Financial (1897) Department.

ORDINARY PRINTED.

G.O., No. 824

Dated 5. 10 97

INDEXED.

51/51

[Despatch Abstract.]

Provincial Contract

Corrg:, with remarks, to the Departments of the Secretariat Certain papers received from the G of I on the subjects of the ~~—~~ and ~~the figures~~ the budget Estimates for 1897-8.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O. cancd	No.	Department.	Date.	G.O.	No.	Department.	Date.
1655/98 (India)							

Government {1897} of Madras.

FINANCIAL.

Recd.
Regd.
} 1897.
Enclosures
Spare copies

G.O., No. 824, 5th October 1897.

Provincial

ontract.

Communicating, with remarks, to the depar
from the Government of India on the subjects of
ents of the Secretariat certain papers received
he — and the budget estimates for 1897-98.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

Read—again the following papers:—

G.O., No. 391, Financial, dated 30th March 1892.

Abstract.—Communicating to departments of Government resolution of the Government of India laying down, with effect from 1st April 1892, rules and conditions regulating the administration by Local Governments of Provincial revenues and expenditure.

G.O., No. 392, Financial, dated 30th March 1892.

Abstract.—Recording resolution of Government of India regarding the new Provincial contract with this Government.

Resolution of the Government of India, Finance and Commerce Department, No. 4258-A, dated 6th October 1896.

Abstract.—Recapitulating the general principles regulating the periodical revision of Provincial contracts.

Letter from the Government of India, Finance and Commerce Department, No. 4420-A., dated 10th October 1896.

Abstract.—Addressing the Government of Madras on the terms of the Provincial contract for the five years commencing 1st April 1897.

G.O., Nos. 819, 819-A., Financial, dated 27th November 1896.

Abstract.—Informing the Government of India that its letter regarding the terms of the Provincial contract is under consideration, pointing out the difficulties connected therewith, and requesting a postponement of the revision for a year, if possible.

G.O., Nos. 904, 905, Financial, dated 29th December 1896.

Abstract.—Addressing the Government of India regarding the terms of the approaching contract.

Nos. 25, 26, Financial, dated 12th January 1897.

Abstract.—Recording telegram and letter from the Government of India on the question of postponing the settlement of the contract for a year, accepting the proposals to reserve *I. Land Revenue* and *V. Excise* as liable to revision at the end of a year, and asking for telegraphic information as to the figures to be adopted under these two heads.

G.O., No. 43, Financial, dated 18th January 1897.

Abstract.—Recording telegram from the Government of India intimating that the Land Revenue and Excise figures will be settled at the same time as other figures.

G.O., Nos. 46, 47, Financial, dated 19th January 1897.

Abstract.—Passing orders on the Provincial budget estimates for 1897–98 and addressing the Government of India on certain figures therein as affecting the terms of the new Provincial contract.

Read—also the following papers:—

From J. F. FINLAY, Esq., Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Provincial Finances), to the Secretary to the Government of Madras, dated Calcutta, the 16th March 1897, No. 1245-A.

I am directed to acknowledge receipt of your letter No. 905, dated the 29th December 1896, on the subject of the Provincial Settlement for Madras for the five years 1897–98 to 1901–1902.

2. Your letter raises many questions which are entirely beyond the scope of the enquiry which ordinarily precedes the fixing of the amount of revenue required to be assigned for Provincial expenditure; but I am directed to take up these subjects one by one, and to endeavour to remove what appear to the Government of India to be grave misconceptions of the financial relations which exist between the Central Government on the one side and the Provincial finance of Madras on the other.

3. The last paragraph of your letter makes a general claim that the Government of Madras are "entitled to much larger allotments from Imperial revenues," on the ground that "the direct outlay incurred by Government in other provinces is proportionately much greater than in Madras," that Madras ought to be allowed "to assist Local Bodies to the same extent as other administrations do." The Government of Madras are under the impression that the people of Madras "contribute more largely to the Imperial fisc" than other provinces, and this impression is shared by the Chamber of Commerce in Madras who telegraphing to the Government of India the substance of a letter communicated to the Government of Madras say that the Presidency of Madras "has for long paid more than its fair share towards Imperial Revenues."

4. The Government of India are aware that one effect of the system of Provincial finance is to cause that part of the revenue of each province which is not appropriated to Provincial uses—that is, in a general way, spent upon the Local Civil Administration—to be regarded as in some way "contributed to the Imperial fisc." This fact that the Government of India take for granted that the Government appropriated to such purposes as (1) the maintenance of the Madras suitable for inclusion of leave allowances and pensions of Madras Officers, (3) the not such that they can Railway, (4) the Carnatic and Tanjore stipends, and other charges. as a Madras contribution to the Imperial fisc, is one so

11. Before passing his expression in the sense in which it is often publicly Madras are incorrect in assert as something of the same kind as the Chamber of budget estimate proposes as contributes more than its fair share towards the standard Revenue statement, so that to the statement in your letter that the direct outlay incurred by other provinces is proportionately much greater than in Madras, I am to say that I do not only in that of the admit the truth of them, but are not aware that the Government of any attempt could not allow been made to establish them by examination of that at and figures bear it sees its them. The solitary fact quoted in your letter has been entirely misunderstood with the history of the ten lakhs contribution in the North-Western Provinces will show how little ground it affords (in the opinion of the Government of India at the time the arrangement was made) for the contention that Madras bears an undue share of taxation.

A reference to paragraph 58 of the Financial Statement for 1882–83 will show that in that year the Government of India took over about 32½ lakhs of expenditure upon Patwaris, which had hitherto been borne by local taxation, on the express ground that "nowhere in India is a reduction of taxation more required than in the North-Western Provinces and Oudh." It was afterwards found necessary, for reasons which had no connection with the question of comparative taxation, to re-impose this local cess with the exception of ten lakhs of rupees (see Mr. Quinton's speech in Legislative Council, dated 15th February 1889); and this is the ten lakhs which the Government of Madras now quote in evidence of the smaller burden borne by the North-Western Provinces than by Madras.

6. The Government of Madras are equally in error in their supposition that the other Administrations assist their Local Funds by contributions from General Revenues. A reference to the Settlements made in 1892 shows that these Settlements provided for the following contributions only :—

	Rs.
Central Provinces	60,000
Burma	1,000
Assam	1,90,000
Bengal	6,45,000
Punjab	*Nil.*
Madras	74,000
Bombay	4,65,000

And, according to the information possessed by the Government of India, these contributions, in the cases of the Central Provinces, Assam, and Bengal, in each case represent arrangements by which certain items of expenditure were transferred from the General Account to Local Bodies, an assignment being made to them to meet the charge. They were not assignments in general aid of local taxation.

On the other hand, in the provinces of Northern India, large contributions are received from local taxation (over and above the income of District Boards) towards the expenditure included in the Provincial account. These local cesses amounted in 1895–96 to 2½ lakhs in the Central Provinces, nearly 43 lakhs in Bengal, about 5 lakhs in the North-Western Provinces after excluding amounts passed on to credit of Local Boards, and 6 lakhs in the Punjab. When this taxation was imposed in Northern India, the reason for exempting Madras from similar taxation was, not that it would not have been equitable, but mainly that the time was inopportune. (Financial Statement for 1880–81, paragraph 53.)

7. It is observed that the Government of Madras put forward claims also that they should be placed in a position to make large grants to municipal [illegible] and apparently consider that similar grants have been made by other Adm[illegible]. It is desirable therefore to say that grants in aid of Municipalities [illegible] prosecution of water-supply and drainage schemes in Municipalities included by the Government of India among the purposes for [illegible]garding the terms of general revenues are made to Provincial Governments. Those connected therewith, are aware that the Government of the North-Western [illegible]ince, of high balances, made considerable grants of this [illegible] grants Government of Madras have also made frequent [illegible] other Municipality; and there may be other cases unde[illegible]terfere wi[illegible]96. ment of India are naturally unwilling to int[illegible]s they may [illegible]cumulate Governments in the utilization of the surpluse[illegible] if they [illegible]e termake grants out[illegible] the Provincial system, and raise no objection [illegible] is quite [illegible]rent thing to add an[illegible] these surp[illegible]t to the assi[illegible]municipalities. But if revenues m[illegible] to a province, in order to [illegible]the Local Gove[illegible] of Imperial [illegible], or contribute [illegible]wards, charges which ought [illegible]on the municip[illegible]nt to pay[illegible]yer. Such charge[illegible]re not proper charges to throw [illegible]general tax-payer of India, and the Gove[illegible]or-General in Council does not see [illegible]ay to admitting them now, for the first [illegible]me, as such. As already stated, Madras is, in respect of this refusal, in exactly [illegible]e same position as all the other provinces of India.

8. Your letter is mainly concerned with an enumeration of the items of expenditure under the heads "Civil Works" and "Irrigation," which the Government of Madras consider ought to be undertaken as soon as possible. The Government of India do not for a moment doubt the advisability of the expenditure alluded to, but I am to point out that it is not possible, for the Government of India or indeed for any other civilized Government, to undertake all the expenditure that it considers advisable; the limitations of revenue have to be taken into account. And in the face of the great demands made on all sides upon the resources of the Government, the Governor-General in Council does not see his way to substantially increase the rate at which the demands enumerated by the Government of Madras can be overtaken. It wil be seen from the details of calculation in the enclosed statements that

in respect of irrigation the Government of India make the same grant that was made in the last Provincial Settlement, and that under Civil Works the scale of expenditure allowed for is, as compared with the 1892 contract, substantially increased.

9. But I am here to point out that the demand for the new settlement on account of expenditure of this class cannot properly be based on the actual expenditure of the past one. In each quinquennial settlement an assignment of revenue is made, of which the future increase is expected to be more than the necessary increase of expenditure, and the Local Governments are expected to utilize this excess of revenue during the period of each contract for expenditure upon Public Works. This is, as a matter of fact, everywhere done, and the actual expenditure upon Public Works during the period of each contract therefore is expected to be, and usually is, considerably larger than the amount upon which the contract is reckoned. The figures show that the Government of Madras spent in the first four years of the last settlement (in thousands of rupees) 25,38 : 26,41 : 25,11 : 33,87 : against the original estimate of 20,10 ; and the Government of India have no reason to doubt that in a similar way the Government of Madras will find itself, even apart from the additional grant which is referred to below, in a position to spend, during the currency of the present settlement, considerably more than the 22,00 taken in the calculation of the present assignment.

10. I have in paragraph 7 above communicated the instructions of the Government of India in respect of the large grants for water-supply and drainage, amounting to Rs. 26,26,000, which the Government of Madras desire to make, under this head, in the next few years. The Government of India observe that the Government of Madras have already "promised to contribute" Rs. 4,09,000. I am to remind the Government of Madras that the Government of India have not yet assigned them any revenues beyond the year 1896–97, and the Government of Madras should not, before the assignments for 1897–98 and subsequent years were settled, have made any undertakings as to special expenditure to be met out of them. Apart from the fact that the Government of India have never yet accepted charges of the kind as suitable for inclusion in the Provincial assignment, the present financial position is not such that they can afford to provide out of general revenues for a new class of charges.

11. Before passing on to the details, I am to point out that the Government of Madras are incorrect in taking, as the standard of expenditure to be reckoned with, the budget estimate proposed for 1897–98. As stated in my letter of the 15th October, No. 4420-A, the standard in both Revenue and Expenditure is that of the closing year of the old Settlement, so that the figures may be, as far as possible, based on known facts. It is quite true that this standard of expenditure may be less than that of the opening year of the new Settlement, but then the Local Government should not allow any increase of expenditure in 1897–98 over that of 1896–97, unless it sees its way to providing for it by an increase of the revenue of 1897–98 as compared with 1896–97.

12. The Government of India have given careful attention to the detailed criticism of the Government of Madras upon the figures proposed to them on the basis of the new Settlement. The heads are taken up in detail in the appendix to this letter. As regards the Tables A and B in the Appendix, it will be remembered that the Government of India have expressed their desire on the present occasion to base the estimates on the present scale of expenditure, and not to call for reductions or economies ; they have, moreover, it will be seen, made an addition of Rs. 1,50,000 in order to enable the province to meet some of the claims on account of public works and other expenditure mentioned in your letter. Including this Rs. 1,50,000, it will be seen that the net amount of expenditure for which revenue has to be assigned comes to Rs. 2,54,42,000, namely—

	Rs.	Increase over 1892. Rs.
Appendix A.—Expenditure on Civil Administration.	2,23,86,000	18,38,000
Do. B.—Irrigation and Railways	30,56,000	—83,000
	2,54,42,000	17,55,000

The increase of net expenditure from Rs. 2,36,87,000 to Rs, 2,54,42,000 is an increase of 7·4 per cent.

13. A reference to Table C shows that, apart from Land Revenue, the revenue assigned (Excise Revenue being for the present taken at 1,48,80) provides for Rupees 1,03,38,000 out of this amount, and it remains therefore to assign Rs. 1,51,04,000 out of the Land Revenue.

14. There are, owing to the peculiarities of the present season, great difficulties in calculating a present standard of Land Revenue, upon which to base an assignment of a particular share of it to the Provincial account; and these difficulties are made the more manifest by the consideration given to the subject in Appendix A of your letter under reply. The Government of India, therefore, propose, for the reasons stated in my letter No. 5435, dated the 22nd December 1896, to postpone the settlement of a standard of Land Revenue for a year, and meantime to make the assignment a fixed amount of Rs. 1,51,04,000 which will equate the amounts of assigned expenditure and assigned revenue.

15. In the same way the Government of India make for this year the fixed assignment of Rs. 37,20,000 out of the Excise Revenue, if the Government of Madras still think that the standard of Rs. 1,48,80,000 cannot be finally taken for the five years settlement. The actual receipts up to end of January give no indication of the falling-off which the Government of Madras anticipated, and that Government may perhaps now desire to finally accept a quarter of the revenue, whatever it may be, in preference to a fixed amount of Rs. 37,20,000.

16. There remains still one question for discussion, namely, the claims put forward for additional assignments on account of contemplated increases of expenditure of which two instances are the proposals with reference to Taluk Gomashtas, and those with reference to Land Record Establishments. The discussion and settlement of these proposals will certainly take some time, and no expenditure on account of them is likely to fall upon Madras during 1897–98. It is not usual to consider such matters in settling the terms of a Provincial contract, the principle of which is to take the actual standard of necessary expenditure, and to leave projects involving increase of expenditure in the future, to be provided for as increase of revenue comes in. So far as the Government of India can foresee, there does not seem any reason to expect that, after the present calamitous season passes (in which Madras is fortunate in escaping any principal share of the burden), the finances of Madras, Imperial and Provincial, will not continue to show in the future the prosperity which has distinguished them in the past. And in the opinion of the Government of India the proposed increases and improvements should be excluded in fixing the allotment of revenue, and should, according to the ordinary practice, be left to be provided for out of the growing revenues of the province.

17. In making the allotment of 1892, the Government of India added a lump sum of Rs. 1,00,000 to provide for any increases of expenditure that might be considered important and urgent by the Government of Madras; and following in the present instance this precedent they have made an additional allotment of Rupees 1,50,000 in the present settlement. Moreover, as many of the large items of expenditure have been fixed on consideration of the budget standard of 1896–97, this itself affords a certain margin, as the expenditure of that year will no doubt be less than the budget figures; and the Government of Madras may also, according to present prospects, look for a considerable saving in the item of Exchange Compensation Allowance. The Government of India have therefore left the Government of Madras with a fair margin for some of the demands put forward in your letter.

18. The account contained in table D of the appendix shows in the usual form the statement of the ruling account, as it will stand for 1897–98, until the facts as to Land Revenue are sufficiently established to warrant the assignment of the Provincial share of it being fixed in the usual way.

19. The Government of India observe that the Government of Madras expect their balance to be more than exhausted by the famine expenditure of the present and the coming years. I am to say that the questions of famine expenditure and of the restoration of the Provincial balance are not dealt with in this letter, but will be taken up at a subsequent stage.

Copy forwarded to the Home, Revenue and Agriculture and Public Works Departments for information.

Copy also forwarded to the Comptroller and Auditor General and the Accountant-General, Madras, for information.

(By order.)

R. A. GAMBLE,
Under Secy. to the Govt. of India.

APPENDIX.

Table A.

Expenditure on Civil Administration.

The following table shows the heads included in this section of the account, the figures adopted for the new Settlement and the corresponding figures of the Settlement of 1892. The remarks which follow the table explain such of the figures as require explanation :—

	(In thousands of rupees).			
	1892.		1897.	
	Receipts.	Outgoings.	Receipts.	Outgoings.
Land Revenue	..	..	..	..
Customs	30	45,71	..	..
Post Office	..	1,62	..	48,40
General Administration	..	1,07	73	2,46
Courts of Law	..	9,44	..	1,02
Jails	5,70	44,03	..	9,93
Police	1,90	8,60	7,40	46,92
Marine	4,20	40,26	4,26	10,51
Education	3	19	4,41	46,04
Medical	1,37	14,29	..	16,79
Political	73	10,77	1,93	13,07
Scientific and other Minor Departments	..	75	1,22	84
Superannuation, etc.	1,49	3,32	..	4,20
Stationery and Printing	33	14,00	2,13	15,52
Miscellaneous	1,06	7,48	47	9,00
Famine Relief	1,38	1,35	1,38	1,52
Civil Works	..	..	1,54	..
Contributions between Provincial and Local	1,07	20,10	..	22,00
Lump addition to Assignment	..	74	1,58	79
Interprovincial Adjustment	..	1,00	..	1,50
	..	82	..	..
Total ..	19,56	2,25,04	27,05	2,50,91
Net ..	..	2,05,48	..	2,23,86

2. The amounts proposed by the Government of Madras have been accepted under the following heads :—

Customs.
General Administration.
Courts of Law, except 19 under the Outgoings, which amount is rejected for the reasons stated in paragraph 3 below.
Jails, Receipts.
Police.
Marine.
Education.
Medical.
Political.
Scientific Departments, Receipts.
Superannuation Receipts.
Stationery and Printing.
Miscellaneous.
Contributions.

3. Under the following heads, the figures previously proposed by the Government of India have been adhered to, or alterations have been made, on a consideration of the actuals of the twelve months ending January 1897. The suggestions of the Government of Madras for the adoption of higher figures have not been accepted, as the actuals up to date of the year 1896–97 and the Revised Estimates show that the allowance made is sufficient for the existing expenditure :—

Post Office.
Jails, Outgoings.
Scientific Departments, Outgoings.
Superannuation, Outgoings with an addition of 2 for marine pensions.

With reference to the suggestions of the Government of Madras to adopt the budget estimates of 1897–98 for these heads, it is to be remarked that the budget estimate of next year is not the standard by which the Settlement figures should be measured : provision has to be made for the existing scale both of revenue and expenditure : the increases under the assigned heads of revenue are intended to meet any increases under the assigned heads of expenditure. The remarks of the Government of Madras regarding the head Superannuations are based on a misapprehension : the fact that expenditure is increasing is no reason why it should not be made Provincial, as increasing revenues are assigned; the figures for both revenue and expenditure being taken as near as may be at the existing scale.

4. Under 3.—Land Revenue the amount desired by the Government of Madras has been accepted with a deduction of 74, being the estimated cost, falling under this head, of the scheme for improving the condition of Taluk Gomashtas. That scheme has not yet been examined by the Government of India : it requires the sanction of the Secretary of State ; and it is not likely to be sanctioned in time for expenditure on it to be incurred in 1897–98. The expenditure must therefore be left to be provided for by the increases of revenue which will accrue during the period of the new Settlement.

5. No amount can be entered in the Settlement under 33.—Famine Relief. There has been practically no expenditure under it during the last three years, and the expenditure is not of the recurring kind which should be provided for in the figures adopted for the Provincial Settlement. When famine comes, Local Governments are expected to divert to relief the funds they would otherwise have devoted to the construction of public works or to the introduction of reforms or improvements which are capable of being postponed. When the expenditure is beyond the power of Provincial Revenues to meet, Imperial Revenues must come to their aid, altogether apart from the Provincial Settlements.

6. The reasons for the adoption of the figure entered under Civil Works are fully stated in the letter to which this is an appendix.

—

Table B.

Railways and Irrigation.

7. The following are the figures adopted for these heads :—

(In thousands of rupees).

—	1892.		1897.	
	Revenue.	Expenditure.	Revenue.	Expenditure.
Irrigation	1,50	33,09	1,86	33,45
Railways	20 (Net)	..	2,71	1,68
Total	1,70	33,09	4,57	35,13
Net	..	31,39	..	30,56

8. The figures for Railways and for the Irrigation receipts are those which are accepted by the Government of Madras.

9. The figures of Irrigation expenditure of past years have been as follow :—

—	Works for which separate accounts are not kept.						
	Capital.	Revenue.	Tank restoration.	Other works.	Civil officers.	Agricultural works.	Total excluding Capital.
1887–88	2,76	2,25	3,60	13,60	..	4,07	23,52
1888–89	3,52	2,16	5,69	17,01	..	4,57	29,43
1889–90	2,95	2,97	6,07	15,99	..	4,45	29,48
1890–91	2,66	4,02	23,01		..	5,67	32,80
1892 (Settlement)	2,50	4,27	5,00	17,00	..	4,32	30,59
1892–93	3,13	3,96	4,54	17,76	..	3,93	30,19
1893–94	4,21	2,28	4,41	13,04	3,35	4,13	27,21
1894–95	4,10	2,96	5,05	13,60	3,97	3,66	29,24
1895–96 (Revised)	6,90	2,80	5,58	12,05	3,85	5,15	29,43
Proposed Settlement	2,50	2,56	5,00	12,25	4,00	4,25	28,06

10. A good deal of the expenditure on Irrigation is obligatory, but a large part of it is capital expenditure which may be enhanced or reduced at pleasure. A considerable reduction was made in the figure originally proposed by the Government of India on the ground that the principal sanctioned projects were approaching completion. The Government of Madras show that a considerable amount of new expenditure is coming forward to take the place of that which has been finished. As explained in the body of the letter, the Government of India have allowed for the same rate of net expenditure as in 1892. And the Madras Government will be under the necessity of limiting their expenditure to what they find it possible to meet within the funds thus provided, or the general funds becoming available under the Settlement.

—

Table C.

Revenue Account.

11. The following table shows the heads included in this section of the account, the figures which it has been decided to adopt for the new Settlement :—

(In thousands of rupees.)

—	Revenue.			Expenditure.		
	Total.	Provincial share.		Total.	Provincial share.	
Refunds	..	..	..	2,34	..	1,22
Salt	1,27	Misc.	1,27	25,91 (a)	½	(b) 7,06
Excise	1,48,80	¼	37,20			
Stamps	79,67	¾	59,75	3,60	¾	2,70
Assessed Taxes	24,00	½	12,00	27	½	14
Forests	20,50	½	10,25	15,50	½	7,75
Registration	12,00	½	6,00	8,40	½	4,20
Interest	1,48	whole	1,48	1,50	whole	1,50
Total	2,87,72	..	1,27,95	57,52	..	24,57
Net Revenue	..	..	1,03,38	..	..	..

(a) Charges for Salt purchase and freight which are Imperial are excluded from this figure.
(b) Except cost of Licensee's works which is wholly Provincial. The figure 706 is made up as follows :—

Licensee's works	78
One-fourth of other charges (25,13)	6,28
	7,06

12. The figures proposed by the Government of Madras have been accepted under the following heads:—

Refunds.	Assessed Taxes.
Salt, Revenue.	Forest.
Stamps, Expenditure.	

13. The figures under the following heads have been fixed on a consideration of the actual figures for the 12 months ending January 1897 and of the Revised Estimates of this year:—

Excise Revenue (Madras appears to have taken too high a figure, having assumed that the Estimate to be taken should be that of 1897–98, and not 1896–97.)

Stamp Revenue.

Registration, some allowance being made for an increase of expenditure under the scheme already sanctioned.

Interest, the expenditure, however, being reduced by one-eighth in accordance with Resolution No. 852 A, dated the 20th February 1897, in consequence of the reduction of the rate of interest to be charged to the Local Government from 4 to $3\frac{1}{2}$ per cent.

14. For Salt expenditure the figure proposed for "Licensees' Works" is retained. For the combined Salt and Excise establishments the amount formerly proposed is retained with an addition of 10 for the new special distillery officer. Further increases of expenditure are contemplated which are expected to yield an increase of revenue: neither the increase of revenue nor the increase of expenditure need be taken in the figures for the Settlement. The Orissa portion of the establishment is omitted, as that will be transferred to Bengal.

15. The settlement of the figure for Land Revenue is left over till next year. For 1897–98 the Provincial share of Land Revenue will be 1,51,04.

Table D.

The following table exhibits the figures of Tables A, B and C in the ordinary order of the heads as they appear on the accounts:—

(In thousands of rupees.)

Revenue.			Expenditure.		
I.—Land Revenue	1,51,04		1.—Refunds and Drawbacks ..	1,22	
III.—Salt	1,27		3.—Land Revenue	48,40	
IV.—Stamps	59,75		5.—Salt	5,49	
V.—Excise	37,20		6.—Stamps	2,70	
VII.—Customs	73		7.—Excise	1,57	
VIII.—Assessed Taxes	12,00		9.—Customs	2,46	
IX.—Forest	10,25		10.—Assessed Taxes	14	
X.—Registration	6,00		11.—Forest	7,75	
		2,78,24	12.—Registration	4,20	
XII.—Interest	..	1,48			73,93
XVIA.—Courts of Law	7,40		13.—Interest	..	1,50
XVIB.—Jails	4,26		15.—Post Office	..	1,02
XVII.—Police	4,41		18.—General Administration ..	9,93	
XIX.—Education	1,93		19A.—Courts of Law	46,92	
XX.—Medical	1,22		19B.—Jails	10,51	
XXI.—Scientific and other Minor Departments	2,13		20.—Police	46,04	
		21,35	21.—Marine	40	
XXII.—Superannuation, etc. ..	47		22.—Education	16,79	
XXIII.—Stationery and Printing.	1,38		24.—Medical	13,07	
XXV.—Miscellaneous	1,54		25.—Political	84	
		3,39	26.—Scientific and other Minor Departments	4,20	
XXVI.—State Railways	..	2,71			1,48,70
XXX.—Minor Works and Navigation	..	1,86	29.—Superannuation, etc. ..	15,52	
XXXII.—Civil Works	..	1,58	30.—Stationery and Printing ..	9,00	
			32.—Miscellaneous	1,52	
			38.—State Railways—Working Expenses		26,04
			43.—Minor Works and Navigation.	..	1,68
			45.—Civil Works	..	33,45
			Contributions between Provincial and Local (net) ..	..	22,00
			Lump addition	..	79
				..	1,50
Total, Revenue		3,10,61	Total, Expenditure		3,10,61

From J. F. FINLAY, Esq., Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Estimates and Accounts), to the Chief Secretary to the Government of Madras, dated Calcutta, the 26th March 1897, No. 1400–A.

I am directed to acknowledge the receipt of the Estimates of Revenue and Expenditure of the Madras Presidency for the year 1897–98.

2. It will be seen from the accompanying statement that the local estimates of Revenue have been accepted in all cases except for the head "VII.—Customs," under which an increase of Rs. 1,50,000 proposed by the Accountant-General has not been accepted, as the estimate for the head is separately settled for all India and there are counterbalancing alterations in other Provinces.

3. As regards the estimates of expenditure, I am to say that in view of the present financial position and of the heavy expenditure on famine, the Government of India decided to reduce the estimates of Provincial expenditure under the heads "43.—Minor Works and Navigation" and "45.—Civil Works" to the amounts provided for in the new Provincial Settlement. These reductions were communicated to the Government of Madras in my telegram, dated the 6th March 1897. The figure shown against the head "45.—Civil Works" in the estimates for the new settlement is Rs. 22,00,000, but for the present purpose, the lump undistributed assignment of Rs. 1,50,000 mentioned in paragraph 17 of my letter No. 1245–A, dated 16th March 1897, has been taken under that head.

4. Separate orders will issue from this department regarding the estimates under "IX and 11.—Forest," and the Public Works Department will communicate in usual course the reasons for the adoption of the estimates under the Public Works heads. The figure under the head "13.—Interest" has been explained in this Department Resolution No. 1233–A, dated 16th March 1897.

5. The provision for the total expenditure under the head "33.—Famine Relief" has been taken at Rs. 20,04,000 in accordance with the estimates furnished with your letter No. 188, dated the 26th February 1897. For the reasons explained in my letter No. 1334–A, dated the 22nd March 1897, the Government of India have passed Rs. 5,00,000 out of the total to the charge of Local Funds in Madras. As regards the incidence of the remainder, Provincial Revenues will be charged with so much of the expenditure as can be so charged without reducing the Provincial balances on 31st March 1898 below half the prescribed minimum, and the estimates have been prepared accordingly.

6. The usual memorandum showing how the Provincial share of Land Revenue has been calculated is annexed. In paragraph 14 of my letter No. 1245–A, dated the 16th March 1897, the Provincial share of Land Revenue is stated to be Rs. 1,51,04,000 for the year 1897–98, but in preparing the present estimates a reduction of Rs. 12,000 has been made in that amount owing to changes in the classification of the receipts and charges connected with Pearl fisheries, Chank fisheries and maintenance of fishery vessels. In the correspondence ending with the telegram from the Government of Madras, dated the 24th February 1897, it has been decided that these receipts and charges should be wholly Provincial from 1st April 1897, and the estimates have been prepared accordingly. These changes of classification alter the figures for the new Provincial Settlement communicated in my letter of the 16th March as follows:—

	Increase (+) or decrease (—) in Provincial share.
	Rs.
3.—Land Revenue	— 5,000
4.—Marine	— 10,000
32.—Miscellaneous	+ 19,000
Increase in assignment of Provincial Expenditure	4,000
Incerase in assigned Revenues, under the head "XXV.—Miscellaneous"	16,000
Difference representing reduction of Provincial Share of Land Revenue	12,000

7. I am also to inform you that, pending further report from the Government of Madras with reference to paragraph 15 of my letter of the 16th March, the Provincial share of the Excise Revenue in 1897–98 has been taken in the present estimates at one-quarter of the total instead of at a fixed amount of Rs. 37,20,000.

Copy, with copy of the annexures, forwarded to the Comptroller and Auditor General and the Accountant-General, Madras, for information.

(By order.)

(Signed) J. F. FINLAY,
Secretary to the Government of India.

STATEMENT.

Heads of Revenue.	Local Government, Accts.-Genl., Depts., etc.				Finance Department.				Increase.	Decrease.
	Imperial.	Provincial.	Local.	Total.	Imperial.	Provincial.	Local.	Total.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Principal Heads of Revenue—										
I.—Land Revenue { Proper	3,36,15,000	1,50,92,000	22,90,000	5,09,97,000	3,36,15,000	1,50,92,000	22,90,000	5,09,97,000	..	..
I.—Land Revenue { Adjustments	+1,10,000	−1,10,000	..		+1,10,000	−1,10,000	..			
III.—Salt	1,82,75,000	1,27,000	..	1,84,02,000	1,82,75,000	1,27,000	..	1,84,02,000	..	..
IV.—Stamps	19,95,000	59,85,000	..	79,80,000	19,95,000	59,85,000	..	79,80,000	..	..
V.—Excise	1,14,75,000	38,25,000	..	1,53,00,000	1,14,75,000	38,25,000	..	1,53,00,000	..	..
VI.—Provincial rates ..	..	..	77,05,000	77,05,000	..	..	77,05,000	77,05,000	..	..
VII.—Customs	36,77,000	73,000	..	37,50,000	35,27,000	73,000	..	36,00,000	..	1,50,000
VIII.—Assessed Taxes ..	12,00,000	12,00,000	..	24,00,000	12,00,000	12,00,000	..	24,00,000	..	..
IX.—Forest	11,86,000	11,87,000	..	23,73,000	11,86,000	11,87,000	..	23,73,000	..	..
X.—Registration ..	6,20,000	6,20,000	..	12,40,000	6,20,000	6,20,000	..	12,40,000	..	..
XI.—Tributes	45,11,000	..	..	45,11,000	45,11,000	..	..	45,11,000	..	..
Total ..	7,66,64,000	2,79,99,000	99,95,000	11,46,58,000	7,65,14,000	2,79,99,000	99,95,000	11,45,08,000	..	1,50,000
XII.—Interest	3,02,000	1,80,000	42,000	5,24,000	3,02,000	1,80,000	42,000	5,24,000	..	..
Receipts by Civil Departments—										
XVI.—Law and Justice—										
Courts of Law ..	..	7,00,000	..	7,00,000	..	7,00,000	..	7,00,000	..	..
Jails	..	4,81,000	..	4,81,000	..	4,81,000	..	4,81,000	..	..
XVII.—Police	..	4,41,000	..	4,41,000	..	4,41,000	..	4,41,000	..	..
XIX.—Education	..	2,03,000	2,37,000	4,40,000	..	2,03,000	2,37,000	4,40,000	..	..
XX.—Medical	..	1,31,000	21,000	1,52,000	..	1,31,000	21,000	1,52,000	..	..
XXI.—Scientific and other Minor Departments.	..	2,35,000	..	2,35,000	..	2,35,000	..	2,35,000	..	..
Total ..	..	21,91,000	2,58,000	24,49,000	..	21,91,000	2,58,000	24,49,000	..	..
Miscellaneous—										
XXII.—Receipts in aid of Superannuations, etc.	1,02,000	55,000	1,000	1,58,000	1,02,000	55,000	1,000	1,58,000	..	..
XXIII.—Stationery and Printing	22,000	1,41,000	..	1,63,000	22,000	1,41,000	..	1,63,000	..	..
XXV.—Miscellaneous ..	25,000	1,88,000	6,31,000	8,44,000	25,000	1,88,000	6,31,000	8,44,000	..	..
Total ..	1,49,000	3,84,000	6,32,000	11,65,000	1,49,000	3,84,000	6,32,000	11,65,000	..	..
Railways—										
XXVI.—State Railways (Gross traffic receipts)	1,37,10,000	2,70,000	..	1,39,80,000	1,37,10,000	2,70,000	..	1,39,80,000	..	..
XXVIII.—Subsidised Companies, etc. ..	2,87,000	..	..	2,87,000	2,87,000	..	..	2,87,000	..	..
Total ..	1,39,97,000	2,70,000	..	1,42,67,000	1,39,97,000	2,70,000	..	1,42,67,000	..	..
Irrigation—										
XXIX.—Major Works (Direct receipts) ..	2,93,000	..	..	2,93,000	2,93,000	..	..	2,93,000	..	..
Portion of Land Revenue due to Irrigation ..	67,63,000	..	..	67,63,000	67,63,000	..	..	67,63,000	..	..
XXX.—Minor Works and Navigation ..	..	1,77,000	..	1,77,000	..	1,77,000	..	1,77,000	..	..
Total ..	70,56,000	1,77,000	..	72,33,000	70,56,000	1,77,000	..	72,33,000	..	..
Buildings and Roads—										
XXXI.—Military Works ..	1,000	..	..	7,000	7,000	..	..	7,000	..	..
XXXII.—Civil Works ..	..	1,76,000	10,50,000	12,26,000	..	1,76,000	10,50,000	12,26,000	..	..
Total ..	7,000	1,76,000	10,50,000	12,33,000	7,000	1,76,000	10,50,000	12,33,000	..	..
Total, Revenues ..	9,81,75,000	3,13,77,000	1,19,77,000	14,15,29,000	9,80,25,000	3,13,77,000	1,19,77,000	14,13,79,000	..	1,50,000
Contribution	..	3,07,000	3,11,000	..	..	3,07,000	3,11,000	..	..	..
Opening Balance	..	25,50,000	41,36,000	..	..	25,85,000	41,36,000	..	..	..
Grand Total ..	..	3,42,34,000	1,64,24,000	..	..	3,42,69,000	1,64,24,000	..	..	..

RAS.

1897–9[illegible]

He[illegible]penditure.	Local Govt., Accts.-Genl., Depts., etc.				Finance Department.				Increase.	Decrease.
	Imperial.	Provincial.	Local.	Total.	Imperial.	Provincial.	Local.	Total.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Direct Demands on the Revenues—										
1.—Refunds and drawbacks ..	1,78,000	1,18,000	17,000	3,13,000	1,78,000	1,18,000	17,000	3,13,000	..	..
2.—Assignments and Compensations	11,60,000	..	..	11,60,000	11,60,000	..	..	11,60,000	..	..
Charges in respect of Collection—	..	51,35,300	46,45,000	97,80,000	..	51,35,000	46,45,000	97,80,000	..	..
3.—Land Revenue	..	..	..	..	..	..	..	..	..	..
5.—Salt (including cost of production	18,64,000	5,45,000	..	24,09,000	18,64,000	5,45,000	..	24,09,000	..	..
6.—Stamps	87,000	2,61,000	..	3,48,000	87,000	2,61,000	..	3,48,000	..	..
7.—Excise	4,71,000	1,57,000	..	6,28,000	4,71,070	1,57,000	..	6,28,000	..	..
9.—Customs	..	2,45,000	..	2,45,000	..	2,45,000	..	2,45,000	..	..
10.—Assessed Taxes	14,000	13,000	..	27,000	14,000	13,000	..	27,000	..	..
11.—Forest	8,63,000	8,62,000	..	17,25,000	8,63,000	8,62,000	..	17,25,000	..	..
12.—Registration	4,30,000	4,30,000	..	8,60,000	4,30,000	4,30,000	..	8,60,000	..	..
Total ..	50,67,000	77,66,000	46,62,000	1,74,95,000	50,67,000	77,66,000	46,62,000	1,74,95,000	..	..
Interest—										
13.—Interest on Debt (other than that charged to Railways and Irrigation Works) ..	..	1,53,000	..	1,53,000	..	1,53,000	..	1,53,000	..	..
14.—Interest on other Obligations	23,000	..	5,000	28,000	23,000	..	5,000	28,000	..	..
Total ..	23,000	1,53,000	5,000	1,81,000	23,000	1,53,000	5,000	1,81,000	..	..
Post Office, Telegraph and Mint—										
15.—Post Office	..	1,07,000	..	1,07,000	..	1,07,000	..	1,07,000	..	..
Salaries and Expenses of Civil Departments—										
18.—General Administration ..	2,73,000	10,11,000	3,45,000	16,29,000	2,73,000	10,11,000	3,45,000	16,29,000	..	..
19.—Law and Justice—										
A.—Courts of Law ..	..	46,67,000	..	46,67,000	..	46,67,000	..	46,67,000	..	..
B.—Jails	..	11,17,000	..	11,17,000	..	11,17,000	..	11,17,000	..	..
20.—Police	..	46,24,000	..	46,24,000	..	46,24,000	..	46,24,000	..	..
21.—Marine (including River Navigation)	..	8,000	..	8,000	..	8,000	..	8,000	..	..
22.—Education	..	17,52,000	11,81,000	29,33,000	..	17,52,000	11,81,000	29,33,000	..	..
23.—Ecclesiastical	4,03,000	..	..	4,03,000	4,03,000	..	..	4,03,000	..	..
24.—Medical	..	12,91,000	14,48,000	27,39,000	..	12,91,000	14,48,000	27,39,000	..	..
25.—Political	12,000	81,000	..	94,000	12,000	82,000	..	94,000	..	..
25.—Scientific and other Minor Departments	8,000	4,30,000	..	4,38,000	8,000	4,30,000	..	4,38,000	..	..
Total ..	6,96,000	1,49,82,000	29,74,000	1,86,52,000	6,96,000	1,49,82,000	29,74,000	1,86,52,000	..	..
Miscellaneous Civil Charges—										
27.—Territorial and Political Pensions	6,41,000	..	..	6,41,000	6,41,000	..	..	6,41,000	..	..
28.—Civil furlough and Absentee Allowances	1,000	..	..	1,000	1,000	..	..	1,000	..	..
29.—Superannuation Allowances and Pensions	39,000	16,32,000	12,000	16,83,000	39,000	16,32,000	12,000	16,83,000	..	..
30.—Stationery and Printing ..	3,75,000	9,32,000	..	13,07,000	3,75,000	9,32,000	..	13,07,000	..	..
32.—Miscellaneous	22,000	1,76,000	3,37,000	5,35,000	22,000	1,76,000	3,37,000	5,35,000	..	..
Total ..	10,78,000	27,40,000	3,49,000	41,67,000	10,78,000	27,40,000	3,49,000	41,67,000	..	..
Famine Relief and Insurance—										
33.—Famine Relief	1,93,000	13,11,000	5,00,000	20,04,000	1,93,000	13,11,000	5,00,000	20,04,000	..	..
35.—Construction of Protective Irrigation Works	1,69,000	..	..	1,69,000	1,69,000	..	..	1,69,000	..	..
Total ..	3,62,000	13,11,000	5,00,000	21,73,000	3,62,000	13,11,000	5,00,000	21,73,000	..	..
37.—Construction of Railways, etc.	..	34,000	..	34,000	..	34,000	..	34,000	..	..
Railway Revenue Account—										
38.—State Railways— Working Expenses ..	88,50,000	1,70,000	..	90,20,000	88,50,000	1,70,000	..	90,20,000	..	..
39.—Guaranteed Companies— Surplus profits, land and supervision	11,11,000	..	..	11,11,000	11,11,000	..	..	11,11,000	..	..
40.—Subsidised Companies— Land, etc.	1,70,000	..	..	1,70,000	1,70,000	..	..	1,70,000	..	..
Total ..	1,01,31,000	1,70,000	..	1,03,01,000	1,01,31,000	1,70,000	..	1,03,01,000	..	..
Irrigation—										
42.—Major Works (Working Expenses)	13,70,000	..	..	13,70,000	13,70,000	..	..	13,70,000	..	..
43.—Minor Works and Navigation	..	35,00,000	9,000	35,09,000	..	33,45,000	9,000	33,54,000	..	1,55,000
Total ..	13,70,000	35,00,000	9,000	48,79,000	12,70,000	33,45,000	9,000	47,24,000	..	1,55,000
Buildings and Roads—										
44.—Military Works	81,000	..	..	81,000	81,000	..	..	81,000	..	..
45.—Civil Works	86,000	27,00,000	46,94,000	74,80,000	86,000	23,50,000	46,94,000	71,30,000	..	3,50,000
Total ..	1,67,000	27,00,000	46,94,000	75,61,000	1,67,000	23,50,000	46,94,000	72,11,000	..	3,50,000
Total, Expenditure ..	1,88,94,000	3,34,63,000	1,31,93,000	6,55,50,000	1,88,94,000	3,29,58,000	1,31,93,000	6,50,45,000	..	5,05,000
Contribution	..	3,11,000	3,07,000	..	..	3,11,000	3,07,000	..	..	..
Closing balance	..	4,60,000	29,24,000	..	..	10,00,000	29,24,000	..	..	..
Grand Total ..	..	3,42,34,000	1,64,24,000	..	..	3,42,69,000	1,64,24,000	..	..	..
Provincial and Local—										
Surpluses (+)	..	..	..	..	..	..	..	..	..	..
Deficits (−)	..	−20,90,000	−12,12,000	..	..	−15,85,000	−12,12,000	..	..	..
		−33,02,000				−27,97,000				

Memorandum showing how the Provincial Share of Land Revenue, Madras, has been calculated.

	RS.
Gross Land Revenue (including the portion credited to Irrigation)	5,77,60,000
Deduct—	
Local portion of the Revenue	22,90,000
Total Revenue divisible	5,54,70,000
Provincial portion under the new settlement	1,50,92,000
Miscellaneous Transfers—	
Provincial to Imperial—	
Construction of a new detention hospital	1,10,000
Distribution of Total Land Revenue—	
Imperial (excluding Land Revenue due to Irrigation) ..	3,37,25,000
Do. do. do. ..	67,63,000
Provincial	1,49,82,000
Local	22,90,000
Total ..	5,77,60,000

Resolution of the Government of India, Finance and Commerce Department (Accounts and Finance—Provincial Finances), dated Simla, 11th August 1897, No. 3531-A.

Read the following Resolutions of the Government of India in the Finance and Commerce Department—

No. 1142, dated 17th March 1892, stating the rules and conditions regulating the administration by Local Governments of Provincial Revenues and Expenditure.

Nos. 1143—1150, dated 17th March 1892, stating the terms of the settlements for the five years, 1st April 1892 to 31st March 1897, relating to the Provincial Revenue and Expenditu of the Central Provinces, Lower Burma, Assam, Bengal, the North-Western Provinces and Oudh, the Punjab, Madras and Bombay.

Resolution.—The periodical revision of the settlements relating to the Provincial revenue and expenditure of the several Provinces having now (with the reservation of a few points) been effected for the period 1st April 1897 to 31st March 1902, the Governor-General in Council considers it convenient to state in one resolution, in supersession of those read in the preamble, the general terms of the settlement, and the rules and conditions regulating the administration of Provincial revenue and expenditure.

2. The revenue received, and the expenditure incurred on the public service in each Province is to be classified as Imperial or Provincial according to the lists in schedules A and B. All revenue recorded on the books of the Account Officers of the Province, which, according to the established system of public accounts, is classified under the heads named in column 2 of the schedule A annexed to this resolution will be Provincial to the extent stated in column 3 of the schedule; and all expenditure, recorded on the books of the Account Officers of the Province, which is similarly classified under the heads named in column 2 of the Schedule B, will be Provincial in the proportion stated in column 3.

It should be noted that this definition gives the sole test for deciding whether any item of revenue or expenditure is Provincial; and it is on this basis that the assignments are calculated. Such considerations as whether any item of revenue or expenditure arises on the initiative of the Provincial Government concerned, or in some other way, do not affect the classification in the public accounts, and therefore do not affect the question of credit or debit to Provincial. As a matter of fact nearly all provincial revenue and expenditure does arise on the initiative of the Local Government; but the exceptional cases of charges falling on one Local Government

on account of another or on account of the Imperial Government, are provided for in the reckoning of the assignment, and being so provided the financial position of the Government concerned is not adversely affected by its having to bear them, when they arise.

3. Subject to the limitations hereinafter stated, Local Governments exercise, in respect of provincial revenue and expenditure, all the financial powers of sanction and control which were exercised, before the introduction of the system of Provincial finance, by the Government of India in the case of revenue and expenditure classified under heads which are divided between Imperial and Provincial in fixed proportions, those powers are exercised by the Local Governments in respect of the Imperial portion also. The financial powers vested in Local Governments as above are necessarily limited to those possessed by the Government of India. In all matters of grave financial importance and in certain minor matters the orders of the Secretary of State are required; and, although some of the limitations, rendered necessary by this restriction on the powers of the Government of India, are included in the subsequent paragraphs of this resolution, it should be understood that all orders, which are now in force or which may hereafter be issued, which have the effect of requiring the sanction of the Secretary of State in connection with any matter affecting revenue or expenditure, necessarily prevent the Local Governments from issuing, without a reference to the Government of India, final orders in regard to such matter.

4. Without the previous sanction of the Government of India—

(1) No additional taxation may be imposed, and no change made in any existing system of revenue management;

(2) No new general service or duty may be undertaken: whenever a Local Government proposes to undertake any such new service or duty, it must satisfy the Government of India that it can provide the funds for it, temporarily if the service or duty is temporary, and permanently if it is permanent;

(3) (*a*) No permanent appointment may be created with a pay of more than Rs. 250 a month, and no addition may be made to the pay and allowances of any officer if they exceed, or would, after the addition, exceed, Rs. 250 a month;

(*b*) No temporary appointment or deputation involving the payment of more than Rs. 250 a month may be sanctioned for a period exceeding six months;

(4) No permanent appointment of which the pay and allowances are more than Rs. 250 a month may be abolished; and the pay and allowances of no such appointment may be reduced;

(5) No class or grade of officers may be created or abolished; and the pay of no class or grade of officers may be raised or reduced;

(6) The rates of duty on spirits and drugs should not be altered in any case in which the alteration is likely to affect the excise arrangements of neighbouring provinces: and in particular the sanction of the Governor-General in Council must be obtained to any alteration in the rates of duty in any district which borders on another province;

(7) For the same reason, the rates of discount upon the retail of stamps and court-fees labels must not be altered;

(8) No addition may be made to the pay or allowances of any individual officer, or class of officers, that may lead to increase in the emoluments of any public servants doing duty in the same province, whose pay and allowances are not charged under one of the transferred heads of service. The Government of India reserves the right to forbid alterations in rates of pay or allowances, which, in its opinion, would produce inconvenience in other provinces;

(9) No item, hitherto credited to General Revenue, Imperial or Provincial, may be alienated to form an asset of any local or special fund;

(10) Though grants, subventions or assignments from Provincial revenues to local or municipal bodies may be made by Local Governments out of funds which are at their disposal, yet there is no obligation on

the State to continue them after the expiration of the quinquennial period of the settlement; and they will not ordinarily be included in the estimate of the provincial expenditure to be made for the next settlement;

(11) No money may be removed from the public treasury for investment or deposit elsewhere; the Government of India, which is responsible for the provision of ways and means for the public service in all departments, must always retain, as at present, in its own hands, absolute and unconditional control over all money in the public treasury: a Local Government may not withdraw such money, except for expenditure upon the public service. This order applies to local fund balances as much as to provincial funds. The principle is that no funds contributed from the public revenues or raised by general taxation, such as the district cess funds, and the like, shall be invested without the consent of the Government of India; these orders do not apply to municipal or port funds, nor to trust or endowment funds of any kind;

(12) No alteration must be made in the form or procedure of the public accounts; in particular Local Governments may not issue orders directing the division of a charge between two or more heads of account: the Comptroller-General ordinarily decides the proper classification of an item on the accounts;

(13) No services previously rendered to other departments at the charge of the departments made over to the control of the Local Governments may be diminished, and no services previously rendered to these departments at the charge of other departments may be increased;

(14) No line of through communication may be abandoned, or allowed to fall out of repair.

5. Inter-provincial adjustments are forbidden. But if any considerable charge of an exceptional nature which ought ordinarily to be borne by one Province is paid in another Province, the question of a corresponding adjustment between the two Provinces will be specially considered.

6. Local Governments are required, under ordinary circumstances, and apart from famine requirements, to maintain balances of the following minimum amounts:—

	Rs.		Rs.
Central Provinces ..	8,00,000	N.-W. Provinces and Oudh	20,00,000
Burma	12,00,000	Punjab	10,00,000
Assam	5,00,000	Madras	20,00,000
Bengal	20,00,000	Bombay	20,00,000

A Local Government should not, without the previous sanction of the Government of India, propose any estimates or allow any transactions which involve the reduction of the Provincial balance below the prescribed minimum. Accountants-General are required to make a report to the Local Government and to the Government of India when it appears to them that there is any likelihood of the balance being reduced below the minimum.

7. Advances and loans may be made by Local Governments and Administrations for any of the purposes enumerated below out of the allotments placed annually at their disposal by the Government of India:

I.—Advances to cultivators, under various Acts such as the Land Improvement Loans Act, XIX of 1883, or the Agriculturists' Loans Act, XII of 1884.

II.—Advances under special laws not coming within Class I.

III.—Loans to landholders and notabilities apart from the provisions of any law.

IV.—Loans to municipal and other public corporations (other than Presidency corporations) including local boards, district councils and any bodies having like authority beyond the local limits of municipalities and cantonments.

These loans can be made by Local Governments subject to the following ons and restrictions:

(a) The procedure prescribed by rules framed under the Acts of the legislature for making applications for loans, or the conditions under which they may be sanctioned must be observed.

Loans to private individuals under Class III should only be made when they have in them some purpose of a public or political character.

(c) Loans to municipalities, district boards and other public bodies, &c., under Class IV can generally be given for works of public and general convenience and utility and to a limited extent for works which are mainly or merely ornamental or convenient.

It is not intended that loans should be made to large municipalities which have a public credit of their own.

(d) Without the previous sanction of the Government of India the period of repayment of a loan should not be extended beyond twenty years unless a longer period is already prescribed by rules sanctioned by the Government of India. The period of repayment of loans which are granted for works which are mainly ornamental or convenient, such as a town-hall, public garden or market place, should not exceed ten years.

(e) No loan may be granted at a lower rate of interest than 4 per cent. except in the case of advances made under rules sanctioned by the Government of India in which lower rates are allowed.

(f) A penal rate of compound interest not less than 6 per cent. a year, should be enforced, as far as the law allows, upon all overdue instalments of interest or principal and interest.

(g) Borrowers should be required to adhere strictly to the terms settled for the loans made to them: and no modification in their favour of those terms should be made subsequently except for very special reasons.

(h) The Local Governments should disburse loan-money within the allotments provided in the annual advance and loan account placed at their disposal. The amount of loans to be made should not exceed the net total amount of advance provided for any Province; and Local Governments are free to utilize any excess repayments during the currency of the year in making fresh loans and advances.

(i) No re-appropriations to Class III for loans to private individuals are permissible from undisbursed portions of allotments provided for the other classes.

9. Interest at $3\frac{1}{2}$ per cent. a year will be charged to Local Governments on the mean between the outstanding balance of the Provincial Advance and Loan Account at the commencement and the outstanding balance at the close of each year; and any sums which it may be necessary to write off as irrecoverable will be charged to Provincial Revenues. Provincial Revenues will be credited with the full amount of interest received on the loans and advances.

10. When any Local Government proposes to provide in the budget estimates for Provincial expenditure largely in excess of the Provincial revenue of the year, that is, when it is proposed to incur considerable expenditure out of accumulated balances, the proposals should be forwarded to the Government of India for separate consideration in advance of the estimates.

11. It is a general condition, precedent to the delegation of all authority to disburse public money, that it shall be *bonâ fide* for a public object; nothing must be carried out by means of the public funds for the advantage of any individual or body of private persons, unless in accordance with some declared or established rule or principle recognized by the Government of India. Nor can expenditure of public money be sanctioned upon objects which are not in the category of recognized objects of expenditure from the revenues of the State. It is the duty of every Audit Officer,

at all times, to challenge any infringement of these principles; and every Local Government must submit, for the orders of the Government of India, any representation made to it by any Audit Officer in accordance with this rule which it does not promptly accept.

12. All standing orders and rules of the Supreme Government are to be observed, including, in particular, the rules in the Civil Service Regulations, the Code of the Public Works Department, and the Civil Account Code.

13. Local Governments must exercise the powers vested in them by this resolution subject to the ordinary rules of the budget system. The most important of those rules which affect the exercise of those powers are:—

(*a*) A Local Government cannot sanction any expenditure during a year which will involve an excess over the budget grant for the year for any provincial major head without effecting re-appropriation, that is, without reducing by the amount of the excess the sanctioned grant under some other provincial or local major head under its control.

(*b*) A Local Government cannot sanction any expenditure which will involve an excess over the budget grant for the year under a head which is divided in a fixed proportion between Imperial and Provincial, unless it can effect re-appropriation (for the imperial and provincial portions of the excess respectively) from imperial and provincial or local heads under its control, or unless in the case of forest expenditure, the excess is covered by a corresponding increase of revenue earned by the additional expenditure.

(*c*) A Local Government is required to keep the total provincial expenditure under all heads within the total budget grant of the year for that expenditure unless—

(1) it effects re-appropriation from the grants for local expenditure under its control; or,

(2) it has obtained the sanction of the Government of India to a supplementary grant.

14. The settlement for each Province is a consolidated one, and is not a collection of separate settlements for each provincial head. The Local Governments and Administrations will be expected to maintain all the Provincial Services in a state of administrative efficiency, providing any increased expenditure necessary for the purpose either from savings in expenditure to be effected by economical administration of the Provincial Services, or from development of revenues.

15. The financial powers vested in Local Governments by this resolution are subject to the general supervision and control of the Government of India; and His Excellency the Governor-General in Council expressly reserves the right of issuing instructions to Local Governments on general or particular matters affecting the transferred revenues and services, when such interference with the discretion ordinarily vested in them seems to him expedient.

Order.—Ordered, that this resolution be communicated to all Local Governments and Administrations; to the departments of the Government of India; to the Comptroller and Auditor-General and to all Accountants-General and Comptrollers.*

(Signed) J. F. FINLAY,
Secretary to the Government of India.

* Except Comptrollers, Hyderabad and Post Office.

A.

Schedule of Provincial Revenue.

Major heads.	Minor heads.	Provincial share.
	...nt. on collections from Government estates" (Bengal), "Collections (Terai, Bhabar and Dudhi) Government Estates" and "Miscellaneous rents ... water mills and stone quarries" (North-Western Provinces and Oudh), "Assessment of alienated lands less quit-rents" (Bombay).	The whole.
	All other minor heads, except "Recoveries from zemindars and ryots on account of Survey and Settlement in Bihar."	Two-thirds in Burma and Assam, one-half in the Central Provinces, two-fifths in the Punjab, and one-fourth elsewhere *plus* or *minus* the fixed amounts mentioned in the Appendix to this Schedule.
III.—Salt	"Rents of warehouses"	Whole (in Madras and Bombay only).
	"Fines and forfeitures"	
	"Miscellaneous"	
	Fees and cesses (Madras)	
IV.—Stamps	All	Three-fourths.
V.—Excise	All	One-half in Burma and Bengal, and one-fourth in other provinces.
VI.—Provincial rates ..	All	The whole.
VII.—Custo...	Sea Customs—Miscellaneous (Bengal) ..	The whole.
	"Warehouse and wharf-rents"	
	"Miscellaneous"	
VIII.—Assessed taxes ..	All except "Tax on surplus profits of Railway Companies" in Bombay.	One-half.
IX.—Forests..	All	One-half.
X.—Registration	All	
XII.—Interest	1. Interest on Provincial loans and advances.	The whole.
	2. Interest on Government securities ..	
	3. Miscellaneous	Items classified as Provincial in 1896-97.
XIII.—Post Office	All	The whole.
XVI-A.—Courts of law ..	All	
XVI-B.—Jails	All	
XVII.—Police	All	
XVIII.—Marine	All	
XIX.—Education	All	
XX.—Medical	All	
XXI.—Scientific and other Minor Departments.	All	
XXII.—Superannuation Receipts.	1. "Contributions for pensions and gratuities."	The whole, except items classified as Imperial in the C.P. and Madras in 1896-97.
	2. "Miscellaneous."	The whole.
	3. "Family subscriptions of native members of the Covenanted Civil Service."	
	4. "Contributions for Marine pensions" (Bengal).	
XXIII.—Stationery and Printing.	All	The whole, except receipts for the value of supplies from Central Stores to Railways, to Local Funds, Municipalities and other independent bodies, including supplies to the Berar Administration from Bombay.
XXV.—Miscellaneous ..	Fees for Government audits.	Items classified as Provincial in 1896-97.
	Extraordinary items	Items not exceeding Rs. 10,000.
	All other minor heads except—	
	1. Gain by exchange	The whole.
	2. Premia on bills	
	3. Unclaimed bills of exchange	
	4. Recovery of insurance and other charges on English stores.	
	5. Revenues of Berbera, Bulhar and Zaila (Bombay).	
	6. Revenues of Kurram Valley (Punjab) ..	
XXVI.—State Railways ..	Jorhat and Cherra-Companygunge Railways (Assam); Máyavaram-Mutupet Railway (Madras); and Hyderabad-Umarkot Railway (Bombay).	The whole.
XXIX.—Major Irrigation Works.	Direct receipts (Bengal and the North-Western Provinces and Oudh except the receipts from the Betwa Canal).	The whole.

* See also the Appendix to this Schedule.

Schedule of Provincial Revenue—*cont.*

Major heads.	Minor heads	Provincial share.
XXX.—Minor Irrigation Works.	All in Burma, North-Western Provinces and Oudh, Bengal and Madras.	The whole.
	The Gokak Canal, first section, including storage works in Bombay.	
	Works classified as Provincial in 1896–97 in the Punjab.	
XXXII.—Civil Works ..	All except receipts on account of "Government of India buildings at Simla" and similar receipts classified as Imperial under the last settlement.	The whole.
Contributions	Contributions from Local	The whole.

Appendix to Schedule A.

1. The prescribed shares of Land Revenue are calculated on the gross collections of Land Revenue including the portion due to Irrigation.

2. The fixed additions to, or deductions from, the prescribed shares of Land Revenue are as follow:—

	Addition.	Deduction.
	Rs.	Rs.
Central Provinces	3,72,000	..
Burma	39,05,000	..
Assam	1,56,000	..
Bengal	..	14,19,000
North-Western Provinces and Oudh	..	21,12,000
Punjab	2,58,000	..
Madras	16,46,000	..
Bombay	77,42,000	..

3. The fixed amounts above mentioned for the Central Provinces, the North-Western Provinces and Oudh, Madras, and Bombay, are subject to revision from April 1, 1898, as the amounts depend on the estimates adopted for the settlements under all the Provincial heads, and the final estimates for certain heads were postponed till that date, provisional figures being adopted for 1897–98. They are also liable to variation in the year 1897–98 with reference to the actuals under certain heads of Revenue and Expenditure as explained in the letters to the Local Governments concerned.

4. The fixed amount above mentioned for Burma is liable to revision from April 1, 1900, as the estimate adopted for the Upper Burma "Special Police" is to be reconsidered from that date.

5. The Provincial Revenues of Bombay pay interest through the Land Revenue head on the portion of the cost of the Hyderabad-Umarkot Railway advanced from Imperial Funds.

6. If the recoveries on account of Survey and Settlement operations in Bihar fall short of the expenditure which is recoverable from the zemindars and ryots, the difference will be charged (through the Land Revenue head) to Bengal Provincial Revenues. This adjustment, if necessary, will be made under special orders of the Government of India and will not be made annually.

B.

Schedule of Provincial Expenditure.

Major heads.	Minor heads, &c.	Provincial share.
[illegible]	The heads of which the corresponding receipts are wholly or partly Provincial.	The same share as in the case of the corresponding heads of receipt.
2. [illegible] &c. ..	"Malikana" (except Assam)	The whole.
	"Excise compensations" (Bombay).	One-fourth.
	All other heads in Bombay (except salt-pans in Portuguese India).	The whole.
3. Land Revenue	All except "Cost of Survey and Settlement expenditure in Bihar."	The whole.
5 Salt	Excise Licensees' works (Madras)	The whole.
	All other heads in Madras except "Salt Purchase and Freight."	One-fourth.
6. Stamps	All	Three-fourths.
7. Excise	All	One-half in Burma and Bengal, and one-fourth in all other Provinces.
8. Provincial rates ..	All	The whole.
9. Customs	All (Burma, Bengal and Madras).	The whole.
10. Assessed Taxes	All	One-half.
11. Forest	All	One-half.
12. Registration	All	One-half.
13. Interest	"Interest on Provincial Advance and Loan account."	The whole.
15. Post Office	All	The whole.
18. General Administration.	"Civil Offices, of Account and Audit" ..	Local Fund Audit Establishment.
	All other minor heads except— "Currency Department," "Reserve Treasury," and "Allowances to Presidency Banks."	The whole.
19-A.—Courts of Law ..	All	The whole.
19-B.—Jails	All	The whole.
20. Police	All	The whole.
21. Marine	All	The whole.
22. Education	All	The whole.
24. Medical	All	The whole.
25. Political	In Provinces other than Burma and the Punjab, all except— 1. Refugees and State prisoners (Bengal, North-Western Provinces and Oudh, Madras and Bombay); 2. Special Political expenditure (Bengal); 3. Political Agent with the ex-Amir of Afghanistan (North-Western Provinces and Oudh); 4. Miscellaneous (Madras); and 5. Heads under which is recorded the expenditure at— (*a*) Aden .. .. (*b*) Baroda .. .. .. (*c*) Persian Gulf .. .. .. (*d*) Berbera, Bulhar and Zaila.	The whole.
26. Scientific, &c., Departments.	Veterinary charges	The whole except the pay and allowances of officers on the cadre of the Civil Veterinary Department.
	All other minor heads except— 1. Census; 2. Preservation and translation of ancient manuscripts (Bengal, the North-Western Provinces and Oudh, and Bombay); and, 3. Archæological Department (Burma).	The whole.
29. Superannuation allowances, &c.	All except Pensions of the Civil and Military *Funds* and Imperial Marine Department pensions in Bombay.	The whole.
30. Stationery and Printing.	All except "Stationery purchased for Central Stores."	The whole.
32. Miscellaneous	Extraordinary items	Items not exceeding Rs. 10,000.
	All other minor heads except— 1. Charges for remittance of treasure .. .. .. 2. Discount on bills .. .. .. 3. Loss by exchange	The whole.
33. Famine Relief	All	The whole.
37. Construction of Railways.	All	The whole except in cases in which the outlay is specially incurred from Imperial Funds. But Provincial expenditure under these heads is permitted only under special orders of the Government of India in regard to each railway.
40. Subsidised Companies ..	Land	
	Subsidies (Assam)	
41. Miscellaneous Railway expenditure.	Surveys	
38. State Railways	Jorhat and Cherra-Companygunge Railways in Assam; Mayavaram-Mutupet Railway in Madras; and Hyderabad-Umarkot Railway in Bombay.	The whole.

Schedule of Provincial Expenditure—*cont.*

Major heads.	Minor heads, &c.	Provincial share.
42. Major Irrigation Works.	Heads showing charges on account of Major Works of which the revenue is Provincial, including interest on Capital outlay from Imperial funds on all Minor Works and Navigation in the North-Western Provinces and Oudh, of which Capital and Revenue Accounts are kept.	The whole.
43. Minor Irrigation Works.	All the minor heads in Burma, Bengal, North-Western Provinces and Madras.	The whole.
	In the Punjab, charges for works classified as Provincial in 1896-97.	
	In Bombay, Gokak Canal, 1st Section, including storage works.	
45. Civil Works	All except the following :—	
	1. Buildings for Post Office, Telegraph Department (except in Burma where they are wholly Provincial).	
	2. Opium, Salt, Mint and Currency (*a*) Department buildings.	
	3. Government of India offices and buildings (*b*) in Calcutta and Simla.	
	4. Viceregal Residences and stables ..	
	5. Forest school buildings at Dehra Doon.	
	6. Baroda Residency buildings	
	7. Works on Somali Coast	
	8. Special new lighthouses on the Burma Coast.	
	9. Bacteriological laboratory at Muktesar.	
	10. Residence of the ex-Amir of Cabul at Mussoorie	The whole.
	11. Office of the Consulting Engineer to the Government of India at Lucknow.	
	12. Rent of class C lands at Allahabad in the occupation of the East Indian Railway.	
	13. Office of Government Examiner, Indian Midland Railway at Jhansi.	
	14. Meteorological buildings at Kodaikánal.	
	15. Civil buildings and roads in Kurram Valley (Para Chinar, &c.).	
	16. Civil buildings at Wana.	
	17. Civil buildings and roads in Waziristan, Malakand and Mardan.	
	18. Civil buildings and roads in Tochi Valley.	
	19. Special coal or petroleum explorations.	
Contributions	Contributions to local	The whole.

(*a*) At Bombay, Calcutta and Allahabad only. Elsewhere Provincial.

(*b*) Surveyor-General's Office, Calcutta, Central Press buildings at Calcutta and Simla, Miscellaneous Government buildings at Simla.

From J. B. BRUNGATE, Esq., Officiating Under Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Madras, dated Simla, 22nd September 1897, No. 4241-A.

I am directed to forward, for the use of the Government of Madras, four copies of a compilation headed Progress of Provincial Revenue and Expenditure.

The paper, which is a purely statistical one, may be found useful for reference.

Enclosure.

Progress of Provincial Revenue and Expenditure.

The annexed notes and statements are intended to give, province by province, a history and comparison of the several Provincial Settlements made in 1877, 1882, 1887, 1892 and 1897. The figures for 1897 are in some cases for the first year only, and for subsequent years will be settled finally after the effects of the famine on the Revenue and Expenditure are ascertained.

2. The arrangement of these notes is based on the following considerations.

The Provincial contracts are regarded as comprising two portions, the main portion which deals with Civil Revenue and Civil Administration (including Civil Works), and is common to all provinces, and an additional or subsidiary portion which is different for each province.

3. The main portion of the contract, therefore, is—

(1) on the Expenditure side, the assignment to the Provincial Governments of the charges (net) of Civil Administration, and

(2) on the Revenue side, the assignment to them of a specific share of the Revenues (net) under their administration, out of which share they are to meet the said net charges.

The first two statements under each province therefore are—

Statement A—Showing in detail the Revenues administered by the Local Governments. The shares of the various heads of Revenue which have been assigned to Provincial both differ according to the head affected, and have, for the same head, been different under the different contracts. Full particulars are given in the notes appended to Statement A ; and in the statement itself, besides showing the total of the Revenues without regard to the distribution between Imperial and Provincial, we have also separately shown the total of the shares reckoned as assigned for Provincial uses. The Provincial share is shown as composed of two portions, namely, (1) the variable portion, being assigned fractions of the various heads of Revenue ; and (2) the fixed adjustment, being the fixed amount added to or subtracted from the assigned share of Land Revenue in order to make the total of the assignment of Revenue equal the requirements on account of expenditure.

Statement B—Showing the charges of Civil Administration, including Civil Works, head by head.

4. In respect of the items included in Statements A and B, it will be seen that practically the only alterations made during the Provincial contract period have been in the proportion of the various Revenues that have been assigned to Provincial ; but as the figures shown in Statement A are totals under each head, and not Provincial share only, they are not affected by variations of this kind. The consequence is that the figures in the several columns of Statements A (of net Revenue) and B (of net Expenditure) may be taken as strictly comparable with each other, that is, they refer to the same heads as they stood at the different dates. The statements therefore give the standards of the Revenue and Expenditure as they stood in each province at the dates of the several contracts.

5. But besides the Revenue and Expenditure included in Statements A and B, which may be regarded as the practically permanent part of the contract, common to all provinces, and with a few exceptions the same for all, there have been—

(1) Some subsidiary and additional arrangements, mainly relating to Railways and Irrigation, which have been made in some provinces and not in others.

(2) Some items included in the earlier contracts, but afterwards excluded as they were considered unsuited for provincialisation.

These two classes of items have been shown separately in Statements C and D, because to show them in Statements A and B would have rendered these statements unavailable for purpose of comparison, either of one province with another, or of one period with another in respect of the same province.

6. The accounts of Bombay differ from those in all other provinces in showing alienations of Land Revenue as if the alienated Revenue was actually received and then disbursed. These *pro formâ* entries have been excluded from ordinary Revenue and Expenditure and shown separately on page 49.

7. The fixed adjustment according to Statement A and Statements C and D taken together necessarily work out to what is known as the fixed adjustment between Imperial and Provincial. This is the fixed amount which, if the province's share of

the Revenues is more than is required for its Expenditure (both being calculated on the standard figures for the contract), it has to surrender each year to Imperial, or which, if the share of Revenues is too small, it has to receive from Imperial. In other words, on the standard figures of each contract, the difference between—

(*a*) the fixed addition to, or deductions from, Provincial Revenue as per Statement A,

(*b*) *plus* the loss or *minus* the gain arising out of the subsidiary arrangements, included in Statements C and D,

is necessarily the fixed adjustment between Imperial and Provincial required to equalise the assignments (including both the principal portion which is connected with Civil Administration, and the Subsidiary portions included in Statements C and D) of Revenue and Expenditure to the Provincial Government.

This fixed adjustment is worked out in Statement E added at the end of the history for each province.

Finance and Commerce Department,
The 30th August 1897.

MADRAS.

[Madras did not accept the extension of the provincialisation scheme offered by the Government of India in 1877. In the following tables the standard of Provincial revenue and expenditure in 1877 is taken from the Budget Estimate of 1877–78 with the necessary alteration under the Civil Works head to work up to the fixed assignment. For the sake of comparison, the Imperial figures have also been entered in italics in the tables].

Statement A.—Revenue Account.

(In thousands of rupees.)

Heads.	Budget Estimate, 1877–78.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.
I.—Land Revenue	*4,17,66*	4,51,00	4,53,67	4,84,00	5,37,84
III.—Salt (Rents and Miscellaneous)	*30*	19	1,37	1,58	1,27
IV.—Stamps	*50,50*	54,00	58,00	56,00	79,67
V.—Excise	*60,47*	61,80	88,00	1,22,00	1,48,80
VIII.—Assessed Taxes	*Nil.*	4,70	11,20	16,50	24,00
IX.—Forests	*4,50*	4,81	13,00	19,50	20,50
X.—Registration	4,00	5,75	8,75	11,00	12,00
XII.—Interest	..	3	3	59	1,48
Total Receipts ..	5,37,43	5,82,28	6,34,02	7,21,17	8,25,56
Provincial Share (variable portion) ..	4,00	1,95,67	2,03,30	2,26,67	2,62,41
Charges.					
1.—Refunds and Drawbacks	2	84	2,51	2,12	2,34
5.—Salt (Provincial)	..	..	..	6,01	5,49
6.—Stamps	*1,40*	1,43	1,46	2,54	3,60
7.—Excise	*2,25*	2,09	2,57	5,00	6,28
10.—Assessed Taxes	*Nil.*	8	30	16	27
11.—Forests	*4,20*	4,27	10,50	16,00	15,50
12.—Registration	2,99	4,20	6,25	7,07	8,40
13.—Interest	..	..	..	56	1,50
Total Charges ..	10,86	12,91	23,59	39,46	43,38
Provincial Share ..	3,01	6,46	16,51	22,34	24,57
Net Revenue Account, Total	5,26,57	5,69,37	6,10,43	6,81,71	7,82,18
" " Provincial Share (variable portion)	99	1,89,21	1,86,79	2,04,33	2,37,84
" " Fixed addition (+) or deduction (—) (*a*).	+81,13	—2,13	+7,79	+1,15	—14,10
" " Total Provincial Share ..	82,12	1,87,08	1,94,58	2,05,48	2,23,74

(*a*) Civil portion only.

Notes under Revenue Account.

I.—Land Revenue.—No share of the Land Revenue in Madras was Provincial prior to 1882–83. In the contract of 1882 a share of the revenue, 28·8073 per cent., was assigned to Provincial to cover the difference between the estimates of assigned Provincial revenues and expenditure; from 1887–88 one-fourth of the general revenue has been Provincial.

5.—Salt.—The Salt expenditure in Madras was wholly Imperial under the two contracts of 1882 and 1887. From 1890–91 expenditure is being incurred on account of certain licensees' works for the storage, &c., of salt, the cost of the works being recoverable by means of a cess levied on the licensees. In the contract of 1892 the cost of these works and the receipts on account of the cess were made wholly Provincial. Of the other expenditure under the head "5.—Salt," one-fourth has been Provincial since 1892–93. The only modification to the arrangement of 1892 made in the new contract of 1897 is that the expenditure on "Purchase and Freight" of salt and the Orissa Salt expenditure have been made wholly Imperial, the latter being at the same time transferred to Bengal.

IV and 6.—Stamps.—These heads were wholly Imperial prior to 1882–83, but in the arrangement of 1882 half the total was assigned to Provincial. From 1887–88 onwards three-fourths of the revenue and expenditure have been Provincial. Prior to 1892–93 the cost of stamped paper issued in Madras was not charged in the accounts of that Government, and in settling the figures of expenditure for the 1892 contract, allowance was made for this charge in future.

V and 7.—Excise.—These heads were wholly Imperial prior to 1882–83, but under the contract of 1882 half the total was made Provincial. Since 1887–88 only one-quarter of the revenue and expenditure is Provincial.

VIII and 10.—Assessed Taxes.—Under the contract of 1882 half the total revenue and expenditure was made Provincial. The additional revenue due to the introduction of Act II of 1886 was, however, wholly Imperial in 1886–87, and from 1887–88 the total revenue and expenditure shown under the heads have been divided in moieties between Imperial and Provincial.

IX and 11.—Forests.—Prior to 1882–83 the Forest revenue and expenditure was not included in the Provincial scheme in Madras, but half the total under the heads was made Provincial under the contract of 1882. At the time when the contract of 1887 was framed, the preliminary development and organisation of forests which was going on in Madras necessitated the appropriation of large amounts of revenue towards expenditure instead of expenditure being directed towards obtaining revenue; and it was therefore decided to make the whole of the revenue and expenditure Provincial. In the 1892 contract the usual arrangement has been reverted to of allowing Provincial half the share of the net revenue.

X and 12.—Registration.—These heads were completely provincialised since the introduction of Lord Mayo's scheme in 1870. But in 1882–83 it was decided to make only half the revenue and expenditure Provincial, and this arrangement has been continued till the present time.

Interest.—The net receipts represent mainly interest on Government securities held on account of Provincial Departments. On the charge side, the adjustment with Imperial of interest on Provincial loans is now shown, but in the contract the estimates of revenue and expenditure nearly balance each other.

1.—Refunds and Drawbacks of the Principal Heads of Revenue are Provincial in the same proportion as the Revenue refunded.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Budget figure, 1877–78.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
CIVIL.					
3.—Land Revenue Administration—					
Survey and Settlement	*10,89*	7,77	10,70	7,13	3,69
Other heads	*33,83*	34,85	35,12	38,58	44,66
9.—Customs	*1,96*	2,32	1,58	1,62	2,46
15.—Post Office (District)	1,08	1,08	1,07	1,07	1,02
Other Civil Departments.					
18.—General Administration	*9,46*	9,53	10,47	9,44	9,03
19A.—Courts of Law	23				
19B.—Jails	*37,58*	37,63	39,62	44,03	46,92
20.—Police	10,78	10,62	8,42	8,60	10,51
27.—Marine	35,50	38,58	37,19	40,26	46,04
22.—Education	..	17	19	19	30
24.—Medical	9,45	10,42	10,66	14,29	16,79
25.—Political	6,03	9,80	11,84	10,77	13,07
26.—Scientific and other Minor Departments	..	..	75	75	84
	1,13	3,48	3,80	3,32	4,20
Miscellaneous Civil Charges.					
29.—Superannuations, &c.	*6,32*	8,69	9,76	14,00	15,52
30.—Stationery and Printing	2,47	6,48	7,66	7,48	9,00
32.—Miscellaneous	2,82	4,33	2,34	1,35	1,71
Total Charges, Civil Department	(a) 69,49	1,85,75	1,91,17	2,02,88	2,26,66
Deduct—Receipts, see Annexure	(c) 5,62	18,03	15,56	18,49	25,63
Net Civil Charges	(c) **63,87**	**1,67,72**	**1,75,61**	**1,84,39**	**2,01,03**
PUBLIC WORKS.					
Civil Works.					
45 (A).—Civil Works by Public Works Officers—					
(1) Original Works	..	8,25	7,77	10,00	11,00
(2) Repairs	..	1,51	2,30	3,20	4,85
(3) Establishment	..	6,66	6,50	4,90	5,50
(4) Tools and Plant, &c.	..	11	50	1,00	65
(B).—Civil Works by Civil Officers	..	2,40	2,93	1,00	(b) ..
Total Civil Works	15,66	(a) 18,93	20,00	20,10	22,00
Deduct—Receipts, see Annexure	75	1,78	1,10	1,07	1,53
Net Public Works Charges	**14.91**	**17.15**	**18.90**	**19.03**	**20.42**
Contribution to Local Funds (net)	3,34	— 3	38	74	79
Addition to above expenditure allowed for in assignment	..	2,24	..	1,00	1,50
Miscellaneous Adjustments	..	..	— 31	32	..
Total Net Expenditure	(c) 82,12	1,87,08	1,94,58	2,05,48	2,23,74

(a) Extra grant 2,00.
(b) Included under P. W. Officers.
(c) Excludes the figures in italics, which were Imperial under the arrangements of 1877. Including them the figures for "Civil charges" become 1,69,53—10,39 = 1,59,14, and that for total Net Expenditure becomes 1,77,39.

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees.)

Heads of Expenditure.	Budget figure, 1877–78.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
VII.—Customs (Miscellaneous)	*41*	50	27	30	73
Civil Departments.					
X.—Courts of Law					
—Jails	*4,36*	4,30	4,01	5,70	7,40
—Police	2,67	3,08	1,93	1,90	4,26
Marine	30	4,51	3,02	4,20	4,41
ducation	26	22	6	3	..
lical	39	1,72	1,65	1,37	1,93
XX. ntific and other Minor Departments	68	64	1,20	73	1,22
	55	1,01	1,65	1,49	2,13
Miscellaneous.					
XXII.—Receipts in aid of Superannuation	..	34	24	33	47
XXIII.—Stationery and Printing	20	70	78	1,06	1,38
XXV.—Miscellaneous	57	1,01	75	1,38	1,70
Total Civil (a)	(b) 5,62	18,03	15,56	18,49	25,63
XXXII.—Civil Works (a)	75	1,78	1,10	1,07	1,58

(a) Carried to Statement B. (b) Does not include the figures in italics, which were Imperial.

Notes under Expenditure Heads.

3. Land Revenue.—Wholly Provincial since 1882–83.

9. Customs.—The expenditure has been wholly Provincial since 1882–83.

15. Post Office.—District Post charges are wholly Provincial throughout.

18. General Administration.—The sum of 23 entered under this head in the 1877 column represented the cost of Local Fund Establishment at the Presidency. From 1882–83 onwards the whole of the expenditure under this head, excluding Account and Currency Offices, Reserve Treasuries, and Presidency Bank charges, but including Local Fund Establishments in Account Offices, has been Provincial. The reconstitution of the Board of Revenue after the contract of 1887 was framed accounts for the decrease in the standard of expenditure in 1892.

XVIA and 19A.—Courts of Law.—These heads were wholly provincialised in the contract of 1882, and no change has been made in that arrangement in any subsequent contract.

XVIB and 19B.—Jails.—These heads were included in the Provincial arrangement of 1870. They have been wholly Provincial throughout. Decrease in jail population and manufactures caused a reduction in the standards of revenue and expenditure in 1887 as compared with those of 1882. Larger demands for convict manufactures since 1892 have again raised the standards in 1897.

XVII and 20.—Police.—These heads were wholly Provincial prior to 1882–83, except that the charges for guards for the Customs and Salt Departments were borne by Imperial Revenues. This arrangement was continued in the contracts of 1882 and 1887, and charges for Imperial State Railway Police were also excluded from the contract. In 1892 all charges, including Railway Police and guards for Customs and Salt Departments, were made wholly Provincial. The relief of Municipalities from the payment of Police contributions and transfer of nearly 1,00 on account of Jail guards from this head to Law and Justice led to a reduction in the standards of revenue and expenditure in 1887 as compared with those of 1882.

XVIII and 21.—Marine.—At present charges for landing and shipping Government consignments are Provincial. Some pilotage charges were shown in the Provincial section in former years, but these were covered by receipts. The pilotage

receipts and charges are now included in the transactions of Port Funds. Charges for some fishery vessels were shown under this head up to 1896–97, but from 1897–98 they have been transferred to the head "32.—Miscellaneous."

XIX and 22.—Education.—Wholly Provincial throughout.

XX and 24.—Medical.—The revenue has been wholly Provincial throughout. As regards expenditure, the salaries of the District Medical Staff were borne by Imperial before 1882–83, but in the arrangement of 1882 the head has been completely provincialised. The relief of Municipalities, with effect from 1889–90, from their liability to contribute towards the maintenance of lunatics and a change in the method of adjustment of the recovery of medical supplies from the Medical Depôt to Municipal Dispensaries caused a reduction in the standard of revenue in 1892. A corresponding change in the adjustment of the supplies also caused an apparent reduction in Provincial expenditure.

25.—Political.—This head was wholly Imperial up to 1887–88, but in that year, after the contract had been settled, it was decided to treat all charges classified under the head "Political Agents" as wholly Provincial. The only charges that are now Imperial are those on account of Refugees and State prisoners and certain miscellaneous services connected with Imperial policy.

XXI and 26.—Scientific and other Minor Departments.—At the time the contract of 1882 was settled all the receipts, except those on account of Imperial Model or Experimental Farms and Emigration Fees, were Provincial, but since 1882–83 the whole of the receipts without any distinction has been Provincial. On the Expenditure side, Botanical and other Public Gardens, Provincial Model Farms, Museums, Examinations, and Provincial Statistics, as well as Rents, Rates, and Taxes, were the services chargeable to Provincial Revenues before 1882–83. In the contract of 1882 the whole of the expenditure recorded under this head, excepting those on account of Archæological and Meteorological Departments, Censuses, Gazetteer and Statistical Memoirs, was made Provincial. The Archæological Survey charges were, however, provincialised with effect from the year 1891–92, and under the contract of 1892 all charges adjusted in the Madras accounts under this head, except Census, are wholly Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement. The exclusion of the Assistant Director of Agriculture and his establishment from this head in 1892 and the abolition of the Cattle-Diseases Department in 1890–91 account for the decrease in the 1892 standard of expenditure.

XXII and 29.—Superannuation.—These heads were brought under the Provincial arrangement for the first time under the contract of 1882. "Contributions for Pensions" and "Miscellaneous Receipts" are Provincial on the Revenue side, and as regards expenditure, all pensions and gratuities, except pensions payable from the Military and Medical Funds, have been Provincial since 1882–83. Under the system of interprovincial adjustments, which was in force prior to the 1892 contract, the Provincial Revenues were liable only for the pensions or gratuities paid in the Province at the commencement of a contract, and the pensions, &c., which the Local Government granted or recommended during the period of the contract. But from 1892–93 all pensions except the two special kinds named above, paid in Madras, are Provincial, by whatever authority they may have been sanctioned. In the 1897 contract Imperial Marine Department pensions have been made Provincial.

XXIII and 30.—Stationery and Printing.—All the receipts, except those for the value of supplies from Central Stores to Railways, Local Funds, Municipalities, &c., are Provincial. All expenditure except purchases for Central Stores is Provincial. Prior to 1882–83 "Stationery Office at the Presidency" was Imperial.

XXV and 32.—Miscellaneous.—All receipts and charges, except those directly connected with the transfer, movement or supply of funds and except gain or loss by exchange and extraordinary items exceeding Rs. 10,000, have been wholly Provincial from 1882–83. In the arrangement of 1892, half the fishery receipts and charges was made Provincial, but in 1897 they have been made wholly Provincial.

45. Civil Works.—All Civil Works expenditure, except expenditure on works for the Post Office and Telegraph Departments, is wholly Provincial.

Addition to expenditure allowed for in assignment.—The contract of 1882 was not a consolidated contract, but the arrangement was made by major heads. The revenue and expenditure figures worked out to a surplus of 2,24, but it was not resumed by the Government of India. The 1892 contract was a consolidated contract. When the terms of the contract were finally settled, a lump addition of 1,00 was made to the Provincial assignment in view of the demands put forward by the Government of Madras and the general financial position. A similar addition has been made of 1,50 in the contract of 1897.

Statement C.—Railways and Irrigation.

(In thousands of rupees.)

Provincial Receipts + Provincial Expenditure—	Budget, 1877–78.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
State Railways.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross earnings	..	..	..	+ 20	+ 2,71
Working expenses	..	..	..		— 1,68
Irrigation—Minor Works and Navigation.					
Revenue	..	+ 1,15	+ 54	+ 1,50	+ 1,86
Expenditure	..	— 3,28	— 26,51	— 33,09	— 33,45
Total ..	..	— 2,13	— 25,97	— 31,39	— 30,56

Notes under Railways and Irrigation.

Railways.—The net revenue from the Mayavaram-Mutupet Railway, which has been constructed from Provincial and Local balances, was made Provincial in the contract of 1892.

Irrigation.—No Major Irrigation Works in Madras are Provincial. Up to 1887–88 the receipts and expenditure on account of certain Minor Works, chiefly the Buckingham Canal, were Provincial, but in the contract of 1887 the Minor Irrigation Works in Madras were wholly provincialised with a special condition about expenditure on Tank Restoration Works. This condition was to the effect that any expenditure on Tank Restoration in excess of the assignment in the contract would be advanced from Imperial Revenues, and the Provincial Revenues would be charged at 4 per cent. on such advances, with effect from the second year after that in which the expenditure is incurred, and that Provincial Revenues would be credited with the whole of the increase in Land Revenue attributable to the restored works. This special condition was withdrawn in settling the terms of the contract of 1892, the assignment for the works being raised so as to approach the probable actuals.

Statement E.—Total "adjusting entry" under Land Revenue.

(In thousands of rupees.)

On account of	Budget, 1877–78.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
	Rs.	Rs.	Rs.	Rs.	Rs.
Civil Administration—Statement A	+ 81,13	— 2,13	+ 7,79	+ 1,15	— 14,10
Railways and Irrigation ,, C	..	+ 2,13	+ 25,97	+ 31,39	+ 30,56
Total ..	+ 81,13	..	+ 33,76	+ 32,54	+ 16,46

N.B.—The Provincial figure under the head "I.—Land Revenue" is for the year 1897–98 only and is a fixed amount, any variation from which will be taken in the Imperial section of the accounts. For subsequent years the figure for the head will be settled in the latter part of 1897–98. The figure for the head "V—Excise" is also subject to revision at the end of 1897–98.

ORDER—No. 824, Financial, dated 5th October 1897.

Communicated to the departments of the Secretariat for information.

2. The Government of India will be addressed separately on such points as call for notice in its letters No. 1245, dated 16th March 1897, and No. 1400-A, dated 26th March 1897.

(True Extract.)

J. F. PRICE,
Chief Secretary.

To the departments of the Secretariat.
" Accountant-General.

Exd. C. M. Tamm'uswmy.

[F. 28]
1,000—29-7-96.

Financial (1897) Department.

CURRENT No. 936-A

From The Govt. of India
Finance & Commerce Dept.

Order

No. 1245-A

Dated 16th
Received 20th } March 1897
Registered 20th

Enclosures ——

Spare copies. 5 of the current

SUBJECT.

Communicating remarks in reference to the Provincial settlement with Madras for the five years 1897-1902.

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

CURRENT No. 936 1

No. 1245 A.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

ACCOUNTS and FINANCE.
Provincial Finances.

To

THE SECRETARY TO THE GOVERNMENT OF MADRAS.

Calcutta, the 16th March 1897.

SIR,

I AM directed to acknowledge receipt of your letter No. 905, dated the 29th December 1896, on the subject of the Provincial Settlement for Madras for the five years 1897-98 to 1901-1902.

2. Your letter raises many questions which are entirely beyond the scope of the enquiry which ordinarily precedes the fixing of the amount of revenue required to be assigned for Provincial expenditure; but I am directed to take up these subjects one by one, and to endeavour to remove what appear to the Government of India to be grave misconceptions of the financial relations which exist between the Central Government on the one side and the Provincial finance of Madras on the other.

3. The last paragraph of your letter makes a general claim that the Government of Madras are "entitled to much larger allotments from Imperial revenues," on the ground that "the direct outlay incurred by Government in other provinces is proportionately much greater than in Madras," that Madras ought to be allowed "to assist Local Bodies to the same extent as other Administrations do." The Government of Madras are under the impression that the people of Madras "contribute more largely to the Imperial fisc" than other provinces, and this impression is shared by the Chamber of Commerce in Madras who telegraphing to the Government of India the substance of a letter communicated to the Government of Madras say that the Presidency of Madras "has for long paid more than its fair share towards Imperial Revenues."

4. The Government of India are aware that one effect of the system of Provincial finance is to cause that part of the revenue of each province which is not appropriated to Provincial uses—that is, in a general way, spent upon the Local Civil Administration—to be regarded as in some way "contributed to the Imperial fisc." This view appears continually in public discussions; but a view of Indian finance which regards the sums appropriated to such purposes as (1) the maintenance of the Madras Army, (2) the payment of leave allowances and pensions of Madras Officers, (3) the loss upon the Madras Railway, (4) the Carnatic and Tanjore stipends, and other numerous similar charges, as a Madras contribution to the Imperial fisc, is one so essentially erroneous that the Government of India take for granted that the Government of Madras do not use this expression in the sense in which it is often publicly used, and merely mean to assert something of the same kind as the Chamber of Commerce when it says that "Madras contributes more than its fair share towards Imperial Revenues."

5. With reference to this statement and to the statement in your letter that the direct outlay incurred by Government in other provinces is proportionately much greater than in Madras, I am to say that the Government of India not only do not admit the truth of them, but are not aware that at any time

any attempt even has been made to establish them by examination of the facts and figures bearing upon them. The solitary fact quoted in your letter has been entirely misunderstood, and the history of the ten lakhs contribution in the North-Western Provinces will shew how little ground it affords (in the opinion of the Government of India at the time the arrangement was made) for the contention that Madras bears an undue share of taxation.

A reference to paragraph 58 of the Financial Statement for 1882-83 will shew that in that year the Government of India took over about 32½ lakhs of expenditure upon Patwaris, which had hitherto been borne by local taxation, on the express ground that "nowhere in India is a reduction of taxation more required than in the North-Western Provinces and Oudh." It was afterwards found necessary, for reasons which had no connection with the question of comparative taxation, to re-impose this local cess with the exception of ten lakhs of rupees (see Mr. Quinton's speech in Legislative Council, dated 15th February 1889); and this is the ten lakhs which the Government of Madras now quote in evidence of the smaller burden borne by the North-Western Provinces than by Madras.

6. The Government of Madras are equally in error in their supposition that the other Administrations assist their Local Funds by contributions from General Revenues. A reference to the Settlements made in 1892 shews that these Settlements provided for the following contributions only:—

	R
Central Provinces . . .	60,000
Burma	1,000
Assam	1,90,000
Bengal	6,45,000
Punjab	*Nil.*
Madras	74,000
Bombay	4,65,000

And, according to the information possessed by the Government of India, these contributions, in the cases of the Central Provinces, Assam, and Bengal, in each case represent arrangements by which certain items of expenditure were transferred from the General Account to Local Bodies, an assignment being made to them to meet the charge. They were not assignments in general aid of local taxation.

On the other hand, in the provinces of Northern India, large contributions are received from local taxation (over and above the income of District Boards) towards the expenditure included in the Provincial Account. These local cesses amounted in 1895-96 to 2½ lakhs in the Central Provinces, nearly 43 lakhs in Bengal, about 5 lakhs in the North-Western Provinces after excluding amounts passed on to credit of Local Boards, and 6 lakhs in the Punjab. When this taxation was imposed in Nothern India, the reason for exempting Madras from similar taxation was, not that it would not have been equitable, but mainly that the time was inopportune. (Financial Statement for 1880-81, paragraph 53.)

7. It is observed that the Government of Madras put forward claims also that they should be placed in a position to make large grants to Municipal Bodies, and apparently consider that similar grants have been made by other Administrations. It is desirable therefore to say that grants in aid of Municipalities, or for the prosecution of water-supply and drainage schemes in Municipalities, have never been included by the Government of India among the purposes for which assignments of general revenues are made to Provincial Governments. The Government of India are aware that the Government of the North-Western Provinces, being in possession of high balances, made considerable grants of this kind in 1891-92, and that the Government of Madras have also made frequent grants, especially to the Madras Municipality; and there may be other cases under other Governments. The Government of India are naturally unwilling to interfere with the discretion of Local Governments in the utilization of the surpluses they may manage to accumulate under the Provincial system, and raise no objection if they desire to make grants out of these surpluses to Municipalities. But it is quite a different thing to add an amount to the assignment of Imperial revenues made to a province, in order to

enable the Local Government to meet, or contribute towards, charges which ought to fall upon the municipal rate-payer. Such charges are not proper charges to throw upon the general tax-payer of India, and the Governor General in Council does not see his way to admitting them now, for the first time, as such. As already stated, Madras is, in respect of this refusal, in exactly the same position as all the other provinces of India.

8. Your letter is mainly concerned with an enumeration of the items of expenditure under the heads "Civil Works" and "Irrigation," which the Government of Madras consider ought to be undertaken as soon as possible. The Government of India do not for a moment doubt the advisability of the expenditure alluded to, but I am to point out that it is not possible, for the Government of India or indeed for any other civilized Government, to undertake all the expenditure that it considers advisable; the limitations of revenue have to be taken into account. And in the face of the great demands made on all sides upon the resources of the Government, the Governor General in Council does not see his way to substantially increase the rate at which the demands enumerated by the Government of Madras can be overtaken. It will be seen from the details of calculation in the enclosed statements that in respect of irrigation the Government of India make the same grant that was made in the last Provincial Settlement, and that under Civil Works the scale of expenditure allowed for is, as compared with the 1892 contract, substantially increased.

9. But I am here to point out that the demand for the new settlement on account of expenditure of this class cannot properly be based on the actual expenditure of the past one. In each quinquennial settlement an assignment of revenue is made, of which the future increase is expected to be more than the necessary increase of expenditure, and the Local Governments are expected to utilize this excess of revenue during the period of each contract for expenditure upon Public Works. This is, as a matter of fact, everywhere done, and the actual expenditure upon Public Works during the period of each contract therefore is expected to be, and usually is, considerably larger than the amount upon which the contract is reckoned. The figures shew that the Government of Madras spent in the first four years of the last settlement (in thousands of rupees) 25,38 : 26,41 : 25,11 : 33,87 : against the original estimate of 20,10; and the Government of India have no reason to doubt that in a similar way the Government of Madras will find itself, even apart from the additional grant which is referred to below, in a position to spend, during the currency of the present settlement, considerably more than the 22,00 taken in the calculation of the present assignment.

10. I have in paragraph 7 above communicated the instructions of the Government of India in respect of the large grants for water-supply and drainage, amounting to R26,26,000, which the Government of Madras desire to make, under this head, in the next few years. The Government of India observe that the Government of Madras have already "promised to contribute" R4,09,000. I am to remind the Government of Madras that the Government of India have not yet assigned them any revenues beyond the year 1896-97, and the Government of Madras should not, before the assignments for 1897-98 and subsequent years were settled, have made any undertakings as to special expenditure to be met out of them. Apart from the fact that the Government of India have never yet accepted charges of the kind as suitable for inclusion in the Provincial assignment, the present financial position is not such that they can afford to provide out of general revenues for a new class of charges.

11. Before passing on to the details, I am to point out that the Government of Madras are incorrect in taking, as the standard of expenditure to be reckoned with, the Budget Estimate proposed for 1897-98. As stated in my letter of the 15th October, No. 4420 A., the standard in both Revenue and Expenditure is that of the closing year of the old Settlement, so that the figures may be, as far as possible, based on known facts. It is quite true that this standard of expenditure may be less than that of the opening year of the new Settlement, but then the Local Government should not allow any increase of expenditure in 1897-98 over that of 1896-97, unless it sees its way to providing for it by an increase of the revenue of 1897-98 as compared with 1896-97.

12. The Government of India have given careful attention to the detailed criticism of the Government of Madras upon the figures proposed to them on

the basis of the new Settlement. The heads are taken up in detail in the appendix to this letter. As regards the Tables A and B in the appendix, it will be remembered that the Government of India have expressed their desire on the present occasion to base the estimates on the present scale of expenditure, and not to call for reductions or economies; they have, moreover, it will be seen, made an addition of R1,50,000 in order to enable the province to meet some of the claims on account of public works and other expenditure mentioned in your letter. Including this R1,50,000, it will be seen that the net amount of expenditure for which revenue has to be assigned comes to R2,54,42,000, namely—

	R	Increase over 1892. R
Appendix A.—Expenditure on Civil Administration .	2,23,86,000	18,38,000
Ditto B.—Irrigation and Railways . . .	30,56,000	—83,000
	2,54,42,000	17,55,000

The increase of net expenditure from R2,36,87,000 to R2,54,42,000 is an increase of 7·4 per cent.

13. A reference to Table C shews that, apart from Land Revenue, the revenue assigned (Excise Revenue being for the present taken at 1,48,80) provides for R1,03,38,000 out of this amount, and it remains therefore to assign R1,51,04,000 out of the Land Revenue.

14. There are, owing to the peculiarities of the present season, great difficulties in calculating a present standard of Land Revenue, upon which to base an assignment of a particular share of it to the Provincial account; and these difficulties are made the more manifest by the consideration given to the subject in Appendix A of your letter under reply. The Government of India, therefore, propose, for the reasons stated in my letter No. 5435, dated the 22nd December 1896, to postpone the settlement of a standard of Land Revenue for a year, and meantime to make the assignment a fixed amount of R1,51,04,000 which will equate the amounts of assigned expenditure and assigned revenue.

15. In the same way the Government of India make for this year the fixed assignment of R37,20,000 out of the Excise Revenue, if the Government of Madras still think that the standard of R1,48,80,000 cannot be finally taken for the five years settlement. The actual receipts up to end of January give no indication of the falling-off which the Government of Madras anticipated, and that Government may perhaps now desire to finally accept a quarter of the revenue, whatever it may be, in preference to a fixed amount of R37,20,000.

16. There remains still one question for discussion, namely, the claims put forward for additional assignments on account of contemplated increases of expenditure of which two instances are the proposals with reference to Taluk Gomashtas, and those with reference to Land Record Establishments. The discussion and settlement of these proposals will certainly take some time, and no expenditure on account of them is likely to fall upon Madras during 1897-98. It is not usual to consider such matters in settling the terms of a Provincial contract, the principle of which is to take the actual standard of necessary expenditure, and to leave projects involving increase of expenditure in the future, to be provided for as increase of revenue comes in. So far as the Government of India can foresee, there does not seem any reason to expect that, after the present calamitous season passes (in which Madras is fortunate in escaping any principal share of the burden), the finances of Madras, Imperial and Provincial, will not continue to shew in the future the prosperity which has distinguished them in the past. And in the opinion of the Government of India the proposed increases and improvements should be excluded in fixing the allotment of revenue, and should, according to the ordinary practice, be left to be provided for out of the growing revenues of the province.

17. In making the allotment of 1892, the Government of India added a lump sum of R1,00,000 to provide for any increases of expenditure that might be considered important and urgent by the Government of Madras; and

following in the present instance this precedent they have made an additional allotment of R1,50,000 in the present settlement. Moreover, as many of the large items of expenditure have been fixed on consideration of the Budget standard of 1896-97, this itself affords a certain margin, as the expenditure of that year will no doubt be less than the Budget figures; and the Government of Madras may also, according to present prospects, look for a considerable saving in the item of Exchange Compensation Allowance. The Government of India have therefore left the Government of Madras with a fair margin for some of the demands put forward in your letter.

18. The account contained in Table D of the appendix shews in the usual form the statement of the ruling account, as it will stand for 1897-98, until the facts as to Land Revenue are sufficiently established to warrant the assignment of the Provincial share of it being fixed in the usual way.

19. The Government of India observe that the Government of Madras expect their balance to be more than exhausted by the famine expenditure of the present and the coming years. I am to say that the questions of famine expenditure and of the restoration of the Provincial Balance are not dealt with in this letter, but will be taken up at a subsequent stage.

I have the honour to be,

SIR,

Your most obedient Servant,

Secretary to the Government of India.

COPY forwarded to the Home, Revenue and Agriculture and Public Works Departments for information.

Copy also forwarded to the Comptroller and Auditor General and the Accountant General, Madras, for information.

Copies will follow

APPENDIX.

TABLE A.

Expenditure on Civil Administration.

1. The following table shows the heads included in this section of the account, the figures adopted for the new Settlement and the corresponding figures of the Settlement of 1892. The remarks which follow the table explain such of the figures as require explanation :—

(In thousands of rupees).

1892. Receipts.	1892. Outgoings.		1897. Receipts.	1897. Outgoings.	
...	45,71	Land Revenue	...	48,40	- 174
30	1,62	Customs	73	2,46	
...	1,07	Post Office	...	1,02	- 05
...	9,44	General Administration	...	9,93	
5,70	44,03	Courts of Law	7,40	46,92	
1,90	8,60	Jails	4,26	10,51	- 12
4,20	40,26	Police	4,41	46,04	
3	19	Marine	...	40	
1,37	14,29	Education	1,93	16,79	
73	10,77	Medical	1,22	13,07	
...	75	Political	...	84	
1,49	3,32	Scientific and other Minor Departments	2,13	4,20	- 19
33	14,00	Superannuation, etc.	47	15,52	- 80
1,06	7,48	Stationery and Printing	1,38	9,00	
1,38	1,35	Miscellaneous	1,54	1,52	
...	...	Famine Relief	...	...	
1,07	20,10	Civil Works	1,58	22,00	- 5-00
...	74	Contributions between Provincial and Local	...	79	
...	1,00	Lump addition to Assignment	...	1,50	+ 1-50
...	32	Interprovincial Adjustment	...	...	
19,56	2,25,04	TOTAL	27,05	2,50,91	
	2,05,48	Net		2,23,86	

2. The amounts proposed by the Government of Madras have been accepted under the following heads :—

- Customs.
- General Administration. *
- Courts of Law, except 19 under the Outgoings, which amount is rejected for the reasons stated in paragraph 3 below.
- Jails, Receipts.
- Police.
- Marine.
- Education.
- Medical.
- Political.
- Scientific Departments, Receipts.
- Superannuation Receipts.
- Stationery and Printing.
- Miscellaneous.
- Contributions.

* This must be the Land Revenue share of the cost of the scheme for the improvement of the portion of the Tabuk Valley

3. Under the following heads, the figures previously proposed by the Government of India have been adhered to, or alterations have been made, on a consideration of the actuals of the twelve months ending January 1897. The suggestions of the Government of Madras for the adoption of higher figures have not been accepted, as the actuals up to date of the year 1896-97 and the Revised Estimates shew that the allowance made is sufficient for the existing expenditure :—

- Post Office.
- Jails, Outgoings.
- Scientific Departments, Outgoings.
- Superannuation, Outgoings with an addition of 2 for Marine pensions.

With reference to the suggestions of the Government of Madras to adopt the Budget Estimates of 1897-98 for these heads, it is to be remarked that the Budget Estimate of next year is not the standard by which the Settlement figures should be measured : provision has

to be made for the existing scale both of revenue end expenditure: the increases under the assigned heads of revenue are intended to meet any increases under the assigned heads of expenditure. The remarks of the Government of Madras regarding the head Superannuations are based on a misapprehension: the fact that expenditure is increasing is no reason why it should not be made Provincial, as increasing revenues are assigned; the figures for both revenue and expenditure being taken as near as may be at the existing scale.

4. Under 3—Land Revenue the amount desired by the Government of Madras has been accepted with a deduction of 74, being the estimated cost, falling under this head, of the scheme for improving the condition of Taluk Gomashtas. That scheme has not yet been examined by the Government of India: it requires the sanction of the Secretary of State; and it is not likely to be sanctioned in time for expenditure on it to be incurred in 1897-98. The expenditure must therefore be left to be provided for by the increases of revenue which will accrue during the period of the new Settlement.

5. No amount can be entered in the Settlement under 33—Famine Relief. There has been practically no expenditure under it during the last three years, and the expenditure is not of the recurring kind which should be provided for in the figures adopted for the Provincial Settlement. When famine comes, Local Governments are expected to divert to relief the funds they would otherwise have devoted to the construction of public works or to the introduction of reforms or improvements which are capable of being postponed. When the expenditure is beyond the power of Provincial Revenues to meet, Imperial Revenues must come to their aid, altogether apart from the Provincial Settlements.

6. The reasons for the adoption of the figure entered under Civil Works are fully stated in the letter to which this is an appendix.

TABLE B.

Railways and Irrigation.

7. The following are the figures adopted for these heads :—

[In thousands of rupees.]

1892. Revenue.	1892. Expenditure.		1897. Revenue.	1897. Expenditure.
1,50	33,09	Irrigation . . .	1,86	33,45
20 (Net)	...	Railways . . .	2,71	1,68
1,70	33,09		4,57	35,13
...	31,39		Net .	30,56

8. The figures for Railways and for the Irrigation receipts are those which are accepted by the Government of Madras.

9. The figures of Irrigation expenditure of past years have been as follow :—

WORKS FOR WHICH SEPARATE ACCOUNTS ARE NOT KEPT.

	Capital.	Revenue.	Tank restoration.	Other Works.	Civil officers.	Agricultural works.	Total, excluding Capital.
1887-88 . . .	2,76	2,25	3,60	13,60	...	4,07	23,52
1888-89 . . .	3,52	2,16	5,69	17,01	...	4,57	29,43
1889-90 . . .	2,95	2,97	6,07	15,93	...	4,45	29,48
1890-91 . . .	2,66	4,02	23,01		...	5,77	32,80
Settlement 1892 .	2,50	4,27	5,00	17,00	...	4,32	30,59
1892-93 . . .	3,13	3,96	4,54	17,76	...	3,93	30,19
1893-94 . . .	4,21	2,28	4,41	13,04	3,35	4,13	27,21
1894-95 . . .	4,10	2,96	5,05	13,60	3,97	3,66	29,24
1895-96 (Revised) .	6,90	2,80	5,58	12,05	3,85	5,15	29,43
Proposed Settlement .	2,50	2,56	5,00	12,25	4,00	4,25	28,06

10. A good deal of the expenditure on Irrigation is obligatory, but a large part of it is capital expenditure which may be enhanced or reduced at pleasure. A considerable reduction was made in the figure originally proposed by the Government of India on the ground that the principal sanctioned projects were approaching completion. The Government of Madras show that a considerable amount of new expenditure is coming forward to take the place of that which has been finished. As explained in the body of the letter, the Government of India have allowed for the same rate of net expenditure as in 1892. And the Madras Government will be under the necessity of limiting their expenditure to what they find it possible to meet within the funds thus provided, or the general funds becoming available under the Settlement.

TABLE C.

Revenue Account.

11. The following table shows the heads included in this section of the account, the figures which it has been decided to adopt for the new Settlement :—

(In thousands of rupees.)

	Revenue. Total.	Revenue. Provincial share.		Expenditure. Total.	Expenditure. Provincial share.	
Refunds	...	...	...	2,34	...	1,22
Salt	1,27	Misc.	1,27	25,91 (a)	¼ (b)	7,06
Excise	1,48,80	¼	37,20			
Stamps	79,67	¾	59,75	3,60	¾	2,70
Assessed Taxes	24,00	½	12,00	27	½	14
Forests	20,50	⅓	10,25	15,50	½	7,75
Registration	12,00	½	6,00	8,40	½	4,20
Interest	1,48	whole	1,48	1,50	whole	1,50
TOTAL .	2,87,72	...	1,27,95	57,52	...	24,57
Net Revenue .	...	...	1,03,38	...	...	...

(a) Charges for Salt purchase and freight which are Imperial are excluded from this figure.
(b) Except cost of Licensee's works which is wholly Provincial. The figure 7,06 is made up as follows :—

Licensee's works	78
One-fourth of other charges (25,13)	6,28
	7,06

12. The figures proposed by the Government of Madras have been accepted under the following heads :—

Refunds.
Salt, Revenue.
Stamps, Expenditure.
Assessed Taxes.
Forest.

13. The figures under the following heads have been fixed on a consideration of the actual figures for the 12 months ending January 1897 and of the Revised Estimates of this year :—

Excise Revenue (Madras appears to have taken too high a figure, having assumed that the Estimate to be taken should be that of 1897-98, and not 1896-97).
Stamp Revenue.
Registration, some allowance being made for an increase of expenditure under the scheme already sanctioned.
Interest, the expenditure, however, being reduced by one-eighth in accordance with Resolution No. 852 A., dated the 20th February 1897, in consequence of the reduction of the rate of interest to be charged to the Local Government from 4 to 3½ per cent.

14. For Salt expenditure the figure proposed for "Licensees' Works" is retained. For the combined Salt and Excise establishments the amount formerly proposed is retained with an addition of 10 for the new special distillery officer. Further increases of expenditure are contemplated which are expected to yield an increase of revenue: neither the increase of revenue nor the increase of expenditure need be taken in the figures for the Settlement. The Orissa portion of the establishment is omitted, as that will be transferred to Bengal.

15. The settlement of the figure for Land Revenue is left over till next year. For 1897-98 the Provincial share of Land Revenue will be 1,51,04.

Table D.

The following table exhibits the figures of Tables A, B, and C in the ordinary order of the heads as they appear on the accounts:—

(In thousands of rupees.)

Revenue.			Expenditure.		
I.—Land Revenue	1,51,04		1.—Refunds and Drawbacks	1,22	
III.—Salt	1,27		3.—Land Revenue	48,40	
IV.—Stamps	59,75		5.—Salt	5,49	
V.—Excise	37,20		6.—Stamps	2,70	
VII.—Customs	73		7.—Excise	1,57	
VIII.—Assessed Taxes	12,00		9.—Customs	2,46	
IX.—Forest	10,25		10.—Assessed Taxes	14	
X.—Registration	6,00		11.—Forest	7,75	
		2,78,24	12.—Registration	4,20	
					73,93
XII.—Interest	...	1,48	13.—Interest	...	1,50
XVIA.—Courts of Law	7,40		15.—Post Office	...	1,02
XVIB.—Jails	4,26		18.—General Administration	9,93	
XVII.—Police	4,41		19A.—Courts of Law	46,92	
XIX.—Education	1,93		19B.—Jails	10,51	
XX.—Medical	1,22		20.—Police	46,04	
XXI.—Scientific and other Minor Departments	2,13		21.—Marine	40	
		21,35	22.—Education	16,79	
XXII.—Superannuation, etc.	47		24.—Medical	13,07	
XXIII.—Stationery and Printing	1,38		25.—Political	84	
XXV.—Miscellaneous	1,54		26.—Scientific and other Minor Departments	4,20	
		3,39			1,48,70
XXVI.—State Railways	...	2,71	29.—Superannuation, etc.	15,52	
XXX.—Minor Works and Navigation	...	1,86	30.—Stationery and Printing	9,00	
XXXII.—Civil Works	...	1,58	32.—Miscellaneous	1,52	
					26,04
			38.—State Railways—Working Expenses	...	1,68
			43.—Minor Works and Navigation	...	33,45
			45.—Civil Works	...	22,00
			Contributions between Provincial and Local (net)	...	79
			Lump addition	...	1,50
Total Revenue	...	3,10,61	Total Expenditure	...	3,10,61

GOVERNMENT OF INDIA.

Finance and Commerce Department.

ACCOUNTS and FINANCE.
Provincial Finances.



To

THE SECY. TO THE GOVT. OF MADRAS.

No. 1245 A.

Dated Calcutta, the 16th March 1897.

Communicates remarks in reference to the Provincial settlement with Madras for the five years 1897-1902.

G. I. C. P. O.—No. 836 F. & C. D.—16-3-97.—180.—P. M. M.

1110 Fail

GOVERNMENT OF INDIA.

Finance and Commerce Department.

ACCOUNTS AND FINANCE.
Estimates and Accounts.



To

THE CHIEF SECY. TO THE GOVT. OF MADRAS.

No. 1400 A.

Dated Calcutta, the 26th March 1897.

Read 2-4-97.
Reply 3-4-97
Skeleton.

Orders on the Madras Budget Estimates for 1897-98.

G. I. C. P. O.—No. 1120 F. & C. D.—26-3-97.—120.—P. M. M.

CENTRAL PROVINCES.

Statement A.—Revenue Account.

(In thousands of rupees.)

Heads.	Contract Estimate, 1877.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
Receipts.					
I.—Land Revenue	60,20	60,73	63,42	69,50	84,48
IV.—Stamps	9,75	11,68	14,00	16,50	17,40
V.—Excise	14,50	20,00	25,00	27,60	26,00
VI.—Provincial Rates	*Nil*	3,00	1,64	2,09	2,60
VIII.—Assessed Taxes	*Nil*	2,50	3,84	4,60	5,00
IX.—Forests	7,00	9,80	10,94	13,02	11,00
X.—Registration	42	60	73	1,07	1,40
XII.—Interest	...	...	3	37	99
Total Receipts	91,87	1,08,31	1,19,60	1,34,75	1,48,87
Provincial Share (variable portion)	24,67	55,17	89,59	48,46	74,08
Charges.					
1.—Refunds and Drawbacks	35	52	30	20	23
2.—Assignments and Compensations	...	...	...	4	4
6.—Stamps	14	33	36	48	66
7.—Excise	57	58	70	45	58
10.—Assessed Taxes	*Nil*	1	3	1	1
11.—Forests	3,58	5,93	5,54	8,02	9,75
12.—Registration	26	29	40	36	46
13.—Interest	...	...	...	33	77
Total Charges	4,90	7,66	7,33	9,89	12,50
Provincial Share	1,20	3,85	3,67	5,18	6,75
Net Revenue Account, Total	86,97	1,00,65	1,12,27	1,24,86	1,36,37
„ „ „ Provincial Share (variable portion)	23,47	51,32	85,92	43,28	67,35
„ „ „ Fixed Addition (+) or deduction (—) (*a*)	+19,63	—1,98	—27,19	+22,05	+3,72
„ „ „ Total Provincial Share	43,10	49,34	58,73	65,33	71,07

(*a*) Civil portion only.

Notes under Revenue Account.

I.—Land Revenue.—No share of the Land Revenue receipts was Provincial under the contract of 1877. In 1882 a share of the Revenue, 49·2047 per cent, was assigned to Provincial to cover the difference between the estimates of assigned Provincial Revenues and Expenditure. As regards subsequent contracts, the head was made wholly Provincial by the arrangement of 1887, but the Provincial share was reduced to one-quarter by the contract of 1892, and for the 1897 arrangement the share is fixed at one-half.

IV and 6.—Stamps.—These heads were made wholly Provincial in the contract of 1877, but in the arrangement of 1882 half the total was assigned to Provincial. From 1887-88 onwards three-fourths of the total are Provincial. In settling the expenditure estimate in 1892, allowance was made for the transfer under this head from the head "30.—Stationery and Printing" of the cost of plain paper used with Court-fee stamps.

V and 7.—Excise.—Wholly Provincial under the contract of 1877, one-half under that of 1882, and one-quarter since 1887-88. In settling the expenditure estimate in 1892, allowance was made for certain changes of classification of combined appointments.

VI.—Provincial Rates.—This head was not included in the arrangement of 1877, as there was no revenue from Provincial Rates at that time. From 1882-83 onwards the head is wholly Provincial. The transfer of the Education Cess to Local since the contract of 1882 was framed accounts for a falling-off in the standards adopted in subsequent contracts.

VIII and 10.—Assessed Taxes.—No revenue from Assessed Taxes was received at the beginning of 1877. In the contract of 1882 half the revenue and half the expenditure was made Provincial. The additional revenue due to the introduction of Act II of 1886 was, however, wholly Imperial in 1886-87, and from 1887-88 the revenue and expenditure are divided in moieties between Imperial and Provincial.

IX and 11.—Forests.—These heads were wholly Imperial under the contract of 1877. In 1882 it was decided to make half the revenue and expenditure Provincial, and that arrangement has been continued till the present time.

X and 12.—Registration.—Wholly Provincial under the contract of 1877, and half under subsequent contracts. The estimate of expenditure adopted in 1892 allowed for certain transfer of charges of combined appointments from this head to others.

1.—Refunds and Drawbacks of the Provincial shares of the Principal Heads of Revenue are Provincial.

2.—Assignments and Compensations.—Only the malikana allowances are Provincial under this head. Up to the time the contract of 1887 was settled, these allowances were classified as charges of Land Revenue collection.

Interest.—The receipts and charges recorded under the head and treated as wholly Provincial are (1) Interest on Government Securities held on account of Provincial Departments, (2) Interest on Loans made to Municipalities, etc., under the Provincial and Local Loan Scheme, and (3) the adjustment with Imperial of interest on the Provincial loans.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil.					
3.—Land Revenue Administration—					
Settlement and Survey	...	...	5,14(*a*)	3,20	(*d*)3,18
Other heads	6,69	6,32	7,32	8,42	8,63
15.—Post Office (District)	12	44	53	49	59
Other Civil Departments.					
18.—General Administration	3,55	3,49	3,59	3,90	5,01
19A.—Courts of Law	7,12	7,13	7,55	8,41	9,99
19B.—Jails	5,04	5,05	4,80	6,02	5,70
20.—Police	11,79	11,45	13,33	13,93	14,63
22.—Education	4,21	5,49	4,66	4,67	3,90
24.—Medical	1,71	2,96	2,76	2,73	3,24
25.—Political	...	...	...	18	44
26.—Scientific and other Minor Departments	32	28	49	49	60
Miscellaneous Civil Charges.					
29.—Superannuation Allowances and Pensions	(*b*) *1,28*	1,41	1,55	2,30	2,90
30.—Stationery and Printing	1,13	1,20	1,51	1,78	1,93
32.—Miscellaneous	(*e*)36	24	49	45	74
Total Charges, Civil Department	42,04(*c*)	45,46	53,72	56,97	61,48
Deduct—Receipts, see Annexure	6,23	7,02	6,70	7,38	5,87
Net Civil Charges	35,81(*c*)	38,44	47,02	49,59	55,61
Public Works.					
Civil Works.					
45(A).—Civil Works by Public Works Officers—					
(1) Original Works		3,62	4,00	7,50	6,00
(2) Repairs		3,38	4,75	4,47	4,80
(3) Establishment		1,76	3,00	3,68	4,00
(4) Tools and Plant, etc.		20	25	31	20
(B).—Civil Works by Civil Officers		12			
Total Civil Works	8,42	9,08	12,00	15,96	15,00
Deduct—Receipts, see Annexure	23	79	57	63	54
Net Public Works Charges	8,19	8,29	11,43	15,33	14,46
Contributions to Local Funds (net)	...	...	30	60	1,00
Addition to above expenditure allowed for in assignment	...	2,61	...	...	...
Reduction of above expenditure allowed for in assignment	—90	...	...	...	...
Miscellaneous Adjustments	...	...	—2	—19	...
Total Net Expenditure	43,10(*c*)	49,34	58,73	65,33	71,07

(*a*) Average of the assignments.
(*b*) This figure is shewn in italics and is not included in the total as the head was not Provincial in the contract of 1877.
(*c*) See note (*b*) above. Including the figures in italics, the total Civil Charges becomes 43,32—6,23=37,09 and the total Net Expenditure becomes 44,38.
(*d*) This amount is for 1897-98 only.
(*e*) Includes 2 on account of Cemetery Establishment.

A.

Schedule of Provincial Revenue.

Major heads.	Minor heads.	Provincial share.
I.—Land Revenue* ...	"12 per cent. on collections from Government estates" (Bengal), "Collections from (Terai, Bhabar and Dudhi) Government Estates" and "Miscellaneous rents of water mills and stone quarries" (North-Western Provinces and Oudh), "Assessment of alienated lands less quit-rents" (Bombay).	The whole.
	All other minor heads, except "Recoveries from zemindars and ryots on account of Survey and Settlement in Bihar."	Two-thirds in Burma and Assam, one-half in the Central Provinces, two-fifths in the Punjab, and one-fourth elsewhere, *plus* or *minus* the fixed amounts mentioned in the Appendix to this Schedule.
III.—Salt ...	"Rents of warehouses" ...	Whole (in Madras and Bombay only).
	"Fines and forfeitures" ...	
	"Miscellaneous"	
	Fees and cesses (Madras) ...	
IV.—Stamps ...	All	Three-fourths.
V.—Excise ...	All	One-half in Burma and Bengal, and one-fourth in other provinces.
VI.—Provincial rates	All	The whole.
VII.—Customs ...	Sea-Customs—Miscellaneous (Bengal)	The whole.
	"Warehouse and wharf-rents" ...	
	"Miscellaneous"	
VIII.—Assessed taxes	All except "Tax on surplus profits of Railway Companies" in Bombay.	One-half.
IX.—Forests ...	All	One-half.
X.—Registration ...	All	One-half.
XII.—Interest ...	1. Interest on Provincial loans and advances.	The whole.
	2. Interest on Government securities.	
	3. Miscellaneous	Items classified as Provincial in 1896-97.

* See also the Appendix to this Schedule.

Schedule of Provincial Revenue—contd.

Major heads.	Minor heads.	Provincial share.
XIII.—Post Office ...	All	The whole.
XVI.-A.—Courts of law	All	The whole.
XVI.-B.—Jails ...	All	The whole.
XVII.—Police ...	All	The whole.
XVIII.—Marine ...	All	The whole.
XIX.—Education ...	All	The whole.
XX.—Medical ...	All	The whole.
XXI.—Scientific and other Minor Departments.	All	The whole.
XXII.—Superannuation Receipts.	1. "Contributions for pensions and gratuities."	The whole, except items classified as Imperial in the C. P. and Madras in 1896-97.
	2. "Miscellaneous."	The whole.
	3. "Family subscriptions of native members of the Covenanted Civil Service."	
	4. "Contributions for Marine pensions" (Bengal).	
XXIII.—Stationery and Printing.	All	The whole except receipts for the value of supplies from Central Stores to Railways, to Local Funds, Municipalities and other independent bodies, including supplies to the Berar Administration from Bombay.
XXV.—Miscellaneous	Fees for Government Audits.	Items classified as Provincial in 1896-97.
	Extraordinary items.	Items not exceeding Rs. 10,000.
	All other minor heads except—	The whole.
	1. Gain by exchange.	
	2. Premia on Bills.	
	3. Unclaimed Bills of exchange.	
	4. Recovery of insurance and other charges on English stores.	
	5. Revenues of Berbera, Bulhar and Zaila (Bombay).	
	6. Revenues of Kurram Valley (Punjab).	

Schedule of Provincial Revenue—concld.

Major heads.	Minor heads.	Provincial share.
XXVI.—State Railways.	Jorhat and Cherra-Companygunge Railways (Assam); Mayaveram-Mutupet Railway (Madras); and Hyderabad-Umarkot Railway (Bombay).	The whole.
XXIX.—Major Irrigation Works.	Direct receipts (Bengal and the North-Western Provinces and Oudh except the receipts from the Betwa Canal).	The whole.
XXX.—Minor Irrigation Works.	All in Burma, North-Western Provinces and Oudh, Bengal and Madras.	The whole.
	The Gokak Canal, 1st section, including storage works in Bombay.	
	Works classified as Provincial in 1896-97 in the Punjab.	
XXXII.—Civil Works	All except receipts on account of "Government of India buildings at Simla" and similar receipts classified as Imperial under the last Settlement.	The whole.
Contributions ...	Contributions from Local ...	The whole.

Appendix to Schedule A.

1. The prescribed shares of Land Revenue are calculated on the gross collections of Land Revenue including the portion due to Irrigation.

2. The fixed additions to, or deductions from, the prescribed shares of Land Revenue are as follow :—

	Addition.	*Deduction.*
Central Provinces	3,72,000	...
Burma	39,05,000	...
Assam	1,56,000	...
Bengal	...	14,19,000
North-Western Provinces and Oudh	...	21,12,000
Punjab	2,58,000	...
Madras	16,46,000	...
Bombay	77,42,000	...

3. The fixed amounts above mentioned for the Central Provinces, the North-Western Provinces and Oudh, Madras, and Bombay, are subject to revision from April 1, 1898, as the amounts depend on the estimates adopted for the Settlements under all the Provincial heads, and the final estimates for certain heads were postponed till that date, provisional figures being adopted for 1897-98. They are also liable to variation in the year 1897-98 with reference to the actuals under certain heads of Revenue and Expenditure as explained in the letters to the Local Governments concerned.

4. The fixed amount above mentioned for Burma is liable to revision from April 1, 1900, as the estimate adopted for the Upper Burma "Special Police" is to be reconsidered from that date.

5. The Provincial Revenues of Bombay pay interest through the Land Revenue head on the portion of the cost of the Hyderabad-Umarkot Railway advanced from Imperial Funds.

6. If the recoveries on account of Survey and Settlement Operations in Bihar fall short of the expenditure which is recoverable from the zemindars and ryots, the difference will be charged (through the Land Revenue head) to Bengal Provincial Revenues. This adjustment, if necessary, will be made under special orders of the Government of India, and will not be made annually.

B.

Schedule of Provincial Expenditure.

Major heads.	Minor heads, etc.	Provincial share.
1. Refunds, &c. ...	The heads of which the corresponding receipts are wholly or partly Provincial.	The same share as in the case of the corresponding heads of Receipt.
2. Assignments, &c....	"Malikana" (except Assam) ...	The whole.
	"Excise compensations" (Bombay)	One-fourth.
3. Land Revenue ...	All other heads in Bombay (except Salt pans in Portuguese India).	The whole.
5. Salt	All except "Cost of Survey and Settlement expenditure in Bihar."	The whole.
	Excise Licensees' works (Madras) ...	The whole.
	All other heads in Madras except "Salt Purchase and Freight."	One-fourth.
6. Stamps ...	All	Three-fourths.
7. Excise ...	All	One-half in Burma and Bengal, and one-fourth in all other Provinces.
8. Provincial rates ...	All	The whole.
9. Customs ...	All (Burma, Bengal and Madras) ...	The whole.
10. Assessed Taxes ...	All	One-half.
11. Forest ...	All	One-half.
12. Registration ...	All	One-half.
13. Interest ...	"Interest on Provincial Advance and Loan Account."	The whole.
15. Post Office ...	All	The whole.
18. General Administration.	"Civil Offices of Account and Audit."	Local Fund Audit Establishment.
	All other minor heads except— "Currency Department," "Reserve Treasury," and "Allowances to Presidency Banks."	The whole.
19-A.—Courts of Law	All	The whole.
19-B.—Jails.	All	The whole.
20. Police ...	All	The whole.

Schedule of Provincial Expenditure—contd.

Major heads.	Minor heads, etc.	Provincial share.
21. Marine ...	All	The whole.
22. Education ...	All	The whole.
24. Medical ...	All	The whole.
25. Political ...	In Provinces other than Burma and the Punjab, all except—	
	1. Refugees and State prisoners (Bengal, North-Western Provinces and Oudh, Madras and Bombay);	
	2. Special Political expenditure (Bengal);	
	3. Political Agent with the ex-Amir of Afghanistan (North-Western Provinces and Oudh);	The whole.
	4. Miscellaneous (Madras); and,	
	5. Heads under which is recorded the expenditure at—	
	(*a*) Aden	
	(*b*) Baroda	
	(*c*) Persian Gulf	
	(*d*) Berbera, Bulhar and Zaila.	
26. Scientific, etc., Departments.	Veterinary charges	The whole except the pay and allowances of officers on the cadre of the Civil Veterinary Department.
	All other minor heads except—	
	1. Census;	
	2. Preservation and translation of ancient manuscripts (Bengal, the North-Western Provinces and Oudh, and Bombay); and,	The whole.
	3. Archæological Department (Burma).	
29. Superannuation allowances, etc.	All except Pensions of the Civil and Military *Funds* and Imperial Marine Department pensions in Bombay.	The whole.
30. Stationery and Printing.	All except "Stationery purchased for Central Stores."	The whole.
32. Miscellaneous ...	Extraordinary items	Items not exceeding Rs. 10,000.

Schedule of Provincial Expenditure—contd.

Major heads.	Minor heads, etc.	Provincial share.
	All other minor heads except—	
	1. Charges for remittance of Treasure	
	2. Discount on Bills.	The whole.
	3. Loss by Exchange.	
33. Famine Relief ...	All	The whole.
37. Construction of Railways.	All.	The whole except in cases in which the outlay is specially incurred from Imperial Funds. But Provincial expenditure under these heads is permitted only under special orders of the Government of India in regard to each Railway.
40. Subsidised Companies.	Land Subsidies (Assam).	
41. Miscellaneous Railway Expenditure.	Surveys.	
38. State Railways ...	Jorhat and Cherra-Companygunge Railways in Assam; Mayaveram-Mutupet Railway in Madras; and Hyderabad-Umarkot Railway in Bombay.	The whole.
42. Major Irrigation Works.	Heads showing charges on account of Major Works of which the Revenue is Provincial, including interest on Capital outlay from Imperial funds on all Minor Works and Navigation in the North-Western Provinces and Oudh, of which Capital and Revenue Accounts are kept.	The whole.
43. Minor Irrigation Works.	All the minor heads in Burma, Bengal, North-Western Provinces and Madras.	The whole.
	In the Punjab, charges for works classified as Provincial in 1896-97.	
	In Bombay, Gokak Canal, 1st Section including storage works.	
45. Civil Works ...	All except the following:—	
	1. Buildings for Post Office, Telegraph Department (except in Burma where they are wholly Provincial).	
	2. Opium, Salt, Mint and Currency (*a*) Department Buildings.	The whole.
	3. Government of India offices and buildings (*b*) in Calcutta and Simla.	
	4. Viceregal Residences and stables.	

(*a*) At Bombay, Calcutta and Allahabad only. Elsewhere Provincial.

(*b*) Surveyor General's Office, Calcutta, Central Press buildings at Calcutta and Simla, Miscellaneous Government buildings at Simla.

Schedule of Provincial Expenditure—concld.

Major heads.	Minor heads, etc.	Provincial share.
	5. Forest school buildings at Dehra Doon.	The whole.
	6. Baroda Residency Buildings.	
	7. Works on Somali Coast.	
	8. Special New Lighthouses on the Burma Coast.	
	9. Bacteriological Laboratory at Muktesar.	
	10. Residence of the ex-Amir of Cabul at Mussoorie.	
	11. Office of the Consulting Engineer to the Government of India at Lucknow.	
	12. Rent of class C Lands at Allahabad in the occupation of the East Indian Railway.	
	13. Office of Government Examiner, Indian Midland Railway at Jhansi.	
	14. Meteorological buildings at Kodai Kanal.	
	15. Civil buildings and roads in Kuram Valley (Para Chinar, etc.)	
	16. Civil buildings at Wana.	
	17. Civil buildings and roads in Waziristan, Malakand and Mardan.	
	18. Civil buildings and roads in Tochi Valley.	
	19. Special coal or petroleum explorations.	
Contributions ...	Contributions to Local.	The whole.

G. C. Press, Simla.—No. 295 C. F.—11-8-97.—600.

1897
Finance
1
572

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil Departments.					
XVIA.—Courts of Law	1,75	1,69	1,24	1,32	1,40
XVIB.—Jails	3,20	3,51	2,87	3,52	2,68
XVII.—Police	45	55	52	27	17
XIX.—Education	70	82	1,38	1,38	34
XX.—Medical	1	4	4	3	5
XXI.—Scientific and other Minor Departments	3	4	12	11	12
Miscellaneous.					
XXII.—Receipts in aid of Superannuations	...	3	8	8	12
XXIII.—Stationery and Printing	1	22	18	22	28
XXV.—Miscellaneous	8	12	27	45	71
Total Civil (*a*)	6,23	7,02	6,70	7,38	5,87
XXXII.—Civil Works (*a*)	23	79	57	63	54

(*a*) Carried to Statement B.

Notes under Expenditure Heads.

3.—Land Revenue.—This head has been wholly Provincial throughout, except that the Survey and Settlement expenditure from 1882-83 to 1886-87 was divided in the same proportion as the Land Revenue receipts during that period. No important Settlement expenditure was being incurred when the contracts of 1877 and 1882 were made, and no provision was therefore included in the figures.

15.—Post Office.—District Post charges are wholly Provincial throughout.

18.—General Administration.—The whole of the expenditure under this head, excluding Civil Account Offices, but including Provincial and Local Fund establishments in them, was Provincial in the first three contracts. In 1892 so much of the Provincial establishment as formed part of the general establishment of the Account Office was made Imperial, and provision was made under this head for the Superintendent of Excise and Registration and his establishment.

XVIA and 19A.—Courts of Law.—Wholly Provincial throughout the several quinquennial periods.

XVIB and 19B.—Jails.—Wholly Provincial throughout the several quinquennial periods. The standards of gross receipts and charges on account of Jail Manufactures in 1887 were low, but in the net result the figures compared well with past actuals.

XVII and 20.—Police.—The whole of the Revenue and Expenditure was made Provincial under the contract of 1877. By the contract of 1882, police employed on Imperial State Railways was excluded from the figures, but in 1892 all charges, including Railway Police, were again made wholly Provincial. The completion of the Bengal-Nagpur Railway accounts for the falling-off in the standard of receipts in 1892 as compared with that of 1887. A further reduction in the standard of 1897 is due to the transfer of the conservancy supervision in the Jubbulpore City to the Municipality.

XIX and 22.—Education.—Wholly Provincial throughout. The standards of Revenue and Expenditure for the 1897 contract are lower than before, owing chiefly to the transfer to the control of Municipal Committees of a large number of schools and the sale of the Nagpore Book Depôt to a private agency.

XX and 24.—Medical.—The whole of this service has been Provincial since 1882-83. Under the 1877 arrangement the medical establishments were Imperial.

25.—Political.—The charges of the Chhattisgarh Feudatory Agency which are recorded under this head were wholly Imperial up to 1886-87, and the same incidence was continued by the contract of 1887; but in the accounts the charges were treated as wholly Provincial from 1887-88, and this arrangement has been in force ever since.

XXI and 26.—Scientific and other Minor Departments.—The revenue has been Provincial throughout the whole period. All charges except Archæological and Meteorological Departments and Censuses have also been Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement.

XXII and 29.—Superannuation.—These heads were excluded altogether from the arrangement of 1877. From 1882-83 "Contributions for Pensions" and "Miscellaneous" receipts have been Provincial on the Revenue side. As regards Expenditure, all pensions and gratuities except pensions payable from the Military and Medical Funds have been Provincial since 1882-83. Under the system of inter-provincial adjustments which was in force prior to April 1892, the Local Administration was responsible only for the pensions and gratuities it paid at the commencement of a contract and the pensions, etc., which it granted or recommended during the period of the contract. But from 1892-93 all pensions, except the two special kinds mentioned above, paid in the Central Provinces are Provincial, by whatever authority they may have been sanctioned.

XXIII and 30.—Stationery.—All the receipts except those representing the value of supplies from Central Stores to Railways, Local Funds, Municipalities, etc., are Provincial. The expenditure is wholly Provincial since 1877-78. In settling the figures for the 1892 contract, allowance was made for the record in the accounts of the cost of plain paper used with Court-fee stamps under the head "6.—Stamps" instead of under this head.

XXV and 32.—Miscellaneous.—All the receipts and expenditure except those directly connected with the transfer or remittance of funds, gain or loss by exchange, and extraordinary items exceeding R10,000 have been wholly Provincial throughout.

45.—Civil Works.—All Civil Works expenditure is Provincial, except expenditure on works for the Imperial Post Office and Telegraph Departments.

Addition to or deduction from expenditure allowed for in assignment.—The lump deduction of 90 made in the 1877 contract represents the retrenchment which the Government of India were obliged to make from current expenditure (see paragraph 8 of Finance Department letter No. 485 of 31st May 1877). As regards the addition of 2,61 in 1882, the arrangement of that year was made by major heads, and the figures adopted for Revenue and Expenditure worked out to a surplus of 2,61. This surplus the Government of India did not appropriate for the reasons stated in paragraphs 4 and 6 of Finance Department letter No. 335, dated 17th January 1882.

Statement C.—Railways and Irrigation.

(In thousands of rupees.)

Provincial Receipts + Provincial Expenditure —	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
State Railways—					
Revenue	...	+3,75	...	...	...
Working Expenses	...	—3,04	...	...	...
Interest	...	—2,69	...	...	...
Total	...	—1,98	...	...	...

Notes under Railways, etc.

Railways.—The Nagpur-Chhattisgarh Railway, which was begun during the currency of the 1877 contract, was made Provincial under the contract of 1882. The Railway was taken within the Imperial account in the contract of 1887.

Statement E.—Total "adjusting entry" under Land Revenue.

(In thousands of rupees.)

On Account of	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Civil Administration, Statement A	+19,63	—1,98	—27,19	+22,05	+3,72
Railways and Irrigation „ C	...	+1,98	...	...	...
Total	+19,63	...	—27,19	+22,05	+3,72

N.B.—The Provincial figures for 1897 under the heads "I.—Land Revenue," "V.—Excise," "VI.—Provincial Rates," Land Revenue, Excise, and Provincial Rates Refunds, and "IX and 11—Forests," are for the year 1897-98 only, and are fixed amounts, any variations from which will be taken in the Imperial Section of the Accounts. For subsequent years the figures for these heads will be settled in the latter part of 1897-98.

LOWER BURMA.

Statement A.—Revenue Account.

(In thousands of rupees.)

Heads.	Contract Estimate, 1879.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
Receipts.					
I.—Land Revenue	85,00	1,14,00	1,15,42	1,49,15	1,75,93
IV.—Stamps	8,20	8,10	9,38	10,50	13,60
V.—Excise	18,60	21,60	22,16	37,50	34,00
VIII.—Assessed Taxes	*Nil*	*Nil*	*Nil*	5,50	7,05
IX.—Forests	10,85	21,53	18,00	28,27	34,00
X.—Registration	10	16	28	36	57
XII.—Interest	21	...	...	25	16
Total Receipts	1,22,96	1,65,39	1,65,24	2,31,53	2,65,31
Provincial Share (variable portion)	50,79	70,79	70,72	71,87	1,65,47
Charges.					
1.—Refunds and Drawbacks	1,11	1,25	32	60	73
6.—Stamps	17	26	24	30	32
7.—Excise	13	13	52	40	1,58
10.—Assessed Taxes	*Nil*	*Nil*	*Nil*	24	26
11.—Forests	8,37	12,99	11,90	13,27	15,00
12.—Registration	6	13	16	18	27
13.—Interest	...	...	...	25	11
Total Charges	9,84	14,76	13,14	15,24	18,27
Provincial Share (variable portion)	2,13	7,19	6,55	7,71	9,41
Net Revenue Account, Total	1,13,12	1,50,63	1,52,10	2,16,29	2,47,04
„ „ „ Provincial Share (variable portion)	48,66	63,60	64,17	64,16	1,56,06
„ „ „ Fixed addition (+) or deduction (—) (*a*)	+16,70	+13,47	+13,79	+42,30	—35,45
„ „ Total Provincial share	65,36	77,07	77,96	1,06,46	1,20,61

(*a*) Civil portion only.

Notes under Revenue Account.

I.—Land Revenue.—Under the contracts of 1879, 1882, and 1887 the receipts from *Fisheries* were wholly Provincial, and of the other revenue specified shares only were assigned to Provincial—namely, one-sixth under the contract of 1879, 32·8367 per cent under that of 1882, and one-third under the contract of 1887. In 1892-93 one-fourth of the total Revenue was made Provincial, and in the arrangement for 1897 the Provincial share has been fixed at two-thirds of the total.

IV and 6.—Stamps.—These heads were wholly Provincial in the contract of 1879, but in the arrangements of 1882 and 1887 half the total was assigned to Provincial. From 1892-93 onwards three-fourths of the Revenue and Expenditure are Provincial.

V and 7.—Excise.—Wholly Provincial under the contract of 1879, one-half under the contracts of 1882 and 1887, one-quarter from 1889-90 to 1896-97 and one-half under the contract of 1897. The prohibition, with effect from 1st January 1894, of the possession of opium by Burmans in Lower Burma and the introduction of the new Opium Regulations adversely affected the Excise Revenue in Burma, and in settling the Expenditure estimate for 1897, allowance was made for the transfer to this head from "19 A.—Law and Justice" of "Rewards in Opium and Excise cases."

VIII and 10.—Assessed Taxes.—The Income Tax Act was introduced in Burma for the first time in 1888-89, and the revenue as well as the charges of collection have since 1889-90 been divided equally between Imperial and Provincial.

IX and 11.—Forests.—Under the contract of 1879, one-sixth of the total under these heads was Provincial. The Provincial share was raised to one-half

in the arrangement of 1882, which has been continued without any change till the present time.

X and 12.—Registration.—The heads were made wholly Provincial in the contract of 1879. Since 1882-83 only half the revenue and expenditure has been Provincial.

1.—Refunds and Drawbacks of the Provincial shares of the Principal Heads of Revenue are Provincial.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1879.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil.					
3.—Land Revenue Administration—					
Settlement and Survey	*(a)6,84*	*(a)10,08*	*(a)7,53*	1,78	1,78
Land Revenue collection	1,37	4,92	3,76	8,67	8,16
Other heads	5,70	6,62	7,52	9,75	13,03
9.—Customs	2,50	2,62	1,67	1,66	2,41
15.—Post Office (District)	12	22	61	50	50
Other Civil Departments.					
18.—General Administration	3,62	3,43	3,86	6,80	7,55
19A.—Courts of Law	9,35	9,21	11,50	12,47	15,28
19B.—Jails	5,44	5,98	6,15	8,49	9,69
20.—Police	17,23	16,97	25,43	28,07	31,24
21.—Marine	2,51	3,16	2,36	2,72	3,22
22.—Education	2,38	2,64	3,71	3,09	4,47
24.—Medical	2,26	2,13	2,21	2,29	2,66
26.—Scientific and other Minor Departments	69	49	54	76	55
Miscellaneous Civil Charges.					
29.—Superannuation Allowances and Pensions.	1,19	1,44	1,79	2,44	3,35
30.—Stationery and Printing	1,45	1,54	1,95	4,39	5,60
32.—Miscellaneous	32	57	27	38	62
Total Charges, Civil Department	*(b)*56,13	*(c)* 61,94	*(d)*73,33	94,26	1,10,11
Deduct—Receipts, see Annexure	8,58	9,17	7,83	9,24	10,48
Net Civil Charges	*(b)*47,55	*(c)*52,77	*(d)*65,50	85,02	99,63
Public Works.					
Civil Works.					
45(A).—Civil Works by Public Works Officers—					
(1) Original Works		21,45	3,75	7,00	9,00
(2) Repairs		5,88	5,00	7,00	7,20
(3) Establishment		4,09	3,00	4,22	4,75
(4) Tools and Plant, etc.		1,45		40	50
(B).—Civil Works by Civil Officers		...	50	2,25	2,02
Total Civil Works	23,81	32,87	12,25	20,87	23,47
Deduct—Receipts, see Annexure	74	1,10	46	66	90
Net Public Works Charges	23,07	31,77	11,79	20,21	22,57
Contributions to Local Funds (net)	...	...	...	1	—1,59
Addition to above expenditure allowed for in assignment	...	...	67	2,00	...
Reduction of above expenditure allowed for in assignment	—5,26	—7,47	...	...	...
Miscellaneous Adjustments	...	...	...	—78	...
Total Net Expenditure	*(b)*65,36	*(c)* 77,07	*(d)*77,96	1,06,46	1,20,61

(*a*) The figures shewn in italics represent Imperial shares of the Expenditure and are not included in the totals. Including the figures in italics the total Civil charges and the total Net Expenditure become as follows :—

	Net Civil Charges.	Total Net Expenditure.
(*b*) 1879	62,97 — 8,58 = 54,39	72,20
(*c*) 1882	72,02 — 9,17 = 62,85	87,15
(*d*) 1887	80,86 — 7,83 = 73,03	85,49

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1879.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
VII.—Customs (Miscellaneous) . .	27	22	24	25	20
Civil Departments.					
XVI A.—Courts of Law . . .	2,03	2,07	2,59	2,74	3,22
XVI B.—Jails	2,57	2,55	1,85	2,82	2,50
XVII.—Police	1,85	1,59	14	14	55
XVIII.—Marine	1,06	1,83	2,16	2,44	2,80
XIX.—Education	37	40	44	14	15
XX.—Medical	11	13	9	17	16
XXI.—Scientific and other Minor Departments . . .	1	3	2	2	1
Miscellaneous.					
XXII.—Receipts in aid of Superannuation	5	5	3	2	12
XXIII.—Stationery and Printing . .	2	5	4	15	21
XXV.—Miscellaneous . . .	(*b*)24	25	23	35	56
Total Civil (*a*) .	8,58	9,17	7,83	9,24	10,48
XXXII.—Civil Works . . (*a*) .	74	1,10	46	66	90

(*a*) Carried to Statement B.
(*b*) Includes 6 on account of Exchange.

Notes under Expenditure Heads.

3.—Land Revenue.—Up to 1891-92 the same shares of charges for collection of Land Revenue and of the cost of Survey and Settlement were Provincial as of the receipts under "I.—Land Revenue," all the other minor heads being wholly Provincial. From 1892-93 the major head is wholly Provincial.

15.—Post Office.—District Post charges are wholly Provincial throughout.

18.—General Administration.—The whole of the expenditure under this head, excluding Imperial Account and Currency Offices, was Provincial in the first three contracts. In 1892 so much of the Provincial establishment as formed part of the general establishment of Account Offices was made Imperial. The large increase in the scale of expenditure adopted for 1892 was due to the annexation of Upper Burma.

XVIA and 19A.—Courts of Law.—Wholly Provincial throughout.

XVIB and 19B.—Jails.—Wholly Provincial throughout.

XVII and 20.—Police.—Wholly Provincial throughout. In 1882-83 the Local Administration gave up the contributions formerly paid for Police supplied to Municipalities and Cantonments, causing a loss of revenue of about 1½ lakhs. In settling the 1887 contract, an addition of 5,50 was made to the current standard to provide for a re-organisation rendered necessary by the complete break-down of the then existing Burma Police.

XVIII and 21.—Marine.—The receipts and charges have been Provincial throughout.

XIX and 22.—Education.—Wholly Provincial throughout. The standards of Revenue and Expenditure adopted for the contract of 1892 were less than the figures of 1887, owing to the transfer of the Government book depôt to a private agency and the transfer of the Rangoon College and High School to the Educational Syndicate.

XX and 24.—Medical.—Wholly Provincial from 1879-80.

XXI and 26.—Scientific and other Minor Departments.—The revenue has been Provincial throughout the whole period. All the expenditure except that on account of the Archæological and Meteorological Departments and Censuses has been Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement.

XXII and 29.—Superannuation, etc.—"Contributions for pensions" and "Miscellaneous receipts" are Provincial on the Revenue side. As regards expenditure, all pensions and gratuities except pensions payable from the Military and Medical Funds, have been Provincial since 1879-80. Under the system of inter-provincial adjustments, which was in force prior to the 1892 contract, the Local Government was responsible only for the pensions and gratuities it paid at the commencement of a contract and the pensions, etc., which it granted or recommended during the period of the contract. But from 1892-93 all pensions, except the two special kinds named above, paid in Lower Burma, are Provincial, by whatever authority they may have been sanctioned.

XXIII and 30.—Stationery and Printing.—All the receipts, except those for the value of supplies from Central Stores to Railways, Local Funds, Municipalities, etc., are Provincial. The expenditure is wholly Provincial. A large quantity of printing work for Upper Burma accounts for the considerably high standard of expenditure accepted in 1892.

XXV and 32.—Miscellaneous.—All receipts and charges except those directly connected with remittance or transfer of funds, gain or loss by exchange and extraordinary items exceeding R10,000, are wholly Provincial.

45.—Civil Works.—All Civil Works in Lower Burma, including that on works for Post Office and Telegraph Departments, are Provincial. Only expenditure on construction of Light-houses is not included in the Contract.

Addition to or deduction from expenditure allowed for in assignment.—The estimates of Revenue and Expenditure adopted in the first two contracts worked out to deficits of 5,26 in 1879 and 7,47 in 1882. But these the Government of India did not make up in view of the liberal estimates on which the contracts were based. The figures of 1887 worked out to a small surplus of 67. The 1892 contract was a consolidated contract. When the terms of the contract were finally settled, a lump addition of 2,00 was made to the Provincial assignment in view mainly of the large requirements for Civil Works in a new province like Burma.

Statement C—Railways and Irrigation.

(In thousands of rupees.)

Provincial Receipts + Provincial Expenditure —	1879.	1882.	1887.	1892.	1897.
State Railways.					
Revenue	+13,50	+15,30	+26,50	+59,50	...
Working expenses	—9,00	—8,90	—17,50	—33,50	...
Interest	—5,58	—5,59	—10,93	—20,83	...
	—1,08	+81	—1,93	+5,17	...
Irrigation Minor Works.					
Revenue	...	+28	+31	+70	+1,30
Working expenses	...	—3,71	—3,10	—5,00	—5,80
	...	—3,43	—2,79	—4,30	—4,50
Total .	—1,08	—2,62	—4,72	+87	—4,50

Notes under Railways and Irrigation.

Railways.—The net revenue from the Burma Railways was wholly Provincial under the contracts of 1879, 1882 and 1887. On the annexation of Upper Burma an extension of the system was made, and the Railway up to the left bank of the Irrawaddy was declared Provincial by the contract of 1892. In view of the transfer of all Burma Railways to a Company from the 1st September 1896, they are excluded from the arrangement for 1897.

Irrigation.—All Minor Irrigation and Navigation Works in Lower Burma are wholly Provincial under the last four contracts.

Statement D.—Special and Minor Items.

(In thousands of rupees.)

Provincial Receipts + Provincial Expenditure —	Contract, 1879.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
III.—Salt	+19	+77	...	...	...
5.—Salt	—1	—4	—3	...	...
VII.—Customs	+18,17	+15,36	...	...	...
23.—Ecclesiastical	—52	...	...	...	...
14.—Interest	—5	...	...	...	...
Total	+17,78	+16,09	—3	...	...

Notes under Special and Minor Items.

III and 5.—Salt.—By the contract of 1879 one-sixth of the Salt Revenue and Expenditure in Burma was made Provincial. In 1882 the same percentage on the Salt Revenue as on the Land Revenue was made Provincial, while the expenditure was wholly provincialised. The expenditure remained wholly Provincial up to 1891-92. The revenue and expenditure became wholly Imperial, the former from 1887-88 and the latter from 1892-93.

VIII.—Customs.—Under the 1879 and 1882 contracts, the same percentages on the Export Duties as on the Land Revenue were Provincial.

23.—Ecclesiastical.—This head was Provincial in the 1879 contract, but was thereafter made Imperial.

14.—Interest.—The interest on Savings Bank deposits was made Provincial in the 1879 contract, but it was afterwards excluded from the arrangement.

Statement E—Total "adjusting entry" under Land Revenue.

(In thousands of rupees.)

On Account of	Contract, 1879.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Civil Administration, Statement A	+16,70	+13,47	+13,79	+42,30	—35,45
Railways and Irrigation „ C	+1,08	+2,62	+4,72	—87	+4,50
Special and Minor Items „ D	—17,78	—16,09	+3	...	...
Total	...	...	+18,54	+41,43	—30,95

ASSAM.

Statement A.—Revenue Account.

(In thousands of rupees.)

Heads.	Contract Estimate, 1878.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
Receipts.					
I.—Land Revenue	36,50	38,76	42,30	45,46	60,67
IV.—Stamps	6,00	6,15	7,75	8,00	9,00
V.—Excise	16,00	19,20	22,30	25,50	27,79
VIII.—Assessed Taxes	*Nil*	*Nil*	1,80	2,21	3,04
IX.—Forests	1,03	1,70	2,10	3,80	4,50
X.—Registration	18	37	33	48	51
XII.—Interest	...	1	1	1	1
Total Receipts	59,71	66,19	76,59	85,46	1,05,52
Provincial Share (variable portion)	29,54	38,15	55,83	61,10	58,19
Charges.					
1.—Refunds and Drawbacks	23	17	16	17	27
6.—Stamps	13	24	36	45	39
7.—Excise	16	10	8	26	11
10.—Assessed Taxes	*Nil*	*Nil*	5	1	2
11.—Forests	1,38	1,60	2,00	2,92	3,00
12.—Registration	16	24	23	24	30
13.—Interest	...	...	...	1	1
Total Charges	2,06	2,35	2,88	4,06	4,10
Provincial Share	53	1,19	1,55	2,12	2,15
Net Revenue Account, Total	57,65	63,84	73,71	81,40	1,01,42
„ „ „ Provincial Share (variable portion)	29,01	36,96	54,28	58,98	56,04
„ „ „ Fixed addition (+) or deduction (—) (*a*)	...	...	—14,17	—12,22	+45
„ „ „ Total Provincial Share	29,01	36,96	40,11	46,76	56,49

(*a*) Civil portion only.

Notes under Revenue Account.

I.—Land Revenue.—The following shares of the total Land Revenue collections in Assam were made Provincial by the first three contracts, namely:—

1878	one-fifth.
1882	63·0222 per cent.
1887	whole.

The percentage fixed in 1882 was that required to cover the difference between the estimates of assigned Provincial revenues and expenditure. Under the contract of 1892, as originally framed, the whole of the Land Revenue in Assam was to be Provincial, but subsequently a modification of this condition was made in Finance Department letter No. 1268 A., dated 29th March 1893. This modification was to the effect that the whole of the Land Revenue up to—

47,74 in 1893-94,
48,40 „ 1894-95,
49,06 „ 1895-96, and
49,72 „ 1896-97

should be Provincial, and that of the excess over those amounts, a sum equivalent to the extra expenditure in the North Lushai country, would be contributed to Provincial, the balance being divided between Imperial and Provincial in the proportion of 3 to 1. In the new arrangement for 1897 the Provincial share has been fixed at two-thirds of the total, as this will have the effect of nearly equating the assigned Revenues and Expenditure.

IV and 6.—Stamps.—These heads were wholly Provincial in the contract of 1878, but in the arrangement of 1882 half the total was assigned to Provincial. From 1887-88 onwards three-fourths of the revenue and expenditure are Provincial.

V and 7.—Excise.—Wholly Provincial under the contract of 1878, one-half under that of 1882, and one-quarter since 1887-88. The standard of expenditure adopted in 1892 included provision for Executive Inspecting and Assessing Establishment which was not ultimately entertained.

VIII and 10.—Assessed Taxes.—There was no revenue or expenditure in Assam under these heads prior to the introduction of Act II of 1886. Under the contract of 1887 the revenue and expenditure were divided in moieties between Imperial and Provincial, and that distribution has been continued by all subsequent contracts.

IX and 11.—Forests.—These heads were wholly Imperial under the contract of 1878. In 1882 it was decided to make half the revenue and expenditure Provincial, and that arrangement has been continued.

X and 12.—Registration.—Wholly Provincial under the contract of 1878, and half under the subsequent contracts.

1.—Refunds and Drawbacks of shares of the Principal Heads of Revenue are Provincial in the same proportion as the corresponding Revenue Heads.

Interest.—The small net receipts represent mainly interest on Government Securities held on account of Provincial Departments. The adjustment with Imperial of interest on Provincial Loans is now entered on the charge side, but in the contract the estimates of revenue and expenditure nearly balance each other.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1878.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil.					
3.—Land Revenue Administration—					
Settlement and Survey . }	*2,32(a)*	*1,65 (a)*	1,66	1,05	36
Land Revenue collection . }	83	2,82	2,59	1,55	1,41
Other heads	4,59	4,77	5,22	6,62	7,82
15.—Post Office (District) . . .	13	...	1	1	2
Other Civil Departments.					
18.—General Administration . . .	1,36	1,90	1,95	2,57	2,89
19A.—Courts of Law	5,07	5,29	5,34	5,50	6,15
19B.—Jails	1,16	1,00	1,14	1,10	1,02
20.—Police	6,54	7,60	9,85	11,94	15,47
21.—Marine	...	91	75	1,02	80
22.—Education	1,35	1,62	1,82	1,87	1,99
24.—Medical	33	1,01	1,40	1,80	2,36
25.—Political	...	...	...	81	1,73
26.—Scientific and other Minor Departments	19	10	26	7	11
Miscellaneous Civil Charges.					
29.—Superannuation Allowances and Pensions	*49(a)*	55	60	72	1,00
30.—Stationery and Printing . .	48	52	68	61	1,00
32.—Miscellaneous	65	65	19	44	62
Total Charges, Civil Department .	22,68(b)	28,68(c)	33,46	37,68	44,75
Deduct—Receipts, see Annexure .	1,81	2,93	3,53	2,97	4,98
Net Civil Charges .	**20,87(b)**	**25,75(c)**	**29,93**	**34,71**	**39,77**
Public Works.					
Civil Works.					
45(A).—Civil Works by Public Works Officers—					
(1) Original Works . . .				3,50	4,00
(2) Repairs				3,53	5,75
(3) Establishment . . .				3,75	4,00
(4) Tools and Plant, etc. .				7	30
(B).—Civil Works by Civil Officers .				18	30
Total Civil Works .	6,95	7,16	5,00	11,03	14,35
Deduct—Receipts, see Annexure .	4	20	6	47	67
Net Public Works Charges .	**6,91**	**6,96**	**4,94**	**10,56**	**13,68**
Contributions to Local Funds (net) . .	...	3,16	5,34	1,90	1,90
Addition to above expenditure allowed for in assignment	1,23	1,09	...	...	1,14
Miscellaneous Adjustments . . .	...	...	—10	—41	...
Total Net Expenditure .	29,01(b)	36,96(c)	40,11	46,76	56,49

(*a*) These figures are shown in italics and are excluded from the totals, as they represent the Imperial shares of the expenditure under the contract of 1877.

(*b*) See note (*a*) above. Including the figures in italics the total Civil Charges becomes 26,49—1,81=24,68 and the Total Net Expenditure becomes 32,82.

(*c*) See note (*a*) above. Including the figure in italics the total Civil Charges becomes 30,33—2,93=27,40 and the Total Net Expenditure becomes 38,61.

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1878.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil Departments.					
XVIA.—Courts of Law	87	1,10	74	79	96
XVIB.—Jails	35	54	86	58	65
XVII.—Police	7	66	1,16	68	1,96
XVIII.—Marine	...	2	4	...	...
XIX.—Education	23	25	39	44	46
XX.—Medical	2	2	1	1	2
XXI.—Scientific and other Minor Departments	1	...	1	...	...
Miscellaneous.					
XXII.—Receipts in aid of Superannuations	...	1	3	2	4
XXIII.—Stationery and Printing	1	2	4	2	2
XXV.—Miscellaneous	25	31	25	43	87
Total Civil (*a*)	1,81	2,93	3,53	2,97	4,93
XXXII.—Civil Works (*a*)	4	20	6	47	67

(*a*) Carried to Statement B.

Notes under Expenditure Heads.

3.—Land Revenue.—Up to 1886-87 the same shares of charges for collection of Land Revenue and of the cost of Survey and Settlement were Provincial as of the receipts under "I.—Land Revenue," all the other minor heads being wholly Provincial. From 1887-88 the major head is wholly Provincial. The charges of "Land Revenue Collection" are now decreasing by a corresponding increase in "District Administration charges" owing to the substitution of the *Tahsili* for the *Mouzadar* system of Land Revenue collection.

Post Office.—District Post charges are wholly Provincial throughout, but the Provincial expenditure has been considerably reduced by transfer to Local.

18.—General Administration.—The whole of the expenditure under this head, excluding Civil Account Office establishment under the direct control of the Government of India, was Provincial up to 1891-92. In the arrangement of 1892 the whole of the general establishment of Account Offices was made Imperial. In settling the figures for 1892 allowance was made for the classification under this head of the whole of the charges for the Inspector General of Stamps, Excise, Registration, Jails and Police and his establishment and contingencies, instead of their being distributed as heretofore under the several Departments concerned.

XVIA and 19A.—Courts of Law.—Wholly Provincial throughout.

XVIB and 19B.—Jails.—Wholly Provincial throughout.

XVII and 20.—Police.—The receipts have been wholly Provincial throughout, the variations among the standards for the earlier contracts being due mainly to changes in the mode of collection and adjustment of pound receipts. As regards the expenditure, the whole, except charges for special Frontier Police, was Provincial under the contracts of 1878 and 1882. But from 1883-84 the Frontier Police was provincialized, and since then the expenditure has been wholly Provincial. The large growth of expenditure in recent years, as well as the increase in the standard of receipts in 1897, are connected with the acquisition of the North Lushai country.

XVIII and 21.—Marine.—These heads were made wholly Provincial by the contract of 1882.

XIX and 22.—Education.—Wholly Provincial throughout.

XX and 24.—Medical.—These heads are wholly Provincial since 1882-83. Under the arrangement of 1878, the Medical Establishments were Imperial.

25.—Political.—The whole of this service was Imperial up to 1886-87. By the contract of 1887 this arrangement was continued, but immediately after the settlement of the contract the charges were wholly provincialised with effect from 1887-88, and no change in the incidence has since been made. The acquisition of the North Lushai country has led to a considerable growth in the expenditure in recent years.

XXI and 26.—Scientific and other Minor Departments.—The revenue has been Provincial throughout the whole period. All charges, except those on account of the Meteorological Department and Censuses, have also been Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement.

XXII and 29.—Superannuation, etc.—These heads were excluded altogether from the arrangement of 1878. From 1882-83 "Contributions for pensions" and "Miscellaneous receipts" are Provincial on the Revenue side. Under Expenditure, all pensions and gratuities except pensions payable from the Military and Medical Funds, have been Provincial since 1882-83. Under the system of interprovincial adjustments, which was in force prior to April 1892, the Local Administration was responsible only for the pensions and gratuities it paid at the commencement of a contract and the pensions, etc., which it granted or recommended during the period of the contract. But from 1892-93 all pensions, except the two special kinds mentioned above, paid in Assam, are Provincial, by whatever authority they may have been sanctioned.

XXIII and 30.—Stationery, etc.—All the receipts, except those representing the value of supplies from Central Stores to Railways, Local Funds, Municipalities, etc., are Provincial. The expenditure is wholly Provincial since 1877-78. In settling the figures for the 1892 contract, allowance was made for the record in the accounts of the cost of plain paper used with Court-fee stamps under the head "6.—Stamps," instead of under this head.

XXV and 32.—Miscellaneous.—All the receipts and expenditure, except those directly connected with the transfer or remittance of funds, gain or loss by exchange and extraordinary items exceeding R10,000, have been wholly Provincial throughout.

45.—Civil Works.—All Civil Works expenditure is Provincial, except expenditure on works for the Imperial Post Office and Telegraph Departments. A road from Golaghat to Manipur in three main sections has lately been constructed from Imperial funds, and in the arrangement of 1897 the cost of its maintenance has been provincialised.

Addition to expenditure allowed for in assignment.—The contracts of 1878 and 1882 were not consolidated contracts, but the arrangements were made by major heads. The revenue and expenditure figures worked out to a surplus of 1,23 in 1878, and of 1,09 in 1882. But in view of the limited capability of the province for development, the Government of India did not resume the surpluses. On similar grounds the settlement of 1897 leaves at the disposal of the Local Administration 1,14 in excess of the amounts required to meet current expenditure.

Statement C.—Railways, etc.

(In thousands of rupees.)

Provincial Receipts +. Provincial Expenditure —.	Contract, 1878.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Railways.					
Revenue	...	...	+1,00	+82	+1,03
Working Expenses	...	...	—1,00	—76	—89
Subsidy, etc.	...	...	—1,05	—1,01	—1,25(*a*)
Total	...	...	—1,05	—95	—1,11

(*a*) Includes 24 on account of Capital expenditure.

Notes under Railways, etc.

Railways.—The net revenues of the Jorehat and Cherra-Companygunge Railways have been Provincial since the construction of the lines. The fixed subsidy for the Dibru-Sadiya Railway is also treated as Provincial.

Statement E.—Total "adjusting entry" under Land Revenue.

(In thousands of rupees.)

On account of	Contract, 1878.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Civil Administration—Statement A .	...	...	—14,17	—12,22	+45
Railways and Irrigation „ C .	...	...	+1,05	+95	+1,11
Total .	...	...	—13,12	—11,27	+1,56

BENGAL.

Statement A.—Revenue Account.

(In thousands of rupees.)

Heads.	Contract Estimate, 1877.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
Receipts.					
I.—Land Revenue	3,68,69	3,76,50	3,78,63	3,78,22	3,85,31
Ditto wholly Provincial .	...	...	3,87	4,68	4,90
IV.—Stamps	98,50	1,18,00	1,34,50	1,45,00	1,71,40
V.—Excise	64,00	98,00	99,26	1,06,00	1,34,50
VI.—Provincial Rates	*Nil*	35,40	39,20	40,82	43,20
VIII.—Assessed Taxes	*Nil*	16,50	36,14	43,00	47,50
IX.—Forests	3,00	6,28	7,00	8,00	9,30
X.—Registration	7,18	9,92	10,76	13,00	13,65
XII.—Interest	...	20	73	1,83	2,68
Total Receipts .	5,41,37	6,60,80	7,10,09	7,40,55	8,12,44
Provincial Share (variable portion) .	1,69,68	2,81,84	2,90,87	3,09,13	3,78,13
Charges.					
1.—Refunds and Drawbacks . . .	1,84	2,65	2,62	2,49	2,86
2.—Assignments and Compensations .	...	...	...	1,55	1,62
6.—Stamps	3,22	4,24	4,82	6,60	6,77
7.—Excise	3,19	2,65	3,84	6,80	6,83
8.—Provincial Rates	*Nil*	...	...	57	77
10.—Assessed Taxes	*Nil*	1,00	1,70	1,78	1,91
11.—Forests	2,21	3,96	4,50	5,00	4,80
12.—Registration	5,76	6,09	5,91	6,44	8,60
13.—Interest	...	...	...	1,16	1,95
Total Charges .	16,22	20,69	23,39	32,39	36,11
Provincial Share .	13,43	10,30	12,18	18,03	22,20
Net Revenue Account Total . . .	5,25,15	6,40,11	6,86,70	7,08,16	7,76,33
„ „ Provincial Share (variable portion)	1,56,25	2,71,54	2,78,69	2,91,10	3,55,93
„ „ Fixed addition (+) or deduction (—) . . . (*a*)	+48,32	—53,67	—17,69	—10,47	—43,38
„ „ Total Provincial Share	2,04,57	2,17,87	2,61,00	2,80,63	3,12,55

(*a*) Civil portion only.

Notes under Revenue Account.

I.—Land Revenue.—No share of the Land Revenue receipts in Bengal was Provincial under the contract of 1877. In 1882 a share of the revenue, 32·2248 per cent, was assigned to Provincial to cover the difference between the estimates of assigned Provincial revenues and expenditure; apart from this it was arranged that 10 per cent of the collections from Government estates should be credited wholly to Provincial. The wholly Provincial share of the above collections was raised to 12 per cent with effect from 1891-92, and this percentage has been maintained till the present time. As regards the other revenue, one-fourth share is being assigned to Provincal since 1887-88. The recoveries from landlords and tenants in Behar connected with the survey and settlement of North Behar are excluded from the Provincial arrangement.

IV and 6.—Stamps.—These heads were made wholly Provincial in the contract of 1877, but in the arrangement of 1882 half the total was assigned to Provincial. From 1887-88 onwards three-fourths of the total under the heads are Provincial. In settling the expenditure estimate in 1892, allowance was made for a change of classification of the cost of plain paper used with Court-fee stamps.

V and 7.—Excise.—Wholly Provincial under the contract of 1877, one-half under that of 1882, one-quarter from 1887-88 to 1896-97 and one-half under the arrangement of 1897.

VI and 8.—Provincial Rates.—No revenue was realised under this head when the contract of 1877 was framed. No share of the revenue or expenditure is ever treated as Imperial.

VIII and 10.—Assessed Taxes.—There was no revenue under this head at the beginning of 1877. In the contract of 1882 half the revenue and half the expenditure were made Provincial. The additional revenue due to the introduction of Act II of 1886 was, however, wholly Imperial in 1886-87, and from 1887-88 the total revenue and expenditure have been divided in moieties between Imperial and Provincial.

IX and 11.—Forests.—These heads were not included in the Provincial arrangement of 1877. In 1882 half the revenue and expenditure was made Provincial, and this distribution has been adopted in all subsequent contracts.

X and 12.—Registration.—The heads were made wholly Provincial in the contract of 1877. Since 1882-83 only half the revenue and expenditure has been Provincial.

Interest.—The net receipts in the last three contracts represent mainly interest on Government securities held on account of Provincial Departments and other miscellaneous items. The adjustment with Imperial of interest on Provincial loans appears as expenditure since 1888-89, but in the contract the estimates of revenue and expenditure nearly balance each other.

1.—Refunds and Drawbacks of the Principal Heads of Revenue are divided in the same proportion as the revenues refunded.

2.—Assignments and Compensations.—Only the malikana charges under this head are Provincial. Prior to 1887-88 these charges were included under the head "3.—Land Revenue" and were not shown separately under this head of expenditure.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil.					
3.—Land Revenue Administration—					
Survey and Settlement	...	98	2,90	...	(c)2,00
Other heads	24,01	27,93	32,86	33,39	36,31
5.—Salt	39	17	11	31	...
9.—Customs	6,97	6,95	4,95	5,48	8,07
15—Post Office (District)	...	...	(c)1	...	5
Other Civil Departments.					
18.—General Administration	13,13	14,86	15,62	15,42	17,22
19A.—Courts of Law	65,57	74,03	80,08	84,27	89,31
19B.—Jails	15,05	15,90	17,28	21,50	22,06
20.—Police	38,89	41,52	47,42	57,92	61,00
21.—Marine	10,99	11,00	7,79	8,68	8,86
22.—Education	24,75	26,83	32,46	25,25	26,76
24.—Medical	13,28	14,56	14,59	15,78	18,66
25.—Political	...	...	...	22	22
26.—Scientific and other Minor Departments	2,96	3,00	3,30	3,07	4,51
Miscellaneous Civil Charges.					
29.—Superannuation Allowances and Pensions	*(a)7,00*	9,50	12,54	15,75	19,74
30.—Stationery and Printing	5,95	10,18	10,59	9,06	11,22
32.—Miscellaneous	(d) 5,86	3,50	3,48	2,12	2,52
Total Charges, Civil Department	(b)2,27,80	2,60,91	2,85,98	2,98,22	3,28,51
Deduct—Receipts, see Annexure	(b) 45,64	48,66	50,06	52,80	51,05
Net Civil Charges	(b) **1,82,16**	**2,12,25**	**2,35,92**	**2,45,42**	**2,77,46**
Public Works.					
Civil Works.					
45(A).—Civil Works by Public Works Officers—					
(1) Original Works		13,41	7,10	10,00	11,00
(2) Repairs		14,58	12,22	12,20	12,20
(3) Establishment		6,95	10,78	7,84	7,84
(4) Tools and Plant, etc.		1,44	50	39	39
(B).—Civil Works by Civil Officers		73	40	1,01	1,01
Total Civil Works	29,94	37,11	31,00	31,44	32,44
Deduct—Receipts, see Annexure	93	7,05	7,50	4,00	4,00
Net Public Works Charges	**29,01**	**30,06**	**23,50**	**27,44**	**28,44**
Contributions to Local Funds (net)	—70	3,31	1,59	6,45	6,45
Addition to above expenditure allowed for in assignment	...	...	...	50	...
Reduction of above expenditure allowed for in assignment	—5,90	—26,77	...	...	...
Miscellaneous Adjustments	...	—98	—1	82	20
Total Net Expenditure	(b)2,04,57	2,17,87	2,61,00	2,80,63	3,12,55

(a) This figure is shown in italics and excluded from the total, as the head was not Provincial in the contract of 1877.

(b) See note (a) above and note (b) on next page. Including the figures in italics, the total Civil Charges becomes 2,34,80 — 46,14 = 1,88,66 and the total Net Expenditure becomes 2,11,07.

(c) In addition to this annual assignment a special assignment of 6,23 will be made in 1897-98.

(d) Includes 10 on account of Cemetery establishment.

(e) The 1 represents Provincial Telegraph charges.

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
III.—Salt (Rent and Miscellaneous) .	2,20	1,60	1,00	1,35	...
VII.—Customs (Miscellaneous) . .	48	80	57	56	91
Civil Departments.					
XVIA.—Courts of Law	7,25	9,00	7,69	8,50	8,80
XVIB.—Jails	8,38	7,00	8,46	10,05	8,58
XVII.—Police	69	5,26	7,05	4,66	1,97
XVIII.—Marine	10,84	10,44	8,08	8,93	9,35
XIX.—Education	4,74	5,28	5,25	5,70	5,69
XX.—Medical	1,63	1,38	1,46	1,50	2,05
XXI.—Scientific and other Minor Departments . . .	11	1,86	1,41	1,54	2,45
Miscellaneous.					
XXII.—Receipts in aid of Superannuations	(b)50	70	41	68	68
XXIII.—Stationery and Printing . .	63	1,34	1,23	1,36	1,32
XXV.—Miscellaneous*	8,69	4,00	7,45	7,97	9,25
Total Civil (a) .	(c) 45,64	48,66	50,06	52,80	51,05
XXXII.—Civil Works . . (a) .	93	7,05	7,50	4,00	4,00

(a) Carried to Statement B.
(b) See note (a) on the previous page.
(c) Excludes 50 shown under "XXII.—Superannuation, etc." See note (a) on previous page.

* Probably some items of revenue which should have been included under "XVII.—Police" and "XXI.—Scientific and other Minor Departments" were shown under this head in the estimates of 1877-78, but in the absence of details the figures cannot be analysed.

Notes under Expenditure Heads.

3.—Land Revenue.—Under the contract of 1877 the Survey and Settlement expenditure in Bengal was wholly Imperial, but under the arrangement of 1882 the same percentage of the cost of Survey and Settlement as was retained of Land Revenue receipts was Provincial. In the 1887 contract the expenditure was made wholly Provincial, but in 1892 it was again made wholly Imperial on the condition that if the recoveries on account of the Survey and Settlement operations in Behar should fall short of what are due to Government, the difference would be charged to Provincial Revenues. The arrangement of 1897 is the same as that of 1892 only as regards the Behar Survey and Settlement expenditure, but all the other Surveys will be wholly Provincial.

The charges under the other minor heads subordinate to "3.—Land Revenue" have been wholly Provincial throughout.

III and 5.—Salt.—The miscellaneous revenue under this head consisting of "Rents of Warehouses," "Fines and Forfeitures" and other items, as well as the whole of the expenditure on salt establishments, etc., excluding the cost of preventive lines and operations during the first two contract periods, have been Provincial up to 1896-97. In the 1897 arrangement the heads have been made Imperial.

VII and 9.—Customs.—The whole of the Customs Establishments has been Provincial throughout the four quinquennial periods, but special adjustments have been made through the Land Revenue head whenever specially important increases or savings in expenditure have been caused by new customs legislation during the currency of a contract. On the Revenue side, the Rents and Miscellaneous receipts are wholly Provincial.

15.—Post Office.—The net charge in the contract of 1897 represents assignment for dâk service in certain Government estates and the conveyance of mails in the South Lushai tract.

18.—General Administration.—The whole of the expenditure under this head, excluding Civil Account Offices and Allowances to Presidency Banks but including Provincial and Local Fund Establishments in Account Offices, was Provincial in the first three contracts. In 1892 so much of the Provincial establishment as formed part of the general establishment of Account Offices was made Imperial, and this arrangement has been continued in the new contract.

XVIA and 19A.—Courts of Law.—The receipts and expenditure have been wholly Provincial throughout, except that during the first quinquennial period the charges under the minor head "Law officers" were Imperial.

XVIB and 19B.—Jails.—Wholly Provincial throughout. Part of the large increase in the standard of expenditure in 1892 was covered by increased receipts.

XVII and 20.—Police.—The whole of the revenue and expenditure was made Provincial under the contract of 1877. By the contract of 1882 Police employed on Imperial State Railways was excluded from the figures, but in 1892 all charges, including Railway Police, were again made wholly Provincial. The Government of Bengal increased the Provincial liability for Police service to the extent of about 3,60 by accepting in 1888 the whole cost of the Calcutta and Suburban Police as a charge against the General Revenues. The increase in the standard of receipts in 1887 was due mainly to a change in the method of adjustment of recoveries on account of Police clothing. In 1892 the standard was lower owing to the transfer of Cattle Pound receipts to District Boards. A further considerable decrease in 1897 has taken place owing to the practical disappearance from the Provincial Section of recoveries on account of Village Police.

XVIII and 21.—Marine.—The whole of the Calcutta Port receipts and charges have been Provincial throughout. The transfer of the "Port Approaches" to the Port Commissioners reduced the standards of revenue and expenditure in the contract of 1887.

XIX and 22.—Education.—Wholly Provincial throughout. The standard of Provincial expenditure accepted in 1892 was considerably less than that of 1887 owing to the transfer of a large amount of expenditure to the control of District Boards.

XX and 24.—Medical.—The revenue is wholly Provincial throughout. As regards the expenditure, the arrangement of 1877 did not surrender salaries of District Medical Staff to Provincial but from 1882-83 onwards the whole of the major head has been Provincial.

25.—Political.—Up to 1888-89 no portion of the Political expenditure in Bengal was Provincial, but fron 1888-89 all charges, with the exception of those on account of Refugees and State prisoners and Special Missions, and of all extraordinary expenditure arising in connection with Imperial policy and not specially comected with Bengal, have been made Provincial.

XXI and 26.—Scientific and other Minor Departments.—The revenue has been Provincial throughout the whole period. All charges, except those on account of Archæological and Meteorological Departments, Censuses and Preservation and Translation of Ancient Manuscripts, have also been Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement.

XXII and 29.—Superannuation, etc.—These heads were not included in the Provincial contract of 1877. From 1882-83 "Contributions for pensions" and "Miscellaneous receipts" are Provincial on the Revenue side, to which has been added the head "Family Subscriptions of Native Members of the Covenanted Civil Service" in the contract of 1892. As regards expenditure, all pensions and gratuities except pensions payable from the Military and Medical Funds, have been Provincial since 1877-78. Under the system of interprovincial adjustment, which was in force prior to the 1892 contract, the Local Governments responsible only for the pensions and gratuities it paid at the commencement of a contract, and the pensions, etc., which it granted or recommended during the period of the contract. But from 1892-93 all pensions, except the two special kinds named above, paid in Bengal, are Provincial, by whatever authority they may have been sanctioned. In the 1897 contract

Imperial Marine Department pensions have been made Provincial with the corresponding receipts on account of contributions towards those pensions.

XXIII and 30.—Stationery and Printing.—All the receipts, except those for the value of supplies from Central Stores to Railways, Local Funds, Municipalities, etc., are Provincial. All expenditure, except purchases for Central Stores (also Stationery Office at the Presidency under the contract of 1877), is also Provincial. In settling the figures for the 1892 contract, allowance was made for a change of classification in respect of the cost of plain paper used with Court-fee stamps.

XXV and 32.—Miscellaneous.—All receipts and charges, except those directly connected with the transfer, movement or supply of funds, and except gain or loss by exchange, and extraordinary items exceeding R10,000 are wholly Provincial. By the contract of 1892 the recoveries of Insurance and other charges on English stores have also been excluded from the contract.

45.—Civil Works.—All Civil Works expenditure is Provincial, except following buildings—namely, Salt, Opium, Mint, Currency, Post Office, Telegraph, Government of India Offices, Central Press, Viceregal Residences, Surveyor General's Office and the Bishop's Palace.

Addition to or deduction from expenditure allowed for in assignment.—The lump deduction of 5,90 made in the 1877 contract represents the retrenchment which the Government of India were obliged to make from the current expenditure. (See paragraph 26 of Finance Department letter No. 1899, dated 29th March 1877.) The large reduction of 26,77, besides 30½ lakhs taken by deduction from the head of "Civil Works," in 1882 was made in view of the fact that the figures on which the contract assignments were based included specially heavy provisions under Public Works heads (see paragraph 6 of Finance Department letter No. 284, dated 14th January 1882), and the new contract also started with a large opening balance at credit of the Provincial Government. The contract of 1892 was a consolidated contract. When the terms of the contract were finally settled, a lump addition of 50 was made to the Provincial assignment in view of the demands put forward by the Local Government and the general financial position.

Statement C.—Railways and Irrigation.

(In thousands of rupees.)

PROVINCIAL RECEIPTS +, PROVINCIAL EXPENDITURE, —.	1877.	1882.	1887.	1892.	1897.
State Railways.					
Gross earnings	...	+32,19	+1,00,19	+32,00	...
Working expenses	...	−19,08	−59,61		
Interest on Debt	...	−12,91	−28,02	...	...
Capital	...	−13,08	...	...	...
	...	−12,88	+12,56	+32,00	...
Irrigation.					
Major Works—					
Direct receipts	...	+10,72	+13,30	+14,35	+16,50
Working Expenses	...	−9,45	−11,25	−14,25	−14,00
Interest on Debt	...	−20,80	−22,94	−24,08	−24,64
Minor Works—					
Revenue	...	+6,90	+9,44	+9,44	+7,95
Expenditure	...	−8,16	−11,50	−13,54	−15,00
	...	−40,7	−22,95	−28,08	−29,19
TOTAL	...	−53,67	−39	+02	−29,19

Railways.—In the contract of 1882 all State Railways under direct Provincial management at the time were made Provincial. The Eastern Bengal Railway was purchased before the expiration of that contract, and in settling the terms of the contract of 1887, the Eastern Bengal Railway was provincialised and the Patna-Gya [illegible]

Railways under Provincial management were made Provincial, subject to the condition that the net earnings of the Eastern Bengal Railway proper should cease to be Provincial when they amounted to 30 lakhs. In the arrangement of 1892, the Nalhati and the Tirhoot Railways were transferred to Imperial and one-half of the traffic earnings of the Eastern Bengal Railway system was made Provincial. The contract for 1897 altogether excludes Railway revenue from the Provincial arrangement.

Irrigation.—Under paragraph 6 of Finance Department letter No. 1801, dated the 26th March 1877, all State canals in Bengal were made over to the use and responsibility of the Provincial Government. All the Major and Minor Irrigation Works were Provincial up to 1887-88, except embankment charges. These charges were provincialised with effect from 1887-88. The Irrigation Revenue Account in Bengal is now wholly Provincial. But the Capital expenditure on the Hidgelee canal chargeable to Revenue was advanced from Imperial funds up to the year 1896-97 in the manner and on the conditions stated in letter No. 52 I., dated 7th March 1889, from the Government of India in the Public Works Department.

Statement E.—Total "Adjusting entry" under Land Revenue.

(In thousands of rupees.)

ON ACCOUNT OF	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Civil Administration—Statement A	+48,32	−53,67	−17,69	−10,47	−43,38
Railways and Irrigation— „ C	...	+53,67	+10,39	−3,92	+29,19
TOTAL	+48,32	...	−7,30	−14,39	−14,19

NORTH-WESTERN PROVINCES AND OUDH.

Statement A.—Revenue Account.

(In thousands of rupees.)

Heads.	Contract Estimate, 1877.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
Receipts.					
I.—Land Revenue	5,68,08	5,72,00	5,74,00	5,98,85	6,05,67
Do. Collection from Government Estates, etc.	2,67	4,50	5,70	5,60	5,42
IV.—Stamps	47,00	57,00	62,50	68,50	73,20
V.—Excise	33,50	38,30	54,00	52,50	56,50
VI.—Provincial Rates	*Nil*	16,70	16,69	17,28	17,38
VIII.—Assessed Taxes	*Nil*	12,20	20,50	22,50	24,50
IX.—Forests	10,10	9,94	15,50	17,05	16,80
X.—Registration	3,30	6,00*	3,45	3,95	4,45
XII.—Interest	...	14	7	2,30	4,47
Total Receipts	6,64,65	7,16,78	7,52,41	7,88,53	8,08,89
Provincial Share (variable portion)	86,47	2,28,66	2,46,06	2,61,13	2,70,59
Charges.					
1.—Refunds and Drawbacks	1,88	2,18	1,66	1,71	1,75
2.—Assignments and Compensations	...	...	...	1,84	2,46
6.—Stamps	1,06	99	1,32	1,72	1,72
7.—Excise	1,50	1,64	1,21	1,56	62‡
8.—Provincial Rates	*Nil*	7	7	7	9
10.—Assessed Taxes	*Nil*	6	10	18	2‡
11.—Forests	6,37	9,45	9,75	9,80	9,30
12.—Registration	1,93	3,10†	1,91	1,86	2,12
13.—Interest	...	...	...	2,01	3,90
Total Charges	12,74	17,49	16,02	20,75	21,98
Provincial Share	4,97	8,58	8,20	12,49	14,56
Net Revenue Account, Total	6,51,91	6,99,29	7,36,39	7,67,78	7,86,41
" " " Provincial Share (variable portion)	81,50	2,20,08	2,37,86	2,48,64	2,56,03
" " " Fixed addition (+) or deduction (—) (*a*)	+83,66	+2,78	+87	—27,10	—13,16
" " " Total Provincial Share	1,65,16	2,22,86	2,38,73	2,21,54	2,42,87

* Includes 2.54 on account of Record Room receipts classified differently in other years.
† Ditto 1,20 ditto charges ditto.
‡ A combined Excise and Income Tax Establishment has now been transferred to the head "3.—Land Revenue."
(*a*) Civil portion only.

Notes under Revenue Account.

I.—Land Revenue.—In the North-Western Provinces the collections from the Government estates of Tarai, Babar, and Dudi and the rents of water mills and stone quarries have all along been wholly Provincial. No share of the other revenue was Provincial under the contract of 1877. In 1882 a share of the revenue, 25·4542 per cent, was assigned to Provincial to cover the difference between the estimates of assigned Provincial revenues and expenditure; from 1887-88 one-fourth of the divided revenue is Provincial.

IV and 6.—Stamps.—These heads were made wholly Provincial in the contract of 1877, but in the arrangement of 1882 half the total was assigned to Provincial. From 1887-88 onwards three-fourths of the revenue and expenditure have been Provincial. In settling the expenditure estimate in 1892, allowance was made for a change of classification in respect of the salary of the Commissioner of Stamps and Excise and Inspector General of Registration and his establishment. By this change, the charges were provided for under the head "18.—General Administration" instead of being divided in certain fixed proportions under the heads "6.—Stamps," "7.—Excise," and "12.—Registration."

V and 7.—Excise.—Wholly Provincial under the contract of 1877, one-half under that of 1882 and one-quarter since 1887-88. See also note under the head "6.—Stamps."

VI and 8.—Provincial Rates.—There was no revenue under this head at the beginning of 1877. No share of the revenue and expenditure has ever been made Imperial.

VIII and 10.—Assessed Taxes.—There was no revenue under this head at the beginning of 1877. In the contract of 1882 half the revenue and half the expenditure were made Provincial. The additional revenue due to the introduction of Act II of 1886 was, however, wholly Imperial in 1886-87, and from 1887-88 the total revenue and expenditure have been divided in moieties between Imperial and Provincial.

IX and 11.—Forests.—These heads were wholly Imperial under the contract of 1877. In 1882 it was decided to make half the revenue and expenditure Provincial, and that arrangement has been continued till the present time.

X and 12.—Registration.—The heads were made wholly Provincial in the contract of 1877. Since 1882-83 only half the revenue and expenditure has been Provincial.

Interest.—The net receipts in the last three contracts represent mainly interest on Government Securities held on account of Provincial Departments. The adjustment with Imperial of interest on Provincial loans appears as expenditure since 1888-89, but in the contract the estimates of revenue and expenditure nearly balance each other.

1.—Refunds and Drawbacks of the Principal Heads of Revenue are Provincial in the same proportion as the Revenues refunded.

2.—Assignments and Compensations.—Only the malikana charges under this head are Provincial. Prior to 1887-88 these charges were included under the head 3.—Land Revenue, and were not shown separately under this head of expenditure.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil.					
3.—Land Revenue Administration excluding Patwari charges—					
Survey and Settlement	...	1,79	10,00	5,50	5,23
Other heads	35,80	38,01	41,39	39,06	(b)37,44
Patwari charges	...	32,20	31,88	10,00	10,00
Other Civil Departments.					
18.—General Administration	12,64	12,19	12,54	12,56	13,60
19A.—Courts of Law	39,02	39,45	42,35	44,63	52,56
19B.—Jails	12,89	12,14	10,50	13,00	15,70
20.—Police	37,61	37,37	38,61	39,04	50,07
22.—Education	11,30	8,22	3,80	4,24	7,01
24.—Medical	5,06	8,35	7 14	6,39	7,64
25.—Political	...	...	...	7	6
26.—Scientific and other Minor Departments	60	2,39	2,94	1,69	1,83
Miscellaneous Civil Charges.					
29.—Superannuation Allowances and Pensions	(a) *6,25*	10,29	13,48	17,00	20,70
30.—Stationery and Printing	4,28	4,98	5,65	5,26	6,63
32.—Miscellaneous	(d) 1,57	1,91	1,82	1,28	1,14
Total Charges, Civil Department	(c)1,60,77	2,09,29	2,22,10	1,99,72	2,29,61
Deduct—Receipts, see Annexure	(c) 15,94	18,62	18,31	17,79	21,44
Net Civil Charges	(c) 1,44,83	1,90,67	2,03,79	1,81,93	2,08,17
Public Works.					
Civil Works.					
45(A).—Civil Works by Public Works Officers—					
(1) Original Works		11,68	8 00	8,00	
(2) Repairs		12,19	12,00	12,40	
(3) Establishment		5,46	6,50	7,00	
(4) Tools and Plant, etc.		−1,35	} 1,00	2,10	
(B).—Civil Works by Civil Officers		1,37			
Total Civil Works	26,18	29,35	27,50	29,50	27,80
Deduct—Receipts, see Annexure	1,58	9,45	9,00	8,11	7,91
Net Public Works Charges	24,60	19,90	18,50	21,39	19,89
Contribution to Local Funds (net)	...	7,12	13,12	14,46	14,65
Addition to above expenditure allowed for in assignment	...	5,17	2,80	3,00	...
Reduction of above expenditure allowed for in assignment	−4,27	...	...	...	...
Miscellaneous Adjustments	...	...	52	76	16
Total Net Expenditure	(c) 1,65,16	2,22,86	2,38,73	2,21,54	2,42,87

(a) This figure is shewn in italics and is not included in the total as the head was not provincialised in the contract of 1877.

(b) The decrease in the standard as compared with former figures is due to the transfer of half the salaries of Deputy Collectors in the North-Western Provinces to the head "19A.—Courts of Law."

(c) See note (a) above. Including the figures in italics, the total Civil Charges becomes 1,67,02 — 16,13 = 1,50,89 and the total Net Expenditure becomes 1,71,22.

(d) Includes 8 on account of Cemetery Establishments.

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil Departments.					
XVIA.—Courts of Law	6,35	4,16	4,85	5,15	5,66
XVIB.—Jails	5,11	4,84	4,15	3,93	5,05
XVII.—Police	1,88	3,90	3,66	3,69	4,43
XIX.—Education	95	1,10	1,30(c)	70	99
XX.—Medical	6	9	6	7	29(a)
XXI.—Scientific and other Minor Departments	16	1,06	96	1,02	1,16
Miscellaneous.					
XXII.—Receipts in aid of Superannuations	*19*(b)	28	16	31	55
XXIII.—Stationery and Printing	63	1,02	51	56	1,09
XXV.—Miscellaneous	80	2,17	2,66	2,36	2,22
Total Civil (a)	15,94(aa)	18,62	18,31	17,79	21,44
XXXII.—Civil Works (a)	1,58	9,45	9,00	8,11	7,91

(a) Carried to Statement B.

(aa) Does not include 19 shown under the head "XXII—Superannuation, etc." See note (b).

(b) See note (a) on the previous page.

(c) This included a non-recurring item of 88 on account of sale-proceeds of certain Government Promissory Notes belonging to the Muir College Fund.

(d) Includes 18 on account of Dairy Farm receipts—a new item.

Notes under Expenditure Heads.

3.—Land Revenue.—Under the contract of 1877 the whole of the expenditure under this head, except cost of Survey and Settlement, allowances to District and Village officers and special temporary increase to the pay of Covenanted Civil Servants, was Provincial. But under the arrangement of 1882 the same percentage on charges for collection of Revenue and Survey and Settlement as was retained of Land Revenue receipts was Provincial, the other charges being wholly Provincial. From 1887-88 onwards the major head is wholly Provincial, but the assignment for Survey and Settlement in the contract of 1887 was accompanied by the condition that any reduction in the scale of expenditure provided for would be transferred to Imperial.

Patwari charges.—The Special Local Cesses which covered this expenditure were abolished in 1882, and the amount made up by an assignment; this action was reversed, except to the extent of ten lakhs of rupees, in 1889-90.

18.—General Administration.—The whole of the expenditure under this head excluding Civil Account and Currency Offices, but including Provincial establishment in Account Offices, was Provincial in the first three contracts. In 1892 the general establishment of Civil Account Offices was made wholly Imperial, and this arrangement has been continued in the new contract:—See also the note under the head 6.—Stamps above.

XVIA and 19A.—Courts of Law.—The receipts and expenditure have been wholly Provincial throughout, except that during the first quinquennial period the payments on account of special temporary increase to the pay of Covenanted Civil Servants were taken under Imperial. See also note (b) at foot of Statement B.

XVIB and 19B.—Jails.—Wholly Provincial throughout. The abolition of one Central Jail and falling-off in manufactures led to a decrease in the standard of expenditure and revenue in the 1887 contract.

XVII and 20.—Police.—The whole of the revenue and expenditure was made Provincial under the contract of 1877. By the contract of 1882 Police employed on Imperial State Railways was excluded from the figures, but in 1892 all charges including Railway Police were again made wholly Provincial. The Police in the North-Western Provinces is now in course of reorganisation, and the contract of 1897 provides for the completion of the scheme at a heavy cost.

XIX and 22.—Education.—Wholly Provincial throughout. Up to 1886-87 considerable amounts of educational expenditure were transferred to the control of Local Bodies by corresponding increases in the "Contributions to Local."

XX and 24.—Medical.—The revenue is wholly Provincial throughout. As regards the expenditure, the arrangement of 1877 did not surrender salaries of District Medical establishments to Provincial, but from 1882-83 onwards the whole of the major head has been Provincial. Some of the expenditure was transferred to Local between 1882 and 1887, and a change in the classification of allowances to Medical Officers for attending Jails, Police and educational institutions after the contract of 1887 had been framed, led to a diminution in the standard for 1892.

25.—Political.—Up to 1888-89 no portion of the Political expenditure in the North-Western Provinces was Provincial, but with effect from 1888-89 all the charges under this head, with the exception of those relating to Refugees and State prisoners and the Political agency with ex-Amir of Afghanistan, were provincialised.

XXI and 26.—Scientific and other Minor Departments.—Under the contract of 1877 the revenue and expenditure on account of Model Farms and Botanical and other public gardens, which were included in the Provincial services, were wholly Provincial. Since 1882-83 the whole of the revenue under this head has been Provincial; also all charges except those on account of Archæological and Meteorological Departments, Censuses and Preservation and Translation of Ancient Manuscripts have been made Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement. The decrease in the standard of 1892 as compared with those of 1882 and 1887 is due mainly to the transfer of the Land Records and Agriculture business under Land Revenue Administration.

XXII and 29.—Superannuation.—These heads were not included in the Provincial contract in 1877. From 1882-83 "Contributions for Pensions" and "Miscellaneous Receipts" are Provincial on the Revenue side, to which has been added the head "Family Subscriptions of Native Members of the Covenanted Civil Service" in the contract of 1892. As regards expenditure, all pensions and gratuities, except pensions payable from the Military and Medical Funds, have been Provincial since 1877-78. Under the system of interprovincial adjustments, which was in force prior to the 1892 contract, the Local Government was responsible only for the pensions and gratuities it paid at the commencement of a contract, and the pensions, etc., which it granted or recommended during the period of the contract. But from 1892-93 all pensions, except the two special kinds named above and except those sanctioned for employés in Upper Burma, paid in the North-Western Provinces and Oudh, are Provincial, by whatever authority they may have been sanctioned. In the contract for 1897 the special exception regarding employés in Upper Burma has been withdrawn.

XXIII and 30.—Stationery and Printing.—The expenditure is wholly Provincial throughout. All the receipts except those for the value of supplies from Central Stores to Railways, Local Funds, Municipalities, etc., are also Provincial. The falling-off in the standard of receipts in 1887 was due to the practical disappearance of Jail Press receipts.

XXV and 32.—Miscellaneous.—All receipts and charges, except those directly connected with the transfer, movement or supply of funds and except gain or loss by exchange and extraordinary items exceeding R10,000, are wholly Provincial.

45.—Civil Works.—All Civil Works expenditure except Opium, Salt, Forest School, Post Office and Telegraph buildings is Provincial. In the contract of

1882, assignment was granted under this head for the Roorkee College buildings and the Thomason College and Press establishment then made Provincial. The College and Press establishment is now classified under the head 22.—Education, and the necessary transfer has been made in settling the assignments for the new contract of 1897.

Addition to or deduction from expenditure allowed for in assignment.—The lump deduction of 4,27 made in the 1877 contract represents the retrenchment which the Government of India were obliged to make from the current expenditure (see paragraph 14 of Finance Department letter No. 852, dated 10th February 1877, and paragraph 12 of letter from that Department, No. 1445, dated 8th March 1877). The estimates of revenue and expenditure adopted for the 1882 contract worked out to a surplus of 20,17, of which only 15 lakhs were appropriated by the Government of India, as explained in paragraph 16 of Finance Department letter No. 469, dated 23rd January 1882. A similar surplus of 2,80 was also left upon the figures adopted in 1887, and this surplus was assented to in a great measure in consideration of the large extent to which the Government of the North-Western Provinces had spent its past accumulations upon Railway construction and to enable it to carry to completion certain Railway works then on hand. The 1892 contract was a consolidated contract. When the terms of the contract were finally settled, a lump addition of 3,00 was made to the Provincial assignment in view of the demands put forward by the Local Government and the general financial position.

Statement C.—Railways and Irrigation.

(In thousands of rupees.)

PROVINCIAL RECEIPTS +, PROVINCIAL EXPENDITURE —.	1877.	1882.	1887.	1892.	1897.
Railways.					
Gross earning	...	+5,15		...	...
Working expenses	...	—4,32	+30	...	...
Interest on Debt	...	—1,69		...	...
Subsidised Companies, etc.	...	...	—40	...	...
	...	—86	—10	...	...
Irrigation.					
Major Works—					
Direct Receipts	...	+45,40	+54,00	+51,69	+62,00
Working expenses	...	—16,75	—20,85	—23,63	—22,42
Interest on Debt	...	—24,43	—25,97	—28,92	—30,42
Minor Works—					
Revenue	...	+1,17	+1,40	+1,63	+1,80
Expenditure	...	—1,75	—3,07	—2,81	—3,00
	...	+3,64	+5,51	—2,04	+7,96
TOTAL	...	+2,78	+5,41	—2,04	+7,96

Railways.—Up to 1887-88 the revenue and expenditure connected with all* State Railways in the North-Western Provinces, including the annual subsidy of 40 paid to the Rohilkhund-Kumaon Railway, were wholly Provincial. Under the contract of 1887 only the Bareilly-Pilibhit line and the Rohilkhund-

* Cawnpore-Achnera.
Dildarnagar-Ghazipur.
Bareilly-Pilibhit.
Lucknow-Sitapore.

Kumaon subsidy were Provincial, but these were transferred to Imperial under the arrangement of 1892.

Irrigation.—In regard to Irrigation Works, there is the usual tendency to provincialise all of them. In the North-Western Provinces the revenue and expenditure, including interest connected with nearly all important Major and Minor Irrigation Works, have been Provincial since 1882-83, the Nadrai aqueduct and the Kadir reclamation works having been added to the Provincial Works by the contract of 1892. At present only the revenue and expenditure on account of the Betwa Canal are Imperial.

Statement E.—Total "Adjusting entry" under Land Revenue.

(In thousands of rupees.)

On account of	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Civil Administration—Statement A . . .	+83,66	+2,78	+87	−27,10	−13,16
Railways and Irrigation „ C . . .	...	−2,78	−5,41	+2,04	−7,96
Total . .	+83,66	...	−4,54	−25,06	−21,12

N. B.—The Provincial figures under "I.—Land Revenue," "V.—Excise," Land Revenue, Excise and Provincial Rates Refunds under "1.—Refunds, etc.," "VI.—Provincial Rates" and "XXIX and 42.—Major Works—Receipts and Working Expenses," are for the year 1897-98 only and are fixed amounts, any variations from which will be taken in the Imperial Section of the Accounts. For subsequent years the figures for these heads will be settled in the latter part of 1897-98.

PUNJAB.

[In the arrangement of 1887 the contract of 1882 with the Punjab was left *in statu quo*. In the following tables, therefore, the estimates of 1882 are repeated in the column for 1887.]

Statement A.—Revenue Account.

(In thousands of rupees.)

Heads.	Contract Estimate, 1877.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
Receipts.					
I.—Land Revenue . .	2,01,34	2,10,00	2,10,00	2,29,83	2,46,40
IV.—Stamps . . .	24,85	33,46	33,46	39,32	44,79
V.—Excise . . .	10,30	13,00	13,00	18,50	21,44
VI.—Provincial Rates .	*Nil*	5,00	5,00	5,72	6,13
VIII.—Assessed Taxes . .	*Nil*	4,70	4,70	12,00	13,30
IX.—Forests . . .	7,30	7,50	7,50	9,50	10,50
X.—Registration . .	1,97	2,34	2,34	2,33	3,50
XII.—Interest . . .	...	28	28	2,55	2,60
Total Receipts .	2,45,76	2,76,28	2,76,28	3,19,75	3,48,66
Provincial Share (variable portion) . . .	37,12	1,21,79	1,21,79	1,11,77	1,59,89
Charges.					
1.—Refunds and Drawbacks .	20	99	99	85	1,00
6.—Stamps . . .	1,07	1,35	1,35	2,16	2,11
7.—Excise	58	56	56	57	52
8.—Provincial Rates . .	*Nil*	39	39	13	5
10.—Assessed Taxes . .	*Nil*	2	2	12	12
11.—Forests . . .	5,92	6,00	6,00	7,14	7,50
12.—Registration . . .	1,30	1,32	1,32	72	1,14
13.—Interest . . .	...	4	4	2,05	1,94
Total Charges .	9,07	10,67	10,67	13,74	14,38
Provincial Share .	3,17	5,51	5,51	8,36	8,64
Net Revenue Account, Total .	2,36,69	2,65,61	2,65,61	3,06,91	3,34,28
Net Revenue Account, Provincial Share (variable portion) .	33,95	1,16,28	1,16,28	1,03,41	1,51,25
Do. do. Fixed addition (+) or deduction (−) (*a*)	+65,70	+4	+4	+35,05	+2,58
Do. do. Total Provincial Share . . .	99,65	1,16,32	1,16,32	1,38,46	1,53,83

(*a*) Civil portion only.

Notes under Revenue Account.

I.—Land Revenue.—No share of the Land Revenue receipts in the Punjab was Provincial in the contract of 1877. In 1882 a share of the total revenue, 40·7193 per cent, was assigned to Provincial to cover the difference between the estimates of assigned Provincial revenues and expenditure. This arrangement continued up to the year 1892-93 when one-fourth of the total was assigned to Provincial. In the new arrangement of 1897, two-fifths of the total revenue have been so assigned to reduce the large difference between the incremental receipts and the assigned expenditure in the contract of 1892.

IV and 6.—Stamps.—These heads were made wholly Provincial in the contract of 1877, but in the arrangement of 1882 half the total was assigned to Provincial. From 1892-93, three-fourths of the total under the heads were Provincial. In settling the expenditure estimate in 1892 allowance was made for a change of classification of the cost of plain paper used with Court-fee stamps.

V and 7.—Excise.—Wholly Provincial under the contract of 1877, one-half under that of 1882, and one-quarter since 1892-93.

VI and 8.—Provincial Rates.—No revenue was realised under this head when the contract of 1877 was framed. No share of the revenue and expenditure was ever treated as Imperial. The stoppage of certain allowances to village headmen and patwaris from October 1889 accounts for the reduction in the standard of expenditure taken in the 1892 contract. At present only the Patwaris' share of mutation fees is credited *per contra* as Revenue.

VIII and 10.—Assessed Taxes.—There was no revenue under this head at the beginning of 1877, but the contract of that year contemplated the complete provincialisation of the License Tax receipts. In the contract of 1882 half the revenue and expenditure was made Provincial. The additional revenue due to the introduction of Act II of 1886 and the charges of collection of the Income Tax remained wholly Imperial up to 1891-92. From 1892-93 the total revenue and expenditure have been divided in moieties between Imperial and Provincial.

IX and 11.—Forests.—These heads were not included in the Provincial arrangement of 1877. In 1882 half the revenue and expenditure was made Provincial, and no change in this distribution has since been made.

X and 12.—Registration.—The heads were made wholly Provincial in the contract of 1877. Since 1882-83 only half the revenue and expenditure has been Provincial. The standard of expenditure in the 1892 contract was lower owing to the abolition of the appointment of Inspector General of Stamps and Registration and the discontinuance of the allowance formerly given to Tahsildars and Naib Tahsildars for registration work.

Interest.—The net receipts represent mainly interest on loans under the Provincial and Local Loans Scheme. On the charge side, the adjustment with Imperial of interest on these loans is shown, but as the loans are made at rates of interest somewhat higher than that charged by the Government of India, there is a small net receipt.

1.—Refunds and Drawbacks of the Principal Heads of Revenue are divided in the same proportion as the Revenues refunded.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil.					
3.—Land Revenue Administration—					
Survey and Settlement	...	2,73	2,73	3,00	4,14
Other heads	16,30	16,09	16,09	20,24	22,64
15.—Post Office (District)	40	59	59	1,00	1,52
Other Civil Departments.					
18.—General Administration	9,75	10,83	10,83	9,78	10,47
19A.—Courts of Law	21,37	21,70	21,70	29,05	32,96
19B.—Jails	11,00	10,56	10,56	8,92	9,54
20.—Police	25,32	26,83	26,83	37,08	39,48
22.—Education	6,85	6,54	6,54	7,75	7,71
24.—Medical	3,28	5,29	5,29	5,55	6,25
26.—Scientific and other Minor Departments	51	72	72	83	1,15
Miscellaneous Civil Charges.					
29.—Superannuation Allowances and Pensions	3,38	5,24	5,24	8,55	9,99
30.—Stationery and Printing	1,90	4,24	4,24	4,13	4,85
32.—Miscellaneous	67	1,11	1,11	44	65
Total Charges of Civil Department	1,00,73	1,12,47	1,12,47	1,36,32	1,51,35
Deduct—Receipts, see Annexure	11,44	13,70	13,70	16,74	16,02
Net Civil Charges	**89,29**	**98,77**	**98,77**	**1,19,58**	**1,35,33**
Public Works.					
Civil Works.					
45(A).—Civil Works by Public Works Officers—					
(1) Original Works		5,61	5,61	8,50	
(2) Repairs		12,72	12,72	11,82	
(3) Establishment		4,85	4,85	6,00	
(4) Tools and Plant, etc.		22	22	15	
(B).—Civil Works by Civil Officers		39	39	31	
Total Civil Works	16,21	23,79	23,79	26,78	27,40
Deduct—Receipts, see Annexure	66	6,52	6,52	2,68	4,20
Net Public Works Charges	**15,55**	**17,27**	**17,27**	**23,10**	**23,20**
Contribution to Local Funds (net)	—2,95	—2,89	—2,89	—4,33	—6,30
Addition to above expenditure allowed for in assignment	...	3,17	3,17	...	1,27
Reduction of above expenditure allowed for in assignment	—2,24	...	...	...	...
Miscellaneous Adjustments	...	...	...	11	33
Total Net Expenditure	99,65	1,16,32	1,16,32	1,38,46	1,53,83

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil Departments.					
XVIA.—Courts of Law .	4,15	5,04	5,04	4,70	4,00
XVIB.—Jails . . .	(*b*) 5,30	3,62	3,62	2,18	1,91
XVII.—Police . . .	5	1,30	1,30	6,38	6,53
XIX.—Education . .	79	82	82	14	33
XX.—Medical . .	19	16	16	23	28
XXI.—Scientific and other Minor Departments	34	39	39	37	40
Miscellaneous.					
XXII.—Receipts in aid of Superannuation .	...	34	34	61	41
XXIII.—Stationery and Printing . . .	1	94	94	75	77
XXV.—Miscellaneous . .	61	1,09	1,09	1,38	1,39
Total Civil (*a*) .	11,44	13,70	13,70	16,74	16,02
XXXII.—Civil Works (*a*) .	66	6,52	6,52	3,68	4,20

(*a*) Carried to Statement B.
(*b*) Includes 1,23 on account of Printing and Lithography.

Notes under Expenditure Heads.

3.—Land Revenue.—Under the contract of 1877 the Survey and Settlement expenditure in the Punjab was wholly Imperial, but in the arrangement of 1882 the same percentage of the cost of Survey and Settlement as was retained of Land Revenue receipts was made Provincial. Since 1892-93 the Survey and Settlement has been wholly Provincial.

The charges under the other minor heads subordinate to 3.—Land Revenue have been wholly Provincial throughout.

15.—Post Office.—This head records the District Post charges which have been wholly Provincial throughout.

18.—General Administration.—In the contract of 1877 the whole of the expenditure under this head, excluding Account and Currency offices and Settlement Secretary, was made Provincial. In 1882 the exception about the Settlement Secretary was withdrawn. Prior to 1892-93, Provincial establishments were retained in Account offices, but in the arrangement of 1892 the whole of the general establishment of Account offices was made Imperial. The standard of expenditure in 1892 was lower than that of 1882 owing, firstly, to the reduction of the number of Commissioners by transfer to special judicial officers of part of their duties, and, secondly, to the abolition of the Military Secretariat. These savings were partly counterbalanced by other normal increases in expenditure.

XVIA and 19A.—Courts of Law.—Wholly Provincial throughout. The expenditure standard was considerably increased in 1892 owing to the reorganisation of Courts intended to carry out the provisions of the Punjab Courts Act.

XVIB and 19B.—Jails.—Wholly Provincial throughout. The standards of revenue and expenditure were lower in 1892 owing chiefly to a falling-off in the manufacturing industry. Since 1892 also the revenue has been further affected by want of extra-mural labour.

XVII and 20.—Police.—The whole of the revenue and expenditure was made Provincial in the contract of 1877, but the cost of Imperial State Railway Police and of Special Frontier Police entertained after the contract was framed was borne by Imperial. These two kinds of Police were excluded from the figures of 1882, but in the arrangement of 1892 the service was made wholly Provincial. From 1883-84 the expenditure has been increased by over 5 lakhs on account of Municipal and Cantonment Police, for which a *per contra* credit is given on the Revenue side. In settling the figures of 1892, allowance was made for a reorganisation of the police force and also for the transfer of the Derajat Militia from the Military to the Civil Department. A portion of the cost of the Dera Ismail Khan Border Police has also been transferred, with effect from 1895-96, to the Imperial head 25.—Political, and this transfer has been allowed for in settling the assignment for the new contract of 1897.

XIX and 22.—Education.—Wholly Provincial throughout. The abolition of the Government Book Depôt in 1888-89 accounts mainly for the falling-off in revenue from 1892.

XX and 24.—Medical.—The revenue is wholly Provincial throughout. As regards the expenditure, the arrangement of 1877 did not surrender salaries of District Medical Staff to Provincial. But from 1882-83 onwards the whole of the major head has been Provincial.

XXI and 26.—Scientific and other Minor Departments.—The revenue has been Provincial throughout the whole period. All charges except those on account of Archæological and Meteorological Departments and Censuses have also been Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement.

XXII and 29.—Superannuation, etc.—The receipts were wholly Imperial under the contract of 1877, but from 1882-83 "Contributions for Pensions" and "Miscellaneous Receipts" are wholly Provincial. As regards expenditure, the Provincial Revenues met during the first quinquennial period the whole of the pensions and gratuities which were paid in the province at the commencement of the period and the pensions for Provincial Departments which the Local Government granted during the period. From 1882-83 all pensions and gratuities, except pensions payable from the Military and Medical Funds, have been Provincial. Under the system of interprovincial adjustments which was in force prior to the 1892 contract, the Local Government was responsible only for the pensions and gratuities it paid at the commencement of a contract and the pensions, etc., which it granted or recommended during the period of the contract. But from 1892-93 all pensions, except the two special kinds named above and except those sanctioned for employés in Upper Burma, paid in the Punjab are Provincial, by whatever authority they may have been sanctioned. In the contract for 1897 the special exception regarding employés in Upper Burma has been withdrawn.

XXIII and 30.—Stationery and Printing.—From 1882-83 onwards the whole of the expenditure and all the receipts except those for the value of supplies from Central Stores to Railways, Local Funds, Municipalities, etc., are Provincial. In settling the estimate of expenditure of 1882, allowance was made for a change in the method of valuation of supplies to Provincial Governments from Central Stores. In 1892 also, an allowance was made for a change of classification of cost of plain paper used with Court-fee stamps.

XXV and 32.—Miscellaneous.—All receipts and charges except those directly connected with the transfer, movement or supply of funds and except gain or loss by exchange, and extraordinary items exceeding ₹10,000 are wholly Provincial.

45.—Civil Works.—All charges under this head except the following buildings, namely, Salt, Post Office, Telegraph, Viceregal residences and Government of India offices are wholly Provincial.

Addition to or reduction of expenditure allowed for in assignment.—The lump deduction of 2,24 made in the 1877 contract represents the retrenchment which the Government of India were obliged to make from the current expenditure. (See paragraph 21 of Finance Department letter No. 1133, dated 22nd February 1878.) The estimates of revenue and expenditure adopted for the 1882 contract worked out to a surplus of 3,17. This surplus was not resumed by the Government of India on the understanding that the Provincial

Government should be responsible for the extra charge connected with the scheme for the improvement of the condition and prospect of the Extra-Assistant Commissioner and Tehsildar classes. (See paragraph 2 of Finance Department letter No. 1636, dated 17th March 1882.) The lump addition of 1,27 made in 1897 represents the increase over current expenditure required to leave the Province in the same position as under the Settlement of 1892, after allowing for an enhancement of 4,56 in the charges for Exchange Compensation Allowances.

Statement C.—Irrigation.

(In thousands of rupees.)

	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Minor Works and Navigation.					
Revenue	...	20	20	50	1,18
Expenditure . . .	...	16	16	30	1,18
NET REVENUE .	...	4	4	20	...

Notes under Irrigation.

Irrigation.—Punjab did not accept the scheme for the provincialisation of Productive Public Works which was introduced in some of the other provinces. Only the receipts and expenditure on account of certain Minor Works, constructed from Provincial Revenues, are now Provincial.

Statement E.—Total "adjusting entry" under Land Revenue.

(In thousands of rupees.)

ON ACCOUNT OF	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Civil Administration—Statement A .	+65,70	+4	+4	+35,05	+2,58
Railways and Irrigation „ C .	...	—4	—4	—20	...
TOTAL .	+65,70	...	...	+34,85	+2,58

BOMBAY.

Statement A.—Revenue Account.

(In thousands of rupees.)

HEADS.	Contract Estimate, 1877.	Contract Estimate, 1882.	Contract Estimate, 1887.	Contract Estimate, 1892.	Contract Estimate, 1897.
RECEIPTS.					
I.—Land Revenue (*b*) . . .	2,90,28	3,11,50	3,28,00	3,62,36	3,81,12
III.—Salt (Rents and Miscellaneous) .	29	60	24	46	66
IV.—Stamps	45,14	41,00	45,80	55,00	61,20
V.—Excise	40,82	64,27	91,05	1,01,00	1,10,00
VII.—Customs (Miscellaneous) . .	89	79	36	44	92
VIII.—Assessed Taxes . . .	*Nil*	13,25	29,20	35,50	37,21
IX.—Forests	12,00	16,18	31,00	33,50	32,54
X.—Registration	2,72	2,80	3,93	5,07	6,80
XII.—Interest	...	59	57	2,43	3,41
TOTAL RECEIPTS .	3,92,14	4,50,98	5,30,15	5,95,76	6,33,86
Provincial Share (variable portion) .	89,86	2,57,07	1,71,80	1,96,42	2,11,95
CHARGES.					
1.—Refunds and Drawbacks . . .	2,87	5,71	4,55	5,24	5,25
2.—Assignments and Compensations (*c*) .	12,57	16,98	14,71	17,72	18,13
6.—Stamps	1,58	1,94	1,94	2,30	2,94
7.—Excise	80	2,00	2,58	3,63	3,61
10.—Assessed Taxes	...	24	45	52	54
11.—Forests	8,70	11,78	18,50	20,68	21,48
12.—Registration	2,42	2,40	2,52	2,72	2,99
13.—Interest	...	...	...	1,74	2,54
TOTAL CHARGES .	28,94	41,05	45,25	54,55	57,48
Provincial Share .	17,97	26,66	28,39	33,12	35,25
Net Revenue Account, Total . . .	3,63,20	4,09,93	4,84,90	5,41,21	5,76,38
„ „ „ Provincial Share (variable portion) .	71,89	2,30,41	1,43,41	1,63,30	1,76,70
„ „ „ Fixed addition (+) or deduction (−) (*a*).	+1,36,07	−13,22	+81,80	+77,65	+77,71
„ „ „ TOTAL PROVINCIAL SHARE .	2,07,96	2,17,19	2,25,21	2,40,95	2,54,41

(*a*) Civil portion only.
(*b*) Excluding Alienated Revenue.
(*c*) Excluding Charges against Alienated Revenue.

Notes under Revenue Account.

I.—Land Revenue.—No share of the Land Revenue in Bombay was Provincial under the contract of 1877. In 1882 a share of the revenue, 59·8216 per cent, was assigned to Provincial to cover the difference between the estimates of assigned Provincial Revenues and Expenditure; from 1887-88 one-fourth of the revenue has been Provincial.

IV and 6.—Stamps.—These heads were made wholly Provincial in the contract of 1877, but in the arrangement of 1882 half the total was assigned to Provincial. From 1887-88 onwards three-fourths of the revenue belong to Provincial. In settling the expenditure estimate in 1892, allowance was made for certain changes of classification and for a new method of revaluing stamp paper supplied from Central Stores.

V and 7.—Excise.—Wholly Provincial under the contract of 1877, one-half under that of 1882, and one-quarter since 1887-88.

VIII and 10.—Assessed Taxes.—There was no revenue under this head at the beginning of 1877. In the contract of 1882, half the revenue and half the expenditure were made Provincial. The additional revenue due to the introduction of Act II of 1886 was, however, wholly Imperial in 1886-87, and from 1887-88 the total revenue, excepting "Tax on surplus profits of Railway Companies," has been divided in moieties between Imperial and Provincial.

IX and 11.—Forests.—These heads were wholly Imperial under the contract of 1877. In 1882 it was decided to make half the revenue and expenditure Provincial, and that arrangement has been continued till the present time.

X and 12.—Registration.—The heads were made wholly Provincial in the contract of 1877. Since 1882-83 only half the revenue and expenditure has been Provincial.

Interest.—The net receipts represent mainly interest on Government Securities held on account of Provincial departments. On the charge side, the adjustment with Imperial of interest on Provincial loans is now shown, but in the contract the estimates of revenue and expenditure nearly balance each other.

1.—Refunds and Drawbacks of the Provincial shares of the Principal Heads of Revenue are Provincial.

2.—Assignments and Compensations.—Under the contract of 1877 all expenditure under this head, except payments under the Goa Treaty, was Provincial. This arrangement was modified in the 1882 contract, under which Provincial bears only a share of Excise compensation, corresponding to the Provincial share of the Excise Revenue. The arrangement of the 1882 contract has remained in force up to the present time.

Statement B.—Expenditure on Civil Administration.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil.					
3.—Land Revenue Administration—					
Survey and Settlement	8,11	8,03	9,25	4,00	1,40
Other heads (*a*)	46,95	47,71	47,81	50,38	53,22
15.—Post Office (District)	89	89	1,05	1,05	1,03
Other Civil Departments.					
18.—General Administration	11,70	12,35	12,49	13,61	14,61
19A.—Courts of Law	44,30	43,24	44,62	44,02	46,68
19B.—Jails	9,17	8,54	6,07	6,29	6,73
20.—Police (*a*)	34,49	36,81	43,14	50,01	53,20
21.—Marine	32	40	23	41	41
22.—Education	10,47	10,55	15,22	16,50	18,21
24.—Medical	12,38	11,94	12,80	13,25	16,00
25.—Political	2	...	2	3,43	3,65
26.—Scientific and other Minor Departments	1,58	1,51	2,29	1,98	2,25
Miscellaneous Civil Charges.					
29.—Superannuation Allowances and Pensions	8,00	10,58	12,95	15,55	18,44
30.—Stationery and Printing	4,79	4,74	5,84	6,44	8,10
32.—Miscellaneous	2,00	2,33	1,82	2,27	2,08
Total Charges, Civil Department	1,95,17	1,99,62	2,15,60	2,29,19	2,46,01
Deduct—Receipts, see Annexure	13,14	16,63	17,83	18,09	19,18
Net Civil Charges	1,82,03	1,82,99	1,97,77	2,11,10	2,26,83
Public Works.					
Civil Works.					
45(A).—Civil Works by Public Works Officers—					
(1) Original Works		7,70	7,00	8,50	
(2) Repairs		12,37	12,80	12,65	
(3) Establishment		8,29	8,50	9,00	
(4) Tools and Plant, etc.		37	25	52	
(B).—Civil Works by Civil Officers		67	75	11	
Total Civil Works	33,88	29,40	29,30	30,78	31,66
Deduct—Receipts, see Annexure	6,17	6,31	7,53	7,85	8,73
Net Public Works Charges	27,71	23,09	21,77	22,93	22,93
Contribution to Local Funds (net)	3,89	4,27	5,67	4,65	4,65
Addition to above expenditure allowed for in assignment	...	6,84	...	2,00	...
Reduction of above expenditure allowed for in assignment	—5,67	...	...	...	...
Miscellaneous Adjustments	...	...	...	27	...
Total Net Expenditure	2,07,96	2,17,19	2,25,21	2,40,95	2,54,41

(*a*) Excluding Charges against Alienated Revenue.

Annexure to Statement B.—Receipts under Expenditure Heads.

(In thousands of rupees.)

Heads of Expenditure.	Contract figure, 1877.	Contract figure, 1882.	Contract figure, 1887.	Contract figure, 1892.	Contract figure, 1897.
Civil Departments.					
XVIA.—Courts of Law . . .	3,00	3,75	2,85	4,00	4,19
XVIB.—Jails	2,78	3,84	2,35	2,15	1,86
XVII.—Police	1,42	2,38	5,51	3,55	4,19
XVIII.—Marine	28	35	50	65	64
XIX.—Education	1,86	2,24	3,00	2,73	3,15
XX.—Medical	1,05	90	75	1,12	1,34
XXI.—Scientific and other Minor Departments . . .	44	24	21	34	24
Miscellaneous.					
XXII.—Receipts in aid of Superannuations	80	1,38	1,60	2,34	2,31
XXIII.—Stationery and Printing .	28	40	44	62	70
XXV.—Miscellaneous . . .	1,23	1,15	62	59	56
Total Civil (*a*)	13,14	16,63	17,83	18,09	19,18
XXXII.—Civil Works . . (*a*)	6,17	6,31	7,53	7,85	8,73

(*a*) Carried to Statement B.

Notes under Expenditure Heads.

3.—Land Revenue.—Wholly Provincial throughout.

15.—Post Office.—District Post charges are wholly Provincial throughout.

18.—General Administration.—The whole of the expenditure under this head, excluding Account and Currency Offices, Reserve Treasuries, and Presidency Bank charges, but including Provincial and Local Fund establishments in Account Offices, was Provincial in the first three contracts. In 1892 so much of the Provincial establishment as formed part of the general establishment of Account Offices was made Imperial, and provision was made under this head for the Inspector General of Stamps, Registration, and Jails.

XVIA and 19A.—Law and Justice—Courts of Law.—Wholly Provincial throughout the several quinquennial periods.

XVIB and 19B.—Jails.—Wholly Provincial throughout the four quinquennial periods.

XVII and 20.—Police.—The whole of the revenue and expenditure was made Provincial under the contract of 1877. By the contract of 1882 police employed on Imperial State Railways was excluded from the figures, but in 1892 all charges, including Railway Police, were again made wholly Provincial. The Gujrat Police was provincialised in 1887-88.

XVIII and 21.—Marine.—The whole of the Bombay Port receipts and charges have been Provincial throughout.

XIX and 22.—Education.—Wholly Provincial throughout.

XX and 24.—Medical.—Wholly Provincial from 1877-78.

25.—Political.—Only the rents, rates, and taxes on account of the Political Department were Provincial up to 1887-88. From 1888-89 all charges, with the exception of those connected with Aden and the Somali Coast, Baroda and the Persian Gulf, Refugees and State Prisoners and Special Missions, and of all extraordinary expenditure arising in connection with Imperial policy and not specially connected with Bombay and the States under its charge, have been made Provincial.

XXI and 26.—Scientific and other Minor Departments.—The revenue has been Provincial throughout the whole period. All charges, except Archæological and Meteorological Departments, Censuses, Gazetteer and Statistical Memoirs, have also been Provincial. The salaries and allowances of officers on the cadre of the newly-constituted Civil Veterinary Department are not, however, included in the Provincial arrangement.

XXII and 29.—Superannuation, etc.—"Contributions for pensions" and "Miscellaneous receipts" are Provincial on the Revenue side. As regards expenditure, all pensions and gratuities, except pensions payable from the Military and Medical Funds, have been Provincial since 1877-78. Under the system of interprovincial adjustments, which was in force prior to the 1892 contract, the Local Government was responsible only for the pensions and gratuities it paid at the commencement of a contract, and the pensions, etc., which it granted or recommended during the period of the contract. But from 1892-93 all pensions, except the two special kinds named above, paid in Bombay are Provincial, by whatever authority they may have been sanctioned.

XXIII and 30.—Stationery and Printing.—All the receipts, except those for the value of supplies from Central Stores to Railways, Local Funds, Municipalities, etc., are Provincial. All expenditure, except purchases for Central Stores, is also Provincial.

32.—Miscellaneous.—All charges, except "Charges for Remittance of Treasure," "Discount on Bills," "Loss by Exchange," and "Extraordinary items" exceeding R10,000, are wholly Provincial.

45.—Civil Works.—All Civil Works expenditure is Provincial, except expenditure on works for the Salt, Opium, Post Office, Telegraph and Ecclesiastical Departments, for Mints and Currency Offices, for the Baroda Residency buildings and for the Somali Coast.

Addition to above expenditure allowed for in assignment.—The 1882 contract was not a consolidated contract; the arrangement was made by Major Heads. The revenue and expenditure figures worked out to a surplus of 6,84. This surplus the Government of India did not appropriate for the reasons stated in paragraphs 7 and 8 of Finance Department letter No. 450, dated the 21st January 1882. The 1892 contract was a consolidated contract. When the terms of the contract were finally settled, a lump addition of 2,00 was made to the Provincial assignment in view of the demands put forward by the Government of Bombay and the general financial position.

Reduction of above expenditure allowed for in assignment.—The lump deduction of 5,67 made in the 1877 contract represents the retrenchment which the Government of India were obliged to make from the current expenditure. See paragraphs 28 and 29 of Finance Department letter No. 2309, dated the 2nd August 1877.

Alienated Revenue Account, Bombay.

The figures shown in Statements A and B above are exclusive of certain entries, peculiar to Bombay, by which Land Revenue alienated for purposes falling under the heads of "Assignments" "Village Service under Land Revenue" and "Police" are brought upon the accounts by debit and credit entries. The particulars of these are as follows:—

(In thousands of rupees.)

Heads of Revenue or Expenditure.	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
I.—Land Revenue	66,24	69,04	81,09	89,31	97,51
2.—Assignments, etc.	52,24	54,51	66,89	76,43	84,75
3.—Land Revenue	10,43	10,89	9,28	7,76	7,78
20.—Police	3,57	3,64	4,92	5,12	4,98
Total Expenditure .	66,24	69,04	81,09	89,31	97,51

Statement C.—Railways and Irrigation.

(In thousands of rupees.)

Provincial Receipts + Provincial Expenditure—	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Railways—					
Revenue	...	...	...	54	1,50
Expenditure	...	...	...	—10	—1,40
Irrigation—					
Revenue	...	...	...	13	24
Expenditure	...	...	...	—5	—5
Net Total	...	...	...	52	29

Notes under Railways and Irrigation.

Railways.—The net revenue from the Hyderabad-Umarkot Railway, which has been constructed from Provincial balances, was made Provincial in the contract of 1892.

Irrigation.—From 1889-90 to 1896-97 the revenue and expenditure connected with the 1st section of the Gokak Canal, including storage works, have been Provincial. In the contract of 1897 as originally proposed by the Government of India, the whole of the Irrigation revenue and expenditure in Bombay proper and Gujrat, including interest on Capital, was made Provincial, but the subject has not yet been finally settled, and the present figures do not allow for the change.

Statement D.—Special and Minor Items.

(In thousands of rupees.)

Heads of Account.	1877.	1882.	1887.	1892.	1897.
5—Salt	—5,70	—5,50	...	...	...
9—Customs	—8,11	—7,72	...	...	...
XIV and 16—Telegraph (net)	...	...	—7	—1	...
23—Ecclesiastical	—3,32	...	...	...	...
Total	—17,13	—13,22	—7	—1	...

Notes under Special and Minor Items.

5.—Salt.—During the first two contract periods all expenditure, except charges connected with the administration of Salt Revenue in Portuguese India, was Provincial. From 1887-88 the head has been wholly Imperial.

9.—Customs.—The head was wholly Provincial in Bombay in the 1877 and 1882 contracts.

23.—Ecclesiastical.—This head was Provincial in the 1877 contract, but was thereafter made Imperial.

Statement E.—Total "adjusting entry" under Land Revenue.

(In thousands of rupees.)

On account of	Contract, 1877.	Contract, 1882.	Contract, 1887.	Contract, 1892.	Contract, 1897.
Civil administration—Statement A	+1,36,07	— 13,22	+81,80	+77,65	+77,71
Railways and Irrigation „ C	...	...	...	— 52	— 29
Special and Minor Items „ D	+17,13	+13,22	+7	+1	...
Total	+1,53,20	...	+81,87	+77,14	+77,42

N.B.—The Provincial figures under "I.—Land Revenue." "IV.—Stamps." "V.—Excise" "IX and 11.—Forests," and the provision for refunds under the same heads are for the year 1897-98 only and are fixed amounts, any variations from which will be taken in the Imperial section of the accounts. For subsequent years the figures for these heads will be settled in the latter part of 1897-98.

G. I. C. P. O.—No. 110 F. & C. D.—15-9-97.—100.—H. R.

[G. 25] 500 17-5-97.

Financial Department.

C. No.

H. E. THE GOVERNOR.
Sir Harry R
THE HON'BLE MR. BLISS, C.I.E.
THE HON'BLE MR. CROSE, C.I.E.

SUBJECT

Re: Provincial Contract

FOR ORDERS.

The linked file is resubmitted to the Hon'ble Member for orders as to whether the paper in the proof flagged I, which contains (1) India's letter re the Contract (2) India's letter re the B.E. for 1897-98 together with the figures of the B.E. and (3) India's resolution regarding the terms of the present contract, might not be at once communicated to the depts of the Secretariat, a note para being added to the order to the effect that the Govt. of India will be separately addressed on such points as call for notice in its letter of 16th March / re Contract on pages 3-10 of proof & 25th March / re Budget on

pages 11 & 12.) This proposal is made ~~and the Standard taken~~ ~~is dealt with in the papers~~ ~~of~~ because the budget figures for this year have not yet been brought on record and because the result of the terms of the contract (pages 16 et seq of proof) contains, as will be seen from the original flagged Z, many some new points of which depts of Govt. should be aware. The letter to India will take some time to draft and to issue & it seems advisable to bring the papers in proof on record at once. It would be useful if such portions of the record sent forwarded to India (copy flagged M) as relate to Madras were also included in the collection for ~~future~~ future reference. India has sent 3 copies only.

Cur.S.
30.9.97 H.M.

I think the suggestions above may be carried out

S.R 30/9/97

× i.e. pages 1 & 2
& pages 39 - 44

We can have as many as we please by asking for them
S.R.

H.A
1/10/97

C. Nos 936 A, 1154, 1110
2542, 2620 3044

Financial Dept

page 132 original office nos 229-30 print 3-98

118

Secy

Rep vide attached proof

Order P.J. W. 824 of 5th octobr 97

Comm. to the depts of the Secretariat for information.

2. The Govt. of India will be addressed separately on such points as call for notice in his letters No. 1246 of 16th March 1897 and No. 1402A of 26. March 1897

Cur.S.
4.X.97

(From Order)

5/10/97

The depts of the Secretariat
Accl. Genl.

Despd 27.10.97

Sec

See that I get two spare copies of this & add to the Accounts Analysis file. Also to B.E. files 1896.97 which should now be bound shortly

Cur

...nt to Press.

... signature.

...ed in print.

NUMBER OF COPIES REQUIRED. { Order complete. / Letter only. / Order complete with Letter.

12

80

11

DATED

No.

...MENT

...MENT.

DITTO.

...P, BEING MERANT FOR DESPATCH
...IL.

7

...int in full.
... to be printed.
...t abstract only.
...nt heading only.