

Financial (1896) Department.

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G.O., No. 387

Dated 7-5-97

INDEXED.

[Despatch Abstract.]

Recording resolution of the Govt of India reviewing the Finance & Revenue Accounts for 1895-96 & the Comptroller & Auditor General's appropriation report on these accounts.

Top 797

BACK PAPERS.

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GOVERNMENT OF INDIA.
FINANCE AND COMMERCE
DEPARTMENT.

ACCOUNTS AND FINANCE.
Estimates and Accounts.

RESOLUTION.

322: 9.5.96.

Order No. 387 of 1897

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No. 1877-A.

Dated Simla, the 26th April 1897.

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Review of the Finance and Revenue Accounts
of the Government of India for 1895-96 and
the Comptroller and Auditor General's Appro-
priation Report on these accounts.

G. C. Press, Simla,—No. 10 C. F.—24-4-97.—550.

WITH ORDER

No 1877-A.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

ACCOUNTS AND FINANCE.
Estimates and Accounts.

RESOLUTION.

Simla, the 26th April 1897.



READ—

The Finance and Revenue Accounts for 1895-96 and the Comptroller and Auditor General's Appropriation Report on these accounts.

RESOLUTION—

GENERAL RESULTS.

The following is a general comparison of the accounts of 1895-96 with the estimates of that year and with the accounts of the preceding year:—

			1894-95, Accounts.	1895-96.			Accounts, 1895-96, better + or worse — than Budget.
				Budget Estimate.	Revised Estimate.	Accounts.	
<i>Revenue—</i>							
India	...	Rx.	94,814,831	96,610,800	97,509,000	97,977,005	+1,366,205
England	...	£.	203,385	171,000	210,300	223,417	+52,417
Exchange	...	Rx.	169,213	142,500	158,600	169,745	+27,245
Total		Rx.	95,187,429	96,924,300	97,877,900	98,370,167	+1,445,867
<i>Expenditure—</i>							
India	...	Rx.	65,279,531	68,332,000	69,003,900	68,998,722	—666,722
Provincial adjustment	...	Rx.	—560,860	—623,300	+383,000	+379,109	—1,002,409
Net	...	Rx.	65,718,671	67,708,700	69,386,900	69,377,831	—1,669,131
England	...	£.	15,707,367	15,910,600	15,701,000	15,603,370	+307,230
Exchange	...	Rx.	13,068,281	13,258,800	11,838,600	11,854,968	+1,403,832
Total	...	Rx.	94,494,319	96,878,100	96,926,500	96,836,169	+41,931
Surplus	...	Rx.	693,110	46,200	951,400	1,533,998	+1,487,798
<i>Expenditure not charged against Revenue—</i>							
Capital Expenditure on Railways and Irrigation Works		Rx.	4,446,231	4,400,000	4,327,200	4,087,194	+312,806

2. The above comparison shows that the Revenue in India increased by Rx. 1,366,205, but that, on the other hand, the total Expenditure in India charged against Revenue exceeded the Budget Estimate by Rx. 1,669,131. There was a saving in net sterling Expenditure of £359,647 and a reduction in the net charge for Exchange on sterling Expenditure of Rx. 1,431,077.

The net improvement as compared with the Budget Estimate being thus Rx. 1,487,798, the actual surplus of the year amounted to Rx. 1,533,998 against Rx. 46,200 taken in the Estimate.

3. The above large surplus was obtained after restoring the Famine Insurance grant to Rx. 1,000,000 and refunding to the Provincial Governments the contribution of Rx. 405,000 paid by them in the year 1894-95. The restoration of the Famine Grant caused a charge to Revenues of Rx. 529,867 on account of Capital outlay on Protective Railways for which no provision was made in the Budget Estimate, while the refund of contributions to Provincial Governments increased the charge for Provincial adjustment by Rx. 405,000. But for these special charges the total expenditure in India charged against Revenue would have shown an excess of Rx. 734,264 as compared with the Budget Estimate and the actual surplus of the year would have been Rx. 2,468,865.

REVENUE SIDE.

4. The important increases in the Revenues in India in 1895-96 as compared with the Budget Estimates occurred under the following heads:—

	Rx.
II—Opium	263,322
III—Salt	167,545
V—Excise	188,117
VII—Customs	202,578
Other Principal Heads (excluding Land Revenue)	191,424
XXVI—State Railways—Gross Receipts	556,794

5. The improvements in 1895-96 under the heads mentioned above and under other heads may be generally attributed to the normal development of the Revenues except for the heads "II—Opium," "III—Salt," and "XXIV—Gain by Exchange." Under Opium the increase is due to the higher prices realised for Bengal Opium. The increase in Salt Revenue in 1895-96 was not the result of any increase in the consumption of salt, but was due to the high price of Government paper which induced the dealers in Madras to pay the duty in cash to a greater extent than usual, instead of availing themselves of the option of taking credit for six months by lodging Government paper as security. The head "Gain by Exchange" is an uncertain item of Revenue.

6. The following are the important decreases of Revenue as compared with the Budget Estimates:—

	Decrease. Rx.
Land Revenue (including Land Revenue due to Irrigation)	276,681
XV—Mint	16,805
XXVII—Guaranteed Railways—net receipts	219,762
XXIX—Major Irrigation Works—Direct Receipts	70,892

7. The decrease in Land Revenue occurred mainly in the Central Provinces (Rx. 129,968) and the North-Western Provinces and Oudh (Rx. 152,358) and was the result of scarcity and bad seasons.

The estimate of Mint Receipts was not realised as the tenders of silver at the Bombay Mint for the coinage of dollars were somewhat later than expected.

The falling-off in the receipts of Guaranteed Railways occurred in the Great Indian Peninsula Railway, the anticipated revival of the goods traffic on that Railway not having taken place.

The decrease in the Irrigation Revenue was caused chiefly by smaller demands for Canal irrigation in the North-Western Provinces and Oudh in consequence of the heavy rainfall of the cold weather of 1894-95 in that Province.

EXPENDITURE SIDE.

8. The major heads of expenditure under which the Budget grants in India were exceeded in the accounts are the following:—

	Amount of excess over budget. Rx.
2. Assignments and compensations	15,419
13. Interest on ordinary debt (gross payments)	98,033
14. Interest on other obligations	88,164
18. General Administration	23,189
25. Political	15,154
29. Superannuation, etc.	6,546
33. Famine Relief	13,301
34. Construction of Protective Railways	529,867
38. State Railways—working expenses	343,836
Interest chargeable against Companies on advances	497
39. Guaranteed Companies: Interest	622
44. Military Works	14,478
46. Army—Effective	1,074,877
Total	2,223,983

9. The payments on account of Assignments and Compensations were larger in Bombay owing partly to revision of settlements and partly to claims for arrears outstanding from previous years.

Under interest on "Ordinary Debt" the discharge of the unconverted portion of the 4 per cent. loans brought forward large claims for arrears of interest and as regards "Interest on other obligations" two years' interest instead of one year's only on one of the Service Funds was charged in the accounts of 1895-96.

The increase under "18—General Administration" was connected mainly with the appointment of officers on special duty under the Government of India and large expenditure on telegrams. The increase was provided for by additional grants made in the course of the year.

The new charges connected with the establishment of the Dir and Swat Agency swelled the political expenditure of the year.

As regards the head "33—Famine Relief" the larger expenditure is explained by the scarcity in Bundelkhand. The charge under "34—Construction of Railways" was, as already explained, connected with the restoration of the Famine Insurance grant.

The increase in the working expenses of State Railways was necessary to earn the increased revenue, and the higher expenditure on Military Works was required in connection with the occupation of Chitral. The head "46—Army" is considered in detail below. The other excesses mentioned above are not important and require no special notice.

10. From the explanations of the excesses given in the preceding paragraph, it will be noticed that they were due almost entirely either to inevitable payments or adjustments not foreseen in the Budget Estimates or to new financial measures and military operations undertaken after the Budget Estimates were framed. Against the aggregate excess of Rx. 2,223,983 under the various heads mentioned in paragraph 8, there was a total saving of Rx. 1,557,261 under other heads. The only savings that require special notice are (1) Rx. 685,927 under "4—Opium" caused by the shortness of the Bengal opium crop, (2) Rx. 87,685 under "Guaranteed Railway Surplus Profits, Land and Supervision," due mainly to the small traffic on the Great Indian Peninsula Railway, and (3) Rx. 48,284 under "47—Special Defence Works" owing to an over-estimate of the expenditure. The other savings represent generally the normal lapses of grants for expenditure.

11. Paragraphs 9 and 10 of this Resolution deal with the aggregates of Imperial, Provincial and Local expenditure. In the following paragraphs the

variations in Imperial, Provincial and Local expenditure are considered separately with reference to the ordinary budget check in each department. The table below compares the expenditure with the Budget Estimates for each section of the accounts distributed under Civil, Military and Public Works heads.

	IMPERIAL.		PROVINCIAL.		LOCAL.	
	Budget.	Accounts.	Budget.	Accounts.	Budget.	Accounts.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
1. Civil Departments	3,256,600	3,206,636	9,631,200	9,526,238	1,471,500	1,445,888
2. Other Civil heads (including Post Office)	6,497,400	5,845,219	6,436,800	6,357,705	1,262,200	1,235,798
3. Railway Revenue Account	12,508,400	12,753,874	581,500	610,812	...	...
4. Other Public Works heads (including Telegraphs)	4,135,000	4,580,792	3,635,200	3,526,196	1,785,700	1,789,452
5. Army	17,070,500	18,120,112	...	...	...	...
TOTAL	43,527,900	44,505,633	20,284,700	20,020,951	4,519,400	4,471,138

EXCESSES OVER GRANT.—IMPERIAL.

12. The excesses in 1895-96 in the Imperial Section of the Accounts under the Civil heads in each province which were not covered by formal grants during the year are shown in the following table in detail of major heads of accounts:—

Heads of Account.	AMOUNT OF EXCESS.								
	India.	Central Provinces.	Burma.	Assam.	Bengal.	North-Western Provinces and Oudh.	Punjab.	Madras.	Bombay.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
1. Refunds and Drawbacks	122	3,861	...	...	...	...	1,319	1,006	...
2. Assignments and Compensations.	3,721	1,329	...	...	...	743	1,825	803	...
4. Opium	...	...	...	...	...	...	...	...	4
5. Salt	...	...	158	...	...	...	...	...	...
6. Stamps	...	...	...	...	...	...	143	583	...
7. Excise	...	...	392	...	601	...	...	1,150	...
10. Assessed Taxes	1	28	...	24	...	...	1	...	...
11. Forest	...	...	...	...	404	...	...	...	...
12. Registration...	...	34	...	...	...	87	468	...	16
13. Interest on Ordinary Debt.	105,383	...	...	...	...	...	4	...	1
14. Interest on other Obligations.	81,438	76	234	31	...	512	37	41	5,945
17. Mint	3,037	...	...	...	...	...	...	...	...
18. General Administration	...	21	580	...	...	1,286	...	...	...
23. Ecclesiastical	...	...	...	...	150	...	...	1,252	289
24. Medical	398	...	...	...	...	...	...	...	...
25. Political	5,521	...	...	...	13	...	1,317	7	...
26. Scientific, etc., Departments.	...	...	...	...	48	72	...	...	...
28. Civil Furlough and Absentee allowances.	...	...	...	...	...	...	15	...	213
29. Superannuation, etc.	744	94	1,534	...	...	103	...	...	265
30. Stationery and Printing	...	...	6	...	6,248	...	...	...	...
32. Miscellaneous	...	382	1,292	451	...	...	...	...	...
TOTAL	200,365	5,825	4,176	506	7,464	6,285	6,165	4,842	7,836

Sanction is now accorded to the expenditure incurred in excess of grants as shown in this table.

13. The following excesses in the Imperial Section under Public Works heads of expenditure not covered by additional grants are also formally sanctioned:—

	Rx.
34. Construction of Railways	529,867
38. State Railways—Working expenses	302,235
Interest chargeable against Companies on Advances	497
39. Guaranteed Companies—Interest	622
42. Major Works—Working Expenses	19,945

14. The Army expenditure in India exceeded the Budget Estimate by Rx. 1,049,612. The Chitral expedition and the occupation of Chitral and its communications caused a total excess of Rx. 1,555,938 and other special expeditions cost Rx. 33,718 more, making the total increase on account of special expeditions Rx. 1,589,656 as compared with the Budget Estimate. Against this excess, there was a reduction in the charge for exchange compensation allowances of Rx. 40,010 and a saving of Rx. 500,034 in other ordinary Army expenditure. The following are the details by grant heads of the net excess of Rx. 1,049,612 mentioned above:

	Budget, 1895-96.	Accounts, 1895-96.	Excess.	Savings.
	Rx.	Rx.	Rx.	Rx.
Army and Garrison Staff	593,943	559,304	...	34,639
Administrative Staff	207,765	207,233	...	532
Regimental pay, allowances and charges	8,604,534	8,697,465	92,931	...
Commissariat Establishment, Supplies and Services	3,392,899	3,079,399	...	313,500
Remount and Veterinary Establishments, etc.	299,433	283,714	...	15,719
Clothing Establishments, Supplies and Services	274,227	193,117	...	81,110
Barrack Establishments, Supplies and Services	241,567	218,200	...	22,867
Administration of Martial Law	42,463	41,936	...	527
Medical Establishments, Supplies and Services	760,656	750,852	...	9,804
Ordnance Establishments, Stores and Camp Equipage	906,314	846,935	...	59,379
Ecclesiastical	29,024	28,051	...	973
Education	47,841	46,491	...	1,350
Sea Transport Charges	64,229	55,174	...	9,055
Miscellaneous Services	489,067	2,041,777	1,552,710	...
Volunteer Corps	194,599	188,738	...	5,861
Rewards for Military Services	12,255	9,227	...	3,028
Military pensions to Europeans	111,811	102,719	...	9,092
Military pensions to Natives	711,780	697,937	...	13,843
Widows' pensions and compassionate allowances	25,538	24,449	...	1,089
Departmental pensions	61,055	62,803	1,748	...
Unadjusted expenditure	...	15,409	...	15,409
Total	17,070,500	18,120,112	1,049,612	597,777

Of the total excess Rx. 204,700 are covered by an additional grant under "Miscellaneous Services" and the remaining excesses aggregating Rx. 1,442,689 are now sanctioned.

EXCESSES OVER GRANT.—PROVINCIAL.

15. The following table compares the total Provincial and Local Expenditure in each Province in 1895-96 with the Budget Estimates:—

	BUDGET ESTIMATE.			ACCOUNTS.		
	Provincial.	Local.	Total.	Provincial.	Local.	Total.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
India ...	...	15,300	15,300	...	15,082	15,080
Central Provinces	809,300	151,600	960,900	794,278	139,511	933,789
Burma	1,997,000	206,600	2,203,600	1,989,842	182,520	2,172,362
Assam	679,000	130,500	809,500	617,892	119,058	736,950
Bengal	4,319,700	764,800	5,084,500	4,308,754	774,353	5,083,147
North-Western Provinces and Oudh.	3,155,800	1,096,000	4,251,800	3,111,181	1,065,414	4,176,595
Punjab	1,835,300	389,100	2,224,400	1,842,802	390,230	2,233,032
Madras	3,314,600	1,200,800	4,515,400	3,251,559	1,222,524	4,474,083
Bombay	4,174,000	564,700	4,738,700	4,104,603	562,448	4,667,051
TOTAL	20,284,700	4,519,400	24,804,100	20,020,951	4,471,138	24,492,089

It is necessary to consider the aggregate grants and actuals for Provincial and Local Expenditure as the sanction of the Government of India is not required to any excess under a Provincial or Local head of account, which is met by reappropriation from some other grant, so long as the Budget grant for the Province as a whole is not exceeded. The only Province in which the Provincial and Local Expenditure has in the aggregate exceeded the Budget grant is the Punjab, but a sum of Rx. 11,167 spent on certain Protective works at Dera Ghazi Khan is recorded in the Provincial Section of the accounts which was really contributed by Imperial Revenues through the Land Revenue head and for which no provision was made in the Budget estimates. In Bengal additional grants of Rx. 70,800 under Provincial and Rx. 5,600 under Local heads of expenditure were made in the course of the year to meet anticipated excess expenditure, but in the result the total Provincial and Local Expenditure closely agreed with the Budget grant. There is therefore no excess in any of the Provinces which requires the sanction of the Government of India.

SUMMARY.

16. The leading features of the appropriation audit of the year 1895-96 as explained in the preceding paragraphs are, first, the cost of the Chitral expedition and occupation causing an excess over the Budget grant of Rx. 1,555,938; second, the decrease in net expenditure due to a rise in the rate of exchange from 13'09d. to 13'638d. the rupee, Rx. 1,131,404; third, the partial restoration of the Famine grant causing a new expenditure from Revenues of Rx. 529,867; fourth, the refund to the Provincial Governments of the contributions of Rx. 405,000; fifth, the savings in opium expenditure in India, Rx. 685,927, and sixth, the savings in ordinary Army expenditure in India, Rx. 500,034. The result shows that the Revenue Estimates were prepared with commendable caution and the estimates of ordinary Expenditure left sufficient margin for normal variations. In the local Appropriation Reports all the important differences that require explanation have been explained, and there have been very few failures of the Budget check.

ORDER.—Ordered that a copy of the Resolution be communicated to all Local Governments and Administrations; to the Home, Revenue and Agriculture, Foreign, Military, and Public Works Departments; to the Comptroller and Auditor General, and to all Accountants General and Comptrollers for information.

Under Secy to the Govt. of India.

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189

READ AGAIN G.O., No.

189

DATED

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT

STATEMENT WITH DITTO.

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