

Financial (189⁸) Department.

ORDINARY MS.

G.O., No. 431

Dated 9.5.98

[Despatch Abstract.]

Recording resolution of the Govt. of India
reviewing the Finance & Rev. Accounts
for 1896-97 & the Comptroller & Auditor
General's appropriation report on these
accounts.

9.5.98

Financial (1898) Department.

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Order No. 431, 29th May
1898

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No. 1838- A

Dated 26 April 98

Received 3. May 98

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SUBJECT.

For a full review of the Finance
 & Revenue Accounts of the Govt of
 India for 1896-97 & the Comptroller
 & Auditor General's Appropriation
 Report on these Accounts.

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Current No 1303

No. 1838-A.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

ACCOUNTS AND FINANCE.
Estimates and Accounts.

RESOLUTION.

Simla, the 26th April 1898.

READ—

The Finance and Revenue Accounts for 1896-97 and the Comptroller and Auditor-General's Appropriation Report on these accounts.

RESOLUTION—

GENERAL RESULTS.

The following is a general comparison of the accounts of 1896-97 with the estimates of that year and with the accounts of the preceding year:—

				1895-96, Accounts.	1896-97.			Accounts, 1896-97, better + or worse — than Budget.	
					Budget Estimate.	Revised Estimate.	Accounts.		
<i>Revenue—</i>									
India	...	...	Rx.	97,977,005	97,316,800	93,273,600	93,586,471	— 3,730,329	
England	...	...	£	223,417	174,100	319,400	327,107	+ 153,007	
Exchange	...	...	Rx.	169,745	129,800	210,800	216,163	+ 86,363	
Total				Rx.	98,370,167	97,620,700	93,803,800	94,129,741	— 3,490,959
<i>Expenditure—</i>									
India	...	...	Rx.	68,998,722	70,274,900	70,657,400	70,624,145	— 349,245	
Provincial Adjustment	...	...	Rx.	+ 379,109	— 886,400	— 1,228,500	— 1,023,637	+ 137,237	
Net				Rx.	69,377,831	69,388,500	69,428,900	69,600,508	— 212,008
England	...	...	£	15,603,370	15,909,400	15,880,600	15,795,836	+ 113,564	
Exchange	...	...	Rx.	11,854,968	11,859,700	10,481,200	10,438,419	+ 1,421,281	
Total				Rx.	96,836,169	97,157,600	95,799,700	95,834,763	+ 1,322,837
Surplus + Deficit —				Rx.	+ 1,533,998	+ 463,100	— 1,986,900	— 1,705,022	— 2,168,122
<i>Expenditure not charged against Revenue—</i>									
Capital expenditure on Railways and Irrigation Works				Rx.	4,087,194	6,256,700	4,557,400	4,984,422	+ 1,272,278

2. The accounts of 1895-97 closed with the large deficit of Rx. 1,705,022 against a surplus of Rx. 463,100 taken in the Budget Estimate of the year. The Revenue in India was less than the Budget Estimate by no less than Rx. 3,730,329, while the total expenditure in India charged against Revenue exceeded the estimate by Rx. 212,008. The saving in the net sterling expenditure amounted to £ 266,571, and there was a reduction in the net charge for exchange on sterling expenditure of Rx. 1,507,644.

3. Famine in nearly all Provinces of India and plague in Bombay were the predominant facts in connection with the accounts of 1896-97. According to the estimates furnished in paragraphs 16—19 of the Comptroller and Auditor-General's Appropriation Report, the total loss of revenue due to famine and plague amounted to Rx. 4,004,100 and the total increase of expenditure, Rx. 2,855,400. The effect on the finances of the year of these calamities was somewhat mitigated by a rise in the rate of exchange for the conversion of sterling expenditure, the actual average rate obtained being 14.451d. the rupee as compared with the rate of 13.75d. taken in the Budget Estimate. There was also a substantial improvement over the estimates of Revenue and Expenditure in India not affected by famine or plague, and a sum of Rx. 473,500 on account of capital outlay on Protective Railways for which provision was made in the Budget Estimate was not charged to Revenues in the accounts. In the final result the deficit in the year's account was only about a quarter of the total loss of revenue and increase in expenditure attributable to famine and plague.

REVENUE SIDE.

4. The heads of revenue in India largely affected by famine and the differences under them as compared with the Budget Estimates were as follows:—

Decrease of Revenue.

	Rx.
I.—Land Revenue (including Land Revenue due to Irrigation)	2,176,903
III.—Salt	278,295
V.—Excise	130,500
VI.—Provincial Rates	132,945
XXVI.—State Railways—Gross Receipts	682,478
XXVII.—Guaranteed Railways—Net Receipts	598,836
Total	3,999,957

Increase of Revenue.

XXIX.—Major Irrigation Works—Direct Receipts	324,261
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5. The amounts of the decreases in Land Revenue in the several Provinces depended largely on the area and intensity of the prevailing distress. The largest decrease occurred in the North-Western Provinces and Oudh amounting to Rx. 1,009,524. Next in order come Madras (Rx. 351,328), Bombay (Rx. 296,198), Central Provinces (Rx. 204,107), Upper Burma (Rx. 169,772), and the Punjab (Rx. 127,345). There was also a small loss in Assam and Bengal.

About half the total decrease in the Salt Revenue occurs in Madras and is believed to be due to the low price of Government paper which induced the dealers to avail themselves of the six months' credit to a larger extent than usual. The falling off in the other Provinces is attributed to the general scarcity and the paralysis of business caused by the plague.

The loss in Excise Revenue is confined to the Central Provinces, the North-Western Provinces and Oudh and Bombay. In Burma, Bengal and Madras the revenue somewhat exceeded the estimates, and the excess would probably have been larger but for the prevalence of distress.

The variations in the collection of Provincial Rates closely follow those under the head of Land Revenue.

The loss of Railway Revenue was greatest on the North-Western, the Rajputana-Malwa and the Oudh and Rohilkhand lines and on the two guaranteed railways leading to Bombay. On the other hand, there was some improvement on the Eastern Bengal and the Burma Railways.

The increase in the Irrigation Revenue is attributed to famine, as the drought in Northern India greatly enhanced the demand for canal water in the North-Western Provinces and Oudh and the Punjab.

6. The only important decrease of Revenue in India not directly connected with the famine was that of Rx. 486,062 under the head "II—Opium." The opium trade suffered a serious decline during the year and the price realised on the sales at Calcutta and the quantity exported from Bombay were much below the estimate.

A decrease of Rx. 32,319 occurred under Telegraph Revenue in India and there was also a falling off of Rx. 31,783 in the receipts of Law and Justice—Courts and Jails. The Budget Estimate of Telegraph Revenue was too sanguine and the decrease under Law and Justice was due to temporary causes partly connected with the famine.

7. The important increases in the Revenues in India in 1896-97 as compared with the Budget Estimates occurred under the following two heads, namely—

	Rx.
XII.—Interest	73,166
XV.—Mint	119,435

8. The Interest Receipts included Rx. 124,687 on account of the premium at which the 3 per cent. Rupee loan of the year was issued. Against this increase there was a remission of Rx. 40,000 of interest due by the Calcutta Port Trust.

The excess in the Mint Receipts represents the gain on a larger circulation of copper coinage caused by the famine. This increase in Revenue is indirectly connected with the scarcity, but no permanent addition to the circulation is made, the mint revenue of subsequent years will be adversely affected either by the return of the copper to store or by a diminution in the normal demands of later years.

EXPENDITURE SIDE.

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

	Amount of excess over Budget.
	Rx.
1. Refunds and Drawbacks	28,740
2. Assignments and Compensations	25,879
6. Stamps	406
13. Interest on Debt (gross payments)	46,460
15. Post Office	21,268
17. Mint	9,386
18. General Administration	11,478
19B. Law and Justice: Jails	109,946
20. Police	42,577
24. Medical	2,058
25. Political	20,532
29. Superannuation, &c.	8,061
32. Miscellaneous	7,905
33. Famine Relief	1,990,641
39. Guaranteed Companies: Interest	1,325
42. Major Irrigation Works: Working Expenses	50,480
Total	2,377,082

The expenditure has been kept well within the grants. The comparatively small excess of Rx. 12,833 under "Commissariat Establishments, etc." is more than explained by the high prices of food-grains and provisions, and the other items of excesses require no special notice. The total excess under the several grant heads of Rx. 13,140 is now sanctioned.

COMPARISON OF EXPENDITURE WITH GRANTS.

14. Paragraphs 9 to 12 of this Resolution deal with the aggregates of Imperial, Provincial and Local Expenditure. In paragraph 13, the Army expenditure in India has been considered in relation to the grants and in the following paragraphs the variations in Imperial, Provincial and Local Expenditure are examined separately with reference to the ordinary budget check in each department. The table below compares the expenditure with the Budget Estimates for each section of the accounts distributed under Civil, Military and Public Works heads, expenditure on famine relief being separately shown :—

	IMPERIAL.		PROVINCIAL.		LOCAL.	
	Budget.	Accounts.	Budget.	Accounts.	Budget.	Accounts.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
1. Civil Departments	3,245,100	3,253,356	9,735,700	9,832,815	1,502,500	1,463,979
2. Famine Relief	...	1,669,070	70,000	317,647	5,000	78,924
3. Other Civil heads (including Post Office)	6,166,700	6,043,509	6,490,200	6,437,327	1,270,100	1,255,965
4. Railway Revenue Account	13,169,900	12,695,917	611,600	644,716	...	...
5. Other Public Works heads (including Telegraphs).	4,797,000	4,204,830	3,970,900	3,767,432	1,760,100	1,697,315
6. Army	17,480,100	17,261,343	...	...	...	...
TOTAL	44,858,800	45,128,025	20,878,400	20,999,937	4,537,700	4,496,183

EXCESS OVER GRANT—IMPERIAL.

15. The excesses in 1895-97 in the Imperial Section of the accounts under the civil heads in each province, which were not covered by formal grants during the year, together with the whole of the Imperial share of the expenditure on Famine Relief, are shown in the following table under the appropriate major heads of account :—

Heads of Account.	AMOUNT OF EXCESS.								
	India.	Central Provinces.	Burma.	Assam.	Bengal.	North-Western Provinces and Oudh.	Punjab.	Madras.	Bombay.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
1. Refunds and Drawbacks	2,965	695	4,832	...	5,912	...	2,100	371	...
2. Assignments and Compensations.	...	1,037	...	...	...	3,973	93	...	...
3. Land Revenue	...	...	...	...	224	...	...	...	...
5. Salt	...	...	...	...	...	...	...	...	...
6. Stamps	4,186	53	...	7	284	...	170	...	...
7. Excise	...	...	919	...	...	...	130	...	198
9. Customs	...	...	...	...	...	...	...	...	1,502
10. Assessed Taxes	3	...	...	...	...	...	...	113	...
12. Registration	...	...	123	...	...	...	1,243	...	...
13. Interest on Ordinary Debt.	97,455	...	...	...	...	...	4	...	...

Heads of Account.	AMOUNT OF EXCESS.								
	India.	Central Provinces.	Burma.	Assam.	Bengal.	North-Western Provinces and Oudh.	Punjab.	Madras.	Bombay.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
14. Interest on other obligations.	...	83	319	36	1,056	...	1,214	...	...
15. Post Office	21,339	...	...	...	...	...	...	...	...
17. Mint	421	...	...	...	...	...	...	...	2,765
18. General Administration	...	...	...	...	2,581	...	...	...	...
19-A. Courts of Law	92	...	644	...	...	...	...	...	...
19-B. Jails	3,268	...	...	...	...	...	...	...	...
21. Marine	...	...	830	...	...	...	...	...	...
23. Ecclesiastical	...	...	...	...	...	...	2,643	590	...
24. Medical	425	...	...	...	...	...	...	...	...
25. Political	37,128	...	...	...	...	56	...	560	420
26. Scientific, etc., Departments.	...	121	...	...	...	183	113	...	...
27. Territorial and Political Pensions.	...	...	57	...	...	...	...	...	...
28. Civil Furlough, etc.	...	...	...	...	...	72	69	...	...
29. Superannuations	2,979	119	368	...	...	785	...	...	218
30. Stationery and Printing	...	...	1,031	...	...	...	...	...	...
32. Miscellaneous	5,603	415	1,833	...	...	215	2,207	...	1,110
33. Famine Relief	1,045	295,268	54,975	...	...	993,330	24,300	...	300,152
TOTAL	176,909	297,791	65,931	43	10,057	998,614	34,366	1,634	306,365

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

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

	Rx.
39. Guaranteed Companies :—Interest	1,325
42. Major Irrigation Works—Working Expenses	3,174
" " Interest	372

The Army Expenditure in India has already been dealt with in paragraph 13 of this Resolution.

EXCESSES OVER GRANT—PROVINCIAL AND LOCAL.

17. The following table compares the total Provincial and Local Expenditure in each Province in 1896-97, with the Budget Estimates:—

	BUDGET ESTIMATE.			ACCOUNTS.		
	Provincial.	Local.	Total.	Provincial.	Local.	Total.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
India ...	...	15,100	15,100	...	15,759	15,759
Central Provinces ...	806,000	140,600	946,600	803,840	137,118	940,958
Burma ...	2,174,500	193,600	2,368,100	2,146,971	176,005	2,322,976
Assam ...	676,000	132,200	808,200	655,876	116,987	772,863
Bengal ...	4,560,500	748,000	5,308,500	4,703,241	758,517	5,461,758
North-Western Provinces and Oudh.	3,225,300	1,126,800	4,352,100	3,219,416	1,073,003	4,292,419
Punjab ...	1,848,700	401,700	2,250,400	1,912,276	411,342	2,323,618
Madras ...	3,398,800	1,212,100	4,610,900	3,377,173	1,236,303	4,613,476
Bombay ...	4,188,600	567,600	4,756,200	4,181,144	571,149	4,752,293
TOTAL ...	20,878,400	4,537,700	25,416,100	20,999,937	4,496,183	25,496,120

The above figures include the expenditure from Provincial and Local Revenues on famine relief shown in paragraph 10 of this Resolution. The comparison of the aggregate grants and actuals for Provincial and Local Expenditure shows that the expenditure exceeded the estimate only in India, Bengal, the Punjab and Madras. The amounts of the excesses compare as follows with the excesses in the Provincial and Local Section under the head "33—Famine Relief."—

	Total Excess, Rx.	Excess due to Famine, Rx.
India ...	...	659
Bengal ...	...	170
Punjab ...	153,258	239,208
Madras ...	73,218	61,849
	2,576	56,285

Formal sanction is now accorded to the total excesses in the four Provinces shown above. In the North-Western Provinces and Oudh, the Budget grant included a sum of Rx. 70,000 on account of expenditure on famine relief, but no share of the actual expenditure was charged to Provincial or Local Revenues; but on the other hand an additional grant of Rx. 45,000 was made in the course of the year to meet excess expenditure under jails. In the Punjab also an excess expenditure from Provincial Revenues of about Rx. 14,000 was adjusted by special contribution from Imperial Revenues through the Land Revenue head.

SUMMARY.

18. The prominent facts connected with the appropriation audit of the year 1896-97 may be summarised as follows:—

A widespread famine caused a decrease in Revenue receipts of about Rx. 4,000,000, and an increase in the direct charges for the relief of distress of about Rx. 2,000,000; the famine also caused additional expenditure on account of grain compensation allowance and dearness of provisions of about Rx. 750,000, of which about Rx. 500,000 appeared as Army Expenditure in India. Although the total loss of revenue and increase of expenditure due to famine is estimated

at about Rx. 6,750,000, the net deterioration in the account of the year was compared with the Budget Estimates amounted to Rx. 2,168,122 only. The chief events contributing to this satisfactory result were:—(1) a saving in the net sterling expenditure of £266,571; (2) a reduction in the net charge for exchange on sterling expenditure of Rx. 1,507,644; (3) savings on the estimate of Army Expenditure in India excluding famine charges of Rx. 725,157; (4) exclusion from the Revenue Account of charges for the construction of Protective Railways, Rx. 473,500; and (5) a substantial improvement caused by a general restriction of Civil and Public Works expenditure and a normal development of the revenues.

19. The result as above summarised indicates that the Revenue Estimates of the year were moderate and that the estimates of ordinary expenditure left sufficient margin for normal variations. The local Appropriation Reports continue to give full explanation of all important differences and the ordinary Budget check appears to be strictly enforced. In the Appropriation Reports of previous years too exclusive attention has been paid to the explanation of differences between Estimates and Accounts, but in the Comptroller General's report now under review, a very satisfactory improvement in the form and nature of the Report has been made, and tables have been added under each head of expenditure showing the excess over Budget grants not formally sanctioned during the course of the year and the excesses or savings due to special unforeseen causes, such as famine, plague, variations in exchange, &c. In the opinion of the Government of India this mode of exhibiting the results of the appropriation audit of the year is likely to minimise the chances of failures of Budget check by drawing attention to amounts of unsanctioned excesses in each Province, and His Excellency the Governor-General in Council requests that, subject to detailed instructions from the Comptroller and Auditor-General, future Appropriation Reports may be prepared so as to bring out more prominently the cases of failures of Budget check and the reasons for such failures.

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

J. B. Munzate

Under Secy. to the Govt. of India.

CHIEF SECRETARY
-3. MAY. 1898
GOVERNMENT OF INDIA

GOVERNMENT OF INDIA.
FINANCE AND COMMERCE
DEPARTMENT.

ACCOUNTS AND FINANCE.
Estimates and Accounts.

To

No. 1838-A.

Dated Simla, the 26th April 1898.

Review of the Finance and Revenue Accounts
of the Government of India for 1896-97 and
the Comptroller and Auditor-General's Approp-
riation Report on these accounts.

When given for copying 11/5
When copied 11/5
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