Public Works (1897) Department.

G.O., No. 3458 W.

Dated 10th December 1897

[Despatch Abstract.]

Provincial Contract: Pros: Financial Dept.
Courts: with remarks & the departments of the
Secretariat Certain papers received from the
Govt of India on the subjects of the — and
the budget Estimates for 1898-99 Courts &
the Officers Concerned.

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W.S.

P. W. 25.
1,000—30-11-97.

Indexed.

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BACK PAPERS.

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

FURTHER PAPERS.

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

Public works (897) Department
Current No: 11583

Government {1897} of Madras.

FINANCIAL.

Recd. 22 - 11 - } 1897. *Enclosures* -
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G.O., No. 824, 5th October 1897.

Sp 3458 Ms dt 12-9-97

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Communicated to the

OCTOBER. officers concerned

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To The Ld. C. for I. with IK
" Ld. C. for Rys
" Exam. P.W. Secty

D 11/12/97

Provincial Contract.

Communicating, with remarks, to the departments of the Secretariat certain papers received from the Government of India on the subjects of the — 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 Provincial contract.

G.O., 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 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 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 Revennes. 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 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 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 th 22nd December 1896, to postpone the settlement of a standard of Land Revenu 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 Goverument 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	..	45,71	..	48,40
Customs	30	1,62	73	2,46
Post Office	..	1,07	..	1,02
General Administration	..	9,44	..	9,93
Courts of Law	5,70	44,03	7,40	46,92
Jails	1,90	8,60	4,26	10,51
Police	4,20	40,26	4,41	46,04
Marine	3	19	..	40
Education	1,37	14,29	1,93	16,79
Medical	73	10,77	1,22	13,07
Political	..	75	..	84
Scientific and other Minor Departments	1,49	3,32	2,13	4,20
Superannuation, etc.	33	14,00	47	15,52
Stationery and Printing	1,06	7,48	1,38	9,00
Miscellaneous	1,38	1,35	1,54	1,52
Famine Relief	..	..	..	..
Civil Works	1,07	20,10	1,58	22,00
Contributions between Provincial and Local	..	74	..	79
Lump addition to Assignment	..	1,00	..	1,50
Interprovincial Adjustment	..	32	..	..
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
			23,01				
1890–91	2,66	4,02			..	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)	¼	(b) 7,06
Excise	1,48,80	¼	37,20			
Stamps	79,67	¼	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			
XVI.—Courts of Law	7,40		13.—Interest		73,93
XVIB.—Jails	4,26		15.—Post Office	..	1,50
XVII.—Police	4,41		18.—General Administration ..	..	1,02
XIX.—Education	1,93		19A.—Courts of Law	9,93	
XX.—Medical	1,22		19B.—Jails	46,92	
XXI.—Scientific and other Minor Departments	2,13		20.—Police	10,51	
		21,35	21.—Marine	46,04	
XXII.—Superannuation, etc. ..	47		22.—Education	40	
XXIII.—Stationery and Printing.	1,38		24.—Medical	16,79	
XXV.—Miscellaneous	1,54		25.—Political	13,07	
		3,39	26.—Scientific and other Minor Departments	84	
XXVI.—State Railways	..	2,71		4,20	
XXX.—Minor Works and Navigation	..	1,86	29.—Superannuation, etc. ..	15,52	1,48,70
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	..	..
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	..	..	..

Heads of Expenditure.	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	18,64,000	5,45,000	..	24,09,000	18,64,000	5,45,000	..	24,09,000	..	..
5.—Salt (including cost of production)	87,000	2,61,000	..	3,48,000	87,000	2,61,000	..	3,48,000	..	..
6.—Stamps	4,71,000	1,57,000	..	6,28,000	4,71,070	1,57,000	..	6,28,000	..	..
7.—Excise	..	2,45,000	..	2,45,000	..	2,45,000	..	2,45,000	..	..
9.—Customs	14,000	13,000	..	27,000	14,000	13,000	..	27,000	..	..
10.—Assessed Taxes	8,63,000	8,62,000	..	17,25,000	8,63,000	8,62,000	..	17,25,000	..	..
11.—Forest	4,30,000	4,30,000	..	8,60,000	4,30,000	4,30,000	..	8,60,000	..	..
12.—Registration										
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	13,70,000	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	
Assam	5,00,000	Madras	15,00,000
Bengal	20,00,000	Bombay	20,00,000
		.. .. ..	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.

8. These loans can be made by Local Governments subject to the following limitations 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.

(*b*) 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.
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	
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 Works. Irrigation	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	..	..
North-Western Provinces and Oudh	..	14,19,000
Punjab	2,58,000	21,12,000
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.
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.
	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	
41. Miscellaneous Railway expenditure.	Subsidies (Assam)	
38. State Railways	Surveys	
	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. In the Punjab, charges for works classified as Provincial in 1896-97. In Bombay, Gokak Canal, 1st Section, including storage works.	The whole.
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 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.	The whole.
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 Provi[illegible] prior to 1882-83. In the contract of 1882 a share of the revenue, 28·8073 per [illegible], was assigned to Provincial to cover the difference between the estimates of ass[illegible]ed Provincial revenues and expenditure; from 1887-88 one-fourth of the general r[illegible]ue has been Provincial.

5.—Salt.—The Salt expenditure in Madras was wholly Imperial under th[illegible] contracts of 1882 and 1887. From 1890-91 expenditure is being incurred or [illegible]ount 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* / 23	9,53	10,47	9,44	9,93
19A.—Courts of Law	*37,58*	37,63	39,62	44,03	46,92
19B.—Jails	10,78	10,62	8,42	8,60	10,51
20.—Police	35,50	38,58	37,19	40,26	46,04
27.—Marine	..	17	19	19	30
22.—Education	9,45	10,42	10,66	14,29	16,79
24.—Medical	6,03	9,80	11,84	10,77	13,07
25.—Political	..	..	75	75	84
26.—Scientific and other Minor Departments ..	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**	**20.47**
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.					
XVIA.—Courts of Law	*4,36*	4,30	4,01	5,70	7,40
XVIB.—Jails	2,67	3,08	1,93	1,90	4,26
XVII.—Police	30	4,51	3,02	4,20	4,41
XVIII.—Marine	26	22	6	3	..
XIX.—Education	39	1,72	1,65	1,37	1,93
XX.—Medical	68	64	1,20	73	1,22
XXI.—Scientific and other Minor Departments ..	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 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.
	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways.					
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.) M Conchman.

for *Chief Secretary.*

To the departments of the Secretariat. 600
„ Accountant-General.

Exd. C. M. Thumbusawmy.