings from cotton were 187 lakhs as compared with 90 lakhs in 1934-35.

20. Before the War and up till 1924-25, India was a large wheat exporting country. Since that year, the export traffic in wheat has been practically dead, and till lately there seemed to be little chance of Indian wheat getting into world parity, despite the efforts that had been made to stimulate such export by giving a rebate on railway freight for such traffic. The difference in earnings between 1924-25 and 1934-35 on this traffic is almost exactly Rs. two crores, of which the North Western Railway alone have lost about Rs. 1¼ crores.

21. Traffic in oil seeds has dropped within the last six years by Rs. 1½ crores. The traffic on the Madras and Southern Mahratta Railway alone has dropped from Rs. 127 lakhs to Rs. 66 lakhs. The reduction in our earnings on these three commodities alone is just over Rs. 4½ crores, *i.e.*, just about the figure of our expected deficit this year.

22. As regards the second factor which I have mentioned above, *viz.*, the striving after self-sufficiency and the development of internal trade and production, the general effect of this policy on railway earnings, so far as India is concerned, has been to replace long lead traffic to and from the ports by short lead internal traffic. With increasing prosperity and the further development of industries in the country, part of this loss may be made up, but it is apprehended that in the present state of world industry and international commerce, it will take a very considerable period of time for this happy consummation to be achieved. The North Western Railway estimate that they alone have lost over 50 lakhs a year on account of this substitution of short lead traffic for long lead traffic. Again, India has, in the past, been a very large exporter of ground nuts, especially to France. In recent years, France has been encouraging the growing of ground nuts in her own African Colonies, thus displacing the Indian product to a considerable extent from the French market. Other examples could be quoted, but these will, I think, suffice to illustrate how the policy adopted in India and other countries may react on railway earnings. India is in the course of re-adjusting itself to new conditions in this respect, and a certain amount of disturbance of old conditions is inevitable during the transitional period. Our concern is due to the anticipation that the transitional period is likely to be a protracted one.

23. Take again the effect on railway earnings of irrigation schemes like the Lloyd Barrage in Sind and the Mettur project in Madras, both of which, it is hoped, will prove of such great benefit to the country as a whole. The immediate result is bound to be a loss to Railways inasmuch as the effect of these and similar schemes is to restrict the area of supply and to substitute local produce for commodities brought from a distance. In the case of the Lloyd Barrage, the North Western Railway is, it is estimated, already losing 20 lakhs a year by the substitution of Sind wheat and cotton for Karachi in preference to Punjab wheat and cotton with its longer lead. If, however, Punjab wheat begins to be diverted in larger quantities to the United Provinces, Bihar and Bengal, and even, let us hope, to the South of India, Railways might more than regain the traffic in this commodity which they have lost in Sind. These illustrations will

show how the growing prosperity of the country itself in various directions might adversely affect railway earnings, but, as I have said above, this phase may only be temporary, and there can be no doubt that, given a material and permanent increase in the prosperity of the country in the agricultural as well as in the industrial fields, Railways may eventually find themselves in a better financial position than they have achieved at any time in the past.

24. When Railways were originally projected, they had, to all intents and purposes, a monopoly of long distance transport, both passenger and goods. Being in this position, they were hedged round with restrictions for the protection of the railway user in order that they should be worked for the benefit of the country as a whole, and not entirely for the benefit of the shareholders. Times have changed, and now there is another competitor in the field of transport,—a competitor which so far has not had to operate under the same conditions as Railways,—I refer to road motor transport. It is estimated that today Railways are losing Rs. three crores of revenue to the roads per annum. So far the loss has mainly been on passenger traffic, but signs are not wanting that valuable goods traffic, such as piecegoods, is being lost to the roads. This process must continue unless there is a reconsideration of the present road and motor transport policy. At present, much of the money available for roads is being spent on the improvement or reconstruction of roads in competition with Railways, and yet there are in the aggregate vast areas in India which have no means of modern transport either by road or by rail. Then, apart altogether from road transport, river and sea competition has been intensified in the past few years. These interests, owing to the trade slump, have had to cut down their rates or go out of business. In some cases, it has been possible to retain traffic to the railways, but only by a reduction in rates with consequent loss in earnings.

25. Turning now to the items which have had the effect of adding to our working expenses: Within recent years, a good deal of labour legislation has been enforced in India, which has added materially to the liabilities of Railways. The application of the Washington and Geneva Conventions to Railways has meant a debit of about half a crore of rupees per annum to Railway revenues. In prosperous time, this might have been regarded as an inconsiderable sum, but, in these times of depression, an addition, even of this amount, to our working expenses assumes large proportions.

26. During the prosperous period when Railways were meeting all their liabilities and paying their contribution to general revenues, the Government of India decided to reduce railway rates. The net effect of the reduction, assuming there was no increase of traffic, would have been a loss of Rs. five crores to Railway revenues. It was hoped, however, that a reduction in rates would stimulate traffic and the loss would be made up in increased traffic. Having helped the railway user to this extent, the Government of India further decided that the lower paid staff had claims to share in the prosperity of Railways, and certain increases of pay were granted to these categories of staff. The cost of this was somewhere in the neighbourhood of another Rs. $\frac{1}{2}$ crore per annum; again, a liability which could have been easily absorbed in prosperous times, but which in these days of depression is difficult to meet.

27. That, I think, states the present position. What have Railways done to improve this position and what are the prospects for the future? During the years of adversity, all railways have overhauled their expenditure, every item of expenditure coming under scrutiny. The result has been that working expenses have been reduced by about Rs. six crores per annum. Attempts have been made by judicious increases or decreases in rates and fares to increase earnings. Some of these attempts have been successful; others, less so.

28. Next, as to counteracting the factors which, as stated above, are mainly responsible for the loss in railway earnings. I think it is quite clear that till world conditions improve and there is a general rise in the prices of commodities, there is little, if any, prospect of Railways regaining the greater part of the traffic they have lost on this account. Though the signs may be faint, there are, I think, signs that world conditions are improving. The reactions of this will be felt in India, and we may reasonably hope that there will be a general tendency for our traffic to increase in the commodities I have already mentioned. As regards the problem of self-sufficiency, the more outside countries become self-sufficient, the less will India export to them, and unless there is a radical change in general world policy, I am afraid there is little chance of regaining the traffic lost through this cause. As for the self-sufficiency of India herself, as her industries develop, presumably the country will become wealthier, and though we may have lost the larger portion of our long lead traffic, if there is more money to spend it is bound to have its effect on railway earnings.

29. If Railways are to regain their lost position, or even retain their present position, it is essential that road transport should so far as is possible be placed on a fair competitive basis. I firmly believe that this would be in the interest of all concerned. There is plenty of scope for both forms of transport, and though competition is inevitable, they may to a great extent be complementary. This country has not yet been fully developed and provided with modern means of transport. Surely, till such a stage is reached, the correct policy would be to devote all the money available to the opening out either by road or by rail communications of carefully selected new areas, with the object of getting their produce to the markets of India and the outside world. We are often told by businessmen and industrialists that the panacea for all their troubles is low railway rates, but low railway rates presuppose a large volume of business for the railways. Is the necessary volume of business within sight of being obtained? I am quite definitely of opinion—No, unless there is a properly co-ordinated road and rail policy. Mr. Pelley, President of the Association of American Railroads, in a letter to the public, dated December 9th, 1935, writes as follows:

"Rail Progress Not Ended.

"Nor has progress in railroading come to an end. The improvements in safety, comfort, speed and attractiveness of passenger trains in the past few years are well known. Less well known but perhaps more important are the improvements in freight service, either now in effect or under way.

"Regardless of the degree of efficiency which may be achieved by railroads, they will not be able by themselves to solve the so-called 'railroad problem'. In truth, it is not a railroad problem. It is a transportation problem, to be solved finally not only by the efforts of the railroads themselves, but also by the correction of the unwise public transportation policies which are at the root of the trouble.

That railroads have been able to stay in business at all under such unequal conditions of competition, and to do the major transportation work of America, is due to

the inherent superiority of the rail method of hauling, which alone can combine in one co-ordinated continent-wide operation the flexibility of the single car with the economy of mass transportation in long trains.

The great need of the railroads to-day is more business. As the total commerce of the country may increase with national recovery, the railroads will secure the needed volume if given equality of treatment.'

What is true in America today is equally true in India.

30. The main difficulty, however, in the way of a proper and thorough co-ordination between rail and road transport, which is peculiar to this country, is that Railways are the concern of the Central Government, and the development of roads and the control of motor transport that of the Provincial Governments. I fully appreciate the position of the Provincial Governments, whose policy is naturally influenced by a strong and often vocal public opinion. But there are certain fundamental facts which are sometimes forgotten. The finances of the Provinces are ultimately dependent, to a large extent, upon the prosperity of the Central Government, and the prosperity of the country is dependent, to a large extent, upon an efficient and cheap system of railway transport. It must be realised that over 750 crores of the taxpayer's money have been invested in railways in India, and in the last resort it is the Indian taxpayer who must pay the interest charges amounting to over 31 crores on this capital. Nor must it be forgotten that the success of the new system of autonomous provinces presupposes that Central revenues will have a considerable surplus for distribution among the provinces. If Central revenues are faced with the prospect of having to finance an unremunerative system of Railways, their capacity to contribute towards the resources of the provinces will be correspondingly reduced. It will thus be seen that the financial prosperity of the provinces is intimately bound up with the prosperity of Railways, and it is to be hoped that Provincial Governments will assist the Centre in the adjustments of policy which now appear to be inevitable. We propose to discuss the question further with them in the near future.

31. As regards labour legislation, I would invite a reference to a Report recently issued by the Labour Officer to the Bombay Government which compares the conditions of certain categories of railway labour in the Bombay Presidency to that of labour employed by private firms. A perusal of that report will show that the Bombay railways have no reason to be ashamed of the conditions under which their labour is working; and what is true of Bombay is, I think, true of railways throughout India. That being so, I think a stage has been reached where a halt might be called, at least for some time, more especially having regard to the present financial position of railways, in the liberalisation of rules relating to the hours and conditions of work and the granting of further privileges to our staff, which, though individually they may not have cost a very large sum of money, have, in the aggregate, considerably increased the working expenses of railways.

32. I might here refer to two other factors which occasion considerable leakage in railway revenue, for which a remedy must be sought at an early date. I have in mind the evils of the ticketless passenger and the under-charging of freight either by the negligence or the fraud of railway employees through under-weighment and misdeclaration of goods. As regards the latter, I have had occasion to impress upon Agents of Railways the necessity of a more rigorous check of the work of the class of railway employee whose duty it is to charge freight upon goods consigned to railways for carriage; and in some cases, a stricter check has already been

introduced and has shown good results. The evil is, however, of long-standing; and though I shall be glad to see a stricter and more rigorous application of their disciplinary powers by the Agents directed towards the checking of this evil, I am afraid it is not likely to be effectively checked without the active co-operation of the commercial community of the country, for, in every case of under-weighment or misdeclaration the consignor or his agent, whatever the degree of culpability of the railway employee, must be an active participant in the fraud practised upon the Railways. Under the circumstances, it is difficult to say what steps must be taken to eradicate the evil altogether. The development of a healthy public opinion upon the subject would go a very long way towards uprooting this evil. It must surely be realised that it is as culpable to cheat the Railways out of their proper dues as it is to cheat an individual out of his. Meanwhile, I would make an earnest appeal to Honourable Members and, through them, to the general public to co-operate with Railways in bringing to notice cases of this sort so that deterrent disciplinary action may be taken where the culpability of a railway employee can be established.

33. The problem of the ticketless traveller is equally not a new one. It has been repeatedly brought to the notice of Government by the Indian Railway Conference Association which has urged upon Government the necessity of stricter legislation for dealing with this evil. The magnitude of this evil may be surmised from the fact that during 1934, the number of passengers detected travelling without a proper ticket was close upon 27 lakhs; and, during 1933, the number of such passengers was over 29 lakhs. I have had occasion to examine the figures bearing upon this matter for the last ten years, and find that there has been a progressive increase in these numbers during that period: from $17\frac{1}{2}$ lakhs in 1925 to over 29 lakhs in 1933, with a drop to just below 27 lakhs in 1934. These numbers only furnish a rough indication of the extent of the evil, for it is feared that the number of those travelling without proper tickets who are not detected is very much larger than the number of those who are detected. Government have been reluctant to introduce legislation to counteract the evil of ticketless travel, inasmuch as they desired that every practical method which knowledge and experience suggested should be explored before they committed themselves to legislation. These methods have failed and it is estimated that the loss to railway revenues on this account is at least Rs. $\frac{1}{2}$ crore per annum, and it is possible that it is considerably more. Government have, therefore, been forced to the conclusion that stricter legislation designed to check the practice of ticketless travel is inevitable if Railways are to be safeguarded against the greater portion of this loss. It is considered that it is not too much to ask the user of railways to pay a fair charge for services rendered, and, if he fails to do so, to render him liable to punishment in the same way as a man is punished if he is caught purloining other people's goods, as, after all, the offence of travelling without a ticket is in its essence no different from obtaining goods on false pretences. It is, therefore, proposed to place before the House, in due course, legislation by way of amendment of the Indian Railways Act, which would make it easier to deal effectively with this evil, and I trust Government will have the assistance of Honourable Members in placing it on the Statute-book at an early date.

34. Reference may also be made to one or two other factors, which might, to some extent, help to relieve the present situation. Owing to

the gradual fall in existing rates of interest and conversions of loans borrowed at high rates of interest in the years immediately after the War, we may expect a reduction in our interest charges of between 25 to 50 lakhs a year, increasing from year to year. The new scales of pay that have been introduced for Railway servants will also, it is expected, ultimately result in savings of between two and three crores a year, though it will be some years before these savings become appreciable. The continuous pressure of job analysis and the examination of all items of expenditure, however small, with the object of relentlessly eradicating waste and extravagance may yet result in some further saving in expenditure, which, though small with regard to individual items, may, in the aggregate, be considerable. These factors, will, however, in part, be counterbalanced by automatic increases due to increments in pay, and the net result, though substantial, cannot be expected to be spectacular.

35. As against the rather gloomy picture of the present position of our Railways that I have sketched in the preceding paragraphs, we have at least the consolation that our position is no worse than the position of other railways throughout the British Empire and throughout the world: in fact, it is considerably better than in most other countries. The following figures, showing the percentage of Net Revenue to Capital of the Indian Railways, compared with the British Group Railways and certain of the Dominion and Colonial Government Railways, may be of interest. During the years 1933-34 and 1934-35, Indian Railways earned 3.40 per cent. and 3.64 per cent. on their capital at charge. During the years 1933-34 and 1934-35, the British Group earned 2.30 per cent. and 2.50 per cent. During 1933-34 and 1934-35, New South Wales Government Railways earned 2.62 per cent. and 3.14 per cent.; Nigerian Railways 3.46 per cent. and 4.21 per cent. (no contributions being made to renewals); New Zealand Government Railways 2.05 per cent. and 2.01 per cent.; Tanganyika Railways, 2.15 per cent. and 3.31 per cent. In 1934-35, the Western Australian Government Railways earned 3.61 per cent. For the two years, 1933-34 and 1934-35, South African Railways earned approximately 3 per cent. and for the same period it is interesting to note that the Railways of the United States earned 1.8 per cent. It should also be noted that generally the operating ratio of Indian Railways is better than the operating ratio of other railways throughout the world. Details of how this compares with other Railways will be found in the Railway Board's latest Administration Report.

36. To sum up, the position, though causing anxiety and requiring ceaseless watchfulness, is not, by any means, desperate. Given a reasonable improvement in world conditions, regulation of motor transport on a fair competitive basis, a check on further concessions and privileges to Railway staff, and legislation imposing effective check upon ticketless travel,—there is a fair chance that the financial position of Railways will gradually improve and that they will, within a reasonable period, achieve a sound financial position.

In conclusion, I desire to convey an expression of my gratitude to the members of the Railway Board as well as to all those upon whom rest the responsibility and the burden of administering and running the vast system of railways in India, for the loyal co-operation and assistance that I have received from them.

BUDGET

of the

Railway Revenue and Expenditure of the
Governor-General in Council,
as laid before the
Indian Legislature, 1936.

RAILWAY DEPARTMENT;
New Delhi, 12th February 1936.

P. R. RAU,
Financial Commissioner of Railways.

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				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 . . .	3,11,71,879	...	...	3,11,71,879	3,13,60,000	...
Third class . . .	24,43,78,000	...	...	24,43,78,000	24,79,00,000	...
Other coaching traffic earnings.	4,82,70,755	...	...	4,82,70,755	4,90,00,000	...
Goods traffic earnings .	60,29,78,971	...	...	60,29,78,971	59,59,00,000	...
Sundry earnings . . .	1,60,80,144	2,512	—8	1,60,82,643	1,78,28,000	2,000
Credits for materials released from works chargeable to the Depreciation Fund .	86,67,205	...	...	86,67,205	1,06,00,000	...
TOTAL EARNINGS . . .	95,15,46,954	2,512	—8	95,15,49,458	95,20,78,000	2,000
Deduct—						
Refunds of Revenue collected.	12,19,139	...	...	12,19,139	11,80,000	...
Earnings of State Railways.	95,03,27,815	3,512	—8	95,03,30,319	95,08,98,000	2,000
Suspense	8,52,310	...	...	8,52,310	..	..
Gross receipts of State Railways.	95,11,80,125	2,512	—8	(a) 95,11,82,629	95,08,98,000	2,000
Deduct—						
Working expenses of State Railways.	64,31,03,876	44,60,431	—11,527	(b) 64,75,52,780	64,24,85,000	42,62,000
Surplus profits paid to Indian States and railway companies.	61,12,492	...	...	61,12,492	51,50,000	...
Payments to worked lines—						
(i) Net earnings . . .	3,62,37,430	4,00,000	—347	3,66,37,083	2,55,00,000	4,00,000
(ii) Subsidy, Rebate, etc.	10,62,052	...	...	10,62,052	11,90,000	...
Net receipts	27,46,64,375	—48,57,919	11,866	30,98,18,222	27,65,73,000	—46,60,000
(b) Strategic lines—						
Gross receipts	1,26,90,055	...	...	1,26,90,055	1,29,20,000	...
Deduct—						
Refunds of Revenue collected.	19,775	...	...	19,775	20,000	...
Working expenses . . .	1,89,79,093	...	...	1,89,79,093	2,06,75,000	...
Net receipts	—63,08,813	...	...	—63,08,813	—77,75,000	...
Total net receipts, Commercial and Strategic lines.	26,83,55,463	—48,57,919	11,866	26,35,09,409	26,87,98,000	—46,60,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	20,29,231	1,20,201	—371	21,58,061	21,61,000	1,40,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation Reserve and Reserve Fund balances.	39,32,203	...	...	39,32,203	37,16,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	25,76,659	...	...	25,76,659	32,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	8,82,440	...	...	8,82,440	9,39,000	...
TOTAL RECEIPTS	27,77,75,904	—47,28,718	11,405	27,30,58,771	27,88,14,000	—45,20,000
XII-B.—Transfers from Railway Reserve Fund.	...	..	..	..	..	..
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	5,06,25,426	...	...	5,06,25,426	4,53,59,000	...
TOTAL	32,84,01,420	—47,28,718	11,495	32,36,84,197	32,41,73,000	—45,20,000

(a) Includes Rs. 5,28,44,000 earnings
(b) Includes Rs. 2,66,07,000 working
(c) Includes Rs. 5,28,00,000 earnings
(d) Includes Rs. 2,73,00,000 working
(e) Includes Rs. 5,23,00,000 earnings
(f) Includes Rs. 2,70,00,000, working

Government from Railways in India and England.

1935-36.			BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
...	3,13,50,000	+7,50,000	3,16,50,000	...	...	3,16,50,000	+3,00,000
...	24,79,00,000	+49,00,000	24,95,50,000	...	...	24,95,50,000	+16,50,000
...	4,90,00,000	+3,00,000	4,90,00,000	...	...	4,90,00,000	...
...	59,59,00,000	-4,32,00,000	60,47,00,000	...	...	60,47,00,000	+88,00,000
...	1,73,30,000	+15,30,000	1,81,83,000	2,000	...	1,81,85,000	+8,55,000
...	1,06,00,000	+8,00,000	97,00,000	...	...	97,00,000	-9,00,000
...	95,20,80,000	-3,48,20,000	96,27,83,000	2,000	...	96,27,85,000	+1,07,05,000
...	11,89,000	-10,000	11,85,000	...	...	11,85,000	+5,000
...	95,09,00,000	-3,48,10,000	96,15,98,000	2,000	...	96,16,00,000	+1,07,00,000
...
...	(e) 95,09,00,000	-3,48,10,000	96,15,98,000	2,000	...	(e) 96,16,00,000	+1,07,00,000
-22,000	(d) 94,87,25,000	-44,75,000	64,71,65,000	42,65,000	...	(f) 85,14,30,000	+47,05,000
...	51,50,000	-4,50,000	30,00,000	...	...	30,00,000	-21,50,000
-2,000	2,58,98,000	-15,02,000	2,52,00,000	4,00,000	...	2,56,00,000	-2,98,000
...	11,90,000	-1,40,000	13,70,000	...	...	13,70,000	+1,80,000
24,000	27,19,37,000	-2,82,43,000	28,48,63,000	-46,63,000	...	28,02,00,000	+82,63,000
...	1,29,20,000	-8,80,000	1,31,15,000	...	...	1,31,15,000	+1,95,000
...	20,000	+10,000	15,000	...	...	15,000	-5,000
...	2,06,75,000	+75,000	2,08,70,000	...	...	2,08,70,000	+1,95,000
...	-77,75,000	-9,65,000	-77,70,000	...	...	-77,70,000	+5,000
24,000	26,41,62,000	-2,92,08,000	27,70,93,000	-46,63,000	...	27,24,30,000	+82,63,000
-1,000	23,00,000	+2,00,000	30,93,000	1,07,000	...	22,00,000	-1,00,000
...	37,16,000	-11,43,000	41,06,000	...	...	41,06,000	+3,90,000
...	33,00,000	+9,00,000	32,00,000	...	...	32,00,000	...
...	9,39,000	-27,000	9,86,000	...	...	9,86,000	+47,000
23,000	27,43,17,000	-2,92,78,000	28,74,78,000	-45,50,000	...	28,39,22,000	+88,05,000
...
...	4,63,59,000	+2,64,09,000	3,44,44,000	...	...	3,44,44,000	-1,00,15,000
23,000	31,96,76,000	-28,69,000	32,19,22,000	-45,50,000	...	31,73,66,000	-23,10,000

of worked lines.
expenses of worked lines.
of worked lines.
expenses of worked lines.
of worked lines.
expenses of worked lines.

2.—Statement of the Expenditure on Railways charged to:

HEADS OF EXPENDITURE.	ACCOUNTS, 1924-25.				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	17,91,34,467	11,28,81,788	—3,30,831	29,16,85,424	17,65,91,000	11,18,20,000
on capital contributed by Indian States and Companies.	3,33,935	1,20,00,815	—37,763	1,22,96,982	3,11,000	1,19,91,000
Total interest, commercial lines . . .	17,94,68,402	12,48,82,603	—3,68,599	30,39,52,406	17,69,02,000	12,37,31,000
(b) Strategic lines—						
Interest on capital at charge . . .	1,40,23,364	...	...	1,40,23,364	1,37,44,000	...
TOTAL INTEREST . . .	19,34,91,766	12,48,82,603	—3,68,599	31,80,65,770	19,06,46,000	12,37,31,000
1. Subsidized Companies—						
Land	29,652	...	...	29,652	1,30,000	...
Subsidy	5,42,982	...	...	5,42,982	5,10,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	41,66,899	9,19,868	—2,629	50,84,138	44,26,000	8,66,000
Strategic lines	21,655	...	..	21,655	22,000	..
Payments to general revenues—						
Contribution . . . . .	...	...	...	...	...	...
12A. Surplus Railway Revenue transferred to Railway Reserve Fund.						
.
TOTAL	19,82,52,954	12,58,02,471	—3,71,228	32,36,84,197	19,57,34,000	12,45,87,000

RAILWAY BUDGET AS PRESENTED.

17

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

1935-36			BUDGET ESTIMATE, 1936-37.				
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised, 1935-36.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-5,79,000	28,78,32,000	-29,27,000	17,33,08,000	10,92,12,000	...	28,54,15,000	-24,17,000
-62,000	1,21,50,000	-68,000	2,96,000	1,18,43,000	...	1,21,39,000	-11,000
-6,41,000	29,69,82,000	-29,93,000	17,64,99,000	12,10,55,000	...	29,75,54,000	-24,28,000
...	1,37,44,000	-1,41,000	1,35,83,000	...	...	1,35,62,000	-1,62,000
-6,41,000	31,37,26,000	-31,34,000	19,90,81,000	12,10,55,000	...	31,11,36,000	-25,90,000
...	1,30,000	-70,000	90,000	...	...	90,000	-40,000
...	5,10,000	+2,15,000	7,80,000	...	...	7,80,000	+2,70,000
-4,000	53,68,000	+1,23,000	44,70,000	8,56,000	...	53,35,000	+47,000
...	23,000	-3,000	25,000	...	...	25,000	+3,000
...
...
-8,45,000	31,96,76,000	-28,69,000	19,64,55,000	12,19,11,000	...	31,73,66,000	-23,10,000

B

2(a).—Contribution from Railway to General Revenues, 1935-36.

(Based on actuals, 1933-34.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,20,70,41,616 at charge, commercial lines		7,20,70,416
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	86,55,28,052	
Subsidised Companies' share of surplus profits etc.	18,28,017	
Interest on Depreciation and Reserve Fund balances	48,81,339	
Dividend on investments in branch lines and other miscellaneous receipts	13,87,506	
(ii) Charges—Commercial lines—		
Working expenses	61,20,82,688	87,35,24,914
Indian States and Railway Companies' share of surplus profits	56,65,149	
Interest—		
on capital at charge	29,85,24,925	
on capital contributed by Indian States and Companies	1,28,56,660	
Land and subsidy	7,50,840	
Miscellaneous railway expenditure	38,14,821	
Contribution at 1 per cent. on capital at charge	7,20,70,416	1,00,57,45,699
(iii) Deficit		13,22,20,765
(iv) Contribution of one-fifth of surplus . . . . .		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	..	7,20,70,416
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,44,15,552	
(ii) Loss in working	50,87,404	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of Commercial lines.	26,93,342	2,21,76,295
(ii) Net payment due from railway to general revenues in 1935-36 . . . . .	...	4,98,04,118

RAILWAY BUDGET AS PRESENTED:

19

2 (a).—Contribution from Railway to General Revenues, 1936-37.

(Based on actuals, 1934-35.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,21,56,13,887 at charge, commercial lines		7,21,56,139
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	95,11,82,629	
Subsidised Companies' share of surplus profits	21,58,061	
Interest on Depreciation and Reserve Fund balances	29,32,202	
Dividend on investments in branch lines and other miscellaneous receipts	25,76,659	
(ii) Charges—Commercial Lines—		
Working expenses	64,75,52,780	95,98,49,551
Payment to worked lines	2,76,99,135	
Indian States and Railway Companies' share of surplus profits	61,12,492	
Interest—		
on capital at charge	29,16,85,424	
on capital contributed by Indian States and Companies	1,22,96,932	
Land and subsidy	5,72,634	
Miscellaneous railway expenditure	50,84,138	
Contribution at 1 per cent. on capital at charge	7,21,56,139	
		1,06,31,59,724
(iii) Deficit		10,33,10,173
(iv) Contribution of one-fifth of surplus . . . . .		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	...	7,21,56,139
Deduct—Loss on strategic lines borne by railway revenues—		
(1) Interest on capital	1,40,23,364	
(ii) Loss in working	54,48,028	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	35,92,073	
		2,30,63,465
(ii) Net payment due from railway to general revenues in 1936-37 . . . . .	...	4,90,92,674

B

3.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				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				—72,75,000		
Other Works				1,95,65,108		
New Construction . . .				18,33,000		
Suspense				—74,98,000		
Miscellaneous				—16,58,000		
Probable savings . . .				...
Emergency deductions from pay				—3,78,000		
TOTAL	—99,08,779	1,46,25,287	—40,400	45,86,108	6,89,000	1,72,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				5,64,000		
Other Works				—11,45,958		
New Construction . . .				...
Suspense				—11,16,000		
Emergency deductions from pay.				—1,000		
TOTAL	—17,01,958	...	...	—17,01,958	—8,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES	—1,17,00,737	1,46,25,287	—40,400	(a) 28,84,150	3,89,000	1,72,00,000
53-C.—Discharge of Debentures . . . .	...	40,00,000	—13,842	30,86,158	...	...

(a) Includes Rs. 3,71,998 representing refund of advances to Rohilkhand and Kumaon Railway Companies.

Central Government in India and England on Railways.

1935-36.		Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	-38,51,000	-1,28,98,000				75,21,000	+1,13,72,000
	2,00,45,000	-2,51,58,000				3,15,85,000	+1,15,40,000
	26,00,000	...				23,65,000	-2,35,000
	-57,25,000	+11,75,000				-54,00,000	+3,25,000
	47,41,000	+3,41,000				2,00,000	-45,41,000
	...	...				-55,00,000	-55,00,000
	-10,000	+40,000				...	+10,000
-89,000	1,78,00,000	-3,68,00,000	1,35,71,000	1,72,00,000	...	3,07,71,000	+1,29,71,000
	-1,00,000	+4,43,000				-3,32,000	-2,32,000
	75,000	-13,63,000				24,61,000	+23,86,000

	-2,75,000	+25,000				-4,00,000	-1,25,000

...	-3,00,000	-9,00,000	17,29,000	...	...	17,29,000	+20,29,000
-89,000	1,75,00,000	-3,75,00,000	1,53,00,000	1,72,00,000	...	3,25,00,000	+1,50,00,000
...					

A.—Railway Depreciation Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,49,63,153	10,99,07,152	9,49,98,791	8,97,89,791	Appropriation from Depreciation Reserve Fund.	13,72,27,268	11,39,50,000	13,78,59,000	10,44,44,000
Appropriation to Depreciation Reserve Fund.	13,72,42,927	13,28,00,000	13,36,00,000	13,28,00,000	Closing balance.	9,49,98,791	12,87,57,152	8,97,89,791	11,60,95,791
TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,89,791	TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,89,791

RAILWAY BUDGET AS PRESENTED.

23

B.—Railway Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	46,81,114	46,81,114	46,81,114	46,81,114	Appropriation from Re- serve Fund.	...	...	...	...
Appropri- ation to Reserve Fund.	...	...	...	...	Closing balance.	46,81,114	46,81,114	46,81,114	46,81,114
Total	46,81,114	46,81,114	46,81,114	46,81,114	TOTAL	46,81,114	46,81,114	46,81,114	46,81,114

Speech by the Hon'ble Sir Guthrie Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1936-37 in Council of State.

Sir, I have the honour to present the statement of estimated revenue and expenditure of the Governor General in Council in respect of railways. I regret that, this year, once more, the picture that I have to present is a gloomy one,—far gloomier than any of our reasonable hopes led us to expect—but I would remind the House that in my last Budget speech I suggested that temporary setbacks must be expected, especially if events occurred outside India over which we have no control. I fear that we are now experiencing such a setback, but I think I shall be able to convince the House, by certain observations I shall have occasion to make later, that there are factors, quite beyond our powers to remedy, which have contributed to this setback.

2. In framing our revised estimate last year, we placed our total deficit at Rs. 4·24 crores, which included Rs. 1·85 crores for strategic lines. But the actuals turned out to be a good deal worse, the deficit amounting to Rs. 5·06 crores, including Rs. 1·95 crores on strategic lines. There was a most disappointing fall in traffic receipts during the last few weeks of the year, and, instead of realising our revised budget figure of Rs. 90·75 crores, we only attained Rs. 90·20 crores. In our revised estimate working expenses were placed at Rs. 50·10 crores; they actually amounted to a slightly higher figure, Rs. 50·27.

3. Last year, I remarked that we were justified in making our Budget estimate of earnings for 1935-36 with a spirit of optimism, and I told the House that we thought it might reasonably be placed at Rs. 93·50 crores, but I regret that our hopes have not materialized, and, so far as can be foreseen, we are not likely to exceed Rs. 90 crores, a figure which is Rs. 20 lakhs less than last year and 3·50 crores less than we hoped to get. There is, I fear, little comfort in my announcement, but at least this can be said regarding our revised figure; though it is so much less than we hoped to get, it is very little short of our actual attainment last year, and so does not represent a plunge back into that trough of depression during which our earnings fluctuated between Rs. 84·43 crores and 86·63 crores. If the figures of our earnings are placed on a graph, the curve this year will appear as having flattened out, instead of having risen as we hoped it would; but it has not declined steeply. The fact, however, remains that, instead of the comparatively small deficit of less than 2 crores, which we anticipated, we now expect a gap of 4·54 crores, which is only about ·52 crore less than the deficit of 1934-35.

4. Naturally, with this disappointment confronting us, we must make our estimate for 1936-37 with caution. We hope to stimulate our earnings somewhat by making certain adjustments in our rates and fares, but nothing we can do can have much effect on world causes, which are mainly responsible for the slowing down in our progress to more prosperous times. We are accordingly placing our estimate of gross earnings for the coming year 1936-37 at Rs. 91·25 crores, 1·25 crores better than the current year, and 2·25 crores less than our original estimate for the current year. If our estimate is realised we shall, at the end of next year, have a deficit of Rs. 3·44 crores, which includes 2 crores on strategic lines, as against 4·54 crores, the deficit anticipated this year.

5. Now a few words about our working expenses for the current year, and our estimate for the year 1936-37. Our budget for 1935-36 placed working expenses at 51.15 crores, a figure higher by about a crore than the previous year, mainly due to the abolition of the cut in pay. I need hardly say that the decrease in earnings has been a matter of very great concern to all of us, and we have throughout the year been unremitting in our efforts to reduce expenditure. We have been able to attain some measure of success—to the extent of Rs. 40 lakhs, and our revised estimate is 50.75 crores as against Rs. 51.15 crores, the budgeted figure. Our budget estimate for the coming year's working expenses is placed at Rs. 51.25 crores, a modest increase of Rs. .50 crore in anticipation of a slight development in traffic.

6. In my remarks on net earnings last year, I emphasized that if the railways in India were in the position of a private concern, they would, in spite of trade depression, have money available for dividends, and the same is true this year. But as we have to meet fixed interest charges, there is the deficit I have already mentioned, and hence the criticisms broadcasted everywhere, that Indian Railways are insolvent. But insolvency is a relative term, and the insolvency of Indian Railways is prosperity compared with the British Railway Groups, some of which have not been able to pay a penny's dividend on their ordinary stocks for many years, or compared with certain American Railroads which I understand have actually been in the hands of the Receiver.

7. What is our position? Last year after we had set aside Rs. 13.72 crores for the depreciation fund, we realised Rs. 26.21 crores net traffic receipts, to which must be added about Rs. 53 lakhs miscellaneous receipts making a net revenue total of Rs. 26.74 crores. The corresponding figure this year is expected to be Rs. 26.83 crores, very slightly higher, and here again we may claim that the curve of our net revenue, though it has flattened instead of rising, has certainly not rushed down a declivity of further depression. Our budget figure for net revenue in the coming year is 27.67, again a very modest increase. I would point out that our expected net earnings figure this year still amounts to more than $3\frac{1}{2}$ per cent. of our capital at charge. Only recently I received from London, figures showing the net earnings of the four large British Railway Groups. In no case are these as much as 3 per cent. on their capital.

8. Our interest charges at Rs. 31.37 crores are expected to be slightly less than last year, and our deficit will be Rs. 4.54 crores. This will be met by borrowing from the depreciation fund, which at the beginning of the year stood at Rs. 9.50 crores; but as the contributions to the fund during the year are expected to be Rs. 13.26 crores, whereas the expenditure on renewals and replacements will only amount to Rs. 9.25 crores, the balance with the depreciation fund will still be about Rs. 9 crores when this adjustment has been made.

9. It has naturally been a great disappointment to us all that the hopes I held out last year that I should for 1936-37 be in a position to estimate for a small surplus for commercial and strategic lines, are not to be realised. I have already said how concerned we have been at the decline in our earnings, and I want now to tell the Council something about what we have been doing in regard to it. During the last summer we have twice had special conferences of Agents to discuss the position, and while they pointed out certain factors which were affecting earnings, and increasing working expenses, which I intend to comment on briefly later, they were

generally of opinion that the present phase was temporary—a level landing so to speak on an ascending staircase—and that it would not be unduly optimistic to hope for further ascent in our earnings in the future. We decided, as a result of these discussions, to get all railways to review their present financial position, and to forecast its future as far as possible, and, above all, to report to us what factors there were in their opinion beyond their control tending either to restrict earnings or increase working expenses. The result has been a collection of what we have called stock-taking reports, which have brought into strong relief certain very interesting facts, which, without perhaps being individually new, show very clearly, when presented in the aggregate, the difficulties—many of them artificial if I may use the term—under which railways are labouring. I propose now to say something about our stocktaking, and to deal in detail with some of our difficulties.

10. I feel that such remarks will be particularly appropriate as last year after the presentation of the Railway Budget an Honourable Member of this Council suggested to me that, as there were so few occasions on which Honourable Members had a chance of reviewing railway policy, an opportunity might be taken, when the Railway Budget was presented this year, of making a frank statement giving in some detail the main factors which were reacting on railway earnings, the cause and effect of these reactions and the steps which have been taken to counterbalance these adverse factors: this review to be followed by an appreciation of the possibility of an improvement of the position within the next few years.

11. I will now attempt to meet the wishes of the Honourable Member. It has first to be decided for what period the review should be made. I think the natural period to take is from 1924-25 to 1934-35, as it was from the former of these years that Railway revenues were separated from general revenues, and the latter is the last completed financial year. Further this period divides itself naturally into two parts,—the years from 1924-25 to 1929-30 which may be called the years of plenty, and the years 1930-31 to 1934-35 which may be called the years of scarcity.

12. What are the causes which have reduced Railway earnings from an average of about Rs. 101½ crores during the years of plenty to an average of just over Rs. 88½ crores during the years of scarcity? Different Honourable Members may have different ideas on some of the causes, but there are certain ones on which, I think, there can be no doubt whatsoever. I propose to take these first, and I would place them in the following order—

- (a) world conditions and the drop in commodity prices;
- (b) the tariff policy, not only of India, but of practically every other country in the world, many of which in the past were our best customers;
- (c) increased motor competition;
- (d) increased river and sea competition;

and I propose to deal with these causes and the effect they have had on Railway earnings in the order I have given.

13. India is still, despite her entrance into the industrial field, very largely an agricultural country, and her railways get a very large proportion of their revenues from the carriage of agricultural products. It may be taken as axiomatic that, if the price of any particular commodity drops, the acreage under that commodity will also drop. Cotton is probably our

most outstanding example of the cause and effect of a drop or increase in acreage. The cause is, as I have said, a drop or increase in the market price; the effect is a drop or increase in Railway earnings. I think it may also be said that high or low prices have a double effect on Railway earnings, as if the price of cotton rises normally the acreage within a particular area under food crops is reduced. Railways get the benefit of increased cotton traffic: they also get earnings from the import of food crops into the particular area. A drop in acreage has exactly the reverse effect. In a particular area the cotton crop being reduced makes available a larger acreage for the production of food crops and reduces the necessity for the inhabitants to import their foodstuffs. Therefore Railway earnings are reduced both from cotton and from food crops. As an example of how the acreage under cotton may vary, in 1925-26 the acreage was 28,491,000; in 1932 it dropped to 22,483,000 acres, or by just over 6 million acres. As to Railway earnings from this commodity, they dropped from 4½ crores in 1929 to Rs. 3½ crores in 1934-35, a drop for which Railways can in no way be held responsible.

14. Now take wheat. As Honourable Members are aware, India was at one time a large wheat exporting country. The last year in which there has been any considerable export of wheat was 1924-25. Due to the fall in prices, India since then has not been able to get into world parity, this despite the fact that India has been granted a preference under the Ottawa Agreement and that the North Western Railway are prepared to grant a rebate on railway freight of 25 per cent. on exports of wheat from Karachi to ex-Indian ports. There has been an increase in internal consumption from which Railways have possibly benefited, yet our earnings from this commodity have dropped by almost exactly Rs. 2 crores from 1924-25 to 1934-35.

15. Oilseeds are another example of a serious fall in traffic. This fall we believe has been increased by France, one of our best customers in the past, now endeavouring to develop the cultivation of groundnuts in her own African colonies. Traffic in oilseeds has dropped in the last 6 years by Rs. 1½ crores.

16. Jute is another commodity on which Railway earnings have dropped seriously, a very serious matter on such a line as the Eastern Bengal: which, in a normal year relies on jute for no less than 36 per cent. of its total goods earnings. During the prosperous period the average annual earnings were Rs. 156 lakhs. Since 1930-31 our earnings from this commodity have been Rs. 118 lakhs on an average. The fall in the earnings of the commodities I have mentioned more than account for what we anticipate will be our deficit this year.

17. India, in common with almost every country in the world, has during the past few years been endeavouring to safeguard her infant industries and to build up new industries by means of protective duties. Whatever may be the final results of this policy, the initial effect has been to reduce Railway earnings in the case of many of the protected commodities. To explain, many articles which are now manufactured in India had in the past to be distributed from the ports. This normally meant a long average lead with a large ton mileage. Nowadays with new industries springing up in various parts of the country, though Railways may carry the same tonnage, the average lead is less and the ton mileage has decreased. Railway earnings are in direct proportion to the ton mileage carried. I do not say for one moment that this is a state

of affairs which will continue indefinitely, for as the country becomes more prosperous and money more plentiful, the railways must get their share of the prosperity and the money available. I do not propose to attempt an estimate of the cost to Indian Railways of this position, but that it is considerable I have little doubt.

18. But far more serious than the causes, which I have already mentioned for the drop in Railway earnings, is the increase in motor competition. Through an increase in commodity prices we may hope to regain at least a portion of the traffic lost through this cause, and through an increase in India's industrial activities we may to some extent neutralize the effect of the protection policy on Railway earnings. But there would seem to be little chance of our being able to regain the traffic lost to the roads, unless rail and road transport are placed on a more equal footing. Railways have been constructed at an enormous cost: the capital at charge is, as Honourable Members are aware, close on Rs. 800 crores. Railways have to maintain their track and rolling stock to a high standard of efficiency: they have to pay interest on the capital invested: they have to put aside money for the depreciation of their assets: they are liable to pay compensation in the case of accidents: they are bound by fixed tariffs and have to run their trains to fixed schedules. For reasons of public safety the train staff on a railway must conform to a comparatively high standard of medical fitness. What are the obligations of the motor transport owner as compared with those of Railways? His roads are provided for him. I do not think that it can be said that normally he is expected to maintain his motor bus or lorry up to a very high standard of efficiency, except possibly in the case of a few well-organized companies, of which there are at present very few. Nor, so far as I am aware, is a bus driver generally called upon to pass a suitable medical test before he gets his license. Passengers have little chance of receiving compensation for damages, except again in the case of large well-organized companies. The average motor bus owner is not compelled to notify his tariffs or run to a fixed schedule. He often takes what he can get, and he runs his motor bus or lorry when it suits him.

19. During the period of scarcity sea and river competition has increased. The reason for this is, I think, not far to seek. Ocean-going and river steam-ship companies have been affected in exactly the same way as Railways by the general world depression. They have had to look for traffic to make up the gap in their earnings. Railways in an attempt to retain this traffic have had to reduce their rates, and as a consequence their earnings have fallen.

20. I have so far dealt with factors which have affected our earnings. Are there any factors which have affected our working expenses? As a country advances it is normal that the standard of living should improve. This means an increase in wages. The increase in wages granted during days of plenty have increased Railway working expenses by somewhere in the neighbourhood of Rs. $\frac{1}{2}$ crore per annum. Within the past few years the Hours of Employment Regulations have been introduced on most of our major railways. This has caused a recurring expenditure of somewhere in the neighbourhood of Rs. $\frac{1}{2}$ crore per annum. The factors I have mentioned have reduced our gross earnings by about Rs. 8 crores per annum and increased our working expenses by about Rs. 1 crore. Allowing for increased expenditure for working the increased traffic the effect on our net earnings I would put at between 6 and 7 crores.

21. We have undoubtedly been fortunate that there has been a very considerable fall in fuel costs during the past few years. This is, of course, largely due to the fall in traffic and to the Fuel Economy campaign which has been carried on on all Railways, but it is also due to the fall in price of this commodity.

22. Now as to the future. What are the chances of another period of prosperity and what are Railways doing to hasten the coming of this? I do not think it can be said that signs of a world recovery are at present very bright. With wars and rumours of wars in the air this is not to be expected. But I am optimistic enough to believe that a recovery in trade cannot be indefinitely postponed and that this may be nearer than we expect. When this comes I see no reason why we should not regain, if not all our lost ground, at least a large proportion of it. Then again, when the country has adjusted itself to the new conditions, and as new industries spring up, Railway earnings will also adjust themselves. This may be by an increase in the tonnage carried, which will neutralize the short lead on indigenous manufactures, or it may be that certain commodities may be able to bear higher rates and Railway earnings increased in this way. Put shortly, I believe there is a reasonable chance of our first two causes for the depressed state of Railway earnings being neutralized to a large extent.

23. Now I come to the possibility of neutralizing or combating what I have already said is the most serious of the causes which are affecting Railway earnings. If road competition is to continue on the same conditions as it is today, I can see no possibility of regaining the ground we have lost: in fact, I see every prospect of Railways losing further ground. No one wants to see motor buses or motor lorries driven off the road, or to put a stop to road construction. What Railways ask is that rail and road transport should operate under approximately similar conditions and that, so far as possible, they should be complementary to one another and not in uneconomic competition with each other. In the vast undeveloped areas of India there is still plenty of scope for development either by railways or roads. Where road transport will meet the needs of a particular undeveloped area, it is obvious that roads, not railways, should be built. But so far as can be seen, for many years to come Railways must form the backbone of the transport system of India. They must carry the heavy bulk traffic which, if the country is to prosper, must be carried at the lowest economic rates. If Railways are to pay their way and not to be a burden on the general taxpayer, they must get business—business not only in the lower-rated commodities, but business in the more valuable and highly-rated commodities. The greater the business they handle, the cheaper the rates they will be in a position to quote, and the more they will be able to assist in the development of the commerce and trade of India, which, after all, is the main function of any transport system. What is being done to stem the tide? The first real step was taken in 1933 at the Road-Rail Conference held in Simla in May of that year. As a direct result of this, the Transport Advisory Council was formed, at which representatives from the Provinces meet representatives of the Government of India and the problem is frankly discussed. In many Provinces a Board of Communications has been set up on which Railways are represented and at which road schemes are discussed. It is too early to say what will be the result of these efforts to get a co-ordinated policy, but I trust Honourable Members will agree that a step in the right direction has been taken. Apart altogether

from this, Railways are endeavouring by improved services to regain their lost traffic, but normally the basis of fares has to be pitched so low that there is little profit. I believe, however, that if motor transport were placed on a sound economic basis, and if a co-ordinated road construction policy were adopted, Railways could regain at least a considerable portion of their lost earnings and to that extent improve their financial position.

24. I have attempted to describe how Railway finances can be improved by a change in what we may call extraneous conditions. How can they be improved by action taken by the Railways themselves? As Honourable Members are aware, Railways have recently introduced revised scales of pay for new entrants to both the official and subordinate grades. These scales are expected to give a saving of about Rs. 3 crores per annum when they come into full operation. This saving can, of course, only be obtained by the efflux of time and will only have a very gradual effect on our working expenses. I have already shown how our staff were given a share of our profits in prosperous times, and I feel quite sure they will realise that in times of depression there is little scope for a further improvement in conditions. Railways are at present considering certain alterations in rates, which are expected to bring in about Rs. 1 crore of additional revenue. To the extent of Rs. 34 lakhs this is being obtained from an increase in terminal charges, which it has been found are, on certain Railways, lower than the terminal costs involved. A slight increase of $\frac{1}{4}$ pie per mile in third class fares on the Burma Railways, excluding the suburban areas, and on the North Western Railway for distances between 51 and 300 miles is expected to yield about Rs. 18 lakhs. The other improvements we hope for are due to a slight enhancement of rates on various Railways in respect of goods rates on certain commodities.

25. We shall shortly be seeking the co-operation of Honourable Members in our endeavours to stop the serious loss of revenue due to ticketless travel. The latest figures we have received from the principal Railways estimate the loss from such ticketless travel at about Rs. 50 lakhs per annum. Railways have been pressing for legislation to stop this evil for many years past. The Government of India, however, decided that before introducing legislation, every practical method of stopping the evil without legislation should be explored. I think we can claim that every practical method has been tried, but the extent of ticketless travel is believed to be to-day greater than ever before, and Government have come to the conclusion that there is no alternative but to take action by making the lot of the transgressor less easy and comfortable than it is at present. We propose to discuss this question with the Central Advisory Council for Railways this week and I trust we shall have both their support and the wholehearted co-operation of this House in enacting during the course of this Session legislation which will enable us to cope sufficiently with the evil.

26. Now I come to the most difficult part of my task. I have said that I believe there are chances of Railway earnings, given certain conditions, improving in the reasonably near future. Is it possible to translate this belief into figures? For 1936-37, Honourable Members will have noticed that we have not allowed for any large increase of traffic and except that increases in earnings will be obtained mainly through increased rates and, we hope, the stoppage or partial stoppage of ticketless travel. I think, however, that it would not be too optimistic to say that there

is every chance of our earnings within the next five years being in a position to meet all our charges, namely, working expenses, interest charges and full allocation to the Depreciation Fund, though I must confess there appears to be little hope within this period of our resuming our contribution to general revenues. Beyond this period I do not think it is safe to make any forecast, as no one can say definitely what the future holds for us. Honourable Members know that our anticipations of increased traffic for the current year have not been fulfilled, though at the time when we framed our Budget, earnings undoubtedly appeared to be on the upward grade. It is quite possible that for next year we have been too conservative in our estimates, and that when the Budget for 1937-38 is presented we shall have to confess to the House that again our estimates have been falsified, but let us hope it will be in the reverse direction.

The picture I have presented may not appear to be very pleasing, but if Honourable Members will compare the net return on capital of Indian Railways with that of Railways in other parts of the world I think they will find that Indian Railways do not show up too badly. Again, the index of efficient working is the operating ratio. Here again, very few Railways throughout the world can claim to have as low an operating ratio as Indian Railways.

27. I must say a few words in regard to our works programme next year.

As is only to be expected our capital and depreciation fund outlay is to be a modest one. Last year we provided Rs. 15½ crores and originally this year we fixed the figures at Rs. 12 crores, but as we hoped for a further reduction of Rs. 58 crore in our Stores Balances and we considered that, judging by past experience, it was improbable that the whole of the balance left would be expended, we finally placed our figure at Rs. 10.25 crores. Of this amount Rs. 7 crores will be drawn from the depreciation fund and Rs. 3.25 crores will be additional capital. No actual new projects will be undertaken, but there will be Rs. 24 crore devoted to the continuation of new works already under construction, including the Megna Bridge in Bengal which, when completed, will provide an important link in the metre gauge railways serving north-eastern Bengal and Assam. 22 lakhs are to be provided for this work. We have still to spend money to restore the damage occasioned by the earthquake in Bihar early in 1934, and we have still to continue the protective works to secure the Hardinge Bridge. It is estimated that Rs. 19 lakhs will be devoted to this, of which Rs. 15 lakhs are to be found from the annual instalment from revenue earmarked for the purpose. An instalment of Rs. 12 lakhs is being allotted for the reconstruction work at Quetta. The total amount, which will be required for this, is estimated at about Rs. 52 crore. We are devoting Rs. 5 crores to track renewals and Rs. 67 crore to Bridge renewals, and Rs. 2.44 crores to other structural works. Rolling stock is estimated to cost Rs. 3.18 crores, of which locomotives and boilers account for .78, coaching stock 1.79 and wagons .61. The total number of wagons ordered amounts to 1,200, of which 750 are broad gauge general service wagons to be added to the general pool. All these wagons are replacements of wagons scrapped or to be scrapped. Practically none are additions; for, owing to the unexpected fall in traffic, we have been compelled to review our wagon renewal programme and we have had to curtail our purchases drastically.

28. In conclusion, Sir, I must once more bring to the notice of the Council the loyal and valuable service rendered to Indian Railways by Agents, officers and staff of the various railway administrations that go to make up our great railway system. I am afraid at times of depression such as we are now passing through, when criticism, often more clamant than just, is only too common, it is not generally realised that the burden of railwaymen, never very light, is heavier than ever. When things are prosperous on the railways; when, so to speak, the busy season is on, it is fairly well known that railwaymen are called upon to put forth strenuous efforts to meet public demands: what is perhaps not so well appreciated and what I wish to stress with all the emphasis at my command, is that any reduction of traffic, so far from decreasing the railwaymen's work, increases it, and calls also for high character and courage. It is perhaps easy to do well when things are going prosperously. It is, however, much harder to work strenuously during times of depression when everything is apt to discourage, and when one's work consists chiefly of the negative, uninspiring process of trying to curtail expenditure. During the last six years our railwaymen have never taken a rest from their activities in the pursuit of economy; the pressure upon them has been constant and relentless. I think what I have already said shows clearly that we must not hope for any immediate spectacular increase in our earnings, as this is a matter generally beyond the control of railways; but I feel on the other hand that the decrease that we have effected in our working expenses, which has amounted to as much as Rs. 6 crores at one period, a reduction of well over 10 per cent., is an achievement on which our railway administrations may feel justly proud and it is on these grounds that I should like, before resuming my seat, to appeal to the Council for some measure of gratitude to our railway staff.

Details of Voted and Non-Voted amounts included in the Demands for Grants (Railways) for the year 1936-37.

Number of demand.	Name of Demand.	Amount.		
		Voted.	Non-voted.	Total.
		Rs.	Rs.	Rs.
1	Railway Board	8,80,000	4,50,000	13,30,000
2	Audit	14,30,000	2,70,000	17,00,000
3	Miscellaneous expenditure	11,40,000	12,80,000	24,20,000
4	Refunds	12,00,000	..	12,00,000
5	Payments to Indian States and companies	3,07,50,000	..	3,07,50,000
6-A	Working expenses—Maintenance of structural works	8,87,00,000	33,00,000	9,00,00,000
6-B	Working expenses—Maintenance and supply of locomotive power	16,80,25,000	15,75,000	16,96,00,000
6-C	Working expenses—Maintenance of carriage and wagon stock	6,19,00,000	9,00,000	6,28,00,000
6-D	Working expenses—Maintenance of ferry steamers and harbours	28,75,000	25,000	29,00,000
6-E	Working expenses—Expenses of Traffic Department	10,80,00,000	18,00,000	10,98,00,000
6-F	Working expenses—Expenses of General Departments	4,65,25,000	23,50,000	4,88,75,000
6-G	Working expenses—Miscellaneous expenses	4,22,00,000	13,00,000	4,35,00,000
6-H	Working expenses—Electric Service Department	1,19,25,000	1,00,000	1,20,25,000
7	Working Expenses—Appropriation to Depreciation Fund	13,28,00,000	..	13,28,00,000
8	Interest charges	2,68,000	31 08,68,000	31,11,36,000
9	Temporary withdrawals from Depreciation Fund	3,44,44,000	..	3,44,44,000
10	Appropriation to Reserve . . . . .	..	..	..
10A	Withdrawal from Reserve . . . . .	..	..	..
11	New construction	23,60,000	5,000	23,65,000
12	Open Line Works	9,99,90,000	1,45,000	10,01,35,000

Appendix A.—Working Expenses and other Revenue charges relating to Strategic Lines.

Appendix B.—Expenditure on Open Line Works relating to Strategic Lines.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, February 1936.

RAILWAY DEPARTMENT;

New Delhi, 27th February 1936.

P. R. RAU,

Financial Commissioner of Railways.

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of worked lines.
expenses of worked lines.

I.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				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	3,11,71,879	...	...	3,11,71,879	3,13,50,000	...
Third class	24,43,78,000	...	...	24,43,78,000	24,79,00,000	...
Other coaching traffic earnings.	4,82,70,755	...	...	4,82,70,755	4,90,00,000	...
Goods traffic earnings .	60,39,78,971	...	...	60,39,78,971	59,59,00,000	...
Sundry earnings	1,60,80,144	2,513	—8	1,60,82,649	1,73,28,000	2,000
Credits for materials released from works chargeable to the Depreciation Fund .	86,67,205	...	...	86,67,205	1,05,00,000	...
TOTAL EARNINGS	95,15,46,954	2,513	—8	95,15,49,458	95,20,78,000	3,000
Deduct—						
Refunds of Revenue collected.	12,19,139	...	...	12,19,139	11,80,000	...
Earnings of State Railways.	95,03,27,815	2,512	—8	95,03,30,319	95,08,98,000	2,000
Suspense	8,52,810	...	...	8,52,810	...	...
Gross receipts of State Railways.	95,11,80,125	2,512	—8	(a) 95,11,82,629	95,08,98,000	3,000
Deduct—						
Working expenses of State Railways.	44,31,03,876	44,60,431	—11,527	(b) 64,75,52,780	64,24,85,000	42,62,000
Surplus profits paid to Indian States and railway companies.	61,12,492	...	...	61,12,492	51,50,000	...
Payments to worked lines—						
(i) Net earnings	3,62,37,430	4,00,000	—347	2,66,37,033	2,55,00,000	4,00,000
(ii) Subsidy, Rebate, etc.	10,62,053	...	...	10,62,053	11,90,000	...
Net receipts	27,46,64,375	—48,57,919	11,866	26,98,18,222	27,65,73,000	—46,60,000
(b) Strategic lines—						
Gross receipts	1,26,90,055	...	...	1,26,90,055	1,29,20,000	...
Deduct—						
Refunds of Revenue collected.	19,775	...	...	19,775	20,000	...
Working expenses	1,89,79,093	...	...	1,89,79,093	2,06,75,000	...
Net receipts	—63,08,813	...	...	—63,08,813	—77,75,000	...
Total net receipts, Commercial and Strategic lines.	26,83,55,462	—48,57,919	11,866	26,35,09,409	26,87,98,000	—46,60,000
XII.—Subsidized Companies—						
Government share of surplus profits, etc.	20,29,281	1,29,201	—371	21,58,061	21,61,000	1,40,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation Reserve and Reserve Fund balances.	39,32,203	...	...	39,32,203	37,16,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	25,76,659	...	...	25,76,659	32,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	8,82,440	...	...	8,82,440	9,99,000	...
TOTAL RECEIPTS	27,77,75,904	—47,28,718	11,495	27,30,58,771	27,88,14,000	—45,20,000
XII-B.—Transfers from Railway Reserve Fund.	...	...	...	...	...	...
XII-C.—Withdrawal of sums deposited on account of the Railway Depreciation Fund.	5,06,25,426	...	...	5,06,25,426	4,58,59,000	...
TOTAL	32,84,01,420	—47,28,718	11,495	32,36,84,197	32,41,73,000	—45,20,000

(a) Includes Rs. 5,28,44,000 earnings
(b) Includes Rs. 2,69,07,000 working
(c) Includes Rs. 5,23,00,000 earnings
(d) Includes Rs. 2,73,00,000 working
(e) Includes Rs. 5,23,00,000 earnings
(f) Includes Rs. 2,70,00,000, working

RAILWAY BUDGET AS FINALLY ADOPTED.

39

Government from Railways in India and England.

1935-36.		Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,13,50,000	+7,50,000	3,16,50,000	...	...	3,16,50,000	+3,00,000
...	24,79,00,000	+49,00,000	24,95,50,000	...	...	24,95,50,000	+16,50,000
...	4,90,00,000	+3,00,000	4,90,00,000	...	...	4,90,00,000	...
...	59,59,00,000	-4,32,00,000	60,47,00,000	...	...	60,47,00,000	+88,00,000
...	1,73,30,000	+15,30,000	1,81,83,000	2,000	...	1,81,85,000	+8,55,000
...	1,06,00,000	+9,00,000	97,00,000	...	...	97,00,000	-9,00,000
...	95,20,80,000	-3,48,20,000	96,27,83,000	2,000	...	96,27,85,000	+1,07,05,000
...	11,80,000	-10,000	11,85,000	...	...	11,85,000	+5,000
...	95,09,00,000	-3,48,10,000	96,15,98,000	2,000	...	96,16,00,000	+1,07,00,000
...
...	(c) 95,09,000	3,48,10,000	96,15,98,000	2,000	...	(c) 96,16,00,000	+1,07,00,000
-28,000	(d) 84,87,250	-44,75,000	64,71,65,000	42,65,000	...	(j) 85,14,80,000*	+47,05,000
...	51,50,000	-4,50,000	30,00,000	...	...	30,00,000	-21,50,000
...
-2,000	2,58,98,000	-15,02,000	2,52,00,000	4,00,000	...	2,56,00,000	-2,98,000
...	11,90,000	-1,40,000	13,70,000	...	...	13,70,000	+1,80,000
24,000	27,19,37,000	-2,82,43,000	28,48,63,000	-46,63,000	...	28,02,00,000	+82,63,000
...	1,29,20,000	-8,80,000	1,31,15,000	...	...	1,31,15,000	+1,95,000
...	20,000	+10,000	15,000	...	...	15,000	-5,000
...	2,08,75,000	+75,000	2,08,70,000	...	...	2,08,70,000	+1,95,000
...	-77,75,000	-8,65,000	-77,70,000	...	...	-77,70,000	+5,000
24,000	26,41,02,000	-2,82,08,000	27,70,93,000	-46,63,000	...	27,24,30,000	+82,63,000
-1,000	23,00,000	+2,00,000	20,93,000	1,07,000	...	22,00,000	-1,00,000
...	37,16,000	-11,43,000	41,06,000	...	...	41,06,000	+3,90,000
...	33,00,000	+9,00,000	32,00,000	...	...	33,00,000	...
...	9,39,000	-27,000	9,66,000	...	...	9,80,000	+47,000
23,000	37,43,17,000	-2,92,78,000	38,74,78,000	-45,56,000	...	28,29,22,000	+86,05,000
...
...	4,63,59,000	+2,04,09,000	3,44,44,000	...	...	3,44,44,000	-1,09,15,000
23,000	31,98,70,000	-28,69,000	32,19,22,000	-45,56,000	...	31,73,66,000	-23,10,000

* Rs. 100 reduced by the Legislative Assembly has not been restored by the Governor General in Council, but the figures has been shown in the statement in round thousands as usual.
of worked lines.
expenses of worked lines.
of worked lines.
expenses of worked lines.
of worked lines.
expenses of worked lines.

2.—Statement of the Expenditure on Railways charged to

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				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	17,91,34,467	11,28,81,788	—3,30,831	29,16,85,424	17,65,91,000	11,18,20,000
on capital contributed by Indian States and Companies.	3,38,935	1,20,00,815	—37,768	1,22,96,983	3,11,000	1,19,01,000
Total interest, commercial lines . . .	17,94,68,403	12,48,82,603	—3,68,599	30,39,82,406	17,69,02,000	12,37,21,000
(b) Strategic lines—						
Interest on capital at charge . . .	1,40,23,364	...	...	1,40,23,364	1,37,44,000	...
TOTAL INTEREST . . .	19,34,91,766	12,48,82,603	—3,68,599	31,80,05,770	19,06,46,000	12,37,21,000
11. Subsidized Companies—						
Land	29,652	...	...	29,652	1,30,000	...
Subsidy	5,42,982	...	...	5,42,982	5,10,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	41,66,889	9,19,888	—2,629	50,84,138	44,26,000	8,66,000
Strategic lines	31,655	...	..	21,655	22,000	...
Payments to general revenues—						
Contribution . . . . .	...	...	...	...	...	...
12A. Surplus Railway Revenue transferred to Railway Reserve Fund.						
TOTAL	19,82,52,954	12,58,02,471	—3,71,228	32,36,84,197	19,57,34,000	12,45,87,000

RAILWAY BUDGET AS FINALLY ADOPTED.

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

1935-36		BUDGET ESTIMATE, 1936-37.					
Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Revised 1935-36.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-5,79,000	28,78,32,000	-29,27,000	17,62,03,000	10,92,12,000	...	28,54,15,000	-24,17,000
-62,000	1,21,50,000	-66,000	2,96,000	1,18,43,000	...	1,21,39,000	-11,000
-6,41,000	29,99,82,000	-29,93,000	17,64,99,000	13,10,55,000	...	29,75,54,000	-24,38,000
...	1,37,44,000	-1,41,000	1,35,82,000	...	...	1,35,82,000	-1,62,000
-6,41,000	31,37,26,000	-31,34,000	19,00,81,000	12,10,55,000	...	31,11,36,000	-25,90,000
...	1,36,000	-70,000	90,000	...	...	90,000	-40,000
...	5,10,000	+2,15,000	7,80,000	...	...	7,80,000	+2,70,000
-4,000	52,88,000	+1,23,000	44,79,000	8,56,000	...	53,35,000*	+47,000
...	22,000	-3,000	25,000	...	...	25,000	+3,000
...
...
-6,45,000	31,96,76,000	-28,69,000	19,54,55,000	12,19,11,000	...	31,73,66,000	-23,10,000

*Rs. 300 reduced by the Legislative Assembly has not been restored by the Governor General in Council; but the figures has been shown in the statement in round thousands as usual.

RAILWAY BUDGET AS FINALLY ADOPTED.

2(a).—Contribution from Railway to General Revenues, 1935-36.

(Based on actuals, 1933-34.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,20,70,416 at charge, commercial lines		7,20,70,416
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	86,55,28,052	
Subsidised Companies' share of surplus profits etc.	18,28,017	
Interest on Depreciation and Reserve Fund balances	46,81,839	
Dividend on investments in branch lines and other miscellaneous receipts.	13,87,506	
(ii) Charges—Commercial lines—		
Working expenses	61,20,82,688	87,35,24,014
Indian States and Railway Companies' share of surplus profits	56,65,149	
Interest—		
on capital at charge	29,85,24,925	
on capital contributed by Indian States and Companies	1,28,56,880	
Land and subsidy	7,50,840	
Miscellaneous railway expenditure	38,14,821	
Contribution at 1 per cent. on capital at charge.	7,20,70,416	1,00,57,45,699
(iii) Deficit		13,22,20,785
(iv) Contribution of one-fifth of surplus		...
3. (i) Total contribution from railway revenues [i plus 2 (iv)]		
	...	7,20,70,416
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,44,15,552	
(ii) Loss in working	50,67,404	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of Commercial lines.	26,03,842	3,21,76,898
(ii) Net payment due from railway to general revenues in 1935-36	...	4,98,94,118

2(a) Contribution from Railway to General Revenues, 1936-37.

(Based on actuals, 1934-35.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,21,56,13,887 at charge, commercial lines		7,21,56,139
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	95,11,82,030	
Subsidiary Companies' share of surplus profits	21,58,061	
Interest on Depreciation and Reserve Fund/balances	89,82,202	
Dividend on investments in branch lines and other miscellaneous receipts	25,76,659	
(ii) Charges—Commercial Lines—		85,98,49,551
Working expenses	64,75,52,780	
Payment to worked lines	2,76,99,135	
Indian States and Railway Companies' share of surplus profits	61,12,492	
Interest—		
on capital at charge	29,16,85,434	
on capital contributed by Indian States and Companies	1,22,06,932	
Land and subsidy	5,72,634	
Miscellaneous railway expenditure	50,84,138	
Contribution at 1 per cent. on capital at charge	7,21,56,139	
		1,06,31,59,734
(ii) Deficit		10,33,10,173
(iv) Contribution of one-fifth of surplus . . . . .		...
3. (i) Total contribution from railway revenues [1 plus 2 (iv)]		
	...	7,21,56,139
<i>Deduct—Loss on strategic lines borne by railway revenues—</i>		
(i) Interest on capital	1,40,23,304	
(ii) Loss in working	54,48,028	
(iii) Interest on the amount of loss in working met from Depreciation Reserve Fund of commercial lines	35,92,073	
		2,30,63,405
(ii) Net payment due from railway to general revenues in 1936-37 . . . . .	...	4,90,92,674

3.—Statement of the Capital Expenditure of the

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				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				—72,75,000		
Other Works				1,95,65,108		
New Construction				18,33,000		
Suspense				—74,98,000		
Miscellaneous				—16,58,000		
Probable savings . . . .				...
Emergency deductions from pay				—3,78,000		
TOTAL .	—89,98,779	1,46,25,287	—40,400	45,66,108	3,89,000	1,72,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock				5,64,000		
Other Works				—11,45,958		
New Construction . . . .				...
Suspense				—11,16,000		
Emergency deductions from pay.				—4,000		
TOTAL .	—17,01,958	...	...	—17,01,958	—3,00,000	...
TOTAL COMMERCIAL AND STRATEGIC LINES .	—1,17,00,737	1,46,25,287	—40,400	(a)28,84,150	3,89,000	1,72,00,000
53-C.—Discharge of Debentures . . . .	...	40,00,000	—13,842	30,86,158	...	...

(a) Includes Rs. 3,71,398 representing refund of advances to Rohilkhand and Kumaon Railway Company.

Central Government in India and England on Railways.

1935-36.		Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	-38,51,000	-1,22,98,000				75,21,000	+1,13,72,000
	2,00,45,000	-2,51,58,000				3,15,85,000	+1,15,40,000
	26,00,000	...				25,65,000	-2,35,000
	-57,25,000	+11,75,000				-54,00,000	+3,25,000
	47,41,000	+3,41,000				2,00,000	-45,41,000
	...	...				-55,00,000	-55,00,000
	-10,000	+40,000				...	+10,000
-89,000	1,78,00,000	-3,68,00,000	1,35,71,000	1,72,00,000	...	3,07,71,000	+1,29,71,000
	-1,00,000	+4,43,000				-8,32,000	-2,32,000
	75,000	-13,88,000				24,61,000	+23,88,000

	-2,75,000	+25,000				-4,00,000	-1,25,000

...	-3,00,000	-0,00,000	17,29,000	...	...	17,29,000	+20,29,000
-89,000	1,75,00,000	-3,75,00,000	1,58,00,000	1,72,00,000	...	3,25,00,000	+1,50,00,000
...					

RAILWAY BUDGET AS FINALLY ADOPTED.

A.—Railway Depreciation Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,49,83,153	10,99,07,152	9,49,98,791	8,07,39,791	Appropri- ation from Deprecia- tion Re- serve Fund.	13,73,27,288	11,39,50,000	13,78,59,000	10,44,44,000
Appropri- ation to Deprecia- tion Re- serve Fund.	13,72,42,927	13,28,03,000	12,26,00,000	13,28,00,000	Closing balance.	9,49,98,791	12,87,57,152	8,97,39,791	11,60,95,791
TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,39,791	TOTAL	23,22,26,079	24,27,07,152	22,75,98,791	22,25,39,791

B.—Railway Reserve Fund.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	46,81,114	46,81,114	46,81,114	46,81,114	Appropriation from Re- serve Fund.	...	...	...	...
Appropri- ation to Reserve Fund.	...	...	...	...	Closing balance.	46,81,114	46,81,114	46,81,114	46,81,114
TOTAL	46,81,114	46,81,114	46,81,114	46,81,114	TOTAL	46,81,114	46,81,114	46,81,114	46,81,114

Commercial and Strategic lines together.

(Figures in lakhs of rupees.)

		1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36, Revised Esti- mate.	1936-37, Budget Esti- mate.
Mileage	{ State-owned Worked lines	M. 27,002 5,847	M. 27,090 5,977	M. 27,664 5,815	M. 28,086 5,812	M. 29,111 5,843	M. 30,878 4,733	M. 31,197 4,873	M. 31,640 4,870	M. 31,642 4,866	M. 31,644 4,613	M. 31,619 4,634	M. 31,689 4,634	M. 31,689 4,634
Gross traffic receipts.	{ State-owned Worked lines State owned	Rs. 1,00,13 7,34 51,65	Rs. 98,94 7,12 52,99	Rs. 98,42 6,77 52,89	Rs. 1,03,43 7,18 53,06	Rs. 1,03,73 7,27 54,22	Rs. 1,02,70 6,47 55,59	Rs. 95,10 4,99 54,39	Rs. 86,63 5,07 49,31	Rs. 84,43 4,86 49,08	Rs. 86,63 5,13 49,50	Rs. 90,20 5,28 50,27	Rs. 90,00 5,28 50,75	Rs. 91,25 5,22 51,25
Operating expenses	{ Worked lines	3,70	3,57	3,33	3,53	3,63	3,30	2,66	2,63	2,49	2,60	2,66	2,73	2,70
Depreciation Fund		10,35	10,67	10,89	11,38	12,00	12,59	13,07	13,46	13,77	13,56	13,72	13,26	13,28
Payments to worked lines		3,64	3,55	3,44	3,65	3,64	3,17	2,33	2,44	2,37	2,53	2,62	2,55	2,52
Net Traffic receipts (State lines.)		38,13	35,28	34,64	38,99	37,51	34,52	27,64	23,86	21,58	23,57	26,21	25,99	26,72
Net Miscellaneous receipts after deducting miscellaneous charges and surplus profits payable to companies.		-1,07	-1,10	-1,27	-87	-37	-2	-11	1	1,10	1,05	53	84	95
Net revenue		37,06	34,09	33,37	38,12	37,14	34,50	27,53	23,87	22,68	24,62	26,74	26,83	27,67
Interest charges		23,90	24,81	25,87	27,27	29,33	30,46	32,72	33,07	32,91	32,58	31,86	31,37	31,11
Surplus		13,16	9,28	7,50	10,85	7,81	4,04	-5,19	-9,20	-10,23	-7,96	-5,06	-4,54	-3,44
Paid as contribution to general revenues.		6,78	5,49	6,01	6,28	5,23	6,12	5,74	..	..	..	..	..	..
Transferred to railway reserve.		6,38	3,79	1,49	4,57	2,58	-2,08	-10,93	-4,95	..	..	..	..	..

NOTE 1.—The balance of the loss in 1931-32 and the total loss in the following years have been, or will be, met by temporary borrowings from the Depreciation Fund.

NOTE 2.—Credits for material released from works not charged to revenue were taken in reduction of operating expenses up to 1931-32. From 1932-33 onwards they have been added to receipts and are included in net miscellaneous receipts. The amounts involved are as follows: in 1932-33 and 1933-34, 119 lakhs each; in 1934-35, 90 lakhs; and the estimates for 1935-36 and 1936-37 are 110 and 10 lakhs respectively.

NOTE 3.—Working expenses were reduced in 1930-31 by 168 lakhs by a credit from the Depreciation Fund for correction of past accounting adjustments; and in 1924-25 by 180 lakhs by certain abnormal refunds of expenditure in previous years.

EXPLANATORY MEMORANDUM: RAILWAY BUDGET.

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Explanatory Memorandum of the Railway Budget for 1936-37.

PART I.

Commercial and Strategic Lines together.

Summary of Results.

1934-35.

In framing our revised estimate for 1934-35 this time last year, we put our total deficit at 4.24 crores (including 1.85 crores for strategic railways). The actual results were far worse: the deficit amounted to 5.06 crores of which 1.95 crores was on strategic lines. The difference is mainly due to receipts in the last few weeks of the year proving much below expectations. From about the middle of February 1935 the traffic took a downward tendency which has continued practically throughout the year.

The expenditure from the depreciation fund was about $\frac{2}{3}$ of a crore higher than anticipated, mainly as a result of more assets being scrapped without replacement. The consequent depletion of the depreciation fund balance is of course counterbalanced by a reduction in the capital at charge. The actual balance at the credit of the fund at the end of the year, after withdrawing 5 crores for meeting the deficit during the year, amounted to $9\frac{1}{2}$ crores and was exactly the same as the opening balance. The nominal balance, including temporary loans amounting to $27\frac{1}{2}$ crores to meet the deficit from 1931-32 onwards, is 37 crores.

1935-36.

2. The continued fall in traffic earnings since February last has made our somewhat optimistic anticipations seriously out. Instead of the comparatively small deficit originally anticipated of less than 2 crores, we now expect a deficit of a little over $4\frac{1}{2}$ crores.

The traffic receipts of State-owned lines are estimated at 90 crores, 20 lakhs less than last year and $3\frac{1}{2}$ crores less than our original estimate.

Net traffic receipts after meeting working expenses including depreciation are expected to be 26 crores or about a quarter of a crore less than last year. Adding miscellaneous receipts and deducting miscellaneous expenditure, we estimate the total net revenues of all State-owned railways at $26\frac{3}{4}$ crores, practically the same as in 1934-35. Interest charges are down by nearly half a crore and the net deficit will be $4\frac{1}{2}$ crores or about $\frac{1}{2}$ crore less than in 1934-35.

The deficit on commercial lines alone will be $2\frac{1}{2}$ crores. Last year it was over 3 crores.

The expenditure on renewals and replacements chargeable to the depreciation fund is now expected to be $9\frac{1}{4}$ crores which is 4 crores less than the contribution from revenues to the fund. As the deficit which will be met by borrowing from the fund is $4\frac{1}{2}$ crores, the net result will be that the actual balance in the fund, which was $9\frac{1}{2}$ crores at the beginning of the year will be about 9 crores at the end of the year.

1936-37.

3. Though we expect to end the year 1935-36 slightly better than the previous year, the improvement is not due to better receipts but is purely due to a saving in interest charges. In 1936-37 we hope for a small improvement in receipts, partly through various alterations in rates and fares that Railways have effected and are contemplating in the near future. If our expectations are realised, the total loss (including two crores on strategic lines) will be slightly under $3\frac{1}{2}$ crores.

We expect gross traffic receipts of all State-owned lines to be $1\frac{1}{2}$ crores better than the current year and to amount to $91\frac{1}{2}$ crores. We have allowed for an increase of half a crore in net working expenses and the net traffic receipts will, we expect, stand at $26\frac{3}{4}$ crores, an improvement of $\frac{3}{4}$ crore as compared with the current year. With a small increase in miscellaneous receipts and a further fall in interest charges, the final result is, so far as we can foresee, likely to be a deficit of 3.44 crores as against 4.54 crores in the current year. This includes a deficit of 2.04 crores on strategic lines; if commercial lines alone are taken into consideration, the result is a deficit of 140 lakhs.

The appropriation to the depreciation fund during 1936-37 will be $13\frac{1}{2}$ crores. The withdrawals from the fund which represent the original cost of unit wasting assets replaced or scrapped during the year, are likely to amount to 7 crores. The net accretion to the fund during the year will, therefore, be $6\frac{1}{2}$ crores and the balance at the end of the year after the temporary withdrawal of about $3\frac{1}{2}$ crores to meet the deficit will amount to a little under 12 crores. The nominal balance will stand at nearly $47\frac{1}{2}$ crores, out of which $35\frac{1}{2}$ crores will have been withdrawn to meet the deficit in the six years 1931-32 to 1936-37.

4. The following table compares certain important financial statistics for 1935-36 and 1936-37 with those for the previous three years.

	Accounts.			Estimates.	
	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Percentage of net traffic receipts to Capital-at-charge	2.7	3.0	3.3	3.3	3.3
Percentage of Working Expenses (including depreciation) to gross traffic receipts	74.4	72.8	70.9	71.1	70.7
Percentage of Working Expenses (excluding depreciation) to gross traffic receipts	58.1	57.1	55.7	56.4	56.2

5. Apparently the improvement in the position of railways which started in 1933-34 and continued the following year has been retarded though, we hope, only temporarily. The extent of the improvement is more clearly realised by comparing the figures of traffic receipts and ordinary operating expenses (exclusive of depreciation) with those for 1932-33, the worst year of the depression. The figures shown in the statement printed at the beginning of this pamphlet do not lend themselves directly to such a comparison by reason of various changes in accounting and other special disturbing factors in each of these years. We do not propose to lengthen this narrative by a detailed description of such factors but a brief exposition of the more important of these is given in an appendix for those interested in such details. Making allowance for the more important of these abnormal features, however, the relevant figures for these years (including figures for 1929-30 which was the last year when the railways had a surplus) will stand as in the statement below. No attempt has been made in this statement to allow for fluctuations in receipts due to changes in fares or freight

rates, or for ordinary variations in expenditure due to changes in the price level, such as the cost of coal and necessary stores, or variations in payments to staff, such as wages and gratuities.

(In lakhs of rupees.)

	Traffic receipts.	Operating expenses.	
		Excluding cut in pay.	Including cut in pay.
1929-30	1,03,36	57,03	57,03
1932-33	84,11	50,40	48,47
1933-34	87,13	50,28	49,21
1934-35	90,20	51,11	50,12
1935-36 (estimate)	90,00	50,69	50,60
1936-37 (estimate)	91,25	51,10	51,10

While the receipts next year are expected to be about 12 crores lower than in 1929-30, the working expenses are nearly 6 crores lower; on the other hand, while they are about 7 crores higher than in 1932-33, the expenses are, excluding the pay-cut, only $\frac{2}{3}$ crore higher.

Review of financial results from 1924-25.

6. Before we pass on to the detailed estimates for 1935-36 and 1936-37 we propose to examine briefly the results of the working of railways from the separation of the railway budget in 1924. The statement printed at the beginning of this pamphlet gives concisely the salient features of every year beginning with 1924-25.

7. A simple way of visualising the financial results of Indian State railways in these years is to imagine that they had a single reserve into which all surpluses of revenue over current expenditure (including renewals and replacements not charged to capital) were credited after the separation.

During the first six years, they earned profits of $52\frac{1}{2}$ crores after paying full interest charges and providing annually for accrued depreciation sums which exceeded the total withdrawals by $12\frac{1}{4}$ crores. If these had been all credited to a single combined reserve, the total of that reserve at the end of 1929-30 would have been $64\frac{3}{4}$ crores.

Then came the depression. During the five years 1930-31 to 1934-35, Indian State railways were unable to meet their interest charges in full, after providing for the full accrued depreciation. The deficiency amounted to $37\frac{1}{2}$ crores. At the same time, the sums provided for depreciation exceeded the withdrawals by $24\frac{3}{4}$ crores. If we had a system of a single combined reserve, the amounts that it would have been necessary to withdraw from such a reserve during these 5 years would have been $12\frac{3}{4}$ crores.

In eleven years of mixed fortunes, the net accumulation in the reserve would then have been 52 crores (*i.e.*, 37 crores in the depreciation portion of the reserve and 15 crores in the ordinary reserve).

During the first seven years of this period, however, railways paid to general revenues contributions amounting to nearly 42 crores. Consequently, at the end of 1934-35, their total reserves amounted to 10 crores only, *viz.*, half a crore invested in securities on behalf of the Reserve Fund, and a net balance of $9\frac{1}{2}$ crores in the Depreciation Reserve Fund after deducting the amounts borrowed from the Fund to meet successive deficits.

8. If our expectations for 1935-36 and 1936-37 do not prove far out, the realised deficits of 37½ crores in the past five years will be increased by 8 crores: but the depreciation reserve fund will similarly be increased by 10½ crores. On the assumption of a combined reserve, the net accumulation in the reserve (neglecting the contributions to general revenues) will increase from 52 crores to 54 crores (of which 47 crores will be in the depreciation portion of the reserve). The net financial result of working of Indian State Railways, both commercial and strategic in 13 years of which the last seven are years of exceptional and continuous depression, may thus be expressed as a net accumulated reserve of 54 crores.

But this method of expressing the financial results of railways, though it has the merit of simplicity, overlooks some important factors:—

- (a) The intention underlying the creation of the depreciation reserve was to accumulate a fund which would provide for replacements of assets when necessary irrespective of the exigencies of the moment. Though the nominal accumulations at present are vastly in excess of any possible requirements, it is theoretically not quite correct to include them in profits, or amalgamate them with other reserves.
- (b) The favourable results described in the last paragraph are due, in part, to the method of allocation adopted in 1924-25 by which, when an asset is replaced, only the original cost is charged to the depreciation fund and the balance is added to the capital cost. If the sounder principle of making revenue (or the depreciation fund) responsible for renewing an asset by a similar asset and charging to capital only the sum representing the measure of the improvement involved in replacement had been followed, it has been estimated that both the capital at charge of railways and the reserves referred to above would have stood at about 20 crores less. The combined reserve would then have been 34 crores.
- (c) No allowance has been made in this statement of the position for any provision for amortisation of capital so necessary in a concern of this nature, nor for any contribution to general revenues. If the latter had been, or could have been, regularly paid according to the convention of 1924 the total payment should have been over 72 crores, whereas only 42 crores has been actually paid. Secondly, if instead, provision for amortisation of capital had been made on the scale suggested by the Percy Committee the total for these thirteen years would have been 65 crores. Both these sums are much in excess of the profits realised in these years, even though we look on the depreciation reserve as a renewals reserve and on the amounts paid into it in excess of actual requirements as in the nature of true profits.

9. On these estimates, the liabilities of railways at the end of 1936-37 to be met in more prosperous times will amount to 66½ crores. The total of the contributions due to general revenues but remaining unpaid from 1931-32 to 1936-37 is 30½ crores. Under the existing convention railways are liable to pay these arrear contributions when they begin earning surpluses, but the liability begins after the loans amounting to nearly 35½ crores from the depreciation fund have been repaid, but before railways can again begin payments into the ordinary reserve fund.

PART II.

Commercial Lines.

10. Before we proceed to deal with the estimates for 1935-36 and 1936-37 in detail, it will perhaps be useful if the final results are compared with the results of the previous years since the worst year of the depression. In all these years, railways have been nominally paying into a depreciation reserve fund sums varying from 4 to 7 crores more than the amounts required for actual renewals and replacements in the year, but have simultaneously been withdrawing from the fund large sums to meet interest charges. In the table below are shown the results both as they appear in the accounts with full provision made for accrued depreciation, and as they would appear if only the amounts not chargeable to capital under the present rules had to be provided for from current revenues. In the former case, all the years show deficits. In the latter case, the last three years would show substantial surpluses amounting to nearly 8 crores. These surpluses cannot, however, as already pointed out, be taken at their face value as they are to some extent the result of charging to capital the difference between the original cost of the asset replaced and the cost of replacement whether the act of replacement involves an improvement in the asset and increases its revenue earning capacity or not. Moreover a temporary reduction in renewals and replacements is more in the nature of a postponement of liabilities for a time than a real saving.

Commercial Lines.

(In lakhs of rupees.)

	1931-32.	1932-33.	1933-34.	1934-35.	1935-36. (Revised estimate.)	1936-37. (Budget estimate.)
Gross Traffic Receipts	85,31	83,20	85,39	88,37	88,75	89,97
Ordinary working expenses	49,62	47,62	47,94	48,80	49,25	49,73
Depreciation. { Actual expenditure on renewals and replacements debitable to the fund.	7,98	6,11	7,91	8,37	8,87	6,54
{ Additional allotment to depreciation reserve	5,05	7,22	5,22	4,92	3,82	6,17
Total working expenses	62,65	60,95	61,07	62,09	61,94	62,44
Net traffic receipts	22,66	22,25	24,32	26,88	26,81	27,53
Net miscellaneous receipts	1,68	98	81	41	71	82
Net revenue	24,34	23,23	25,13	27,29	27,52	28,35
Interest charges	31,58	31,44	31,14	30,40	30,00	29,75
Gain + or Loss — (after meeting full depreciation)	—7,24	—8,21	—6,01	—3,11	—2,48	—1,40
Gain + or Loss — (if only actual cost of renewals and replacements were charged).	—2,19	—99	—79	+1,81	+1,34	+4,77

1935-36.

10. The budget estimate for 1935-36 anticipated the small surplus of seven lakhs during the year. Unfortunately almost immediately after our estimates had been prepared, a downward tendency in earnings started which has continued practically thought up to the present time. Our present estimate of receipts is about $3\frac{1}{2}$ crores below the original estimate and though there is a saving of nearly $\frac{1}{2}$ crore in working expenses and a reduction of 30 lakhs under interest charges, the revised estimate of results is a net loss, after meeting full depreciation and interest charges, of 2.48 crores.

11. The principal figures of the revised estimate for 1935-36 (showing state-owned and worked lines separately) are compared in the statement below with the budget estimate as well as with the results of 1934-35.

Commercial Lines.

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
<i>Traffic Receipts.</i>			
Gross Traffic Receipts (deducting refunds)—			
State lines	88,97	92,15	88,75
Worked lines	5,28	5,45	5,28
Total working expenses (including depreciation)—			
State lines	62,09	62,37	61,94
Worked lines	2,66	2,75	2,75
Net receipts of worked lines payable to them .	2,62	2,70	2,55
A—Net traffic receipts (State lines)	26,88	29,78	26,81
<i>Miscellaneous.</i>			
Total miscellaneous receipts	1,73	1,89	1,98
Total miscellaneous expenditure	1,32	1,30	1,27
B—Net Miscellaneous Receipts	41	59	71
Net railway revenue (A + B).	27,29	30,37	27,52
Interest charges	30,40	30,30	30,00
Profit + loss—.	—3,11	+7	—2,48

Traffic receipts.

12. Traffic receipts of State-owned lines in 1935-36 are expected to be about a quarter crore less than in 1934-35. In view of the fact that 1936 is a leap year and that the Ardh Kumbh Mela at Allahabad is likely to increase our earnings appreciably, the expected result conceals a real decrease of slightly more than half a crore. Passenger earnings are now showing signs of increase ; but on the other hand goods earnings have definitely declined since the last year. A considerable reduction in the groundnut crop during the current year as a result of smaller sowings following the very serious drop in prices last year had serious effects on the earnings in the earlier part of the year. Our earnings from this

source from April to October were 60 lakhs lower than last year. The rice traffic which was exceptionally good last year mainly owing to imports to the areas devastated by the Bihar earthquake has been disappointing this year and cotton has been slow in moving. The details of our estimates are as follows :—

Commercial Lines.

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
Passenger earnings	27,55	27,36	27,93
Other Coaching traffic earnings	4,83	4,87	4,90
Goods earnings	60,30	63,91	59,59
Other earnings	1,61	1,58	1,73
Suspense	8	..	..
Total	94,37	97,72	94,15
Refunds of revenue	—12	—12	—12
	94,25	97,60	94,03
Share of worked lines	5,28	5,45	5,28
Receipts of State-owned lines	88,97	92,15	88,75

13. Though we expected an increase in passenger earnings, we appear to have taken a too pessimistic view in view of past experience, and we have now reason to put our revised estimate at about half a crore higher than our origin ' estimate. The increase in the number of passengers carried in the first seven months over the corresponding period of last year is comparatively trifling, less than 1 per cent. ; but the total number of passenger miles shows an increase of 2 per cent. In number, there is an increase of $2\frac{1}{4}$ million—from 287 million to $289\frac{1}{4}$ million. The lead per passenger has increased very slightly from $34\frac{1}{2}$ to $34\frac{3}{4}$ miles.

14. Goods traffic during the year suffered a serious set back. Though the total tonnage carried during the first seven months of the year is practically the same as last year—57·7 million against 57·8 million, the ton mileage has shown a decrease of $\frac{1}{2}$ per cent. being 11,084 million against 11,138 million. We now anticipate a decrease in goods earnings of $\frac{3}{4}$ crore as compared with last year and $4\frac{1}{2}$ crores as compared with the budget.

The total number of wagons loaded on Class I railways to about the middle of January showed a trifling increase of less than 1 per cent., but there are serious decreases under important commodities : grain and pulses show a decrease of 10 per cent., oilseeds of 17 per cent., cotton of 6 per cent. Coal was practically stationary, there being a decrease of 1 per cent. Miscellaneous full wagon loads showed, however, an increase of $4\frac{1}{2}$ per cent. and miscellaneous smalls of $3\frac{1}{2}$ per cent.

Working Expenses.

15. In the statement below is given in detail the revised estimate of working expenses as compared with the budget and the expenditure of the previous year :

Commercial Lines.

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
A.—Maintenance of Structural works . . .	8,68	8,61	8,48
B.—Maintenance and supply of locomotive power	16,57	16,56	16,27
C.—Maintenance of carriage and wagon stock .	5,95	5,98	6,15
D.—Maintenance of ferry steamers and harbours	32	29	29
E.—Expenses of traffic department.	10,70	10,73	10,64
F.—Expenses of general departments	4,76	4,86	4,75
G.—Miscellaneous expenses	4,32	4,22	4,30
H.—Electric service department	1,21	1,24	1,19
Suspense	—9	..	..
Total	52,42	52,49	52,07
Emergency deductions from pay	—96	—8	—9
Total ordinary working expenses	51,46	52,41	51,98
Depreciation	13,29	12,71	12,69
Total working expenses	64,75	65,12	64,67
Recoveries from worked lines	—2,66	—2,75	—2,73
Net working expenses of state-owned lines	62,09	62,37	61,94

16. Excluding emergency deductions from pay, the total ordinary working expenses of the main railway systems (including worked lines) during 1935-36 are now expected to be 35 lakhs less than in the previous year. Of the decrease 25 lakhs is due to expenditure amounting to about 12½ lakhs on account of freight on coal required for the current year on the Bombay, Baroda and Central India Railway, having been debited to the accounts of the last year as the coal was received in the last weeks of 1934-35 in advance of requirements.

There is a reduction throughout except in the cost of maintenance of carriage and wagon stock where the expenditure is expected to be 20 lakhs higher than last year. The condition of a large number of wagons has been found to be such that heavy expenditure on repairing them is necessary if we are to avoid premature renewal.

17. The appropriation to the depreciation fund is 60 lakhs lower than in the previous year as an incidental result of the change in our method of calculation.

Miscellaneous.

18. Net miscellaneous receipts are now expected to be 30 lakhs higher than in 1934-35, partly as the result of an increase in the credits for materials returned from works of renewals or replacements not charged to revenue, and partly as a result of a fall in the surplus profits payable to Indian States and Railway Companies. The details are given in the statement below which is self-explanatory :

Particulars.	Accounts, 1934-35.	(In lakhs of rupees.) 1935-36.	
		Budget.	Revised.
<i>Miscellaneous receipts.</i>			
Credits from materials returned from works not charged to revenue	87	97	1,06
Government share of profit from subsidised companies, guarantees from local Governments, etc.	21	21	23
Interest on Depreciation and Reserve Fund balance	39	48	37
Dividends on investment in branch lines and other miscellaneous receipts	14	11	20
Receipts from Railway Companies for supervision, audit and control	12	12	12
Total Miscellaneous Receipts	1,73	1,89	1,98
<i>Miscellaneous expenditure.</i>			
Surplus profits payable to Indian States and Railway Companies	61	56	52
Rebate, subsidy and rental	15	17	16
Miscellaneous charges	56	57	59
Total miscellaneous expenditure	1,32	1,30	1,27
Net miscellaneous receipts	41	59	71

19. Interest charges are now expected to be 40 lakhs below last year, and 30 lakhs below the budget estimate. The latter is due to our capital expenditure during the year being less than originally provided for and the former to this cause as well as to a fall from 5.20 per cent. to 5.04 per cent. in the rate of interest charged on railway capital expenditure after 1916-17 which is the average rate of interest on Government borrowing during the period and has fallen with the conversion of loans bearing higher rates of interest which Government has been able to achieve during the period.

1936-37.

Commercial Lines.

20. If our estimates prove correct, though 1936-37 will not result in a surplus, the deficit will be appreciably reduced. The deficit on commercial lines will, it is expected, be under $1\frac{1}{2}$ crores, or over a crore less than in 1935-36.

21. The important figures of the estimates for 1936-37 are given below with those for the two previous years for comparison.

Commercial Lines.

(In lakhs of rupees.)

	Accounts, 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
<i>Traffic Receipts.</i>			
Gross traffic receipts (deducting refunds)—			
{ State lines	88,97	88,75	89,97
{ Worked lines	5,28	5,28	5,22
Total working expenses (including depreciation)—			
{ State lines	62,09	61,94	62,44
{ Worked lines	2,66	2,73	2,70
Net receipts of worked lines payable to them	2,62	2,55	2,52
A—Net traffic receipts (State lines)	26,88	26,81	27,53
<i>Miscellaneous.</i>			
Total miscellaneous receipts	1,73	1,98	1,91
Total miscellaneous expenditure	1,32	1,27	1,09
B—Net miscellaneous receipts	41	71	82
Net railway revenue (A+B)	27,29	27,52	28,35
Interest charges	30,40	30,00	29,75
Loss	—3,11	—2,48	—1,40

22. Our estimates of traffic receipts in 1936-37 are based on the assumption that we can expect a small increase in earnings through a gradual improvement in traffic and through the operation of the alterations in rates and fares made by railways during the year. The latter is expected to amount to about a

crore. As regards the former, our estimate is conservative: we expect only to reach the earnings in 1934-35, which were, if we take into account the extra day in February 1936 half a crore more than we expect to obtain in the current year.

The more important of the alterations in rates and fares given effect to are as follows:

A small increase of $\frac{1}{4}$ pie per mile in third class fares for distances between 51 and 300 miles on the North Western Railway is expected to bring in about 12 lakhs and a similar increase on the Burma Railways will yield 6 lakhs. Increases in upper class fares on the Great Indian Peninsula, Bombay, Baroda and Central India and South Indian Railways are likely to result in increased earnings of 5 lakhs. An increase in terminals on the North Western, Great Indian Peninsula and East Indian Railways is expected to yield 34 lakhs.

The most important of the enhancements in goods freights are on petrol, liquid fuel and cement over the Bombay, Baroda and Central India, Great Indian Peninsula and East Indian Railways, and on stone metal over the East Indian and North Western Railways. These and other similar enhancements in goods rates are expected to bring in increased earnings of about half a crore during 1936-37.

23. The details of our estimates are given below. We are allowing for a larger increase in goods earnings because it is in goods earnings that we have suffered most in the current year and it is again in goods earnings that we expect the larger portion of the increase due to an alteration in rates and fares.

Traffic receipts.

Particulars.	(In lakhs of rupees.)		
	Accounts, 1934-35.	Revised estimate 1935-36.	Budget estimate, 1936-37.
Passenger earnings	27,55	27,93	28,12
Other coaching traffic earnings.	4,83	4,90	4,90
Goods earnings	60,30	59,59	60,47
Other earnings	1,61	1,73	1,82
Suspense	8	..	..
Total	94,37	94,15	95,31
Refunds of revenue.	—12	—12	—12
	94,25	94,03	95,19
Share of worked lines	5,28	5,28	5,22
Receipts of State-owned lines	88,97	88,75	89,97

Working Expenses.

24. The estimates of working expenses are compared in the following statement with previous years.

Commercial Lines.

Particulars.	(In lakhs of rupees)		
	Actuals, 1934-35.	Revised estimate, 1935-36.	Budget Estimate, 1936-37.
A.—Maintenance of structural works	8,68	8,48	8,59
B.—Maintenance and supply of locomotive power	16,57	16,27	16,42
C.—Maintenance of carriage and wagon stock	5,95	6,15	6,15
D.—Maintenance of ferry steamers and harbours	32	29	29
E.—Expenses of traffic department	10,70	10,64	10,75
F.—Expenses of general department	4,76	4,75	4,76
G.—Miscellaneous expenses	4,32	4,30	4,27
H.—Electric service department	1,21	1,19	1,20
Suspense	—9	..	..
	52,42	52,07	52,43
Emergency deductions from pay	—96	—9	..
Total ordinary working expenses	51,46	51,98	52,43
Depreciation	13,29	12,69	12,71
Total working expenses	64,75	64,67	65,14
Recoveries from worked lines	—2,66	—2,73	—2,70
Working expenses of State-owned lines	62,09	61,94	62,44

25. Our estimate of ordinary working expenses is 45 lakhs higher than in the current year. Nine lakhs of this is accounted for by the absence of the emergency deduction in pay which reduced our working expenses during the current year in the first month. An increase of 12½ lakhs is the consequence of the booking in last year's accounts of expenditure pertaining to this year on freight on coal.

26. The provision for depreciation is calculated at 1/60th of the capital-at-charge at the end of the previous year, and the increase is only 2 lakhs.

Depreciation.

Miscellaneous.

27. The table below gives the necessary details of our miscellaneous receipts and expenditure. There is expected to be a large decrease in surplus profits paid to companies and Indian States as the earnings of Company managed railways, principally of the Madras and Southern Mahratta Railway, during 1935-36 are expected to be much lower than during the previous year.

	(In lakhs of Rupees.)		
	Accounts, 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
MISCELLANEOUS.			
<i>Receipts.</i>			
Credits for material returned from works not chargeable to revenue	87	1,06	97
Share of surplus profits from branch line companies	21	23	22
Interest on depreciation reserve fund balances	39	37	41
Dividends on investments and other miscellaneous receipts	14	20	20
Receipts from railway companies for supervision, audit and control	12	12	12
Total	1,73	1,98	1,92
<i>Expenditure.</i>			
Surplus profits paid to Companies and Indian States	61	52	30
Rebates, subsidies and rentals	15	16	18
Miscellaneous charges	56	59	62
Total	1,32	1,27	1,10
Net Miscellaneous receipts	41	71	82

28. A further fall (from 5·04 per cent. to 4·90 per cent.) in the average rate of interest charged on capital outlay after 1916-17 will more than counter-balance the increase due to additional capital, and the net result is a reduction of $\frac{1}{4}$ crore.

PART III.

Strategic Lines.

29. The statement below gives the relevant figures and requires no additional explanation.

Strategic Lines.

(In lakhs of rupees.)

Particulars.	Accounts, 1934-35.	1935-36.		Budget estimate, 1936-37.
		Budget.	Revised.	
Gross Traffic Receipts	1,23	1,35	1,25	1,28
Working expenses	1,50	1,49	1,50	1,52
Emergency deductions from pay	—3	..(a)	..(a)	..(a)
Depreciation	43	57	57	57
Total working expenses	1,90	2,06	2,07	2,09
A.—Net Traffic Receipts	—67	—71	—82	—81
<i>Miscellaneous Receipts.</i>				
Credits for material returned from works not charged to revenue	3	3	4	3
Interest on balances of Depreciation Fund	9	10	9	10
Total	12	13	13	13
<i>Miscellaneous expenses.</i>				
B.—Net Miscellaneous receipts	12	13	13	13
Net Revenue (A+B)	—55	—58	—69	—68
Interest charges	1,40	1,39	1,37	1,36
Net loss in working	1,95	1,97	2,06	2,04

(a) Less than half a lakh.

PART IV.

WORKS EXPENDITURE NOT CHARGED TO REVENUE.

1935-36.

30. Our works programme for the current year was expected to cost $15\frac{3}{4}$ crores, of which $\frac{3}{4}$ crores was expected to be found from stores in stock. Of the cash expenditure of 15 crores, $5\frac{1}{2}$ crores was to be an addition to capital and the balance was to be met from the Depreciation Fund. We now expect that our total net expenditure in cash will be 11 crores, allowing for a reduction of $\frac{1}{2}$ crore in stores balances. Of the total, a quarter of a crore will be required for new lines. On open line improvements we expect to spend $10\frac{3}{4}$ crores, of which we estimate $9\frac{1}{4}$ crores will be debited to the Depreciation fund as representing the original cost of wasting assets renewed or replaced, or scrapped without replacement.

1936-37.

31. For 1936-37 our programme provides for a total expenditure of little more than 12 crores against $11\frac{1}{2}$ crores in the current year. We expect a further reduction of $\frac{1}{2}$ crore in stores balances which, if this estimate proves correct, will be reduced to $8\frac{1}{4}$ crores at the end of the year. The actual cash outlay on the items included in the programme is $11\frac{1}{2}$ crores. In view of past experience, we consider it improbable that the full amount will be utilised, and we are providing only $10\frac{1}{4}$ crores. Of this amount 7 crores will be found from the Depreciation Fund ; and the balance of $3\frac{1}{4}$ crores will be an addition to capital.

The total includes about a quarter of a crore for new construction entirely for projects already under construction. The main item on the programme is the Megna Bridge for which we are providing 22 lakhs.

Our total expenditure during 1936-37 on restoration of damages caused by the 1934 earthquake and on the protection works to the Hardinge Bridge is estimated at 19 lakhs, of which 15 lakhs will be found from the annual instalment from revenue we are providing for the purpose.

For Quetta, we are providing 12 lakhs. The total expenditure is estimated as in the neighbourhood of half a crore.

Track renewals account for 5 crores, bridge work for $\frac{3}{4}$ crore, and other structural works for $2\frac{1}{2}$ crores.

Rolling stock is estimated to cost $3\frac{1}{4}$ crores. Of this locomotives and boilers cost about $\frac{3}{4}$ crore, carriages cost $1\frac{3}{4}$ crores and wagons $\frac{3}{4}$ crore. The total number of wagons ordered amounts to about 1,200 of which 750 are broad gauge general service wagons to be added to the general pool. All these represent replacements of wagons already scrapped, or to be scrapped, in the year. We regret that the unexpected fall in traffic has necessitated a reconsideration of our wagon renewal programme and a drastic reduction in the number of wagons purchased.

CONCLUSION.

32. In conclusion we desire to acknowledge the valuable assistance we have received from members of the Standing Finance Committee for Railways during the year.

T. G. RUSSELL,

Chief Commissioner of Railways.

P. R. RAU,

Financial Commissioner of Railways.

NEW DELHI ;

The 10th February 1936.

E

APPENDIX I.

The figures of traffic receipts and ordinary working expenses (excluding depreciation) shown in the statement printed at the beginning of this pamphlet are as follows:—

	Traffic receipts.	Ordinary working expenses.
1929-30	1,02,70	55,59
1932-33	84,43	49,08
1933-34	86,63	49,50
1934-35	90,20	50,27
1935-36 (estimate)	90,00	50,75
1936-37 (estimate)	91,25	51,25

2. The special abnormal features of major importance that we should allow for are as follows:—

On the receipts side:—

- (a) In 1929-30 the receipts did not include those of the Southern Punjab Railway for the 1st 9 months (110 lakhs) as it was purchased as from January 1930, but included those of the Mysore State Railways (44 lakhs) for the whole year,
- (b) the receipts of 1932-33 included about 32 lakhs for arrears on account of some branch lines on the South Indian Railway.

On the expenditure side:—

- (a) In 1929-30, the working expenses of the Southern Punjab Railway (57 lakhs) were not included for 9 months and those of the Mysore State Railways (24 lakhs) were included. They were decreased (about 1½ crores) by certain credits for released material which since 1932-33 are shown as receipts.
- (b) In 1932-33, working expenses were increased by 27 lakhs by arrear adjustments on the South Indian Railway for branch lines and by 20 lakhs on account of payment to Income-tax Department as compensation for exemption allowed to railway servants like all Government servants from the additional income-tax imposed in 1931.
- (c) The cut in pay decreased working expenses by 193 lakhs in 1932-33, 107 lakhs in 1933-34 and 99 lakhs in 1934-35. The estimated recoveries in 1935-36 are 9 lakhs only.
- (d) Prior to 1934-35, working expenses included about 14 lakhs on account of rebates and subsidies—from 1934-35 onwards they are included as miscellaneous charges.

(e) From 1933-34 onwards, working expenses include about 15 lakhs representing the repayment by instalments of the cost of repairs of damages caused by the earthquake in Bihar and the Ganges flood to the Hardinge protection works.

Making the necessary additions and deductions for these abnormal features, the figures for comparison are as follows :

				(In lakhs of rupees.)		
				Operating expenses.		
				Traffic receipts.	(Excluding cut in pay).	(Including cut in pay).
1929-30	.	.	.	1,03,36	57,03	57,03
1932-33	.	.	.	84,11	50,40	48,47
1933-34	.	.	.	86,63	50,28	49,21
1934-35	.	.	.	90,20	51,11	50,12
1935-36 (estimate)	.	.	.	90,00	50,69	50,60
1936-37 (estimate)	.	.	.	91,25	51,10	51,10

APPENDIX II.

CAPITAL EXPENDITURE.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1934-35 to 1936-37 is set out in the table below:—

	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
		Budget.	Revised.	
England—				
Sterling pay- ments. £	1,096,897	1,500,000	1,290,000	1,290,000
Converted into rupees at 1s. 6d. to the rupee. Rs.	1,46,25,287	2,00,00,000	1,72,00,000	1,72,00,000
Exchange . Rs.	—40,400	..	—89,000	..
Total England . Rs.	1,45,84,887	2,00,00,000	1,71,11,000	1,72,00,000
India—				
Payments in India Rs.	7,49,01,125	13,00,00,000	9,28,89,000	8,53,00,000
Total England and India. Rs.	8,94,86,012	15,00,00,000	11,00,00,000	10,25,00,000

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

Capital	28,84,150	5,50,00,000	1,75,00,000	3,25,00,000
Depreciation Fund .	8,66,01,862	9,50,00,000	9,25,00,000	7,00,00,000

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	75·70	426·14	501·84
(2) Bridges	34·99	32·18	67·17
(3) Traffic facilities	73·93	20·47	94·40
(4) Workshops and Loco. sheds	45·23	19·95	65·18
(5) Staff quarters	23·20	1·06	24·26
(6) Welfare Works	9·65	·81	10·46
(7) Electric installations	16·24	4·29	20·53
(8) Signalling and interlocking	14·28	5·85	20·13
(9) Electrification of track	9·49	·84	10·33
(10) Removal of infringements	1·57	·43	2·00
(11) Ferries . . . . .	..	1·00	1·00
(12) Collieries	—3·15	..	—3·15
(13) Emergencies	2·00	3·00	5·00
(14) Other Works	34·48	13·52	48·00
(15) Hardinge Bridge protection and training works and earthquake damages	4·85	14·14	18·99
(16) Suspense (Reduction in stores balances)	—58·00	..	—58·00
(17) Repayments from revenue for Hardinge Bridge works and earthquake damages . . . . .	..	—15·00	—15·00
Total	284·46	528·68	813·14

(1) and (2)—*Track and Bridges.*—The policy of strengthening and improving both track and bridges is being continued and it has been found necessary to make a total provision of Rs. 501·84 lakhs for renewals of track as against Rs. 502·38 lakhs provided for in 1935-36, or Rs. 0·54 lakhs less than the corresponding provision in 1935-36.

The provision for the girder renewal and bridge strengthening programme amounts to Rs. 67·17 lakhs which is Rs. 33·63 lakhs less than the corresponding provision during the current year. A small provision has been made towards the completion of the Nerbudda bridge at Broach on the Bombay, Baroda and Central India Railway, which was opened to public traffic on the 20th December 1935. On this Railway a further provision of Rs. 11·36 lakhs has been made for strengthening bridges on the Rutlam Mhow section. On the Great Indian Peninsula Railway Rs. 4·43 lakhs have been allowed for the reconstruction of the superstructures of the Wunna, Pothra and Krishna bridges and rebuilding of Nalganga bridge at Malkapur. These works have been considered necessary in order to bring them up to the standard requirements.

On the Eastern Bengal Railway, a provision of Rs. 10·35 lakhs has been made for regirdering the Gorai bridge. A provision of Rs. 1·82 lakhs has been made for raising the spans of the Jhelum bridge on the Lalamusa-Rawalpindi section of the main line of the North Western Railway, while provision amounting to Rs. 2·93 lakhs has been made for expenditure in connection with strengthening the Dufferin and three other bridges on the East Indian Railway. A provision of Rs. 2 lakhs has also been made on this Railway for relieving girders on 30', 40', 50' and 60' weak arches on the main line between Moghalsarai and Allahabad. The whole scheme is estimated to cost 10 lakhs. These old arches, unless strengthened, are not strong enough to take modern loads.

Traffic Facilities.

A provision of Rs. 1·45 lakhs has been made for doubling the section between Etawah and Ekdil on the main line of the East Indian Railway and a sum of Rs. 3·80 lakhs has also been provided for remodelling 5 stations—Bhanpur, Rura, Jhinhak, Phaphund and Bharthana. Their remodelling is required in connection with the doubling of the Cawnpore-Tundla line.

As regards important remodelling schemes, an outlay of Rs. 1·40 lakhs has been proposed for completing the remodelling of the station building including refreshment rooms and waiting rooms at Patna junction. Provision has also been made for remodelling Hathras and Aligarh stations on the East Indian Railway.

On the Bengal Nagpur Railway a sum of Rs. 3·58 lakhs has been provided for remodelling the Traffic and Loco. yard at Waltair. It is proposed to build a new station at Cuttack, if it becomes the capital town of the new province of Orissa, at an approximate cost of Rs. 1·20 lakhs, and the work is likely to be commenced during 1936-37.

On the Bengal and North Western Railway a sum of Rs. 2·08 lakhs has been provided for remodelling Muzaffarpur station and Loco. yard, etc.

On the Eastern Bengal Railway the work of remodelling the Rajbari station has been provided at an approximate cost of Rs. 1·30 lakhs and the same amount has been allowed during 1936-37, as the work is expected to be completed during the year.

On the North Western Railway a provision of Rs. 6·93 lakhs has been allowed for completing the remodelling schemes of Delhi and Khanalampura yards.

A sum of Rs. 2·31 lakhs has been provided for remodelling the Coimbatore station on the South Indian Railway. It is proposed, as a first stage, to remodel the passenger yard, and the work which is considered essential, is estimated to cost about Rs. 8 1/2 lakhs. Coimbatore, even with the present trade depression, is expanding with the advent of the Pykara Hydro-Electric Scheme and there have been many complaints regarding the present inadequate station accommodation. A sum of Rs. 1·43 lakhs has been provided for completing the remodelling work at Shoranur junction during 1936-37.

Workshops, Stations and other buildings.

Consequent on the provision of new Loco. shops at Dohad, remodelling of Parel shops became a necessity. The work is in progress and a small provision has been made for the completion of the scheme during 1936-37. The remodelling of Jamalpur workshops on the East Indian Railway has been

making good progress and a provision of Rs. 9·08 lakhs has been made for it. It is proposed to provide an additional erecting shop bay at Lucknow. The work is estimated to cost about Rs. 6·75 lakhs out of which Rs. 5 1/2 lakhs have been provided during 1936-37 when the work is to be commenced. The scheme will enable intermediate repairs to be given to all engines. Under this scheme all heavy repairs will be done in workshops without any extra equipment and the sheds will be called upon to do maintenance work only. On a conservative basis a recurring saving of Rs. 2 1/2 lakhs per annum is expected. The work in connection with the modernisation of the generating plant of the Power House Khargpur Workshops on the Bengal Nagpur Railway is expected to be completed during 1936-37 and a sum of Rs. 9·50 lakhs has been provided for it. On the Great Indian Peninsula Railway, a provision of Rs. 1·53 lakhs has been made for the provision of improved machinery and handling facilities in the Central Engineering Workshop at Manmad, and the work is expected to be completed during 1936-37. On the same Railway a provision of Rs. 2·50 lakhs has been made for Jhansi Loco. Shed remodeling and the work is expected to be completed during 1936-37. On the North Western Railway it is proposed to provide steel work and track for overhead travelling cranes and extension of the existing traverser tracks together with the provision of additional traversers and cranes in Carriage and Wagon Shops at Moghalpura. A sum of Rs. 2·40 lakhs has been provided for the work in 1936-37 when the work is expected to be completed.

On the North Western Railway a new Central Hospital, at Lahore with staff quarters, including air conditioning and flush sanitation, is being provided for at an approximate cost of Rs. 7·50 lakhs. A sum of Rs. ·04 lakh only is likely to be spent during the current financial year and Rs. 2·50 lakhs is proposed for work to be done next year and the balance of Rs. 4·96 lakhs is to be spent thereafter for completion of the work. On the same Railway provision is also being made for the construction of a Divisional Office at Delhi for which an estimate amounting to Rs. 2·40 lakhs has been sanctioned. It has been decided to build a separate office building for the Indian Railway Conference Association and a sum of Rs. ·74 lakh has been provided for the completion of the building required for the Association.

Electrification of Track.

A provision of Rs. 9·17 lakhs is being made during 1936-37 for completing the extension of the Bombay, Baroda and Central India Railway suburban electrification scheme by 16 miles from Borivli to Virar.

Quetta Earthquake.

The earthquake of 31st May 1935 seriously damaged most of the buildings in Quetta and also some of the buildings and bridges between Kolpur and Quetta. As it has now been decided that the Cantonment and the City of Quetta should be rebuilt, it is anticipated that the construction of railway quarters and buildings on the Quetta Division will eventually cost approximately Rs. 52 lakhs out of which a sum of Rs. 12 lakhs has been provided during 1936-37. Plans and estimates of these works are now under preparation.

5. *Staff quarters.*—The following table shows the distribution of the proposed expenditure for the provision of quarters for the staff :—

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Assam Bengal	14	..	14
Bengal Nagpur.	2	..	38	1,70	2,10
Bengal & North Western,	38	16	54
Bombay, Baroda and Central India.	19	1,21	1,40
Burma	16	54	70
East Indian	50	3,55	4,05
Great Indian Peninsula.	5	3,33	3,38
Jodhpur	42	42
Madras and Southern Mahratta.	75	1,35	2,10
North Western.	..	24	12	7,51	7,87
Rohilkund and Kumaon.	..	10	12	28	50
South Indian	1,06	1,06
Total . .	2	34	2,79	21,11	24,26

6. *Amenities for Passengers.*—The statement below shows against each railway the expenditure proposed on the various categories under which these amenities are usually sub-divided:—

(Figures in thousands.)

Railways.	Improvement of facilities and sanitary arrangements.	Water supply to passengers.	Provision of lower class waiting rooms and waiting halls.	Provision of covered platforms.	Provision of refreshment rooms and tea stalls for lower class passengers.	Booking facilities.	Raised platforms.	Additional carriages to reduce overcrowding.	Improvements in existing carriages.	Any other objects to improve the amenities of lower class passengers.	Total.
Assam Bengal . . .	1	11	11	..	6	1	..	..	..	6	36
Bengal Nagpur . . .	2	5	14	..	8	..	..	..	..	2	31
Bengal and North Western.	5	5	15	..	5	5	..	..	..	..	35
Bombay, Baroda and Central India.	20	20	20	..	10	10	..	..	..	..	80
Burma	10	5	5	15	5	..	10	..	..	..	50
Eastern Bengal . . .	5	5	12	19	13	3	10	..	..	..	67
East Indian	35	1,00	1,55	40	20	25	2,85	5,19	2,01	4,25	13,05
Great Indian Peninsula.	..	..	5	..	..	..	25	..	..	..	30
Jodhpur	3	..	8	..	..	..	7	..	..	..	18
Madras and Southern Mahratta.	45	90	55	20	10	45	10	..	..	45	3,20
North-Western . . .	8	16	11	45	..	..	51	..	..	18	1,49
Rohilkund & Kumaon	..	..	16	37	..	..	..	..	..	..	53
South Indian	8	4	21	35	5	26	60	..	..	..	1,62
TOTAL	1,42	2,61	3,51	2,11	82	1,15	4,58	5,19	2,01	4,90	28,36

7. *Rolling Stock*.—Of the total amounts provided for expenditure on rolling stock during 1936-37, 20·84 lakhs (of which about 12·90 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.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.			Total.		
	Additions.	Renewals.		Additions.	Renewals.		Additions.	Renewals.		Additions.	Renewals.	
		Capital.	Capital.		Dep. Fund.	Capital.		Capital.	Dep. Fund.		Capital.	Capital.
I.—Locomotives—												
(a) Engines and Tenders.	2,25	—27,78	38,73	..	4,15	4,46	..	22	2,44	2,25	—23,41	45,63
(b) Boilers . . . . .	..	5,02	27,27	..	74	5,88	..	17	15	..	5,93	33,30
(c) Miscellaneous Expenditure.	..	51	..	..	4	..	..	..	..	..	55	..
II.—Coaching Stock—												
(a) I and II class . . . . .	..	19,53	16,15	2,24	3,22	6,75	..	4	46	2,24	22,79	23,36
(b) Inter and III class	5,19	7,17	14,60	..	7,82	13,37	..	74	2,39	5,19	15,73	30,36
(c) Composites . . . . .	..	5,84	6,43	..	44	1,55	..	2	12	..	6,30	8,10
(d) Other coaches and miscellaneous expenditure.	7,57	—5,44	36,64	1,64	3,94	11,45	..	13	1,99	9,21	—1,37	50,08
III.—Goods Stock—												
(a) General Service	95	4,05	20,00	..	..	..	..	..	..	95	4,05	20,00
(b) Other types	4,20	5,45	7,54	1,78	2,26	13,42	..	2	16	5,98	7,73	21,12
(c) Miscellaneous expenditure.	1,04	96	1,45	..	—2,19	2	2	..	..	1,06	—1,23	1,47
Total	21,20	15,31	1,68,81	5,66	20,42	56,90	2	1,34	7,71	26,88	37,07	2,33,42

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 1937.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions.	Re-newals.	Total.	Additions.	Re-newals.	Total.	Additions.	Re-newals.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.	No.
1. Locomotives	1	13	14	..	22	22	..	2	2
2. Coaching vehicles (in terms of 4-wheelers).—									
(a) I and II class	..	131	131	11	55	66	..	4	4
(b) Inter and III class.	30	141	171	..	167	167	..	47	47
(c) Composites	..	58	58	..	10	10	..	2	2
(d) Other coaches	40	151	191	8	131	139	..	21	21
3. Goods wagons (in terms of 4-wheelers).—									
(a) General Service.	25	725	750	..	...	...	..	..	..
(b) Other types	48	206	314	33	140	173	..	4	4

The programme contains provision for scrapping, without renewal, of 30 locomotives, 25 units of carriages and 79 units of wagons on Great Indian Peninsula Railway and 29 locomotives, 250 units of carriages and 12 units of wagons on North Western Railway.

The following statement shows, in terms of four-wheelers, the details of the new units of coaching and goods stock which will be *additions* to the authorised stock of the Railways:—

Railways.	Coaching Stock.				Goods Stock.			
	Broad Gauge		Metre Gauge.		Broad Gauge.		Metre Gauge.	
	Inter and III.	Other coaches.	Inter and III.	Other Coaches.	General Service.	Other types.	General Service.	Other types.
Assam Bengal	..	..	..	..	..	..	..	30
Eastern Bengal	..	5	..	19	..	13	..	3
East Indian	30	30	..	..	25	30	..	..
Great Indian Peninsula	..	5	..	..	..	5	..	..
Total	30	40	..	19	25	48	..	33

New Construction.

In the Explanatory Memorandum of the Railway Budget for 1935-36, it was stated that Government were considering the resumption of new construction work, which had been held in abeyance for some time due to unfavourable circumstances. On re-examination of certain new construction projects, it has been found that they are not now likely to yield an adequate return on the capital to be expended. The further consideration of these projects has, therefore, been postponed. A number of other projects are still under investigation and these will be examined on receipt of the project reports and estimates from Railway Administrations.

During 1936-37 a total provision of Rs. 23.65 lakhs has been allowed for new construction out of which Rs. 22 lakhs are for the Megna Bridge. This bridge, which will replace the existing Assam Bengal Railway wagon ferry, is considered to be a matter of vital importance as a means of through communication between Assam and Eastern Bengal.

APPENDIX III.

Capital and Depreciation Fund expenditure on Open Lines and New Construction during 1936-37.

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
State Railways managed by the State.						
Burma Railways	{ Capital	25	8,95	9,20	1,00	1,00
	{ Dep. Fund	12	19,51	19,63	...	...
Eastern Bengal Railway	{ Capital	18,50	4,37	22,87	2	2
	{ Dep. Fund	22,21	37,17	59,38	...	...
East Indian Railway	{ Capital	34,10	72,18	1,06,28	...	...
	{ Dep. Fund	19,14	81,54	1,00,68	...	...
Great Indian Peninsula Railway	{ Capital	5,77	14,22	19,99	...	...
	{ Dep. Fund	44,38	47,06	91,94	...	...
North Western Railway (Commercial Lines)	{ Capital	-18,06	32,95	14,89	...	...
	{ Dep. Fund	36,84	64,43	1,01,27	...	...
North Western Railway (Strategic Lines)	{ Capital	-3,32	20,61	17,29	...	...
	{ Dep. Fund	5,46	40,95	46,41	...	...
State Railway Collieries	Capital . . . . .	...	-74	-74	...	...
Total—State Railways managed by the State	{ Capital	37,24	1,52,54	1,89,78	1,02	1,02
	{ Dep. Fund	1,28,65	2,90,66	4,19,31	...	...
State Railways managed by Companies or Indian States.						
Assam Bengal Railway	{ Capital	3,04	8,18	11,22	22,00	22,00
	{ Dep. Fund	4,10	16,15	20,25	...	...
Bengal Nagpur Railway	{ Capital	4,51	34,05	38,56	1	1
	{ Dep. Fund	23,58	64,33	86,41	...	...
Bezwada Extension	{ Capital . . . . .	...	8	8	...	...
	{ Dep. Fund . . . . .	...	6	6	...	...
Bengal and North Western Railway	{ Capital	-12	5,54	5,42	...	...
	{ Dep. Fund	2,32	6,88	9,20	...	...
Bombay, Baroda and Central India Railway	{ Capital	11,21	25,58	36,79	...	...
	{ Dep. Fund	49,95	45,14	95,09	...	...
Dhone Kurnool Railway	Capital . . . . .	...	44	44	...	...
Jodhpur Railway	{ Capital . . . . .	...	7,54	7,54	65	65
	{ Dep. Fund	21	9,56	9,77	...	...
Madras and Southern Mahratta Railway	{ Capital	8,64	18,83	27,47	...	...
	{ Dep. Fund	20,18	46,01	66,19	...	...
Rohilkund and Kumaon Railway	{ Capital	1,51	1,51	3,02	...	...
	{ Dep. Fund	81	2,04	2,85	...	...
South Indian Railway	{ Capital	5,86	23,32	20,18	-3	-3
	{ Dep. Fund	16,52	45,21	61,73	...	...
Total—State Railways managed by Companies or Indian States	{ Capital	34,65	1,25,07	1,59,72	22,63	22,63
	{ Dep. Fund	1,17,67	2,35,88	3,53,55	...	...
Total—All State Railways	{ Capital	71,80	2,77,61	3,40,50	23,65	23,65
	{ Dep. Fund	2,46,32	5,26,54	7,72,86	...	...

APPENDIX III—*concl'd.*

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
For emergencies { Capital . . . . .	...	2,00	2,00	...	...	...
. { Dep. Fund . . . . .	...	3,00	3,00	...	...	...
Hardinge Bridge protection { Capital . . . . .	...	1	1	...	...	...
and training works. { Dep. Fund . . . . .	...	3,06	3,06	...	...	...
Earthquake damages { Capital . . . . .	...	4,84	4,84	...	...	...
. { Dep. Fund . . . . .	...	11,03	11,03	...	...	...
Repayments from revenue for Dep. Fund	...	-15,00	-15,00	...	...	...
Hardinge Bridge works and earthquake damages:						
Total { Capital	71,80	2,84,46	3,56,35	23,65	...	23,65
. { Dep. Fund	2,46,32	5,38,68	7,75,00	...	...	...
Probable savings { Capital			-55,00			
. { Dep. Fund			-75,00			
Total Open Lines and New Construction { Capital			3,25,00			
. { Dep. Fund			7,00,00			

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

APPENDIX IV.

Capital at charge of State-owned Railways.

(Figures in lakhs of rupees).

Railways.	1934-35.	1935-36, Estimate.	1936-37, Estimate.
State Railways managed by the State.			
1. Burma	35,02	34,90	34,99
2. Eastern Bengal	51,10	51,06	51,25
3. East Indian	1,44,51	1,45,26	1,46,22
4. Great Indian Peninsula	1,21,31	1,20,76	1,20,91
5. North-Western { Commercial	1,12,78	1,12,95	1,47,25
{ Strategic	34,07	34,04	
Total	4,98,79	4,98,97	5,00,62
State Railways managed by Companies or Indian States.			
6. Assam Bengal	23,66	23,93	24,25
7. Bengal Nagpur	77,45	77,69	78,00
8. Bengal and North Western	9,97	9,99	10,04
9. Bezwada	18	18	18
10. Bombay, Baroda and Central India	75,96	76,34	76,63
11. Dhone Kurnool	27	28	28
12. Jodhpur	1,02	1,12	1,20
13. Madras and Southern Mahratta	55,20	55,45	55,70
14. Rohilkund and Kumaon	2,48	2,51	2,54
15. South Indian	45,25	45,50	45,75
Total	2,91,44	2,92,99	2,94,57
Miscellaneous.			
16. Abandoned projects	32	32	32
17. State Railway Collieries (including East Indian Railway Collieries).	1,96	1,95	1,95
18. Other miscellaneous items	2,78	2,78	2,80
Total	5,06	5,05	5,07
GRAND TOTAL	7,95,29	7,97,01	8,00,26

Gross Traffic Receipts

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	M.	M.	M.	M.	M.
Open mileage at end of the year	27,092	27,090	27,061	28,086	29,111
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	4,29	4,93	4,61	5,03	4,95
Eastern Bengal	5,92	6,29	6,72	7,00	7,03
East Indian	20,61	19,72	19,66	20,43	20,31
Great Indian Peninsula	15,16	14,63	14,70	15,09	15,30
North Western—Commercial Lines	15,13	13,70	14,04	14,89	14,23
Strategic Lines	1,60	1,64	1,53	1,60	1,67
State Railways managed by Companies or Indian States—					
Assam Bengal	1,44	1,64	1,76	2,05	2,07
Bengal Nagpur	8,38	8,38	8,20	6,16	9,12
Bombay, Baroda and Central India	12,33	12,14	11,26	11,34	11,86
Jodhpur	29	26	21	25	21
Lucknow Bareilly	36	37	36	40	36
Madras and Southern Mahratta	7,91	8,14	8,12	8,64	9,20
South Indian	5,15	5,44	6,49	5,80	5,63
Tirhoot	1,47	1,56	1,70	1,67	1,70
Other Railways	9	10	6	8	9
Total	1,00,13	98,94	98,42	1,03,43	1,03,73

DIX VA.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
30,878	28,305	31,197	31,640	31,642	31,644	31,619	31,548	31,689	31,689
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,87	4,78	4,28	3,74	3,33	3,57	3,72	3,73	3,65	3,70
6,73	6,62	5,86	5,05	4,91	5,07	5,43	5,26	5,22	5,28
19,85	20,10	18,24	17,36	17,27	17,63	18,71	17,84	18,54	18,65
14,58	14,91	13,33	11,92	11,95	12,21	12,17	12,32	12,40	12,53
14,39	14,40	14,98	13,34	12,73	13,23	13,87	13,63	13,96	14,24
1,59	1,60	1,48	1,32	1,23	1,23	1,23	1,30	1,25	1,28
2,05	1,83	1,96	1,84	1,56	1,60	1,80	1,75	1,66	1,70
9,31	8,76	8,17	7,24	6,91	7,39	7,95	7,53	8,51	8,69
11,52	11,74	10,90	10,30	10,17	10,61	11,07	10,61	11,01	11,11
25	24	23	18	23	25	28	23	38	35
36	37	36	35	36	36	37	36	36	36
8,98	8,50	7,98	7,15	6,66	6,84	6,72	7,07	6,35	6,64
6,33	5,64	5,80	5,30	5,51	5,14	5,24	5,40	5,03	5,07
1,74	1,64	1,40	1,41	1,48	1,38	1,52	1,44	1,56	1,52
15	9	13	13	13	12	12	13	12	13
1,02,70	1,01,22	95,10	86,63	84,43	86,63	90,20	88,60	90,00	91,25

F

APPENDIX

Ordinary Working Expenses

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	2,18	2,32	2,40	2,49	2,70
Eastern Bengal	3,47	3,83	3,63	3,73	3,86
East Indian	10,54	10,11	9,91	9,85	10,02
Great Indian Peninsula	8,05	9,05	8,81	8,19	8,37
North Western—Commercial Lines	7,46	7,00	7,74	7,98	7,94
Strategic Lines	1,56	1,45	1,52	1,58	1,60
State Railways managed by Companies or Indian States—					
Assam Bengal	82	83	89	97	1,02
Bengal Nagpur	4,73	4,81	4,44	5,04	5,11
Bombay, Baroda and Central India	5,91	6,24	6,05	5,84	6,08
Jodhpur	17	17	16	15	17
Lucknow Barielly	12	13	16	15	14
Madras and Southern Mahratta	3,63	3,87	3,95	3,94	3,99
South Indian	2,60	2,69	2,55	2,60	2,63
Tirhoot	36	44	57	59	51
Other Railways	5	5	11	—4	2
Total	51,65	52,99	52,89	53,06	54,22

NOTE.—Credits for material released from works not charged to revenue were taken in added to

VB.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35	(Revised) Estimate, 1935-36.	(Budget) Estimate, 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,57	2,45	2,30	2,33	2,20	2,27	2,30	2,28	2,28	2,23
3,84	3,73	3,74	3,29	3,24	3,36	3,45	3,42	3,61	3,70
10,21	10,11	9,95	9,02	9,17	9,22	9,31	9,33	9,33	9,45
8,37	8,47	8,57	7,13	7,21	7,13	6,88	7,38	6,92	6,93
8,47	7,77	9,03	7,74	7,37	7,72	7,81	7,93	7,71	7,79
1,68	1,56	1,76	1,38	1,46	1,42	1,47	1,50	1,50	1,52
1 13	94	1,11	1,09	1,03	1,08	1,17	1,10	1,13	1,12
5,51	4,94	5,02	4,83	4,89	4,94	5,13	4,96	5,51	5,55
6,07	6,03	4,96	5,50	5,48	5,28	5,49	5,34	5,45	5,57
17	17	15	15	15	18	18	16	20	21
15	14	23	16	16	16	15	17	14	15
3,95	3,89	3,75	3,40	3,30	3,39	2,47	3,46	3,48	3,50
2 79	2,64	2,73	2,63	2,77	2,71	2,73	2,72	2,77	2,78
52	50	98	56	61	57	66	68	66	63
16	6	11	10	4	7	7	8	6	7
55,59	53,40	51,39	49,31	49,08	49,50	50,27	50,51	50,75	51,25

reduction of operating expenses up to 1931-32 but from 1932-33 onwards they have been miscellaneous receipts.

Total Working Expenses

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	2,60	2,75	2,83	2,94	3,22
Eastern Bengal	4,19	4,59	4,40	4,52	4,69
East Indian	12,55	12,03	11,90	11,92	12,17
Great Indian Peninsula	9,40	10,51	10,33	9,77	10,04
North Western—Commercial Lines	9,18	8,88	9,49	9,90	10,01
Strategic Lines	1,96	1,80	1,87	1,95	1,99
State Railways managed by Companies or Indian States—					
Assam Bengal	1,06	1,07	1,13	1,21	1,27
Bengal Nagpur	5,76	5,91	5,58	6,21	6,29
Bombay, Baroda and Central India	6,98	7,34	7,21	7,08	7,38
Jodhpur	18	18	17	17	19
Lucknow-Bareilly	17	18	21	19	19
Madras and Southern Mahratta	4,34	4,61	4,77	4,75	4,86
South Indian	3,07	3,16	3,05	3,13	3,23
Tirhoot.	51	60	71	74	66
Other Railways	5	5	13	—4	3
Total	62,00	63,66	63,78	64,44	66,22

NOTE:—Credits for materials released from works not charged to revenue were taken been added to

DIX VC.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised Estimate 1935-36.	Budget Estimate 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,05	2,90	2,82	2,86	2,74	2,82	2,84	2,82	2,86	2,86
4,71	4,52	4,66	4,25	4,22	4,33	4,42	4,38	4,46	4,55
12,42	12,17	12,24	11,37	11,52	11,61	11,71	11,69	11,74	11,87
10,20	10,04	10,46	9,07	9,19	9,07	8,90	9,34	8,94	8,94
10,64	9,68	11,29	10,07	9,85	10,01	10,16	10,28	9,58	9,67
2,09	1,94	2,19	1,81	1,90	1,85	1,90	1,93	2,07	2,09
1,40	1,19	1,40	1,40	1,35	1,39	1,49	1,41	1,52	1,52
6,75	6,08	6,33	6,17	6,28	6,32	6,52	6,32	6,80	6,84
7,40	7,23	6,30	6,89	6,87	6,67	6,87	6,72	6,71	6,85
19	18	18	17	16	21	21	18	22	22
20	19	28	20	20	20	19	21	19	19
4,85	4,70	4,63	4,30	4,20	4,29	4,38	4,36	4,41	4,48
3,44	3,18	3,42	3,38	3,55	3,48	3,51	3,47	3,52	3,54
68	65	1,14	72	77	73	81	83	83	80
16	6	12	11	5	8	8	9	16	16
68,18	64,71	67,46	62,77	62,85	63,06	63,99	64,03	64,01	64,53

in reduction of operating expenses upto 1931-32; but from 1932-33, onwards they have miscellaneous receipts.

APPENDIX

Net receipts

RAILWAYS.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—					
Burma	1,69	2,18	1,78	2,09	1,73
Eastern Bengal	1,73	1,70	2,32	2,48	2,34
East Indian	8,06	7,69	7,76	8,51	8,14
Great Indian Peninsula	5,76	4,12	4,37	5,32	5,26
North Western—Commercial lines	5,95	4,82	4,55	4,99	4,22
Strategic lines	—36	—16	—34	—35	—32
State Railways managed by Companies or Indian States—					
Assam Bengal	38	57	63	84	80
Bengal Nagpur	2,62	2,47	2,62	2,95	2,83
Bombay, Baroda and Central India	5,35	4,80	4,05	4,26	4,48
Jodhpur	11	8	4	8	2
Lucknow Bareilly	19	19	15	21	17
Madras and Southern Mahratta	3,57	3,53	3,35	3,89	4,34
South Indian	2,08	2,28	2,44	2,67	2,40
96		96	99	93	1,04
Tirhoot		96	99	93	1,04
Other Railways	4	5	—7	12	6
Total	38,13	35,28	34,64	38,99	37,51

VD.

(excluding worked lines).

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised E timate, 1935-36.	Budget E timate, 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,82	1,88	1,46	88	59	75	88	91	79	84
2,02	2,10	1,20	80	69	74	1,01	88	76	73
7,43	7,93	6,00	5,99	5,75	6,02	7,00	6,15	6,80	6,78
4,38	4,87	2,87	2,85	2,76	3,14	3,27	2,98	3,46	3,59
3,75	4,72	3,69	3,27	2,88	3,22	3,71	3,35	4,38	4,57
-50	-34	-71	-49	-67	-62	-67	-63	-82	-81
65	64	56	44	21	21	31	34	14	18
2,56	2,68	1,84	1,07	63	1,07	1,43	1,21	1,71	1,85
4,12	4,51	4,60	3,41	3,30	3,94	4,20	3,89	4,30	4,26
6	6	5	1	7	4	7	5	16	13
16	18	8	15	16	16	18	15	17	17
4,13	3,80	3,35	2,85	2,46	2,55	2,34	2,71	1,94	2,21
2,89	2,46	2,38	1,92	1,96	1,66	1,73	1,93	1,51	1,53
1,06	99	26	69	71	65	71	61	73	72
-1	3	1	2	8	4	4	4	-4	-3
34,52	36,51	27,64	23,86	21,58	23,57	26,21	24,57	25,99	26,72

APPENDIX

Profit.

Railways-	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
State Railways managed by the State—	Rs.	Rs.	Rs.	Rs.	Rs.
Burma	+42	+81	+24	+61	+4
Eastern Bengal	+16	+10	+70	+80	+54
East Indian	+2,89	+2,80	+2,67	+3,19	+2,44
Great Indian Peninsula	+2,42	+47	+71	+1,41	+1,08
North-Western Commercial	+2,87	+1,76	+1,21	+1,23	+9
Strategic	-1,59	-1,47	-1,65	-1,68	-1,74
State Railways managed by Companies or Indian States—					
Assam Bengal	-31	-13	-11	+4	-6
Bengal Nagpur	-12	-47	-40	-20	-47
Bombay, Baroda and Central India	+2,92	+2,20	+1,42	+1,58	+1,64
Jodhpur	+9	+6	+2	+4	-1
Lucknow Barielly	+9	+9	+4	+10	+6
Madras and Southern Mahratta	+1,11	+85	+63	+1,04	+1,38
South Indian	+97	+1,13	+1,20	+1,25	+81
Tirhoot	+63	+60	+68	+56	+66
Other Railways	+1	+3	+3	+3	+3
Miscellaneous	+60	+45	+11	+85	+1,32
TOTAL	+13,16	+9,28	+7,50	+10,85	+7,81

VE.

Loss—.

(Figures in lakhs of rupees.)

1929-30.	Average 1924-25 to 1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	Revised estimate, 1935-36.	Budget estimate, 1936-37.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
+4	+36	-44	-73	-75	-71	-56	-64	-65	-57
+16	+41	-79	-1,23	-1,28	-1,25	-93	-110	-1,13	-1,17
+1,61	+2,60	-18	-24	-13	+37	+1,14	+19	+1,00	+1,00
+8	+1,03	-1,72	-1,78	-1,68	-1,24	-1,04	-1,49	-69	-63
-64	+1,09	-1,17	-1,58	-1,78	-1,36	-70	-1,32	+11	+27
-1,90	-1,67	-2,17	-1,99	-2,09	-2,03	-2,03	-2,06	-2,15	-2,14
-23	-14	-39	-52	-74	-73	-60	-60	-77	-73
-83	-42	-1,99	-2,48	-2,80	-2,27	-1,86	-2,28	-1,52	-1,33
+1,11	+1,81	+43	+45	+41	+1,00	+1,28	+72	+1,40	+1,41
+2	+4	-1	-3	+3	+1	+3	+1	+11	+9
+5	+7	+6	+4	+5	+5	+8	+6	+7	+7
+89	+98	+1	+14	-19	-4	-26	-7	-53	-5
+1,13	+1,08	+31	+1	+6	-21	-10	+1	-25	-13
+65	+63	+24	+30	+34	+25	+32	+29	+33	+31
-4	+2	-1	-1	+4	+3	+3	+2	+3	+4
+1,94	+88	+2,63	+45	+28	+17	+14	+73	+10	+11
+4,04	+8,77	-5,19	-9,20	-10,23	-7,96	-5,06	-7,53	-4,54	-3,44

APPENDIX

All Railways. (Commercial)

Statement of Receipts

RECEIPTS.	Actuals.					
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	
	M.	M.	M.	M.	M.	
Open Mileage at end of the year.	27,902	27,090	27,664	28,086	29,111	
Passenger traffic earnings :—	Rs.	Rs.	Rs.	Rs.	Rs.	
Upper class	4,42	4,48	4,46	4,55	4,45	
Third class	31,58	32,17	30,91	31,81	30,89	
TOTAL PASSENGER EARNINGS	36,00	36,65	35,37	36,36	35,34	
Other coaching traffic earnings.	5,91	6,07	6,23	6,32	6,17	
Goods traffic earnings .	63,64	61,58	62,27	66,15	67,78	
Sundry earnings	1,64	1,76	1,73	2,01	2,11	
Suspense	28	..	—6	—9	—25	
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	..	..
TOTAL GROSS RECEIPTS	1,07,47	1,06,06	1,05,54	1,10,75	1,11,15	
Deduct—	Refunds of revenue collected.	*35	14	15
	Earnings of worked lines.	7,34	7,12	6,77	7,18	7,27
TOTAL	1,00,13	98,94	98,42	1,03,43	1,03,73	
Miscellaneous Receipts .	51	89	1,09	1,25	1,57	
TOTAL	1,00,64	99,83	99,51	1,04,68	1,05,30	

*Includes remissions of earnings also.

VI.
and Strategic Lines together.)

and Expenditure.

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year	6,43,14	6,62,34	6,89,56	7,22,02	7,47,42
Working Expenses—					
Administration	12,33	12,77	13,06	13,44	14,19
Repairs and maintenance	18,10	17,18	18,16	18,05	18,11
Operation :—					
Other than Fuel	15,54	16,44	16,27	16,24	17,16
Fuel	9,76	10,27	8,79	8,81	8,71
Depreciation	10,35	10,67	10,82	11,38	12,00
Suspense	—38	—10	—6	3	—32
TOTAL	65,70	67,23	67,11	67,95	69,85
Deduct—share of worked lines	3,70	3,57	3,33	3,51	3,63
Net working expenses	62,00	63,66	63,78	64,44	66,22
Company's share of surplus profits, etc.	1,42	1,77	1,65	1,57	1,59
Interest :—					
On Government capital at charge	21,23	23,14	24,30	25,75	27,83
On capital contributed by the Companies	2,67	1,67	1,57	1,52	1,50
Total Interest	23,90	24,81	25,87	27,27	29,33
Miscellaneous charges	16	31	71	55	35
TOTAL	87,48	90,55	92,01	93,83	97,49
Balance net profit for the year	13,16	9,28	7,50	10,85	7,81
Contribution to General Revenues	6,78	5,49	6,01	6,28	5,23
Railway Reserve Fund	6,38	3,79	1,49	4,57	2,58
Railway Depreciation Fund . . . . .	..	..	..	..	..
Percentage of net profit on Capital at charge	2.0	1.4	1.1	1.5	1.0
Percentage of net profit (before deducting interest) on capital at charge	5.8	5.1	4.8	5.3	5.0
Operating ratio (i.e., ratio of working expenses including depreciation to gross traffic receipts)	61.9	64.3	64.8	62.3	63.8
Capital Expenditure—					
Open Line Works	10,07	15,31	16,13	22,16	15,99
New Constructions	3,12	4,32	6,76	10,29	9,25
Depreciation Fund	7,29	7,98	8,05	10,95	9,60
Purchase of Railways and branch line shares, etc.	19	..	4,33	3	4,11

APPENDIX

All Railways. (Commercial)

Statement of Receipts

RECEIPTS.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	M.	M.	M.	M.	M.
Open mileage at end of the year.	30,878	31,197	31,640	31,642	31,644
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class	4,26	3,87	3,44	3,25	3,15
Third class	31,49	27,81	25,52	25,69	24,50
TOTAL PASSENGER EARNINGS	35,75	31,68	28,96	28,94	27,65
Other coaching traffic earnings.	5,81	5,40	5,28	5,03	4,92
Goods traffic earnings	65,25	60,69	55,41	53,76	58,20
Sundry earnings	2,21	1,97	1,82	1,93	1,59
Suspense	30	46	34	4	—49
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	1,19	1,19
TOTAL GROSS RECEIPTS	1,09,32	1,00,20	91,81	90,59	93,06
Deduct—	Refunds of revenue collected.	15	11	11	11
	Earnings of worked lines.	6,47	4,99	5,07	4,86	5,13
TOTAL	1,02,70	95,10	86,63	85,62	87,82
Miscellaneous Receipts	2,08	1,73	1,20	1,03	88
TOTAL	1,04,78	96,83	87,83	86,65	88,70

VI—contd.

*and Strategic Lines together.)**and Expenditure.*

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year.	7,78,29	7,91,48	7,97,95	7,97,12	7,95,06
Working Expenses—					
Administration	14,40	14,89	14,66	12,59	12,43
Repairs and maintenance	18,43	15,91	14,21	15,94	16,13
Operation—					
Other than Fuel	17,05	17,60	16,21	17,64	17,64
Fuel	9,01	8,62	7,39	7,27	7,05
Depreciation	12,59	13,07	13,46	13,77	13,56
Suspense . . . . .	..	3	6	6	8
Emergency deductions from pay	..	..	—59	—1,93	—1,07
TOTAL	71,48	70,12	65,40	65,34	65,66
Deduct—Share of worked lines	3,30	2,66	2,63	2,49	2,60
Net working expenses	68,18	67,46	62,77	62,85	63,06
Companies share of surplus profits.	1,52	1,16	64	65	56
Interest—					
On Government capital at charge.	29,09	31,34	31,76	31,57	31,30
On capital contributed by the Companies.	1,37	1,38	1,31	1,34	1,28
Total Interest	30,46	32,72	33,07	32,91	32,58
Miscellaneous charges	58	68	55	47	46
TOTAL	1,00,74	1,02,02	97,03	96,88	96,66
Balance net profit (+) or loss (—) for the year.	+ 4,04	—5,19	—9,20	—10,23	—7,96
Contribution to General Revenues.	6,12	5,74	..	..	..
Railway Reserve Fund	—2,08	—10,93	—4,95	..	..
Railway Depreciation Fund . . . . .	..	..	—4,25	—10,23	—7,96
Percentage of net profit on Capital at charge.	0.5	—0.7	—1.2	—1.3	—1.0
Percentage of net profit before deducting interest on capital at charge.	4.4	3.5	3.0	2.8	3.1
Operating ratio (<i>i.e.</i> , ratio of Working Expenses including depreciation to Gross Traffic Receipts).	66.4	70.9	72.5	73.4	71.8
Capital Expenditure—					
Open Line Works	16,48	8,94	3,90	—50	—2,28
New Constructions	6,65	4,25	2,79	57	22
Depreciation Fund	11,76	11,40	8,26	6,35	8,08
Purchase of Railways and branch line shares, etc.	7,06	1	..	..	..

APPENDIX

All Railways. (Commercial

Statement of Receipts

RECEIPTS.	Actuals.	Revised Estimate.	Budget Estimate.
	1934-35.	1935-35.	1936-37.
	M.	M.	M.
Open mileage at end of the year	36,253	36,323	36,323
Passenger traffic earnings—	Rs.	Rs.	Rs.
Upper class	3,16	3,17	3,20
Third class	24,77	25,13	25,30
TOTAL PASSENGER EARNINGS	27,93	28,30	28,50
Other coaching traffic earnings	4,92	5,00	5,00
Goods traffic earnings	61,05	60,35	61,25
Sundry earnings	1,62	1,75	1,84
Suspense	8	..	..
Credits for materials released from works chargeable to Depreciation Fund.	90	1,10	1,00
TOTAL GROSS RECEIPTS	96,50	96,50	97,59
Refunds of revenue collected	—12	—12	—12
TOTAL	91,10	91,10	92,25
{ State Owned	91,10	91,10	92,25
{ Worked lines	5,28	5,28	5,22
Miscellaneous Receipts	95	1,01	1,05
TOTAL	97,33	97,39	98,52

VI—concl'd.

and Strategic Lines together.)

and Expenditure (including worked lines).

(Figures in lakhs of rupees.)

EXPENDITURE.	Actuals.	Revised Estimate.	Budget Estimate.
	1934-35.	1935-36.	1936-37.
	Rs.	Rs.	Rs.
Capital at charge at end of the year	7,95,29	7,97,01	8,00,26
Working expenses :—			
Maintenance of structural works	9,05	8,90	9,00
Maintenance and supply of Locomotive power	17,13	16,80	16,96
Maintenance of carriage and wagon stock	6,08	6,28	6,28
Maintenance of ferry, steamers and harbours	32	29	29
Expenses of Traffic Department	10,92	10,86	10,98
Expenses of General Departments	4,89	4,87	4,89
Miscellaneous Expenses	4,40	4,38	4,35
Electric service Department	1,22	1,19	1,20
Suspense	—9	—	—
Emergency deductions from pay	—99	—9	—
Depreciation	13,72	13,26	13,28
TOTAL { State Owned	63,99	64,01	64,53
{ Worked Lines	2,66	2,73	2,70
Payments to worked lines	2,62	2,55	2,52
TOTAL	69,27	69,29	69,75
Companies share of surplus profits	61	52	30
Interest :—			
On Government Capital at charge	30,57	30,16	29,90
On Capital contributed by Companies	1,23	1,21	1,21
TOTAL INTEREST	31,80	31,37	31,11
Miscellaneous charges	71	75	80
TOTAL	1,02,39	1,01,93	1,01,96
Balance net profit (+) or loss (—) for the year	—5,06	—4,54	—3,44
Contribution to General Revenues . . . . .	..	..	..
Railway Reserve Fund . . . . .	..	..	..
Railway Depreciation Fund	—5,06	—4,54	—3,44
Percentage of net profit on Capital at charge	—64	—57	—43
Percentage of net profit before deducting interest on capital at charge	3·4	3·4	3·5
Operating ratio (<i>i e.</i> , ratio of Working Expenses including depreciation to Gross Traffic Receipts.)	70·3	70·3	70·0
Capital Expenditure—			
Open Line Works	27	1,05	3,01
New Constructions	18	26	24
Depreciation Fund	8,66	9,25	7,00
Purchase of Railways and branch line shares, etc.	—20	44	..

APPENDIX VII.

Railway Depreciation Reserve Fund

(Figures in lakhs of rupees.)

Year.	Appropriation to Fund.	Withdrawals towards renewals and replacements.	Net accretion to Fund during year.	Nominal closing balance.	* Temporary loans to meet deficit etc.	Actual closing balance.
1924-25	10,35	7,29	3,06	3,06	..	3,06
1925-26	10,67	7,99	2,68	5,74	..	5,74
1926-27	10,89	8,05	2,84	8,58	..	8,58
1927-28	11,38	10,95	43	9,01	..	9,01
1928-29	12,00	9,60	2,40	11,41	..	11,41
1929-30	12,59	11,76	83	12,24	..	12,24
1930-31	13,07	11,39	1,68	13,92	..	13,92
1931-32	13,46	8,26	5,20	19,12	4,25	14,87
1932-33	13,77	6,35	7,42	26,54	10,23	12,06
1933-34	13,56	8,07	5,49	32,03	8,05	9,50
1934-35	13,72	8,66	5,06	37,09	5,06	9,50
1935-36 (Revised Estimate).	13,26	9,25	4,01	41,10	4,54	8,97
1936-37 (Budget Estimate).	13,28	7,00	6,28	47,38	3,44	11,81

* These are entirely to meet the deficits in the working of the State railways except in 1933-34, the figure for which includes a loan of Rs. 9 lakhs made to certain branch line companies for capital expenditure.

PART II.
General Budget.

A

Speech by the Hon'ble Finance Member
on introducing the
Budget Proposals for 1936-37.

1. A year ago, I commented on the complicated character of a financial review which had of necessity to cover three years instead of the normal two. I still find this difference from English practice slightly confusing and I must, therefore, apologise in advance in case it should be found that my statement today is lacking in perspicuity.

I am afraid too that the statement may prove to be dull and this I suppose is inevitable, seeing that a budget speech must proceed on a set plan. But if you find it dull, please remember that I shall find it much more so, if for no other reason than that it is so much more familiar to me than to you.

FINANCIAL YEAR 1934-35.

2. Let me first examine the final accounts for 1934-35.

Last year I anticipated that they would disclose a surplus of Rs. 3,27 lakhs. The actual figure has proved to be Rs. 4,95 lakhs. The excess of Rs. 1,68 lakhs over the revised forecast is due in the main to an increase of Rs. 1,50 lakhs under Customs and Excise. For the rest there are excesses of Rs. 30 lakhs on Income Tax, Rs. 24 lakhs on Posts and Telegraphs, and Rs. 19 lakhs on Currency and Mint but these are partially counterbalanced by a short fall of Rs. 55 lakhs on Salt.

The decrease in Salt is due to a postponement of clearances at the end of 1934-35; the increases under the other heads I have mentioned all point to one cause, *viz.*, that the recovery in India's economic position had set in more strongly than could have been foreseen a year ago. Under the Customs and Excise head there were increases both on imported and on indigenous kerosene, improvements in the yield of the export duties on jute and rice, an improved yield from matches, and unusually high seasonal importations of cotton fabrics, raw cotton and machinery. None of these could have been foreseen when the Budget statement was made; indeed in the case of jute the early months of 1934-35 had shewn a decline and naturally a pronounced reversal of this tendency in the last three months of that year was an agreeable surprise. Similarly telephone receipts manifested a definite spurt in the last quarter of the year, as also did the profits from small coinage owing to the increasing demand for this means of payment—a sure sign of increasing prosperity.

In short, in my inexperience I attached rather too much importance to the Cassandra-like prophecies of those who were concerned for one reason or other to proclaim that India was being ruined by its attachment to the British Empire and its adherence to sterling, and too little to the assurances of those who told me that India had a marvellous power of recuperation from economic troubles. However, I would very much rather err on the side of caution than in the other direction and I do not feel called upon to be unduly penitent, though naturally I shall try to avoid repeating the miscalculation.

The House will remember that last year it was decided to devote the then surplus of Rs. 3,27 lakhs to various non-recurring objects including a crore for constituting a Fund for the Economic Development and Improvement of Rural Areas. After these allocations had been made, there remained a free surplus which was estimated at Rs. 13 lakhs. Later in the Session the Assembly agreed to transfer the whole of the unallocated surplus to the Rural Development Fund, and now that this surplus has turned out to be much bigger than was expected, the result is that the transfers to the Fund amount not to Rs. 1,13 but to Rs. 2,81 lakhs. It will be remembered from the paper which I circulated on the 6th of September last that out of this fund we allocated Rs. 15 lakhs for the improvement of the Co-operative Movement and Rs. 92½ lakhs for grants to the various Provinces on schemes approved by the Government of India. There thus remains in the fund a balance of Rs. 1,73½ lakhs. In order to present my actual proposals as one co-ordinated whole I will leave this balance and come back to its disposal when I have set out more fully the financial situation and prospects as they now appear to me.

FINANCIAL YEAR 1935-36.

3. The revised forecast for the current year also indicates a considerable improvement over our estimates of a year ago and we now anticipate a surplus of Rs. 2,42 lakhs instead of Rs. 6 lakhs. This surplus is produced by an improvement of Rs. 3,53 lakhs in revenue offset by a deterioration of Rs. 1,17 lakhs in expenditure.

The actual figures are as follows :

	(Rs. lakhs.)	
	Budget 1935-36.	Revised 1935-36.
Revenue	82,99	86,52
Expenditure	82,93	84,10
Surplus	6	2,42

These are of course net and they exclude Railways altogether. Full details will be found in the Financial Secretary's memorandum which will be among the papers available when I have finished my speech, but clearly you will expect from me some explanation of such wide variations.

Revenue.

4. To take Revenue first. Of the excess of Rs. 3,53 lakhs the import duty on sugar is responsible for Rs. 1,85 lakhs and all the other heads of revenue account for Rs. 1,68 lakhs. What this means in effect is that the general under-estimate of 1934-35 was carried forward into 1935-36 and that in addition the tapering off of the sugar revenue has been somewhat delayed.

Apart from sugar, we hope to have an excess of Rs. 40 lakhs in Income Tax clearly due to the improvement in trade being greater than we expected, and in Customs, etc., we anticipate almost precisely the same kind of excesses as were shewn by the final results of 1934-35 over the revised forecast. Raw cotton, machinery, petrol, the export duty on jute and the excises on sugar and matches are all heading for surpluses. Textile fabrics as a whole do not disclose much variation but there are large differences in detail. For example, cotton fabrics of British manufacture are Rs. 80 lakhs below the estimate, but this is more than counterbalanced by an increase of Rs. 90 lakhs in cotton fabrics of other than British manufacture.

5. *Sugar*.—Sugar I must deal with in more detail for here we expect an excess of Rs. 1,85 lakhs on the Customs side or a gross figure of Rs. 3,60 lakhs which is not very materially below the figure of last year. I know that I was told a year ago that my figures here were too low and that the bad sugarcane crop combined with the inadequate protection would falsify my predictions. Well, my predictions look like being falsified but the reasons which were then advanced do not fit the facts. Here are the facts. In spite of the partial failure of the cane crop the yield of the excise duty appears likely to be some Rs. 21 lakhs above our expectations. The estimate which was itself 50 per cent higher than the actuals for the previous year was based on a factory outturn, excluding Khandsari production, of 510,000 tons, whereas the progress of collections points to a probable outturn of over 600,000 tons from factories alone. At the same time the volume of imports is being maintained at a figure only slightly below that of the previous year. It is a reasonable inference from these facts that there was a jump in domestic consumption combined with a decline in non-exciseable forms of indigenous production but our statistics do not enable us to say how much weight to attach to these two opposing factors.

Altogether the anticipated excess on Customs, etc., is Rs. 2,87 lakhs making with the Rs. 40 lakhs expected on Income Tax, Rs. 3,27 lakhs. The remaining Rs. 26 lakhs which go to complete the Revenue excess of Rs. 3,53 lakhs represents a balance of innumerable excesses and deficiencies under other heads, but I have only time to mention a few of these.

6. *Interest*.—The revised estimates for Interest receipts have been reduced by Rs. 13 lakhs because the return anticipated on the investments constituting the Silver Redemption Reserve has been almost completely offset by a depreciation in their market value.

7. *Currency*.—This shews no serious change but the revised estimate conceals an increase on account of unclaimed currency notes combined with a short-fall owing to the fact that our share of the Reserve Bank profits was Rs. 7 lakhs less than had been anticipated.

8. *Mint*.—Here we hope for a surplus of Rs. 16 lakhs due to the greater absorption of small coin.

9. *Posts and Telegraphs*.—As will be seen from the figures I give later, we now expect the position to be Rs. 19 lakhs better than the original estimate.

Expenditure.

10. I now turn to expenditure. The main increases in the revised over the original budget estimates fall under the following headings :

(i) *Extraordinary Payments*.—Here the increase is Rs. 41½ lakhs and this represents the expenditure which we expect to incur from Civil Funds during the current year in connection with the Quetta earthquake. This includes the Government of India's contribution of Rs. 10 lakhs to H. F. the Viceroy's Quetta Earthquake Relief Fund, the provision of the extra police, public health and administrative and clerical establishments rendered necessary by the disaster and the cost of temporary hutting and lighting arrangements, of special measures for the protection of property in the ruined city and of the labour and plant required for salvage and site clearance operations. It also provides for assistance to the rural population in repairing their irrigation channels. I shall, of course, have a good deal more to say about Quetta later on.

(ii) *Interest*.—The House is aware of course that there are two interest heads. "Interest on Ordinary Debt" consists of what we have to pay on our market obligations less what we get back in respect of our outstanding loans to Provinces and the commercial Departments. "Interest on Other Obligations" consists of the amounts paid in respect of Provident and other Service Funds, Savings Bank Deposits and Cash Certificates. I am bound to confess that I cannot see any satisfactory reason for this division into two heads, for they are essentially one. Taking them together, they show a revised figure of Rs. 10,63 lakhs instead of Rs. 10,39 previously estimated. It is impossible to give any simple explanation of the increase for it is the result of the combined operation of a large number of forces pulling in different directions.

(iii) *Currency and Mint*.—The increase of Rs. 10 lakhs is entirely due to a larger demand for currency notes and small coin. It is of course more than made up by an increase on the Revenue side.

(iv) *Miscellaneous Adjustments*.—Here too the excess is more apparent than real for we have an increase of Rs. 15 lakhs in the payments to the Jute growing provinces, owing to an improvement of Rs. 30 lakhs in the yield of the export duty, combined with a decrease of Rs. 6 lakhs due to a transfer of a certain item to the head "Civil Administration".

The remainder of this increase of Rs. 1,17 lakhs is made up by a number of items which fall mainly under Civil Administration and under this head the principal excess is under Frontier Watch and Ward.

11. *Defence*.—The Budget figure was, as the House will remember, Rs. 44,98 lakhs and under the normal procedure any saving on this figure lapses to the Defence Reserve Fund. The principal variations within the total figure of Rs. 44,98 lakhs are as follows :

Receipts show increases on various items totalling about Rs. 9½ lakhs. On the expenditure side substantial savings have accrued from entirely unforeseen causes. The despatch of troops outside India in connection with the international situation is expected to result in a saving of over Rs. 10 lakhs. In order to provide funds for emergency expenditure at Quetta, the Military Engineering Services postponed about Rs. 9½ lakhs of their new works programme, and in consequence of the earthquake the bulk, *viz.*, Rs. 2½ lakhs, of their ordinary maintenance grant for Quetta lapsed. There has been a gain on Exchange amounting to Rs. 4½ lakhs. A further under-spending of Rs. 14 lakhs represents merely the carry forward of liabilities in respect of which the administrative authorities have been unable for various reasons to spend the allotments made in the current year.

These improvements account for about Rs. 50 lakhs but against them we have to set substantial expenditures not contemplated at the time of the budget. The most important of these are about Rs. 36 lakhs arising from the earthquake in Baluchistan mainly on account of temporary housing (including tentage), transportation and stores and Rs. 12 lakhs representing that part of the cost of the Mohmand operations which is expected to be brought to final account this year.

The result of all these variations is an under-spending of Rs. 4 lakhs which will accrue to the Defence Reserve Fund.

During the course of the year, certain withdrawals from the Fund have been made to finance the re-equipment programme and other measures. At the end of the year, in addition to the Rs. 4 lakhs above mentioned, we shall deposit in the Fund from the 1935-36 budget the Rs. 14 lakhs which I have

referred to as representing postponed but inescapable liabilities and Rs. 22 lakhs representing the annual contributions towards the various military equalisation funds. The estimated result of all these transactions is to effect a reduction of about Rs. 25 lakhs in the balance of the Fund as it stood on the 31st March, 1935.

12. *Posts and Telegraphs.*—All that remains in order to dispose for the time being of the year 1935-36 is to give a revised forecast of the results of the Posts and Telegraphs Department. For this Department we show on the Revenue side of the general budget the excess of Gross Receipts over Working Expenses while on the Expenditure side we show the Interest on the capital at charge of the Department. Here are the figures :

	(Rs. lakhs).	
	Budget 1935-36.	Revised 1935-36.
Gross receipts	11,33	11,50
Working Expenses	10,62	10,64
Net receipts	71	86
Interest charges	84	80
Balance	—13	+6

Thus, we now expect, instead of an appreciable loss, a small profit. Lower interest rates are responsible for some of the improvement but in the main it is due to increased sales of stamps and a rise in receipts from trunk telephone calls.

Position as on 31st March, 1936.

13. To recapitulate we now expect that the current year will close with a surplus of Rs. 2,42 lakhs. This too I leave over for later examination and meanwhile I place before the Assembly the estimates for the coming year.

FINANCIAL YEAR 1936-37.

Revenue.

14. The total figures for revenue, excluding Railways, are Rs. 87,35 lakhs, an improvement of Rs. 83 lakhs over our revised estimate for the current year.

15. *Customs, etc.*—Here the receipts are estimated at Rs. 54,82 lakhs. This figure presumes a deterioration of Rs. 1,60 lakhs under the import duty on sugar and an all round improvement of Rs. 1,71 lakhs under other heads. Full details of the changes will be found in the Financial Secretary's memorandum, but I must again say a word regarding the yield of the import duty on sugar.

There are three elements in the calculation of the margin available for imports of sugar. First, the growth of domestic factory production, secondly, the extent to which this displaces other forms of indigenous production, and thirdly, the growth of consumption. In the end, we can confidently predict that the outcome of the operation of all the factors will be the reduction of sugar imports to very small dimensions. But the speed at which this result will be

attained is quite uncertain. Last year, the process was delayed by a partial failure of the cane crop and by a combination of the second and third of the above factors, but even so it is clear that the running down process will be somewhat slower than we thought when framing the original estimates for last year. In these circumstances, it is extremely difficult to do more than make an enlightened guess and, on the whole, the best we can do is to assume a figure of Rs. 2 crores for next year's yield of the import duty which is higher than last year's original estimate but considerably lower than this year's results are likely to be. I do not make this prophecy with any over-weening confidence but let me point out to the Assembly that for many years the original estimate of sugar revenue has been wildly inaccurate and, unfortunately, not always in the same direction. The yield of the excise has been estimated at Rs. 1,96 lakhs allowing for an increase of roughly 15 per cent. over the revised estimate of the current year's outturn.

The other items call for no particular comment except that we provide for some recovery from the very striking fall in the imports of British cotton fabrics which I mentioned a few minutes ago and for a continued expansion of the yield of the match excise and the petrol duties.

16. *Taxes on Income.*—Here we are counting on the undoubted and we hope continuing improvement in economic conditions and we anticipate a receipt of Rs. 17,60 lakhs for next year or an increase of Rs. 80 lakhs even over the revised estimate for the current year, or Rs. 1,20 lakhs over the current year's original estimate after allowing for the reduction in the surcharges. This is obviously a very optimistic estimate and the fact that I put it forward should acquit me of any charge of being too conservative under this head at any rate.

While on this subject, I might say a word on the visit of the two income-tax experts who arrived from England last October. They are at present touring India under the guidance of one of our senior Income-tax Commissioners. As I have repeatedly said, the real purpose of their enquiry is a thorough administrative overhaul but, at the same time, they are not ignoring altogether the question of revising the law and arrangements have accordingly been made for the Committee to receive representations from responsible commercial bodies at the various centres it visits. Their task is a big one and they have a great deal of ground to cover so that I do not expect to receive their report before October next. This means that any changes that may be found necessary or desirable as a result of their recommendations cannot come into force before 1937-38 and, therefore, will have no effect on the estimates for the budget year 1936-37.

17. *Currency receipts.*—The only other revenue item that calls for specific mention is Currency receipts. The estimate of Rs. 81 lakhs under this head assumes Rs. 65 lakhs as our share of the profits from the Reserve Bank on a full year's working.

Expenditure.

18. The total figure for expenditure, exclusive of Railways, is Rs. 85,30 lakhs showing an increase of Rs. 1,20 lakhs over the current year's revised estimate. There is an increase under Civil Works a considerable part of which is due to larger payments to the Road Development Fund—an automatic result of the expanding yield of the duty on motor spirit. But there are more important changes to which I wish to draw your attention, *viz.*, a decrease under Interest and increases under Miscellaneous Adjustments, Civil

Administration and Défence. In addition I shall have to mention Extraordinary Expenditure though it does not shew a very large variation from the revised figure of 1935-36.

19. *Interest*.—Again, taking the two heads of Ordinary Debt and Other Obligations together, we get a figure of Rs. 9,20 lakhs as against Rs. 10,63 lakhs in the revised estimate for 1935-36, or a reduction of nearly Rs. 1½ crores. But the position is really better than this, for under "Interest on Other Obligations" there is an increase of Rs. 62 lakhs due mainly to an alteration in the arrangements in respect of the Indian Military Service and the Indian Civil Service Family Pension Funds. At present the subscriptions collected on account of these funds are credited to general revenues and the pensions are paid from the same source. The interest on the balances in the funds does not enter the Government accounts. A *pro forma* account is, however, maintained, showing the balances in the funds, the interest accrued, the subscriptions received and the pensions paid. As the present accounting arrangements are admittedly erroneous, it has been proposed that in future the balances to the credit of the funds should be shown as regular unfunded debt. The subscriptions received and the interest on the balances will be credited to the funds and the pensions will be paid direct from the funds. The Rs. 62 lakhs increase under Interest is offset by reductions of Rs. 34 lakhs under Military Pensions and Rs. 20 lakhs under Civil Pensions. Comparing like with like, the improvement under the Interest heads is over Rs. 2 crores. The reasons for this improvement are, firstly, that we shall get the full benefit of the conversion operations of the current year, and secondly, that we hope to repay the £16·8 millions of 5½ per cent Sterling Stock maturing next year without floating a fresh loan.

20. *Subventions to Sind and Orissa, 1936-37*.—The increase under Miscellaneous Adjustments is due to the provision of Rs. 1,58 lakhs for subventions to Sind and Orissa—Rs. 1,08 lakhs for the former and Rs. 50 lakhs for the latter. It has been decided that these two new provinces shall begin their careers on April 1st, 1936, in advance of the full institution of Provincial Autonomy. It has all along been recognised that they would require subventions, at any rate for some years, after they began their separate existence. The definitive subventions fall to be determined by His Majesty in Council after considering the recommendations of Sir Otto Niemeyer's enquiry, but in the meantime the two Provinces must be put into a position to carry on under the provisional regime, and the present subventions are intended for this purpose. The amounts provided are larger than was at one time anticipated but I do not think that they are framed on an over-lavish basis. They do not purport to provide any substantial margin for new schemes of expenditure and apart from furnishing small opening balances they are intended to do very little more than enable the provinces to balance their budgets during their first year's working. Let me repeat that these subventions are entirely provisional. They are not intended to prejudge the claims of these two provinces at the enquiry which Sir Otto Niemeyer is now holding, when their future subventions will fall to be considered in conjunction with the claims of other provinces.

21. *Civil Administration*.—The increase amounts to Rs. 64 lakhs and I now proceed to describe some of the more important items which go to make up this total. First there are Rs. 18 lakhs for two public health schemes in Delhi. The present methods of dealing with the refuse of Delhi have evoked general comment and have been a menace to public health for a considerable time and a new scheme has now been sanctioned for which a provision of

Rs. 13 lakhs is made. The system of dealing with Delhi sewage has also been examined and has been found to be inadequate and defective; a final decision has not yet been reached on this, for it has so far been found impossible to frame a scheme the cost of which is not prohibitive. However, the effort to formulate a scheme at a reasonable cost is being continued and, in the meantime, a provision of Rs. 5 lakhs is made to permit of a start being made in 1936-37 if such a scheme turns out to be possible. The opening of the Delhi Broadcasting Station, together with some necessary improvements in programmes generally, will require a further Rs. 4 lakhs in the coming year and there is an extra Rs. 5 lakhs for Civil Aviation where the Capital programme inevitably involves an increase in maintenance charges. Finally, provision is made for the restoration of the cut in pay for the full twelve months of the year instead of eleven as in the current year's figures. This means an extra 11 lakhs.

22. *Defence.*—The Defence Budget stands at the figure of Rs. 45,45 lakhs. Of this, however, Rs. 60 lakhs is a special provision for the reconstruction of Quetta and the replacement of military stores consumed in connection with the earthquake. The ordinary Budget is, therefore, Rs. 44,85 lakhs of which Rs. 18 lakhs is for new measures. The total figure for the present year is Rs. 44,98 lakhs but this includes Rs. 34 lakhs for Indian Military Service Family Pensions which, as I explained in dealing with the Interest heads, is omitted from the Defence budget of next year. The comparable figures for the two years are, therefore, Rs. 44,64 lakhs and Rs. 44,85 lakhs. The real increase is thus Rs. 21 lakhs and this is more than accounted for by two items. Rs. 5 lakhs represents the restoration of the remaining half of the cut in pay of British soldiers which was not budgetted for in 1935-36 and Rs. 20 lakhs an increased provision for ordnance stores. In regard to the latter I must reiterate the warnings which have been given in this connection in recent years that the present budget figures do not represent a new permanent low level of Defence expenditure. The surplus stocks of ordnance stores, the existence of which in the past has tended to keep down the budget are approaching exhaustion and the time has now come at which expenditure under this head must inevitably rise.

23. *Extraordinary Payments.*—I have referred above to the provision in the Defence Budget arising out of Quetta. There is also a provision on the Civil side of Rs. 40 lakhs under the head "Extraordinary payments." This relates mainly to the reconstruction of the most urgently required civil buildings and to the continuance of the special establishments created there to deal with the emergency. While the bulk of the expenditure on salvage will be incurred in the current year, site clearance operations will continue for sometime into the new year and have had to be provided for.

24. *Quetta.*—This is probably the most convenient place to review the Quetta problem as a whole. In 1935-36 we expect to spend from Civil Funds proper Rs. 41½ lakhs, and Rs. 36 lakhs from Army Funds. Practically the whole of this has been on relief, temporary housing, and salvage though there has been a beginning of clearance. Next year we shall have to complete clearance and begin reconstruction. Under Civil Grants Rs. 40 lakhs are provided of which Rs. 12 lakhs are for clearance and special staff and Rs. 28 lakhs for reconstruction. Under Defence there is Rs. 10 lakhs for replacement of stores and Rs. 50 lakhs for reconstruction. Thus the cost to Government of the disaster, up to the stage of beginning reconstruction, may be put at Rs. 41½ plus 36 plus 12 plus 10 lakhs or almost exactly a crore in all. The reconstruction both Civil and Military is at present expected to cost something over seven crores. These estimates are provisional but I have every hope that

they will not be exceeded. The work will take seven or eight years and we do not anticipate that it will be possible to spend appreciably more than a crore in any one year. In 1936-37 we begin with Rs. 78 lakhs of which Rs. 50 lakhs is for Military and Rs. 28 lakhs for Civil buildings, and in the following years the programme will proceed at the rate of about a crore a year.

In explaining the charges on Civil funds I have left out of account the expenditure to be incurred by the two commercial Departments, Railways and Posts and Telegraphs. They have incurred some small expenditure in connection with the immediate emergency and they will both have to incur expenditure on reconstruction. For Railways the cost will be something like Rs. 40 lakhs in all, of which Rs. 12 lakhs has been included in next year's Railway budget and for the Posts and Telegraphs department the cost will be Rs. 9½ lakhs of which Rs. 1 lakh will be spent this year and nearly Rs. 4 lakhs in 1936-37.

We have already heard something and I daresay we are destined to hear a good deal more about the wickedness of paying for the reconstruction of Quetta out of revenue. Perhaps, therefore, I had better say a few words on this subject as a brief opening to the inevitable debate. I take it that nobody will contend that the immediate expenditure on relief, salvage and other emergency measures incurred during the current year should have been charged to capital, with no other results than to decrease the call by the Army Authorities on the Defence Reserve Fund and to increase the surplus on the general budget by some Rs. 40 lakhs. But what will be advocated widely will be that the expenditure upon the reconstruction of the Government buildings together with that to be incurred in clearing the site of the city should be borrowed and this is the proposition that I shall briefly examine. In the first instance let me say that it is contrary to strict financial orthodoxy to borrow for expenditure which does not yield a cash return equivalent to the interest and sinking fund charges on the amount borrowed. I know that this strict view has not always been followed in India but some people might say that our financial difficulties would now be considerably less if a little more orthodoxy had been observed in years gone by. Apart from that, however, unorthodoxy was clearly easier to justify in the days when there was an annual provision of something like Rs. 7 crores a year for the reduction and avoidance of debt. Borrowing for capital expenditure or shall we call it raiding the Sinking Fund, for it is nothing else, may not be a very heinous offence when the Sinking Fund is more than adequate but is that the case now? Leaving out of account the deficit budgets of the early thirties the actual provision in recent budgets has been limited to Rs. 3 crores. Last year I expressed a certain discomfort at the smallness of this amount but comforted myself with the thought that the Railways, which then looked as if they would very shortly resume their contribution to General Revenues, would soon provide ways and means for an increase in the Sinking Fund contribution to a figure more commensurate with a capital debt of Rs. 1,200 crores. But clearly a Railway contribution has now disappeared into the somewhat remote future and we are faced with a situation in which the Sinking Fund contribution is no more than a quarter of 1 per cent. of the debt—obviously a dangerously inadequate figure. Who dare say then that for the next seven or eight years we should by this high-sounding device of borrowing to pay for Quetta still further reduce this already inadequate provision by sums which vary from year to year of course but which are of the order of Rs. 75 lakhs? I certainly cannot accept such a proposition.

But there is another consideration. Borrowing has got to be paid for some time and clearly the burden of it in this instance of Quetta would be fully felt by the Central Budget in the early forties, i.e., at the time when it will or ought to be distributing a proportion of its Income-tax receipts to the Provinces. The task of a Finance Member at the present time must be to see that India is put into a position to finance the new Reforms and at the same time is left if possible with its credit in a state of inexpugnable strength. This being so I cannot possibly have any part or lot in a device which is both unsound in itself, having regard to the size and structure of our debt, and which moreover would diminish the amount ultimately available for distribution to the Provinces.

25. *Posts and Telegraphs.*—In my budget speech last year I referred to the fact that the fixation of the contribution to the depreciation fund was still under examination. That examination is now complete and it is proposed to abandon the depreciation fund conception altogether and to adopt instead that of a fund for renewals and minor improvements. The renewals fund will take over the existing depreciation fund of Rs. 3,17 lakhs and will be fed by annual contributions to be fixed for periods of five years. For the first quinquennium we have, with the assistance of the Auditor General, calculated that a contribution of Rs. 25 lakhs will be an appropriate figure and the Posts and Telegraphs budget provides for this amount instead of the Rs. 29 lakhs provided last year.

The only other item I need mention on the expenditure side of the department is an enhanced provision of Rs. 2 lakhs for providing improved postal facilities in rural areas. Last year my Honourable friends opposite made strong representations on this subject and they will no doubt welcome the fact that the improved financial position of the department enables us in the coming year to do more in this direction than has been possible in these last few years of depression.

On the Revenue side we are reckoning on a continuance of improving trade and an increase of Rs. 38 lakhs over the revised figure for 1935-36. On this basis the position works out as follows :

	(Rs. lakhs.)
Gross receipts	11,88
Working expenses	10,93
	<hr/>
Net receipts	95
Interest charges	80
	<hr/>
Net surplus	15
	<hr/>

Summary of the position for 1936-37.

26. I am now in a position to summarise the estimates for 1936-37 as follows :

	(Rs. lakhs.)
Revenue	87,35
Expenditure.	85,30
	<hr/>
Surplus	2,05
	<hr/>

Before disposing of this and the surpluses for the two earlier years, I must turn aside and give some account of our Ways and Means position.

WAYS AND MEANS.

27. *The Reserve Bank.*—First a word about the Reserve Bank. The Bank began to act as the bankers of Government with effect from the 1st of April, 1935. It took over the management of the currency and the duties of selling treasury bills on behalf of Government and of supplying the Secretary of State with his sterling requirements from the same date. In the beginning of July it assumed its full banking functions and fixed its first bank rate. The first elections to the local boards have been made and its first annual meeting has been held at which the Executive of the Bank submitted their report of its first nine months working. This report has been published in the Gazette and I need say nothing about it except perhaps to mention that in accordance with Section 47 of the Act the Government of India has received Rs. 43 lakhs as its share of the profits, which sum has been included in the revised estimates for the current year, 1935-36.

28. *Remittance.*—The ways and means estimates for the current year provided £26 millions as the sterling requirements of the Secretary of State. Our revised forecast stands at £12 millions. This reduction is due to the large opening balance which the Secretary of State had on the 1st of April, 1935. It will be remembered that our remittance operations are now conducted through the Reserve Bank. For the ten months up to the end of January the Bank has in fact purchased nearly £29 millions of sterling of which about £19½ millions is still shewn among the assets of the Banking Department. In the Issue Department there are considerable sterling assets in excess of the statutory requirement and altogether the external position of the Bank is one of extraordinary strength. Next year we shall expect to call upon the Bank for £41 millions and this includes the repayment of £16·8 millions of 5½ per cent. Stock, 1936-38 without fresh borrowing in London. On present shewing there should be no difficulty whatever about achieving this programme.

29. *Post Office Cash Certificates and Savings Bank deposits.*—The 6½ per cent Treasury Bonds, 1935, and the 5 per cent Bonds, 1935, matured in September and evidently some of the smaller holders have deposited the funds made available to them in the Post Office Savings Bank. This accounts for the increase in the revised estimate to Rs. 9,50 lakhs as against the budget figure of Rs. 8,75 lakhs. Next year's forecast assumes deposits in the Post Office Savings Bank of Rs. 8,25 lakhs net and by 'net' I mean of course the excess of deposits over withdrawals.

The reduction in the rate of interest on Post Office Cash Certificates in 1934 has naturally been followed by larger discharges. We now expect a balance between purchases and discharges during the year 1935-36 and a net discharge of Rs. 50 lakhs during the year 1936-37. It will be remembered that maturities will be particularly heavy during the coming financial year.

30. *Loans to provinces.*—The estimates for the requirements of provinces this year included provision for the repayment of the 6½ per cent Bombay Development Loan, 1935. There will be no such unusual item in 1936-37 and we are providing about Rs. 5½ crores only instead of about Rs. 11 crores.

31. *Borrowing Programme.*—Government have been able to take considerable advantage of the low market rates for borrowing which prevailed both in India and in England during the year. Two loans were issued. The first was a sterling loan early in July for £10 millions of three per cent stock, 1949-52 in part replacement of £12 millions of six per cent Sterling Bonds, 1935-37. The loan was issued at 98 and was oversubscribed seven times, the lists being closed

ten minutes after opening. The services of the Governor of the Reserve Bank, who was in London at the time, were available during the negotiations for this loan, and I am glad to be able gratefully to acknowledge them.

At the end of the same month a three per cent Rupee Loan, 1951-54, for Rs. 15 crores at Rs. 96-8 was announced. The Reserve Bank was entrusted with the issue of the loan and applications amounted to nearly 30 crores. Applications for conversion of five per cent Bonds, 1935, and $0\frac{1}{2}$ per cent Treasury Bonds, 1935, were accepted in full and were allotted nearly Rs. 13 crores. This is the first time that the Government of India has been able to raise a three per cent medium term loan at such a favourable rate.

£3½ millions of East Indian Railway $4\frac{1}{2}$ per cent debenture stock, 1935-55, have also been repaid during the year.

Next year there are no rupee maturities but as I have previously mentioned £16·8 millions of $5\frac{1}{2}$ per cent Sterling Stock, 1936-38 fall due for repayment and we are proceeding on the assumption that we shall be able to repay this amount without further borrowing in London. However, that depends on conditions later in the year and not being a prophet I can only express hopes. I do, however, estimate on the basis of my hopes and for the purpose of calculating interest charges next year I assume the repayment of the sterling stock without replacement. This together with the full effect of the conversion operations of the present year enables us, as I have already said, to reduce the estimate for interest charges to Rs. 9,20 lakhs, or nearly Rs. $1\frac{1}{2}$ crores less than the revised estimate for the current year.

32. Treasury Bills.—The Treasury Bills outstanding on the 1st April, 1936, amounted to Rs. 18,27 lakhs with the Public and Rs. 36,07 lakhs with the Reserve Bank, a total of Rs. 54,34 lakhs. The revised estimate provides for the reduction of this amount to Rs. 13,99 lakhs with the Public and Rs. 20,10 lakhs with the Reserve Bank, Rs. 34,09 lakhs in all by the end of March 1936, as against a total of Rs. 46 crores anticipated in the budget. The difference of Rs. 12 crores is due to the cancellation of Bills held in the Issue Department of the Reserve Bank mainly as a result of the transfer of surplus sterling assets to the Bank. The average rate of interest on Treasury Bills for the 10 months ending January 31st, 1936, was Rs. 1-4-9 per cent against Rs. 1-8-10 per cent for the corresponding period last year.

Next year, on the assumption that we are able to repay the sterling loan without further borrowing from the market, we expect the outstanding balance of treasury bills on the 31st of March, 1937, to be Rs. 20,10 lakhs with the Reserve Bank and Rs. 24,99 lakhs with the Public a total of Rs. 45,09 lakhs.

PROPOSALS FOR 1936-37.

33. I have now set out the final results of 1934-35, the revised forecast of 1935-36 and the first forecast of 1936-37. I now turn to the surpluses that have either accrued or are expected to accrue and Government's proposals for dealing with them. They are, first, the balance of Rs. 1,73½ lakhs remaining over in the Rural Development Fund from the surplus of 1934-35, secondly, the expected surplus of Rs. 2,42 lakhs for the current year, and finally the estimated surplus of Rs. 2,05 lakhs for next year.

34. Surplus for 1934-35.—From the balance of Rs. 1,73½ lakhs available in the Rural Development Fund we propose to allocate:

First.—A grant of Rs. 30 lakhs for Agricultural Research. This will cover the Rs. 10 lakhs still outstanding of the block grant promised to the Imperial Council of Agricultural Research when it was first established

and a further Rs. 20 lakhs for financing other urgent schemes of research, some of which will be under the direct control and supervision of Government. These other schemes include sugarcane research, and investigations in connection with the dairying side of animal husbandry. This branch of the peasants' activity has not received sufficient attention in the past. Experience elsewhere emphasises its importance to the cultivator, both as a means of supplementing his income and of adding to his diet elements that make for good nutrition and, therefore, for good health.

Secondly.—A grant of Rs. 10 lakhs to the Indian Research Fund Association. Health is a vital factor in measures aiming at a general improvement in the conditions of village life and to ensure that the benefit of these Rs. 10 lakhs goes primarily to the rural population the Association will be required to devote the amount mainly to schemes connected with the prevention or cure of malaria.

Thirdly.—A grant of Rs. 5 lakhs for the benefit of cottage and small scale woollen industries.

Honourable Members are aware that the case for the protection of the woollen industry was examined last year by the Tariff Board and that for certain reasons, including the refusal of evidence on the part of an important section of the mill industry, we were unable to accept its claim to protection. But woollen manufacture is also carried on in cottages and in small scale workshops; and the Tariff Board's findings suggested that this branch of the industry stood in greater need of assistance than the other. Further, there was no reason why the action of the manufacturers should be allowed to prejudice its claims.

But, as the Tariff Board pointed out in this case a cottage industry is likely to derive more benefit from technical advice and assistance in marketing arrangements than from the imposition of protective duties. Government, therefore, propose to make a grant for the benefit of the cottage and small scale woollen industry amounting to Rs. 5 lakhs to be spread over five years and our intention is that it should be administered on lines somewhat similar to those adopted in the case of the corresponding grant for sericulture, except that, as research is not likely to be involved, the States will not participate in the allocation of funds. The actual execution of provincial schemes financed from this grant will be in the hands of the Provincial Departments of Industries.

Fourthly.—A grant of Rs. 20 lakhs to the Fund for development of broadcasting. This Fund is, of course, only available for capital expenditure; recurring expenditure is to be provided in the budget in the normal way. In my speech last year I emphasised that the expression "economic development and improvement of rural areas" was used "in a wide sense to cover any measure which will conduce to the amelioration of the conditions of the cultivators and rural classes". Broadcasting which now provides instructional lectures on agriculture and health has a quite legitimate claim on this fund and the additional grant will help to satisfy the demand for such information over a larger area.

This allocation will bring the fund to Rs. 40 lakhs. Although the expenditure so far incurred against the fund amounts to rather less than Rs. 4 lakhs (for the Delhi station) we have before us estimates for work costing Rs. 32 lakhs, and the field for further development is extensive. It is obviously desirable—in fact essential—that we should have the best

technical advice available before we embark upon this further development. We have been fortunate in obtaining this, for the British Broadcasting Corporation have very kindly lent us Mr. Kirke, the head of their Research Department, to advise us on our future programme and I hope that it will be possible to place definite proposals before the Standing Finance Committee next month. After these grants there is still left in the Fund Rs. 1,08½ lakhs. We shall in all probability allocate the bulk of this to Provinces on a rural population basis for expenditure on schemes to be approved by the Government of India. But before deciding upon this finally we shall review the results of last year's grants. It will be remembered that I circulated to the House on the 6th September last a full description of the schemes which had been approved by the Government of India in connection with the grants amounting to Rs. 92½ lakhs which have already been made to Provinces. We have called for full reports from Local Governments as to the actual progress and results of their schemes. We expect that these will be available next month and in the light of them we shall decide whether any alterations are necessary in the conditions of our grants. Needless to say Provincial Governments are more closely in touch with local conditions and needs than we are but, at the same time, the Government of India has its responsibilities in the matter and it will be for consideration whether we should not define more closely the categories of schemes which we are prepared to approve. At all costs we must guard against too much diffusion of effort and we must moreover be careful to see that our money is spent on the most useful schemes. As soon as definite conclusions have been reached we shall take the House fully into our confidence both as regards the results of last year's schemes and our intentions for the future.

Perhaps the House will forgive me if I point out that in the last two years the Government of India have allotted nearly Rs. 3½ crores in the way of special grants for rural purposes. I emphasise the word 'special' for the Leader of the Opposition waxed sarcastic over the grants made last year as if they were the only contributions which the Government of India had made to rural welfare. I dealt with that argument then and I have no doubt that I shall have to deal with it again but at present my purpose is only to claim that we have shewn and are shewing that, whenever resources are available, we are prepared to supplement in no niggardly fashion the work that Provincial Governments are doing on behalf of those in the villages.

SURPLUS FOR 1935-36.

35. *Initial building equipment of Sind and Orissa.*—I now come to the surplus of Rs. 2,42 lakhs which we expect to have on the 31st March next. To begin with I propose to allot Rs. 45 lakhs of it to a special fund for assisting Sind and Orissa to meet their expenditure on the adaptation of old and the provision of new official buildings. It was originally intended to advance the amounts required for this purpose by way of interest-bearing and repayable loans but there are two reasons why we think that this would be ungenerous. First because the needs of these two provinces look like being more than was supposed and secondly, there is the consideration of what has been done in the past in similar circumstances. In 1921, all the provinces were started off with necessary buildings free of debt incumbrances. The North-West Frontier Province was

given, at its inception, not only the existing Government of India Buildings in the Province but also a grant of Rs. 3 lakhs to adapt them. It might reasonably be held then that Sind and Orissa have corresponding claims on the Centre. Moreover, in assessing the subventions clearly the existence of a liability for loan charges for such a purpose would have to be taken into account and it may, therefore, be said that for a good many years at any rate the Government of India would, if it insisted on payment of these loan charges, merely be taking away with one hand and giving back with another.

I may perhaps add two things:

- (a) that we propose to limit our liability strictly to Rs. 45 lakhs, and
- (b) that this amount will be divided so as to give Rs. 17½ lakhs to Sind and Rs. 27½ lakhs to Orissa. The reason for the apparent preference to Orissa is of course that Sind already has a considerable part of the buildings it will need.

After this grant there will remain available from 1935-36 a sum of Rs. 1.97 lakhs and, before I can deal with this, we must not only look at the position as it is likely to be in 1936-37 but we must also cast forward and attempt to make some estimate of the position we shall be faced with in 1937-38 and the immediately succeeding years.

36. *Revenue Reserve Fund.*—We now expect to have a non-recurring balance of Rs. 1.97 lakhs available from 1935-36 and an estimated surplus of Rs. 2.05 lakhs available in 1936-37. What does this imply for 1937-38 which we are assuming to be the first year of Provincial Autonomy? If all goes well, we may perhaps count upon certain reductions in interest charges and improvements of revenue which will produce what in Government of India parlance is known as a betterment of some Rs. 2½ crores over the figures for 1936-37. On the other hand, the separation of Burma will cost us Rs. 2¼ crores in that year while it would not be safe to assume a figure of less than Rs. 2 crores as the cost of the initial adjustments which will emerge from Sir Otto Niemeyer's enquiry, *i.e.*, on the existing basis of taxation we can expect in 1937-38 at best a bare balance. If this conclusion is right, then it looks at first sight, as if it would be unjustifiable to reduce taxation at all this year and, of course, it is always much more satisfactory to play for safety in financial affairs. I know, however, what feeling was aroused in commercial quarters by the postponement of their claim for a reduction of the emergency taxation in favour of the restoration of the pay cut and it behoves me, therefore, to look a little more closely into the possibilities. For this purpose it is necessary to look also at the year 1938-39. There ought in that year to be no major alterations of expenditure while, we may hope that if our affairs continue to go well, there may be a further expansion of some Rs. 2 crores in revenue receipts. If this calculation is justified, then it would perhaps be legitimate to reduce taxation in 1936-37 by something like Rs. 2 crores if we can find a non-recurring balance of about the same amount to fill up the consequent deficit in 1937-38. Here then is the significance of the Rs. 1.97 lakhs remaining over from 1935-36. I propose to ask the House to transfer this balance to a Revenue Reserve Fund available to help out the finances of the first year of Provincial Autonomy and in this way I can, with a fairly clear conscience, propose remissions of taxation in 1936-37 so long as they do not alienate revenue to a greater extent than about Rs. 2 crores a year.

What then shall the reductions be?

B

SURPLUS FOR 1936-37.

37. *Reduction of Taxes on Income.*—The most insistent demand with which I am confronted is the claim for the abolition of the emergency taxes upon income and, as the House knows, there exist certain pledges upon this subject given by my predecessor. The complete removal of the present surcharge of one-sixth on income-tax and super-tax would cost Rs. 2,76 lakhs per annum, while the abolition of the tax on incomes between Rs. 1,000 and Rs. 2,000—which, as I said last year, must also be included in the emergency class—would cost Rs. 47 lakhs more. Obviously if we are limited to surrendering no more than Rs. 2 crores a year, we cannot meet the demand for abolition in full. But we can go a good way towards it and we propose to abolish the tax on lower incomes and to halve the present surcharge, leaving it in future at one-twelfth. In other words, we shall, in the last two years have removed the emergency tax on lower incomes altogether and reduced the surcharges on income-tax and super-tax by two-thirds. The cost of the proposed reductions is Rs. 1,85 lakhs and the surplus for 1936-37 is reduced to Rs. 20 lakhs accordingly.

38. *Reduction in Postage Rates.*—With no more than Rs. 20 lakhs left in hand, we can clearly make no further substantial cut in taxation and we propose, therefore, to make a postal concession which, though inexpensive, will, we believe, be generally welcomed if not gratefully received. This is the increase in the weight of the one anna letter from a half to one tola and the adoption of a scale of an additional half anna for every additional tola. It will cost Rs. 13 lakhs a year and it will absorb all but Rs. 2 lakhs of the expected surplus on the Posts and Telegraphs budget and all but Rs. 7 lakhs of that on the general Budget.

CONCLUSION.

39. I have now completed my story. I cannot expect that everybody will find it agreeable. I do expect, however, that all fair-minded people will admit that it is a reasonable compromise between the claims of the agricultural producer, the claims of the direct taxpayer and the supreme necessity for preserving the credit of India. If I have erred, I think it is in departing too much from the strict canons of financial orthodoxy which I put forward last year, *viz.*, that non-recurrent resources should not be devoted to recurrent demands. The only justification for this departure is the fact that India's economic and political barometers are both rising. If they continue to rise, all may be well. If they do not, the risk will be proved unjustified. And perhaps I may end by saying that the economic barometer cannot rise if the political barometer falls and that the political barometer must fall if the political thermometer rises.

P. J. GRIGG.

The 28th February, 1936.

BUDGET

of the

Governor-General in Council,

as laid before the

Indian Legislature, 1936.

FINANCE DEPARTMENT,

New Delhi, the 28th February, 1936.

J. C. NIXON,

*Secretary to the Govt. of India.***CONTENTS.**

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B 2

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

	For details, vide State- ment.	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	52,67,21,915	51,84,00,000	54,71,00,000	54,82,00,000
Taxes on Income	"	17,54,52,550	16,40,00,000	16,80,00,000	15,67,00,000
Salt	"	8,00,00,860	8,73,00,000	8,70,00,000	8,75,00,000
Opium	"	71,34,208	61,16,000	61,70,000	47,41,000
Other Heads	"	1,91,58,751	1,91,05,000	1,89,69,000	1,87,67,000
TOTAL PRINCIPAL HEADS		80,85,48,314	79,49,21,000	82,72,39,000	81,59,08,000
Railways: Net Receipts (as per Rail- way Budget)	A	32,36,84,197	32,25,45,000	31,96,76,000	31,73,06,000
Irrigation: Net Receipts	"	74,570	14,000	24,000	19,000
Posts and Telegraphs: Net Receipts	"	1,21,99,599	70,52,000	85,77,000	83,29,000
Interest Receipts	"	2,01,01,636	52,56,000	70,19,000	63,33,000
Civil Administration	"	85,12,271	92,75,000	96,76,000	98,09,000
Currency and Mfnt	"	1,48,09,980	1,07,01,000	1,22,04,000	1,26,13,000
Civil Works	"	27,05,419	23,30,000	25,72,000	26,80,000
Miscellaneous	"	73,77,458	58,63,000	58,94,000	55,40,000
Defence Services	"	5,30,01,980	4,92,77,000	5,08,34,000	4,98,19,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments . . . . .	"	...	...	...	...
Extraordinary Items	"	3,514	...	3,000	...
TOTAL REVENUE		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,77,15,000
DEFICIT . . . . .		...	...	...	...
TOTAL		1,25,10,18,168	1,31,00,34,000	1,34,37,18,000	1,32,77,15,000

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

	For details, vide Statement.	Accounts, 1934-36.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,04,50,231	4,19,58,000	4,24,07,000	4,17,73,000
Forest and other Capital Outlay charged to Revenue	"	1,66,907	49,000	84,000	37,000
Railways: Interest and Miscellaneous Charges (as per Railway Budget)	"	32,36,84,107	32,25,45,000	31,96,76,000	31,73,66,000
Irrigation	"	5,99,155	5,67,000	5,56,000	5,30,000
Posts and Telegraphs	"	87,03,601	86,46,000	81,79,000	89,30,000
Debt Services	"	13,25,10,698	13,39,13,000	13,62,78,000	12,20,17,000
Civil Administration	"	11,10,43,718	10,17,13,000	10,46,04,000	11,10,12,000
Currency and Mint	"	73,54,615	32,56,000	43,11,000	34,01,000
Civil Works	"	2,42,33,246	2,25,32,000	2,28,54,000	2,56,14,000
Miscellaneous	"	4,39,76,567	4,45,76,000	4,43,95,000	4,17,32,000
Defence Services	"	49,64,27,980	49,90,77,000	50,06,34,000	50,33,19,000
Miscellaneous adjustments between the Central and Provincial Governments	"	2,97,77,896	3,04,94,000	3,13,51,000	4,66,57,000
Extraordinary Items	"	2,84,89,559	1,36,000	2,63,89,000	40,34,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,24,74,18,168	1,20,94,62,000	1,24,37,18,000	1,22,70,12,000
SURPLUS		38,00,000	5,62,000	...	7,03,000
TOTAL		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,77,15,000

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Surplus		36,00,000	5,82,000	...	7,03,000
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)	"	3,81,08,645	...	...	...
Floating Debt (net incurred) . . . . .	"	...	...	...	11,00,00,000
Unfunded Debt (net incurred)	"	14,52,71,312	18,06,56,000	15,85,30,000	14,70,67,000
Deposits and Advances (net)	"	...	18,22,34,000	23,19,56,000	7,30,83,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	15,639	1,88,50,000	...	2,83,56,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		18,33,95,596	38,19,40,000	39,03,86,000	35,85,06,000
Remittances (net)	C	..	5,91,000	2,79,000	3,84,000
Balances of Provincial Governments (net)	"	1,54,88,797	...	...	...
TOTAL RECEIPTS		20,24,84,398	38,31,13,000	39,06,65,000	35,95,43,000
Opening Balance {					
India		11,88,97,891	13,10,06,891	16,18,31,185	12,45,08,185
England		20,87,50,507	14,17,05,507	21,02,03,388	78,89,366
TOTAL		53,01,33,791	65,59,15,398	70,27,02,571	49,19,40,571

Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Deficit					
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—1,11,908	—1,04,000	—96,000	—8,000
Construction of State Railways (as per Railway Budget)	"	25,12,762	5,50,00,000	1,75,00,000	3,25,00,000
Discharge of Debentures (as per Railway Budget)	"	43,57,556	...	...	...
Capital outlay on Posts and Telegraphs	"	32,87,494	55,07,000	47,44,000	42,02,000
Capital outlay on schemes of Agricultural Improvement and Research.	"	78,422	...	27,71,000	7,22,000
Capital outlay on Vizagapatam Port	"	14,71,364	12,50,000	7,70,000	9,95,000
Capital outlay on Light-houses and Light-ships	"	...	...	...	...
Currency Capital outlay	"	—50,619	4,99,14,000	4,99,23,000	—99,000
Initial expenditure on New Capital at Delhi	"	72,13,103	53,45,000	40,06,000	23,66,000
Civil Works	"	—1,77,212	...	...	...
Payment of commuted value of pensions	"	59,37,791	43,93,000	43,17,000	39,90,000
Outlay on Orissa and Sind	"	...	20,00,000	...	...
Payments to Retrenched Personnel	"	—1,03,454	—4,00,000	—2,63,000	—4,45,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	3,44,10,189	12,28,05,000	8,41,72,000	4,42,24,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	55,42,31,000	22,34,73,000	25,44,33,000
Floating Debt (net discharged)	"	4,59,45,000	3,50,00,000	20,24,50,000	...
Deposits and Advances (net)	"	6,27,91,626	...	...	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	...	...	52,59,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	11,17,36,626	58,92,31,000	43,11,52,000	25,44,23,000
Loans and Advances by the Central Government (net Advances)	C	2,10,09,116	10,23,68,000	9,24,11,000	4,47,63,000
Remittances (net)	"	9,39,289	...	...	...
Balances of Provincial Governments (net)	"	...	57,00,000	2,25,40,000	1,62,56,000
TOTAL DISBURSEMENTS	...	15,80,95,22	52,01,64,000	63,03,05,000	35,96,65,000
Closing Balance					
India	...	16,18,31,185	12,01,84,891	12,45,08,155	12,10,33,155
England	...	21,02,06,380	90,78,507	78,89,388	1,12,52,356
TOTAL	...	58,01,33,791	65,59,15,398	76,27,02,571	49,19,40,571

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE.		
	India.	England.	Exchange.	Total.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	52,67,41,915	...	...	52,67,41,915	54,71,00,000	...	1
II.—Taxes on Income	17,54,52,580	...	...	17,54,52,580	16,80,00,000	...	2
III.—Salt	8,00,00,860	...	...	8,00,00,860	8,70,00,000	...	3
IV.—Opium	71,94,268	...	...	71,94,268	61,70,000	...	4
V.—Land Revenue	20,92,270	...	...	20,92,270	21,23,000	...	5
VI.—Excise	40,68,797	...	...	40,68,797	38,67,000	...	6
VII.—Stamps	42,53,219	...	...	42,53,219	39,10,000	...	7
VIII.—Forest	12,40,713	274	—1	12,40,995	16,00,000	...	8
IX.—Registration	1,06,834	...	...	1,06,834	99,000	...	9
X.—Payments from Indian States	73,96,646	...	...	73,96,646	73,64,000	...	10
TOTAL	80,85,48,041	274	—1	80,85,48,314	83,72,39,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	1,95,353	...	...	1,95,353	1,59,000	...	12
Deduct—Working Expenses	1,26,858	...	...	1,26,858	1,39,000	...	13
Net Receipts	68,495	...	...	68,495	20,000	...	14
XIV.—Works for which no Capital Accounts are kept	6,075	...	...	6,075	4,000	...	15
TOTAL	74,570	...	...	74,570	24,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	11,19,87,400	80	...	11,19,87,480	11,49,74,000	...	17
Deduct—Working Expenses	9,89,70,882	8,18,860	—1,811	9,97,87,881	10,50,81,000	13,23,000	18
Net Receipts	1,30,16,518	—8,18,780	1,561	1,21,99,599	98,93,000	—13,23,000	19
Debt Services—							
XVI.—Interest	42,10,701	1,59,33,798	—32,763	2,01,01,836	34,71,000	85,67,000	20
Carried over	82,53,40,920	1,51,05,292	—30,593	84,09,34,319	84,06,27,000	22,44,000	21

*Sterling converted into

Government, in India and in England.

1935-36. Item No.	1935-36.		Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised 1935-36.
	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	54,71,00,000	+ 2,87,00,000	54,82,00,000	...	...	54,83,00,000	+ 11,00,000
2	...	19,80,00,000	+ 40,00,000	15,67,00,000	...	...	15,67,00,000	- 1,13,00,000
3	...	8,70,00,000	- 3,00,000	8,75,00,000	...	...	8,75,00,000	+ 5,00,000
4	...	61,70,000	+ 54,000	47,41,000	...	...	47,41,000	- 14,29,000
5	...	21,29,000	+ 65,000	21,53,000	...	...	21,52,000	+ 23,000
6	...	38,37,000	- 1,15,000	38,16,000	...	...	38,16,000	- 51,000
7	...	39,10,000	- 6,15,000	39,08,000	...	...	39,08,000	- 2,000
8	...	16,00,000	+ 5,25,000	14,37,000	...	...	14,37,000	- 1,63,000
9	...	99,000	...	99,000	...	...	99,000	...
10	...	73,04,000	+ 4,000	73,55,000	...	...	73,55,000	- 9,000
11	...	83,73,39,000	+ 3,28,18,000	81,59,08,000	...	...	81,59,08,000	- 1,13,31,000
12
13	...	1,59,000	+ 5,000	1,61,000	...	...	1,61,000	+ 2,000
13	...	1,39,000	+ 5,000	1,46,000	...	...	1,46,000	- 7,000
14	...	20,000	+ 10,000	15,000	...	...	15,000	- 5,000
15	...	4,000	...	4,000	...	...	4,000	....
16	...	24,000	+ 10,000	19,000	...	...	19,000	- 5,000
17	...	11,49,74,000	+ 17,17,000	11,74,89,000	...	...	11,74,89,000	+ 25,15,000
18	- 7,000	10,63,97,000	- 1,92,000	10,78,29,000	14,31,000	...	10,99,60,000	- 28,63,000
19	7,000	85,77,000	+ 15,25,000	96,90,000	- 14,31,000	...	82,29,000	- 3,48,000
20	- 19,000	70,19,000	- 12,37,000	38,39,000	24,04,000	...	62,33,000	- 7,86,000
21	- 13,000	84,29,59,000	+ 3,26,16,000	82,94,18,000	9,73,000	...	83,03,59,000	- 1,24,70,000

Supps at 21 = Rs. 23½.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE.		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	82,52,49,930	1,51,05,292	-30,893	84,09,24,319	84,09,27,000	22,44,000	
Civil Administration—							
XVII.—Administration of Justice	1,48,915	1,296	-3	1,50,208	1,40,000	...	1
XVIII.—Jails and Convict Settlements.	2,35,271	...	...	2,35,271	2,40,000	...	2
XIX.—Police	5,93,541	1,06,667	-553	6,99,655	6,95,000	1,07,000	3
XX.—Ports and Pilotage	20,12,017	...	...	20,12,017	19,43,000	...	4
XX(1).—Light Houses and Light Ships	9,70,717	...	...	9,70,717	9,88,000	...	5
XXI.—Education	2,03,953	...	...	2,03,953	1,82,000	...	6
XXII.—Medical	2,22,635	25,112	-129	2,47,618	2,28,000	25,000	7
XXIII.—Public Health	2,44,178	...	...	2,44,178	2,52,000	...	8
XXIV.—Agriculture	7,99,523	...	...	7,99,523	9,00,000	...	9
XXV.—Industries	15,933	...	...	15,933	15,000	...	10
XXVI.—Miscellaneous Departments	25,98,413	8,418	-25	26,06,806	22,74,000	13,000	11
XXVI-A.—Indian Stores Department	3,26,393	...	...	3,26,393	17,80,000	...	12
TOTAL	83,71,468	1,41,493	-710	85,12,271	95,32,000	1,45,000	13
Currency and Mint—							
XXVII.—Currency	77,84,679	7,77,478	-2,118	85,60,039	73,92,000	21,000	14
XXVIII.—Mint	62,49,541	...	...	62,49,541	47,90,000	1,000	15
TOTAL	1,40,34,620	7,77,478	-2,118	1,48,09,960	1,21,82,000	23,000	16
Civil Works—							
XXX.—Civil Works	26,83,060	22,421	-62	27,05,419	25,62,000	10,000	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	10,58,331	2,32,467	-566	13,20,232	11,63,000	2,36,000	18
XXXIV.—Stationery and Printing	20,90,510	20,359	-52	21,10,826	23,06,000	17,000	19
XXXV.—Miscellaneous	35,38,603	4,09,374	-1,547	39,46,430	17,43,000	4,28,000	20
TOTAL	67,17,453	6,62,200	-2,165	73,77,468	52,16,000	6,81,000	21
Defence Receipts—							
XXXVI.—Defence Services—Effective.	2,64,98,106	2,17,02,327	-68,132	4,81,32,061	2,45,48,000	2,17,10,000	22
XXXVII.—Defence Services—Non-effective	5,97,102	42,55,103	-12,742	48,60,619	5,57,000	41,53,000	23
XXXVIII.—Transfers from Defence Reserve Fund	24
TOTAL	2,70,95,324	2,59,57,520	-80,874	5,30,61,990	2,51,05,000	2,58,63,000	25
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Extraordinary items—							
XL.—Extraordinary Receipts	...	2,518	-4	2,514	...	3,000	27
XL-A.—Transfers from Revenue Reserve Fund	28
TOTAL	...	2,518	-4	2,514	...	3,000	29
Railway Revenues as per Railway Budget	32,84,01,470	-47,28,718	11,495	32,36,84,107	32,41,73,000	-45,20,000	30
TOTAL REVENUE	1,21,31,53,205	3,79,70,204	-1,05,311	1,25,10,18,108	1,31,93,97,000	2,44,48,000	31

* Sterling converted into

Government, in India and in England.

1935-36.		Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.	
Item No.	Exchange.		TOTAL.	India.	England.	Exchange.		TOTAL.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	-12,000	84,28,59,000	+3,26,16,000	82,94,18,000	9,73,000	..	83,03,89,000	-1,24,70,000
1	...	1,40,000	-21,000	1,35,000	...	...	1,35,000	-5,000
2	...	2,40,000	-4,000	2,39,000	...	...	2,39,000	-1,000
3	... 1,000	6,41,000	-23,000	6,63,000	1,07,000	...	7,70,000	+1,29,000
4	...	19,43,000	-2,33,000	20,11,000	...	...	20,11,000	+68,000
5	...	9,83,000	+23,000	9,95,000	...	...	9,95,000	+13,000
6	...	1,82,000	-31,000	1,60,000	...	...	1,60,000	-2,000
7	...	2,53,000	+19,000	2,29,000	25,000	...	2,54,000	+1,000
8	...	2,52,000	+29,000	2,13,000	...	...	2,13,000	-39,000
9	...	9,90,000	+58,000	8,87,000	...	...	8,87,000	-73,000
10	...	15,000	...	16,000	...	...	16,000	+1,000
11	...	22,87,000	+2,44,000	23,75,000	8,000	...	23,83,000	+96,000
12	...	17,80,000	+3,40,000	17,25,000	...	...	17,25,000	-55,000
13	-1,000	98,76,000	+4,01,000	96,68,000	1,40,000	...	98,08,000	+1,32,000
14	...	74,13,000	-3,000	81,07,000	...	...	81,07,000	+6,94,000
15	...	47,91,000	+15,36,000	45,05,000	1,000	...	45,06,000	-2,85,000
16	...	1,22,04,000	+15,03,000	1,26,13,000	1,000	...	1,26,13,000	+4,09,000
17	...	26,72,000	+2,42,000	26,70,000	10,000	...	26,80,000	+1,08,000
18	-1,000	14,03,000	-25,000	6,47,000	40,000	..	6,87,000	-7,18,000
19	...	23,23,000	+98,000	21,90,000	17,000	...	22,07,000	-1,16,000
20	-2,000	21,68,000	+1,58,000	22,58,000	3,83,000	...	26,46,000	+4,78,000
21	-3,000	58,94,000	+2,31,000	50,95,000	4,45,000	..	55,40,000	-3,54,000
22	-1,13,000	4,61,45,000	+14,36,000	2,44,07,000	2,13,28,000	...	4,56,35,000	-5,10,000
23	-21,000	46,80,000	+1,21,000	3,22,000	34,62,000	...	36,84,000	-10,05,000
24	...	...	...	...	...	...	...	...
25	-1,34,000	5,05,34,000	+15,57,000	2,46,20,000	2,46,90,000	...	4,93,19,000	-15,15,000
26	...	...	...	...	...	...	...	...
27	...	3,000	+3,000	...	...	...	...	-3,000
28	...	...	...	...	...	...	...	...
29	...	3,000	+3,000	...	...	...	...	-3,000
30	23,000	51,90,70,000	-28,60,000	32,10,22,000	-45,56,000	...	31,73,66,000	-23,10,000
31	-1,27,000	1,24,37,18,000	+8,36,84,000	1,20,00,12,000	2,17,03,000	...	1,22,77,15,000	-1,00,03,000

Rupees at 21 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue.

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED.	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	1,09,30,815	1,52,936	—379	1,10,78,372	1,16,15,000	1
2.—Taxes on Income	84,23,356	80,769	—179	85,12,946	89,93,000	2
3.—Salt	1,14,31,667	67,659	—159	1,14,99,367	1,18,73,000	3
4.—Opium	34,65,432	33,193	—82	34,88,543	35,09,000	4
5.—Land Revenue	5,25,709	1,601	—4	5,27,297	5,24,000	5
6.—Excise	15,50,222	6,043	—15	15,56,249	16,02,000	6
7.—Stamps	17,79,003	30,639	—93	18,18,549	17,47,000	7
8.—Forest	18,03,358	94,387	—206	18,97,539	18,67,000	8
9.—Registration	16,469	...	...	16,469	17,000	9
	3,99,66,222	4,86,127	—1,118	4,04,50,331	4,18,07,000	10
Forest and other Capital Outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	93,030	...	...	93,030	68,000	11
3B.—Forest Capital outlay	71,100	2,787	—10	73,877	15,000	12
TOTAL	1,64,130	2,787	—10	1,66,907	81,000	13
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	2,55,093	...	...	2,55,093	2,53,000	14
15.—Other Revenue Expenditure	3,38,398	2,138	—2	3,40,529	2,65,000	15
TOTAL	5,93,491	2,138	—2	5,95,622	5,18,000	16
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works— Financed from Ordinary Revenues	3,533	...	...	3,533	19,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs— Interest on Debt— Indian Posts and Telegraphs Department	84,05,035	...	...	84,05,035	79,98,000	18
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs— Indian Posts and Telegraphs Department	2,98,566	...	...	2,98,566	1,81,000	19
Debt Services—						
19.—Interest on Ordinary Debt	20,21,60,900	19,07,72,738	—4,81,148	20,24,52,455	10,03,31,000	20
Deduct— Amount chargeable to—						
Railways	19,31,80,651	11,28,81,788	—3,30,831	20,57,11,008	10,03,35,000	21
Irrigation	2,55,093	...	...	2,55,093	2,53,000	22
Posts and Telegraphs	85,29,989	...	...	85,29,989	81,98,000	23
Provincial Loans Fund	7,91,15,078	...	...	7,91,15,078	7,98,00,000	24
Other heads	7,71,149	...	...	7,71,149	7,00,000	25
Remainder chargeable to Ordinary Debt	—7,90,71,060	7,78,90,945	—1,50,317	—10,30,432	—8,88,80,000	26
20.—Interest on other Obligations	10,38,98,998	8,95,398	—3,261	10,44,41,130	11,46,55,000	27
21.—Reduction or Avoidance of Debt	3,00,00,000	...	...	3,00,00,000	3,00,00,000	28
TOTAL	5,41,27,930	7,85,26,343	—1,53,578	13,25,10,698	5,57,75,000	29
Carried over	10,35,68,910	7,90,16,390	—1,54,708	18,24,30,592	10,03,79,000	30

*Sterling converted into

of the Central Government, in India and in England—contd.

Item No.	ESTIMATE, 1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,71,000	-1,000	1,17,65,000	+2,91,000	1,31,79,000	1,56,000	...	1,33,35,000	+15,50,000
2	1,66,000	-1,000	91,78,000	+21,000	85,15,000	1,59,000	...	86,74,000	-5,04,000
3	26,000	...	1,18,99,000	+1,11,000	1,07,58,000	53,000	...	1,08,11,000	-10,89,000
4	52,000	...	35,61,000	-20,000	28,59,000	27,000	...	28,86,000	-6,75,000
5	6,000	...	5,90,000	-14,000	6,41,000	5,000	...	6,48,000	+66,000
6	17,000	...	16,09,000	-29,000	16,30,000	6,000	...	16,86,000	+27,000
7	23,000	...	17,70,000	-1,70,000	18,13,000	32,000	...	18,44,000	+74,000
8	1,32,000	-1,000	19,98,000	+2,60,000	17,99,000	1,35,000	...	19,24,000	-74,000
9	...	...	17,000	-1,000	17,000	...	...	17,000	...
10	6,03,000	-3,000	4,24,07,000	+4,49,000	4,12,10,000	5,63,000	...	4,17,73,000	-6,34,000
11	...	...	66,000	+83,000	29,000	...	...	29,000	-87,000
12	13,000	...	18,000	+2,000	5,000	3,000	...	8,000	-10,000
13	3,000	...	84,000	+35,000	34,000	3,000	...	37,000	-47,000
14	...	...	2,63,000	-7,000	2,54,000	...	...	2,54,000	+1,000
15	19,000	...	2,84,000	+6,000	2,19,000	11,000	...	2,30,000	-54,000
16	19,000	...	5,37,000	-1,000	4,73,000	11,000	...	4,84,000	-53,000
17	...	...	19,000	...	76,000	...	...	76,000	+57,000
18	...	...	79,98,000	-3,55,000	80,56,000	...	...	80,28,000	+28,000
19	...	...	1,81,000	-1,12,000	9,64,000	...	...	9,64,000	+7,83,000
20	19,20,91,000	-9,95,000	38,14,27,000	-25,18,000	18,53,24,000	17,49,25,000	...	36,02,49,000	-2,11,78,000
21	11,18,20,000	-5,79,000	30,15,76,000	+30,68,000	18,97,85,000	10,92,12,000	...	29,89,97,000	+25,79,000
22	...	...	2,53,000	+7,000	2,54,000	...	...	2,54,000	-1,000
23	...	...	81,23,000	+3,77,000	81,51,000	...	...	81,51,000	-23,000
24	...	...	7,98,00,000	+27,00,000	8,16,00,000	...	...	8,16,00,000	-18,00,000
25	...	...	7,00,000	+88,000	7,38,000	...	...	7,38,000	-36,000
26	8,03,71,000	-4,16,000	—80,25,000	+87,33,000	-0,52,02,000	6,57,13,000	...	-2,04,59,000	-2,04,04,000
27	8,51,000	-3,000	11,53,03,000	-13,57,000	11,45,85,000	60,21,000	...	12,15,06,000	+62,03,000
28	...	...	3,00,00,000	...	3,00,00,000	...	...	3,00,00,000	...
29	8,09,23,000	-4,19,000	13,02,78,000	+38,65,000	4,06,83,000	7,23,54,000	...	12,20,17,000	-1,42,01,000
30	8,15,47,000	-4,22,000	18,75,04,000	+28,81,000	10,04,06,000	7,29,11,000	...	17,33,77,000	-1,41,27,000

Rs. per cent £1 = Rs. 13½

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	10,35,68,910	7,80,16,390	-1,54,708	16,24,30,592	10,63,79,000	
Civil Administration—						
22.—General Administration	1,11,60,580	50,05,834	-13,420	1,61,52,994	1,18,12,000	1
23.—Audit	98,17,450	2,80,645	-741	1,00,97,354	1,04,74,000	2
24.—Administration of Justice	7,05,208	28,141	-80	7,34,359	7,27,000	3
25.—Jails and Convict Settlements	21,94,244	31,113	-82	22,25,374	22,60,000	4
26.—Police	51,38,785	1,19,631	-310	52,52,007	51,98,000	5
27.—Ports and Pilotage	19,72,632	9,00,310	-772	22,72,160	20,34,000	6
27 (1).—Light Houses and Light Ships	9,57,188	19,543	-54	9,76,676	9,70,000	7
28.—Ecclesiastical	20,89,534	7,85,268	-2,094	28,72,703	31,97,000	8
29.—Political	1,54,49,551	10,42,966	-3,885	1,64,89,632	1,36,00,000	9
29-A.—Frontier Watch and Ward	2,09,96,571	1,15,061	-326	2,11,11,306	2,28,63,000	10
30.—Scientific Departments	64,38,304	5,68,151	-1,752	70,04,703	65,88,000	11
31.—Education	29,16,366	43,190	-113	29,59,443	29,22,000	12
32.—Medical	23,93,176	1,27,420	-356	24,20,240	22,85,000	13
33.—Public Health	14,39,534	1,46,892	-447	15,85,749	13,64,000	14
34.—Agriculture	32,02,079	90,792	-214	32,92,657	42,15,000	15
35.—Industries	3,83,796	17,018	-36	3,99,778	7,04,000	16
36.—Aviation	1,06,43,553	43,629	-161	1,06,92,220	16,65,000	17
37.—Miscellaneous Departments	36,40,377	1,19,665	-341	37,59,701	19,25,000	18
37-A.—Indian Stores Department	6,88,219	74,747	-201	7,62,735	20,83,000	19
TOTAL	31,08,396	89,59,714	-24,394	11,10,43,716	9,53,81,000	20
Currency and Mint—						
36.—Currency	52,75,817	5,302	-10	52,81,109	20,08,000	21
39.—Mint	19,83,926	84,744	-164	20,73,506	20,28,000	22
TOTAL	72,64,743	90,046	-174	73,54,615	40,31,000	23
Civil Works—						
41.—Civil Works	2,41,17,347	1,16,269	-370	2,42,33,246	2,26,93,000	24
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	2,000	...	...	2,000	9,000	25
44.—Territorial and Political Pensions	29,56,755	1,05,599	-255	30,62,099	29,53,000	26
45.—Superannuation Allowances and Pensions	1,01,64,416	2,08,54,548	-59,012	3,09,59,952	1,08,56,000	27
46.—Stationery and Printing	33,42,659	3,14,521	-993	36,56,187	29,56,000	28
47.—Miscellaneous	4,51,540	19,72,078	-5,200	60,43,328	54,25,000	29
TOTAL	2,05,47,370	2,32,43,746	-65,580	4,37,26,536	2,22,29,000	30
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commutation of pensions financed from Ordinary Revenue	2,48,631	...	...	2,48,631	-2,10,000	31
Defence Services—						
48.—Defence Services—Effective	34,25,71,063	6,04,44,153	-1,70,233	40,26,35,952	35,61,91,000	32
49.—Defence Services—Non-effective	3,67,03,471	5,01,36,193	-1,39,546	8,66,99,074	3,67,15,000	33
50.—Transfers to Defence Reserve Fund	6,92,924	...	...	6,92,924	-24,80,000	34
TOTAL	41,61,67,458	11,05,80,346	-3,18,779	49,64,37,950	39,04,17,000	35
Contributions and Miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	2,97,77,696	...	...	2,97,77,696	3,13,51,000	36
Extraordinary Items—						
52.—Extraordinary Payments	2,53,69,865	1,19,975	-331	2,54,69,550	86,65,000	37
52-1.—Transfers to Revenue Reserve Fund . . . . .	...	...	...	...	1,00,98,000	38
TOTAL	2,53,69,865	1,19,975	-281	2,54,69,550	2,83,63,000	39
Railway Expenditure as per Railway Budget	19,82,52,954	12,53,02,471	-3,71,228	32,36,84,197	9,57,94,000	40
TOTAL EXPENDITURE CHARGED TO REVENUE	90,04,21,719	34,79,31,957	-9,95,508	1,24,74,18,168	3,08,68,000	41

* Sterling converted into

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

Item No.	ESTIMATE, 1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
	8,15,47,000	-4,22,000	18,75,04,000	+23,81,000	10,04,66,000	7,29,11,000	..	17,33,77,000	-1,41,27,000
1	51,93,000	-27,000	1,69,84,000	+2,97,000	1,27,59,000	51,68,000	...	1,79,27,000	+9,43,000
2	3,49,000	-3,000	1,03,31,000	+28,000	1,09,12,000	2,98,000	...	1,11,11,000	+3,90,000
3	36,000	...	7,63,000	-37,000	7,75,000	35,000	...	8,10,000	+4,700
4	67,000	...	23,27,000	-22,000	22,41,000	45,000	...	23,84,000	-4,000
5	1,43,000	-1,000	53,40,000	+28,000	54,37,000	1,20,000	...	55,57,000	+2,17,000
6	3,13,000	-2,000	23,45,000	-31,000	23,54,000	3,24,000	...	26,78,000	+3,33,000
7	13,000	...	9,83,000	+23,000	9,74,000	21,000	...	9,95,000	+12,000
8	7,61,000	-3,000	26,57,000	-98,000	23,38,000	7,95,000	...	30,33,000	+76,000
9	10,13,000	-5,000	1,46,08,000	+5,32,000	1,33,18,000	10,02,000	...	1,43,20,000	-2,88,000
10	1,17,000	-1,000	2,24,79,000	+19,18,000	2,12,73,000	1,12,000	...	2,13,85,000	-10,64,000
11	5,47,000	-3,000	71,30,000	-2,56,000	71,12,000	7,16,000	...	78,28,000	+6,96,000
12	48,000	...	29,70,000	-60,000	29,61,000	43,000	...	30,04,000	+34,000
13	1,24,000	-1,000	24,08,000	-14,000	28,62,000	1,26,000	...	27,87,000	+3,79,000
14	1,44,000	-1,000	14,97,000	-1,01,000	33,56,000	90,000	...	34,46,000	+19,49,000
15	95,000	-1,000	43,09,000	+6,56,000	55,85,000	96,000	...	53,81,000	+13,72,000
16	35,000	...	7,39,000	-68,000	8,75,000	25,000	...	9,00,000	+1,61,000
17	91,000	...	17,56,000	+1,37,000	22,53,000	1,37,000	...	23,80,000	+6,24,000
18	90,000	...	20,15,000	-8,000	23,51,000	1,68,000	...	25,19,000	+5,04,000
19	83,000	...	21,71,000	-24,000	21,83,000	84,000	...	22,67,000	+96,000
20	9,70,000	-48,000	10,40,01,000	+38,91,000	10,16,19,000	93,93,000	...	11,10,12,000	+64,08,000
21	19,000	..	20,27,000	+4,80,000	15,55,000	15,000	...	15,73,000	-4,54,000
22	2,62,000	-1,000	22,64,000	+5,89,000	16,84,000	1,41,000	...	18,28,000	-4,56,000
23	2,81,000	-1,000	43,11,000	+10,55,000	32,42,000	1,59,000	...	34,01,000	-9,10,000
24	1,62,000	-1,000	2,28,54,000	+3,22,000	2,54,25,000	1,29,000	...	2,58,14,000	+37,60,000
25	...	...	9,000	+9,000	...	...	...	...	-9,000
26	1,17,000	-1,000	30,99,000	+69,000	29,28,000	1,08,000	...	30,36,000	-64,000
27	2,00,59,000	-1,04,000	3,08,11,000	-11,41,000	1,06,64,000	1,50,50,000	...	2,89,14,000	-18,97,000
28	2,70,000	-1,000	32,16,000	-3,21,000	33,75,000	3,28,000	...	37,03,000	+4,77,000
29	20,46,000	-11,000	74,60,000	+15,03,000	43,34,000	19,43,000	...	61,79,000	-12,81,000
30	2,24,93,000	-1,10,000	4,44,05,000	+1,19,000	2,14,03,000	2,04,09,000	...	4,18,32,000	-37,73,000
31	...	...	-2,10,000	-3,00,000	-1,00,000	...	...	-1,00,000	+1,10,000
32	6,00,37,000	-3,11,000	41,50,10,000	-18,24,000	36,51,98,000	6,41,07,000	...	43,63,05,000	+1,23,83,000
33	5,07,54,000	-2,63,000	8,72,06,000	+2,18,700	3,68,98,000	4,68,59,000	...	8,37,54,000	-24,53,000
34	...	...	-24,59,000	+31,73,000	-82,40,000	...	...	-82,40,000	-57,61,000
35	11,07,91,000	-5,74,000	50,06,34,000	+15,57,000	39,38,56,000	10,99,63,000	...	50,38,19,000	+31,85,000
36	...	...	3,13,51,000	+8,57,000	4,68,57,000	...	...	4,68,57,000	+1,53,06,000
37	20,000	...	86,91,000	+86,55,000	40,13,000	23,000	...	40,34,000	-40,57,000
38	...	...	1,96,98,000	+1,93,98,000	...	...	...	...	-1,96,98,000
39	20,000	...	2,83,89,000	+2,83,89,000	40,12,000	23,000	...	40,34,000	-2,43,55,000
40	12,45,87,000	-0,45,000	31,90,76,000	-38,60,000	10,54,56,000	13,13,11,000	...	31,73,06,000	-23,10,000
41	34,91,58,000	-18,03,000	1,24,37,18,000	+3,43,60,000	89,20,95,000	83,49,17,000	...	1,22,70,13,000	-1,67,06,000

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,21,31,53,295	3,79,70,204	1,25,11,23,499
Exchange	—1,05,331	...	—1,05,331
TOTAL	1,21,30,47,964	3,79,70,204	1,25,10,18,168
Railway Capital not charged to Revenue—			
As per Railway Budget . . . . .	...	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
5½ per cent. Stock . . . . .	...	14,84,909	
5 per cent. Stock . . . . .	...	5,56,671	
4½ per cent. Stock . . . . .	...	23,71,485	
4 per cent. Stock . . . . .	...	1,91,310	
3½ per cent. Stock . . . . .	...	3,11,10,632	
3 per cent. Stock 1949-52 . . . . .	...	...
<i>Rupee Debt—</i>			
3½ per cent. Loan 1947-50	25,12,62,400	...	
3 per cent. Bonds 1941	10,67,31,700	...	
3 per cent. Loan 1951-54 . . . . .	...	...
Other 3½ per cent. Loans	23,920	...	
TOTAL	35,80,18,000	3,57,15,007	39,37,33,007
Floating Debt—			
Treasury Bills—			
Issued to Public	88,82,50,000	...	
Issued to Paper Currency Reserve	1,43,55,67,000	...	
Temporary Loans	74,00,00,000	...	
TOTAL	3,06,38,17,000	...	3,06,38,17,000
Unfunded Debt—			
Deposits of Service Funds	8,35,767	19,03,799	
Post Office Cash Certificates	9,95,32,199	...	
Savings Bank Deposits	53,01,01,140	...	
TOTAL	63,04,69,106	19,03,799	63,23,72,905
Carried over	5,26,53,52,070	7,55,89,010	

*Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,21,93,97,000 -1,27,000	2,44,48,000 ...	1,24,38,45,000 -1,27,000	1,20,60,12,000 ...	2,17,03,000 ...	1,22,77,15,000 ...
1,21,92,70,000	2,44,48,000	1,24,37,18,000	1,20,60,12,000	2,17,03,000	1,22,77,15,000
...
...
...
...
...	13,33,34,000	...	...	...	...
...
...
15,12,85,000 16,000	...	...	6,000	...	...
15,13,01,000	13,33,31,000	28,46,35,000	6,000	...	6,000
...
1,73,02,50,000 32,00,00,000	...	...	2,04,00,00,000...	...	...
2,05,02,50,000	..	2,05,22,50,000	2,04,00,00,000	...	2,04,00,00,000
8,07,000 12,54,00,000 58,03,68,000	19,43,000 ... ...	...	7,83,000 13,25,00,000 53,62,93,000	93,65,000......	...
70,65,75,000	19,43,000	70,85,18,000	66,95,76,000	93,65,000	67,92,41,000
4,12,73,96,000	15,97,25,000	...	3,91,55,94,000	3,13,68,000	...

Rupees at £1 = Rs. 13½

C

C.—Statement of Receipts and Disbursements of the

RECEIPTS	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,26,53,52,070	7,55,89,010	
Deposits and Advances—			
Provincial Loans Fund	12,63,72,659	...	
Posts and Telegraphs Depreciation Fund	9,37,285	...	
Deposits of Local Funds—			
District Funds	16,03,19,754	...	
Other Funds	9,92,65,173	...	
Sinking Funds for Central Loans	1,74,15,444	...	
Other Appropriations for Reduction or Avoidance of Debt	1,63,29,000	...	
Sinking Fund Investment Account	7,39,84,792	...	
Gold Standard Reserve . . . . .	...	97,26,93,915	
Paper Currency Reserve . . . . .	...	62,73,02,797	
Silver Redemption Reserve . . . . .	...	...
Deposits of Branch Line Companies	5,69,321	...	
Road Development Fund	1,58,90,035	...	
Post Office Cash Certificate Bonus Fund	73,19,301	...	
Fund for reconstruction of Earthquake damage	12,214	...	
Civil Aviation	92,57,000	...	
Economic development and improvement of rural areas	2,81,60,409	...	
Broadcasting	20,00,000	...	
Development in Tribal areas on N.-W. F. P.	25,00,000	...	
Fund for Sind and Orissa Buildings . . . . .	...	...
Departmental and Judicial Deposits	97,82,70,170	...	
Advances	29,09,06,351	54,771	
Discount Sinking Fund	83,36,990	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve . . . . .	...	...
Purchases and Sales of Silver . . . . .	...	...
Suspense	1,41,79,059	2,22,131	
Exchange on Remittance Account . . . . .	...	...
Miscellaneous	63,02,816	1,77,01,325	
Defence Reserve Fund	68,92,924	...	
Revenue Reserve Fund . . . . .	...	...
TOTAL	1,86,58,20,697	1,61,79,74,939	3,48,37,95,636
Railway Depreciation and Reserve Funds as per Railway Budget	13,72,42,927	...	13,72,42,927
Carried over	7,26,84,15,634	1,69,35,63,949	

* Sterling converted in to

GENERAL BUDGET AS PRESENTED.

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Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,12,73,96,000	15,97,25,000		3,91,55,94,000	3,13,68,000	
18,75,00,000	...		14,67,00,000	...	
27,67,000	...		25,00,000	...	
16,16,03,000	...		16,18,91,000	...	
10,33,71,000	...		10,17,73,000	...	
1,36,79,000	...		1,36,71,000	...	
1,63,29,000	...		1,63,29,000	...	
74,000	...		...	...
...	53,40,25,000		...	...
...	18,27,55,000		...	...
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,65,000	...		3,90,000	...	
1,35,00,000	...		1,47,50,000	...	
...	
...	
...	
...	
45,00,000	...		...	...
77,39,09,000	...		78,63,10,000	...	
22,14,24,000	62,000		8,43,93,000	65,000	
66,07,000	...		67,18,000	...	
84,07,000	...		...	...
10,15,28,000	...		3,00,000	...	
14,13,00,000	9,49,81,000		3,36,12,000	7,60,81,000	
12,09,000	...		...	...
9,29,76,000	2,02,19,000		1,000	2,66,59,000	
...	
1,96,98,000	...		...	...
1,87,13,96,000	93,22,02,000	2,80,35,98,000	1,36,96,33,000	9,92,05,000	1,46,88,48,000
13,26,00,000	...	13,26,00,000	13,28,00,000	...	13,28,00,000
6,13,13,92,000	1,09,19,27,000		5,41,80,32,000	13,05,73,000	

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C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,26,84,15,694	1,69,35,63,949	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund . . . . .	...	...
Other Loans and Advances	1,77,73,017	..	
TOTAL	1,77,73,017	..	1,77,73,017
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,64,66,970	...	
Other Local Remittances	3,42,717	...	
Other Departmental Accounts . . . . .	...	...
Net Receipts by Civil Treasuries from—			
Railways	13,91,61,069	..	
Posts and Telegraphs	5,13,92,117	...	
Net Receipts from Civil Treasuries by—			
Defence Services	31,13,60,957	...	
Pos's and Telegraphs . . . . .	...	...
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings . . . . .	...	84,59,000	
Sale of Silver . . . . .	...	4,02,46,101	
Other transactions	1,85,85,862	1,59,89,844	
Sterling purchased in India . . . . .	...	50,05,60,000	
Sterling obtained in London . . . . .	...	4,52,344	
Remittances through the Reserve Bank . . . . .	...	...
Transfers through the Paper Currency Reserve.	10,02,30,547	...	
TOTAL	1,42,73,40,239	56,57,07,292	1,99,32,47,531
Balances of Provincial Govern-ments	4,82,09,219	...	4,82,09,219
TOTAL RECEIPTS	8,76,19,38,169	2,25,92,71,241	
Opening Balance	11,88,97,891	(a) 20,87,50,507	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

* Sterling converted into
(a) Of this amount, £568 represents
(b) Of this amount, £2,137 represents

Central Government, in India and in England..

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,13,13,92,000	1,09,19,27,000		5,41,80,32,000	13,05,73,000	
91,53,000	...		78,82,000	...	
91,53,000	...	91,53,000	78,82,000	...	78,82,000
82,61,94,000	...		83,84,39,000	...	
23,44,000	...		22,73,000	...	
3,03,87,000	...		3,03,34,000	...	
11,39,48,000	...		13,09,49,000	...	
...	
32,69,89,000	...		33,58,25,000	...	
30,02,000	...		82,93,000	...	
...	15,16,000		...	...
...	2,05,36,000		...	...
1,44,36,000	1,73,36,000		1,41,90,000	1,38,68,000	
...	
14,44,77,000	29,99,20,000		...	54,97,20,000	
...	
1,46,17,77,000	33,93,08,000	1,80,10,85,000	1,36,03,03,000	56,35,88,000	1,92,38,91,000
1,14,39,000	...	1,14,39,000	1,98,52,000	...	1,98,52,000
7,61,37,61,000	1,43,12,35,000		6,80,60,69,000	69,41,61,000	
16,18,31,185	(b) 21,02,06,386		12,45,08,185	78,89,386	
7,77,55,92,185	1,64,14,41,386		6,93,05,77,185	70,20,50,386	

Rupees at £1 = Rs. 13½.
funds of the Gold Standard Reserve.
funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	90,04,21,719	34,79,31,957	1,24,83,53,676
Exchange	-9,35,508	...	-9,35,508
TOTAL	89,94,86,211	34,79,31,957	1,24,74,18,168
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	-1,11,908	...	-1,11,908
POSTS AND TELEGRAPHS	32,84,171	3,323	2,87,494
OUTLAY ON SCHEMES OF AGRICULTURAL IMPROVEMENT AND RESEARCH	78,422	...	78,422
VIZAGAPATAM PORT	13,70,352	1,01,012	14,71,864
LIGHT-HOUSES AND LIGHT-SHIPS	-3,008	3,008	...
CURRENCY	-50,619	...	-50,619
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	72,13,103	...	72,13,103
CIVIL WORKS	-1,77,312	...	1,77,312
PAYMENT OF COMMUTED VALUE OF PENSIONS	59,37,791	...	59,37,791
PAYMENTS TO RETRENCHED PERSONNEL	-1,08,454	...	-1,08,454
TOTAL	1,74,32,538	1,07,343	1,75,39,881
RAILWAY CAPITAL NOT CHARGED TO REVENUE— As per Railway Budget	-1,17,54,979	1,86,25,287	68,70,308
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds, 1932-33	...	6,667	
Do. 1933-34	...	73,333	
Do. 1933-35	...	1,333	
Do. 1935-37	...	...
5½ p. c. Stock 1932	...	29,387	
Do. 1936-38	...	...
East Indian Railway Debenture Stock	...	...
State Railway Annuities	...	2,36,01,356	
Do. do. Sinking Funds	...	26,66,607	
<i>Rupee Debt—</i>			
6½ p. c. Treasury Bonds, 1935	...	...
6 p. c. Bonds, 1933-36	14,82,600	...	
Other 6 p. c. Bonds	7,96,100	...	
5½ p. c. War Bonds	79,100	...	
5 p. c. Loan, 1929-47	7,49,250	...	
Do. Bonds, 1935	...	...
Do. Bonds, 1933	5,37,800	...	
4½ p. c. Bonds, 1934	12,95,01,300	...	
4½ p. c. Holkar State Railway Loan	10,00,000	...	
4 p. c. Loan, 1934-37	19,47,64,300	...	
4 p. c. Conversion Loan, 1916-17	3,02,500	...	
4 p. c. Terminable Loan	500	...	
Other Loans	32,169	...	
TOTAL	32,92,45,619	2,63,78,743	35,56,24,362
Carried over	1,23,44,09,389	39,30,43,330	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
89,63,68,000	34,91,58,000	1,24,55,26,000	89,20,95,000	33,49,17,000	1,22,70,12,000
-18,08,000	...	-18,08,000	...	...	...
89,45,60,000	34,91,58,000	1,24,37,18,000	89,20,95,000	33,49,17,000	1,22,70,12,000
-96,000	...	-96,000	-8,000	...	-8,000
47,43,000	1,000	47,44,000	42,02,000	...	42,02,000
27,65,000	6,000	27,71,000	7,22,000	...	7,22,000
7,16,000	54,000	7,70,000	7,25,000	2,70,000	9,95,000
-5,000	5,000	...	-2,000	2,000	...
4,99,23,000	...	4,99,23,000	-99,000	...	-99,000
40,06,000	...	40,06,000	23,66,000	...	23,66,000
...
48,17,000	...	48,17,000	39,90,000	...	39,90,000
-2,63,000	...	-2,63,000	-4,44,000	...	-4,44,000
6,66,06,000	66,000	6,66,72,000	1,14,52,000	2,72,000	1,17,24,000
3,00,000	1,72,00,000	1,75,00,000	1,53,00,000	1,72,00,000	3,25,00,000
...	6,000	...	...	...	...
...	1,000	...	...	...	...
...	15,93,66,000	...	...	...	...
...	27,000	...	...	...	...
...	...	...	...	22,47,74,000	...
...	4,66,67,000	...	...	...	...
...	2,41,24,000	...	...	2,52,77,000	...
...	23,22,000	...	...	23,20,000	...
16,02,20,000	...	...	5,50,000	...	...
4,00,000	...	...	3,00,000	...	...
1,40,000	...	...	1,02,000	...	...
44,000	...	...	44,000	...	...
1,50,000	...	...	1,25,000	...	...
11,36,40,000	...	...	5,00,000	...	...
1,70,000	...	...	1,00,000	...	...
2,25,000	...	...	1,25,000	...	...
...
1,85,000	...	...	1,25,000	...	...
1,00,000	...	...	75,000	...	...
2,000	...	...	2,000	...	...
14,000	...	...	10,000	...	...
27,52,95,000	23,28,13,000	50,81,08,000	20,58,000	25,23,71,000	25,44,29,000
2,23,67,61,000	59,92,37,000	...	92,09,05,000	60,47,60,000	...

Rupees at 2/1 = Rs. 194.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL
	Rs.	Rs.	Rs.
Brought forward	1,23,44,02,389	39,30,43,330	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,03,86,25,000	...	}
Issued to Paper Currency Reserve	1,33,41,37,000	...	
Temporary Loans	74,00,00,000	...	
TOTAL	3,11,27,62,000	...	3,11,27,62,000
Unfunded Debt—			
Special Loans	20,216	...	
Treasury Notes	2,500	...	
Deposits of Service Funds	11,95,043	2,35,024	
Post Office Cash Certificates	7,70,02,329	...	
Savings Bank Deposits	40,86,46,481	...	
TOTAL	48,68,66,569	2,35,024	48,71,01,593
Deposits and Advances—			
Provincial Loans Fund	12,68,06,078	...	
Posts and Telegraphs Depreciation Fund	13,49,980	...	
Deposits of Local Funds—			
District Funds	15,82,27,225	...	
Other Funds	9,96,01,588	...	
Sinking Funds for Central Loans	2,31,270	...	
Other Appropriations for Reduction or Avoidance of Debt	...	...
Sinking Fund Investment Account	5,62,49,200	...	
Gold Standard Reserve	...	97,26,72,996	
Paper Currency Reserve	...	62,73,02,797	
Silver Redemption Reserve	...	...
Deposits of Branch Line Companies	4,76,508	...	
Road Development Fund	1,09,28,605	...	
Post Office Cash Certificate Bonus Fund	...	...
Fund for reconstruction of Earthquake damage	1,19,45,917	...	
Civil Aviation	73,876	...	
Economic development and improvement of rural areas	...	...
Broadcasting	...	...
Development in Tribal areas on N. W. F.	...	...
Funds for Sind and Orissa buildings	...	...
Departmental and Judicial Deposits	94,38,39,342	...	
Advances	28,60,59,914	72,763	
Discount Sinking Fund	48,40,585	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	3,80,46,421	...	
Purchases and Sales of Silver	...	...
Suspense	9,05,08,800	9,91,31,957	
Exchange on Remittance Account	...	...
Miscellaneous	24,154	1,81,97,286	
Defence Reserve Fund	...	...
Revenue Reserve Fund	...	...
TOTAL	1,82,92,09,463	1,71,73,77,799	3,54,65,87,262
Railway Depreciation and Reserve Funds as per Railway Budget	13,72,27,288	...	13,72,27,288
Carried over	6,60,04,74,709	2,11,06,56,153	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,23,67,61,000	59,92,37,000		92,09,05,000	60,47,60,000	
1,93,27,00,000	...		1,93,00,00,000	...	
32,00,00,000	...		...	...
2,25,27,00,000	...	2,25,27,00,000	1,93,00,00,000	...	1,93,00,00,000
20,000	...		20,000	...	
...	
13,01,000	3,01,000		12,15,000	65,54,000	
12,54,00,000	...		13,75,00,000	...	
42,29,66,000	...		38,68,85,000	...	
54,96,87,000	3,01,000	54,99,88,000	52,56,20,000	65,54,000	53,21,74,000
18,76,00,000	...		14,60,00,000	...	
9,49,000	...		11,29,000	...	
15,87,49,000	...		15,86,08,000	...	
10,13,07,000	...		10,01,04,000	...	
...	
...	
...	53,40,54,000		...	...
...	18,27,55,000		...	...
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,50,000	...		4,00,000	...	
1,40,00,000	...		1,70,00,000	...	
25,00,000	...		1,00,00,000	...	
60,73,000	...		69,53,000	...	
16,39,000	...		48,33,000	...	
94,00,000	...		95,00,000	...	
3,81,000	...		...	...
...	
79,31,65,000	...		78,60,20,000	...	
22,14,68,000	73,000		8,29,81,000	67,000	
59,53,000	...		...	...
9,48,73,000	...		...	...
8,16,77,000	...		...	...
3,77,61,000	38,61,000		3,45,05,000	61,000	
12,09,000	...		...	...
84,07,000	2,02,19,000		...	2,66,59,000	
24,89,000	...		82,40,000	...	
...	
1,73,06,20,000	84,11,22,000	2,57,17,42,000	1,36,65,73,000	2,91,87,000	1,39,57,60,000
13,78,59,000	...	13,78,59,000	10,44,44,000	...	10,44,44,000
5,90,76,27,000	1,44,06,60,000		4,84,75,42,000	64,06,01,000	

Rupees at 21 = Rs. 13½

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	6,80,04,74,709	2,11,06,56,153	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	2,88,97,000	...	
Other Loans and Advances	98,85,133	...	
TOTAL	3,87,82,133	...	3,87,82,133
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,72,37,791	...	
Other Local Remittances	...	...
Other Departmental Accounts	61,237	...	
Net Payments into Civil Treasuries by—			
Railways	13,80,88,088	...	
Posts and Telegraphs	5,14,96,221	...	
Net Issues from Civil Treasuries to—			
Defence Services	31,27,73,134	...	
Posts and Telegraphs	...	...
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,59,000	...	
Sale of Silver	4,02,46,104	...	
Other transactions	2,03,74,114	1,42,08,240	
Sterling purchased in India	50,05,60,000	...	
Sterling obtained in London	4,52,844	...	
Remittances through the Reserve Bank		...	
Transfers through the Paper currency Reserve	...	10,02,30,547	
TOTAL	1,87,97,48,033	11,44,38,787	1,99,41,86,820
Balances of Provincial Governments	...	3,27,20,422	3,27,20,422
TOTAL DISBURSEMENTS	8,71,80,04,75	2,25,78,15,362	
Closing Balance	16,18,31,185	(b) 21,02,06,886	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

*Sterling converted into
(b) Of this amount, £2,137 represents

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,90,76,27,000	1,44,06,60,000		4,84,75,42,000	64,05,01,000	
8,64,00,000	...		3,98,00,000	...	
1,51,64,000	...		1,28,45,000	...	
10,15,64,000	...	10,15,64,000	5,26,45,000	...	5,26,45,000
82,60,04,000	...		83,31,89,000	...	
22,05,000	...		21,86,000	...	
3,04,37,000	...		3,03,37,000	...	
11,89,48,000	...		13,09,49,000	...	
...	
82,69,89,000	...		93,58,25,000	...	
30,02,000	...		82,93,000	...	
15,16,000	..		...	...
2,05,36,000	...		...	...
1,73,36,000	1,44,36,000		1,38,68,000	1,41,90,000	
...	
...	
29,99,20,000	14,44,77,000		54,97,20,000	...	
...	
1,64,18,93,000	15,89,13,000	1,80,08,06,000	1,90,93,67,000	1,41,90,000	1,92,35,57,000
...	3,39,79,000	3,39,79,000	...	3,61,07,000	3,61,07,000
7,65,10,84,000	1,63,35,52,000		6,80,95,54,000	69,07,98,000	
12,45,08,185	78,89,386		12,10,23,185	1,12,52,386	
7,77,55,92,185	1,64,14,41,386		6,93,05,77,185	70,20,50,386	

Rupree at 1 = Rs. 13 1/2.
 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, 1934-35.		REVISED ESTIMATE, 1935-36.		BUDGET ESTIMATE, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	51,56,68,543	...	53,53,15,000	...	53,48,05,000	...
Taxes on Income	16,69,39,634	...	15,88,32,000	...	14,80,36,000	...
Salt	6,85,01,593	...	7,51,01,000	...	7,66,89,000	...
Opium	37,05,665	...	26,09,000	...	18,55,000	...
Other Heads	1,32,82,648	...	1,39,85,000	...	1,27,00,000	...
TOTAL	76,80,98,083	...	78,43,32,000	...	77,41,35,000	...
Forest and other Capital Outlay charged to Revenue . . . . .	...	1,60,907	...	84,000	...	37,000
Irrigation . . . . .	...	5,24,585	...	5,32,000	...	5,41,000
Railways . . . . .	...	...	...	...	...	...
Posts and Telegraphs	34,95,998	...	3,98,000	...	...	7,81,000
Debt Services . . . . .	...	11,24,08,862	...	12,92,59,000	...	11,57,64,000
Civil Administration . . . . .	...	10,26,31,445	...	9,49,28,000	...	10,12,04,000
Currency and Mint	74,55,365	...	78,93,000	...	92,12,000	...
Civil Works . . . . .	...	2,15,27,827	...	2,02,82,000	...	2,29,84,000
Miscellaneous . . . . .	...	3,65,99,079	...	3,85,01,000	...	3,61,92,000
Defence Services . . . . .	...	44,34,26,000	...	44,98,00,000	...	45,45,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments . . . . .	...	2,97,77,696	...	3,13,51,000	...	4,06,57,000
Extraordinary Items . . . . .	...	2,84,87,045	...	2,83,86,000	...	40,34,000
TOTAL	77,90,49,446	77,54,49,446	79,31,23,000	79,31,23,000	78,33,47,000	78,26,44,000

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

Revenue and Expenditure.	ACCOUNTS, 1934-35.		REVISED ESTIMATE, 1935-36.		BUDGET ESTIMATE, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	86,00,000	...	...	...	6,39,000	...
Capital Account—						
Capital outlay on Security Printing Press . . . . .	...	—1,11,908	...	—86,000	...	—8,000
Railway Capital not charged to Revenue . . . . .	...	68,70,308	...	1,75,00,000	...	3,25,00,000
Capital outlay on Posts and Telegraphs . . . . .	...	32,87,404	...	47,44,000	...	42,02,000
Capital Outlay on Schemes of Agricultural Improvement and Research . . . . .	...	78,423	...	27,71,000	...	7,23,000
Capital outlay on Vizagapatam Port . . . . .	...	14,71,364	...	7,70,000	...	9,95,000
Capital outlay on Light-houses and Light-ships . . . . .	...	...	...	...	...	...
Currency Capital outlay . . . . .	...	—50,619	...	4,99,23,000	...	—89,000
Initial expenditure on New Capital at Delhi . . . . .	...	72,13,103	...	40,06,000	...	23,68,000
Civil Works . . . . .	...	—1,77,312	...	...	...	...
Payment of commuted value of pensions . . . . .	...	59,37,791	...	48,17,000	...	39,90,000
Payments to Retrenched Personnel . . . . .	...	—1,08,454	...	—2,03,000	...	—4,44,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	3,61,08,645	...	...	22,34,73,000	...	25,44,23,000
Floating Debt . . . . .	...	4,89,45,000	...	10,24,50,000	11,00,00,000	...
Unfunded Debt	14,63,71,312	...	15,85,30,000	...	14,70,07,000	...
Deposits and Advances . . . . .	...	6,37,75,987	22,65,97,000	...	10,14,39,000	...
Loans and Advances by Central Government . . . . .	...	2,10,00,116	...	9,24,11,000	...	4,47,63,000
Remittances . . . . .	...	9,79,259	3,70,000	...	3,34,000	...
Balances of Provincial Governments	1,54,58,797	...	...	2,25,40,000	...	1,62,85,000
Opening Balance	3,70,48,398	...	37,20,37,571	...	13,23,97,571	...
Closing Balance . . . . .	...	37,20,37,571	...	13,23,97,571	...	13,22,75,571
TOTAL	53,01,17,152	53,01,17,152	75,74,43,571	75,74,43,571	49,19,40,571	49,19,40,571

THE INDIAN FINANCE BILL, 1936.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 28TH FEBRUARY, 1936.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax; It is hereby enacted as follows :

- Short title and extent.** 1. (1) This Act may be called the Indian Finance Act, 1936.
- (2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.
- Fixation of salt duty.** 2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1936, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.
- Inland Postage rates.** 3. For the year beginning on the 1st day of April 1936, the Schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.
- Income-tax and super-tax.** 4. (1) Income-tax for the year beginning on the 1st day of April, 1936, shall be charged at the rates specified in Part I of the Second Schedule, increased in each case by one-twelfth of the amount of the rate.
- (2) The rates of super-tax for the year beginning on the 1st day of April, 1936, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule, increased in each case by one-twelfth of the amount of the rate.
- (3) For the purposes of the Second Schedule 'total income' means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.
- (4) For the purpose of any assessment to be made for the year ending 31st March, 1937, the rate of income-tax applicable to such part of the total income of any person as is derived from salaries or from interest

on securities paid in the year ending 31st March, 1936, shall be the previous year's rate, and for the purposes of refunds under sub-section (1) or sub-section (3) of section 48 in respect of dividends declared in the year ending 31st March, 1936, or of payments made in the said year of salaries or of interest on securities, the rate applicable to the total income of the person claiming refund shall be the previous year's rate.

Explanation.—In this sub-section the term 'previous year's rate' with reference to any person means the rate of income-tax which would have been applicable to his total income if he had been assessed for the year ending 31st March, 1936, on a total income equal to that on which he is assessable for the year ending 31st March, 1937.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 3.]

“THE FIRST SCHEDULE.**INLAND POSTAGE RATES.**

[See section 7.]

Letters.

For a weight not exceeding one tola	One anna.
For every tola, or fraction thereof, exceeding one tola	Half an anna.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first five tolas or fraction thereof	Nine pies.
For every additional five tolas or fraction thereof in excess of five tolas	Six pies.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas.”

D

SCHEDULE II.

[See section 4.]

PART I.*Rates of Income-tax.*

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	Rate.
(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000	Six pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000	Nine pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000	One anna in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000	One anna and four pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000	One anna and seven pies in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000	One anna and eleven pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000	Two annas and one pie in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards	Two annas and two pies in the rupee.
 B. In the case of every company and registered firm, whatever its total income	 Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	<i>Nil.</i>
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess	<i>Nil.</i>
(ii) for every rupee of the next twenty-five thousand rupees of such excess	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

D 2

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue for a further period of one year certain duties and taxes imposed under the Indian Finance Act, 1935, which would otherwise cease to have effect from the 1st April, 1936; to abolish the income-tax on incomes of Rs. 1,000 or upwards but less than Rs. 2,000; and to reduce the surcharges on income-tax and super-tax.

2. Clause 2 provides for the continuance for a further period of one year of the existing provisions regarding salt duty. The duty of Rs. 1-4-0 per maund on salt remains liable to the additional duty imposed under Section 5 of the Indian Finance (Supplementary and Extending) Act, 1931.

3. Clause 3 provides for the continuance for a further period of one year of the present inland postage rates with the following alteration :—

The weight of a letter to be carried for one anna will be raised from half a tola to one tola. The rate for every tola or fraction thereof exceeding one tola will be half an anna.

4. Clause 4 provides for the continuance for a further period of one year of the existing rates of income-tax and super-tax with the following alterations :—

(a) Income-tax on incomes of less than Rs. 2,000 falling under heading A in Part I of Schedule II is abolished.

(b) the surcharges on income-tax and super-tax are reduced from one-sixth to one-twelfth.

Clause 4 (4) provides that incomes from salaries and interest on securities should be finally taxed for purposes of income-tax and not super-tax at the rates applicable to a total income of like amount which was in force at the time when the taxation at source on these incomes took place; otherwise salary earners, for example, would be able not only to secure the advantage of reduced rates during 1936-37 but also to obtain a refund of part of the tax which had been deducted from their salaries during 1935-36. It also makes a similar provision for purposes of refunds under sub-section (1) or sub-section (3) of section 48 in respect of dividends declared in the year ending 31st March, 1936, or of payments made in the said year of salaries or of interest on securities. These provisions form the counterpart of a concession that has been allowed from time to time in the past when rates of income-tax were being enhanced.

5. The reasons for making the above changes have been fully explained in my budget speech.

NEW DELHI ;
The 28th February, 1936.

P. J. GRIGG.

Speech by the Hon'ble Mr. A. J. Raisman in the Council of State on the 28th February 1936.

Sir, I rise to present the statement of estimated expenditure and revenue of the Governor General in Council for the year 1936-37 in respect of subjects other than "Railways".

2. The broad picture from the background of which these figures of public finance stand out is one of a continuance of modest and unspectacular, but none the less persistent, recovery from the depths of the catastrophic depression into which India, in common with the rest of the world, was precipitated barely five years ago. Since then, despite the proofs of its extraordinary power of resistance to economic stress which India has provided, we have hardly ventured to count with confidence on any improvement which was not actually in sight, or to reckon any ground as reconquered until we were actually setting our feet upon it. It is only necessary to look round the world as it is today, and particularly at the present plight of many countries less fortunately situated than India, to realize the justification for this attitude of caution.

3. This in brief is what has happened in regard to the estimates for 1934-35, and as we shall see later, for the current year. When Mr. Tallents presented the estimates in this House a year ago, it was anticipated that the year 1934-35 would end with a surplus of Rs. 3,27 lakhs. The final accounts actually disclosed a surplus of Rs. 4,95 lakhs, or Rs. 1,68 lakhs more than we had dared to hope. The main contributing cause was an excess over the revised forecast of Rs. 1½ crores under Customs and Excise, due to an unexpectedly large volume of trade in the closing months of the year.

4. Honourable Members will perhaps recall that it was finally agreed in the course of last year's Budget proceedings, that after certain other non-recurring objects had been provided for, the whole of the unallocated surplus of the year 1934-35 should constitute a Fund for the Economic Development and Improvement of Rural Areas. The amount of this unallocated surplus was then expected to be about Rs. 1,13 lakhs, but as a consequence of the improved results which I have just mentioned, the figure now turns out to be Rs. 2,81 lakhs, the whole of which is therefore transferred to the Rural Development Fund. In September last a paper was circulated showing that out of this fund Government had allocated Rs. 15 lakhs for the improvement of the Co-operative Movement and Rs. 92½ lakhs for grants to the Provinces on schemes approved by the Government of India. The balance in the fund therefore stands at Rs. 1,73½ lakhs, and before proceeding further, I shall now explain to the House the way in which it is contemplated that this sum should be utilized.

5. In the first place, it is proposed to make four grants for objects directly connected with the economic improvement of rural conditions and the amelioration of village life. These are :

(1) A grant of Rs. 30 lakhs for Agricultural Research. Of this Rs. 10 lakhs represents the amount still due to the Imperial Council of Agricultural Research of the block grant of Rs. 25 lakhs originally promised to it when it was established. The remaining Rs. 20 lakhs will be used to finance urgent schemes including sugar cane research, and investigations into the dairying side of animal husbandry.

(2) A grant of Rs. 10 lakhs to the Indian Research Fund Association, the amount to be devoted mainly to schemes connected with the prevention or cure of malaria, which is such a blight on the health of India's rural population.

(3) A grant of Rs. 5 lakhs for the benefit of cottage and small scale woollen industries. As was recently announced, the Government of India were not satisfied that a case for protection of the woollen industry had been established, and indeed an important section of the industry made no attempt to present its case. But Government agree with the view of the Tariff Board that the cottage and small scale industry could derive great benefit from technical advice and assistance in marketing arrangements, and they propose to provide Rs. 5 lakhs to be spread over 5 years for this purpose. The schemes financed from this grant will be in the hands of the provincial Departments of Industries.

(4) A grant of Rs. 20 lakhs to the Fund for capital expenditure on the development of broadcasting. The value of this medium for instruction on agriculture, sanitation and other matters of prime concern to the villages is now generally recognized, and this additional grant will assist the further development which is necessary in order to make these advantages more widespread than at present.

6. When these grants have been made there will remain in the Fund Rs. 1,08½ lakhs, most of which will probably be allocated to the Provinces, in the same way as the previous Rs. 92½ lakhs, for expenditure on schemes to be approved by the Government of India. Honourable Members have, I think already been furnished with a description of the schemes which have hitherto been approved. The Government of India are now awaiting further detailed information of the actual progress of these schemes, which they expect to receive very shortly. It will then be possible to review the position and see what modifications are desirable in the conditions of the grants. While the Provincial Governments are of course much more closely in touch with local conditions, the Government of India realize their responsibility for seeing that the money is spent in the most useful and effective way. I may add, Sir, that they intend to keep the legislature fully informed of their decisions and of the manner in which they intend to proceed.

7. The total of the sums which are thus to be devoted to various forms of rural amelioration is, I suggest, an impressive amount when viewed in relation to the resources of India, and I have no doubt that Honourable Members of this House will agree as to the desirability of spending money on these objects. The field for effort is of course tremendous, but we may reasonably hope that the activities directly financed will in turn provide a stimulus which will result in an ever widening circle of benefit to the villager.

8. That finishes what I have to say about the year 1934-35. I turn now to the figures of the current year 1935-36. Here too the revised forecast shows a surplus of Rs. 2,42 lakhs instead of Rs. 6 lakhs which we anticipated a year ago. Whereas in the Budget we estimated a Revenue of 82.99 crores and an Expenditure of 82.93 crores, we now expect that the Revenue will amount to 86.52 crores and the Expenditure to 84.10 crores. I will now indicate the main causes of these variations.

9. On the revenue side the total excess is Rs. 3,53 lakhs, of which the main component is Rs. 1,85 lakhs of additional revenue from the import duty on Sugar. The estimation of the revenue from imports of sugar has always been a matter of extreme difficulty, liable to be grossly falsified by the results and

to produce fluctuations which may be a source of serious embarrassment in a budget of the total dimensions of the Indian budget. When your total revenue is in the neighbourhood of Rs. 80 crores and you have a single item which is liable to fall short of your expectations by as much as 3·16 crores, as happened so recently as 1931-32, it behoves you to treat that item with the utmost caution. It may be thought that it is a comparatively simple matter to subtract from India's total consumption of white sugar the total Indian production, and thus arrive at the margin available for imports. But that would merely mean subtracting one variable and unknown quantity from another. We have never known the exact dimensions of India's total consumption—or only have an approximate idea. Similarly while we know pretty well the capacity for factory production of sugar in India we have no accurate means of estimating how much is produced otherwise than in factories, that is in Khandaris. On the facts as we now see them we consider that there must have been a sudden rise in total consumption, and that while factory outturn is exceeding our expectations as proved by the excise figures, Khandari production has declined. The result is that imports have been maintaining themselves at a figure only slightly lower than that of last year, although the imports in January of this year show a marked decline and are only two-thirds those of January 1935.

10. Besides the import duty on sugar we anticipate excesses in various other Customs heads and also from the excises on sugar and matches. A notable feature is a large drop in the receipts from cotton fabrics of British manufacture but this is more than made up by the duty on non-British imports, mostly of course from Japan, which did not fill up its quota last year and has been making up leeway. We also hope to realize Rs. 40 lakhs more than our original estimate on Income-tax, another index of trade recovery.

11. Further pointers of the same kind are first the greater absorption of small coin, which is likely to produce a surplus of Rs. 16 lakhs under the heading Mint and secondly an improvement of Rs. 19 lakhs under Posts and Telegraphs. This improvement is due in the main to increased sales of stamps and additional receipts from trunk telephone calls, as well as to lower rates of interest. We budgetted for a deficit of Rs. 13 lakhs, but now expect instead a surplus of Rs. 6 lakhs.

12. I said just now that the revised forecast of expenditure in the current year was 84·10 crores against the original estimate of 82·93 crores, an increase of Rs. 1,17 lakhs. The main causes are the following :

- (i) *Extraordinary payments.*—Here Rs. 41½ lakhs represents the expenditure which is expected to be incurred from civil funds in connection with the Quetta earthquake. This covers all the special arrangements for extra police, public health, the protection of property in the ruined city and the labour and plant required for salvage and site clearance operations. It also includes a contribution of Rs. 10 lakhs to H. E. the Viceroy's Quetta Earthquake Relief Fund, and provision for assistance to the rural population to repair their irrigation channels.
- (ii) *Interest.*—Here a number of different factors are likely to result in a net charge of Rs. 10·63 crores against Rs. 10·39 crores originally estimated, *i.e.*, a worsening of Rs. 24 lakhs.
- (iii) *Currency and Mint.*—The increase of Rs. 10 lakhs, due to a larger demand for currency notes and small coin, is outweighed by the revenue increase which I just mentioned.

- (iv) *Miscellaneous adjustments.*—The increase is due mainly to the additional payments which will have to be made to the jute growing provinces because of the extra yield of the jute export duty, of which they receive half.

13. I shall now explain to the House how it is proposed that the surplus of Rs. 2,42 lakhs, with which the current year is expected to close, should be dealt with. In the first place we propose to allot Rs. 45 lakhs to a special fund for assisting the two new provinces of Sind and Orissa to meet the initial expenditure which they have to incur on providing themselves with the necessary official buildings. It was originally contemplated that the amounts should be advanced and that interest should be charged on the loans until they were repaid. But to do this would be to treat them less favourably than the existing provinces, which started off on their careers with an equipment unencumbered by such debt. Moreover an initial handicap of this kind would have to be taken into account when the subventions which these provinces are to receive are being assessed, and assistance would have to be given to meet it, an unnecessary complication of a simple issue. Of the amount of Rs. 45 lakhs, to which the Government of India's contribution will be strictly limited, Rs. 17½ lakhs will be given to Sind, which already has a considerable number of the necessary buildings, and Rs. 27½ lakhs to Orissa, which starts off with a lesser equipment.

14. This leaves a balance of Rs. 1,97 lakhs available from the anticipated surplus of the current year. Before explaining how we propose to use this balance I must ask the House to look forward a little into the future and to visualize the situation with which the Government of India will be faced in the first year or two following the establishment of provincial autonomy, which we may assume will begin in April, 1937. In the first place, Burma will be separated, and the separation will leave us Rs. 2¾ crores worse off than we are now. In the second place, a beginning will have to be made of those financial adjustments between the Centre and the provinces which the new Constitution entails. We cannot of course at this stage attempt to predict the results of Sir Otto Niemeyer's inquiry, but it would not be prudent to assume that any lesser sum than Rs. 2 crores will be necessitated by the initial adjustments. Of this worsening of at least Rs. 4¾ crores we may perhaps, in a spirit of reasonable optimism, reckon that a continuance of the present improvements in revenue, together with some reduction in interest charges will in the course of the next two years make good to us the greater part if not the whole. Thus on the basis of the existing level of taxation, and of the present rate of improvement of revenues, the income and expenditure of 1937-38 would roughly balance. But there is another factor in the situation of which Honourable Members will become aware when I have explained our proposals for the coming year—a factor which will have the effect of postponing by one year the date by which we may expect that our revenues will have grown to the figure which is adequate to meet the charges involved by the coming into effect of provincial autonomy. So in order to enable ourselves to shoulder the new load from the start without incurring a deficit we propose that this balance of Rs. 1,97 lakhs should be transferred to a Revenue Reserve Fund, which will be available to tide us over the difficulties of the first year of the new regime. Thereafter we think it justifiable to hope that the continuance of present tendencies will place in the hands of the Government of India resources adequate to enable it to fulfil in reasonable measure the obligations which may be imposed on it at that stage of the new constitution.

15. I come now to the estimates of revenue and expenditure for the coming year 1936-37. We have budgetted for a total revenue, excluding railways, of course, of 87·35 crores, or Rs. 83 lakhs more than our revised estimate for the current year. Of this 54·82 crores represent the estimated customs and excise receipts, which allow for a decrease of Rs. 1,60 lakhs on imports of sugar and an increase of Rs. 1,71 lakhs on other items. I have already explained to the House the position regarding sugar. Slowly but surely—and at times not very slowly either—indigenous production, under the stimulus of the protective duty, has expanded its market and ousted the imports from abroad, and all competent observers are agreed that the day is now rapidly approaching when India will be completely self-supporting. In these circumstances, when the end is virtually in sight, and the only room for argument is whether it will come to-morrow or the day after, what reliance can we place on imported sugar as a source of revenue? In each of the last two years it has exceeded our expectations, and this time it may well elude us again but on the other side. We have taken a figure of Rs. 2 crores, which in the circumstances of the present moment is if anything an optimistic figure. From the excise on indigenous production we look for Rs. 1,96 lakhs, an increase of about 15 per cent. over our revised estimate for the current year.

16. The only other revenue items which I would mention are Income-tax and Currency receipts. Under the former we are reckoning on the more favourable condition of trade to yield us 17·60 crores or Rs. 80 lakhs more than the revised estimate of the current year. Under Currency receipts the estimate of Rs. 81 lakhs includes Rs. 65 lakhs as the Government of India's share of the profits from a full year's working of the Reserve Bank.

17. The total expenditure for 1936-37 we have placed at 85·30 crores. This is Rs. 1,20 lakhs higher than the revised estimate for the current year. The notable features are a decrease under Interest and increases under Miscellaneous Adjustments, Civil Administration and Defence. The increase under Civil Works is due largely to the increased payments to the Road Fund consequent on the increased yield of the duty on motor spirit.

18. Under Interest the figure is 9·20 crores, a reduction of nearly Rs. 1½ crores on the revised figure for 1935-36. The reason is that we shall be getting the full benefit of the conversion operations of the current year, while at the same time we hope to repay £16·8 millions of 5½ per cent. Sterling Stock which matures next year without floating a fresh loan. Actually the improvement is over Rs. 2 crores, but owing to a change in the method of accounting relating to the Indian Military Service and Indian Civil Service Family Pension Funds Rs. 62 lakhs, representing the interest on the balances in those funds, has for the first time been charged under this head. I may add that the same change results in reductions totalling Rs. 54 lakhs under the headings of Military and Civil Pensions.

19. The increase under Miscellaneous Adjustments is due to the provision of Rs. 1,58 lakhs for subventions to Sind and Orissa, Rs. 1,08 lakhs for Sind and Rs. 50 lakhs for Orissa. As Honourable Members are by this time aware it has been decided that these two provinces shall come into being on April 1st, 1936, before the inception of Provincial Autonomy. It has been recognized that for some years subventions to these provinces will be inevitable, and the definitive size of those subventions will be determined by His Majesty in Council after Sir Otto Niemeyer's report has been taken into consideration. The present subventions are purely provisional in their nature and are in no sense intended to prejudice the issue. They are merely intended to provide the provinces with small opening balances and enable them to carry on for the first year without incurring a deficit.

20. Of the increase of Rs. 64 lakhs under Civil Administration Rs. 11 lakhs is accounted for by the fact that during the current year the cut in pay was still operative on one out of the twelve monthly pay days. Then there are Rs. 18 lakhs for two public health schemes in Delhi. One relates to the method of dealing with the refuse of Delhi, a matter which, as Honourable Members are aware, has provoked strong criticism. A provision of Rs. 13 lakhs has been made for this. The other Rs. 5 lakhs is to permit of a start being made with a scheme for dealing with the sewage, the existing system having been found to be inadequate and defective. The progress of the development of Broadcasting will require a further Rs. 4 lakhs, and under Civil Aviation, where increased maintenance charges follow on the capital programme, we have provided an additional Rs. 5 lakhs.

21. The Defence Budget stands at 45·45 crores, but this includes Rs. 60 lakhs for reconstruction at Quetta and Military stores consumed as a result of the earthquake. The remaining figure of 44·85 crores would seem to compare favourably with the present year's figure, but this is partly due to the change in the method of accounting for the Indian Military Service Family Pension Fund. The correctly comparable figures show that there will be an increase of Rs. 21 lakhs, of which Rs. 5 lakhs is due to the restoration of the remaining half of the cut in pay of British soldiers. The remainder of the increase is more than accounted for by an increased provision of Rs. 20 lakhs for ordnance stores. Honourable Members will recollect that it has been repeatedly pointed out in recent years that the present budget figures cannot be taken as representing permanently the normal level of Defence expenditure. There have in the past been surplus stocks of ordnance stores which are now almost exhausted, and the cost of replacement means an inevitable increase.

22. Besides the provision of Rs. 60 lakhs relating to Quetta in the Defence Budget, there is a provision of Rs. 40 lakhs on the Civil side under the head "Extraordinary Payments". Of this Rs. 12 lakhs is for the continuance of special establishments and site clearance operations and Rs. 28 lakhs for reconstruction. I may mention here that during the current year we estimate that we shall have spent Rs. 41½ lakhs from Civil funds, and Rs. 36 lakhs from Army funds on relief, temporary housing and salvage and on the beginning of clearance operations. By the time we have finished clearance and are ready to begin reconstruction we shall have spent nearly a crore. The cost of the reconstruction, both Civil and military, is at present, estimated at something over Rs. 7 crores, but as the work will take 7 or 8 years to carry out, the incidence of expenditure is unlikely to be more than a crore in any single year. That in fact is the rate at which it is contemplated that the programme of reconstruction will proceed.

23. In view of the criticism which has already been made of the method of financing the reconstruction of Quetta from revenue, the Honourable the Finance Member is explaining in another place the principles on which this policy is based. I will here only indicate briefly the main reasons for such a course.

(1) The work will not be productive of any receipts from which the interest and amortization charges of a loan could be met. "

(2) We have in recent years made a reduced provision of only Rs. 3 crores for the reduction and avoidance of debt. We cannot now hope for an early resumption of the contributions from Railways to general revenues, which would have enabled us to bring the Sinking Fund provision nearer to its former level. We should therefore avoid an increase in the unproductive debt.

(3) If we borrowed to pay for Quetta, the full burden of the additional load would fall on the years which follow the completion of the work. Those will be the years in which the Centre will be due to be distributing a portion of its income-tax receipts to the provinces, and we should do nothing to increase the financial difficulties of that stage, or to diminish the amount ultimately available for the provinces.

24. Under Posts and Telegraphs we are counting on a continuance of the improvement, and a revenue of Rs. 38 lakhs higher than our revised estimate for 1935-36. We have put the gross receipts at 11·88 crores and working expenses at 10·93 crores, so that the figure for net receipts is Rs. 95 lakhs. Against this the interest charges are Rs. 80 lakhs, so that we estimate a net surplus of Rs. 15 lakhs. The expenditure includes an enhanced provision of Rs. 2 lakhs for providing improved postal facilities in rural areas. I may add that it has been decided that the depreciation fund should henceforth be replaced by a fund for renewals and minor improvements. This will take over the existing depreciation fund of Rs. 3,17 lakhs. The annual contributions will be fixed for periods of five years, and for the first five years it has been calculated that Rs. 25 lakhs will be an appropriate figure. This compares with Rs. 29 lakhs provided last year for the depreciation fund.

25. I may now summarize the estimates for 1936-37 as follows:—

	Crores.
Revenue	87·35.
Expenditure	85·30)
	<hr/>
Surplus	2·05

This then is the margin which we consider to be fairly available for reduction of taxation, and I shall now state what the proposals are.

26. In the first place we propose to go as far as this surplus permits towards meeting the claim for the abolition of the emergency taxes upon income. The complete removal of the present surcharge of one-sixth on income-tax and super tax would cost Rs. 2,76 lakhs per annum, while the abolition of the tax on incomes between Rs. 1,000 and Rs. 2,000, which ranks with the surcharge as an emergency impost, would cost a further Rs. 47 lakhs.—Rs. 3,23 lakhs in all. We cannot therefore remit the whole of this taxation. What we propose is to abolish entirely the tax on lower incomes and to reduce by half the present surcharge, which will therefore be one-twelfth instead of one-sixth. The cost of the proposed reductions is Rs. 1,85 lakhs, and this leaves us with only Rs. 20 lakhs of the surplus for 1936-37 of which it may be said that Rs. 15 lakhs consists of the estimated surplus under Posts and Telegraphs.

27. In the second place, therefore, we propose to make a concession in postal rates which is modest in cost but which we believe will be very widely appreciated. We propose to increase the weight of the one anna letter from a half to one tola, and to charge an additional half anna for every additional tola. This will cost Rs. 13 lakhs a year, and will therefore dispose of nearly the whole of the estimated surplus of Rs. 15 lakhs on the Posts and Telegraphs budget.

28. That, Sir, brings me to the end of my speech. In these proposals the prime necessity of maintaining India's credit and husbanding her resources to meet the demands of a new regime have been kept in view. Subject to this guiding consideration, they give such relief as is possible from the burden of direct taxation, while from the fortunate accrual of an unforeseen excess a further measure of benefits is distributed to the millions who dwell in the villages of India.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1936-37.

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	93,04,000	38,79,000	1,31,83,000
17	Taxes on Income	Taxes on Income	82,72,000	2,43,000	85,15,000
18	Salt	Salt	63,18,000	44,69,000	1,07,87,000
19	Opium	Opium	27,49,000	1,37,000	28,86,000
19A	Excise	Excise	4,78,000	2,12,000	6,90,000
20	Stamps	Stamps	17,39,000	48,000	17,87,000
21	Forest	Forest	5,33,000	1,50,000	6,83,000
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.	4,07,000	2,94,000	7,01,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	10,91,01,000	97,19,000	11,88,20,000
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt.	19,80,000	—14,69,000	5,11,000
26	Interest on Miscellaneous Obligations.	Interest on other Obligations.	68,88,000	11,46,18,000	12,15,06,000
27	Staff, Household and allowances of the Governor-General.	General Administration.	4,80,000	10,48,000	15,28,000
28	Executive Council		1,49,000	4,74,000	6,23,000
29	Council of State		1,34,000	8,000	1,42,000
30	Legislative Assembly and Legislative Assembly Department.		7,83,000	82,000	8,70,000
31	Foreign and Political Department		9,09,000	2,93,000	12,02,000
32	Home Department		7,72,000	14,62,000	22,34,000
33	Public Service Commission		1,95,000	2,15,000	4,10,000
34	Legislative Department		3,20,000	2,05,000	5,25,000
35	Department of Education, Health and Lands.		6,12,000	1,47,000	7,59,000
36	Finance Department		10,16,000	2,42,000	12,58,000
38	Commerce Department		3,95,000	1,18,000	5,13,000
39	Defence Department		4,25,000	94,000	5,19,000
40	Department of Industries and Labour.		5,47,000	1,57,000	7,04,000
41	Central Board of Revenue	2,08,000	1,28,000	3,36,000	
42	Payments to Provincial Governments on account of Administration of Agency subjects.	1,56,000	66,000	2,22,000	
43	Audit	Audit	1,00,93,000	8,19,000	1,09,12,000
44	Administration of Justice	Administration of Justice.	69,000	..	69,000
45	Police	Police	1,81,000	81,000	2,62,000
46	Ports and Pilotage	Ports and Pilotage	14,66,000	8,89,000	23,55,000
47	Lighthouses and Lightships	Lighthouses and Lightships	9,75,000	20,000	9,95,000
48	Survey of India	Scientific Departments.	21,24,000	5,76,000	27,00,000
49	Meteorology	Scientific Departments.	20,06,000	94,000	21,00,000
50	Geological Survey	Scientific Departments.	2,10,000	2,29,000	4,39,000
51	Botanical Survey	Scientific Departments.	1,20,000	32,000	1,61,000
52	Zoological Survey	Scientific Departments.	95,000	47,000	1,42,000
53	Archaeology	Scientific Departments.	11,91,000	98,000	12,89,000
54	Mines	Scientific Departments.	1,27,000	1,18,000	2,45,000
55	Other Scientific Departments	Scientific Departments.	2,56,000	..	2,56,000
56	Education	Education	5,88,000	29,000	6,17,000
	Carried over		17,43,85,000	14,00,71,000	31,44,56,000

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1936-37—*contd.*

Number of Demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.		
			Voted.	Non-voted.	Total.
	A.—EXPENDITURE CHARGED TO REVENUE— <i>concl'd.</i>	Brought forward	Rs. 7,43,85,000	Rs. 14,00,71,000	Rs. 31,44,56,000
57	Medical Services	Medical	6,97,000	2,10,000	9,07,000
58	Public Health	Public Health	7,64,000	2,13,000	9,77,000
59	Agriculture	Agriculture	30,42,000	90,000	31,32,000
60	Imperial Council of Agricultural Research Department.	Do.	8,75,000	1,09,000	9,84,000
60-A	Scheme for the improvement of Agricultural Marketing in India.	Do.	4,60,000	..	4,60,000
61	Civil Veterinary Services	Do.	7,32,000	30,000	7,62,000
62	Industries	Industries	8,37,000	4,000	8,41,000
63	Aviation	Aviation	22,45,000	12,000	22,57,000
63-B	Capital outlay on Civil Aviation charged to Revenue.	Capital outlay on Civil Aviation charged to Revenue.	1,000	..	1,000
64	Commercial Intelligence and Statistics.	Miscellaneous Departments.	5,38,000	76,000	6,14,000
65	Census	Do.	1,000	..	1,000
66	Emigration—Internal	Do.	15,000	3,000	18,000
67	External	Do.	1,93,000	56,000	2,49,000
68	Joint-Stock Companies	Do.	1,29,000	7,000	1,36,000
69	Miscellaneous Departments	Do.	12,75,000	17,000	12,92,000
70	Indian Stores Department	Indian Stores Department.	20,55,000	1,31,000	21,86,000
71	Currency	Currency	14,89,000	69,000	15,58,000
72	Mint	Mint	17,10,000	83,000	17,93,000
73	Civil Works	Civil Works	2,39,95,000	16,19,000	2,56,14,000
74	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	1,04,84,000	1,82,79,000	2,87,63,000
75	Stationery and Printing	Stationery and Printing.	35,25,000	41,000	35,66,000
76	Miscellaneous	Miscellaneous	7,88,000	27,23,000	35,11,000
76A	Expenditure on retrenched personnel charged to revenue.	Extraordinary charges.	20,000	9,000	29,000
76-B	Miscellaneous Adjustments between the Central and Provincial Governments.	Miscellaneous Adjustments between the Central and Provincial Governments.	3,65,14,000	1,01,43,000	4,66,57,000
77	Refunds . . . . .	..	1,47,82,000	2,73,56,000	4,21,38,000
79	Baluchistan . . . . .	..	66,31,000	44,73,000	1,11,04,000
80	Delhi . . . . .	..	65,89,000	2,90,000	68,79,000
81	Ajmer-Merwara . . . . .	..	15,55,000	1,21,000	16,76,000
82	Andaman and Nicobar Islands . . . . .	..	26,76,000	2,01,000	28,77,000
83	Rajputana	Distributed over respective heads of account.	4,12,000	7,63,000	11,75,000
84	Central India		3,29,000	6,37,000	9,66,000
85	Hyderabad		2,45,000	5,81,000	8,26,000
85A	Aden		5,75,000	3,82,000	9,57,000
86	Expenditure in England—Secretary of State for India.	..	21,83,000	17,28,000	38,61,000
87	Expenditure in England—High Commissioner for India.	..	26,66,000	32,70,000	59,36,000
Non-voted.	Ecclesiastical	Ecclesiastical . . . . .	..	28,74,000	28,74,000
	Political	Political . . . . .	..	1,08,19,000	1,08,19,000
	Frontier Watch and Ward	Frontier Watch and Ward.	..	1,87,81,000	1,87,81,000
	Territorial and Political Pensions	Territorial and Political Pensions.	..	30,36,000	30,36,000
	Bangalore	Distributed over respective heads of account.	..	14,88,000	14,88,000
	Western India States Agency . . . . .		..	17,85,000	17,85,000
	Defence Services		Defence Services	50,38,19,000	50,38,19,000
	TOTAL		30,53,62,000	75,63,99,000	1,06,17,61,000*

*See foot-note on page 60.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1936-37—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.					
88	Capital outlay on Security Printing	Capital outlay on Security Printing Press	1,000	..	1,000
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.	41,99,000	3,000	42,02,000
92-A	Capital outlay on Schemes of Agricultural Improvement and Research.	Capital outlay on Schemes of Agricultural Improvement and Research.	7,32,000	..	7,22,000
93	Currency Capital outlay	Currency Capital outlay not charged to Revenue.	1,000	..	1,000
94	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	9,93,000	2,000	9,95,000
95	Capital outlay on Light houses and Lightships.	Capital outlay on Lighthouses and Lightships.	1,000	..	1,000
96	Commuted value of Pensions	Payment of Commuted Value of Pensions.	18,93,000	20,97,000	39,90,000
96-A	Expenditure on retrenched personnel charged to capital.	Payments to retrenched personnel.	1,000	—40,000	—39,000
97	Delhi Capital outlay	Initial expenditure on New Capital at Delhi.	23,66,000	..	23,66,000
TOTAL			1,01,79,000	20,62,000	1,22,41,000
C.—DISBURSEMENTS OF LOANS AND ADVANCES.					
98	Interest-free advances . . . . .	.....	73,15,000	..	73,15,000
99	Loans and advances bearing interest.	.....	5,26,45,000	..	5,26,45,000
TOTAL			5,99,60,000	..	5,99,60,000
GRAND TOTAL			37,55,01,000	75,84,61,000	1,13,39,62,000

* This figure is arrived at from the Budget Statement as follows :—

As per Statement B of the Budget Statement	Rs.
Add—Working Expenses—	1,22,70,12,000
Posts and Telegraphs	10,92,60,000
Irrigation	1,46,000
Refunds	4,27,08,000
Civil Aviation	1,000
	1,37,91,27,000
Deduct—Railway Expenditure	—31,73,66,000
	1,06,17,61,000

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act, which has been assented to by the Governor General under the provisions of clause (b) of sub-section (1) of section 67B of the Government 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 :—

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax ; It is hereby enacted as follows :

Short title and extent.

1. (1) This Act may be called the Indian Finance Act, 1936.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma or Aden, be construed as if, for the year beginning on the 1st day of April, 1936, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Inland Postage rates.

3. For the year beginning on the 1st day of April, 1936, the Schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

Income-tax and super-tax.

4. (1) Income-tax for the year beginning on the 1st day of April, 1936, shall be charged at the rates specified in Part I of the Second Schedule, increased in each case by one-twelfth of the amount of the rate.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1936, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule, increased in each case by one-twelfth of the amount of the rate.

(3) For the purposes of the Second Schedule 'total income' means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

(4) For the purpose of any assessment to be made for the year ending 31st March, 1937, the rate of income-tax applicable to such part of the total income of any person as is derived from salaries or from interest on securities paid in the year ending 31st March, 1936, shall be the previous year's rate, and for the purposes of refunds under sub-section (1) or sub-section (3) of section 48 in respect of dividends declared in the year ending 31st March, 1936, or of payments made in the said year of salaries or of interest on securities, the rate applicable to the total income of the person claiming refund shall be the previous year's rate.

Explanation.—In this sub-section the term 'previous year's rate' with reference to any person means the rate of income-tax which would have been applicable to his total income if he had been assessed for the year ending 31st March, 1936, on a total income equal to that on which he is assessable for the year ending 31st March, 1937.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[See section 3.]

“ THE FIRST SCHEDULE.**INLAND POSTAGE RATES.**

[See section 7.]

Letters.

For a weight not exceeding one tola	One anna.
For every tola, or fraction thereof, exceeding one tola	Half an anna.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first five tolas or fraction thereof	Nine pies.
For every additional five tolas or fraction thereof in excess of five tolas	Six pies.

Registered Newspapers.

For a weight not exceeding ten tolas	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas.”

E

SCHEDULE II.

[See section 4.]

PART I.*Rates of Income-tax.*

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	Rate.
(1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000	Six pies in the rupee.
(2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000	Nine pies in the rupee.
(3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000	One anna in the rupee.
(4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000	One anna and four pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000	One anna and seven pies in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000	One anna and eleven pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000	Two annas and one pie in the rupee.
(8) When the total income is Rs. 1,00,000 or upwards	Two annas and two pies in the rupee.
 B. In the case of every company and registered firm, whatever its total income	 Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess	<i>Nil.</i>
(b) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess	<i>Nil.</i>
(ii) for every rupee of the next twenty-five thousand rupees of such excess	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

E 2

This Bill has been consented to by the Council of State.

M. B. DADABHOY,
President, Council of State.

The 31st March, 1936.

I assent to this Bill.

WILLINGDON,
Viceroy and Governor General.

The 31st March, 1936.

This Act has been made by me as Governor General under the provisions of section 67-B of the Government of India Act.

WILLINGDON,
Viceroy and Governor General.

The 31st March, 1936.

WHEREAS I, Freeman, Earl of Willingdon, am of opinion that a state of emergency exists which justifies the direction by me that the Indian Finance Act, 1936, being an Act made by me under the provisions of section 67-B of the Government of India Act, shall come into operation forthwith :

NOW, THEREFORE, in exercise of the power conferred by the proviso to sub-section (2) of that section, I do hereby direct accordingly.

WILLINGDON,
Viceroy and Governor General.

The 31st March, 1936.

THE SALT ADDITIONAL IMPORT DUTY (EXTENDING) BILL, 1936
AS INTRODUCED.

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THE SALT ADDITIONAL IMPORT DUTY
(EXTENDING) BILL, 1936.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE
8TH APRIL 1936.

A Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931.

WHEREAS it is expedient further to extend the operation of the Salt (Additional Import Duty) Act, 1931; It is hereby enacted as follows :— XIV of 1931.

Short title.

1. This Act may be called the Salt Additional Import Duty (Extending) Act, 1936.

Amendment of section 1, Act XIV of 1931.

2. In sub-section (3) of section 1 of the Salt (Additional Import Duty) Act, 1931 (hereinafter referred to as the said Act), for the figures "1936" the figures "1938" shall be substituted. XIV of 1931.

Amendment of section 3, Act XIV of 1931.

3. In sub-section (1) of section 3 of the said Act, for the word "two" the word "one" shall be substituted.

STATEMENT OF OBJECTS AND REASONS,

The object of this Bill is to continue the Salt (Additional Import Duty) Act, 1931, for two more years, subject to a reduction of the rate of duty to $1\frac{1}{2}$ annas.

2. This reduction is a continuation of the process which was begun in 1933, when the rate of duty was lowered from $4\frac{1}{2}$ annas to $2\frac{1}{2}$ annas. It is considered that this step can be taken without detriment to the indigenous producers of salt particularly in the absence—temporary though it may possibly be—of competition from Italian sources.

3. The Indian salt industry has complained that it has been unduly handicapped by the uncertainty created by the practice, hitherto followed, of renewing the Act only on a year to year basis. On this occasion, it is proposed to meet this complaint to some extent by making the reduced duty last for at any rate two years instead of the usual one.

4. It is not proposed that the buying-in price should be further reduced at present. There is reason to believe that the competition between Indian sources is now keen enough to provide reasonable security against the exaction of unduly high profits from the consumer particularly in view of the reduction of duty now proposed; while, on the other hand, recent experience has shown that there may be quite legitimate advances of price in Calcutta owing to changes in freight rates.

P. J. GRIGG.

NEW DELHI ;
The 30th March, 1936.

No. D. 1963-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 11th April 1936.

RESOLUTION.

The statements relating to the Revised Estimates for 1935-36 and the Budget Estimates for 1936-37 which were presented to the Legislative Assembly and the Council of State on the 28th February 1936 have been reconsidered with reference to the modifications made by the Legislative Assembly and the action taken thereon by the Governor General in Council. The changes made are explained below and the revised statements are now published * as usual for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them :—

SUPPLEMENTARY DEMANDS, 1935-36.

	Rs.
79. Baluchistan	100

DEMANDS FOR 1936-37.

Railways.

	Rs.
1. Railway Board	300
6. E. Expenses of Traffic Department	100

Civil.

28. Executive Council	1,48,999
31. Foreign and Political Department	100
32. Home Department	100
39. Defence Department	4,24,999
79. Baluchistan	27,69,100

Of these, the Governor General in Council has, under Section 67-A (7) of the Government of India Act, declared that the demands for 1936-37 under "Executive Council", "Defence Department" and "Baluchistan" are essential to the discharge of his responsibilities. The remaining reductions have been accepted, but these do not affect the figures in the statements which are in thousands of rupees.

* The Railway Budget Statements as finally adopted have been printed on pages 37-47 of Part I of this Volume.

3. As a result of the alteration made by the Legislative Assembly, and accepted by Government, in the inland postage rate for registered newspapers the revenue surplus for 1936-37 is now estimated to be Rs. 6,29,000, *i.e.*, a reduction of Rs. 74,000.

J. C. NIXON,

Secretary to the Government of India.

BUDGET

of the
Governor-General in Council,
April, 1936.

FINANCE DEPARTMENT,
New Delhi, the 11th April, 1936. }

J. C. NIXON,
Secretary to the Govt. of India.

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

	For details, <i>vide</i> State- ment.	Accounts, 1934-35. Rs.	Budget Estimate, 1935-36. Rs.	Revised Estimate, 1935-36. Rs.	Budget Estimate, 1936-37. Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	52,67,41,915	51,84,00,000	54,71,00,000	54,8 ⁹ ,00,000
Taxes on Income	,,	17,54,52,580	16,40,00,000	16,80,00,000	15,67,00,000
Salt	,,	8,00,00,560	8,73,00,000	8,70,00,000	8,75,00,000
Opium	,,	71,94,208	61,16,000	61,70,000	47,41,000
Other Heads	,,	1,91,58,711	1,91,05,000	1,89,69,000	1,87,67,000
TOTAL PRINCIPAL HEADS		80,65,48,314	76,49,21,000	82,72,39,000	81,59,05,000
Railways: Net Receipts (as per Rail- way Budget)	A	32,36,84,197	32,25,45,000	31,99,76,000	31,73,66,000
Irrigation: Net Receipts	,,	74,570	14,000	24,000	19,000
Posts and Telegraphs: Net Receipts	,,	1,21,99,599	70,52,000	85,77,000	81,55,000
Interest Receipts	,,	3,01,01,836	82,56,000	73,19,000	63,33,000
Civil Administration	,,	85,12,271	92,75,000	96,76,000	93,05,000
Currency and Mint	,,	1,48,09,080	1,07,01,000	1,22,04,000	1,26,13,000
Civil Works	,,	27,05,419	23,30,000	25,72,000	26,50,000
Miscellaneous	,,	73,77,458	56,63,000	53,94,000	55,40,000
Defence Services	,,	5,30,01,980	4,92,77,000	5,68,34,000	4,93,19,000
Provincial Contributions and miscel- laneous adjustments between Central and Provincial Governments . . . . .	,,	...	...	...	...
Extraordinary Items	,,	2,514	...	3,000	...
TOTAL REVENUE		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,76,41,000
DEFICIT		..	...	...	..
TOTAL		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,76,41,000

GENERAL BUDGET AS FINALLY ADOPTED.

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

	For details, <i>vide</i> State- ment.	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,04,50,231	4,19,58,000	4,24,07,000	4,17,78,000
Forest and other Capital Outlay charged to Revenue	„	1,66,907	49,000	84,000	37,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	„	32,36,54,197	32,35,45,000	31,96,76,000	31,73,66,000
Irrigation	„	5,99,155	5,57,060	5,56,000	5,60,000
Posts and Telegraphs	„	87,03,601	86,46,000	61,79,000	89,90,000
Debt Services	„	13,25,10,698	13,39,13,000	13,62,78,000	12,20,17,000
Civil Administration	„	11,10,43,716	10,17,13,000	10,46,04,000	11,10,12,000
Currency and Mint	„	73,54,615	32,56,000	43,11,000	34,01,000
Civil Works	„	2,42,33,246	2,25,32,000	2,28,54,000	2,56,14,000
Miscellaneous	„	4,39,76,567	4,45,76,000	4,43,95,000	4,17,32,000
Defence Services	„	49,64,27,960	49,90,77,000	50,08,34,000	50,38,19,000
Miscellaneous adjustments between the Central and Provincial Govern- ments	„	2,97,77,696	3,04,94,000	3,13,51,000	4,66,57,000
Extraordinary Items	„	2,84,89,550	1,36,000	2,83,89,000	40,34,000
<hr/>					
TOTAL EXPENDITURE CHARGED TO REVENUE		1,24,74,18,168	1,30,94,52,000	1,24,37,18,000	1,22,70,12,000
SURPLUS		36,00,000	5,82,000	..	6,29,000
<hr/>					
TOTAL		1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,76,41,000

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Surplus		36,00,000	5,82,000	...	6,20,000
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)	"	3,81,08,645	...	...	...
Floating Debt (net incurred) . . . . .	"	...	...	...	11,60,00,000
Unfunded Debt (net incurred)	"	14,52,71,312	18,08,56,000	15,85,30,000	14,70,67,000
Deposits and Advances (net)	"	...	18,22,34,000	29,18,56,000	7,30,63,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	15,639	1,82,50,000	...	2,83,56,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		18,33,95,596	38,19,40,000	39,03,86,000	25,85,06,000
Remittances (net)	C	..	5,91,000	2,79,000	3,34,000
Balances of Provincial Governments (net)	"	1,54,88,797	-	...	...
TOTAL RECEIPTS		20,24,84,393	36,31,13,000	39,06,65,000	35,94,69,000
Opening Balance {					
Indln		11,88,97,891	13,10,06,891	16,18,31,165	13,50,08,185
England		20,87,50,507	14,17,95,507	21,02,06,396	73,29,359
TOTAL		53,01,32,791	65,69,15,398	76,27,02,671	49,18,60,671

Central Government, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
		Rs.	Rs.	Rs.	Rs.
Deficit					
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—1,11,908	—1,04,000	—98,000	—8,000
Construction of State Railways (as per Railway Budget)	"	25,12,752	5,50,00,000	1,75,00,000	3,25,00,000
Discharge of Debentures (as per Railway Budget)	"	43,57,556	...	...	...
Capital outlay on Posts and Telegraphs	"	32,87,404	55,07,000	47,44,000	42,02,000
Capital outlay on schemes of Agricultural Improvement and Research.	"	78,422	...	27,71,000	7,22,000
Capital outlay on Vizagapatam Port	"	14,71,304	12,50,000	7,70,000	9,95,000
Capital outlay on Light-houses and Light-ships . . . . .	"	...	...	...	...
Currency Capital outlay	"	—50,619	4,99,14,000	4,99,33,000	—99,000
Initial expenditure on New Capital at Delhi	"	72,13,103	53,45,000	40,06,000	23,66,000
Civil Works	"	—1,77,312	...	...	...
Payment of commuted value of pensions	"	59,37,791	43,93,000	48,17,000	39,90,000
Outlay on Orissa and Sind	"	...	20,00,000	...	...
Payments to Retrenched Personnel	"	—1,08,454	—4,00,000	—2,68,000	—4,44,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	2,44,10,189	12,28,05,000	8,41,72,000	4,42,24,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	25,42,31,000	22,34,78,000	25,44,23,000
Floating Debt (net discharged)	"	4,80,45,000	3,50,00,000	20,24,50,000	...
Deposits and Advances (net)	"	6,27,91,626	...	...	...
Railway Depreciation and Reserve Funds as per Railway Budget (net) . . . . .	"	...	...	52,59,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES . . . . .	...	11,17,36,626	28,92,31,000	43,11,82,000	25,44,23,000
Loans and Advances by the Central Government (net Advances)					
Remittances (net)	"	2,10,00,116	10,23,68,000	9,24,11,000	4,47,63,000
Balances of Provincial Governments (net)	"	9,30,289	...	...	...
TOTAL DISBURSEMENTS . . . . .	...	15,80,95,220	52,01,04,000	63,03,05,000	35,96,65,000
Closing Balance {	India	10,18,31,185	12,61,34,891	12,50,68,185	12,48,69,185
	England	21,02,06,386	96,76,507	73,29,386	73,32,386
TOTAL . . . . .	...	53,01,33,791	65,59,15,398	76,27,02,571	49,18,06,571

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE,		
	India.	England.	Exchange.	TOTAL.	India.	England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	52,67,41,915	...	...	52,67,41,915	54,71,00,000	...	1
II.—Taxes on Income	17,54,52,580	..	...	17,54,52,580	16,80,00,000	...	2
III.—Salt	8,00,00,860	...	...	8,00,00,860	8,70,00,000	...	3
IV.—Opium	71,94,208	...	...	71,94,208	61,70,000	...	4
V.—Land Revenue	20,92,270	...	...	20,92,270	21,29,000	...	5
VI.—Excise	40,68,797	...	...	40,68,797	38,87,000	...	6
VII.—Stamps	42,53,219	...	...	42,53,219	39,10,000	...	7
VIII.—Forest	12,40,713	274	—1	12,40,985	16,00,000	...	8
IX.—Registration	1,06,834	...	...	1,06,834	99,000	...	9
X.—Payments from Indian States	73,96,646	...	...	73,96,646	73,64,000	...	10
TOTAL	80,85,48,041	274	—1	80,85,48,314	83,72,89,000	...	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	1,95,353	..	...	1,95,353	1,59,000	...	12
Deduct—Working Expenses	1,26,858	...	...	1,26,858	1,39,000	...	13
Net Receipts	68,495	...	...	68,495	20,000	...	14
XIV.—Works for which no Capital Accounts are kept	6,075	...	...	6,075	4,000	...	15
TOTAL	74,570	...	...	74,570	24,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	11,19,87,400	80	..	11,19,87,480	11,49,71,000	...	17
Deduct—Working Expenses	9,89,70,882	8,18,860	—1,861	9,97,87,881	10,50,81,000	13,23,000	18
Net Receipts	1,30,16,518	—8,18,780	1,801	1,21,99,599	98,93,000	—13,23,000	19
Debt Services—							
XVI.—Interest	42,10,701	1,59,33,798	—32,753	2,01,01,636	34,71,000	35,67,000	20
Carried over	82,58,40,020	1,51,05,202	—30,803	84,00,24,310	84,00,27,000	22,44,000	21

*Sterling converted into

Government, in India and in England.

1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised 1935-36.
Item No.	Exchange.	TOTAL.		India.	* England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	...	54,71,00,000	+2,87,00,000	54,82,00,000	...	...	54,82,00,000	+11,00,000
2	...	16,80,00,000	+40,00,000	15,67,00,000	...	...	15,67,00,000	-1,13,00,000
3	...	8,70,00,000	-3,00,000	8,75,00,000	...	...	8,75,00,000	+5,00,000
4	...	61,70,000	+54,000	47,41,000	...	...	47,41,000	-14,29,000
5	...	21,29,000	+65,000	21,53,000	...	...	21,52,000	+23,000
6	...	38,67,000	-1,15,000	38,16,000	...	...	38,16,000	-51,000
7	...	39,10,000	-6,15,000	39,08,000	...	...	39,08,000	-2,000
8	...	16,00,000	+5,25,000	14,37,000	...	...	14,37,000	-1,63,000
9	...	99,000	...	99,000	...	...	99,000	...
10	...	73,64,000	+4,000	73,55,000	...	...	73,55,000	-9,000
11	...	87,72,39,000	+3,23,18,000	81,59,08,000	...	...	81,59,08,000	-1,13,31,000
12	...	1,59,000	+5,000	1,61,000	...	...	1,61,000	+2,000
13	...	1,39,000	+5,000	1,46,000	...	...	1,46,000	-7,000
14	...	20,000	+10,000	15,000	...	...	15,000	-5,000
15	...	4,000	...	4,000	...	...	4,000	...
16	...	24,000	+10,000	19,000	...	...	19,000	-5,000
17	...	11,49,74,000	+17,17,000	11,74,15,000	...	...	11,74,15,000	+24,41,000
18	-7,000	10,63,97,000	-1,02,000	11,78,29,000	14,31,000	...	10,92,63,000	-28,63,000
19	7,000	85,77,000	+15,25,000	95,80,000	-14,31,000	...	81,55,000	-4,32,000
20	-10,000	70,19,000	-12,37,000	38,20,000	24,04,000	...	62,33,000	-7,86,000
21	-13,000	84,28,59,000	+3,26,16,000	62,93,42,000	9,73,000	...	63,03,15,000	-1,25,44,000

Rupees at 21 = Rs. 134.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1934-35.				REVISED ESTIMATE.		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
Brought forward	Rs. 82,58,49,920	Rs. 1,51,05,292	Rs. -30,803	Rs. 84,09,24,319	Rs. 84,09,27,000	Rs. 23,44,000	
Civil Administration—							
XVII.—Administration of Justice	1,48,915	1,200	-3	1,50,208	1,40,000	...	1
XVIII.—Jails and Convict Settlements	2,35,271	...	...	2,35,271	2,40,000	...	2
XIX.—Police	5,93,541	1,06,667	-553	6,99,655	5,35,000	1,07,000	3
XX.—Ports and Pilotage	20,12,017	...	...	20,12,017	19,43,000	...	4
XX(1).—Light Houses and Light Ships	9,70,717	...	...	9,70,717	9,83,000	...	5
XXI.—Education	2,03,952	...	...	2,03,952	1,82,000	...	6
XXII.—Medical	2,22,635	25,113	-129	2,47,618	2,28,000	25,000	7
XXIII.—Public Health	2,44,178	...	...	2,44,178	2,52,000	...	8
XXIV.—Agriculture	7,99,523	...	...	7,99,523	9,00,000	...	9
XXV.—Industries	15,933	...	...	15,933	15,000	...	10
XXVI.—Miscellaneous Departments	25,08,413	8,418	-25	26,06,808	22,74,000	13,000	11
XXVI-A.—Indian Stores Department	3,26,393	...	...	3,26,393	17,80,000	...	12
TOTAL	83,71,488	1,41,493	-710	85,12,271	95,32,000	1,45,000	13
Currency and Mint—							
XXVII.—Currency	77,84,679	7,77,478	-2,118	85,60,039	73,92,000	21,000	14
XXVIII.—Mint	62,49,941	...	...	62,49,941	47,90,000	1,000	15
TOTAL	1,40,34,620	7,77,478	-2,118	1,48,09,980	1,21,82,000	22,000	16
Civil Works—							
XXX.—Civil Works	26,83,060	22,431	-62	27,05,419	25,62,000	10,000	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	10,68,331	2,32,467	-566	13,20,332	11,63,000	2,36,000	18
XXXIV.—Stationery and Printing	20,90,519	20,359	-52	21,10,828	23,06,000	17,000	19
XXXV.—Miscellaneous	35,38,003	4,09,374	-1,547	39,46,430	17,43,000	4,28,000	20
TOTAL	67,17,453	6,62,200	-2,165	73,77,488	52,16,000	6,81,000	21
Defence Receipts—							
XXXVI.—Defence Services—Effective	2,64,98,106	3,17,02,327	-68,132	4,81,32,361	2,45,48,000	2,17,10,000	22
XXXVII.—Defence Services—Non-effective	5,97,168	42,85,103	-12,742	48,69,619	5,57,000	41,53,000	23
XXXVIII.—Transfers from Defence Reserve Fund	...	...	...	...	...	...	24
TOTAL	2,70,95,324	2,59,87,520	-80,874	5,30,01,980	2,51,05,000	2,58,63,000	25
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	...	...	...	...	...	...	26
Extraordinary Items—							
XL.—Extraordinary Receipts	...	2,518	-4	2,514	...	3,000	27
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	28
TOTAL	...	2,518	-4	2,514	...	3,000	29
Railway Revenues as per Railway Budget	82,84,01,420	-47,28,718	11,405	82,36,84,107	82,41,73,000	-45,20,000	30
TOTAL REVENUE	1,21,31,58,205	3,70,70,204	-1,05,321	1,25,10,18,108	1,21,03,07,000	2,44,48,000	31

*Sterling converted into

Government, in India and in England.

1935-36.			BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.	
Item No.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	* England.	Exchange.	TOTAL.	
	Rs. -12,000	Rs. 84,28,59,000		Rs. 82,93,42,000	Rs. 9,73,000	Rs. ..	Rs. 63,03,15,000	Rs. -1,25,44,000
1	...	1,40,000	-21,000	1,35,000	...	...	1,35,000	-5,000
2	...	2,40,000	-4,000	2,39,000	...	...	2,39,000	-1,000
3	-1,000	6,41,000	-23,000	6,63,000	1,07,000	...	7,70,000	+1,29,000
4	...	19,43,000	-2,33,000	20,11,000	...	...	20,11,000	+68,000
5	...	9,83,000	+23,000	9,95,000	...	...	9,95,000	+13,000
6	...	1,82,000	-31,000	1,80,000	...	...	1,80,000	-2,000
7	...	2,53,000	+13,000	2,29,000	25,000	...	2,54,000	+1,000
8	...	3,52,000	+29,000	2,13,000	...	...	2,13,000	-39,000
9	...	9,90,000	+58,000	8,87,000	...	...	8,87,000	-73,000
10	...	15,000	...	10,000	...	...	16,000	+1,000
11	...	22,87,000	+2,44,000	23,75,000	8,000	...	23,83,000	+96,000
12	...	17,80,000	+3,40,000	17,25,000	...	...	17,25,000	-55,000
13	-1,000	98,76,000	+4,01,000	96,68,000	1,40,000	...	98,08,000	+1,32,000
14	...	74,13,000	-33,000	81,07,000	...	...	81,07,000	+6,94,000
15	...	47,91,000	+15,36,000	45,05,000	1,000	...	45,06,000	-2,85,000
16	...	1,22,04,000	+15,03,000	1,26,12,000	1,000	...	1,26,13,000	+4,09,000
17	...	25,72,000	+2,42,000	26,70,000	10,000	...	26,80,000	+1,08,000
18	-1,000	14,03,000	-25,000	6,47,000	40,000	...	6,67,000	-7,19,000
19	...	23,23,000	+98,000	21,90,000	17,000	...	22,07,000	-1,16,000
20	-2,000	21,68,000	+1,58,000	22,58,000	3,83,000	...	26,46,000	+4,78,000
21	-3,000	53,94,000	+3,81,000	50,95,000	4,45,000	...	55,40,000	-3,54,000
22	-1,13,000	4,61,45,000	+14,36,000	2,44,07,000	2,12,28,000	...	4,56,35,000	-5,10,000
23	-21,000	46,89,000	+1,21,000	2,22,000	34,62,000	...	36,84,000	-10,05,000
24	...	...	...	...	...	...	...	...
25	-1,34,000	5,05,34,000	+15,57,000	2,46,29,000	2,46,90,000	...	4,93,19,000	-15,15,000
26	...	...	...	...	...	...	...	...
27	...	3,000	+3,000	...	...	...	...	-3,000
28	...	...	...	...	...	...	...	...
29	...	3,000	+3,000	...	...	...	...	-3,000
30	23,000	31,90,76,000	-28,69,000	32,19,22,000	-45,50,000	...	31,73,66,000	-23,10,000
31	-1,27,000	1,24,37,18,000	+3,36,84,000	1,20,59,38,000	2,17,03,000	...	1,22,76,41,000	-1,60,77,000

Rupees at £1 = Rs. 13½.

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B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED	
	India.	England.	Exchange.	TOTAL.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	1,09,20,815	1,52,936	—379	1,10,73,372	1,16,15,000	1
2.—Taxes on Income	84,23,356	89,769	—179	85,12,946	89,93,000	2
3.—Salt	1,14,31,667	67,559	—159	1,14,99,267	1,18,73,000	3
4.—Opium	34,55,432	38,193	—82	34,88,543	36,09,000	4
5.—Land Revenue	5,85,700	1,601	—4	5,87,297	5,84,000	5
5.—Excise	15,50,222	5,043	—16	15,56,249	16,02,000	6
7.—Stamps	17,79,003	58,639	—93	18,18,549	17,47,000	7
8.—Forest	18,03,358	94,387	—208	18,97,539	18,87,600	8
9.—Registration	16,469	...	...	16,469	17,000	9
TOTAL	3,99,66,222	4,86,127	—1,118	4,04,50,231	4,18,07,000	10
Forest and other Capital Outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	93,030	...	...	93,030	66,000	11
8A.—Forest Capital outlay	71,100	2,787	—10	73,877	15,000	13
TOTAL	1,64,130	2,787	—10	1,66,907	81,000	13
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	2,55,093	...	...	2,55,093	2,53,000	14
15.—Other Revenue Expenditure	3,38,398	2,133	—2	3,40,529	2,65,000	15
TOTAL	5,93,491	2,133	—2	5,95,622	5,18,000	18
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works— Financed from Ordinary Revenues	3,538	...	...	3,538	19,000	17
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs— Interest on Debt— Indian Posts and Telegraphs Department	84,05,035	...	...	84,05,035	79,98,000	18
Posts and Telegraphs Capital Outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs— Indian Posts and Telegraphs Department	2,98,566	...	...	2,98,566	1,81,000	19
Debt Services—						
19.—Interest on Ordinary Debt	20,21,60,900	19,07,72,733	—4,81,148	39,24,52,465	10,03,31,000	20
<i>Deduct—Amount chargeable to—</i>						
Railways	19,31,60,651	11,28,31,788	—3,30,831	30,57,11,608	19,03,35,000	21
Irrigation	2,55,093	...	...	2,55,093	2,53,000	22
Posts and Telegraphs	85,29,989	...	...	85,29,989	81,23,000	23
Provincial Loans Fund	7,91,15,078	...	...	7,91,15,078	7,98,00,000	24
Other heads	7,71,149	...	...	7,71,149	7,00,000	25
Remainder chargeable to Ordinary Debt	—7,96,71,080	7,78,90,945	—1,50,317	—10,90,482	—8,88,80,000	26
20.—Interest on other Obligations	10,38,08,993	0,35,398	—3,261	10,44,41,130	11,40,55,000	27
21.—Reduction or Avoidance of Debt	3,00,00,000	...	...	3,00,00,000	3,00,00,000	28
TOTAL	5,41,37,033	7,85,26,343	—1,53,578	13,75,10,698	5,57,75,000	29
Carried over	10,35,68,010	7,90,16,300	—1,54,708	18,24,30,692	10,63,79,000	30

*Sterling converted into

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1935-36.				BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
	England.	Exchange.	TOTAL.	Increase (+) Decrease (-) as compared with Budget, 1935-36.	India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.
1	1,71,000	-1,000	1,17,65,000	+2,91,000	1,31,79,000	1,56,000	...	1,33,35,000	+15,50,000
2	1,86,000	-1,000	91,78,000	+21,000	85,15,000	1,59,000	...	86,74,000	-5,04,000
3	28,000	...	1,18,99,000	+1,11,000	1,07,58,000	53,000	...	1,08,11,000	-10,89,000
4	52,000	...	35,61,000	-20,000	28,59,000	27,000	...	28,86,000	-6,75,000
5	6,000	...	5,90,000	-14,000	6,41,000	5,000	...	6,46,000	+56,000
6	7,000	...	16,09,000	-29,000	16,30,000	6,000	...	16,36,000	+27,000
7	23,000	...	17,70,000	-1,70,000	18,13,000	32,000	...	18,44,000	+74,000
8	182,000	-1,000	19,98,000	+2,60,000	17,99,000	1,35,000	...	19,24,000	-74,000
9	...	...	17,000	-1,000	17,000	...	...	17,000	...
10	6,03,000	-3,000	4,24,07,000	+4,49,000	4,12,10,000	5,63,000	...	4,17,73,000	-6,34,000
11	...	...	66,000	+33,000	29,000	...	...	29,000	-37,000
12	3,000	...	18,000	+2,000	5,000	3,000	...	8,000	-10,000
13	3,000	...	84,000	-35,000	34,000	3,000	...	37,000	-47,000
14	...	...	2,53,000	-7,000	2,54,000	...	...	2,54,000	+1,000
15	19,000	...	2,84,000	+6,000	2,19,000	11,000	...	2,30,000	-64,000
16	19,000	...	6,97,000	-1,000	4,73,000	11,000	...	4,84,000	-63,000
17	...	...	19,000	...	76,000	...	...	76,000	+57,000
18	...	...	79,98,000	-3,65,000	80,20,000	...	...	80,28,000	+28,000
19	...	...	1,61,000	-1,12,000	9,64,000	...	...	9,64,000	+7,83,000
20	19,20,91,000	-9,95,000	38,14,27,000	-25,18,000	18,53,34,000	17,49,25,000	...	36,02,49,000	-3,11,78,000
21	11,18,20,000	-5,79,000	80,15,76,000	+30,68,000	13,97,85,000	10,92,12,000	...	29,89,97,000	+25,79,000
22	...	...	2,63,000	+7,000	2,54,000	...	...	2,54,000	-1,000
23	...	...	81,23,000	+3,77,000	31,51,000	...	...	31,51,000	-28,000
24	...	...	7,98,00,000	+27,00,000	3,16,00,000	...	...	3,16,00,000	-18,00,000
25	...	...	7,00,000	+58,000	7,36,000	...	...	7,36,000	-38,000
26	8,02,71,000	-4,16,000	11,53,03,000	+37,32,000	11,48,85,000	8,57,13,000	...	12,15,00,000	+62,03,000
27	6,51,000	-3,000	3,00,00,000	-13,67,000	3,00,00,000	...	...	3,00,00,000	...
28	...	...	13,62,78,000	+23,66,000	13,62,78,000	7,33,24,000	...	13,30,17,000	-1,42,61,000
29	8,09,22,000	-4,19,000	18,75,04,000	+28,61,000	10,04,08,000	7,23,11,000	...	17,83,77,000	-1,41,27,000
30	8,15,47,000	-4,22,000	18,75,04,000	+28,61,000	10,04,08,000	7,23,11,000	...	17,83,77,000	-1,41,27,000

Rupees at £1 = Rs. 13½.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1934-35.				REVISED		Item No.
	India.	England.	Exchange.	TOTAL.	India.		
	Rs.	Rs.	Rs.	Rs.	Rs.		
Brought forward	10,35,65,910	7,90,16,380	-1,54,708	18,24,30,592	10,63,79,000		
Civil Administration—							
22.—General Administration	1,11,60,580	50,05,834	-13,420	1,61,52,994	1,18,12,000	1	
23.—Audit	98,17,460	2,80,645	-741	1,00,97,364	1,04,74,000	2	
24.—Administration of Justice	7,05,298	28,141	-80	7,34,359	7,37,000	3	
25.—Jails and Convict Settlements	31,94,244	31,112	-82	22,25,274	22,60,000	4	
26.—Police	51,33,785	1,19,631	-319	52,53,997	51,95,000	5	
27.—Ports and Pilotage	19,72,632	3,00,310	-772	22,72,160	20,34,000	6	
27 (1).—Light Houses and Light Ships	9,57,188	19,543	-64	9,76,676	9,70,000	7	
28.—Ecclesiastical	20,89,684	7,85,268	-2,094	28,72,703	31,97,000	8	
29.—Political	1,54,49,551	10,42,966	-2,885	1,64,89,632	1,36,00,000	9	
29-A.—Frontier Watch and Ward	2,09,98,571	1,15,061	-326	2,11,11,306	2,28,63,000	10	
30.—Scientific Departments	64,38,304	5,68,151	-1,752	70,04,703	65,88,000	11	
31.—Education	29,16,368	43,190	-113	29,59,443	29,22,000	12	
32.—Medical	22,93,176	1,27,420	-356	24,20,240	22,55,000	13	
33.—Public Health	14,39,594	1,46,692	-447	15,85,749	13,54,000	14	
34.—Agriculture	32,02,079	90,792	-214	32,92,657	42,15,000	15	
35.—Industries	3,63,796	17,018	-36	3,80,778	7,04,000	16	
36.—Aviation	1,06,48,752	43,629	-161	1,06,92,220	16,65,000	17	
37.—Miscellaneous Departments	36,40,377	1,19,665	-341	37,59,701	19,25,000	18	
37-A.—Indian Stores Department	6,88,219	74,747	-201	7,62,765	20,85,000	19	
TOTAL	10,31,08,396	69,59,714	-24,394	11,10,43,716	9,63,81,000	20	
Currency and Mint—							
38.—Currency	52,75,817	5,302	-10	52,81,109	20,08,000	21	
39.—Mint	19,83,926	84,744	-164	20,73,506	20,23,000	22	
TOTAL	72,64,743	90,046	-174	73,54,616	40,31,000	23	
Civil Works—							
41.—Civil Works	2,41,17,347	1,16,269	-370	2,42,33,246	2,26,93,000	24	
Miscellaneous—							
43.—Famine—							
A.—Famine Relief	2,000	...	...	2,000	9,000	25	
44.—Territorial and Political Pensions	29,56,755	1,05,599	-265	30,62,089	29,83,000	26	
45.—Superannuation Allowances and Pensions	1,01,64,416	2,08,54,548	-59,012	3,09,59,952	1,08,56,000	27	
46.—Stationery and Printing	33,42,859	3,14,621	-993	36,56,187	29,56,000	28	
47.—Miscellaneous	49,81,540	19,72,078	-5,290	60,48,328	54,26,000	29	
TOTAL	2,05,47,370	2,32,46,746	-65,580	4,37,26,536	2,22,29,000	30	
Miscellaneous capital outlay charged to Revenue—							
46-A.—Commutation of pensions financed from Ordinary Revenue	2,48,031	...	...	2,48,031	-2,19,000	31	
Defence Services—							
48.—Defence Services—Effective	34,25,71,082	6,04,44,153	-1,79,233	40,26,35,982	35,61,91,000	32	
49.—Defence Services—Non-effective	3,67,02,431	5,01,36,193	-1,39,546	8,66,99,074	3,67,15,000	33	
50.—Transfers to Defence Reserve Fund	68,92,924	...	...	68,92,924	-24,69,000	34	
TOTAL	38,61,66,407	11,05,80,346	-3,18,773	49,64,27,990	39,04,17,000	35	
Contributions and Miscellaneous Adjustments between Central and Provincial Governments—							
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments	2,97,77,696	...	...	2,97,77,696	3,13,51,000	36	
Extraordinary Items—							
52.—Extraordinary Payments	2,83,69,565	1,19,975	-281	2,84,89,559	86,65,000	37	
52-I.—Transfers to Revenue Reserve Fund . . . . .	...	...	...	...	1,98,98,000	38	
TOTAL	2,83,69,565	1,19,975	-281	2,84,89,559	2,83,69,000	39	
Railway Expenditure as per Railway Budget	19,83,52,954	12,58,02,471	-3,71,228	32,86,84,197	10,57,34,000	40	
TOTAL EXPENDITURE CHARGED TO REVENUE	60,04,21,719	34,79,31,957	-9,35,508	1,24,74,18,168	39,63,68,000	41	

* Sterling converted into

of the Central Government, in India and in England.

Item No.	ESTIMATE, 1935-36.			Increase (+) Decrease (-) as compared with Budget, 1935-36.	BUDGET ESTIMATE, 1936-37.				Increase (+) Decrease (-) as compared with Revised, 1935-36.
	England.	Exchange.	TOTAL.		India.	England.	Exchange.	TOTAL.	
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
	8,15,47,000	-1,22,000	18,75,04,000	+23,81,000	10,04,66,000	7,29,11,000	...	17,33,77,000	-1,41,27,000
1	51,99,000	-27,000	1,69,84,000	+2,97,000	1,27,59,000	51,68,000	...	1,79,27,000	+9,43,000
2	3,49,000	-3,000	1,08,31,000	+28,000	1,09,13,000	2,99,000	...	1,13,11,000	+3,90,000
3	36,000	...	7,63,000	-37,000	7,75,000	35,000	...	8,10,000	+47,000
4	67,000	...	23,27,000	-22,000	22,41,000	43,000	...	23,84,000	-43,000
5	1,43,000	-1,000	58,40,000	+28,000	54,37,000	1,20,000	...	55,57,000	+2,17,000
6	3,13,000	-2,000	23,45,000	-31,000	23,54,000	3,24,000	...	26,78,000	+3,33,000
7	13,000	...	9,83,000	+33,000	9,74,000	21,000	...	9,95,000	+12,000
8	7,61,000	-4,000	29,57,000	-98,000	23,38,000	7,95,000	...	30,33,000	+76,000
9	10,13,000	-5,000	1,46,03,000	+5,32,000	1,33,18,000	10,02,000	...	1,43,20,000	-2,88,000
10	1,17,000	-1,000	2,24,73,000	+19,15,000	2,12,73,000	1,12,000	...	2,13,85,000	-10,04,000
11	5,47,000	-3,000	71,32,000	-2,55,000	71,12,000	7,16,000	...	78,28,000	+6,96,000
12	48,000	...	29,70,000	-60,000	29,61,000	43,000	...	30,04,000	+34,000
13	1,24,000	-1,000	24,08,000	-14,000	23,62,000	1,25,000	...	27,87,000	+3,79,000
14	1,44,000	-1,000	14,97,000	-1,01,000	33,56,000	90,000	...	34,46,000	+19,49,000
15	95,000	-1,030	43,09,000	+6,56,000	55,25,000	96,000	...	56,81,000	+13,73,000
16	35,000	...	7,39,000	-58,000	8,75,000	25,000	...	9,00,000	+1,61,000
17	91,000	...	17,56,000	+1,37,000	22,53,000	1,27,000	...	23,80,000	+6,24,000
18	90,000	...	20,15,000	-8,000	23,21,000	1,68,000	...	25,19,000	+5,04,000
19	83,000	...	21,71,000	-24,000	21,53,000	84,000	...	22,67,000	+93,000
20	93,71,000	-48,000	10,46,04,000	+38,91,000	10,16,19,000	93,93,000	...	11,10,12,000	+64,08,000
21	19,000	...	20,27,000	+4,66,000	15,58,000	15,000	...	15,73,000	-4,54,000
22	2,62,000	-1,000	2,84,000	+5,81,000	16,84,000	1,44,000	...	18,78,000	-4,56,000
23	2,81,000	-1,000	43,11,000	+10,55,000	33,42,000	1,59,000	...	34,01,000	-9,10,000
24	1,62,000	-1,000	2,28,54,000	+3,22,000	2,54,25,000	1,29,000	...	2,56,14,000	+27,60,000
25	...	...	9,000	+9,000	...	...	...	...	-9,000
26	1,17,000	-1,000	30,99,000	+69,000	39,28,000	1,08,000	...	30,36,000	-63,000
27	2,00,59,000	-1,04,000	3,08,11,000	-11,41,000	1,06,64,000	1,60,50,000	...	2,89,14,000	-18,97,000
28	2,71,000	-1,000	32,26,000	-3,21,000	33,75,000	3,28,000	...	37,03,000	+4,77,000
29	20,46,000	-11,000	74,60,000	+15,03,000	43,38,000	19,43,000	...	61,79,000	-12,81,000
30	2,24,93,000	-1,17,000	4,46,05,000	+1,19,000	2,14,03,000	2,04,29,000	...	4,18,32,000	-27,73,000
31	...	...	-3,10,000	-3,00,000	-1,00,000	...	...	-1,00,000	+1,10,000
32	6,00,37,000	-3,11,000	41,59,17,000	-18,34,000	36,51,98,000	6,31,07,000	...	43,83,05,000	+1,33,88,000
33	5,07,54,000	-2,63,000	8,72,06,000	+3,18,000	2,68,98,000	4,68,56,000	...	8,37,54,000	-34,52,000
34	...	...	-24,59,000	+31,73,000	-82,40,000	...	...	-82,40,000	-57,51,000
35	11,07,91,000	-5,74,000	50,06,34,000	+15,57,000	39,38,56,000	10,99,63,000	...	50,38,19,000	+31,85,000
36	...	...	3,13,51,000	+8,57,000	4,66,57,000	...	...	4,66,57,000	+1,53,06,000
37	26,000	...	86,91,000	+85,55,000	40,13,000	22,000	...	40,34,000	-46,57,000
38	...	...	1,96,98,000	+1,96,98,000	...	...	...	...	-1,96,98,000
39	26,000	...	2,83,89,000	+2,83,53,000	40,12,000	22,000	...	40,34,000	-2,43,55,000
40	12,45,87,000	-6,45,000	31,96,76,000	-28,69,000	19,54,65,000	12,19,11,000	...	31,73,06,000	-23,10,000
41	84,91,58,000	-18,08,000	1,24,37,16,000	+3,43,06,000	89,20,95,000	83,49,17,000	...	1,23,70,13,000	-1,67,06,000

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	* England.	TOTAL.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,21,31,53,295	3,79,70,204	1,25,11,23,499
Exchange	—1,05,331	...	—1,05,331
TOTAL	1,21,30,47,964	3,79,70,204	1,25,10,18,168
Railway Capital not charged to Revenue—			
As per Railway Budget . . . . .	...	...	...
Public Debt Incurred—			
Permanent Debt—			
<i>Sterling Debt—</i>			
5½ per cent. Stock . . . . .	...	14,84,909	
5 per cent. Stock . . . . .	...	5,56,671	
4½ per cent. Stock . . . . .	...	23,71,485	
4 per cent. Stock . . . . .	...	1,91,310	
3½ per cent. Stock . . . . .	...	3,11,10,632	
3 per cent. Stock 1949-52 . . . . .	...	...
<i>Rupee Debt—</i>			
3½ per cent. Loan 1947-50	25,12,62,400	...	
3 per cent. Bonds 1941	10,67,31,700	...	
3 per cent. Loan 1951-54 . . . . .	...	...
Other 3½ per cent. Loans	23,900	...	
TOTAL	35,80,18,000	3,57,15,007	39,37,33,007
Floating Debt—			
Treasury Bills—			
Issued to Public	88,82,50,000	...	
Issued to Paper Currency Reserve	1,43,55,67,000	...	
Temporary Loans	74,00,00,000	...	
TOTAL	3,06,38,17,000	...	3,06,38,17,000
Unfunded Debt—			
Deposits of Service Funds	8,35,767	19,03,799	
Post Office Cash Certificates	9,95,32,199	...	
Savings Bank Deposits	53,01,01,140	...	
TOTAL	63,04,69,106	19,03,799	63,23,72,905
Carried over	5,28,53,52,070	7,55,89,010	

*Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,21,98,97,000 -1,27,000	2,44,48,000 ...	1,24,38,45,000 -1,27,000	1,20,59,38,000 ...	2,17,03,000 ...	1,22,76,41,000 ...
1,21,92,70,000	2,44,48,000	1,24,37,18,000	1,20,59,38,000	2,17,03,000	1,22,76,41,000
...
...
...
...
...	13,33,34,000	...	...	...	...
...
...
15,12,85,000 16,000	...	...	6,000	...	...
15,13,01,000	13,33,34,000	28,46,35,000	6,000	...	6,000
...
1,73,02,50,000 32,00,00,000	...	...	2,04,00,00,000...	...	...
2,05,02,50,000	..	2,05,02,50,000	2,04,00,00,000	...	2,04,00,00,000
8,07,000 12,54,00,000 58,03,68,000	19,43,000 ... ...	...	7,83,000 13,25,00,000 53,62,93,000	96,65,000......	...
70,65,75,000	19,43,000	70,85,18,000	66,95,76,000	96,65,000	67,92,41,000
4,12,73,96,000	15,97,25,000	...	3,91,55,20,000	3,13,68,000	...

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1984-85.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	5,26,53,52,070	7,55,89,010	
Deposits and Advances—			
Provincial Loans Fund	12,63,72,659	...	
Posts and Telegraphs Depreciation Fund	9,37,285	...	
Deposits of Local Funds—			
District Funds	16,03,19,754	...	
Other Funds	9,92,65,173	...	
Sinking Funds for Central Loans	1,74,15,444	...	
Other Appropriations for Reduction or Avoidance of Debt	1,63,29,000	...	
Sinking Fund Investment Account	7,39,84,792	...	
Gold Standard Reserve . . . . .	...	97,26,93,915	
Paper Currency Reserve . . . . .	...	62,73,02,797	
Silver Redemption Reserve . . . . .	...	...
Deposits of Branch Line Companies	5,69,321	...	
Road Development Fund	1,58,90,035	...	
Post Office Cash Certificate Bonus Fund	73,19,301	...	
Fund for reconstruction of Earthquake damage	12,214	...	
Civil Aviation	92,57,000	...	
Economic development and improvement of rural areas	2,81,60,409	...	
Broadcasting	20,00,000	...	
Development in Tribal areas on N.-W. F.	25,00,000	...	
Fund for Sind and Orissa Buildings . . . . .	...	...
Departmental and Judicial Deposits	97,82,70,170	...	
Advances	29,09,06,351	54,771	
Discount Sinking Fund	89,36,990	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve . . . . .	...	...
Purchases and Sales of Silver . . . . .	...	...
Suspense	1,41,79,059	2,22,131	
Exchange on Remittance Account . . . . .	...	...
Miscellaneous	63,02,816	1,77,01,325	
Defence Reserve Fund	68,92,924	...	
Revenue Reserve Fund . . . . .	...	...
TOTAL	1,86,58,20,697	1,61,79,74,989	3,48,37,95,686
Railway Depreciation and Reserve Funds as per Railway Budget	13,72,42,927	...	13,72,42,927
Carried over	7,26,84,15,694	1,69,35,63,949	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,12,73,96,000	15,97,25,000		3,91,55,20,000	3,13,68,000	
18,75,00,000	...		14,67,00,000	...	
27,67,000	...		25,00,000	...	
16,16,03,000	...		16,18,91,000	...	
10,33,71,000	...		10,17,73,000	...	
1,36,79,000	...		1,36,71,000	...	
1,63,29,000	...		1,63,29,000	...	
74,000	...		...	...
...	53,40,25,000		...	...
...	18,27,55,000		...	...
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,65,000	...		3,90,000	...	
1,35,00,000	...		1,47,50,000	...	
...	
...	
...	
...	
45,00,000	...		...	...
77,39,09,000	...		78,63,10,000	...	
22,14,24,000	62,000		8,43,93,000	65,000	
66,07,000	...		67,18,000	...	
84,07,000	...		...	...
10,15,28,000	...		3,00,000	...	
14,13,00,000	9,49,81,000		3,36,12,000	7,00,81,000	
12,09,000	...		...	...
9,29,76,000	2,02,19,000		1,000	2,66,59,000	
...	
1,96,98,000	...		...	...
1,87,13,96,000	93,22,02,000	2,80,35,98,000	1,86,96,38,000	9,92,05,000	1,46,88,43,000
13,26,00,000	...	13,26,00,000	13,28,00,000	...	13,28,00,000
6,13,13,92,000	1,09,19,27,000		5,41,79,58,000	13,05,73,000	

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

RECEIPTS.	ACCOUNTS, 1934-35.		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Brought forward	7,26,84,15,694	1,69,35,63,949	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	1,77,73,017	..	
Other Loans and Advances . . . . .	..	..
TOTAL	1,77,73,017	..	1,77,73,017
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,64,66,970	..	
Other Local Remittances	3,42,717	..	
Other Departmental Accounts . . . . .	..	..
Net Receipts by Civil Treasuries from—			
Railways	13,91,61,069	..	
Posts and Telegraphs	5,13,92,117	..	
Net Receipts from Civil Treasuries by—			
Defence Services	31,13,60,957	..	
Posts and Telegraphs . . . . .	..	..
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings . . . . .	..	84,59,000	
Sale of Silver . . . . .	..	4,02,46,104	
Other transactions	1,85,85,862	1,59,89,844	
Sterling purchased in India . . . . .	..	50,05,60,000	
Sterling obtained in London . . . . .	..	4,52,344	
Remittances through the Reserve Bank . . . . .	..	..
Transfers through the Paper Currency Reserve.	10,02,30,547	..	
TOTAL	1,42,75,40,239	56,57,07,292	1,99,32,47,531
Balances of Provincial Govern-ments	4,82,09,219	..	4,82,09,219
TOTAL RECEIPTS	8,76,19,38,169	2,25,92,71,241	
Opening Balance	11,88,97,891	(a) 20,87,50,507	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

* Sterling converted into
(a) Of this amount, £568 represents
(b) Of this amount, £2,137 represents

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Ks.	Rs.	Rs.	Rs.	Rs.
6,13,13,92,000	1,09,19,27,000		5,41,79,58,000	13,05,73,000	
...	
91,53,000	...		78,82,000	...	
91,53,000	...	91,53,000	78,82,000	...	78,82,000
82,61,94,000	...		83,84,39,000	...	
23,44,000	...		22,73,000	...	
3,03,87,000	...		3,03,34,000	...	
11,39,48,000	...		13,09,49,000	...	
...	
32,69,89,000	...		33,58,25,000	...	
30,02,000	...		95,67,000	...	
...	15,16,000		...	...
...	2,05,36,000		...	...
1,44,36,000	1,73,36,000		1,41,90,000	1,38,68,000	
...	
...	
14,44,77,000	29,93,60,000		...	54,63,60,000	
...	
1,46,17,77,000	33,87,48,000	1,80,05,25,000	1,36,16,77,000	56,02,28,000	1,92,19,05,000
1,14,39,000	...	1,14,39,000	1,98,52,000	...	1,98,52,000
7,61,37,61,000	1,43,06,75,000		6,80,73,69,000	69,08,01,000	
16,18,31,185	(b) 21,02,06,386		12,50,68,185	73,29,386	
7,77,55,92,185	1,64,08,81,386		6,93,24,37,185	69,81,30,386	

Rupees at £1 = Rs. 13½.
funds of the Gold Standard Reserve.
funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35		
	India.	England.	TOTAL.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	90,04,21,719	34,79,31,957	1,24,83,53,676
Exchange	—9,35,508	...	—9,35,508
TOTAL	89,94,86,211	34,79,31,957	1,24,74,18,168
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
SECURITY PRINTING PRESS	—1,11,908	...	—1,11,908
POSTS AND TELEGRAPHS	32,84,171	3,323	2,87,494
OUTLAY ON SCHEMES OF AGRICULTURAL IMPROVEMENT AND RESEARCH	78,422	...	78,422
VIZAGAPATAM PORT	18,70,352	1,01,012	14,71,364
LIGHT-HOUSES AND LIGHT-SHIPS	—3,008	3,008	...
CURRENCY	—50,619	...	—50,619
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	72,13,103	...	72,13,103
CIVIL WORKS	—1,77,312	...	1,77,312
PAYMENT OF COMMUTED VALUE OF PENSIONS	59,37,791	...	59,37,791
PAYMENTS TO RETRENCHED PERSONNEL	—1,08,454	...	—1,08,454
TOTAL	1,74,32,538	1,07,343	1,75,39,881
RAILWAY CAPITAL NOT CHARGED TO REVENUE—			
As per Railway Budget	—1,17,54,979	1,86,25,287	68,70,308
Public Debt Discharged—			
Permanent Debt—			
<i>Sterling Debt—</i>			
6 p. c. Bonds, 1932-33	...	6,037	
Do. 1933-34	...	73,332	
Do. 1933-35	...	1,333	
Do. 1935-37	...	...
5½ p. c. Stock 1932	...	29,337	
Do. 1936-38	...	...
East Indian Railway Debenture Stock	...	...
State Railway Annuities	...	2,36,01,356	
Do. do. Sinking Funds	...	26,66,667	
<i>Rupee Debt—</i>			
6½ p. c. Treasury Bonds, 1935	...	...
6 p. c. Bonds, 1933-36	14,82,600	...	
Other 6 p. c. Bonds	7,96,100	...	
5½ p. c. War Bonds	79,100	...	
5 p. c. Loan, 1929-47	7,49,250	...	
Do. Bonds, 1935	...	...
Do. Bonds, 1933	5,37,800	...	
4½ p. c. Bonds, 1934	12,95,01,300	...	
4½ p. c. Holkar State Railway Loan	10,00,000	...	
4 p. c. Loan, 1934-37	19,47,04,300	...	
4 p. c. Conversion Loan, 1916-17	3,02,500	...	
4 p. c. Terminable Loan	500	...	
Other Loans	32,169	...	
TOTAL	32,92,45,619	2,63,78,743	35,56,24,362
Carried over	1,23,44,09,389	39,30,43,830	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	England.	TOTAL.	India.	England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
89,63,68,000	34,91,58,000	1,24,55,26,000	89,20,95,000	33,49,17,000	1,22,70,12,000
-18,08,000	...	-18,08,000	...	...	...
89,45,60,000	34,91,58,000	1,24,37,18,000	89,20,95,000	33,49,17,000	1,22,70,12,000
...
-96,000	...	-96,000	-8,000	...	-8,000
47,43,000	1,000	47,44,000	42,02,000	...	42,02,000
27,65,000	6,000	27,71,000	7,22,000	...	7,22,000
7,16,000	54,000	7,70,000	7,25,000	2,70,000	9,95,000
-5,000	5,000	...	-2,000	2,000	...
4,99,23,000	...	4,99,23,000	-99,000	...	-99,000
40,06,000	...	40,06,000	23,66,000	...	23,66,000
...
48,17,000	...	48,17,000	39,90,000	...	39,90,000
-2,63,000	...	-2,63,000	-4,44,000	...	-4,44,000
6,66,06,000	66,000	6,66,72,000	1,14,52,000	2,72,000	1,17,24,000
...
3,00,000	1,72,00,000	1,75,00,000	1,53,00,000	1,72,00,000	3,25,00,000
...	6,000	...	...	...	...
...
...	1,000	...	...	...	...
...	15,93,66,000	...	...	...	...
...	27,000	...	...	...	...
...	...	...	...	22,47,74,000	...
...	4,66,67,000	...	...	...	...
...	2,44,24,000	...	...	2,52,77,000	...
...	23,22,000	...	...	23,20,000	...
16,02,20,000	...	...	5,50,000	...	...
4,00,000	...	...	3,00,000	...	...
1,40,000	...	...	1,02,000	...	...
44,000	...	...	44,000	...	...
1,50,000	...	...	1,25,000	...	...
11,36,40,000	...	...	5,00,000	...	...
1,70,000	...	...	1,00,000	...	...
2,25,000	...	...	1,25,000	...	...
...
1,85,000	...	...	1,25,000	...	...
1,00,000	...	...	75,000	...	...
2,000	...	...	2,000	...	...
19,000	...	...	10,000	...	...
27,52,95,000	23,28,13,000	50,81,08,000	20,58,000	25,33,71,000	25,44,29,000
1,23,67,61,000	59,92,37,000	...	92,09,06,000	60,47,60,000	...

Rupees at £ 1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	* England.	TOTAL
	Rs.	Rs.	Rs.
Brought forward	1,23,44,09,389	39,30,43,330	
Floating Debt—			
Treasury Bills—			
Issued to Public	1,03,86,25,000	...	}
Issued to Paper Currency Reserve	1,33,41,37,000	...	
Temporary Loans	74,00,00,000	...	
TOTAL	3,11,27,62,000	...	3,11,27,62,000
Unfunded Debt—			
Special Loans	20,216	...	
Treasury Notes	2,500	...	
Deposits of Service Funds	11,95,043	2,35,024	
Post Office Cash Certificates	7,70,02,329	...	
Savings Bank Deposits	40,86,46,481	...	
TOTAL	48,68,66,569	2,35,024	48,71,01,593
Deposits and Advances—			
Provincial Loans Fund	12,68,06,078	...	
Posts and Telegraphs Depreciation Fund	13,49,980	...	
Deposits of Local Funds—			
District Funds	15,82,27,225	...	
Other Funds	9,96,01,588	...	
Sinking Funds for Central Loans	2,31,270	...	
Other Appropriations for Reduction or Avoidance of Debt . . . . .	...	...
Sinking Fund Investment Account	5,62,49,200	...	
Gold Standard Reserve . . . . .	...	97,26,72,996	
Paper Currency Reserve . . . . .	...	62,73,02,797	
Silver Redemption Reserve . . . . .	...	...
Deposits of Branch Line Companies	4,76,508	...	
Road Development Fund	1,09,28,605	...	
Post Office Cash Certificate Bonus Fund . . . . .	...	...
Fund for reconstruction of Earthquake damage	1,19,45,917	...	
Civil Aviation	73,876	...	
Economic development and improvement of rural areas . . . . .	...	...
Broadcasting . . . . .	...	...
Development in Tribal areas on N. W. F. . . . .	...	...
Funds for Sind and Orissa buildings . . . . .	...	...
Departmental and Judicial Deposits	94,38,39,342	...	
Advances	28,60,59,914	72,763	
Discount Sinking Fund	48,40,585	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of Paper Currency Reserve	3,80,16,421	...	
Purchases and Sales of Silver . . . . .	...	...
Suspense	9,05,08,800	9,91,31,957	
Exchange on Remittance Account . . . . .	...	...
Miscellaneous	21,154	1,81,97,286	
Defence Reserve Fund . . . . .	...	...
Revenue Reserve Fund . . . . .	...	...
TOTAL	1,82,92,09,463	1,71,73,77,799	3,54,65,87,262
Railway Depreciation and Reserve Funds as per Railway Budget	13,72,27,288	...	13,72,27,288
Carried over	6,80,04,74,709	2,11,06,56,153	

* Sterling converted into

Central Government, in India and in England.

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,23,67,61,000	59,92,37,000		92,09,05,000	60,47,60,000	
1,93,27,00,000	...		1,93,00,00,000	...	
32,00,00,000	...		...	...
2,25,27,00,000	...	2,25,27,00,000	1,93,00,00,000	...	1,93,00,00,000
20,000	...		20,000	...	
...	
18,01,000	3,01,000		12,15,000	65,54,000	
12,54,00,000	...		13,75,00,000	...	
42,29,66,000	...		38,68,85,000	...	
54,96,87,000	3,01,000	54,99,88,000	52,56,20,000	65,54,000	53,21,74,000
18,76,00,000	...		14,60,00,000	...	
9,49,000	...		11,29,000	...	
15,87,49,000	...		15,86,08,000	...	
10,13,07,000	...		10,01,04,000	...	
...	
...	
...	53,40,54,000		...	...
...	18,27,55,000		...	...
5,50,000	10,01,60,000		3,00,000	24,00,000	
4,50,000	...		4,00,000	...	
1,40,00,000	...		1,70,00,000	...	
25,00,000	...		1,00,00,000	...	
60,73,000	...		69,53,000	...	
13,39,000	...		48,33,000	...	
94,00,000	...		95,00,000	...	
3,81,000	...		...	...
...	
...	
79,31,65,000	...		78,60,20,000	...	
22,14,68,000	73,000		8,29,81,000	67,000	
59,53,000	...		...	...
9,48,72,000	...		...	...
8,16,77,000	...		...	...
3,77,81,000	38,61,000		3,45,05,000	61,000	
12,09,000	...		...	...
84,07,000	2,02,19,000		...	2,66,59,000	
24,89,000	...		82,40,000	...	
...	
1,73,06,20,000	84,11,22,000	2,57,17,42,000	1,36,65,73,000	2,91,87,000	1,39,57,60,000
13,78,59,000	...	13,78,59,000	10,44,44,000	...	10,44,44,000
5,90,76,27,000	1,44,06,60,000		4,84,75,42,000	64,05,01,000	

Rupees at £1 = Rs. 13½.

C.—Statement of Receipts and Disbursements of the

DISBURSEMENTS.	ACCOUNTS, 1934-35.		
	India.	* England.	TOTAL
	Rs.	Rs.	Rs.
Brought forward	6,80,04,74,709	2,11,06,56,133	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	2,88,97,000	...	
Other Loans and Advances	98,85,133	...	
TOTAL	3,87,82,133	...	3,87,82,133
Remittances—			
I.—Remittances within India—			
Inland Money Orders	80,72,37,791	...	
Other Local Remittances	...	...
Other Departmental Accounts	61,237	...	
Net Payments into Civil Treasuries by—			
Railways	13,80,88,088	...	
Posts and Telegraphs	5,14,96,221	...	
Net Issues from Civil Treasuries to—			
Defence Services	31,27,73,134	...	
Posts and Telegraphs	...	...
II.—Remittances between England and India—			
Remittance Account—			
Iraq drawings	84,59,000	...	
Sale of Silver	4,02,46,104	...	
Other transactions	2,03,74,114	1,42,08,240	
Sterling purchased in India	50,05,60,000	...	
Sterling obtained in London	4,52,344	...	
Remittances through the Reserve Bank	...	...
Transfers through the Paper currency Reserve	...	10,02,30,547	
TOTAL	1,87,97,48,033	11,44,38,787	1,99,41,86,820
Balances of Provincial Governments	...	3,27,20,422	3,27,20,422
TOTAL DISBURSEMENTS	8,71,30,04,875	2,25,78,15,362	
Closing Balance	16,18,31,185	(b) 21,02,06,386	
GRAND TOTAL	8,88,08,36,060	2,46,80,21,748	

*Sterling converted into
(b) Of this amount, £ 2.137 represents

GENERAL BUDGET AS FINALLY ADOPTED.

Central Government in India and in England

REVISED ESTIMATE, 1935-36.			BUDGET ESTIMATE, 1936-37.		
India.	* England.	TOTAL.	India.	* England.	TOTAL.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,90,76,27,000	1,44,06,60,000		4,84,75,42,000	64,05,01,000	
8,64,00,000	...		3,98,00,000	...	
1,51,64,000	...		1,28,45,000	...	
10,15,64,000	...	10,15,64,000	5,26,45,000	...	5,26,45,000
82,60,04,000	...		83,81,89,000	...	
22,05,000	...		21,86,000	...	
3,04,37,000	...		3,08,37,000	...	
11,39,48,000	...		13,09,49,000	...	
...	
32,60,89,000	...		33,58,25,000	...	
30,02,000	...		96,67,000	...	
...	
15,16,000	...		...	...
2,05,36,000	...		...	...
1,73,36,000	1,44,36,000		1,38,68,000	1,41,90,000	
...	
...	
29,93,60,000	14,44,77,000		54,63,60,000	...	
...	
1,64,13,33,000	15,89,13,000	1,80,02,46,000	1,90,73,81,000	1,41,90,000	1,92,15,71,000
...	3,39,79,000	3,39,79,000	...	3,61,07,000	3,61,07,000
7,65,05,24,000	1,63,35,52,000		6,80,75,68,000	69,07,98,000	
12,50,68,185	73,29,386		12,48,69,185	73,32,386	
7,77,55,92,185	1,64,09,81,386		6,98,24,37,185	69,81,30,386	

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, 1934-35.		REVISED ESTIMATE, 1935-36.		BUDGET ESTIMATE, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	51,56,82,543	...	53,53,15,000	...	53,48,65,000	...
Taxes on Income	16,69,39,634	...	15,88,22,000	...	14,60,26,000	...
Salt	6,65,01,593	...	7,51,01,000	...	7,66,89,000	...
Opium	37,05,665	...	26,09,000	...	18,55,000	...
Other Heads	1,32,62,648	...	1,29,85,000	...	1,37,00,000	...
TOTAL	76,80,98,083	...	78,48,32,000	...	77,41,35,000	...
Forest and other Capital Outlay charged to Revenue . . . . .	...	1,66,9071	...	84,000	...	37,000
Irrigation . . . . .	...	5,24,585	...	5,32,000	...	5,41,000
Railways . . . . .	...	...	...	...	...	...
Posts and Telegraphs	34,95,998	...	3,98,000	...	...	8,35,000
Debt Services . . . . .	...	11,24,08,882	...	12,92,59,000	...	11,57,64,000
Civil Administration . . . . .	...	10,25,31,445	...	9,49,28,000	...	10,12,04,000
Currency and Mint	74,55,365	...	78,93,000	...	92,12,000	...
Civil Works . . . . .	...	2,15,27,827	...	2,02,83,000	...	2,20,34,000
Miscellaneous . . . . .	...	3,65,99,079	...	3,65,01,000	...	3,61,92,000
Defence Services . . . . .	...	44,34,26,000	...	44,98,00,000	...	45,45,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments . . . . .	...	2,97,77,696	...	3,13,51,000	...	4,60,67,000
Extraordinary Items . . . . .	...	2,84,67,045	...	2,88,66,000	...	40,34,000
TOTAL	77,90,49,446	77,54,48,446	79,31,28,000	79,31,28,000	78,83,47,000	78,27,18,000

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

Revenue and Expenditure.	ACCOUNTS, 1934-35.		REVISED ESTIMATE, 1935-36.		BUDGET ESTIMATE, 1936-37.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	36,00,000	...	...	...	6,20,000	...
Capital Account—						
Capital outlay on Security Printing Press . . . . .	...	—1,11,008	...	—98,000	...	—8,000
Railway Capital not charged to Revenue . . . . .	...	68,70,308	...	1,75,00,000	..	8,25,00,000
Capital outlay on Posts and Telegraphs . . . . .	...	32,87,484	...	47,44,000	...	42,03,000
Capital Outlay on Schemes of Agricultural Improvement and Research . . . . .	...	78,423	...	27,71,000	...	7,22,000
Capital outlay on Vizagapatam Port . . . . .	...	14,71,364	...	7,70,000	...	9,95,000
Capital outlay on Light-houses and Light-ships . . . . .	...	...	...	...	...	...
Currency Capital outlay . . . . .	...	—50,619	...	4,80,23,000	...	—89,000
Initial expenditure on New Capital at Delhi . . . . .	...	72,13,103	...	40,06,000	...	23,66,000
Civil Works . . . . .	...	—1,77,312	...	...	...	...
Payment of commuted value of pensions . . . . .	...	59,37,791	...	48,17,000	...	39,90,000
Payments to Retrenched Personnel . . . . .	...	—1,08,454	...	—2,03,000	...	—4,44,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	3,81,06,645	...	...	22,84,73,000	...	25,44,28,000
Floating Debt . . . . .	...	4,89,45,000	...	20,24,50,000	11,00,00,000	...
Unfunded Debt	14,52,71,313	...	15,45,30,000	...	14,70,67,000	...
Deposits and Advances . . . . .	...	6,27,75,857	22,05,97,000	...	10,14,59,000	..
Loans and Advances by Central Government . . . . .	...	2,10,09,116	...	9,24,11,000	...	4,47,63,000
Remittances . . . . .	...	9,39,269	2,70,000	...	3,84,000	...
Balances of Provincial Governments	1,54,88,797	..	...	2,25,40,000	...	1,02,65,000
Opening Balance	32,76,48,898	...	37,20,37,671	...	18,23,97,671	...
Closing Balance . . . . .	..	37,20,37,671	...	18,23,97,671	...	18,22,01,671
TOTAL	53,01,17,152	53,01,17,152	75,74,43,671	75,74,43,671	49,18,06,671	49,18,06,671

GOVERNMENT OF INDIA

LEGISLATIVE DEPARTMENT

The following Act of the Indian Legislature received the assent of the Governor-General on the 21st April, 1936, and is hereby promulgated for general information :—

ACT No. II OF 1936.

An Act further to extend the operation of the Salt (Additional Import Duty) Act, 1931.

WHEREAS it is expedient further to extend the operation of the Salt (Additional Import Duty) Act, 1931, It is hereby enacted as follows :—

Short title.

1. This Act may be called the Salt Additional Import Duty (Extending) Act, 1936.

Amendment of section 1, Act XIV of 1931.

2. In sub-section (3) of section 1 of the Salt (Additional Import Duty) Act, 1931 (hereinafter referred to as the said Act,) for the figures "1936" the figures "1938" shall be substituted.

Amendment of section 3, Act XIV of 1931.

3. In sub-section (1) of section 3 of the said Act, for the word "two" the word "one" shall be substituted.

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 1934-35, 1935-36 and 1936-37 respectively.)

REVENUE AND EXPENDITURE.

1. The following statement gives the revenue and expenditure of the Central Government since 1921-22. The sterling amounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year. The rate of conversion has been assumed to be 1s. 6 3/32d. in 1935-36 and as usual 1s. 6d. in 1936-37.

Year	(1) Revenue excluding transfer from Revenue Reserve Fund.	(2) Expenditure excluding transfer to Revenue Reserve Fund and provision for Reduction or Avoidance of Debt and items shown in (3.)	(3) Transfer to Earthquake and other Funds.	(4) Balance of (1) minus (2) minus (3).	(5) Provision for Reduction or Avoidance of Debt and Transfer to or from Revenue Reserve Fund.	(6) Final Surplus (+) or Deficit (-)
1921-22	1,15,21	1,38,40	..	-23,19	4,46	-27,65
1922-23	1,21,41	1,31,88	..	-10,47	4,55	-15,02
1923-24	1,33,17	1,27,16	..	+6,01	3,62	+2,39
1924-25	1,38,04	1,28,58	..	+9,46	3,78	+5,68
1925-26	1,33,33	1,25,05	..	+8,28	4,97	+3,31
1926-27	1,31,70	1,23,77	..	+7,93	(a) 7,93	..
1927-28	1,25,04	1,22,22	..	+2,82	(b) 2,82	..
1928-29	1,28,24	1,23,88	..	+4,36	(c) 4,68	-32
1929-30	1,32,69	1,26,68	..	+6,01	5,74	+27
1930-31	1,24,60	1,30,04	..	-5,44	6,14	-11,58
1931-32	1,21,64	1,26,50	..	-4,86	6,89	-11,75
1932-33	1,26,40	1,18,01	..	+8,39	6,84	+1,55
1933-34	1,20,37	1,14,65	(d) 2,72	+3,00	3,00	..
1934-35	1,25,10	1,17,14	(e) 4,60	+3,36	3,00	+36
1935-36 (Revised)	1,24,37	1,18,95	(f) 45	+4,97	4,97	..
1936-37 (Budget)	1,22,76	1,19,70	..	+3,06	3,00	+6

(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.

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

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

(f) Fund for capital outlay on buildings in Sind (17.5) and Orissa (27.5).

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

TABLE I.

Year.	Tax revenue less cost of collection (a).	Other revenue net excluding Defence receipts.	Total net revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Defence expenditure net.	Transfer to Earthquake and other Funds.	Other expenditure charged to revenue but omitting cost of collection of tax revenue.	Total expenditure charged to revenue.	Surplus+ Deficit—.
1921-22	60,78	17,65	78,43	13,70	4,46	69,81	..	18,11	1,06,08	-27,65
1922-23	61,41	21,33	85,74	13,87	4,55	65,27	..	17,07	1,00,76	-15,02
1923-24	66,66	30,45	97,11	15,97	3,62	66,23	..	18,90	94,72	+2,39
1924-25	67,54	28,81	96,33	14,90	3,78	55,63	..	16,39	90,70	+5,68
1925-26	68,10	25,29	93,39	13,37	4,97	56,00	..	15,74	90,08	+3,31
1926-27	67,96	25,32	93,28	11,77	4,97	55,97	..	20,57	93,28	.. (b)
1927-28	68,12	17,43	85,55	10,57	5,04	54,79	..	15,15	85,55	.. (c)
1928-29	71,63	15,62	87,25	10,20	5,42	55,10	..	16,85	87,57	-32(d)
1929-30	71,74	19,46	91,20	10,85	5,71	55,10	..	19,24	90,93	+27
1930-31	66,54	13,60	80,14	11,28	6,14	54,30	..	20,00	91,72	-11,58
1931-32	69,52	7,77	77,29	12,83	6,89	51,76	..	17,56	89,04	-11,75
1932-33	76,74	6,10	82,84	11,61	6,84	46,74	..	16,10	81,29	+1,55
1933-34	69,66	5,77	75,43	9,29	3,00	44,42	(e) 2,72	1,000	75,43	..
1934-35	74,57	6,18	80,75	10,25	3,10	44,34	(f) 4,60	18,20	80,39	+36
1935-36 (Revised)	76,17	4,47	80,64	10,63	3,00	44,98	(f) 45	21,58	80,64	..
1936-37 (Budget)	75,08	4,38	79,45	19,20	3,00	45,45	..	21,74	79,39	+6

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

(b) A surplus of 2,96 was transferred to Revenue Reserve Fund.

(c) A deficit of 2,22 was met by transfer from Revenue Reserve Fund.

(d) A deficit of 1,06 was met to the extent of 74 by transfer from Revenue Reserve Fund.

(e) Represents the amount transferred to the Earthquake Fund. 62 out of this was subsequently utilised for debt redemption.

(f) Vide footnotes (e) and (f) on the previous page.

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
Year.	Tax Revenue.	Cost of collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Optium (Receipts less expenditure)	Currency and Mint (Receipts less expenditure).	Interest Receipts.	Provincial Contributions.	Extraordinary Receipts.	Other Revenue	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Extraordinary Payments.	Defence Expenditure (net).	Other Expenditure.	Net-Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to Revenue.	Total Net Expenditure.	Surplus +, Deficit -.
1921-22	63,78	3,00	60,78	-7,01	1,27	2,30	1,11	9,63	..	0,15	78,43	13,70	4,46	..	60,81	17,01	1,10	1,06,08	-27,65
1922-23	67,88	3,07	64,41	4,00	1,02	2,59	1,16	9,20	..	2,37	85,74	13,87	4,55	..	65,27	16,80	18	1,00,70	-15,02
1933-34	69,14	2,48	66,66	8,07	1,66	2,14	3,16	9,30	2,60	1,72	97,11	15,97	3,03	3,41	56,23	15,86	-37	94,72	+2,39
1921-25	70,24	3,70	67,54	7,11	1,44	3,28	3,41	9,20	3,54	1,66	96,38	14,90	3,78	1	55,63	(c)16,75	-37	90,70	+5,08
1925-26	71,00	2,66	68,10	5,78	2,04	3,91	4,32	9,20	63	1,48	93,39	13,37	4,97	26	60,00	(d)17,00	-1,52	90,08	+3,31
1926-27	70,63	2,87	67,66	6,09	3,33	3,30	4,09	5,17	60	1,65	93,28	11,77	4,97	3,00	55,97	(e)17,39	18	93,28	..
1927-28	71,13	3,01	68,13	5,92	3,07	1,90	3,02	..	14	1,78	85,55	10,57	5,04	-3,04	54,79	(f)16,99	20	85,55	..
1928-29	(a)74,77	3,14	71,03	4,52	3,73	2,17	3,50	..	30	1,11	87,25	10,20	5,43	-73	55,10	(g)17,42	16	87,57	-32
1929-30	(a)74,09	3,35	71,74	5,24	2,55	2,00	4,40	..	1,59	3,38	91,20	10,85	5,74	..	55,10	19,11	13	90,93	+27
1930-31	(a)69,76	3,33	66,54	4,03	1,70	27	3,30	..	99	3,13	80,14	11,28	6,14	16	54,30	19,99	16	91,72	-11,58
1931-32	(a)72,58	3,06	69,52	-1,00	1,28	1,03	2,41	..	21	2,85	77,29	12,63	6,89	3	51,76	18,03	-50	69,04	-11,76
1932-33	(a)79,01	3,17	75,74	-15	0	1,65	1,88	..	3	2,04	82,84	11,01	6,84	10	46,74	15,59	5	81,39	+1,55
1933-34	(a)72,07	3,31	68,76	-50	58	74	1,63	..	36	3,73	75,43	9,29	3,00	(A)2,82	44,43	15,55	5	76,43	..
1934-35	(a)78,08	3,51	74,57	33	37	75	2,01	..	..	2,72	80,75	10,25	3,00	(i)2,85	41,34	19,02	3	80,80	+ 36
1935-36 (Revised)	(a)70,80	3,69	70,17	1	26	79	70	..	..	2,71	80,64	10,63	3,00	(j)2,84	44,98	19,17	2	80,64	..
1936-37 (Budget)	(a)78,76	3,68	75,08	-4	19	92	62	..	..	2,68	79,45	9,30	3,09	(k)40	45,45	21,23	11	79,39	40

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund.
 (b) Includes 5,50 freight tax.
 (c) Includes bounties 02.
 (d) " " 85.
 (e) " " 40.
 (f) " " 2.

(g) Includes bounties 4.
 (A) Includes 2,72 transferred to the Earthquake fund, 62 of which was subsequently utilised for debt redemption.
 (i) Includes 2,82 for economic development of rural areas.
 (j) Includes 1,97 transfer to the Revenue Reserve Fund, 45 for Sind and Orissa buildings and 41 for Quetta expenditure.
 (k) Represents Quetta expenditure.

EXPLANATORY MEMORANDUM : GENERAL BUDGET.

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TABLE III.
Analysis of Tax Revenue.

Year.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	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.
1921-22	34,41	66	21,89	22	6,34	1,56	33	15	54	3	25	37	2	1	63,78	..	63,78	3,00	60,78
1922-23	41,35	71	17,99	45	6,82	1,51	43	13	52	3	25	13	2	1	67,38	..	67,38	2,97	64,41
1923-24	39,70	71	18,23	63	10,01	1,36	43	11	48	2	28	—35	1	..	69,14	..	69,14	2,48	66,66
1924-25	45,75	77	16,01	61	7,39	1,20	38	11	42	2	27	—1	2	..	70,24	..	70,24	2,70	67,54
1925-26	47,78	82	15,36	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	5	74,77	3,14	71,63
1929-30	51,28	97	16,71	72	6,76	1,27	38	11	55	17	27	1	2	..	75,97	98	74,99	3,25	71,74
1930-31	46,81	93	16,00	75	6,83	1,26	34	10	47	17	28	1	1	..	70,74	98	69,76	3,22	66,54
1931-32	46,44	90	17,49	74	8,58	1,16	34	9	51	16	23	1	1	..	73,60	1,02	72,58	3,06	69,52
1932-33	51,95	93	17,07	78	10,07	1,12	18	6	42	15	33	14	1	..	80,93	1,02	79,91	3,17	76,74
1933-34	47,16	99	17,13	82	8,86	1,15	18	6	40	15	31	14	1	..	74,05	1,08	72,97	3,31	69,66
1934-35	52,67	1,11	17,55	85	8,00	1,15	21	6	41	16	42	18	1	..	79,27	1,19	78,08	3,51	74,57
1935-36	54,71	1,18	16,80	92	8,70	1,19	21	6	39	16	39	18	1	..	81,21	1,35	79,86	3,69	76,17
(Revised).																			
1936-37	54,82	1,33	15,67	87	8,75	1,08	21	6	38	16	39	18	1	..	80,23	1,47	78,76	3,63	75,08
(Budget).																			

TABLE IV.

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

Year.	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	1,58	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	3,02	14,90	
1925-26 .	38,12	23,14	12	51	5,21	6	29,04	9,08	16	74	2,05	10	6	17	34	..	20	..	1	46	4,29	13,37
1926-27 .	37,31	24,30	12	58	5,35	9	30,44	6,87	16	70	2,27	10	21	18	37	..	27	..	2	53	4,90	11,77
1927-28 .	37,46	25,75	12	62	5,46	14	32,09	5,37	23	87	2,21	10	21	20	48	..	33	..	3	54	5,20	10,57
1928-29 .	38,70	27,82	12	70	5,88	15	34,67	4,03	60	98	2,38	10	17	20	66	..	41	..	5	63	6,17	10,20
1929-30 .	40,34	29,09	12	73	3,20	18	36,32	4,02	73	1,03	2,54	12	23	16	74	..	53	..	7	68	6,83	10,85
1930-31 .	41,67	31,34	13	84	6,55	21	39,07	2,60	2,00	1,05	2,93	13	22	16	58	..	74	..	11	76	8,68	11,28
1931-32 .	44,57	31,76	13	79	7,25	24	40,17	4,40	2,06	1,08	3,10	12	7	15	14	..	79	..	13	79	8,43	12,83
1932-33 .	43,56	31,57	2	83	8,01	25	40,68	2,88	2,20	1,15	3,38	13	6	13	..	..	73	..	14	81	8,73	11,61
1933-34 .	40,17	31,29	3	86	8,07	26	40,51	—34	2,60	1,29	3,77	13	12	10	..	..	57	..	15	90	9,63	9,29
1934-35 .	39,25	30,57	3	85	7,91	8	39,44	—19	3,30	1,35	3,00	13	8	7	..	..	48	..	16	97	10,44	10,25
1935-36 .	38,14	30,16	2	81	7,98	7	39,04	—90	4,05	1,56	4,01	13	7	6	..	..	47	..	16	1,02	11,53	10,63
(Revised)																						
1936-37 .	36,02	9,90	3	81	8,16	7	33,97	—2,95	3,75	1,70	4,14	73	4	6	51	..	16	1,06	12,15	9,20
(Budget).																						

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TABLE V.

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

Year.	Forest Expenditure.	Total Civil Administration.	Miscellaneous.						Commutation of Pensions.	Civil Works.	Salt, Stamp and Forest Capital outlay charged to revenue.	Subventions to Provinces.	Total other Central expenditure.
			Famine.	Territorial, etc., Pensions.	Superannuation Allowances, etc.	Stationery and Printing.	Miscellaneous.	Total.					
1921-22	47	9,41	3	30	3,44	79	1,03	5,59	..	1,54	..	17,01	
1922-23	39	9,94	1	29	3,61	62	68	5,21	..	1,35	..	16,89	
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	93	4,36	..	1,78	..	16,75	
1925-26	30	10,77	1	30	2,90	34	71	4,26	..	1,60	18	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	16,89	
1928-29	33	11,44	..	28	2,45	56	73	4,02	4	1,55	4	17,42	
1929-30	35	12,66	..	32	2,66	55	88	4,41	4	1,60	5	19,11	
1930-31	36	13,34	..	32	2,56	55	81	4,24	6	1,65	..	19,69	
1931-32	32	12,17	..	31	2,68	58	74	4,31	3	1,19	1	18,03	
1932-33	23	9,69	..	31	2,74	35	72	4,12	11	75	3	15,89	
1933-34	19	9,54	..	30	2,94	35	64	4,23	2	90	1	15,85	
1934-35	19	(a)11,10	..	31	3,10	38	60	4,37	3	(b)1,23	2	19,92	
1935-36 (Revised)	20	10,46	..	31	3,08	32	75	4,46	2	93	1	19,17	
1936-37 (Budget)	19	11,10	..	30	2,89	37	62	4,18	1	1,09	1	21,23	

(a) Includes 25 for development of tribal areas, 20 for development of broadcasting and 93 for development of civil aviation.

(b) Includes 40 on account of special subvention to the Road Development Fund.

TABLE VI.

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

Year.	General Administration.	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.	Total.
1921-22 . . .	1,93	70	10	45	88	24	..	31	2,26	..	1,12	81	31	70	21	1	1	41	..	8,41
1922-23 . . .	2,04	75	11	41	80	23	..	30	3,04	..	91	31	32	10	21	..	..	26	..	9,94
1923-24 . . .	1,56	75	13	36	84	23	..	29	2,98	..	85	31	28	11	24	1	..	40	..	9,34
1924-25 . . .	1,54	78	12	36	94	25	..	31	3,16	..	76	33	29	17	31	61	..	24	..	10,13
1925-26 . . .	1,56	84	13	36	96	32	..	32	3,37	..	80	32	29	13	27	86	..	23	..	10,77
1926-27 . . .	1,66	85	15	37	93	35	..	32	3,32	..	85	33	30	13	27	82	1	23	..	11,14
1927-28 . . .	1,72	89	14	35	90	33	..	32	1,58	2,50	91	43	30	17	29	15	10	13	13	11,31
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	20	9	13,34
1931-32 . . .	1,98	1,01	16	39	88	26	11	30	1,64	2,39	86	62	30	17	35	2	20	44	9	12,17
1932-33 . . .	1,53	94	9	25	55	22	10	29	1,45	2,13	67	35	22	13	30	2	10	20	10	9,89
1933-34 . . .	1,54	98	8	24	54	23	10	29	1,36	2,16	66	30	23	13	29	2	13	17	9	9,54
1934-35 . . .	1,61	1,01	7	22	52	23	10	29	1,65(a)	2,11	70	29	24	16	33	4	1,07(b)	38(a)	8	11,10
1935-36 (Revised)	1,70	1,08	8	23	53	23	10	30	1,46	2,25	71	30	24	15	43	7	18	20	23	10,46
1936-37 (Budget)	1,79	1,12	8	23	56	27	10	30	1,43	2,14	78	30	23	14	67	9	24	25	23	11,10

(a) Includes 25 for development of tribal areas on the North-West Frontier,
 " 93 " development of Civil Aviation,
 " 20 " " " Broadcasting,

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ACCOUNTS, 1934-35.

4. The revised estimate for 1934-35 anticipated a surplus of 3,27, of which 2, 91 was proposed to be distributed as shown below leaving a surplus of 36 :—

Transfer to the Fund for the economic development and improvement in rural areas	1,13
Fund for development of Civil Aviation	93
Fund for the development of Broadcasting	20
Fund for development in tribal areas on the North-West Frontier	25
Special contribution to the Road Development Fund	40
Total	2,91

The actual surplus of the year, however, amounted to 4,96, i.e. an increase of 1,69, which was taken wholly to the Fund for economic development and improvement in rural areas. The following important variations accounted for this increase :—

Customs receipts	+1,51
Taxes on income receipts	+30
Salt receipts	-54
Interest receipts	-11
Currency and Mint receipts	+19
Miscellaneous receipts	+38
Other items	-4

REVISED ESTIMATE, 1935-36.

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

	Budget, 1935-36.	Revised, 1935-36.
Revenue	1,21,00	1,24,37
Expenditure	1,20,94	1,21,95
Surplus+	+6	+2,42

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

	+ Better — worse.
Customs	2,87
Taxes on Income	40
Posts and Telegraphs (net).	20
Interest receipts	12
Civil Administration (expenditure)	29
Subventions to Provinces	9
Quetta Earthquake	41
Loss by exchange	10
Other items	10
	<hr/>
	3,47 1,11
Net betterness	2,36

7. As explained in paragraphs 35 and 36 of the Hon'ble the Finance Member's budget speech, the anticipated surplus for 1935-36 of 2,42 has been distributed as follows:

Sind and Orissa buildings	45
Transfer to Revenue Reserve Fund	1,97
	<hr/>
	2,42
	<hr/>

Budget Estimate, 1936-37.

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

	Revised, 1935-36.	Budget, 1936-37.
Revenue	1,24,37	1,24,83
Expenditure	1,21,95	1,22,78
Surplus	<u>+2,42</u>	<u>+2,05</u>

9. The important variations are as follows :—

	+Better.	—Worse.
Customs	11	
Taxes on Income	80	
Salt	5	
Posts and Telegraphs (net)	3	
Interest receipts . . . . .	..	8
Currency and Mint (net)	13	
Subventions to Provinces . . . . .	..	1,53
Pensions	20	..
Other items . . . . .	..	8
Total	<u>1,32</u>	<u>1,69</u>

Net worseness 37

10. Out of the surplus (of 2,05) 1,99 was utilised as follows :—

(a) abolition of taxes on incomes below Rs. 2,000 and reduction in the rates of surcharges on income-tax and super tax	1,85
(b) increase in the weight of the one anna letter from a half to one tola and the adoption of a scale of an additional half anna for every additional tola	13
(c) increase in the weight of registered newspapers to be carried for quarter of an anna	1
Total	<u>1,99</u>

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

Revenue.

Heads of Account. <i>Revenue.</i>	1935-36.		1936-37.
	Budget.	Revised.	Budget.
Customs { Petrol tax for Road Fund	1,31	1,35	1,47
{ Other items	50,53	53,36	53,35
Taxes on Income	16,40	16,80	15,67
Salt	8,73	8,70	8,75
Opium	61	62	47
Other principal heads of revenue	1,91	1,89	1,88
Irrigation : Receipts less working expenses . . . . .	..	..	..
Interest	83	70	62
Civil Administration	93	97	98
Civil Works	23	26	27
Currency and Mint	1,07	1,22	1,26
Miscellaneous	56	59	56
Extraordinary Receipts . . . . .	..	..	..
Provincial contributions and miscellaneous adjustments between Central and Provincial Governments . . . . .	..	..	..
Posts and Telegraphs : Receipts less working expenses	71	86	81
Railways : Receipts less working expenses	32,25	31,97	31,74
Defence Services	4,93	5,08	4,93
TOTAL	1,21,00	1,24,37	1,22,76

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		1935-36.		1936-37.
		Budget.	Revised.	Budget.
Heads of Account.				
<i>Expenditure.</i>				
Customs		1,15	1,18	1,33
Taxes on Income		92	92	87
Salt		1,18	1,19	1,08
Opium		36	36	29
Other heads recording direct demands on the revenue		59	59	61
Irrigation: Interest and Miscellaneous charges		5	5	5
Civil Administration		10,17	10,46	11,10
Currency and Mint		32	43	34
Civil Works	{ Transfer to Road Fund	1,31	1,35	1,47
	{ Other items	94	93	1,09
Superannuation Allowances and Pensions		3,20	3,08	2,89
Miscellaneous		1,25	1,38	1,29
Extraordinary payments		1	2,84	40
Posts and Telegraphs: Interest on Debt		84	80	80
Railways: Interest and Miscellaneous charges		32,25	31,97	31,74
Defence Services		49,91	50,06	50,38
Interest		10,39	10,63	9,20
Reduction or Avoidance of Debt		3,00	3,00	3,00
Miscellaneous adjustment, etc.		3,05	3,14	4,67
Capital expenditure financed from Revenue:				
Posts and Telegraphs		3	2	10
Other Works		1	1	
Commutation of Pensions		1	-2	-1
TOTAL		1,20,94	1,24,37	1,22,70
Surplus		+6	..	+6

NOTES ON CERTAIN HEADS OF REVENUE AND EXPENDITURE.

CUSTOMS.

	Revenue (Receipts less Refunds).	Expenditure.	Net revenue.
1932-33	51,95·17	92·94	51,02·23
1933-34	47,16·41	98·56	46,17·85
1934-35	52,67·42	1,10·73	51,56·69
1935-36	Budget	1,14·94	50,69·06
	Revised	1,17·85	53,53·15
1936-37 Budget	54,82·00	1,33·35	53,48·65

12. The details are as follows:—

	Accounts, 1932-33.	Accounts 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
SEA CUSTOMS.						
IMPORTS.						
<i>I.—Revenue duties.</i>						
Ale, beer, porter, cider and other fermented liquors	35·41	34·21	34·88	35·50	39·00	41·00
Spirits and liqueurs	1,72·59	1,77·08	1,76·81	1,85·00	1,80·00	1,85·00
Wines	12·92	13·81	14·42	15·00	15·60	15·00
Spices	18·16	18·27	16·84	17·00	17·00	17·00
Tea	11·45	13·36	8·79	9·00	15·00	16·00
Tobacco	1,33·72	1,14·81	1,07·48	1,20·00	1,15·00	1,20·00
Kerosene oil	1,45·35	1,25·77	1,64·06	1,48·00	1,54·00	1,60·00
Motor spirit	29·09	10·20	5·18	5·00	8·00	8·00
Oils, batching, fuel and lubricating.	34·30	35·59	42·14	45·00	45·00	48·00
Cotton, raw	55·92	10·38	38·91	35·00	62·00	55·00
Boots and shoes	27·81	24·28	17·48	19·00	12·00	12·00
Motor cars, cycles, scooters, omnibuses, chassis, vans, lorries and parts thereof	68·10	95·02	1,33·09	1,40·00	1,80·00	1,40·00

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
CUSTOMS—contd.						
IMPORTS—contd.						
I.—Revenue duties—contd.						
Electric lighting bulbs	18·06	15·92	16·60	16·00	18·00	20·00
Wireless reception instruments and apparatus	2·55	4·09	7·83	8·00	10·00	12·00
Dyes derived from coal-tar and coal-tar derivatives	17·24	23·64	32·37	35·00	32·00	35·00
Machinery	1,27·86	1,50·86	1,59·71	1,59·00	1,72·00	1,80·00
Iron and Steel	35·59	39·34	44·09	45·00	40·00	40·00
Silver bullion, coin, sheets, plates and other manufactures	8·93	2·13	22·19	5·00	5·00	2·00
Tin, block	7·25	6·15	7·67	8·00	9·00	10·00
Metals, other than Iron and Steel, silver and block tin	92·10	75·86	96·05	95·00	1,00·00	1,05·00
Railway plant and rolling stock	7·88	9·31	13·39	12·00	20·00	20·00
Artificial silk yarn and thread	17·14	15·70	31·98	31·00	30·00	30·00
Yarns and textile fabrics, others	96·51	1,00·11	1,62·02	1,65·00	1,25·00	1,35·00
Cinematograph films	9·48	12·81	13·60	15·00	15·00	16·00
Portland cement, excluding white Portland cement	11·51	10·16	9·81	10·00	9·00	9·00
Pneumatic rubber tyres and tubes	37·57	32·52	34·89	45·00	35·00	40·00
Toys, games and sports goods	23·69	25·37	23·75	24·00	23·00	24·00
Betelnuts	57·54	56·54	45·70	45·00	47·00	48·00
All other articles	9,57·73	8,38·13	9,73·89	10,00·00	10,10·00	10,40·00
II.—Protective duties.						
Wheat and wheat flour, . . . . .	...	...	·08	...	·12	...
Broken rice . . . . .	...	...	...	...	12·00	12·00
Sugar	6,84·79	4,72·04	3,81·35	1,75·00	3,60·00	2,00·00
Heavy Chemicals	4·48	·18	·23	·20	·15	·15
Iron and Steel	1,10·37	85·05	78·60	80·00	75·00	70·00
Silver wire, thread and other manufactures	8·33	5·72	4·27	5·00	4·00	4·00
Paper and Stationery	21·71	24·24	21·26	21·00	23·00	23·00
Raw Silk	28·15	17·90	30·69	30·00	33·00	33·00
Silk yarn and thread	21·55	12·03	20·08	20·00	22·00	22·00
Cotton yarn and thread	54·87	40·17	32·58	30·00	40·00	40·00
Cotton fabrics of British manufacture	3,00·48	2,10·42	2,87·26	2,80·00	2,00·00	2,40·00
Cotton fabrics not of British manufacture	3,52·18	2,50·44	2,58·53	2,45·00	3,35·00	3,00·00

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1926-37.
				Budget.	Revised.	
SEA CUSTOMS—contd.						
IMPORTS—contd.						
<i>II.—Protective duties—contd.</i>						
Silk fabrics	2,55·25	1,28·18.	188·96	85·00	75·00	70·00
Cotton hosiery	17·95	20·87	27·52	30·00	16·00	16·00
Artificial silk fabrics . . . . .	...	68·23	1,10·57	1,06·00	1,20·00	1,30·00
Fabrics of artificial silk mixed with other materials	47·64	44·78	26·54	27·00	18·00	18·00
Other textile manufactures . . . . .	...	...	49·15	48·00	49·00	49·00
Matches, match splints and veneers	·41	·30	·23	·30	·06	...
Wood pulp	8·80	11·49	11·01	11·00	9·67	8·85
TOTAL IMPORTS	41,90·39	35,68·36	38,84·33	36,76·00	38,84·00	38,19·00
SEA CUSTOMS—EXPORTS.						
Skins, raw	14·07	18·82	8·45	...	1·00	...
Jute—						
Raw	3,07·47	3,46·67	3,59·07	3,60·00	3,90·00	3,80·00
Manufactured						
Rice	75·75	69·36	64·79	55·00	67·00	70·00
TOTAL EXPORTS	3,97·29	4,34·85	4,32·31	4,15·00	4,58·00	4,50·00
Sea Customs—Miscellaneous	6·96	8·03	9·36	9·00	10·00	10·00
Land Customs	61·62	1,15·82	57·23	40·00	40·00	40·00
Excise Duty on Motor Spirit	3,08·69	4,42·79	4,91·20	5,33·00	5,50·00	6,00·00
Excise Duty on Kerosene	2,76·52	2,80·68	2,97·39	2,95·00	2,95·00	3,00·00
Excise Duty on Silver	·76	...	...	...	...	...
Excise Duty on Sugar—						
Sugar other than Khandari and Palmyra . . . . .	...	...	95·67	1,35·00	1,70·00	1,95·00
Khandari Sugar . . . . .	...	...	1·21	15·00	1·00	1·00
Palmyra Sugar . . . . .	...	...	·40	...	...	...
Excise Duty on Matches . . . . .	...	...	1,36·67	1,30·00	2,00·00	2,10·00
Excise Duty on Steel Ingots . . . . .	...	...	11·09	31·00	34·00	34·00

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
SEA CUSTOMS—concl'd.						
Warehouse and wharf rents	4.39	4.62	7.48	5.00	5.00	5.00
Miscellaneous				5.00	5.00	5.00
TOTAL GROSS REVENUE	53,31.02	48,55.15	54,25.33	53,34.00	56,47.00	56,64.00
Deduct—Refunds	1,36.45	1,38.74	1,57.91	1,50.00	1,76.00	1,82.00
NET TOTAL REVENUE	51,95.17	47,16.41	52,67.42	51,84.00	54,71.00	54,82.00
EXPENDITURE.						
India	91.81	97.13	1,09.21	1,13.34	1,16.15	1,31.79
England	1.64	1.44	1.53	1.60	1.71	1.56
Exchange	.01	.01	.01	...	.01	...
Total	92.94	98.58	1,10.75	1,14.94	1,17.85	1,33.35

13. *Revenue.*—The revised estimate of net customs revenue (i.e., gross revenue less refunds) is 2,87 lakhs more than the budget for the year. The betterness is the result of the following variations :—

	Revised better + worse— than original budget.
(1) Import duties—	
<i>Revenue duties—</i>	
Cotton, raw	+27
Machinery	+22
Yarns and textile fabrics, others	—40
<i>Protective duties—</i>	
Sugar	—1,85
Cotton fabrics of British manufacture	—80
Cotton fabrics not of British manufacture	+90
(2) Export duties—	
Jute	+30
(3) Excise and import duties on motor spirit and kerosene	
(4) Excise duty on Sugar	
(5) Excise duty on Matches	
(6) Other items	
(7) Refunds of duties	
Total	+2,87

14. The budget estimate of revenue for next year exceeds the current year's revised by 11 lakhs which is made up as follows:—

	+ better. —worse.
(1) Import duties—	
Revenue duties—	
All other articles	+30
Protective duties—	
Sugar	-1.60
Cotton fabrics of British manufacture	+40
Cotton fabrics not of British manufacture	-35
(2) Excise and import duties on motor spirit and kerosene	+61
(3) Excise duty on sugar	+25
(4) Other items	+50
Total	+11

15. Expenditure.—The increase of about 3 lakhs in the revised over the budget for the current year occurs under "compensations payable to Travancore and Cochin Durbars".

Of the increase of 15½ lakhs in the budget for next year over the current year's revised 13½ lakhs is due to certain transfers from the head "Salt". There is a corresponding saving under the latter head.

TAXES ON INCOME.

	Revenue. (Receipts less re- funds and Pro- vincial Govern- ments' share of Income-tax revenue.)	Expenditure.	Net revenue.
1932-33	17,97.40	77.59	17,19.81
1933-34	17,12.85	82.48	16,30.37
1934-35	17,54.53	85.13	16,69.40
1935-36 { Budget	16,40.00	91.57	15,48.43
{ Revised	16,80.00	91.78	15,88.22
1936-37. Budget	15,67.00	86.74	14,80.26

16. The decrease of 113 in the estimate of revenue for next year as compared with the current year's revised is made up as follows:—

(a) Improvement due to better trade conditions this year than in 1934-35	+80
(b) Loss of revenue due to abolition of tax on incomes below Rs. 2,000 and reduction in the rate of surcharges	-1.93
Net	-1.13

17. The decrease in the budget estimate of expenditure for next year is due to a lump reduction of 8 owing to the abolition of tax on incomes below Rs. 2,000 partly counterbalanced by normal increments, etc.

18. The following tables give the usual details:

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget 1936-37
				Budget.	Revised.	
REVENUE.						
EXCESS PROFITS DUTY.						
1. Bengal	·01	·01	..	·01	·04	·02
SUPPER-TAX.						
1. India	4·37	3·02	5·99	3·30	3·31	3·28
2. Baluchistan . . . . .	...	·08	·09	·09	·12	·06
3. Madras	13·12	16·04	15·44	12·85	14·98	13·98
4. Bombay	88·59	80·51	83·89	83·00	88·00	83·00
5. Bengal	1,41·12	1,03·08	1,36·92	1,21·50	1,31·50	1,23·41
6. United Provinces	16·11	22·27	23·27	22·30	24·50	22·20
7. Punjab	5·23	6·30	6·84	3·30	9·30	6·50
8. Burma	40·10	15·88	28·61	28·04	24·81	26·55
9. Bihar and Orissa	11·96	9·53	13·08	11·00	11·00	10·00
10. Central Provinces	1·32	1·55	·80	3·50	4·00	3·50
11. North-West Frontier Province	·64	·64	·65	·40	·66	·64
12. Assam	1·29	2·53	1·27	3·23	2·98	3·18
TOTAL	3,23·85	2,61·23	3,16·85	2,95·51	3,12·16	2,96·30
INCOME-TAX.						
1. India General						
Civil	1,10·69	1,18·94	1,22·49	1,14·48	1,07·63	85·96
Non-Civil Departments	1,01·58	1,10·62	1,15·11	1,17·75	1,12·10	1,13·10
2. Baluchistan	2·01	2·41	2·60	2·60	1·99	1·99
3. Madras	1,79·44	1,84·94	1,77·59	1,70·61	1,74·85	1,62·22
4. Bombay	4,33·37	4,52·87	4,37·58	4,15·95	4,31·99	4,04·99
5. Bengal	3,42·78	3,16·01	3,59·81	3,14·74	3,26·38	3,02·61
6. United Provinces	1,06·21	1,06·15	1,17·72	1,00·75	1,06·60	95·92
7. Punjab	87·39	90·16	91·02	79·00	91·00	85·80
8. Burma	1,43·46	1,32·25	1,19·52	99·77	1,15·32	1,17·24
9. Bihar and Orissa	60·02	56·55	61·10	50·12	58·45	54·75
10. Central Provinces	41·66	37·99	33·99	37·18	35·36	33·06
11. North-West Frontier Province	11·81	11·51	11·23	11·57	10·58	9·51
12. Assam	20·63	22·10	21·36	23·78	23·23	21·66
13. Coorg	·83	·83	·27	·30	·27	·29
TOTAL	16,41·88	16,42·39	16,72·34	15,83·60	15,95·76	14,89·34

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	Accounts, 1932-33.	Accounts, 1933-34.	Accounts 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
REVENUE—contd.						
MISCELLANEOUS.						
1. India . . . . .	..	..	..	..	..	..
2. Baluchistan . . . . .	..	..	..	..	..	..
3. Madras	·03	·01	·08	·07	·15	·10
4. Bombay	·01	·01	·02	·05	01	·01
5. Bengal . . . . .	..	..	·02	·02	·10	·10
6. United Provinces	·21	·16	·75	·25	·25	·25
7. Punjab	·05	·02	·01	·04	01	·01
8. Burma	·25	·11	·15	·02	·10	·02
9. Bihar and Orissa	·05	·04	·02	·03	·03	·03
10. Central Provinces	·04	·01	·02	·05	·05	·05
11. North-West Frontier Province . . . . .	..	..	..	..	..	..
TOTAL	·64	·36	1·07	·53	·70	·57
Total Receipts from Taxes on Income	19,65·88	19,03·99	19,90·26	18,34·65	19,08·65	17,55·98
Deduct—Refunds	1,65·57	1,38·10	2,32·21	1,89·80	2,24·58	2,15·13
Deduct—Shares of Provincial Governments in Income-tax revenue under the Devolution Rules	2·91	3·04	3·52	4·35	4·07	3·30
Net Total Revenue of the Central Government	17,97·40	17,12·85	17,54·53	16,40·00	16,80·00	15,67·00
EXPENDITURE.						
India	76·91	81·06	84·23	90·22	89·93	85·15
England	·68	1·42	·90	1·35	1·86	1·59
Exchange . . . . .	..	..	..	..	·01	..
TOTAL	77·59	82·48	85·13	91·57	91·78	86·74
Distributed as follows:—						
Payments to Provincial Governments	·25	·24	·22	·24	·28	·23
Direct expenditure of Central Government	77·34	82·24	84·91	91·33	91·55	86·51

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

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised. Budget	
Madras	..	..	..	..	..	..
United Provinces	..	..	..	..	..	..
Punjab	..	..	..	1.10	.27	..
Burma	..	..	..	..	..	..
Bihar and Orissa	1.22	1.32	.29	1.25	.80	.80
Central Provinces	..	..	..	..	..	..
Assam	1.69	1.72	3.23	2.50	3.00	3.00
TOTAL	2.91	3.04	3.52	4.85	4.07	3.80

SALT.

	Revenue (Receipts <i>less</i> Refunds and Provin- cial Share).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.	
1932-33	10,07.36	1,13.43	8,93.93	
1933-34	8,85.65	1,15.05	7,70.60	
1934-35	8,00.01	1,15.02	6,84.99	
1935-36	Budget	8,73.00	1,18.21	7,54.79
	Revised	8,70.00	1,19.65	7,50.35
1936-37	Budget	8,75.00	1,08.40	7,66.60

20. The relevant details are given below:—

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget 1936-37.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,82.38	2,32.88	2,12.26	2,38.73	2,37.40	2,38.84
Madras (a)	2,04.19	1,88.55	1,74.71	1,75.05	1,79.68	1,81.40
Bombay (a)	2,14.08	1,89.74	1,72.52	1,92.57	1,84.54	1,85.53
Bengal (b)	2,92.71	2,52.90	2,18.53	2,42.51	2,42.55	2,45.55
Burma (b)	45.10	42.44	39.20	42.68	45.01	43.17
Bihar and Orissa . . . . .	..	.01	.01	..	.03	.61
TOTAL RECEIPTS	10,38.46	9,05.92	8,17.23	8,92.14	8,89.19	8,94.00
<i>Deduct—Refunds</i>	<i>16.18</i>	<i>14.63</i>	<i>13.52</i>	<i>14.74</i>	<i>15.49</i>	<i>16.50</i>
<i>Deduct—Provincial Share</i>	<i>14.92</i>	<i>5.64</i>	<i>3.70</i>	<i>4.40</i>	<i>3.70</i>	<i>3.70</i>
TOTAL REVENUE	10,07.36	8,85.65	8,00.01	8,73.00	8,70.00	8,75.00
EXPENDITURE.						
Cost of salt purchased by Govern- ment	7.18	6.75	6.09	6.46	6.79	6.41
Assignments and compensations	38.98	40.05	40.03	40.37	40.09	40.40
Interest	4.21	4.20	4.11	4.08	4.11	4.10
Depreciation	2.43	2.21	2.03	2.17	2.25	2.26
Other charges	58.08	60.64	62.05	64.15	65.48	64.40
Expenditure on retrenched personnel	.07	.05	.01	.01	.01	.01
Capital outlay on salt works	1.91	.31	.93	.33	.66	.29
Total India	1,12.86	1,14.21	1,15.25	1,17.87	1,19.30	1,07.87
England	.57	.84	.67	.34	.26	.53
Exchange	..	..	..	..	..	..
TOTAL	1,13.43	1,15.05	1,15.92	1,18.21	1,19.56	1,08.40

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

21. The revised estimate for the current year assumes total issues of 5,25 lakhs of maunds of salt. The estimate for next year is based on a total issue of 5,30 lakhs of maunds of salt.

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

	In lakhs of maunds.
1930-31	5,23
1931-32	5,39
1932-33	5,15
1933-34	5,37
1934-35	5,08
1935-36 (Estimate)	5,25
1936-37 (Estimate)	5,30

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

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
Madras	..	..	..	..	..	..
Bombay	·19	·07	·04	·05	·04	·04
Bengal	6·04	2·12	1·19	1·63	1·19	1·19
United Provinces	·10	·03	·02	·03	·02	·02
Burma	4·66	2·05	1·68	1·62	1·68	1·68
Bihar and Orissa	3·19	1·12	·63	·87	·63	·63
Central Provinces	·01	..	..	..	..	..
Assam	·73	·25	·14	·20	·14	·14
Total	14·92	5·64	3·76	4·40	3·70	3·70

OPIUM.

	Provision and medical opium.	Excise opium and mis- cellaneous (less refunds).	Total revenue (Receipts less refunds).	Purchase of opium.	Other charges.	Total expendi- ture.	Net revenue.
1932-33	48·02	46·84	89·86	76·86	7·01	83·87	5·99
1933-34	1,12·96	46·01	1,58·97	63·89	6·93	70·82	88·15
1934-35	23·61	45·33	71·94	28·87	6·01	34·88	37·06
1935-36	Budget	10·36	50·80	31·10	29·73	6·08	25·35
	Revised	10·36	51·34	31·70	29·30	6·32	26·09
1936-37	Budget	·08	47·33	47·41	23·05	6·31	18·55

24. The revenue from opium was derived mainly from exports of provision opium to foreign countries. The rest is sold at roughly cost price to Provincial Governments as excise opium for internal consumption in India and is retailed by them to licensed vendors at rates fixed by them and varying from province to province. Exports of provision opium to foreign countries ceased at the end of the calendar year 1935. In future, the receipts will be confined to opium sold for consumption in India.

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

	Revenue.	Expenditure (including capital expenditure).	Net revenue.
1932-33	1,84.85	58.21	1,26.64
1933-34	1,80.45	55.53	1,24.92
1934-35	1,91.59	59.50	1,32.09
1935-36 { Budget	1,91.05	59.54	1,31.51
{ Revised	1,85.69	60.02	1,29.67
1936-37 Budget	1,87.67	60.75	1,26.92

25. These heads comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States.

IRRIGATION.

	Revenue (Receipts <i>less</i> Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1932-33	1.64	5.40	3.76
1933-34	07	4.06	3.99
1934-35	74	5.99	5.25
1935-36 { Budget	14	5.57	5.43
{ Revised	24	5.56	5.32
1936-37 Budget	19	5.60	5.41

26. The figures do not call for any comments.

POSTS AND TELEGRAPHS,

	Accounts, 1932-33.	Accounts, 1933-34.	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
				Budget.	Revised.	
INDIAN POSTS AND TELE- GRAPHS DEPARTMENT.						
GROSS RECEIPTS	10,55.40	10,72.62	11,19.88	11,32.57	11,49.74	11,74.15
WORKING EXPENSES—						
India	10,04.46	10,31.68	9,89.71	10,54.00	10,50.81	10,78.29
England	11.78	8.51	8.19	8.05	13.23	14.31
Exchange	—03	—01	—02	..	—07	..
TOTAL	10,16.21	10,40.18	9,97.88	10,62.05	10,63.97	10,92.60
NET RECEIPTS	39.19	32.44	1,22.00	70.52	85.77	81.55
EXPENDITURE CHARGED TO REVE- NURE—						
Interest	81.08	84.38	84.05	83.53	79.98	80.26
NET REVENUE	—41.89	—51.94	37.95	—13.01	5.79	1.29
CAPITAL OUTLAY CHARGED TO RE- VENUE—						
India	4.56	4.73	2.99	2.93	1.81	9.64
England . . . . .	..	..	..	..	..	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	4.56	4.73	2.99	2.93	1.81	9.64
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	14.82	5.86	32.84	55.07	47.43	42.02
England . . . . .	..	.02	.03	..	.01	..
Exchange . . . . .	..	..	..	..	..	..
TOTAL	14.82	5.88	32.87	55.07	47.44	42.02

27. The budget estimate for the current year anticipated a loss of 13 on the working of the Indian Posts and Telegraphs Department. It is now anticipated that there will be a gain of 6, i.e., an improvement of 19 over the original budget. The figures in the budget estimate for next year have been fully explained in the Hon'ble Finance Member's speech.

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

	Current. Loss—	Progressive. Profit+
1925-26	+37.03	+37.03
1926-27	+10.25	+47.28
1927-28	—26.15	+21.13
1928-29	—53.83	—32.70
1929-30	—62.45	—95.15
1930-31	—1,33.49	—2,28.64
1931-32	—93.85	—1,61.10
1932-33	—41.89	—2,02.99
1933-34	—51.94	—2,54.93
1934-35	+37.95	—2,16.98
1935-36 (Revised)	+5.79	—1,68.52
1936-37 (Budget)	+1.29	—1,67.23

As a result of the acceptance by Government of certain recommendations of the Posts and Telegraphs Accounts Enquiry Committee, the total progressive loss, arising out of the commercial activities of the department, as shown in the accounts, up to the end of the year 1930-31, was reduced by 1,61.39. The figures of the progressive loss at end of 1931-32 and subsequent years have been corrected accordingly. The progressive figure shown against 1935-36 includes a similar adjustment of 42.67.

INTEREST RECEIPTS.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
India	42.11	37.12	34.71	38.29
England	17.29	45.16	28.47	24.04
Exchange	—33	..	—19	..
TOTAL	2,01.02	82.56	70.19	62.33

29. The drop in the Revised estimate for the current year in England is due to the depreciation of the securities held in the Silver Redemption Reserve.

30. The budget estimate for next year in England represents the interest on the securities held in the Silver Redemption Reserve only as all our cash balances are now being held by the Reserve Bank.

INTEREST PAYMENTS.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<i>Interest on Ordinary Debt—</i>				
<i>Gross payments—</i>				
India	20,21·61	19,53·83	19,03·31	18,53·24
England	19,07·73	18,85·62	19,20·91	17,49·25
Exchange	—4·81	..	—9·95	..
Total	39,24·53	38,39·45	38,14·27	36,02·49
<i>Deduct—Amounts charged to—</i>				
Railways	30,57·12	30,46·44	30,15·76	29,89·97
Irrigation	2·55	2·60	2·53	2·54
Posts and Telegraphs	85·30	85·00	81·23	81·51
Other heads	7·71	7·88	7·00	7·36
Provincial Loans Fund	7,91·15	8,25·00	7,98·00	8,16·00
Total deductions	39,43·83	39,66·92	39,04·52	38,97·38
Net	—19·30	—1,27·47	—90·25	—2,94·89
<i>Interest on other Obligations—</i>				
Bonus on Post Office Cash Certificates	3,30·00	3,90·00	4,05·00	3,75·00
Post Office Savings Bank Deposits	1,34·59	1,69·00	1,56·00	1,70·00
Provident Funds	3,89·67	4,06·94	4,01·59	4,14·10
Service Funds	13·54	13·21	13·35	12·64
Fixed Deposits of Provin- cial Governments	8·10	4·50	6·86	4·50
Famine Relief Fund	7·22	6·94	6·31	5·93
Railway Depreciation Fund	48·37	58·25	46·55	50·92
Posts and Telegraphs Depre- ciation Fund	15·65	15·88	15·52	15·87
Other items	97·27	1,01·88	1,01·85	1,06·10
Total	10,44·41	11,66·60	11,53·03	12,15·06
Total Interest payments	10,25·11	10,39·13	10,62·78	9,20·17

Interest on Ordinary Debt.

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

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
<i>India.</i>			
(i) Service of new rupee loan	50·00	26·00	..
(ii) Management of Debt	7·72	7·83	7·77
(iii) Discount on Treasury Bills	85·00	63·08	70·00
(iv) Discount and premium written off to revenue	66·04	66·07	67·18
(v) Interest on temporary loans . . . . .	..	2·21	..
(vi) Interest on all other loans	17,43·32	17,36·73	17,08·16
(vii) Other items	1·75	1·39	·13
	19,53·83	19,03·31	18,53·24

England.

(i) Interest on loans contracted in England	15,39·24	15,53·08	14,21·98
(ii) Interest on Railway annuities	2,07·81	2,07·81	1,99·26
(iii) Interest on outstanding liabilities of railway companies taken over on purchase	1,23·93	1,23·93	1,13·43
(iv) Management of Debt	12·68	34·13	12·86
(v) Other items	1·96	1·96	1·72
	18,85·62	19,20·91	17,49·25

32. The Indian estimates assume the following figures for Treasury Bills outstanding :—

	1st April 1935.	31st March 1936.	31st March 1937.
Bills outstanding with the public	18,27·25	34,09·75	45,09·75
Bills in the Reserve Bank	36,07·00		

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Interest on other Obligations.

33. Interest on provident fund balances is calculated at 5 per cent. per annum in revised and $4\frac{3}{4}$ per cent. in budget. Interest on depreciation and reserve fund balances is calculated at 5·04 per cent. in current year and 4·9 per cent. in next which are the rates assumed in the estimates for the calculation of interest chargeable to commercial departments on advances for capital outlay.

34. The total net interest charges have varied as follows since 1924-25 :—

Actuals, 1924-25	. . . . .	14,90
„ 1925-26	. . . . .	13,37
„ 1926-27	. . . . .	11,77
„ 1927-28	. . . . .	10,57
„ 1928-29	. . . . .	10,20
„ 1929-30	. . . . .	10,85
„ 1930-31	. . . . .	11,28
„ 1931-32	. . . . .	12,83
„ 1932-33	. . . . .	11,61
„ 1933-34	. . . . .	9,29
„ 1934-35	. . . . .	10,25
Revised, 1935-36	. . . . .	10,63
Budget, 1936-37	. . . . .	9,20

35. The increase of 38 in the revised estimate for the current year over the actuals of last year is the net result of a decrease of 71 under “ Interest on Ordinary Debt ” and an increase of 1,09 under “ Interest on other Obligations ”. The decrease under the former head is the result of our conversion operations and the increase under the latter occurs mainly under Post Office Cash Certificates (75), Savings Bank Deposits (21) and Provident Funds (12).

36. The reduction of 1,43 in the estimate for next year as compared with the current year's revised is made up of a decrease of 2,05 under “ Interest on Ordinary Debt,” due to the full effect of our conversion operations of the current year and to the proposed repayment of £16·8 millions of $5\frac{1}{2}$ per cent. Sterling Stock next year without raising a loan, and an increase of 62 under “ Interest on other Obligations ”. This increase is mainly due to an alteration in the accounting arrangements in respect of the I.M.S. and I.C.S. Family Pension Funds. At present the subscriptions collected on account of these funds are credited to general revenues and the pensions are paid from the same source. The interest on the balances in the funds does not enter the Government accounts. A *pro forma* account is, however, maintained showing the balances in the funds, the interest accrued, the subscriptions received and the pensions paid. As the present accounting arrangements are admittedly erroneous, it has been proposed that in future the balances to the credit of the funds should be shown as regular unfunded debt. The subscriptions received and the interest on the balances will be credited to the funds and the pensions will be paid direct from the funds. The 62 increase under interest is thus set off by reductions of 34 under Military pensions and 20 under Civil pensions.

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

Year.	Balance held at close of the year on account of cash certificates.	Bonus provided for from revenue.
1924-25	13,12	16
1925-26	20,96	16
1926-27	26,68	16
1927-28	30,70	23
1928-29	32,30	60
1929-30	35,00	73
1930-31	38,43	2,00
1931-32	44,58	2,06
1932-33	55,64	2,20
1933-34	63,71	2,60
1934-35	65,96	3,30
1935-36	65,96	4,05
1936-37	65,46	3,75

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

38. As explained by the Hon'ble the Finance Member in his budget speech, 3,00 is being provided in the estimates for next year also for reduction or avoidance of debt.

39. The provision of 3,00 will cover the following specific items :—

	Revised, 1935-36.	Budget, 1936-37.
Sinking fund provision for 5 per cent. rupee loans	1,36·71	1,36·71
Railway sinking funds	23·10	23·20
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929-47	..	..
A part of the capital portion of Railway annuities	1,40·19	1,40·09
TOTAL	3,00·00	3,00·00

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

1923-24	. . . . .	3,62
1924-25	. . . . .	3,78
1925-26	. . . . .	4,97
1926-27	. . . . .	4,97
1927-28	. . . . .	5,04
1928-29	. . . . .	5,42
1929-30	. . . . .	5,74
1930-31	. . . . .	6,14
1931-32	. . . . .	6,89
1932-33	. . . . .	6,84
1933-34	. . . . .	3,00
1934-35	. . . . .	3,00
1935-36	. . . . .	3,00
1936-37	. . . . .	3,00

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net expenditure.
1932-33	86·68	9,68·79	8,82·11
1933-34	76·22	9,53·62	8,77·40
1934-35	85·12	11,10·44	10,25·32
1935-36 (Budget	92·75	10,17·13	9,24·38
Revised	96·76	10,46·04	9,49·28
1936-37 Budget	98·08	11,10·12	10,12·04

41. *Revenue.*—Larger receipts in the Civil Aviation, Broadcasting and Indian Stores Departments account for the increases in the revised estimate for the current year and the budget estimate for next year.

42. *Expenditure.*—The increase of 29 in the revised over the current year's budget is made up as follows :—

(a) Frontier watch and ward, mainly due to the construction of certain roads and bridges	19
(b) Payments to provinces from sugar excise duty : budget provision for this was made under Miscellaneous Adjustments	6
(c) Other miscellaneous items	4
Total	29

The increase of 64 in the budget estimate for next year as compared with the revised estimate for the current year is due to—

(a) Delhi sewerage and refuse disposal schemes	18
(b) Payments to the provinces from sugar excise duty	9
(c) Establishment of the Central Dairy Institute	5
(d) Grants to Irwin Hospital, Delhi, and Victoria Hospital, Ajmer	3
(e) Extra expenditure on aviation	5
(f) Extra expenditure on broadcasting	4
(g) Special grant for archaeological repairs	2
(h) Full effect for twelve months of the removal of the pay cut, increments and other miscellaneous items	18
Total	64

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net revenue.
1932-33	2,30·63	65·67	1,64·95
1933-34	1,33·41	59·31	74·10
1934-35	1,48·10	73·55	74·55
1935-36 { Budget	1,07·01	32·56	74·45
{ Revised	1,22·04	43·11	78·93
1936-37 Budget	1,26·13	34·01	92·12

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

	Budget 1935-36.	Revised 1935-36.	Budget 1936-37.
(1) Surplus profits of the Reserve Bank	50	43	65
(2) Profits from circulation of bronze and nickel coin	28	37	40
(3) Other items	29	42	21
	1,07	1,22	1,26

The increase in the revised estimate for the current year and the budget estimate for next year under item (2) is due to larger demand for small coin. The revised estimate for the current year under item (3) includes certain special non-recurring credits.

44. *Expenditure.*—The increase in the revised estimate for the current year over the budget estimate is mainly due to the larger demand for currency notes and small coin.

CIVIL WORKS.

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

Ordinary.

	Revenue.	Expenditure.	Net expenditure.
1932-33	23·37	75·39	52·02
1933-34	26·93	89·72	62·79
1934-35	27·05	83·40	56·35
1935-36 { Budget	23·30	94·32	71·02
{ Revised	25·72	93·54	67·82
1936-37 Budget	26·80	1,08·64	81·84

Appropriation to Road Fund.

1932-33	1,01·77
1933-34	1,08·51
1934-35	1,58·93
1935-36 { Budget	1,31·00
{ Revised	1,35·00
1936-37 Budget	1,47·50

MISCELLANEOUS.

	Revenue.	Expenditure.	Net expenditure.
1932-33	93·23	4,23·52	3,30·29
1933-34	78·95	4,21·26	3,42·31
1934-35	73·78	4,39·77	3,65·99
1935-36 { Budget	56·63	4,45·76	3,89·13
{ Revised	58·94	4,43·95	3,85·01
1936-37 Budget	55·40	4,17·32	3,61·92

46. *Expenditure. Revised Estimate.*—A saving of 14 under Pensionary charges is partially set off by an increase of 12 under other heads, of which 10 is due to loss by exchange.

Budget Estimate 1936-37.—The decrease of 27 as compared with the revised estimate is due to the following variations:—

(1) Pensionary charges, mainly due to the omission of I.C.S. family pensions	—18
(2) Loss by exchange included in the Revised	—10
(3) Other items	+1
	<hr/>
	—27
	<hr/>

EXTRAORDINARY ITEMS.

	Accounts, 1934-35.	1935-36.		Budget, 1936-37.
		Budget.	Revised.	
Receipts—				
India	..	..	..	..
England	.. . . . .03	..	.. . . . .03	..
Exchange	..	..	..	..
TOTAL	.. . . . .03	..	.. . . . .03	..
Payments—				
India	2,83·70	·28	2,83·63	40·12
England	1·20	1·08	·26	·22
Exchange	..	..	..	..
TOTAL	2,84·90	1·36	2,83·59	40·34

47. The revised estimate for the current year and the budget estimate for next year include the following special items:—

	Revised estimate 1935-36.	Budget estimate 1936-37.
(a) Transfer to the Revenue Reserve Fund	1,96·98	..
(b) Transfer to the Fund for Sind and Orissa buildings	45·00	..
(c) Civil expenditure on Quetta	41·42	40·05
	<u>2,83·40</u>	<u>40·05</u>

The actuals of 1934-35 included 281·60 on account of the transfer to the Fund for the economic development and improvement of rural areas.

MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

1934-35	Actuals	.. . . . .	2,97·78
	{ Budget	.. . . . .	3,04·94
1935-36	{ Revised	.. . . . .	3,13·51
1936-37	Budget	.. . . . .	4,66·57

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

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
(1) Subvention to North-West Frontier Province	1,00·00	1,00·00	1,00·00
(2) Subvention to Sind	..	..	1,08·00
(3) Subvention to Orissa	..	..	50·00
(4) Special subventions to Bengal, Bihar and Orissa and Assam on account of their share of net jute export duty	1,79·00	1,94·00	1,89·00
(5) Special subvention to Burma equivalent to the proceeds from their match tax	18·00	18·00	18·00
(6) Special subvention to Provinces out of the sugar excise duty	6·43	..	..
(7) Other items	1·51	1·51	1·57
Total	3,04·94	3,13·51	4,66·57

WAYS AND MEANS.

HOME TREASURY.

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

(In millions of £.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred . . .	.38	.38	.34
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India . . .	.60	.11	..
(b) Sale of silver	3.00	1.54	..
(c) Other transactions	— .05	.22	— .02
3. Deposits and Advances	5.77	6.57	5.14
Total Receipts, excluding direct remittances and loans	9.70	8.82	5.46
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	24.18	24.35	23.49
5. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	1.50	1.29	1.29
(b) Other items . . . . .	..	..	.02
6. Discharge of Permanent Debt	17.49	17.46	18.93
7. Disbursements on behalf of Provincial Governments	2.46	2.55	2.71
Total Disbursements,	45.63	45.65	46.44
NET DISBURSEMENTS			
	35.93	36.83	40.98
Transfers through the Reserve Bank (net) New Loan (less discount)	26.02	11.62 10.00	40.98 ..
Reduction (+) or increase (—) of cash balance	+9.91	+15.21	..
Opening Balance	10.64	15.76	.55
Closing Balance . . . . .	.73	.55	.55

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

	Revised estimate 1935-36.	Budget estimate 1936-37.
Capital portion of Railway annuities.	1.83	1.90
Railway sinking funds . . . . .	.17	.17
6 per cent. sterling bonds	11.96	Nil
4½ per cent. East Indian Railway debenture stock	3.50	Nil
5½ per cent. sterling stock	Nil	16.86
Total	17.46	18.93

51. The details of the sterling loan issued in 1925-36 are as follows :—

Month of Issue.	Form of Issue.	Nominal amount.	Issue price.
July, 1935	3% stock 1949-52.	10 millions	98 per cent.

The estimates assume that no sterling loan will be issued next year.

INDIA.

52. The following is a summary of the estimates of ways and means in India during 1935-36 and 1936-37 :—

(In crores of rupees.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	32·29	32·47	31·38
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	2·75	..	—·50
(b) Post Office Savings Bank deposits (net)	8·75	9·50	8·25
(c) Other Savings Bank deposits (net)	6·42	6·19	6·65
3. Appropriation for reduction or avoidance of debt	3·00	3·00	3·00
4. Railway Depreciation Fund	1·89	—·53	2·84
5. Posts and Telegraphs Depreciation Fund	·19	·18	·14
6. Discount Sinking Fund	·66	·07	·67
7. Defence Reserve Fund	—·57	—·25	—·82
8. Miscellaneous Deposits and Remittances (net)	16·45	21·75	·49
TOTAL RECEIPTS	71·83	72·38	52·10

(In crores of rupees.)

	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
DISBURSEMENTS.			
9. Capital Expenditure not charged to Revenue—			
(a) State Railways	3.50	.03	1.53
(b) Posts and Telegraphs . . . . .	.55	.47	.42
(c) Other items	6.23	6.19	.73
10. Permanent Debt discharged	27.61	27.53	.20
11. Floating Debt discharged (net)	3.50	20.24	—11.00
12. Civil Aviation . . . . .	.44	.16	.48
13. Economic development and improvement of rural areas . . . . .	.25	.94	.95
14. Broadcasting . . . . .	.05	.04	..
15. Development in tribal areas on the North-West Frontier . . . . .	.10	..	..
16. Fund for reconstruction of Earthquake damage (Bihar) . . . . .	.89	.61	.70
17. Post Office Cash Certificate Bonus Fund . . . . .	.25	.25	1.00
18. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	7.00	8.65	..
19. Loans by the Central Government—			
(a) To Provincial Loans Fund	10.25	8.64	3.98
(b) Other Loans	—0.1	.60	.50
20. Remittances between England and India—			
(a) Remittance from India for financing Home Treasury	34.89	..	..
(b) Transfers through the Reserve Bank (net) . . . . .	..	15.49	54.64
(c) Sale of silver	4.00	2.05	..
(d) Other transactions (net) . . . . .	.73	.44	—0.03
21. Balances of Provincial Governments	—2.1	—1.15	—1.98
TOTAL DISBURSEMENTS	97.32	91.18	52.12
NET DISBURSEMENTS	25.49	18.80	.02
New Loan	25.00	15.13	..
Reduction (+) or increase (—) of cash balance	+ .49	+3.67	+ .02
Opening Balance	13.10	16.18	12.51
Closing Balance	12.61	12.51	12.49

53. The figure shown in the revised estimate for the current year against "Permanent Debt discharged" includes the following:—

6½ per cent. Treasury Bonds, 1935	16.02
5 per cent. Bonds, 1935	11.36

54. The result of the current years' rupee loan, which was a 3 per cent. loan 1951-54 issued at Rs. 96½ per cent. is summarised below:—

	(In lakhs of rupees.)
Subscriptions in cash	2.11
Subscriptions in the form of 5 per cent. Bonds 1935	8.38
Subscriptions in the form of 6½ per cent. Treasury Bonds, 1935	4.64
Total	15.13

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

(In lakhs of rupees.)

	Budget, 1935-36.			Revised, 1935-36.			Budget, 1936-37.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	1	2	3	4	5	6	7	8	9
Opening Balance	13,10	14,18	27,28	16,18	21,02	37,20	12,51	73	13,24
Excess of Revenue over Expenditure	32,29	-32,23	6	32,47	-32,47	...	31,38	-31,32	6
New Loan.	25,00	...	25,00	15,13	13,33	28,46	...	...	...
Post Office Cash Certificates (Net)	2,75	...	2,75	...	...	...	-50	...	-50
Post Office Savings Bank Deposits (Net)	8,75	...	8,75	9,50	...	9,50	8,25	...	8,25
Other Unfunded Debt (Net)	6,42	16	6,58	6,19	17	6,36	6,65	31	6,96
Discount Sinking Fund	66	...	66	7	...	7	67	...	67
Reduction or Avoidance of Debt	3,00	...	3,00	3,00	...	3,00	3,00	...	3,00
Railway Depreciation Fund	1,89	...	1,89	-53	...	-53	2,84	...	2,84
Posts and Telegraphs Depreciation Fund	19	...	19	18	...	18	14	...	14
Defence Reserve Fund	-57	...	-57	-25	...	-25	-32	...	-32
Cash Balance Investment Account	5,37	...	5,37	7,10	...	7,10	...	...	...
Other Deposits and Advances (Net).	11,14	7,46	18,60	14,35	9,40	23,75	52	6,97	7,49
TOTAL	96,89	-24,61	72,28	87,21	-9,57	77,64	52,13	-24,04	28,09
GRAND TOTAL	1,09,99	-10,43	99,56	1,03,39	11,45	1,14,84	64,64	-23,31	41,33
Capital Outlay—									
Railways	3,50	2,00	5,50	3	1,72	1,75	1,53	1,72	3,25
Posts and Telegraphs	55	...	55	47	...	47	42	...	42
Civil	5,83	...	5,83	5,73	1	5,74	37	3	40
Commutation of Pensions	44	...	44	48	...	48	40	...	40
Gratuities to retrenched personnel.	-4	...	-4	-2	...	-2	-4	...	-4
Discharge of Permanent Debt	27,61	22,81	50,42	27,53	23,28	50,81	20	25,24	25,44
Discharge of Treasury Bills	3,50	...	3,50	20,24	...	20,24	-11,00	...	-11,00
Sinking Fund Investment Account	-1	...	-1	-1	...	-1	...	...	...
Cash Certificate Bonus Fund	25	...	25	25	...	25	1,00	...	1,00
Civil Aviation	44	...	44	16	...	16	48	...	48
Economic development and improvement of rural areas	25	...	25	94	...	94	95	...	95
Broadcasting	5	...	5	4	...	4	...	...	...
Development in tribal areas on N. W. F.	10	...	10	...	...	...	...	...	...
Gain or loss on sale, etc., of assets of the Paper Currency Reserve	7,00	...	7,00	8,65	...	8,65	...	...	...
Fund for reconstruction of Earthquake damage (Bihar)	89	...	89	61	...	61	70	...	70
Loans to public (Net)	-1	...	-1	60	...	60	50	...	50
Sale of silver. (Remittance Account)	4,00	-4,00	...	2,05	-2,05	...	...	...	...
Iraq drawing	80	-80	...	15	-15	...	...	...	...
Home Remittances	34,69	-34,69	...	...	...	...	...	...	...
Transfers through the Reserve Bank (Net)	...	...	...	15,49	-15,49	...	64,64	-64,64	...
Provincial requirements	7,54	3,28	10,82	7,49	3,40	10,89	2,00	3,61	5,61
TOTAL	97,38	-11,40	85,98	90,88	10,72	1,01,60	52,15	-24,04	28,11
Closing Balance	12,61	97	13,58	12,51	73	13,24	12,49	73	13,22
GRAND TOTAL	1,09,99	-10,43	99,56	1,03,39	11,45	1,14,84	64,64	-23,31	41,33

56. 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 1936 is practically the same as on the 31st March 1935.

J. C. NIXON.

The 28th February 1936.

APPENDIX I.

Memorandum on the Defence Services Estimates, 1936-37.

The Defence estimates which cover expenditure on the Army in India, the Royal Air Force and the Royal Indian Navy have been prepared in the same form as those for 1935-36.

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

	Crores of rupees.
1930-31	54·30
1931-32	51·76
1932-33	46·74
1933-34	44·42
1934-35	44·34
1935-36 (Budget estimate)	44·98
1935-36 (Revised estimate)	44·98
1936-37 (Budget estimate)	45·45

3. The budget figure for 1936-37 provides Rs. 60 lakhs for the reconstruction of Quetta and other expenditure arising out of the earthquake. The figure for the ordinary Defence Budget is thus Rs. 44·85 crores or Rs. 13 lakhs below the figure for the current year. But these two figures are not strictly comparable seeing that the estimate for 1936-37 for the first time excludes expenditure on Indian Military Service Family Pensions in respect of which other arrangements are contemplated. On a real basis of comparison therefore the estimate for next year shews an increase of Rs. 21 lakhs. This is more than accounted for by the restoration of the remaining half of the 10 per cent. cut in pay of British Soldiers imposed by His Majesty's Government costing Rs. 5 lakhs and an addition of Rs. 20 lakhs in the cost of Ordnance Services. Members have, in the course of the last few years, been reminded from time to time that the budget allotments for these years should not be regarded as marking a new permanent low level in Defence expenditure and that the large reductions in the Defence budget had been achieved, to some extent, by measures of a purely temporary nature. In this connection reference has been made in particular to the gradual consumption of surplus stocks. These are now approaching exhaustion and the time has come at which expenditure on the purchase of ordnance stores must rise. To meet this situation, the additional sum of Rs. 20 lakhs is required in 1936-37.

4. The provision for new services is Rs. 18 lakhs as compared with the Rs. 55 lakhs of the preceding year. This provision of Rs. 18 lakhs covers some eighty measures of re-organisation, equipment or improvement which in the view of the Defence authorities are essential if the Defence services are to be maintained up to the standard of modern requirements. The largest single item is one of Rs. 3½ lakhs for the purchase of mules. In view of the number of mules available at the end of the Great War and subsequent Frontier operations and owing also to the disbandment of some transport units and the mechanisation of others, little or no expenditure had to be incurred on

the purchase of these animals over several years. A large number of them are now reaching the limit of their useful life and have to be replaced. A sum of Rs. 1½ lakhs is being provided to furnish the Royal Air Force with facilities for improved training in air-firing on moving targets. Among other items are the provision of a Royal Air Force Instructor at the Staff College, a reorganisation of the Judge Advocate General's Department and the creation of a small veterinary laboratory at Lahore.

5. Of the provision of Rs. 60 lakhs in connection with Quetta, Rs. 50 lakhs is to cover the portion of the reconstruction programme that is expected to be carried out next year and the balance contemplates mainly the replacement of ordnance stores including tents used up in the emergency created by the earthquake.

6. The policy followed in the current year's estimates of allowing the minimum margin for a rise in the prices of grains and other foodstuffs has again been followed in 1936-37. Prices for these commodities have been fixed at the lowest rate compatible with safety, the Finance Department having again undertaken to provide a supplementary grant should an unforeseen rise in prices result in an excess of expenditure.

7. The position of the re-equipment programme is as follows :—

	Crores of rupees.
Amount spent up to 31st March 1935	7.84
Amount allotted from the Defence Reserve Fund 1935-36 . . . . .	.20
The estimated cost of the programme is	9.75
The balance to complete is therefore	1.71

The balance available in the Defence Reserve Fund to meet this is Rs. 115 lakhs of which a sum of Rs. 28 lakhs has been transferred to the budget for expenditure in 1936-37.

8. Detailed explanations of variations in the Defence Estimates are given in the volume of budget estimates. If Hon'ble Members desire any further information they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

NEW DELHI ;
The 28th February 1936. }

B. M. STAIG,
Financial Adviser, Military Finance.

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
EXPENDITURE,	Rs.	Rs.	Rs.	Rs.
<i>48.—Defence Services—Effective.</i>				
1. Fighting Services . . .	17,06,83,274	17,18,14,000	17,13,25,000	17,13,69,000
2. Administrative Services . . .	6,58,69,814	6,98,87,000	6,84,98,000	6,98,08,000
3. Manufacturing Establishments (including stores) . . .	2,46,74,733	2,47,07,000	2,59,47,000	2,74,76,000
4. Army Headquarters, Staff of Commands, etc. . .	1,89,98,600	2,01,93,000	2,01,43,000	2,05,40,000
5. Purchase and sale of stores, Equipment and Animals (other than those purchased direct by manufacturing establishments, M. E. S., R. A. F. and R. I. N.) . . .	3,37,83,225	3,56,60,000	3,38,89,000	3,57,70,000
6. Special Services . . .	21,125	..	2,00,000	..
7. Transportation, Conservancy, Hot Weather establishments and Miscellaneous . . .	2,68,54,632	2,70,14,000	2,86,50,000	2,81,24,000
8. Military Engineer Services (including stores). . .	3,16,32,397	3,61,80,000	3,66,30,000	3,69,66,000
9. Auxiliary and Territorial Forces . . .	61,17,630	66,12,000	63,49,000	63,21,000
10. Royal Air Force (including stores) . . .	1,70,46,088	1,95,91,000	1,82,06,000	1,94,66,000
11. Royal Indian Navy (including stores) . . .	71,54,464	60,93,000	60,80,000	74,65,000
12. Quetta Reconstruction . . .	..	..	..	50,00,000
Total . . .	40,28,35,982	41,77,51,000	41,59,17,000	42,83,05,000
<i>49.—Defence Services—Non-Effective.</i>				
1. Army . . .	8,53,50,145	8,55,84,000	8,58,00,000	8,23,06,000
2. Royal Air Force . . .	4,82,809	5,46,000	5,06,000	5,52,000
3. Royal Indian Navy . . .	8,66,120	8,58,000	9,00,000	8,96,000
Total . . .	8,66,99,074	8,69,88,000	8,72,06,000	8,37,54,000
<i>50.—Transfers to/from Defence Reserve Fund . . .</i>				
	68,92,924	—56,62,000	—24,89,000	—82,40,000
Total Expenditure . . .	49,64,27,980	49,90,77,000	50,06,34,000	50,38,19,000

	Accounts, 1934-35.	Budget, 1935-36.	Revised, 1935-36.	Budget, 1936-37.
	Rs.	Rs.	Rs.	Rs.
RECEIPTS.				
XXXVI.—Defence Services —Effective	4,81,32,301	4,47,09,000	4,61,45,000	4,56,35,000
XXXVII.—Defence Services —Non-Effective	48,69,619	45,68,000	46,89,000	36,84,000
Total Receipts	5,30,01,980	4,92,77,000	5,08,34,000	4,93,19,000
Net Expenditure	44,34,26,000	44,98,00,000	44,98,00,000	45,45,00,000

Statement showing the interest-bearing obligations of the Government of

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.
INTEREST-BEARING OBLIGATIONS.						
	(In crores)					
India—						
Loans (a)	339.83	358.81	370.38	368.29	374.44	372.25
Treasury Bills in the hands of the public	21.59	2.12	..	..	..	7.59
Treasury Bills in the Paper Currency Reserve	49.65	49.65	49.65	49.65	41.47	31.94
Ways and Means Advance	..	..	..	..	..	..
Other Obligations—						
Post Office Savings Banks	23.20	24.79	25.64	27.23	29.51	32.67
Cash Certificates	3.13	8.42	13.12	20.96	26.68	30.70
Provident Funds, etc.	36.17	39.00	42.39	46.36	51.02	55.82
Depreciation and Reserve Funds	..	..	9.08	15.45	20.10	25.48
Provincial Balances (b)	2.86	4.17	4.83	11.87	10.49	10.48
Total Loans, etc.	411.07	410.58	420.03	417.94	415.91	411.78
Total Other Obligations	65.36	76.38	95.06	121.87	137.80	155.15
Total in India	476.43	486.96	515.09	539.81	553.71	566.93
In England—						
	(In millions)					
Loans (a)	222.92	244.53	(c) 263.39	(e) 266.35	265.09	272.32
War Contribution	19.71	19.27	18.81	18.32	17.81	17.28
Capital value of liabilities under-going redemption by way of terminable railway annuities	61.31	60.10	58.84	57.53	56.19	54.79
India Bills	..	..	..	..	..	..
Provident Funds, etc.	..04	..13	..16	..21	..27	..19
Total in England	303.98	324.03	341.20	342.41	339.36	344.58
Equivalent at 1s. 6d. to the Rupee	405.31	432.04	454.93	456.55	452.48	(In crores) 459.44
Total Interest-bearing obligations	881.74	919.00	970.02	996.36	1,006.19	1,026.37
INTEREST-YIELDING ASSETS—						
Capital advanced to Railways	517.22	537.02	(d) 578.05	(f) 605.61	635.46	668.60
Capital advanced to other Commercial Departments	19.43	20.07	22.00	17.77	19.16	20.73
Capital advanced to Provinces	87.43	97.56	106.43	114.60	120.17	126.34
Capital advanced to Indian States and other interest-bearing loans	8.90	8.93	10.16	11.84	12.11	13.91
Total Interest-yielding assets	633.04	663.58	716.64	749.82	786.90	829.58
Cash, bullion and securities held on Treasury account	44.80	50.47	57.35	51.96	37.48	24.26
Balance of total interest-bearing obligations not covered by above assets	203.90	204.95	196.03	194.58	181.81	172.53

- (a) These figures represent the nominal amounts of loans outstanding and also
(b) The figures represent those portions of provincial balances which bear interest Relief Fund or because they have been placed with the Government of India
(c) Includes the liability assumed by the Secretary of State for East Indian Railway Railway on the 1st January 1925. It therefore does not represent any increase
(d) Includes 27.07 crores on account of the liability referred to in (c)
(e) Includes the liability assumed by the Secretary of State for the Great Indian contract with that Railway on the 1st July 1925. Vide also last sentence under
(f) Includes 4.88 crores on account of the liability referred to in (e)

DIX II.

India, outstanding at the close of each financial year.

	31st March 1929.	31st March 1930.	31st March 1931.	31st March 1932.	31st March 1933.	31st March 1934.	31st March 1935.	31st March 1936.
of rupees.)								
	390.73	405.11	417.24	422.69	446.89	435.43	438.31	425.91
	4.00	36.04	55.38	47.53	26.09	33.31	18.27	} 34.09
	39.15	29.22	5.89	49.67	35.48	25.93	36.07	
	..	..	..	9.50	..	..	..	..
	34.49	37.13	37.03	38.20	43.40	52.23	58.30	67.80
	32.30	35.00	38.43	44.58	55.64	63.71	65.96	65.96
	60.52	65.41	70.33	73.04	76.74	83.77	89.80	95.99
	31.09	30.18	21.39	17.65	15.22	13.04	13.05	12.74
	10.43	10.21	6.09	4.32	7.02	6.17	6.66	4.93
	433.88	470.37	478.51	529.39	508.46	494.67	492.65	460.00
	168.83	177.93	173.27	177.79	198.02	218.92	233.77	247.42
	602.71	648.30	651.78	707.18	706.48	713.59	6.42	707.42
of £)								
	283.31	289.03	316.81	313.60	314.33	321.01	323.38	317.75
	16.72	16.72	16.72	16.72	16.72	16.72	16.72	16.72
	53.35	51.86	50.32	48.72	47.06	45.35	43.58	41.75
	..	6.00	4.05	..	..	..	..	..
	.43	2.54	.69	.80	.91	1.03	1.15	1.27
	353.81	366.16	388.59	379.84	379.02	384.11	384.83	377.49
of rupees.)								
	471.75	488.20	518.12	506.45	505.36	512.15	513.11	503.32
	1,074.46	1,136.60	1,169.90	1,213.63	1,211.84	1,225.74	1,239.53	1,210.74
	700.69	730.79	743.98	750.73	758.75	754.94	755.63	757.38
	21.81	22.70	23.65	24.25	21.89	23.23	23.76	24.30
	137.52	142.60	151.82	163.64	173.04	175.18	178.15	186.82
	15.49	17.65	19.45	20.29	20.92	21.11	20.32	20.92
	875.51	913.74	938.90	958.91	972.60	974.46	977.86	989.42
	28.34	45.36	34.03	41.42	35.60	43.25	63.33	22.99
	170.61	177.40	196.97	213.30	203.55	208.03	198.34	198.33

include comparatively small amounts of expired loans which do not bear interest, either because they form part of the old Famine Insurance Fund or the present Famine on fixed deposit.

Debenture Stock, aggregating £18½ millions, on the termination of the contract with that in the foreign indebtedness of the country as a whole.

above.

Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the (a) above,

above.

K.

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.]

	1935-36.				1936-37.			
	Voted	Non-voted.	Total.	Per-centage of voted to total.	Voted.	Non-voted.	Total.	Per-centage of voted to total.
Expenditure charged to revenue.	96,85	1,09,13	2,05,98*	47	1,00,19	1,08,07	2,08,26*	48
Expenditure not charged to revenue.	7,99	5,25	12,34	57	4,25	22	4,47	95
Total Expenditure both charged and not charged to revenue.	1,03,94	1,14,38	2,18,32	48	1,04,44	1,08,29	2,12,73	49

*These figures have been arrived at as follows :—

Expenditure as per Budget Statements	1,20,95	1,22,70
Add—Working expenses of—		
(a) Railway Department	70,61	70,23
(b) Posts and Telegraphs	10,62	10,93
(c) Irrigation	1	1
Add—Refunds	3,79	4,39
	<u>2,05,98</u>	<u>2,08,26</u>

Appendix IV.

COMMERCIAL AND FINANCIAL STATISTICS.

Appel
COMMERCIAL AND

	1927-28.	1928-29.	1929-30.	1930-31
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure, excluding capital expenditure not charged to Revenue—				
Surplus . . . . .	..	31,54,002	26,83,598	11,58,44,974
Deficit . . . . .	..	..	..	..
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	82,48,48,928	25,36,12,112	30,18,89,476	13,21,14,812
Capital charge involved in the purchase of Railways.	..	3,99,30,673	..	..
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	46,87,947	53,33,185	33,07,339	-3,67,005
Capital outlay on Light-houses and Light-ships.	..	..	12,821	-12,821
Capital outlay on Vizagapatam Port and Security Printing not charged to Revenue.	19,28,440	24,47,840	5,97,772	42,74,927
Payments to Retrenched personnel	..	..	..	..
Outlay on Schemes of Agricultural Improvement and Research.	..	..	..	..
Initial Expenditure on New Capital at Delhi.	46,57,732	36,64,623	72,72,239	48,26,556
Civil Works	..	..	..	..
Commutated value of pensions not charged to Revenue.	44,26,219	36,09,034	38,08,632	42,65,721
Currency Capital outlay	12,94,577	3,37,014	68,632	1,35,474
Outlay on Bombay Land Scheme	20,74,500	..	..	2,10,37,335
Net Public Debt incurred	+2,44,27,984	+31,64,15,740	+50,50,22,234	+40,38,17,953
Value of commodities exported, excluding Gold and Silver.	3,30,26,40,000	3,39,15,10,000	3,18,99,00,000	2,26,50,20,000
Value of commodities imported, excluding Gold and Silver.	2,61,52,40,000	2,63,39,80,000	2,49,70,70,000	1,73,06,30,000
Excess of Exports over Imports, excluding Gold and Silver.	68,74,00,000	75,75,30,000	69,28,30,000	53,43,90,000
Net Imports of Gold	18,10,00,000	21,20,00,000	14,22,10,000	12,75,20,000
Net Imports of Silver	13,83,60,000	9,77,00,000	8,62,10,000	10,07,90,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	31,93,60,000	30,97,00,000	22,84,20,000	22,83,10,000
Excess of Exports over Imports, including Gold and Silver.	36,80,40,000	44,73,30,000	46,44,10,000	30,60,80,000
Net Imports of Currency Notes	(b)-17,70,000	(b)-2,90,000	(b)-15,30,000	3,10,000
Excess of Exports over Imports, including Gold, Silver and Currency Notes.	36,98,10,000	44,81,20,000	46,59,40,000	30,57,70,000
Purchases of sterling (a)	23,325,000	30,810,000	15,215,000	5,395,000
Rupee Equivalent thereof	37,77,30,264	41,02,18,228	20,39,11,720	7,25,74,925
Sterling obtained in England.	..	..	..	..
Rupee Equivalent thereof	..	..	..	..
Sale of Sterling	..	..	..	..
Rupee Equivalent thereof	..	..	..	5,733,626
Silver coined at the Indian Mints	10,15,936	52,66,573	1,80,000	7,74,66,907
				18,23,531

(a) Includes remittances of the

(b) Net

(c) Represents purchases of Sterling

dix IV.

FINANCIAL STATISTICS.

1931-32.	1932-33.	1933-34.	1934-35.	1935-36. Revised.	1936-37. Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
11,74,73,277	1,55,19,192	..	36,00,000	..	6,29,000
6,75,72,209	-72,56,706	-1,81,48,888	68,70,308	1,75,00,000	3,25,00,000
..
87,91,876	14,81,501	5,38,292	32,87,494	47,14,600	42,02,000
..
32,66,376	52,43,309	42,00,340	13,59,456	6,74,000	9,87,000
1,45,487	12,63,541	2,94,343	-1,08,454	-2,63,000	-4,44,000
..	..	..	78,422	27,71,000	7,22,000
14,60,663	..	9,09,579	72,13,103	40,06,000	23,66,000
42,31,943	78,88,729	1,77,312	-1,77,312	..	..
-5,843	-3,83,512	82,99,280	59,37,791	48,17,000	39,90,000
+39,55,86,853	-22,40,90,842	-4,14,277	-50,619	4,99,23,000	-99,000
..	..	-7,24,30,068	-1,08,36,355	-42,59,23,000	-14,44,23,000
1,61,20,20,000	1,35,93,30,000	1,51,17,20,000	1,55,49,70,000	1,64,81,75,801	
1,30,64,30,000	1,35,01,80,000	1,17,30,50,000	1,34,58,70,000	1,36,78,03,469	
30,55,90,000	91,50,000	33,86,70,000	20,01,00,000	28,03,72,332	
(b) -57,58,80,000	(b)-65,52,30,000	(b)-57,05,40,000	(b)-52,53,70,000	(b)-37,35,58,608	
(b) -42,20,000	(b)-2,01,30,000	(b)-6,35,70,000	(b)-5,40,70,000	(b)-57,30,852	
(b) -58,40,50,000	(b)-67,53,60,000	(b)-63,41,10,000	(b)-57,94,40,000	(b)-37,92,89,750	
88,96,40,000	68,45,10,000	97,27,80,000	78,85,40,000	65,90,02,082	
(b) -26,60,000	(b)-13,40,000	(b)-19,40,000	(b)-30,90,000	(b)-29,04,904	
89,22,00,000	68,58,50,000	97,47,20,000	79,22,30,000	66,25,66,986	
40,349,000	85,733,000	45,158,000	37,542,000	(c)-34,425,000	
63,43,41,044	47,23,86,740	59,97,30,039	49,81,91,178	45,58,16,478	
..	1,212,998	60,313	33,926	..	
..	1,61,05,538	8,00,000	4,50,000	..	
14,047,804	..	..	..	..
18,97,75,086	..	..	..	..
..	..	20,28,263	20,28,016	19,89,456	

Currency Department.

exports.

made by the Reserve Bank of India.

COMMERCIAL AND

	1927-28.	1928-29.	1929-30.	1930-31.
Maximum price in pence of an oz. troy standard Silver in London.	27 (Dec.)	28½ (May)	25½ ⁵ / ₈ (Apr.)	19½ ³ / ₈ (April).
Minimum price in pence of an oz. troy standard Silver in London.	24½ ⁵ / ₈ (August)	25½ (Feb.)	18½ (Mar.)	12 (Feb.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	1s. 5·997d.	1s. 6·02d.	1s. 5·709d.	1s. 5·841d.
Average of the daily telegraphic transfer rates from Calcutta on London.	1s. 5·93d.	1s. 5·97d.	1s. 5·85d.	1s. 5·78d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1s. 6d.	1s. 6½.	1s. 8d.	1s. 6a.
Maximum rate of discount on loans on demand at the Imperial Bank of India.*	7 (Apr. to June, and Dec. to Mar.).	8 (Feb. and Mar.)	8 (Apr.).	7 (April and Jan. to Mar.).
Minimum rate of discount on loans on demand at the Imperial Bank of India.*	4 (July to Sept.)	5 (July to Nov.)	5 (June to Oct.).	5 (July to Nov.)
Maximum rate of discount at the Bank of England.	5 (April)	6½ (Feb. and Mar.)	6½ (Sept. and Oct.)	8½ (April)
Minimum rate of discount at the Bank of England.	4½	4½ (Apr. to Feb.).	3½ (Mar.).	3 (May to Mar.)
Maximum Government balance at the Imperial Bank of India.* Rs.	19,97,38,000 (Apr.)	17,20,78,000 (Aug.)	20,85,78,000 (June).	23,70,44,000 (Aug.).
Minimum Government balance at the Imperial Bank of India.* Rs.	8,05,09,000 (Oct.).	3,71,10,000 (Apr.).	5,88,61,000 (June).	6,94,35,000 (Dec.).
Maximum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	108—13	106—11	108—12	101—9
Minimum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	105—13	103—4	103	100—4
Maximum price in Calcutta of Government 3½ per cent. Rupee Securities.	79—5 (Apr.)	75—10 (June)	72—5 (May).	68—14 (April).
Minimum price in Calcutta of Government 3½ per cent. Rupee Securities.	74—6 (Dec.)	71—14 (Feb. and Mar.).	63—15 (Feb.).	61—5 (Mar.).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	67—14 (Apr.).	64—12 (Apr. and June).	61—15 (May).	59—1 (April).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	63—14 (Dec.)	60—13 (Mar.)	54—13 (Feb.).	52—9 (Mar.).
Maximum amount outstanding on London Register of Rupee Securities encased for Interest Drafts Rs.	8,73,81,000 (Dec.).	9,08,98,000 (July)	8,71,22,000 (Apr.).	8,54,29,000 (May).

* At the Reserve Bank of India.

FINANCIAL STATISTICS—*contd.*

1931-32.	1932-33.	1933-34.	1934-35.	1935-36. Revised.
21 $\frac{9}{16}$ (Nov.)	18 $\frac{15}{16}$ (August).	20 $\frac{1}{2}$ (March).	23 $\frac{7}{8}$ (March).	36 $\frac{1}{2}$ (April.)
12 $\frac{1}{2}$ (May)	16 $\frac{1}{2}$ (Decr.).	17 $\frac{1}{2}$ (April).	18 (May).	19 (January.)
1s. 6'123d.	1s. 6'156d.	1s. 6'071d.	1s. 6'086d.	1s—6'126d.
1s. 5'91d.	1s. 6'06d.	1s. 6'02d.	1s. 6'05d.	1s—6 $\frac{3}{32}$ d.
1s. 6d.	1s. 6d.	1s. 6d.	1s. 6d.	1s—6d.
8 (Septr. to Jan.)	6 (April).	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$
6 (May to August, February and March).	3 $\frac{1}{2}$ (February and March).	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3
6 (Septr. to Feb.).	3 $\frac{1}{2}$ (April)	2	2	2
2 $\frac{1}{2}$ (May to July)	2 (June to Mar.).	2	2	2
21,26,89,000 (July).	20,08,62,000 (July).	12,50,13,000 (April).	12,84,76,000 (March).	22,34,34,000 (June.)
3,35,46,000 (Dec.).	5,04,00,000 (Nov.).	5,83,69,000 (June).	5,16,36,000 (Septr.).	5,58,41,000 (January.)
101—11	113—6	114—10	119—9	119—14
88—8	98—6	109—0	114—10	114—10
93—0 (April).	88—9 (March).	88—12	98—12	98—6
51—7 (Jany.).	60—8 (April).	79—8	87—8	87—15
54 (April).	75—15 (March).	76—1	90—0	90—8
44—1 (Jany.).	51—14 (April).	68—3	75—0	78—0
8,33,45,000 (April).	8,38,39,000 (April).	10,75,73,000 (April).	8,56,94,000 (Novr.).	8,43,60,000 (April.)

With effect from 1935-36.

COMMERCIAL AND

	1927-28.	1928-29.	1929-30.	1930-31.
Minimum amount outstanding on London Register of Rupee Securities en faced for Interest Drafts Rs.	8,09,28,000 (Nov.)	8,23,92,000 (June)	8,41,97,000 (March)	8,34,08,000 (March)
Maximum price in London of 3½ per cent. Rupee Securities in £	58	56	53	49½
Minimum price in London of 3½ per cent. Rupee Securities in £	55½	52½	47	44½
Maximum price in London of India 3½ per cent. Stock.	73½	72½	70	68½
Minimum price in London of India 3½ per cent. Stock.	68	66½	55½	55½
Maximum price in London of India 3 per cent. Stock.	62½	62	60	59½
Minimum price in London of India 3 per cent. Stock.	59	56½	47	47
Maximum price in London of India 2½ per cent. Stock.	52	52½	50½	49
Minimum price in London of India 2½ per cent. Stock.	49	48½	40½	40½
Maximum price in London of 5½ per cent. Stock, 1932.	103½	102½	102	103½
Minimum price in London of 5½ per cent. Stock, 1932.	100½	100½	96	96
Maximum price in London of 6 per cent. Stock, 1932-33.	..	..	..	104 13/16
Minimum price in London of 6 per cent. Stock, 1932-33.	..	..	..	99 9/16
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, 1933-35.	..	..	..	105½
Minimum price in London of 6 per cent. Stock, 1933-35.	..	..	..	99 5/16
Maximum price in London of 6 per cent. Stock, 1935-37.	..	..	..	103½
Minimum price in London of 6 per cent. Stock, 1935-37.	..	..	..	101
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.	94½	95 1/8	91½	90
Minimum price in London of 4½ per cent. Stock, 1950-55.	89½	89½	78	78
Maximum price in London of 4½ per cent. Stock, 1953-68.	..	95	91½	89½
Minimum price in London of 4½ per cent. Stock, 1953-68.	..	87	77	77
Maximum price in London of 5 per cent. Stock, 1942-47.	..	..	..	..
Minimum price in London of 5 per cent. Stock, 1942-47.	..	..	..	..
Maximum price in London of 4 per cent. Stock, 1948-53.	..	..	..	..
Minimum price in London of 4 per cent. Stock, 1948-53.	..	..	..	..
Maximum price in London of 3½ per cent. Stock, 1954-59.	..	..	..	..
Minimum price in London of 3½ per cent. Stock, 1954-59.	..	..	..	..
Maximum price in London of 3 per cent. Stock, 1949-52.	..	..	..	..
Minimum price in London of 3 per cent. Stock, 1949-52.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,86,28,22,000 (Jan.)	1,92,47,31,000 (Feb.)	1,87,70,73,000 (June)	1,74,14,94,000 (April)
Minimum Government Paper Currency outstanding. Rs.	1,60,68,18,000 (June)	1,77,15,84,000 (June)	1,77,23,06,000 (Mar.)	1,66,58,56,000 (Feb.)
Number of Post Office Savings Banks.	12,326	12,422	12,768	12,846
Number of accounts in Post Office Savings Banks.	2,606,071	2,020,832	2,304,904	2,477,613
Amount deposited in Savings Banks (balance at end of year) Rs.	32,66,68,188	34,49,07,680	37,13,13,370	37,02,59,876
Average of each deposit. Rs.	125.34	170.67	161.10	149.44
Net addition to deposits. Rs.	3,16,78,647	1,82,39,492	2,54,05,690	-10,58,495

FINANCIAL STATISTICS—concl'd.

1931-32.	1932-33.	1933-34,	1934-35.	1935-36 Revised.
8,24,70,000 (January).	8,20,07,000 (Oct.).	8,16,05,000 (February).	8,07,72,000 (Sept.).	7,88,86,000 (December)
45½	63	65½	72½	71½
37	44½	59½	65½	66
65	93½	90½	99½	100 ⁹ / ₁₀
41	49½	77½	86½	90
55½	82	78½	93½	95 ⁵ / ₁₀
84	42½	65½	74	76
46	69½	65½	83½	86½
29½	36	55½	61½	66½
101½	..	..	..	..
95	..	..	..	..
102½	..	..	..	..
90	..	..	..	..
101½	105 ²⁹ / ₃₂	..	..	..
(a) 87	93½	..	..	..
102 7/16	(a) 104½	(a) ..	(a) ..	(a) ..
87	91½	..	..	..
102 15/16	109	108 ¹⁵ / ₁₆	106 ⁹ / ₁₆	..
87	88½	106½	103½	..
97½	108½	109½	107½	106½
77	84½	106½	105½	102½
87½	109½	110½	114½	117½
55	67½	102	107½	108
88 9/16	110½	111	117	119½
54½	67½	102½	108½	112½
..	112½	112	116½	117½
..	95½	106	109½	112
..	..	104 ¹³ / ₁₆	110	111½
..	..	97½	102½	1.4
..	..	..	107 ¹ / ₁₆	107½
..	..	..	95 11/16	102
..	..	..	..	99½
..	..	..	..	94
1,82,31,76,000 (February).	1,76,89,58,000 (March).	1,80,04,35,000 (October).	1,86,10,23,000 (March).	1,94,95,75,000 (November.)
1,46,22,59,000 (September).	1,67,83,20,000 (May).	1,75,46,06,000 (June).	1,76,75,38,000 (April).	1,85,49,93,000 (May.)
12,880	12,690	12,677	12,679	
2,401,527	2,736,045	3,089,267	3,100,368	
38,20,33,085	43,45,37,410	52,23 24,420	58,30,17,851	
159·08	158·79	160·08	188·05	
1,17,73,210	5,25,04,325	8,77,87,010	6,06,93,431	

(a) According to calendar year.

GIPD--1084 FD--22-6-36--750.

