

REPORT
(INTERIM)
OF THE
GENERAL PURPOSES SUB-COMMITTEE
OF THE
RETRENCHMENT ADVISORY COMMITTEE

DECEMBER 1931

PART II.



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CONSTITUTION AND TERMS OF REFERENCE OF THE SUB-COMMITTEE.

The General Purposes Sub-Committee was charged with

- (i) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose of reviewing the public expenditure on these excepted items.)
- (ii) consideration of, and co-ordination of, the proposals made by the other Sub-Committees relating to the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

- (1) Sir ABDUR RAHIM, K.C.S.I., Kt., M.L.A., (Chairman).
- (2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., Member.
- (3) Mr. RANGASWAMY AYANGAR, "
- (4) Mr. S. C. MITRA, M.L.A., "
- (5) Mian Muhammad SHAH NAWAZ, C.I.E., M.L.A., "
- (6) Mr. K. C. ROY, C.I.E., M.L.A., "
- (7) Rai Sahib HAR BILAS SARDA, M.L.A., "
- (8) Mr. RAMSAY SCOTT, M.L.A., "
- (9) Khan Bahadur Hafiz WILAYAT ULLAH, I.S.O., M.L.A., "
- (10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department), Member.

Mr. S. P. SHAH, I.C.S. (up to 7th June 1931) Mr. W. R. TENNANT,
I.C.S.), Secretary

Reference—

“To make recommendations to the Committee* for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified.”

* i.e., to the Retrenchment Advisory Committee.

CHAPTER I.

GENERAL OBSERVATIONS.

(1) *Expenditure Surveyed.*—The General Purposes Sub-Committee has the honour to present its second interim report in which the following grants showing a total expenditure of Rs. 32,43,54,000, of which Rs. 13,70,26,000 is voted and Rs. 18,73,28,000 non-voted, have been dealt with. Of these, Rs. 24,12,39,000 represent grants under Interest heads, Pensions and Refunds, leaving a total of Rs. 8,31,16,000 with respect to which possibilities of economy have been considered. (These figures include 39·43 lakhs for the Nasik Presses.)

16—Customs ; 18—Salt ; 19—Opium ; 25 and 26—Debt Services ; 27—Staff, etc. of the Governor-General ; 29—Council of State ; 30—Legislative Assembly and Legislative Assembly Department ; 32-A—Home Department ; 32-D.—Reforms Office ; 33—Public Service Commission ; 34—Legislative Department ; 35—Department of Education, Health and Lands including the Office of the Keeper of Records ; 36—Finance Department (Ordinary Branch) ; 38—Commerce Department ; 40—Department of Industries and Labour ; 42—Payments to Provincial Governments for the administration of Agency Subjects ; 44—Administration of Justice ; 46—Ports and Pilotage ; 47—Lighthouses and Lightships ; 64—Commercial Intelligence and Statistics ; 65—Census ; 66—Emigration—Internal ; 68—Joint Stock Companies ; 69—Miscellaneous Departments—Examinations, Office of the Controller of Patents and Designs, Actuary, Bushire Coal Depot, Courts of Enquiry and Boards of Conciliation ; 71—Currency ; 72—Mint ; 74—Superannuation Allowances and Pensions ; 76—Miscellaneous—Allowances and Rewards, Books and Periodicals, Charitable Donations and European Vagrancy, Tariff Board and other special commissions and committees of enquiry, Compensations, Rents, Rates and Taxes on central buildings, Grants-in-aid, Local Clearing Office, Indian Soldiers' Board, Indian Delegation to the League of Nations, International Labour Conference, Other miscellaneous and unforeseen charges, Institute for Disabled Soldiers, Other miscellaneous charges ; 77—Refunds ; 80—Delhi ; 82—Andamans ; 86—Expenditure under the control of the Secretary of State ; 87—Expenditure under the control of the High Commissioner ; Ecclesiastical (non-voted).

We sat from the 5th October 1931 to 29th October 1931 and examined 30 representatives of the Secretariat and heads of the Departments, also Sir Chunilal V. Mehta and Mr. B. Dass, Member of the Legislative Assembly. For the details of the sittings see Appendix I (page 15.)

In our first report our attention was mainly concentrated on a number of specific activities and projects of the Education, Health and Lands and the Industries and Labour departments. In this report, in addition to certain undertakings of the Government of India, we had to survey the general features of various administrative organs of Government, their constitution and interrelation and the channels and processes through which Government business is conducted. We have also considered the means that exist of controlling expenditure both in the Government and in the Legislative Assembly and have suggested certain improvements in this connection.

(2) *Statement of financial position by the Hon'ble Finance Member.*—Since the first report was issued, the Hon'ble the Finance Member has made an important statement on the financial position in introducing a bill in the Legislative Assembly to supplement the Indian Finance Act, 1931. In it he has given us a detailed and up-to-date picture of the gravity of the situation and the direction

in which it is drifting. He has told us that the deficit in 1931-32 and 1932-33 has been estimated to reach the appalling figure of 39 crores and 5 lakhs. There has been a serious fall under every head of customs revenue and in the income-tax revenue, in addition to heavy losses in commercial undertakings of Government, in extraordinary receipts and under financial headings. He further says that there is no justification for expecting any large improvement in the budgetary position next year and that in fact income-tax revenue may be considerably less than in the current year. He states "I feel that Hon'ble Members are entitled to ask for this (meaning a more definite and detailed reduction in expenditure) and that we have no justification in putting plans for taxation before them except under the most solemn pledge of effecting the maximum reduction of expenditure. I feel no hesitation in taking this line because it is the right line in the public interest. Any improvement that we can effect by way of reduction of expenditure is a certain improvement but any improvement that we seek to make by increasing taxation depends entirely on our estimate being realised and in the present conditions with reduced purchasing power and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are to say the least highly uncertain". This is a frank and clear statement of the fundamental truth of public finance particularly applicable to the present conditions and correctly expresses the conviction which has underlain all our proposals. In dealing with the retrenchment proposals contained in our first report showing a saving of 1.21 lakhs out of a budget of 3.21 lakhs he accepted the figure (subject to further examination by Government), reduced by a margin of 20 lakhs, representing what he estimated as the charge for compensations and recurrent pensions payable in respect of officials whose posts are abolished, reckoning thus to get a net saving of about a crore on this part of the field. With respect to the remainder of the field now surveyed by us and presumably also the Foreign and Political Department and the "minor" administrations of North West Frontier Province, Baluchistan and Ajmer-Merwara which we have not yet dealt with, he gave a provisional estimate of a net saving of 90 lakhs. But he added, that if the General Purposes Sub-Committee find economies of greater extent than his own estimate so much the better. We do not know, for he has not told us, on what data this estimate of the Finance Department is based. But in this report which still excludes the expenditure under the control of the Foreign and Political Department we have found on a survey of the entire administrative arrangement of the Government and a close examination of its official establishments and procedure of business that economies of a much larger extent are possible in the demands which we have hitherto been able to explore.

(3) *Principles followed* :—We may here state that in making these proposals we have been guided by the same principles that we applied in dealing with other departments examined in our first report. We have proceeded strictly on the basis of the present constitution as indeed required by the implication of our terms of reference though not in so many words. At the same time we have not disregarded the warning of the Finance Member that there is a great deal of additional expenditure ahead of us in connection with the Round Table Conference and the subsidiary commissions and committees of enquiry and schemes like the proposed Reserve Bank.

(4) *Present constitution and administrative arrangements*.—In order that our proposals may be understood in their true significance, it is necessary that we should bear in mind the general features of the present constitution and the nature of the administrative machinery with its component parts. The Government of India is a subordinate government, the paramount control of its policy and of the entire Indian administration being vested in the British

Parliament and exercised by the Secretary of State for India at Whitehall. Some of the functions of the Secretary of State were delegated to a High Commissioner in London first appointed in 1920-21. The budget of the Secretary of State and his Council and office establishment under administrative heads was £295,168 immediately before the office of the High Commissioner was created, i.e., in the year 1919-20. His gross budget now (i.e., for 1931-32) is £220,125 not taking into account his salary which is borne by the British Budget and the High Commissioner's gross budget is £189,675.

This shows in the total an increase in expenditure in London of £114,632 within the last eleven years.

The chief features of the evolution of the government in India are well-known. In addition to the two older presidencies of Madras and Bombay, fully equipped and self-administering provincial governments have been established for the rest of India, excepting the frontier areas of the North West and Baluchistan and the smaller areas of Ajmer-Merwara and the Andamans. Provincial governments have come into being either by detachment of certain areas from the Central Government or by separation from the larger provinces and this process of decentralisation is still at work. The Central Government, however, retains powers of general control and supervision over the policy and administration of all local Governments with the exception of subjects popularly known as "transferred".

By the Reforms of 1921 which opened a new chapter in the constitutional development of India the important subjects of Education, Medical and Health, Agriculture, Local Self-Government, Public Works, Provincial Finance and provincial services, and in some provinces Forests and Irrigation were transferred to the charge of Ministers responsible to the respective Legislatures. *Prima facie* these transfers should imply a very considerable relief to the Central budget. But we have shown in the first interim report that contrary to the spirit of the Government of India Act expensive establishments are still maintained in connection with some of these transferred subjects necessarily swelling its expenditure.

The Local Governments themselves through Executive Councils presided over by the Governor with full secretarial and departmental staff at the headquarters and extensive administrative and executive establishment in the districts, sub-divisions and other units of district administration administer the "reserved" subjects. It is therefore the general situation in the country and important questions affecting the good government of India as a whole which lie within the province of Government of India in the exercise of its powers of control and supervision over the administration of the provinces.

The main subjects that are centrally administered are All-India Finance, the Central Revenues, Army, Foreign relations, Political agencies, legislation affecting the whole of India, "minor" administrations (*viz.*, the North West Frontier Province, Baluchistan, Delhi Province, Ajmer-Merwara and the Andamans), Commerce, Railways, Posts and Telegraphs and Labour. In the Central Government are also vested the residuary powers. The administrative arrangements within the Government of India itself have been developing along similar lines. The tendency throughout has been towards decentralisation of work through 'departments', 'attached offices', subordinate offices fully equipped with their staffs. They work under six different divisions of the secretariat each in the charge of a Member of the Viceroy's Council.

(5) *Growth of Expenditure*.—The following table will show the growth of expenditure in different divisions of the secretariat and in the departments and 'attached' and 'subordinate' offices as manifested in the respective budgets of 1913-14 (a pre-war and normal year), 1921-22 (shortly after the Reforms when

the Inchcape Retrenchment Committee was appointed under financial stress somewhat similar to the present, though not so acute), 1924-25 (when the effects of the economy proposals of the Inchcape Committee would be expected to appear in the budget) and 1931-32 (the present financial year). Details under each head with explanations are given in Appendix II (pages 16-21).

	1913-14.	1921-22.	1924-25.	1931-32.
Expenditure accounted for on behalf of the—				
Commerce Department	40·84	61·42	63·63	83·64
Department of E., H. & L. . . .	68·13	1,46·51	1,18·92	1,62·52
Finance Department	4,64·78	6,30·75	5,83·01	7,29·35
F. & P. Department	4,07·07	4,89·12	5,49·43	6,52·76
Army Department	29,88·26	59,59·16	59,73·20	56,54·18
Legislative Department and Legislative Assembly Department.	3·98	14·85	13·67	15·35
Industries & Labour Department .	7,12·34	13,13·34	12,63·42	16,81·17
Home Department	56·69	1,08·59	1,05·93	1,67·23
	47,42·09	87,23·74	86,71·21	91,46·20

(6) *Commissions and Committees.*—In addition, however, to the Secretariat and the various permanent departments and offices a great deal of the business of the Government of India is transacted through Commissions and Committees of enquiry. We give in appendix III (pages 22-27) a list showing the various Commissions and Committees that were appointed since 1921. Their total cost amounts (in lakhs) to Rs. 1,43·07 as shown below :—

1921	10·59
1922	3·27
1923	23·77
1924	9·77
1925	9·15
1926	19·07
1927	20·08
1928	11·51
1929	29·48
1930	2·67
1931	3·71
	<u>1,43·07</u>

The above figures tell their own tale.

(7) *Government departments and non-official agencies.*—Now let us take a bird's eye-view of the various official and non-official agencies maintained at present in this country for the discharge of Government of India's responsibilities. For securing the support of the people in their financial and their legislative proposals and for ascertaining public opinion on the administration, the Government act mainly through the central legislature namely, the Assembly and Council of State. The Legislative Department (a purely official body and distinct from the Assembly and the Assembly Department) with the Law Member in charge drafts bills for all departments of Government, interprets for them Statutes, Regulations and Rules, gives opinion on the legal questions that arise from day to day—having recourse for this purpose in specially

important or difficult matters to the Advocate General of Bengal and the Standing Counsel to the Government of India. The Department also administers the establishment of the Council of State. In all questions involving prolonged enquiries, Government, as already stated, avail themselves of commissions and committees of enquiry specially appointed for the purpose.

The official agencies of Government in addition to the Secretariat proper are, as mentioned above, allocated in different departments each in the charge of a Member of the Viceroy's Executive Council.

In the *Home Department* we have the following fully-equipped and self-contained offices :

The Public Service Commission (to help Government in the administration of all-India services in matters of recruitment, discipline, determination of domicile for the purposes of Lee concessions, questions relating to promotion and the like), the Bureau of Public Information (to collect and supply information to Government as to the trend of public opinion and to do publicity work on its behalf), the Intelligence Bureau otherwise popularly known as the Criminal Intelligence Department (which collects information for and advises Government in dealing with all-India problems relating to law and order and the effects thereon of political activities).

In the *Commerce Department* the Tariff Board makes enquiries and submits its recommendations in connection with fiscal proposals, the Commercial Intelligence and Statistics Department is entrusted with work of the nature indicated by its title and the Nautical Adviser and the Chief Surveyor along with the Chief Inspector of Lighthouses and Lightships advise Government with respect to shipping matters. The Actuary is in charge of Insurance and other actuarial work. The Railway Board with its own Financial Commissioner administers all State Railways, also under the Commerce Member.

The *Industries and Labour Department* has the Director General and his staff in charge of Posts and Telegraphs. A Chief Engineer and his staff administer the Public Works Department and similarly the Geological Survey, Mines, Dhanbad School of Mines, Meteorology, Civil Aviation and the Indian Stores Department are each administered by separate directorates and administrative officers.

In the *Education, Health and Lands Department* the main portion of the work relating to Medical, Health, Education and Agriculture has been transferred under the Government of India Act of 1919 to the charge of Ministers in the provinces. But for dealing with such aspects of the work for which the Central Government makes itself responsible, we have the Director General of Indian Medical Service, the Public Health Commissioner, the Educational Commissioner, the Imperial Council of Agricultural Research and the Agriculture and Veterinary Experts. The department has also charge of the Survey of India, Archaeology, Botanical Survey, Zoological Survey, Forests; Emigration, various Research Institutes and other Scientific Departments each with its own separate staff and a departmental head.

The *Finance Department's* ancillary offices are : The Military Financial Adviser for Military Finance, the Financial Commissioner for Railways, and the Financial Adviser for Posts and Telegraphs, with their staffs, to advise the Honourable Finance Member with respect to their respective subjects. The Central Board of Revenue administers the revenue-collecting departments of Government (Customs, Taxes on Income, Salt, Opium and Stamps) and advises Government on revenue matters generally. The Accounts and Audit offices, the Controller of the Currency, the Masters of Mint, the Nasik Security Printing and Currency Note Presses have complete administrative staffs of their own.

In matters relating to Exchange, Currency, Mint, Public Debt, administration of Government securities and other kindred matters, the Finance Member receives information and advice among other sources from the Controller of Currency and the Imperial Bank of India. For preparing the Budget there is a responsible Budget Officer with the necessary establishment. The Finance Department proper, *viz.*, the Secretariat which is called the Ordinary Branch has in addition to the above departments and offices the following sections :— Finance and Accounts, Expenditure Branches I and II and the Schedule Branch for controlling expenditure, the Regulations Branches I and II for interpreting the C. S. R. and Fundamental Rules, the Cash Branch and the General Branch.

The problem with which we are specially concerned in the present enquiry relates principally to the growth of official staff with consequential increase in expenditure under the heads of pay, pensions, various forms of allowances, the cost of certain privileges and concessions, contingencies and supplies and services. Much of the increased expenditure is due either to the creation of ancillary departments and offices or to gradual expansion of those that already existed as will be seen from the history of the grants under their respective heads. One would have naturally expected that with extensive devolution of Government of India's responsibilities to local Governments on the one hand and the creation or expansion of subsidiary and subordinate offices under the Secretariat on the other, the work of the Central Government in the Secretariat proper would, in the first place, be considerably lightened. But it will appear from the budgets of the various sections of the Secretariat that their expenditure also has in most cases gone on increasing, in some more than in the others.

New Services.—The following are instances of new services which have been undertaken by the Central Government since 1921 for which large and expensive staffs and in many cases with highly paid directorates have been separately provided :—

Grant.	New service.	Budget provision, 1931-32. (In lakhs).	Remarks.*
17—Taxes on Income.	Centralisation of income-tax administration.	71.18 (approximate).	See Appendix II which shows that the cost of collection through provincial agency was 4.69.
21—Forest . . .	Training of probationers for the Indian Forest Service.	73 (approximate).	Part II, Chap. XXI, para. (III).
37—Separation of Accounts from Audit.	Institution of experimental offices in the United Provinces and N. W. F. P. and for certain central departments in connection with the scheme for the separation of accounts from audit.	Figures not separately available.	The total extra cost of the scheme is proposed to be saved under orders of the Finance Department.
42—Audit . . .	Establishment of a Commercial Audit Branch.	Figures not separately available.	This has been dealt with by the Public Works and Audit and Accounts Departments Retrenchment Sub-committee.

* The numerals refer to the chapters and paragraphs of this report in which reductions have been proposed by this Sub-Committee.

Grant.	New service.	Budget provision, 1931-32. (In lakhs.)	Remarks.
46—Ports and Pilotage.	(i) Institution of the training ship 'Dufferin' for the training of Indians for the Indian Mercantile Marine.	2.38	Part II, Chap. VIII, para. 8 (c) (ii).
47—Lighthouses & Lightships.	(ii) Centralisation of the administration of shipping and navigation and of lighthouses and lightships.	Figures not separately available.	Part II, Chap. VIII, para. 8.
49—Meteorology	Provision of meteorological facilities in connection with civil aviation.	9.20 (estimated).	Part I, Chap. XI, para. 5.
60—Imperial Council of Agricultural Research.	Agricultural Research	8.00	Part I, Chap. XX, para. 17.
62—Industries	Indian School of Mines, Dhanbad.	1.97	Part I, Chap. XXI, para. 6.
63—Aviation	Development of civil aviation.	35.77	Part I, Chap. XXII, para. 5.
67—Emigration—External.	Appointment of Agent in South Africa.	1.10	Part I, Chap. XXIII, para. 3.
69—Miscellaneous Depts.	Broadcasting.	2.96	Part I, Chap. XXIV, para. 3.
76—Miscellaneous	Tariff Board	2.32	Part II, Chap. XVI, para. 12.
80—Andamans	Reclamation of swamps	3.23.	Part II, Chap. XVIII, para. 7(x).
W. I. S. Agency (non-voted).	Assumption by the Government of India of direct relations with the States in Western India.	11.00 (approximate).	This shows the increased expenditure caused by the creation of this Agency.

(9) *New offices.*—In connection with the work formerly performed in the Secretariat itself, expensive new offices with highly paid officers in charge have also recently come into existence, some instances of which are given below :—

Grant.	New offices.	Budget provision, 1931-32. (In lakhs).	Remarks.*
30—Legislative Assembly & L. A. Department.	L. A. Department	4.17	Part II, Chap. VI, para. 5, page 60.
32—Home Department.	Reforms Office	2.34	Part II, Chap. VI, para. 5, page 64.
32—Home Department.	Bureau of Public Information.	1.39	Part I, Chap. VI, para. 4.
33—Public Service Commission.	Public Service Commission.	3.66	Part II, Chap. VI, para. 6, page 69.
41—Central Board of Revenue.	Central Board of Revenue.	3.07	Part I, Chap. VIII, paras. 5 and 6.
87—High Commissioner.	High Commissioner's Office.	75.11*	Part II, Chap. IX, paras. 9 and 10.
70—Indian Stores Department.	Indian Stores Department.	8.32 (net)	This is being dealt with by the Stores and Stationery and Printing Sub-Committee.

*Includes miscellaneous expenditure as well, viz., leave salaries and agency items amounting to Rs. 41.32 lakhs.

(10) *To what extent is increased expenditure due to the development of a democratic form of Government?*—It is said generally that a substantial portion increased expenditure is due to the development of a democratic form of government taking the place of pure bureaucracy. Let us analyse the facts in this connection. The central Legislature and their departmental establishments with a total budget of Rs. 10·14 lakhs (the Legislative Assembly Department's budget is Rs. 4·17, the Legislative Assembly's budget is 4·12, and the Council of State's budget accounts for the growth of expenditure in the Legislative Department which administers it to the extent of about Rs. 1·85) must be entirely attributed to this source. We must also add under this head the increase in the number of commissions and committees of enquiry which within the last ten years cost the central revenues Rs. 1,43 lakhs. Further there can be no doubt that the activities of the Legislature have to some extent added to the work of most of the Government departments and the Secretariat in collecting information in order to enable Government to answer the interpellations of honourable members and to deal with resolutions and private bills.

But the real and effective cause of the growth of expenditure in so far as it is attributable to the introduction of popular voice in the administration is the dual character of the system leading to a conflict of outlook and interests. As a result of the Reforms there are two systems at work, each pulling its own way. It is perhaps the natural tendency of all centres of power to increase their own strength. We must not therefore wonder if the official Government tries more and more to fortify its position by as many lines of defence as possible. The popular voice on the other hand strives to assert its own authority on the administration. One signal outcome of the position is to be seen in successive concessions to the popular demand in the shape of commissions and committees of enquiry whose reports ultimately find their way into the official crucible. There has been yet another incentive to the growth of expenditure in the cry for Indianisation of the administration which in more than one instance has, we are persuaded, led to the creation of new posts. For instance the Railway Board consisted of four members in the year 1929 when an additional member—a statutory Indian—was appointed. It would be possible to add other instances.

(11) *New activities.*—A part of the increased expenditure is due to the Government of India having undertaken certain new activities. In our first report we recommended that new activities like the State Air Service and Broadcasting should be kept in abeyance until the financial situation improves and that the expenditure on certain other activities should be considerably curtailed either because in course of time their spheres of operation have become substantially narrowed or because of the development of certain institutions such as the Universities which can take up the work at less cost with perhaps better results, and in the cases of some departments on the general ground that they are over-staffed, for example, the Survey of India, the Geological Survey, Botanical Survey, the Forest Institute at Dehra Dun. The Tariff Board which has been dealt with in this report came into existence as a result of the fiscal policy adopted by Government on the recommendation of the Fiscal Commission.

(12) *Main problem before the Committee.*—Our main problem, however, is concerned with the continuous increase in expenditure in the Central Government caused by an overgrowth of staff. There can be no doubt that much of this growth is due to the establishment of separate ancillary departments and offices but since most of them have come into existence recently, we have, in order to avoid causing undue disturbance of existing arrangements, refrained

from recommending their merger in the Secretariat, although we believe that such a course would result in substantial reduction of the staff. We have, on the other hand, proposed reduction of the staff both in these subsidiary offices and the Secretariat proper and we also suggest that each case should be carefully watched with a view to see whether some of the headquarters establishments could not be amalgamated with the Secretariat with resulting economy. The present arrangements in so far as they lead to considerable duplication of work, as in our opinion they undoubtedly do, must be suitably modified in the interests of economy and also because they must lead in most cases to a loss of real efficiency. We have come to the conclusion that the only practicable solution of the position, however, largely depends on how far the Government and the Secretariat are prepared to change their attitude towards the ancillary departments and offices and the directorates of the latter towards their officers and assistants, both of which classes, we note, are educationally well equipped and undoubtedly very well paid. To take one instance, each of the revenue-collecting establishments of the Government of India is in the charge of a responsible and experienced officer assisted by junior officers of a good status—in many cases belonging to the I. C. S., and at the headquarters, in addition to the Secretariat proper, there is a Central Board of Revenue for purposes of supervision and control. As if these two sets of supervising and controlling agency over the local administration and executive staff were not enough, we find in the Salt department another intermediary—the Commissioner, Northern India Salt Revenue Department. We have accordingly recommended the abolition of his office. We are convinced that supervision and co-ordination is generally very much over-done in the Government of India. What is clearly needed is greater reliance on the sense of responsibility of the various units of administration. This view of the position is confirmed by such an eminent body as the members of the Public Service Commission in their replies to our questionnaires. They say:—"In most matters of importance with which the Public Service Commission deal it appears to them, as far as they can ascertain, that after the matter has been most elaborately considered by the five members of the Commission it is considered, *ab initio*, in the Government offices." This one sentence describes briefly but conclusively the evil of the present system. The distinguished Chairman of the Commission, Sir Ross Barker, cited cases before us in support of the above statement. The Commission also told us that Government of India do not sufficiently utilise their services and that in fact they could do much more work than what is actually entrusted to them.

Similarly we find that in practice enough use is not made of the results of the labours of non-official commissions and committees of enquiry. Here again the respective departments feel themselves bound to subject to 'elaborate and detailed examination'—to quote the very words of the memorandum of the Industries and Labour Department—the reports of these commissions and committees so that further considerable expenditure of public time and money is caused by a reconsideration of the very subject by officials of the Secretariat who have not the same opportunities nor in many cases the qualifications for dealing with it. There are now the reports of two such important bodies, the Labour Commission and the Banking Enquiry Committee before Government and according to the usual procedure it is naturally expected that additional staff would be requisitioned in order to deal with them. If one bears in mind the distinguished personnel of these two commissions, the time and labour they devoted to their task, the number of witnesses they examined, the Governments and the officers they consulted, the places they had to visit in connection with their enquiries and the amount of money which these enquiries cost to the country, it cannot be difficult to realise how indefensible

is the attitude and procedure which is ordinarily adopted by Government in these matters. If Government on the other hand confined themselves, in such cases, to the examination of the recommendations from the point of view of well-established policies and their political and financial effects, there would be a considerable saving in time and public expenditure.

In short, the proposals for economy which we have made can be easily carried out if Government treated their own subsidiary departments and officers and non-official bodies like commissions and committees of enquiry and also the legislature as so many responsible parts of Government and not as more or less extraneous and irresponsible bodies, the result of whose activities must in every case be scrutinised with a jealous and suspicious eye.

(13) *Organisation of the Secretariat*.—The Secretariat is not only overstaffed but the multiplicity of nomenclatures and official designations that prevail is apt to be misleading and to create confusion. We have for instance in the "officers" list, 'Secretary', 'Additional Secretary', 'Joint Secretary', 'Deputy Secretary', 'Additional Deputy Secretary', 'Assistant Secretary', and 'Superintendents'. We have proposed that the normal officers' staff should consist of one secretary, one deputy secretary and one under-secretary and the establishment should be in charge of a Registrar, while the ministerial work in connection with 'cases' will be under the disciplinary supervision of assistants in charge of distinct groups. Assistants should note direct to officers. The posts of assistant secretaries and of superintendents who are promoted assistants should as a rule be done away with. The secretary, assisted by a deputy secretary, will help the Hon'ble Member in dealing with all important questions of policy and the political and financial effects of departmental proposals. In some special cases we have proposed an additional deputy secretary. We are convinced that in many departments there is too much noting. That should be reduced to the minimum. Routine cases, as far as possible, should not be allowed to occupy the time of officers. The under-secretary, if he is a junior officer, should only deal with the less important cases under the guidance of the deputy secretary or the secretary. We also wish to make it quite clear that except in cases where the posts of secretary or deputy secretary have been reserved by Statute for members of the I. C. S. all the others should be open to members of the other services and to assistants, if found fit. We have proposed a small extra remuneration for the assistants who will be placed in charge of sections. The above arrangements will be found entirely feasible, if the practice which now exists to a very limited extent, for heads of certain subsidiary departments and offices to submit cases direct to the Honourable Member in charge, be largely extended. We do not believe that this would result in decisions of Government being based on a narrower point of view and we are clearly of the opinion that no mere Secretariat etiquette or technicalities should be allowed to stand in the way of considerably modifying the procedure in the direction we have indicated.

We have recommended considerable retrenchment of the staff but we may add that if we had the time and the opportunity to examine still more closely the details of administrative arrangements at the headquarters and more particularly the establishments maintained in the provinces such as of the Customs, Income-tax, Salt and Ports and Pilotage, we believe we would have been in a position to recommend even larger economies. We are further of opinion that, if necessary, office hours may be extended in appropriate cases.

(14) In our first Report we recommended the withdrawal of the Lee concessions excepting those in the form of increased salaries which, pending consideration of the general question relating to pay and allowances, would be subjected, as proposed by us, to percentage cuts. We were unable then to show the cost of these concessions but we are now informed that it amounts altogether to Rs. 52 lakhs, the share of the Central Government being 14 or 15 lakhs. We hold that having regard to the present state of the country's finances Government should retrench this item of expenditure whatever justification did or did not exist for it at the time the Lee Commission made their recommendations. This will mean a saving of Rs. 14 or 15 lakhs in the central budget.

We may observe here that real justification for growth of expenditure in a government should be sought in the increased wealth of the country and contentment of the people, but no such justification can be claimed in view of the falling revenues in spite of increased taxation in all forms and ever-growing political troubles due largely to economic distress and unemployment among various sections of the population.

(15) *Ecclesiastical expenditure.*—We have proposed that the Ecclesiastical establishments, which cost altogether over Rs. 32 lakhs, should not be a charge on the Indian revenues. The maintenance of an established Christian Church in this country is in our opinion a violation of religious neutrality which is the cornerstone of the policy of British régime in India. A portion of this budget provides for spiritual ministration to the British Army but how much exactly, the Commerce Department, which is in charge of the subject, could not tell us. It is not within our province to examine the need for providing for the services of clergy and chaplains for the Christian population generally or for the British Army in India and the General Purposes Sub-Committee would indeed be loath to stand against any class of people living in India receiving religious ministrations. But we had no hesitation in holding that the Indian revenues should not be burdened with the maintenance of an established Christian Church. In India there are very zealous and worthy missionary bodies of all denominations throughout the land and we entertain no doubt that they would be glad to take charge of the necessary religious services to all Christians employed in the Civil or Military departments of Government. Further, there is no reason whatever why the Christian population in India, permanent or temporary, should not like the others make their own provision for the satisfaction of their religious and spiritual needs. State-maintained established churches have, we believe, disappeared from practically the whole of Europe and America and the British Colonies and from parts of Britain itself. It is an anomaly that India of all countries should be made to maintain an established Anglican Church. We are told that some Moulvis and Granthis are maintained in the Indian Army establishments, but we entertain no doubt that retrenchment of these insignificant items of expenditure would in no way be objected to by the people if the Indian budget were relieved of the extremely heavy expenditure on the ecclesiastical establishments.

It has been suggested that since the East India Company confirmed many grants of revenue-free land in favour of Muhammadan and Hindu religious establishments, the maintenance of Christian ecclesiastical establishments is not a breach of religious neutrality. This argument is based on an entire misreading of history. In the first place the grants referred to were mostly confirmed by the Company either as the Diwan or Chief Revenue Officers of the Mughal Rulers of the day or from purely political considerations and it is

a fantastic travesty of facts to suggest that they did so in anticipation of the Government that followed establishing a Christian Ecclesiastical service to be maintained out of Indian revenues. This is made still clearer by the fact that the British Government in India which subsequently took over charge of certain Muhammadan and Hindu pious endowments for purposes of better management was soon afterwards compelled by the pressure of Christian sentiment in England not to associate itself with non-Christian institutions. Further, the grants of revenue-free lands by way of Inams or Jagirs or Maafis were in fact made in most cases to certain holy fakirs and sannyasis for their monasteries and not for the maintenance of Muhammadan or Hindu ecclesiastical establishments properly so called.

It has also been said that our proposal that the revenues of the Central Government should not be charged with the expenditure on Ecclesiastical establishments is not within the purview of a retrenchment committee. The contention amounts to this that though we can properly recommend 'reduction' of expenditure to any extent that may be justified, we are not at liberty to recommend abolition of a certain head of expenditure altogether, however opposed it may be to any established policy of Government. Such an argument would only be tenable if the maximum proportion or quantum of reduction had been laid down by the terms of reference but no such limitation has, in fact, been imposed. On the other hand, we have recommended the total abolition of expenditure on certain activities and these recommendations have been accepted by Government, even though such activities were in no way opposed to any policy of Government, *e.g.*, Broadcasting, the Indian State Air Service.

We would, however, make an exception in the case of the grant amounting to about Rs. 1·33 lakhs for Christian cemeteries, because we think that India should be responsible for providing the last resting place for those who die in this country while in her service.

Mr. Ramsay Scott would confine his statement of the case to the following proposition :—

“That the maintenance of the ecclesiastical establishments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed.”

(16) *Further action by Government.*—We have already expressed our belief that there is room for still further reducing the expenditure of Government by curtailment of the staff and by reorganisation and we have in some specific cases recommended that Government should not be satisfied with the proposals that we have been able to make within the time at our disposal but should make supplementary enquiries. We should also note that as in most of the departments dealt with in our first interim report so in almost every department and office surveyed by us in the present enquiry the salaries and allowances are much in excess of what India can afford to pay. But we have made no definite proposals on the subject as it is a matter which will be the subject of a special enquiry.

(17) *Form of Estimates.*—We have mentioned in our first report that we are not satisfied with the way the “Detailed Estimates and Demands for Grants” is framed. We have again with respect to the grants examined in the present report encountered difficulties in ascertaining from the Detailed Estimates and Demands for Grants what exactly is the nature and amount of expenditure under certain heads. Nowhere in the Estimates and Demands for Grants could we find information relating to the cost of the concessions and privileges in the form of increased pay, passages for officers and their families, and other similar

items included in what are known as the Lee concessions. Similarly it is impossible to ascertain what is the actual cost of free residential accommodation provided for certain classes of officers. We also see no justification for the gross expenditure of the Nasik Security Printing and Currency Note Presses, which amounts to Rs. 39·43 lakhs, not being shown in the Detailed Estimates and Demands for Grants. We have further noticed that in more than one instance the receipts are not shown. We have also evidence that in some cases the figures given are not altogether reliable, for instance, the estimate for Civil Aviation.

(18) *Financial control*.—Although in our questionnaire (question No. 6) we asked for a full statement regarding the system of financial control over expenditure, it was not supplied to us by the Finance Department. A non-official body like ours, not possessing sufficient inside knowledge of the financial administration, was naturally handicapped, in the absence of a proper memorandum from the department, in eliciting by oral examination of its representatives all the information necessary to enable us to arrive at a satisfactory conclusion on the very important question whether the control of the Finance Department over the expenditure of the Government of India is or is not adequate and efficient.

On such data, however, as were available, our survey of the expenditure so far reviewed has convinced us that the financial control of the Finance Department needs to be considerably strengthened. The considerable increase in expenditure, which has taken place since effect was given to the recommendations of the Inchcape Retrenchment Committee, is in itself ample evidence to show that there has been laxity of control. Much greater vigilance is required on the part of the Finance Department to prevent any growth of expenditure. Any growth in revenue should not, in our opinion, be permitted to result in increased expenditure. Such increase in revenue, as may accrue, must be devoted to reducing the burden of taxation.

Although there are three sections (Expenditure Branches I and II and the Schedule Branch) in the Finance Department in addition to such provision as exists in each department for the examination of new proposals in their financial aspects, we are not satisfied that the control over such expenditure is sufficiently vigilant. Nor are we satisfied that the Standing Finance Committee supplies the necessary amount of check, probably owing to the fact that it does not get an accurate picture of the general financial position when the new proposals are submitted to its scrutiny. We suggest that the normal expenditure having been brought down to a level which would leave a reasonable surplus in the hands of Government even in times of depression such as these, proposals entailing additional expenditure should only be entertained when careful revenue estimates admit of such additions. We are perfectly conscious that the present financial stress is in some measure due to factors which could not have been, and were not in fact, foreseen by any country. At the same time, we are not satisfied that the present budgetary position has not been at least substantially brought about by preventable causes.

There is another factor which contributes to the growth of expenditure without reference to the revenue position. The Secretary of State being the final authority for the disposal of revenues of British India can and does enter into commitments without the approval of the Government of India, who have to handle the revenues and who are in the best position to know what moneys they have got available. The grant of Lee concessions, which, it is a matter of common knowledge, were forced upon the Government of India, is a case in point.

(19) *Appreciation of the Staff's work.*—We once again express our appreciation of the services rendered to the Sub-Committee by our Secretary, Mr. S. P. Shah, I.C.S., whose energy and enthusiasm has greatly lightened our work. Our thanks are also due to the Assistant (Mr. N. N. Singh), the stenographer (Mr. Gur Bakhsh Singh), the clerk (Mr. S. M. Badrud-Din) and the Assembly reporters, who had to work very hard throughout the sittings of the General Purposes Sub-Committee.

(20) *Summary of savings.*—We give below a table showing the effect of our proposals under various heads but it must be borne in mind that it was not possible to make exact calculations in a few cases.



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Summary of immediate reduction of expenditure (with effect from the 1932-33 budget) resulting from the recommendations made in Part II of the Report.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30	1931-32	Reduction proposed.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot-notes.
			Grant (Actuals). Lakhs.	Grant (Budget). Lakhs.		
1	II. Customs . . .	16	96.17	96.44	16.00	
2	III. Salt . . .	18	127.05	124.12	12.00	
3	IV. Opium . . .	19	48.81	73.63	2.21	Also additional revenue of .11 lakh. Some other savings cannot be calculated.
4	V. Security and Note Presses, Nasik.	..	..	..	..	Savings proposed amount to 1½ lakhs, <i>vide</i> Summary.
	VI. General Administration.	..	..	..	..	Army Department and Military Finance have both been excluded from consideration.
5	(1) G. G.'s staff, household, etc.	27	14.31	15.26	1.68	Only about .40 is a genuine permanent saving.
6	(2) Council of State .	29	1.53	1.55	.65	
7	(3) Legislative Assembly and Legislative Assembly Department.	30	7.36	8.29	.41	Saving will be .70 when the Deputy Secretary's post is abolished.
8	(4) Home Department	32	6.07	6.02	1.52	
9	(5) Reforms Office .	32-D	..	2.34	.70	
10	(6) Public Service Commission.	33	3.62	3.66*	1.36	Additional receipts of Rs. 2,500.
11	(7) Legislative Department including Solicitor's branch.	34	5.29	5.51	1.24	Includes a saving of .26 in the Solicitor's branch.
12	(8) E., H. & L. Department including the Records Office.	35	7.76	8.18	2.25	Includes a saving of .24 in the Records Office.
13	(9) Finance Department (O. B.).	36	6.47	7.44	1.71	Military Finance left out.
14	(10) Commerce Department.	38	3.94	4.83	.98	
15	(11) I. & L. Department.	40	5.94	6.53	1.90	
16	(12) Delhi-Simla move	..	..	5.79†	2.48	
17	(13) Payments to Local Governments for "agency" work.	42	2.58	2.30	Nil	
18	VII. Administration of Justice.	44	.53	.55	Nil	
19	VIII. (1) Ports . . .	} 46	9.61	11.92	1.50	There should be additional revenue of about 4½ lakhs.
20	Pilotage . . .		12.87	14.24	3.87	An extra provision of one lakh will be needed in 1932-33.

*Plus .64 under grant No. 69-B.—Examinations, savings on which are .14.

†The 1931-32 provision for the Delhi-Simla move is already included in the 1931-32 provisions for the departments and attached offices. Many but not all of these provisions have been shown in this column. The provision has not been included in the total.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30 Grant (Actuals).	1931-32 Grant (Budget).	Reduction proposed.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot-notes.
			Lakhs.	Lakhs.		
21	(2) Lighthouses and Lightships.	47	13.88	12.98	.25	Plus some other savings. But we leave the entire savings out of account.
22	IX. Commercial Intelligence, etc.	64	3.21	5.81	2.76	An additional saving of .10 when Milan office is opened. Also see remarks against Serial No. 49.
23	X. Census	65	.27	33.89	24.14	The reduction is automatic.
24	XI. Emigration—Internal.	66	.43	.47	.16	
25	XII. Joint Stock Companies.	68	1.29	1.43	.09	
	XIII. Miscellaneous Departments.	69	..	..	..	Total saving in these portions of grant No. 69 is .26 lakh on the 1931-32 provision of 1.88 lakhs.
26	(1) Examinations . .	69-B	.56	.69	.14	
27	(2) Patents and Designs.	69-D	.90	.98	.11	
28	(3) Actuary	69-E	.33	.21	.01	
29	(4) Bushire Coal Depot.	69-G	..	.02	Nil	
30	(5) Courts of Enquiry, etc.	69-I	.07	.005	Nil	
31	XIV. Currency . . .	71	44.18	50.25	3.30	Plus some other savings.
32	XV. Mint	72	29.35	27.72	2.50	Plus some other savings and also a saving of .09 in the near future.
	XVI. Miscellaneous . .	76	..	..	..	Total saving in grant No. 76 is 2.46 lakhs on the 1931-32 budget provision of 35.11 lakhs.
33	(1) Allowances and Rewards.	76-A	.23	.32	.07	
34	(2) Books and Periodicals.	76-B	.74	.81	.16	
35	(3) Donations and Vagrancy.	76-C	.14	.15	Nil	
36	(4) Tariff Board . .	76-D	2.24	2.32	1.00	
37	(5) Other Committees and Commissions of enquiry.	76-D	16.22	1.08	Nil	Savings likely to accrue cannot be estimated.
38	(6) Compensations . .	76-E	25.52	25.52	Nil	
39	(7) Rents, etc. . . .	76-F	2.13	2.14	Nil	There will be some savings, but they cannot be estimated.
40	(8) Grants-in-aid . .	76-G	.55	.56	.18	On the Victoria Memorial.
41	(9) Local Clearing Office.	76-H	.19	.19	.18	Extra expenditure on one clerk accounted for under Legislative Department.

Serial No.	Chapter, number and name of grant.	Grant No.	1929-30	1931-32	Reduction proposed.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot notes.
			Grant (Actuals). Lakhs.	Grant (Budget). Lakhs.		
42	(10) Indian Soldiers' Board.	76-I	·13	·15	·05	So far as civil estimates are concerned saving will be ·15.
43	(11) Miscellaneous and unforeseen charges.	76-J	12·45	·98	·45	
44	(12) Institute for Disabled soldiers.	76-K	·87	·25	·25	
45	(13) Other Miscellaneous charges.	76-K		·66	·12	
46	XVII. Delhi . . .	80	44·06	47·06*	6·05	Includes automatic saving of 3·23 lakhs "on works".
47	XVIII. Andamans . .	82	46·35	42·22†	9·40	
48	XIX. Secretary of State.	86	36·24	34·77	8·00	Plus such saving as may be effected in India's contribution to the League of Nations.
49	High Commissioner . .	87	92·13	75·14‡	10·78	There will be an addition of about ·40 to expenditure when Milan office is opened. When Stores Department is re-organised, there will be an additional saving of about five lakhs.
50	XX.—Ecclesiastical—Non-voted . . .		31·63§	32·71||	31·11	Include savings in minor administrations, etc.
Total . . .			760·05	791·73	153·82	

Summary.—On our proposals the reduction of expenditure will be 153·82, or if the deterioration at Nasik is also taken into consideration, 153·57 lakhs. (In 1932-33 an extra lakh will be needed by Commerce Department.) To this 153·57 lakhs may be added about 15 lakhs on account of the present cost of Lee concessions (now specifically estimated by the Finance Department) to the civil estimates of the Government of India. From this 168·57, the saving of about ·25 on grant No. 47 should be excluded, since the saving does not affect the central Government's expenditure but the *pro forma* accounts of the Lighthouses and Lightships Fund.

It should also be borne in mind that of the savings proposed above the following are automatic, *viz.*, 1·50 under Pilotage, 24·14 under Census and 3·23 under Works (Andamans).

*Including expenditure provided for in other grants, the Delhi grant is 104·81 lakhs.

†Including expenditure provided for in other grants, the Andamans grant is 45·73 lakhs.

‡Includes 40·01 for leave salaries, pensions, etc., disbursed under instructions from India.

§Includes 2·15 provided in the grants for minor administrations, which has not been included in the total.

||Includes 2·29 for minor administrations and ·25 for works in the Civil Works grant. These two amounts are not included in the total.

Savings or expenditure which are contingent or cannot be estimated have not been included in the calculation, and additional revenues likely to accrue have been indicated but have been excluded from the calculation.

Taking both parts of our interim report together, the reduction of expenditure on our proposals will be 288.92 lakhs on grants amounting in the aggregate to 11,13.49 lakhs. This is = 26 per cent.

Explanations.—(1) Under grant No. 21—Forest a saving of 6.61 was recommended in the first part of our Interim Report. On our revised proposals in Chapter XXI this saving *will be reduced* by 1.31 to 5.30 lakhs. (2) The forecasted expenditure for the Nasik undertakings is 9.43 lakhs. On the Sub-Committee's proposals the reduction in expenditure would be 1½ lakhs. But, for purposes of the 1932-33 budget there will be a net deterioration to the extent of .25 lakh.



APPENDIX I.

Statement showing the attendance of members at the meetings.

Names.	5th October to 29th October.	13th Novem- ber.	16th November to 5th December.	Total.	Remarks.
Days of sitting . . .	17*	1	12	30	*One (29th October) was an informal meeting when Mr. Nixon and Secretary met to frame an estimate of savings, Mr. Ramsay-Scott was also in attendance. † Was in England throughout in connection with the R. T. C.
Sir Abdur Rahim . . .	16	1	12	29	
The Honourable R. B. L. Ram Saran Das.	10	..	3	13	
Mr. Rangaswamy Ayan-ger.	..	..	..	Nat†
Mr. S. C. Mitra . . .	12	1	12	25	
Mian Muhammad Shah Nawaz.	--	--	4	4	
R. S. Harbilas Sarda . .	5	1	9	15	
Mr. Ramsay-Scott . . .	14	1	12	27	
K. B. Hafiz Wilayat Ullah	6	1	4	11	
Mr. J. C. Nixon . . .	17	..†	12	29	

NOTE.—Mr. K. C. Roy was a member but he died on 7th September 1931.

APPENDIX II.

Expenditure accounted for on behalf of the Finance Department.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Finance Department (Civil)	4.10	6.26	4.85	7.44
Finance Department (Military) . . .	1.56	6.06	5.53	6.96
Central Board of Revenue . . . .	..	..	2.31	3.07
Total Secretariat Grant	5.66	12.32	12.69	17.47
OTHER GRANTS.				
Customs	41.34	64.96	66.08	96.44
Taxes on Income.	4.69	23.06	59.44	75.87
Salt	92.52	1,56.13	1,26.56	1,24.12
Opium	1,52.41	1,79.62	2,35.14	73.63*
Stamps	1.68	36.28	4.69	—'03†
Home Administration—Secretary of State and High Commissioner	39.27	1,09.79	70.42	1,09.91
Currency	35.64	48.71	35.68	50.25
Mint	19.90	13.92	13.68	27.72
Miscellaneous‡	1,12.57§	60.41	46.74	35.11
Audit and Accounts	39.59	67.64	76.64	1,16.56
Adjustments with Provincial Govern- ments . . . . .	..	28.94	50.74	..
Payments on account of Agency Sub- jects . . . . .	..	.21	1.48	2.30
	5,45.27	8,01.99	7,99.98	7,29.35

* Decrease due to reduction of cultivation in pursuance of the policy of stoppage of exports from 1935.

† Stamps being manufactured in India, expenditure on purchase in England has disappeared. The cost of manufacture is not shown under this grant.

‡ The various Departments of Government administer the subjects included in this grant.

§ Includes " Civil furlough and absentee allowances " which are now debited to the respective subject heads of account.

|| Now distributed over the respective subject grants.

In order to arrive at comparable figures, which have been given below, the following adjustments have been made :—

- (1) Owing to change in opium policy, the reduction in expenditure in 1931-32 is nominal only. 73·63 has therefore been taken as the figure of expenditure in 1913-14, 1921-22 and 1924-25.
- (2) As in the case of (1), —·03 has been adopted as the figure of expenditure in 1913-14, 1921-22 and 1924-25.
- (3) Since the expenditure in 1921-22 and 1924-25 under " Adjustments with Provincial Governments " represented partly ~~arrear~~ payments and partly charges which are now shown under the respective subject grants, the whole of the amounts shown under the two years have been eliminated.

After these adjustments the totals for the various years will stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
4,64·78	6,30·75	5,83·0	7,29·35

Expenditure accounted for on behalf of the Commerce Department.

—	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Commerce Department . . .	3·46	4·99	3·22	4·83
OTHER GRANTS				
Commercial Intelligence . . .	1·51	2·97	2·97	5·81
Joint Stock Companies . . .	*	1·30	1·33	1·43
Ecclesiastical	19·15	30·51	31·30	32·43
Ports and Pilotage and Lighthouses and Lightships	16·72	21·65	24·81	39·14
	40·84	61·42	63·63	83·64

Expenditure accounted for on behalf of the Department of Education, Health and Lands.

SECRETARIAT GRANT.				
Department of Education, Health and Lands . . . . .	..	4·19	5·07	6·98
Education Department	2·74	..	..	..
Keeper of Records	·74	·88	·98	1·20
Revenue and Agriculture Department	2·45†	3·52	..	..
Total Secretariat Grant	5·93	8·59	6·05	8·18

* Figures not separately available.

† Used to deal with many sources of revenue which are now " Provincial ".

	1913-14.	1921-22.	1924-25.	1931-32.
OTHER GRANTS.				
Forest	2.98	10.82	10.63	11.30
Survey of India	25.94	42.63	31.83	41.50
Botanical Survey . . . . .	.45	33.53	3.85	2.98
Archæology	3.58	10.72	13.73	16.01
Zoological Survey	1.29	1.55	1.46	2.30
Other Scientific Departments . . . . .	.44	4.44	5.46	3.24
Education	3.36	3.53	4.17	18.87
Medical Services	4.53	4.53	2.04	9.94
Public Health	11.90	11.20	5.39	13.92
Agriculture	5.47	10.08	18.56	15.37
Imperial Council of Agricultural Research . . . . .	..	..	..	8.00
Civil Veterinary Services	2.03	7.06	7.32	8.30
Emigration—External . . . . .	.23	.32	.53	2.60
	68.13	1,49.00	1,11.02	1,62.51

Expenditure accounted for on behalf of the Home Department.

SECRETARIAT GRANT.				
Home Department Secretariat	3.24	6.62	5.79	6.02
Reforms Office . . . . .	..	..	..	2.34
Bureau of Public Information . . . . .	..	.84	1.33	1.39
Intelligence Bureau	3.67	8.29	5.57	7.11
Total Secretariat Grant	6.91	15.75	12.69	16.86
OTHER GRANTS.				
Staff, etc., of the Governor General	10.63	9.84	13.77	15.26
Executive Council	5.50	5.49	5.38	5.79
Public Service Commission and Staff Selection Board . . . . .	..	.15	.11	3.66
Administration of Justice . . . . .	..	..	.55	.55
Police . . . . .	..	.7	1.97	1.99
Census . . . . .	.41	..	..	33.89
Delhi*	12.70	37.50	32.73	47.06
Andamans and Nicobars†	20.54	39.79	38.73	42.22
	56.69	1,08.59	1,05.93	1,67.28

* Education, Health and Lands and other departments also administer some of these subjects.

† "Forest" is administered by the Department of Education, Health and Lands.

Expenditure accounted for on behalf of the Foreign and Political Department.

	1913-14.	1921-22.	1924-25.	1931-32.
Foreign and Political Department Secretariat	7.17	9.93	8.54	11.74
North-West Frontier Province	1,22.41	1,75.03	2,20.55	2,46.78
Baluchistan	53.17	60.36	71.57	79.34
Ajmer-Merwara	9.09	13.20	14.23	18.48
Rajputana	12.18	13.21	14.18	12.92
Central India	15.89	13.14	14.18	12.92
Hyderabad	6.57	5.36	5.33	9.90
Excise (non-voted) . . . . .	..	..	..	2.40
Political and Watch and Ward	1,74.53	1,80.39	1,64.34	2,26.82
Bangalore	6.06	10.50	22.66	14.16
W. I. S. Agency . . . . .	..	..	13.85	16.83
	4,07.07	4,81.12	5,49.43	6,52.29

Expenditure under the control of the Army Department.

Army Department Secretariat	3.85	6.20	6.68	6.61
Military Expenditure	29,84.41	59,52.96	59,66.52	56,47.57
	29,88.26	59,59.16	59,73.20	56,54.18

Expenditure accounted for on behalf of the Legislative Department and Legislative Assembly Department.

Legislative Council	1.71	..	..	..
Council of State . . . . .	..	2.25	2.06	1.55
Legislative Department	2.27	6.80	6.44	5.51
Legislative Assembly and Legislative Assembly Department . . . . .	..	5.80	5.17	8.29
	3.98	14.85	13.67	15.35

Expenditure accounted for on behalf of the Department of Industries and Labour.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Industry Department	*	5.24	..	..
Public Works Department	3.21	4.16	..	..
Inspector General of Irrigation . . . . .	.55	.85	..	..
Department of Industries and Labour . . . . .	..	..	5.43	6.53
	3.76	10.25	5.43	6.53
OTHER GRANTS.				
Irrigation	14.70	27.11†	29.52	31.89
Indian Posts and Telegraphs and Indo-European Telegraph Departments	4,94.49	9,09.12	8,50.48‡	11,98.05
Meteorology	4.27	6.70	6.68	21.48
Geological Survey	3.06	4.19	4.58	5.69
Mines . . . . .	.98	1.76	2.17	2.63
Industries . . . . .	..	.57	60.91§	1.97
Aviation . . . . .	..	.87	.22	31.58
Emigration—Internal . . . . .	.82	1.00	.52	.47
Miscellaneous Departments ¶	2.32	3.33	3.90	6.57
Indian Stores Department ** . . . . .	..	4.03	10.64	8.32
Civil Works	1,55.82	1,53.53	1,77.73	2,41.28
Stationery and Printing	32.12	79.54	35.34	63.29
	7,12.34	12,02.00	11,88.12	16,19.75

* In 1913-14 there was a combined Commerce and Industries Department. The total expenditure has been shown under "Commerce Department".

† Budget estimate.

‡ Budget figure.

§ This includes figures for steel bounties.

|| This represents Dhanbad School of Mines.

¶ Some of the subjects included in this grant are administered by other departments.

** Recoveries are now shown as minus expenditure. In 1924-25 they were shown as revenue and expenditure was voted gross. Certain receipts formerly treated as minus expenditure have been re-classified as Revenue.

In order to arrive at comparable figures, the following adjustments have to be made :—

- (1) In 1931-32, gross cost of the Indian Stores Department should be taken.
- (2) Gross figures should be taken for the years 1921-22, 1924-25 and 1931-32 under Stationery and Printing. (The figures for 1921-22 do not take into account certain recoveries, the figures for 1924-25 are net and the figures for 1931-32 take into account only certain recoveries.)

Making these adjustments the totals would stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
7,12.34	13,13.34	12,36.42	16,81.17



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APPENDIX III.

(Reference—paragraph 6 on page 4.)

Statement showing the Commissions and Committees appointed since 1921 together with their cost from year to year.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
1	The Press Laws Committee . . .	1921	18,317 0 0
2	The Repressive Laws Committee . . .	1921	14,058 0 0
3	The Racial Distinctions Committee . . .	1921	35,821 9 8
4	The Second Telegraph Committee . . .	1921	2,500 0 0
5	The Military Requirements Committee . . .	1921	6,929 0 0
6	The Committee appointed to consider the Esher Committee's report.	1921	Nil.
7	The Cantonment Reforms Committee . . .	1921	Cost unknown.
8	The Indianisation Committee . . .	1921	Cost unknown.
9	Government Securities Committees . . .	1921	11,000 0 0
10	Railway Finance Committee . . .	1921	67,916 0 0
11	Indian Railway Committee . . .	1921	4,60,080 0 0
12	Deck Passengers' Committee . . .	1921	59,934 0 0
13	Burma Reforms Committee . . .	1921	20,000 0 0
14	Special Committee to enquire into and report on certain matters relating to the Indian Institute of Science, Bangalore.	1921	Nil.
15	Statute Law Revision Committee . . .	1921	Nil.
16	Committee on Indian Students . . .	1921	14,341 0 0
17	Fiscal Commission . . .	1921	3,47,803 0 0
18	Braithwaite Committee . . .	1922	22,448 0 0
19	Committee on Public Petitions . . .	1922	Nil.
20	Staff Selection Board Committee . . .	1922	Nil.
21	Indian Arms Rules Committee . . .	1922	16,046 1 0
22	North West Frontier Enquiry Committee . . .	1922	76,550 0 0
23	Railway Industries Committee . . .	1922	Nil.
24	Seamen's Recruitment Committee . . .	1922	7,383 13 11

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
25	Machinery Committee	1922	1,200 0 0
26	Bengal Pilot Service Committee	1922	6,000 0 0
27	Railway Risk Note Committee	1922	4,186 0 0
28	Railway Depreciation Committee.	1922	38,933 0 0
29	The Indian Retrenchment Committee	1922	71,000 0 0
30	The Waziristan Committee	1922	Cost unknown.
31	New Capital Enquiry Committee	1922	8,500 0 0
32	Preliminary Committee on Workmen's Compensation Bill.	1922	3,913 6 0
33	Railway Accounts Committee	1922	68,050 0 0
34	Piece Workers' Committee	1922	2,911 13 3
35	Tariff Board	1923	17,78,002 0 0*
36	Indian Mercantile Marine Committee	1923	1,37,623 0 0
37	Railway Statistics Committee	1923	27,941 0 0
38	Committee to make recommendations regarding the re-organisation of the administrative methods of the Forest Department.	1923	4,450 0 0
39	Coal Dust Committee	1923	12,652 0 0†
40	Committee on Police Uniforms	1923	1,500 0 0
41	Calcutta High Court Committee	1923	2,934 0 0
42	Indian Bar Committee	1923	1,12,000 0 0
43	Royal Commission on Superior Civil Services	1923	3,00,000 0 0
44	Civil Justice Committee	1924	2,50,000 0 0
45	The Reforms Enquiry Committee	1924	46,000 0 0
46	Locomotive Standards Committee	1924	33,569 0 0
47	Colonies Committee	1924	37,770 4 0
48	The Auxiliary and Territorial Forces Committee.	1924	17,500 0 0
49	The Indian Taxation Enquiry Committee	1924	4,86,000 0 0†

* Expenditure upto 1931-32.

† Expenditure incurred upto 1929-30.

‡ Influenced by discussions in the Indian Legislature. A resolution was also moved in the Council of State in 1923.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
50	The External Capital Committee . . .	1924	Nil.
51	Coal Committee	1924	76,162 0 0
52	The Posts and Telegraphs Department Committee.	1924	30,000 0 0
53	Track Sub-Committee	1925	30,000 0 0
54	Carriage and Wagon Standards Committee .	1925	74,198 0 0
55	The State Railways Workshop Committee .	1925	75,187 0 0
56	Bridge Sub-Committee	1925	40,000 0 0
57	Committee to enquire into the question of giving financial assistance to the Lady Hardinge Medical College, Delhi.	1925	3,703 9 0
58	Deputation of the Government of India to South Africa.	1925	75,000 0 0
59	Committee on the cost accounting in the Army in India.	1925	20,624 0 0
60	Indian Sandhurst Committee	1925	1,67,871 0 0
61	Committee to report on horse breeding in India	1925	13,496 0 0
62	Royal Commission on Indian Currency and Finance.	1925	2,87,000 0 0
63	Standing Committee of Chief Engineers .	1925	*
64	Committee to enquire into the working of the London Timber Agency of the Government of India.	1925	10,060 0 0
65	The Indian Economic Enquiry Committee .	1925	1,18,000 0 0
66	Tariff Board (Cotton Textile Industry Enquiry).	1926	1,36,919 0 0
67	Government of India delegation to South Africa.	1926	1,17,000 0 0
68	Committee to report on the condition of the Imperial Library, Calcutta.	1926	Nil.
69	Frontier Civil Forces Committee	1926	37,574 0 0
70	Committee to enquire into the Back Bay Reclamation Scheme.	1926	1,39,000 0 0
71	Track Sub-Committee	1926	25,000 0 0

* The cost involved was very small. As the members of the Committee belonged to various Railways. As their pays and allowances were borne by their respective Railways.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
72	Vocational Training Committee	1926	2,552 8 0
73	Committee of enquiry appointed to investigate the affairs of the Army Canteen Board.	1926	Nil.
74	The Ordnance Supply Committee	1926	12,227 15 0
75	The Second Innes Committee	1926	250 0 0
76	Royal Agricultural Commission	1926	14,34,666 0 0
77	Indian Army Ordnance Accounts Committee.	1926	1,066 0 0
78	The Indian States Committee	1927	2,07,294 0 0†
79	The States Opium Enquiry Committee . .	1927	32,865 0 0
80	Indian Road Development Committee . .	1927	1,31,229 0 0
81	Transfer of Property Committee	1927	31,990 0 0
82	Government of India Deputation to Africa .	1927	66,000 0 0
83	Deputation of Educational Experts to South Africa.	1927	30,000 0 0
84	Committee to enquire and report on the allocation of a permanent site for the Delhi University Buildings and the extent and nature of assistance to be given to it.	1927	1,899 0 0
85	Committee on the organisation of Medical Research under the Government of India.	1927	12,477 0 0†
86	Committee to consider the question of residence and accommodation for members of the Indian Legislature.	1927	Nil.
87	Advisory Committee in connection with the scheme for the encouragement of Indian Artists by providing facilities for the decoration of certain Government Buildings in New Delhi.	1927	625 0 0
88	The Indian Cinema Committee	1927	1,96,949 0 0
89	The Indian Statutory Commission	1927	12,97,284 0 0†
90	Trade Mission	1928	44,851 0 0
91	Age of Consent Committee	1928	2,95,400 0 0

* Includes expenditure in England.

† Against this expenditure, a portion of which was incurred in 1930-31 His Majesty's Government have made a contribution of £20,000 and promised a further contribution of £60,000 out of which 1/3rd of the expenditure incurred by Provincial Governments on account of the Commissions of enquiry should be refunded.

‡ Exclusive of Rs. 25,000 contributed by the Indian Research Fund Association.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
92	Indian Central Committee	1928	6,01,495 0 0*
93	Auxiliary Committee of the Indian Statutory Commission.	1928	2,09,161 0 0
94	Indian Sale of Goods Bill Committee . .	1929	8,206 0 0
95	Watch and Ward Committee	1929	2,543 0 0
96	Hides Cess Enquiry Committee	1929	46,426 0 0
97	Indian Forestry Committee	1929	27,300 0 0
98	Haj Enquiry Committee	1929	1,97,800 0 0
99	Primary Education Committee	1929	48,933 0 0
100	Royal Labour Commission	1929	12,80,000 0 0
101	Indian Central Banking Enquiry Committee.	1929	6,14,518 0 0
102	Indian Provincial Banking Enquiry Committees.	1929	6,50,939 0 0†
103	Central Areas Banking Enquiry Committees .	1929	71,283 0 0
104	The Peshawar Disturbances Enquiry Committee.	1930	76,550 0 0
105	Special Committee to examine a bill to amend and define the law relating to partnership.	1930	9,292 9 0
106	The Salt Survey Committee सयमेव जयते .	1930	40,073 0 0
107	The Lady Hardinge Medical College Enquiry Committee.	1930	2,848 0 0
108	Special Committee appointed to investigate certain facts relevant to the economic and financial relations between British India and Indian States.	1930	28,156 0 0
109	The Drugs Enquiry Committee	1930	1,10,000 0 0
110	Committee to enquire into the causes of the high mortality among repatriated Indians on board S. S. "Sutlej."	1930	400 0 0
111	Committee to enquire into the working of the special organisation in Madras for dealing with emigrants returning to the Presidency from South Africa under the scheme of assisted emigration.	1930	No expenditure was incurred.

* Includes expenditure both in India and England.

† Inclusive of Rs. 92,614 contributed by Local Governments.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
112	Inland Steam Vessels Rates Advisory Committee, on the complaint of the Pioneer Motor Boat Company, Dacca, against the India General Navigation, and Railway Company, Limited, and the River Steam Navigation Company, Limited.	1931	
113	North West Frontier Province Subjects Committee.	1931	35,510 0 0
114	Sind Financial Enquiry Committee . . .	1931	25,240 0 0
115	The Tribal Control and Defence Committee .	1931	25,819 0 0
116	The North-West Frontier Province Regulation Committee.	1931	52,066 0 0
117	The Indian Military College Committee, 1931	1931	18,138 7 0
118	Posts and Telegraphs Accounts Enquiry Committee.	1931	15,300 0 0
119	Court of enquiry under the Indian Trades Disputes Act.	1931	24,000 0 0
120	Retrenchment Committees (including Retrenchment Office and Sub-Committees).	1931	1,75,000 0 0

* The machinery of the Railway Rates Advisory Committee was utilised in undertaking this enquiry. The question whether the General Budget should pay a contribution to the Railway Budget for the cost of the enquiry, and if so the amount thereof, have not yet been settled.

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CHAPTER II.

GRANT No. 16.—CUSTOMS (96·44 lakhs).

(1) *Explanation of the grant.*—The Customs grant of 96·44 lakhs is one of the largest grants in the civil estimates of the Government of India, and consists of the following items :—

	Lakhs.
(i) Pay of officers (8·09) and of establishments (49·78)	57·87
(ii) Compensations, which are mostly non-voted	16·64
(iii) Payment of overtime and holiday allowances to officers	9·71
(iv) Grants to charitable, recreation and similar welfare institutions	2·43
(v) Allowances, honoraria, etc.	3·26
(vi) Boats—Purchase and repair of boats (·42) ; their equipment and stores (·30)	·72
(vii) Supplies and services (1·44) and contingencies (2·50)	3·94
(viii) Payment to other departments, governments etc.	2·14
(ix) Land customs charges other than pay of staff	1·31
(x) English charges on stores	·04
Deduct contributions (·85)* and “probable savings” (·78)	—1·63
	96·43 = 96·44

(2) *Customs policy.*—Broadly speaking, the land frontier of India is free, the only exceptions being (i) the frontiers along the foreign enclaves, viz., the French and Portuguese settlements, (ii) Burma-Siam frontier and (iii) the Viramgam-Dhandhuka cordon. As regards harbours along the sea the policy is to encourage trade to go to the major ports, where the necessary trained technical staff is available. The harbours and ports of maritime states are, generally speaking, treated as “foreign” ports ; the important exceptions to this rule are Bhavnagar and ports in Cochin and Travancore States. Customs establishments are maintained on the frontier between Afghanistan and the North-West Frontier Province and Baluchistan in order to check the goods passing through India free of duty under the trade convention with Afghanistan.

(3) *Functions.*—The Customs Department as such is concerned with (a) the collection of the most important single head of central revenues, viz., revenue from customs including that from certain excises, e.g., motor spirit, petroleum, etc., and (b) with work incidental to its main duty at the ports or the land frontiers, e.g., prevention of smuggling, collection of statistics, control of prohibited or restricted goods. It also collects light dues and cesses and royalties for local administrations and certain funds. Other work connected with the ports, e.g., the administration of ports, pilotage, lighthouses, emigration, pilgrim traffic is no part of its own responsibility, even though under the present arrangements officers of one department frequently look after the work of other departments in addition to their own duties.

(4) *Administration.*—India has at present six ports classed as major ports, viz., Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong. At these and some of the outlying ports customs work is under officers of the Customs Department ; at other outlying ports it is looked after by officers of other departments, generally Port Officers, an allowance being paid to them for their customs work. The arrangements are by no means uniform. In Bombay Presidency the Salt Department looks after (i) sea customs work everywhere except at Bombay proper, and (ii) land customs work. *Per contra*, the Customs Department performs duties in connection with imported salt at Calcutta and Chittagong. At some of the Burma ports the customs

* Establishment charges recovered from other departments, private bodies, recoveries on account of supervision of factories by customs officials or of customs staff at private wharves, and similar contributions from others for various services rendered.

staff is responsible for lighthouses and lightships. For the administration of customs on the Orissa coast the Government of Bihar and Orissa are still responsible, and receive a share of their cost. This outline shows that the administration of customs still retains many of the vestiges of the pre-reform system under which Local Governments used to be responsible, as agents, for customs, salt, ports, lighthouses, etc. It may also be added that in connection with inward foreign postal articles customs work is done by the Posts and Telegraphs Department in return for an annual payment of two lakhs.

(5) *Organisation*.—The Customs Department used to be controlled by the Commerce Department, but since 1924 the administrative control vests in the Central Board of Revenue. Apart from the exceptional cases where another department or a Local Government still looks after customs work (e.g., minor ports in Burma and Bombay, or ports in Bihar and Orissa), the agency by which the Central Board of Revenue controls the work is the customs staff at the various ports.

At five of the six major ports there are collectors of customs ; two of these posts are reserved for the I. C. S. and the other three are filled by officers of the Imperial Customs Service. Among the outlying ports Chittagong is the most important and customs work there is in charge of an Assistant Collector of the Imperial Customs Service.

The Collector has under him the necessary staff consisting of (i) Assistant Collectors, (ii) audit and account officers, (iii) Appraisers and examiners, (iv) preventive service men and wharfingers, (v) chemists, (vi) clerks and (vii) inferior servants including boat crews. The following table shows the present strengths of each class of establishments at each of the six major ports, their outports, and at the land frontiers under (a) officers and (b) establishments.

	Calcutta.	Bombay.	Rangoon.	Madras.	Karachi.	Chittagong.	Outports.			Land frontiers.
							Burma.	Madras.	Bombay.	
(i) Officers—										
Collector	1	1	1	1	1	..	..	..	..	..
Assistant Collectors*.	7	7	3	3	3	1	..	..	..	..
Audit, etc. . . . .	..	..	1	1	1	..	..	..	..	..
Chemists	2	1	1	1	1	..	..	..	..	..
Others	10	10	2	2	2	..	..	6	..	5
Total	20	19	8	8	8	1	..	6	..	5
(ii) Establishments—										
Appraisers and Examiners	37	33	12	11	21	2	..	..	..	..
Preventive Service men.	273	88	109	47	40	21	..	100	..	4
Wharfingers . . . . .	..	111	..	..	26	..	..	..	..	..
Chemists	8	3	1	1	1	..	..	..	..	..
Clerks	408	344	169	148	150	30	..	189	..	5
Inferior (including crews).	443	464	201	79	192	31	..	652	..	12
Others	16	39	23	2	8	2	..	..	..	1
(iii) Total	1,185	1,119	515	288	451	86	..	941	..	22

* In addition to above there are leave and training reserves of three Assistant Collectors and three probationers.

While each of the five custom houses has its own chemical staff on the spot, "chemical control" work is, at present, in charge of the present incumbent of the post of professor of chemistry at the Government College, Lahore; he has a small special staff to assist him.

It only remains to add that unlike the Income-Tax or the Salt Departments, the Customs Department has no recognised class II service. It has however been proposed to classify certain posts as class II posts under the recent "classification" rules.

(6) *Scales of pay.*—Apart from the one selection post for which the pay is Rs. 3,000 *plus* overseas pay, the regular scale of pay for Collectors of Customs is Rs. 2,250—100—2,750 *plus* overseas pay. The Imperial Customs Service is on the scale of Rs. 350—50—1,500 *plus* overseas pay. The scales of pay for other posts vary from port to port.

(7) Growth of expenditure and receipts (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Expenditure . . .	41·34	72·74	77·12	96·17	94·61	96·44
Receipts . . .	11,13·78	45,41·84	44,98·19	51,27·66	54,63·81	56,45·97

A comparison of the ratio of expenditure to receipts is not of much help, since the growth of receipts is primarily due, not to the increased volume of trade but to enhancements in, and new additions to, the tariffs. Thus, since 1924-25 Government stores pay customs duties: till then they used to come in free. The general tariff which used to be 5 per cent. in 1913-14 and 15 per cent. up to 1930-31 is now 25 per cent. Customs work has also grown in complexity not only since 1913-14 but even since 1922-23.

(8) *Inchcape Committee's proposals.*—This Committee's observation that compared with 1913-14 there was probably a falling off of trade in the period ending 1922-23 may be true of the state of trade today, but the precise position cannot be verified statistically. That Committee recommended that "the strength and pay of the staff at the various customs houses should be examined with a view to possible economies" but "having regard to the importance of maintaining the revenue", it did not recommend any further reduction. In fact, it was found necessary to increase the staff, and in the case of some establishments, to enhance the scales of pay.

(9) *Departmental proposals.*—The Central Board of Revenue proposes to reduce the number of Assistant Collectors' posts by five, subject to the proviso that two accounts officers' posts should be added to the cadre. This would save 57 lakh. A lump cut of 10 per cent. is proposed in the other gazetted and non-gazetted staff: on the former the saving would be 33 lakh, and on the latter 4·78 lakhs. Other savings proposed are 50 on allowances, 20 under establishment charges paid to other departments and governments, 05 under land customs charges and 65 under other expenditure. Total 7·07 lakhs.

(10) *Our proposals.*—(i) From a study of the statistics relating to the expenditure, the revenue collected, and the numbers of staff to be controlled we conclude provisionally that there is no intrinsic justification for treating all collectors of customs alike in the matter of pay. We shall take this up at a later stage of our enquiry.

(ii) The sanctioned cadre of Assistant Collectors was 21 in 1913-14 and 24 in 1922-23 and now stands at 30. We agree with the Board's proposal that the cadre should be reduced. The *net* reduction it offers is three, *i.e.*, ten per cent. We do not think this goes far enough. We propose that, taking Collectors and Assistant Collectors together, at least six posts should be reduced;

the proposed reduction is a little over fifteen per cent. As regards the reduction of expenditure, we shall assume that it will be *pro rata*. Further, we think that the cost on other officers' posts should be similarly reduced by 15 per cent. In this connection our remarks in the next sub-para. may be seen.

The aggregate savings on our proposals will be 1.18 lakhs at the ports and .03 at the land frontiers, i.e., a total of 1.21 lakhs.

(iii) The Board has offered to effect a ten per cent. reduction in the establishments. We do not consider this offer adequate in the case of this department. India's overseas trade, both import and export, has declined appreciably. We recognise that a highly trained technical staff cannot be increased or decreased with every change in the volume of trade. But we hold that this contention, even if valid in the case of appraisers, chemists, and similar classes of technically trained men, is hardly applicable to the case of preventive servicemen, and the ministerial and menial establishments. It has again been argued that the decrease in the total volume of trade does not necessarily indicate a proportionate decrease in customs work; in fact, we have been told that owing to the operation of the tendency for small individual consignments to increase at the expense of large and uniform ones, customs work is tending to increase in spite of the volume of trade remaining more or less the same. We concede that this contention has a little force, but we think it has been overstated. Our view is that taking everything into consideration a reduction of 15 per cent. in the *provision* for establishment is practicable. If the men to be retired or discharged are properly selected, the proportion so dealt with need not go up to 15 per cent. nor need it be uniform as between the various classes and grades of customs services; this remark applies to sub-para. (ii) also.

Our proposal should yield a saving of 7.47 lakhs.

(iv) The staff is recruited for work at the ports, almost all of which are expensive stations. In our opinion the entire system of compensatory and house-rent allowances should therefore be abrogated. We cannot calculate the savings, since we do not know the amounts provided for such allowances. We are therefore reduced to proposing a cut of 15 per cent. on the provision for all allowances except those for overtime work. Finance Department has already issued orders cutting down certain allowances; hence we think it will not at all be difficult to effect the reduction proposed by us, especially because the numbers will also decrease.

The resulting saving will be .49 lakhs.

(v) Similarly, in the case of the following provisions the 1932-33 budget should be reduced by 15 per cent., viz., (a) purchase and repair of boats, (b) stores and equipment of boats, (c) charges for the detection of offences, (d) supplies and services, (e) contingencies, (f) "other charges" at the land customs stations.

The total savings will be .78 lakh, even after allowing for the entire minus provision for "probable savings" under this sub-paragraph.

(vi) The 1931-32 grant contemplates receipts of 12.35 lakhs by way of overtime fees realised from merchants and shippers and shipowners (6.52), penalty fees levied for work on Sundays and special holidays (4.73), and bond and other fees realised from merchants for work done during ordinary working hours (1.11). Out of this 12.35 lakhs the 1931-32 budget provides for the following payments, viz., (a) 6.47 lakhs to officers out of merchants' overtime fees, (b) 3.39 to officers out of the penalty fees including crown overtime, (c) 1.34 plus .57 brought forward from 1930-31, i.e., 1.91 lakhs which is the amount available for grants out of penalty fees to seamen's and customs welfare institutions.

The following table gives the necessary information for the years 1929-30, 1930-31 and 1931-32 :—

	1929-30. (Actuals.)		1930-31. (Revised Estimates.)		1931-32. (Budget.)	
	Receipts.	Expendi- ture.	Receipts.	Expendi- ture.	Receipts.	Expendi- ture.
Merchants' overtime	6-34	6-36	5-75	5-84	6-52	6-47
Penalty fees . . .	4-30	3-09 } 1-10† }	3-81	3-39 } 1-10† }	4-73	3-38 } 1-91† }
*Bond and other fees for work during ordinary hours	1-09		1-06		1-11	

We have examined very carefully the theory and practice of the system of levying penalty fees and overtime charges. We have no doubt that shippers and shipowners find it convenient to pay these rather than let their cargoes remain uncleared. We therefore propose that the system of charging such fees should remain unaltered in essence. We consider this case to be somewhat analogical to the case of "late fees" and "double charges" in the Posts and Telegraphs Department.

We are not, however, convinced that it is necessary to pay to customs officials the whole or even a large part of the fees so realised. A large proportion goes to preventive servicemen who, we consider, are already well-paid. Their duties correspond to the duties of police officers and the men used at one time to be drawn, to some extent, from the police. The scales of pay are in our opinion extremely liberal when compared with those in force for the corresponding grades of provincial police services operating in the ports concerned. We have been told that on the average "overtime" and similar emoluments amount to about one-third of the pay proper. Hence, we can see no justification for these additional emoluments. We may also cite the case of the ports establishments, who, broadly speaking, are paid, not the whole, but only one-half of the overtime earned for Government. The labour involved in the case of customs officials is not physical; hence, the analogies of railways, mint and similar departments are not applicable to the case of the customs establishments. We hold that the ordinary theory of Government service, *viz.*, that a Government employee is deemed to be in service all the twenty-four hours of the day should be acted upon in this case. Scores of Government departments—central and provincial—involve overtime work for their staffs, but the payment of overtime allowances or even bonus is an exception proving the rule that a public servant must, whenever necessary, put in extra work without expecting extra wages. In fact, in the case of Customs and similar services such overtime work should be regarded as one of the normal incidents of service. We are not sure that the system of "overtime" allowances does not encourage abuses. On all these grounds, we hold that the entire system of overtime, etc., allowances can and should be abolished. But, in the case of those already in service we would not go so far. With the exception of Mr. Ramsay-Scott we hold that Government are entitled to appropriate to themselves the whole or a part of the receipts from overtime and penalty fees charged to the public. The Sub-Committee, however, having regard to the practice that has obtained hitherto, recommends that 50 per cent. of the receipts should be appropriated to Government. Mr. Ramsay-Scott would, however, confine his recommendation to an appropriation of not more than one-fourth.

* These are entirely credited to Government.

† Payments to charitable and welfare institutions.

Payments from merchants' overtime fees and from penalty fees including crown overtime are made to officials of the department. The balance of fees levied for work on Sundays and special holidays after payment of penalty fees and crown overtime to officers becomes available for payment to seamen's and customs welfare institutions. In fact, we observe that a large majority of the institutions actually in receipt of grants are recreation clubs and institutions for mutual financial assistance among customs officials. Grants to such institutions are not a statutory obligation on Government, though we concede that it has been the customary practice of Government so far to make them. While we hold that Government are entitled and justified in refusing to continue these grants, we do not recommend such action. Some consideration should be shown to the institutions, since they would naturally expect the grants not to be discontinued all of a sudden. We therefore recommend that the same principles and percentage cuts should be applied to these grants as in the case of payments to officers.

Although receipt in 1931-32 are estimated to amount to 11·25 lakhs, the estimate of the amount available for expenditure is 11·77. Since, our proposal is for the reduction of expenditure rather than the increase of receipts, we estimate a saving of 5·88 lakhs from our proposals in this sub-paragraph.

(vi) Out of the provision of 2·14 for payments to other departments, governments and bodies the Board has offered a saving of ·20. We recommend that it should be accepted.

(vii) Chemical control work should, in our opinion, be made over to the Government Test House at Alipore.

(viii) We only wish to add that since the appointment of junior Indian members of the I. C. S. as Assistant Collectors is intended to train them for appointment as Collectors of Customs drawn from the I. C. S., the post of Assistant Collector held by an Indian member of the I. C. S. should not be brought under reduction. Such reduction as is given effect to should be in the cadre of Assistant Collectors belonging to the Imperial Customs Service.

(11) *Summary of savings.*— On our proposals the aggregate reduction of expenditure will be 16·03, or say, 16 lakhs.

सत्यमेव जयते

CHAPTER III.

GRANT No. 18.—SALT (125·15 lakhs).

(1) *Explanation of the grant.*—The 1931-32 estimates for all the Salt departments are Rs. 1,24·12 lakhs *plus* Rs. 1·03 lakhs (=£7,725) for overseas pay, leave salaries, etc., paid in sterling. The budget may be summarised below :—

	Direction.	Salt purchase and freight.	Royalties and compen- sations.	Capital expenditure.	Total.†
(i) N. I. S. R. . .	31·09*	..	31·54	1·02	63·35
(ii) Madras . .	11·26	3·85	4·88	2·56	21·70
(iii) Bombay . .	26·02	6·05	·87	·60	33·54
(iv) Burma . .	1·66	..	..	..	1·66
(v) Bihar and Orissa . .	·76	..	..	..	·76
(vi) Bengal . .	2·91	..	·20	..	3·11

(2) *Salt policy and functions of the Salt Department.*—Broadly speaking, the production of salt is not a Government monopoly except in Northern India and at Kharaghoda. Wherever salt is manufactured in India, it is “excised”. In Madras Presidency, Government retain the power of buying up salt from the factories at stipulated prices, the object being to control the price. Salt manufactured or purchased by Government is sold at cost price, which is arrived at by certain formulæ; for this purpose Kharaghoda and Northern India sources are lumped together. Salt is not manufactured in Bengal, Assam, Bihar and Orissa, the United Provinces and the Central Provinces. The Salt Departments of Bombay, Madras and Burma are *mainly* concerned with the collection of the excise duty and preventive work. The import duty on salt imported into Bengal is collected by the Customs Department. In Northern India, however, the salt policy has led to concentration of production, which is a Government monopoly; preventive work is an important feature of the administration of salt in Northern India. The Indian Statutory Commission suggested that the proceeds of the salt duty should be transferred to the provinces and distributed on a population basis (Volume 2, paragraph 294). The Round Table Conference proceedings indicate that “salt” may be federalised.

(3) *Organisation.*—(i) *General.*—The administrative control of all salt departments is vested in the Central Board of Revenue. There are four regular Salt departments, *viz.*, N. I. S. R., Bombay, Madras and Burma. In Sind, apart from the small separate establishment maintained at Maurypur (Karachi) salt is still administered by the Government of Bombay as agents for the Government of India, who pay one-fourth of the cost of the combined “salt and excise” establishment. The Local Government of Bengal and, in respect of certain parts of Bihar and Orissa, the Government of that province, continue to be responsible for preventive work and are paid 2 lakhs and ·76 lakh respectively for this “agency” work by their combined “salt and excise” establishments.

The Collector of Salt Revenue, Bombay, also looks after (a) sea customs work at the minor ports of Bombay Presidency (*minus* Sind), (b) land customs work along the Viramgam-Dhandhuka line, and (c) the minor ports and light-houses and lightships; in respect of (c) the Commerce Department make a contribution. *Per contra* the Customs Department looks after salt work at Calcutta and Chittagong. The Salt and Customs Departments do not charge for the work done by the one for the other.

* *Viz.* 1·21 direction, 25·82 other working expenses and 4·06 preventive establishments.

† Totals will not necessarily tally, since they take account of probable savings.

(ii) *N. I. S. R.*—The largest salt administration is the Northern India Salt Revenue Department. It works the two main salt sources in Northern India, viz., (1) the salt mines at Khewra, Warchha, Kalabagh and Kohat and (2) the "brine salt" works at Sambhar, Pachbadra and Didwana. It also looks after preventive work over the whole of Northern India including the Central Provinces and Bihar. The Department is administered from Delhi by a Commissioner drawn from the I. C. S. who gets a special pay of Rs. 250 ; the post is not, however, reserved for the I. C. S. The other superior staff and their scales of pay (apart from overseas pay) may be set out as below :—

- (a) *Direction*.—A Deputy Commissioner* and a Personal Assistant of the rank of a Superintendent (250—600 *plus* a special pay of 50).
- (b) *Manufacture*.—Two General Managers (1,100—1,400), an Assistant General Manager (700—900), an Assistant Commissioner (700—1,000), 11 Superintendents (250—600) and a Treasury Officer (300—350).
- (c) *Weighment*.—An Assistant Commissioner (1,000) and five Superintendents (250—600).
- (d) *Workshop Supervision*.—A Superintending Mechanical and Electrical Engineer (1,000—1,200) at Khewra and an Electrical and Mechanical Engineer (775—875) at Sambhar.
- (e) *Medical*.—Two assistant surgeons (225—450 *plus* a special pay of 30 and 350 *plus* a special pay of 125).
- (f) *Preventive*.—Two Assistant Commissioners (700—900 *plus* a special pay of 100) and five Superintendents (250—600 *plus* a special pay of 100).

The regular establishment numbers nearly 1,500 men and there are provisions aggregating Rs. 58,300 for temporary establishments.

(iii) The Madras Salt Department is administered by a Collector of Salt Revenue. The post is reserved for the I. C. S. and the Collector gets a special pay of Rs. 200. Under him there are four Assistant Commissioners, one on 1,000—1,200 and the others on 600—900. One of them works as Secretary to the Collector and receives a special pay of Rs. 100. The other gazetted executive staff consists of 12 Inspectors on 300—540.

The regular establishment numbers 1,958.

(iv) In Bombay Presidency also the Collector of Salt Revenue's post is reserved for the I. C. S. but it carries no special pay. The other gazetted staff consists of a Personal Assistant (300—600), a Chief Accounts Officer (300—1,000), seven Assistant Collectors (one on 1,050—1,200 and six on 300—1,000)† and an Assistant Surgeon (200—450 + a special pay of 70). There is also a Deputy Superintendent of Lighthouses (Rs. 450—850) under the Collector, but he does no salt work.

The regular establishment numbers 5,186.

The above-mentioned staff includes an Assistant Collector and an establishment (temporary) costing Rs. 12,400 and Rs. 72,200 respectively for land customs work along the Viramgam-Dhandhuka line.

(v) In Sind the Local Government's excise staff looks after salt work, and the Government of India pay them $\frac{1}{2}$ of the cost of the combined staff. The provision in 1931-32 for this purpose is Rs. 81,000. Besides, a separate Sind Salt Department is maintained at a cost of Rs. 80,000 with a Superintendent (on Rs. 600) in charge.

* The post was held by a departmental officer and has been abolished with effect from September 1931. The Personal Assistant's post has been converted into a Secretary's post (on Superintendent's scale *plus* a special pay of Rs. 100—150).

† For non-Asiatics the scales are Rs. 200 less but they get £25 in lieu of the Rs. 200.

(vi) In Burma the Commissioner of Income-tax works also as Commissioner of Salt Revenue and gets Rs. 200 as special pay. Under him is a Collector of Salt Revenue (1,000—1,250) and two Superintendents (400—900).

The regular establishment numbers 126.

(4) Expenditure, receipts and net revenue (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Expenditure (including sterling expenditure).	92.52	1,51.36	1,27.40	1,28.08	1,25.15
Receipts minus refunds . . .	5,16.79	6,82.48	7,39.05	6,76.46	7,05.00
Net Revenue . . .	4,24.27	5,31.12	6,11.65	5,48.38	5,79.85

Note.—From 1888 to 1903 the salt duty was Rs. 2 8-0 per maund. In 1903 it was reduced to Rs. 2; in 1905 to Rs. 1-8-0 and in 1907 to Re. 1. In 1916 it was raised from Re. 1 to 1-4-0 per maund. In 1923-24 it was raised to Rs. 2-8-0 but was again reduced to Rs. 1-4-0 in 1924-25. This is the rate in force now. It has, however, been subjected to a surcharge of 25 per cent. by the Supplementary Finance Act, 1931.

A statement is appended at the end of this Chapter setting forth the salt budget (both expenditure and revenue) of each salt department and how it has been rising or falling.

(5) *Commercialisation of accounts.*—The Inchcape Committee had recommended the introduction of commercial accounts in all the salt departments, but only those of the Northern India Salt Revenue Department are maintained on the commercial system. In that department there was a “profit” of Rs. 56 lakhs against “losses” of about 3½ lakhs in each of the two previous years. The accumulated loss since 1st April 1924 up to the end of 1929-30 was 3.69 lakhs. Fixed assets then stood at 85.10 lakhs.

(6) *Development schemes in hand.*—Consequent upon the Tariff Board's enquiry and the Salt Survey Committee's report, a differential duty of 4½ annas per maund has been imposed on imported salt with effect from 18th March 1931. A part of the proceeds of this duty will be devoted to the development of salt sources in India, especially in Northern India, Sind (including Karachi) and along the east coast, with the object of capturing the markets in Bengal and Assam, which at present are served by imported salt.

(7) *Limitations on scope for economy.*—The Central Board of Revenue rightly points out that certain items of expenditure are either obligatory or affect revenue directly. Thus, royalties and compensations, pensions, establishment charges paid to other Governments or departments, interest on capital outlay and contributions to the depreciation fund, payments to railways for the collection of statistics or for the examination of wagons (for customs purposes) are more or less obligatory. Royalties and compensations are payable to various States and Governments; some of them are fixed sums while others depend on clearances. Expenditure on “manufacture, excavation and despatch” and “purchase, conveyance and storage” directly affects revenue; the scope for genuine reduction of expenditure on these items is restricted. The obligatory expenditure amounts to 49.33 lakhs and “expenditure yielding revenue” to 21.23 lakhs. The budget provision genuinely amenable to retrenchment is thus reduced to 53.56 lakhs plus a part of the 21.23 lakhs.

(8) *Board's action and proposals.*—(i) The Board has given effect to an old idea and abolished the post of the Deputy Commissioner of N. I. S. R. and converted the post of a Personal Assistant to the Commissioner into that of a Secretary on a higher special pay. (ii) Various vacancies were left

unfilled and certain minor economies effected, in the various salt departments. (iii) The Board also offered to explore the possibility of amalgamating the duties of local heads of central revenue departments, *e.g.*, those of Collectors of Salt Revenue in Bombay and Madras with those of the respective Collectors of Customs. All this was estimated to yield a saving of 6.20 lakhs in the 1931-32 budget. But the genuine permanent reduction of expenditure would have been only 1.66 lakhs, so far as we can estimate it.

Subsequently the Board has offered the following savings, *viz.*, (i) 4½ lakhs under pay, allowances and contingencies, (ii) 1 lakh under works, (iii) 2½ lakhs under supplies and services including salt purchase and freight, (iv) ¾ lakh under depreciation charges and interest on capital. Total 8.75 lakhs.

The savings offered under works amount, to a certain extent, to the mere postponement of inevitable expenditure and those under (iv) are due mainly to the revaluation of assets. On our proposals the savings are appreciably larger. Hence, we cannot recommend the acceptance of the Board's offer. We shall, however, take account of each item of the offer in the relevant portions of our proposals.

(9) *Our proposals—* :

A.—N. I. S. R. DEPARTMENT.

(i) After a careful consideration of the *pros and cons* we have come to the conclusion that the post of Commissioner, N. I. S. R., and his office should be abolished.

His duties are, broadly speaking, two-fold, (i) general control and supervision over the work of the two manufacturing divisions and (ii) supervision over preventive work over almost the whole of Northern and Central India. As regards the first, we observe that a well-paid and qualified staff is already maintained (*vide* paragraph 3-ii). Manufacture being concerned with technical processes, all supervision from a distance must tend to become largely formal and financial; in other matters it must, to a large extent, involve duplication. The Commissioner and his officers were no doubt useful institutions when the salt policy, *viz.*, monopoly and concentration in Northern India, had to be given effect to and preventive work was necessarily a very important element in that policy. But the monopoly as well as the concentration of manufacture are now accomplished facts, and the need for an officer of a high status is no longer what it used to be.

On this important question we examined Sir Chunilal V. Mehta, K.C.S.I., under whose Chairmanship the Salt Survey Committee recently enquired into the feasibility of developing the salt sources in the Salt Range, Rajputana, Sind, etc. It is true that that Committee did not directly examine the question whether the post of the Commissioner and his office should be retained or not. But it had, in fact, an opportunity of studying the utility of that office as an intermediate link between Khewra and Sambhar on one side and the Central Board of Revenue on the other. Sir Chunilal V. Mehta's opinion is that if the manufacturing divisions are in charge of fairly good men, the Commissioner's post and his office are not needed, even after taking into account the need for staff in connection with the development schemes contemplated by his Committee. He has naturally qualified his view by adding that his Committee had no concern—direct or indirect—with preventive work; but, in other respects, it is an unqualified opinion. We may now deal with the bearing of preventive work on the need or utility of the Commissioner's office.

Article 20 of the Irwin-Gandhi agreement relating to the manufacture and sale of salt for local needs (App. I, page 42) renders intensive preventive work in the interests of Salt Revenue less important in future. It is a relic of the old days and its value has declined considerably all over India. In any case we cannot see the reason for maintaining a small special staff for preventive work over almost the whole of Northern and Central India. In the nature of things, an arrangement like this must be inefficient and wasteful, unless the work to be done by it is very light. Preventive work can be looked at from two points of view, *viz.*, salt revenue and law and order. If the former is a central subject, the latter is definitely a provincial one, and Local Governments should be charged with its administration. In our opinion they alone with their widespread police, excise and revenue organisations embracing every inhabited site can be in the best position to look after the illicit manufacture of salt or its smuggling-in without payment of duty. This in fact is the position in Bengal, Sind and over a considerable part of Bihar and Orissa. Even if the Local Governments of the provinces concerned have to be paid for the preventive work to be made over to them, we hold that from the point of view of the tax-payer in general it will be a cheaper arrangement.

The Central Board of Revenue also told us in reply to our questionnaire that "apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff which is already employed in the areas concerned"—(*vide* appendix II, page 42, in which the reply is quoted *in extenso*).

Thus, our considered conclusion is that the Commissioner's office is now an anachronism. We understand that the question of its abolition was at one time considered in the Finance Department. We definitely recommend that it should be abolished. The Commissioner's powers should, broadly speaking, be delegated to the general managers of Khewra and Sambhar. As suggested by Sir Chunilal Mehta, the *present* general manager of Khewra might be placed in technical supervisory charge of Sambhar and Pachbadra and be constituted the Central Board of Revenue's technical adviser on salt questions. If our recommendation is accepted, we think the Central Board of Revenue should continue to consist of two members and should take over up to about half of the establishments and of the provisions for allowances and contingencies.

Incidentally we may mention that in our view the only remaining important manufacturing centre in India, *viz.*, Kharaghoda should also be placed in charge of a responsible officer, *e.g.*, the Assistant Collector of Salt Revenue in charge of land customs work at Viramgam which is only a few miles from Kharaghoda. Such officer should, in matters relating to Kharaghoda, be invested with the present powers of the Collector of Salt Revenue, Bombay, and should be empowered to deal direct with the Central Board of Revenue.

(ii) Further, we think a ten per cent. reduction should be made in (1) the provisions under the head "manufacture" after excluding the item "manufacturing and excavation charges", (2) weighment *minus* despatch charges, (3) stores and workshop establishments and (4) medical establishment. We may add that our proposal is not essentially different from the Board's own offer of nearly 10 per cent. on pay, allowances and contingencies. We estimate a saving of 78 lakh. We should here add since the salt manufactured or mined by Government is sold at cost price, the receipts from salt will also be affected when the cost of the production decreases. But such an adjustment takes time; meanwhile the reduction in expenditure will be reflected *in toto* in the civil estimates. In this connection sub-para (iv) may be seen.

(iii) We estimate a further saving of about 1·89 from the abolition of the special preventive establishments in the N. I. S. R. Department, as proposed by us in sub-paragraph (i). We reckon that Local Governments will, on the analogy of Bengal and Bihar and Orissa, have to be paid something as an inducement to take up such work and that possibly half of the present expenditure on the pay and allowances of the staff and on genuine contingencies is all the saving that can be expected. Such an arrangement should in no case prove more costly than the present one, since the Government of India can point to the fact that even a special establishment can be maintained for about 4 lakhs on a scale reasonably sufficient for the work entrusted to it.

(iv) We observe that in the case of Sambhar overhead charges (excluding royalties, etc.) amounted to 21·44 and 16·86 pies as against 9·9 and 8·9 pies at Kharaghoda in 1928-29 and 1929-30 respectively. Sambhar is a bigger manufacturing unit and in most other respects conditions at Sambhar are not less favourable to economical production than at Kharaghoda. Hence we are constrained to observe that we consider the production at Sambhar unduly costly. The staffs at Sambhar as well as Khewra, etc., appear to us to be both excessive and unduly expensive. We know that under the present policy it is the consumer who has to pay the price, whatever it might be. But we think there is no reason why the consumers' interests should not be furthered by all practicable means. We therefore think this question should be carefully investigated by the department and every effort be made to reduce "overheads" at Sambhar to as near the Kharaghoda level as practicable. Since under the accepted policy of developing the Northern India Salt Sources, the output at Sambhar and Pachbadra is likely to be increased, the cost of production per maund should go down still further. We have only to add that this view has been confirmed by Sir Chunilal Mehta.

(v) On our proposals the savings after allowing for a ten per cent. reduction of the deduction for "probable savings", and leaving out possible savings under "works", "contribution to depreciation fund" and "interest charges" to be accounted for under the salt grant as a whole, will be 3·47 lakhs.

B.—MADRAS.

(vi) On the analogies of the combination of income-tax and opium work in the U. P. and of income-tax and salt work in Burma we hold that it should not be difficult to abolish the post of the Collector of Salt Revenue, Madras, after making over his duties to the local Collector of Customs. In fact, the Central Board of Revenue have such an arrangement already in view. Including the provision for passages this proposal will yield a saving of Rs. 26,300.

(vii) In any case, the special pay of Rs. 200 per mensem for the C. S. R., Madras, should be abolished. We observe that the C. S. R., Bombay's duties are heavier and more varied. The numbers of officers and establishments controlled are far larger and the grant administered is bigger by about 50 per cent. He has an important manufacturing centre, viz., Kharaghoda, to supervise; Madras has nothing corresponding to it. He also does customs, lighthouses and minor ports and land customs work; these duties have no counterpart in the case of the C. S. R., Madras. And yet we note that the C. S. R., Bombay, gets no special pay.

(viii) In case, however, the post is retained, the number of Assistant Commissioner's posts should be reduced to three by the abolition of the post of Secretary to the Collector.

(ix) The Central Board of Revenue offered about ten per cent. on pay, allowances and contingencies; we propose a ten per cent. reduction in the provisions for (a) Inspectors, (b) Establishments, (c) Allowances, (d) Supplies and Services and (e) Miscellaneous contingent expenditure. Allowing for a reduction of the deduction to be made for "probable savings", we estimate a saving of 97 lakh from the proposal in this sub-paragraph.

(x) Leaving out savings under "Works" and "Salt purchase and freight" for the present, the total savings in the Madras Salt Department will, on our proposals, be 1.23 lakhs.

C.—BOMBAY.

(xi) The feasibility of amalgamating the duties of the Collector of Salt Revenue with those of the Collector of Customs should be considered. As the Bombay Customs Department is one of the two heaviest customs charges, we refrain from making a positive recommendation. In case the post is retained, the number of Assistant Collectors should be reduced from seven to five; otherwise, from seven to six. For purposes of an estimate of savings we shall assume the former. Savings will be 20 lakh.

(xii) The Bombay Salt Department is, so far as we are aware, unique in possessing an expensive Chief Accounts Officer. We see no reason why arrangements which are good enough for the other provinces should not suffice for Bombay. This post should therefore be abolished, saving Rs. 7,900.

(xiii) Action more or less on the lines of the Central Board of Revenue's offer to reduce the provisions for pay, allowances and contingencies by about ten per cent. would yield savings of 2.43 lakhs as below:—

(a) Establishments	1.91
(b) Further reduction in the provision for "bad climate allowance"	.09
(c) Allowances	.24
(d) Supplies and Services except payment to Railways for the collection of statistics and for the detention of wagons for customs examination	.10
(e) Contingencies except the provision for the amelioration of the condition of <i>aquas</i> (salt makers on a small scale)	.09

(xiv) Leaving out possible savings under "works" and "salt purchase and freight" and making a reduction of Rs. 1,000 in the deduction for "probable savings" under "pay of officers" our proposals will yield a saving of 2.70 lakhs.

D.—SIND.

(xv) Both salt and customs work at Karachi is light and can be amalgamated in charge of the Collector of Customs. No extra emoluments need be paid. The Superintendent's post should therefore be abolished, saving Rs. 7,200.

(xvi) A ten per cent. cut on the provision for establishments, allowances, supplies and services and contingencies and the abolition of the provision of Rs. 3,100 (on the general ground that staff recruited for work at a particular centre or centres should not be given house-rent, compensatory local and similar allowances) will yield savings of Rs. 5,870.

(xvii) Total savings, excluding those under "works" and "salt purchase" will be 13 lakh. Besides, now that Sind has a separate salt department at Karachi, the most important centre of the salt industry in Sind, an attempt should be made to get some reduction in the contribution payable to the Government of Bombay in respect of their combined salt and excise staff.

E.—ADEN.

(xviii) There are only six guards and servants and the total provision for their pay is only Rs. 1,800. Including allowances, contingencies and works the total 1931-32 provision for Aden is only Rs. 3,000. Since under the accepted scheme for the development of the Aden salt industry some expansion is probable, we think no reduction in the budget should be made.

F.—BENGAL.

(xix) The 1931-32 grant includes a provision of .91 lakh for special establishments, viz., 19 executive subordinates, clerks, etc., and 59 servants. A ten per cent. cut on the pay and on the controllable portions of supplies and services and contingencies and the abolition of house-rent and other allowances will yield a saving of Rs. 5,480.

G.—BURMA.

(xx) In the case of the Commissioner of Income-tax, U. P., we have recommended that what, in effect, amounts to a special pay of Rs. 250 should be abolished. Since the salt duty in the case of the Commissioner of Income-tax, Burma, is much lighter than the opium duty in the U. P. and even income-tax work is not amongst the heaviest in India, we must recommend the abolition of the special pay of Rs. 200 per mensem drawn by the Commissioner of Income-tax, Burma.

(xxi) In our opinion the Commissioner can easily look after salt work in addition to his income-tax work, if suitable arrangements are made to provide him with assistance as regards office supervision. The post of Collector of Salt Revenue is superfluous and should be abolished. Saving Rs. 13,700.

(xxii) A ten per cent. cut on the provisions for the pay of establishments, travelling allowances, supplies and services (excepting salt purchase and freight) and contingencies (except rents, rates and taxes) and the abolition or serious curtailment of house-rent and other allowances will yield a saving of about .15 lakh.

(xxiii) On our proposals the total savings in Burma will be .31 lakh.

H.—GENERAL FOR ALL SALT DEPARTMENTS.

(xxiv) To the savings shown by us in detail in the preceding sub-paragraphs may be added the savings proposed by the Central Board of Revenue, viz., 1 lakh under works, 2.50 under supplies and services and under salt purchase and .75 under depreciation charges and interest. Total 4.25 lakhs.

NOTE.—The Board had included the savings contemplated by it on supplies and services in this figure, but we have restricted the figure to salt purchase and freight and have taken a separate account of the savings from supplies and services other than salt purchase and freight. The provisions for salt purchase and freight and manufacturing and excavation and despatch charges being substantial amounts, we think there should be little difficulty in giving effect to our proposals in this sub-paragraph.

(10) *Summary of savings.*—On our proposals the reduction of expenditure for purposes of the 1932-33 budget will be 7.89 [paragraphs (1) to (xxiii) plus 4.25 (paragraph xxiv)] lakhs. Total 12.14 or, in round figures, 12 lakhs.

It may also be possible to get the Local Governments of Bengal, Bihar and Orissa, etc., to accept lower contributions for "agency" work, the reasons being the decline in the importance of preventive work and the probable reductions in the scales of pay in force in the provinces and in the Local Governments' expenditure in general.

Reference—Paragraph 9 (i).

APPENDIX I.

ARTICLE 20 OF THE IRWIN-GANDHI SETTLEMENT OF MARCH 1931.

“ Government are unable to condone breaches of the existing law relating to the salt administration nor are they able in the present financial condition of the country to make substantial modifications in the Salt Acts.

For the sake however of giving relief to certain of the poorer classes, they are prepared to extend their administrative provisions, on lines already prevailing in certain places, in order to permit local residents in villages immediately adjoining areas, where salt can be collected or made, to collect or make salt for domestic consumption or sale within such villages, but not for sale to, or trading with, individuals living outside them.”



APPENDIX II.

Extract from paragraph 2 of the Central Board of Revenue's reply to our questionnaire :—

“ Preventive work is at present done for the Government of India in connection with salt by provincial establishments in Bengal, Bihar and Orissa and Sind. The Board proposes to undertake an examination of the cost of having this work done by separate establishments working under the Collector of Customs or some other local head of a department under the Board. When this examination is concluded, it may show that the present arrangement is the most economical to the central revenues ; otherwise, we shall have still to choose between maintaining a separate central staff or using the results of the enquiry to induce the local Governments to accept a lower contribution towards the cost of their own staff which does the work. It will be clear that, apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff which is already employed in the areas concerned.”

Statement showing expenditure on and receipts from Salt.
Reference—Paragraph (4).

(The figures are in lakhs of rupees.)

EXPENDITURE.

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA.								
NORTHERN INDIA SALT REVENUE DEPARTMENT.								
Working expenses :—								
Direction	1.35	1.80	1.37	1.24	1.28	1.45	1.33	1.21
Manufacture	16.85	12.63	11.60	14.19	14.05	15.49	15.56	14.53
Weighment		1.23	.69	1.39	3.58	3.32	3.41	3.29
Stores and Workshop Establishment	.06	.29	— .51	— 1.00	— .80	— .64	— .76	— .81
Medical Establishment	<i>Nil</i>	.29	.26	.27	.26	.27	.30	.27
Contribution to Depreciation Fund.	2.60	2.54	2.66	3.64	2.92	2.76	2.64	2.64
Cost of Accounts and Audit . . . . .	.31	.49	.53	.56	.63	.60	.53	.54
Pensionary charges	<i>Nil</i>	.80	.80	.78	.79	.79	.62	.62
Preventive establishment	3.89	3.74	3.69	3.94	3.92	4.04	4.19	4.06
Interest on capital	3.01	3.72	3.89	4.03	4.97	4.38	4.78	4.74
Compensations	30.52	34.25	32.26	35.03	33.59	33.75	32.35	31.54
Capital Outlay	7.20	7.18	4.80	.50	.58	1.12	.71	1.02
Deduct—Probable savings	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	— .30
Miscellaneous	— .13	<i>Nil</i>	— .10	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Total—N. I. S. R. Department	65.65	68.49	61.94	64.57	65.77	67.33	65.66	63.85
MADRAS.								
Direction	10.54	10.54	10.40	10.51	10.29	10.46	10.87	11.26
Salt purchase and freight.	4.04	3.72	6.66	4.77	.97	1.86	2.41	3.86
Works	2.80	2.98	3.34	3.39	2.62	2.91	2.80	2.56
Compensations.	4.87	4.89	4.88	4.88	4.87	4.87	4.83	4.83
Deduct—Probable saving	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	— .80	— .85
Total Madras	22.25	22.13	25.28	23.55	18.75	20.10	20.16	21.70
BOMBAY.								
Direction.	22.29	23.48	23.00	24.01	24.39	25.54	25.93	25.37
Establishment paid to or received from other Governments, etc.	.48	.50	.49	.50	.62	.63	.66	.64
Salt purchase and freight.	10.43	6.53	6.24	5.44	6.05	6.43	7.75	6.06
Works	<i>Nil</i>	.88	.88	.97	.99	.66	1.01	.61
Compensations. . . . .	.79	.93	.84	.91	.84	.89	1.18	.87
Total Bombay	33.99	32.32	31.45	31.83	32.89	34.15	36.56	33.54
BENGAL.								
Direction	1.02	1.02	.94	.99	1.17	.91	.95	.91
Establishment charges paid to or received from other Governments, etc.	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Compensations . . . . .	.20	.20	.20	.20	.20	.20	.20	.20
Total Bengal	3.22	3.22	3.14	3.19	3.37	3.11	3.15	3.11

Statement showing expenditure on and receipts from Salt—*contd.*

(The figures are in lakhs of rupees.)

EXPENDITURE—*contd.*

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA—<i>contd.</i>								
BURMA.								
Direction	·64	4·94*	1·53	1·53	1·33	1·53	1·55	1·66
Total Burma	·64	4·94	1·53	1·53	1·33	1·53	1·55	1·66
BIHAR AND ORISSA.								
Establishment charges paid to other Governments	·73	·76	·76	·76	·76	·76	·76	·76
Total Bihar and Orissa	·76	·76	·76	·76	·76	·76	·76	·76
ASSAM.								
Direction	·01	·01	·01	·01	·01	·01	<i>Nil</i>	<i>Nil</i>
Total Assam	·01	·01	·01	·01	·01	·01	<i>Nil</i>	<i>Nil</i>
CHARGES IN ENGLAND.								
Leave salary, deputation pay and sterling overseas pay and stores.	·63	·28	·48	1·57	·90	1·03	1·02	1·03
Exchange	·25	·09	·16	<i>Nil</i>	<i>Nil</i>	·01	<i>Nil</i>	<i>Nil</i>
Total England	·88	·37	·64	1·57	·90	1·04	1·02	1·03
GRAND TOTAL	1,27·40	1,32·24	1,24·75	1,27·701	1,13·83	1,28·03	1,25·86	1,25·16

* Includes adjustments in respect of previous years.

REVENUE.

Northern India Salt Revenue Department.	1,07·06	1,27·47	1,57·41	1,64·56	2,43·72	1,52·64	1,48·28	1,62·57
Madras	1,89·92	1,47·59	1,43·01	1,44·55	1,47·55	1,47·45	1,42·90	1,47·84
Bombay	1,73·34	1,52·20	1,58·44	1,53·91	1,58·11	1,57·84	1,56·53	1,54·93
Bengal	2,35·91	1,71·64	1,76·78	1,63·75	1,76·02	1,84·09	2,04·43	2,05·12
Burma	32·81	34·05	34·16	36·39	34·52	34·42	32·85	34·53
Bihar and Orissa	<i>Nil</i>	·01	·01	·01	<i>Nil</i>	·01	·01	·01
Assam	·01	·01	·01	·01	·01	·01	<i>Nil</i>	<i>Nil</i>
Total	7,39·05	6,32·97	6,69·82	6,63·18	7,59·93	6,76·46	6,85·00	7,05·00

CHAPTER IV.

GRANT No. 19.—OPIUM (73·63 lakhs).

(1) *Explanation of the grant.*—The opium budget for 1931-32 is 73·63 lakhs. It may be set out as follows :—

	Lakhs.
(i) Purchase of old stocks of opium in Mewar State	7·30
(ii) Payments for special cultivation in Malwa	27·00
(iii) Payments to cultivators in the United Provinces	27·97
(iv) The Opium Factory at Ghazipur	4·21
(v) Superintendence and other establishments in the United Provinces	5·46
(vi) Miscellaneous charges at Calcutta	·05
(vii) Establishment and other charges elsewhere	·08
(viii) Compensations (·09 in Bengal, and ·46 to some States)	·55
(ix) High Commissioner (·04 stores plus ·97 establishments*)	1·01

(2) *Opium Policy and Revenue Prospects.*—As regards British India the Government of India exercise a monopoly of cultivation and manufacture of opium. A compensation of Rs. 9,000 is paid to the French Government in consideration of the surrender of the right to cultivate opium in Chandranagar (Bengal). The policy *vis-a-vis* the Indian States varies. In consideration of the surrender of the right to cultivate opium, compensations aggregating 46 lakh are paid to some States (in Kaira, Ahmedabad and Banaskantha). Outside British India the tracts suitable for opium cultivation in India are Malwa and Mewar. Some of the Malwa States (*e.g.*, Sitamau) depend on opium cultivation for a considerable share of their public revenues. The present policy of Government is to give certain States a share in the internal market for Indian opium and thus to lead up to a closer control over their production of opium. Malwa opium is rather cheaper than "Benares", *i.e.*, U. P. opium. An important decision taken in 1930 was to buy up old stocks of opium in the Mewar State; this commits Government to an expenditure of over 72 lakhs spread over ten years. The object underlying it was to secure control over opium produced in Mewar and suppress its smuggling into British India and the Far East. The opium so purchased is cheaper than "Benares" or Malwa opium. It is to be disposed of at cost price for consumption in the States.

Under India's ratification of the Opium Convention of 1925 the exports of opium (called "provision" opium) to the Far East, where it is largely used for smoking, are being reduced and, except for medical and scientific uses, will come to an end after 1935. "Provision" opium is supplied at a profit. "Excise" opium is meant for consumption in India and will continue to be manufactured at Ghazipur for supply at cost price to the excise departments of the provinces and administrations and also those of some Indian States (*e.g.*, H. E. H. the Nizam's). As regards opium for medical and scientific uses, Indian opium has already lost ground rapidly owing to its comparatively low and perhaps also decreasing morphine content.

(* Note.—The establishment charges consist of leave salaries and deputation allowances and sterling overseas pay. They are included in the Indian budget estimates because the accounts are commercialised.)

(3) *Functions*.—The Opium Department arranges for the cultivation of poppy in the United Provinces and for the purchase of opium produced in Malwa and of stocks of opium held in the Mewar State. At Ghazipur the crude opium is manufactured into "provision", "excise" and "medical" opium.

(4) *Organisation*.—The Opium Department is under the administrative control of the Central Board of Revenue. The Opium Agent's post carries a pay of Rs. 2,500—100—3,000 *plus* £13/6/8 Overseas Pay and is reserved for the I. C. S. There used to be a full-time Opium Agent, but since 1924 the Commissioner of Income-Tax, United Provinces, works also as Opium Agent; the Income-Tax and Opium Departments share the cost of his pay and allowances equally.

Expenditure on "superintendence" in the United Provinces also includes the cost of—

- (a) a Superintendent of gazetted rank (Rs. 520—20—660) and 19 clerks and 11 servants at headquarters, and
- (b) 22 "District" Opium Officers, 113 clerks and 274 servants in the districts of the United Provinces.

The old cadre of District and Assistant Opium Officers is on the scale Rs. 750—50—1,000—100—1,400*. But the policy now is to recruit officers of the Provincial Civil Service, U. P. and give them a special pay of Rs. 50 and for work as District Opium Officers Rs. 100 p.m. over their pay as Deputy Collectors. The 1931-32 provision for the pay of the twenty-two District and Assistant Opium Officers is 1.81 lakhs and for that of the district establishments 1.43 lakhs.

For the Opium Factory there are (a) a Managing Director (on Rs. 1,250—50—1,500 *plus* £30 O.P.), (b) a Factory Superintendent and Assistant Superintendent who, in addition to their pay, are paid factory allowances of Rs. 250 and 150 p. m. respectively, and an Opium Chemist (on Rs. 600—50—1,200). The Factory establishment of 195 (inclusive of 140 servants) consists of chemists, engineers, medical officer and clerks and including .22 lakh for temporary establishments costs 1.12 lakhs.

A scheme costing Rs. 2,000 was recently sanctioned for research on opium alkaloids as a part of the measures for retaining India's position in the world market for medical and scientific opium.

Lastly, mention should be made of the Excise Commissioner for Rajputana and Central India whose cost is borne on the Foreign and Political Department estimates but whose duties are mainly concerned with opium.

(5) Expenditure, receipts and net revenue.—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Expenditure . . .	152.44	186.61	235.57	211.47	100.44	87.01	54.95	48.81	75.24	73.68
Receipts . . .	243.35	378.92	379.76	415.00	433.14	394.52	326.59	304.10	262.60	216.68
Net Revenue . . .	90.91	192.31	144.19	203.53	332.70	307.51	271.64	255.29	187.36	141.95

The opium accounts are now maintained on a commercial basis. According to the accounts for the year ending 30th September 1929 the fixed assets stood at 16.01 and the floating assets at 203.02 lakhs.

* For officers of non-Asiatic domicile the scale is Rs. 650—50—700—50/2—800—100/2—900—900—950—100/2—1,150 *plus* overseas pay.

19.30 lakhs was surrendered in February and March 1930 due to lower outturn.

It will be seen from paragraph (2) that the policy underwent a radical change in 1925, and necessitated a reduction in the outturn of opium. Hence, comparisons with the figures of any year before 1925-26 are not of much use. Even after 1925-26 they are not easily comparable.

(6) *Nature of the opium budget.*—If the provision for the purchase of opium and opium stocks, compensations and contribution to the Municipal Board of Ghazipur be left out of account, the nominal grant of 73·63 is reduced to 10·81 lakhs as below :—

(i) Pay of officers and establishments (6·48) and allowances etc. (·65)	7·14
(ii) Supplies and Services (2·27) and Contingencies (·75)	3·02
(iii) Works (·54), stores (·04) and other charges (·07)	·65

The Central Board of Revenue rightly argues that this portion of the budget is the only one susceptible of any reduction. At first it offered a reduction of Rs. 47,540 of which only Rs. 27,410 represented genuine permanent reduction. The Board now hopes to realise a saving of ten per cent. on the opium grant excluding the provisions for the Purchase of Opium and Supplies and Services, *i.e.*, heads D and E excluding Supplies and Services. This saving would amount to 0·75 lakh, *i.e.*, to 7 per cent. of the 10·81 lakhs mentioned above.

(7) *Our proposals.*—(i) In view of the lightness of income-tax work in the United Provinces we do not see sufficient reason why the Commissioner should get the higher scale prescribed for the Opium Agent at a time when opium revenue was much larger than it now is. In effect, this amounts to an extra special pay of Rs. 250. It should be abolished. Savings will be Rs. 3,000.

(ii) We observe that the Opium Agent's office has an expensive Superintendent. This post should be reduced to that of a Head Assistant on about Rs. 250 to Rs. 350. Savings will be Rs. 4,000 to Rs. 5,000.

(iii) We see no justification for the continuance of the *exceptional* amenity which opium officers at Ghazipur enjoy (*viz.*, free medical attendance on their families) and which costs Government Rs. 100 p.m. by way of an allowance to a medical officer at Ghazipur. We recommend that it should be cut out. Savings will be Rs. 1,200.

(iv) The policy of scattered cultivation in the United Provinces, with the object of keeping up various nuclei which could be expanded for opium cultivation should be given up immediately and the number of divisions be reduced from 14 to 9. The present cost of superintendence in the fourteen divisions is 4·84 lakhs. We estimate that our proposal will yield a saving of one lakh. It also renders it unnecessary for us to examine the district staffs in detail with a view to possible reduction. But, we must urge the need for selecting the senior officers for retirement.

(v) The Incheape Committee had recommended the abolition of the post of the Managing Director. In fact, the Opium Agent's post was converted into a part-time one by amalgamating his duties with those of the Commissioner of Income-Tax, U. P., and the Managing Director's post was left untouched. In our opinion the following remarks of that Committee are applicable even to-day, possibly with greater force :—

“The appointment of Managing Director, costing Rs. 18,000, did not exist in 1913-14, but was introduced during the war for a special purpose, namely, to develop the production of opium alkaloids, for which at that time there was a considerable demand. We understand that this demand has now practically disappeared and we recommend that the appointment be abolished.”

We further observe that from the point of view of income-tax work the United Provinces is a light charge. We do not agree with the Central Board of Revenue that the Managing Director's post cannot be abolished so long as the head of the department is the Commissioner of Income Tax. We note that the present Managing Director has already put in over 33 years of service and is over 55 years of age. We recommend that the post should be abolished forthwith. Savings will be Rs. 18,200 *plus* 4,800 (O. P.)*=Rs. 23,000.

(vi) The factory allowances of Rs. 250 to the Factory Superintendent and of Rs. 150 to the Assistant Factory Superintendent are altogether too liberal. Special pay was sanctioned for the factory charges long before 1913-14, and the amounts remained unvaried, at least since 1909. The Factory is no longer the heavy charge it must have been when opium revenue was, at least comparatively, a much larger source of central revenues than it now is. With the gradual reduction of the manufacture of provision opium the charge will be lighter still. We have also to bear in mind the amenities available at Ghazipur. In the light of all these considerations we see no justification for retaining the factory allowances. The concession of rent-free quarters should prove a sufficient attraction to the officers selected for factory superintendence. But, since we are going to propose that this concession be abrogated, we propose that the factory allowances should be reduced to the equivalent of house-rent at 10 per cent. and should not be paid, if rent-free quarters continue to be provided. Savings will be Rs. 4,800.

(vii) We do not see why the Opium Department should have such a costly Chemist. The present Chemist was appointed in 1915 when opium alkaloids were needed for the war. We were told by the Central Board of Revenue that the question of abolishing the post is under its consideration. We think it should be abolished. We would, however, suggest that the present incumbent of the post should, if possible, be absorbed somewhere, specially in work requiring the services of an applied or an industrial Chemist, *e.g.*, in Customs Chemical Works.

(viii) The cost on account of the pay of officers and of establishments at the Factory has not only not gone down but has even gone up slightly in spite of the adoption of the policy of extinguishing exports. We are not satisfied with the Opium Agent's view, as the result of his enquiry in 1920, that there was no scope for retrenchment. As regards officers we have made detailed proposals. We recommend that factory establishment also should be reduced by one-tenth so as to save Rs. 12,000.

(ix) Three individual officers get a personal allowance of Rs. 100 p.m. (subject to the maximum of their time-scale) as a reward for war services. We think, the need for continuing them should be scrutinised afresh. We consider such allowances objectionable in principle and specially so at a time of such acute financial stress.

(x) We are not satisfied that any special pay should be necessary to attract provincial service men into the Opium Department. We hold that the practice of treating service in departments other than the land revenue departments as so onerous or special as to deserve special pay is altogether out of date and even unfair to the regular provincial services. We recommend that in future no such special pay should be offered. If experience proves that the right type of officers is not being attracted into the Opium Department, the special pay might be revived.

* Included in our calculation, because the accounts are "commercialised".

(xi) The practice of re-employing pensioners on temporary posts at rates of remuneration equal, or almost equal, to full pay prior to retirement *minus* pension should be discouraged. Younger men should get the chance. Our proposals will yield small savings, but they cannot be calculated.

(xii) In addition to the reduction involved in our proposal in sub-paragraph (iv) the provision for travelling allowances for the district opium staffs (·64 lakh) should be reduced by Rs. 8,000.

(xiii) The provisions for Supplies and Services and Contingencies for the Factory as well as for the district staffs should be curtailed so as to save Rs. 25,000.

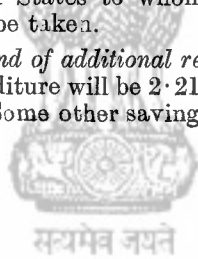
(xiv) The provision of ·54 for "works" should, for the present, be reduced to ·30. Actual cost in 1929-30 was ·30.

(xv) The concession of rent-free quarters should be abrogated for every member of the staff. We estimate that the additional revenue will be a considerable amount—perhaps, not below ·06.

(xvi) It is understood that the Factory plant is capable of generating electricity in excess of the factory requirements. If it be supplied to staff quarters and the adjacent localities, at rates generally in force in similar stations in the U. P., we estimate that Government should derive an additional *net* revenue of about ·05 per annum.

(xvii) When the present agreement with the French authorities at Chandranagar expires at the end of 1932, opportunity should be taken to persuade them to surrender their rights under the Treaty of 1815 without compensation with effect from the year of complete stoppage of the export of "provision" opium. As regards the Indian States to whom compensations are paid at present similar action should be taken.

(8) *Summary of savings and of additional revenue.*—On our specific proposals the reduction of expenditure will be 2·21 lakhs and additional revenue of ·11 lakh will also accrue. Some other savings cannot be calculated.



CHAPTER V.

SECURITY PRINTING AND CURRENCY NOTE PRESSES, NASIK (39·43 lakhs).

(1) *Explanation.*—The gross expenditure on these Presses does not figure in the civil estimates. The only places where, so far as we are aware, they are at all mentioned are in grants No. 20-Stamps and 88-Capital expenditure on the Nasik concerns. The former grant provides Rs. 5,000 for leave salaries of the officers and staff of the Presses. Grant No. 88 is a nominal grant for Rs. 1,000, as the net amount required for “capital” expenditure is a *minus* amount of 3·94 lakhs. In an indirect manner the Presses figure in the grant for Currency also, *viz.*, in the provision of 17·80 lakhs for the cost of currency note forms.

We have considered the question whether this commercial undertaking with its personal ledger account falls within our purview as a committee for retrenchment and we have come to the conclusion that it does. We have shown above that the civil estimates have to bear a part of the real gross expenditure of the Presses. A reduction of the cost of running them would be reflected in the cost of currency note forms and stamps. We have therefore scrutinised their affairs in the light of such information as we possess in the absence of detailed estimates set forth in the grants.

(2) *Functions.*—Their main functions are to manufacture and print currency notes, revenue and judicial stamps and postage stamps, post cards, etc. There is also a Central Stamp Store maintained in conjunction with the Security Press. Occasionally it is asked to print special stamp papers of extraordinary denominations. Prior to the establishment of these Presses currency notes and stamps used to be obtained from the Bank of England and from Messrs. Thomas de la Rue and Co. on contract.

(3) *Organisation.*—Finance Department is in administrative charge and the Master deals direct with that department. The Master's scale of pay is Rs. 2,000—200—3,000, *i.e.*, the same as that of the Mint Masters at Calcutta and Bombay. The present Master's actual pay is Rs. 3,000 *plus* a special pay of Rs. 675 and a compensatory allowance of Rs. 200. But this pay is personal to him. He is on extension of service up to 20th October 1932. To assist him there is a Deputy Master, whose actual emoluments including a special pay of Rs. 100, a compensatory allowance of Rs. 220 and overseas pay of £30 are Rs. 2,420. The pay of the Deputy Master's post has not yet been fixed and this pay is personal to the present incumbent. There is also a post of an Officer on Special Duty which is due to terminate in January 1932. His emoluments, are, pay Rs. 1,050, a special pay of Rs. 118-2-0 and overseas pay of £30. The non-gazetted staff consists of a Press Manager on Rs. 1,200—50—30—1,400 *plus* 10 per cent. compensatory allowance, an Engraver on the same scale, 11 Technical Supervisors on Rs. 400—40—600 *plus* 10 per cent. compensatory allowance, 11 Technical Junior Supervisors on Rs. 200—15—350—20—550, 4 Technical Assistant Supervisors on Rs. 100—10—150—15—300. The control staff consists of 2 Chief Supervisors on Rs. 750—50—1,000, 6 Junior Supervisors on Rs. 200—15—350—20—550 and 23 Assistant Supervisors on Rs. 100—10—150—15—300. There are also the usual clerical and accounting establishments, store-keepers and some watch and ward and inferior establishments.

(4) *Proposals.*—(i) In Part I of our Interim Report we said (paragraph 2 of Chapter III, page 14). “*Prima facie*, however, we are of opinion that the gross expenditure of this and of all other commercial undertakings

should be submitted to the Legislature in the usual way". We have been given to understand that while the gross expenditure is not incorporated in the Demands, it also does not receive the normal attention of even the Finance Department. So far as we can see, the rules under which this situation arises are *ultra vires* of the Government of India Act. We observe that the gross expenditure of some "commercialised" undertakings, e.g., the Railways, the Posts and Telegraphs Department, the manufacturing side of the Northern India Salt Revenue Department, is submitted to the scrutiny and control of the Legislature for the purpose of "grants", and we do not see why that of the Security and Note Presses should be treated as an exception. We therefore recommend that the gross expenditure should be included in the Demands for Grants for 1932-33 and future years.

(ii) We may here refer to a suggestion which has been made to us that taking into account the fall in prices it is doubtful whether Nasik is now producing as cheaply as the former contractors would have done. We do not consider this a cogent argument in favour of reverting to the former system, but it appears to us to indicate that this concern is perhaps not running as economically as it should do. We therefore recommend that Finance Department should undertake as early as possible a thorough examination on the spot of the expenditure at Nasik with a view to its reduction to a scale commensurate with India's needs and capabilities.

(iii) The scales of pay for many of the posts in these Presses appear to us unduly liberal. The annual increment of Rs. 200 in the case of the Master's post has its parallel only in the case of the two posts of Mint Masters on which it was presumably based; this incremental scale is exceptionally liberal. Many of the officers get not only the pay proper but also special pay and free quarters or compensatory allowances in lieu thereof. Whenever accommodation is provided at the public expense, we understand, it is on an unduly expensive scale. While we propose to deal with questions of pay at a later stage, we recommend, in accordance with the plan we have followed so far, that the entire system of special pays and free quarters or allowances in lieu thereof should be abrogated. Nasik is a very healthy station not very far from Bombay and provides all the amenities of a district headquarters. We can see no reason why compensatory allowances should be given or accommodation provided free. Rent should therefore be charged.

(iv) We have examined the "Civil" and the "establishments" lists. The staff appears to us to be excessive and confirms our *prima facie* impression that the management is not as economical as it might be and manufacturing costs are unduly high. We would in any case have recommended some reduction of the staff. But we take note of Government's decision to re-issue 25 per cent. of the currency notes received back into the currency offices instead of destroying them. We recommend that the supervisory staff—both officers and others—at Nasik should be reduced by 25 per cent. and the operative staff should be reduced as indicated in para. (5) below.

In this connection we are told that the present Master's extension is due to expire a year hence. We observe that as regards the normal "day to day" working neither Mint has a Deputy Master. We recommend that on the same analogy the Nasik Presses should, when the present Master retires, have no Deputy Master. The next highest officer can take charge when the Master is out of the station and he can officiate for the Master when the latter is on leave.

(v) The general fall of prices should also enable some economy, say 10 per cent., to be effected in the expenditure on stores and materials.

(5) *Summary of savings.*—Our proposals will yield savings of about 1½ lakhs on the two Presses. But so far as the budget position of 1932-33 is concerned, there will, on the whole, be a deterioration to the extent of about .25 lakh, as explained below separately for each Press.

(a) *Currency Note Press.*

On the “forecast” figures for 1931-32 we think, the gross expenditure should be reduced by about 3.25 lakhs, including a reduction of 25 per cent. in all supervisory charges. In this way we estimate that the reduced out-turn will still yield a “profit” of about a lakh, which will improve the budget position by this amount as compared with the figures used by us in Chapter XIV on the Currency grant.

(b) *Security Printing and Stamp Depot.*

We consider that a 25 per cent. reduction of supervisory charges should be brought about, and steps should be taken to bring the “carry-over” of stocks to a minimum. The “off-take” for 1932-33 seems likely to be below the normal of recent years. We anticipate a gross “turn-over” of about 16 lakhs, and a gross “profit” of about 4 lakhs. Taking interest charges into account, the net “profit” seems likely to be about a lakh, resulting in a deterioration of the budget position by about 1½ lakhs.



CHAPTER VI.

GRANTS NOS. 27 TO 42.—GENERAL ADMINISTRATION.

(1) The following are the various grants for General Administration :—

- (i) the Staff, household and allowances of the Governor General.
- (ii) the Executive Council.
- (iii) the Council of State.
- (iv) the Legislative Assembly and Legislative Assembly Department.
- (v) the following regular departments of the Government of India, viz., (a) Foreign and Political, (b) Home, (c) Legislative, (d) Education, Health and Lands, (e) Finance, (f) Commerce, (g) Army and (h) Industries and Labour.
- (vi) the Reforms Office.
- (vii) the following attached offices, viz., (a) Public Information Bureau, (b) Intelligence Bureau, (c) the Public Service Commission, (d) Central Board of Revenue.
- (viii) Payments to provincial governments for their "agency" work on behalf of the Government of India.
- (ix) Separation of accounts from audit (in part.)

(2) In the first part of our Interim Report we have already dealt with grants Nos. 28—Executive Council, 32-B—Bureau of Public Information, 32-C—Intelligence Bureau and 41—Central Board of Revenue. By mutual agreement between the Army Sub-Committee and the General Purposes Sub-Committee the Army Department and Military Finance were left to be dealt with by the former. As regards the Foreign and Political Department, we intend to take it up at a later stage of our enquiry. The grant relating to the Separation of Accounts from Audit was, *ab initio*, within the purview of the Public Works, Accounts and Audit Sub-Committee. All the remaining grants under General Administration will be dealt with in this chapter.

(3) We have explained each grant separately. Wherever possible, we have given some historical, statistical and other information. Owing to the pressure under which our work has had to be performed we have not found it possible to work out adjusted and fairly comparable statistics showing the growth or decline of the staff and expenditure of each department and office, nor to trace in a comprehensive manner and in fair detail the various changes relating to the organisation and work in the Secretariat as a whole. Some information relating to this will, however, be found in Chapter I and in the individual grants.

(4) The only other matter to which we would refer here is the question of savings on account of our *proposal relating to the Delhi-Simla move. These have had to be worked out for the Secretariat as a whole rather than for each individual department or office.

Our proposal was that Government should take the necessary steps so that Secretariat departments could be left in Delhi all the year round, and that pending measures to render Delhi suitable for the accommodation of the Secretariat and attached offices and their staffs as many offices as possible, particularly the attached offices, should be left permanently at Delhi or at Simla.

*Paragraph 19, Chapter I, Part I of our Interim Report.

We have not had the detailed information, nor even the time, necessary to enable us to propose in every case whether a particular office or branch of an office should remain at Delhi or at Simla, or should remain migratory as at present. In certain specific cases, however (*e.g.*, the Public Service Commission, the Imperial Council of Agricultural Research Department, the Archaeological Department), we have definitely proposed their permanent location at Delhi. We also understand that in one case, *viz.*, the Indian Stores Department, Government have already issued, or intend to issue, orders to that effect. Provisionally therefore we have accepted the view that it would be reasonable to assume that taking the Secretariat and such of its attached offices as are under our purview, as a whole, one-third would on our proposals remain permanently at Delhi, one-third permanently at Simla and only the remaining one-third would continue for the present to be migratory. In the case of the staff of offices permanently located at Delhi or at Simla we recommend that house-rent and other allowances paid to ministerial officers should be examined and we consider that the present provision of 1.39 lakhs could be reduced by 20 per cent. This might be done by a revision of the existing code regulating such allowances. Further, on our hypothesis one-half of the provisions for hill journey allowances and hill journey charges would become unnecessary in 1932-33 and two-thirds with effect from a future date when Government find it practicable to work up to the provisional scheme contemplated by us.

In the absence of uniform details on the respective grants we have had, in some cases, to make our own estimates of what the present provisions are. In some cases we have left them unadjusted. The calculation is therefore approximate.

We may also add that we have left out the Army Department, since we have held that its problems including the question of locating it permanently at Delhi or Simla or keeping it migratory are not within our purview.

The following table shows the existing provisions for House rent and other allowances (Col. 1), Hill journey allowances (Col. 2) and Hill journey charges (Col. 3) and the approximate savings we estimate :—

	Rs.	Rs.	Rs.
Legislative Assembly Department	15,700	29,600	5,000
F. and P. Department	21,000	68,200	4,600
Home Department (Secretariat)	10,700	35,800	6,800
Director of Public Information . . . . .	..	1,000	1,000
Intelligence Bureau	16,000	10,000	5,500
Reforms	5,000	..	3,000
Public Service Commission	1,000	9,000	1,500
Education, Health and Lands Department <i>minus</i> Records.	9,000	52,000	6,000
Legislative Department	10,000	31,100	5,000
Finance Department (O. B.)	10,000	59,500	4,000
Commerce Department	9,800	31,000	2,600
I. and L. Department	7,300	50,000	4,200
Central Board of Revenue	23,700	..	10,000
Total	1,39,200	3,80,200	59,200
Ratio of savings	$\frac{1}{5}$	$\frac{1}{2}$	$\frac{1}{3}$
Amounts of savings (in lakhs) . . . . .	.28	1.90	.30
Total savings (in lakhs)	2.48		

GRANT NO. 27.—STAFF, HOUSEHOLD AND ALLOWANCES OF THE GOVERNOR GENERAL (15·26 lakhs).

(1) *Explanation of expenditure and its variations.*—The expenditure on the Governor General's salary and sumptuary allowance and other heads has grown or decreased as below (the figures are in lakhs of rupees) :—

	1913-14.	1921-22.	1924-25.	1929-30.	1930-31.	1931-32.
Salary	2·51	2·29	2·51	2·51	2·51	2·58
Sumptuary allowance	·21	·40	·40	·40	·40	·40
Contract allowance (unaudited)	1·12	1·30	1·42	1·52	1·73	1·63
Motors and Conveyances (unaudited) . . . . .	..	·30	·30	·38	·42	1·41*
Private Secretary and his establishment	1·20	3·06	2·36	1·81	2·15	1·93
Military Secretary and his establishment	2·10	2·20	2·66	2·91	4·05	3·11
Tour Expenses	4·14	4·58	4·12	4·78	3·42	4·21
English charges on stores . . . . .	..	..	..	..	·12	..
Total	11·28†	14·13	13·77	14·31	14·79	15·26

The cost of some Viceregal establishments, *viz.*, band, bodyguard and personal staff is borne on the Army estimates. In addition, some expenditure is incurred in England, the figures for which cannot be separated from outlay debitable to other minor heads of "General Administration".

Variations of expenditure since 1924-25.—(i) Contract allowance has gone up by ·21. This is largely due to the occupation of the New Viceregal House at New Delhi.

(ii) The maintenance of gardens is costing ·21 more than in 1924-25. This growth of expenditure is due partly to the transfer of ·09 from civil works and partly due to the occupation of the Viceregal House at New Delhi.

(iii) An increase of ·09 is due to the fact that customs duty is now levied on stores meant for the Viceregal household ; they used to be admitted free in 1924-25.

(iv) Tour expenses are a fluctuating charge.

(v) Postage and telegram charges have gone down by ·40 and the aggregate effect of the variations of expenditure on minor items is to increase the expenditure by ·23.

(2) *Establishments.*—Apart from the staff borne on the army estimates (*viz.*, the band, bodyguard, Military Secretary and the personal staff) the Viceregal staff is divided into two branches controlled by the Private and the Military Secretaries respectively.

The Private Secretary's is the smaller branch and consists of a Private Secretary (I. C. S. scale *plus* a duty allowance of Rs. 250—the present incumbent is not an I. C. S. officer), an Assistant Private Secretary (800—40—1,200) and a Registrar (600—40—800). The establishment in this branch consists of 15 ministerial and 28 servants.

* Includes the inaugural grant of 1·06 lakhs for motor cars.

† In the Inchcape Report the figure is 10·63 lakhs.

The officers under the Military Secretary's control are a Comptroller of the Household (1,500—1,700), a Surgeon (1,850), a Superintendent of the Gardens (600—750), an Assistant Surgeon (500—900), a Personal Assistant (900—1,000) and a Registrar (600—800). The establishments in this branch consist of 20 ministerial, 39 servants, 26 medical and 8 for the gardens.

The following table analyses the estimated 1931-32 expenditure in each branch :—

	Pay of officers.	Pay of Establishment.	Allowances.	Presents and charities.	Postage, etc.	Supplies and Services.	Gardens.	Other contingencies.	Passages.
(1) Private Secretary .	·47	·70	·16	·04	·45	..	..	·10	·01
(ii) Military Secretary .	·83	·89	·25	·06	..	·22	·68	·11	·01

(3) *Savings offered.*—(i) The Private Secretary has offered to abolish the posts of Senior Assistant and Treasurer (pay Rs. 450) and one stenographer. The resulting saving including that on allowances is estimated at about Rs. 15,000.

(ii) The Military Secretary has agreed to the following reductions, the savings being shown in brackets :—

- (a) Abolition of a post of Registrar (·10); (b) Supplies and Services (customs duty on stores) (·01); (c) Contract allowances (·06); (d) State conveyances (1·15) and (e) Tour expenses (·21), but the offer under (e) is provisional.

Of the reduction of 1·15 under State conveyances 1·06 is due to the omission of the inaugural grant provided in the current year, and ·09 is the permanent saving offered on two items, *viz.*, (i) six carriage horses that were previously maintained for use in the State carriages have been transferred to the Bodyguard which was short of establishment by over six horses. Thus, their maintenance, while in no way increasing the Army Department expenditure, will not be a charge against State conveyances and motors. The saving under this head is Rs. 4,000. (ii) The reduction of five posts in the Viceregal stables and of one post of European chauffeur will result in a further saving of Rs. 5,000.

His Excellency the Governor General has also decided upon the reduction of the number of the A.-D.-Cs. from 6 to 5 and to effect a further reduction to 4 if experience of the Delhi and Calcutta seasons shows such reduction to be practicable. The saving, however, accrues in the military and not the civil estimates.

(4) *Our proposals.*—We greatly appreciate the savings spontaneously offered by His Excellency the Governor General and recommend that they be accepted.

(5) *Summary of savings.*—1·68 lakhs. Of this ·40 lakh is in the nature of a genuine permanent saving.

GRANT NO. 29.—COUNCIL OF STATE (1·55 lakhs).

(1) *Administration*.—The administration of the Council of State is in the hands of the Legislative Department and except for the pay (Rs. 4,250 p. m.) and allowances of the President, the travelling and other allowances of members and contingencies the expenditure on account of the Council of State is charged to grant No. 34 relating to the Legislative Department.

(2) *Establishment*.—The Personal Assistant to the President and the Editor of Debates are exclusively employed on Council of State work. The Legislative Department contends that the other staff substantially employed on Council of State work consists of one Superintendent, two Assistants and one clerk, and that their work is equivalent to one or, at the most, two full-time ministerial posts.

(3) *Expenditure and its variation (in lakhs) :—*

—	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(a) Pay of President.	·55	·51	·54	·51	·52	·51	·51	·51	·51	·51	·51
(b) Members' allowances and other expenditure.	1·68	1·24	1·29	1·55	1·20	1·26	1·30	·79	1·02	1·29	1·04
Total	2·23	1·75	1·83	2·06	1·73	1·77	1·81	1·30	1·53	1·80	1·55

Fluctuations of expenditure are due mainly to the length of the sessions and the extent of members' attendance. The average duration of the sessions per year during the last three years has been 53 days at Delhi and 13 days at Simla. It should be remembered that members of the Council of State used to receive greater privileges than members of the Legislative Assembly in the matter of allowances.

(4) *Departmental Proposals*.—A resolution adopted recently by the Council of State recommended that the Members' privileges, as regards the scale on which (i) travelling allowances and (ii) the length of the period before and after a session of the Council for which daily allowances can be claimed, be assimilated to those of members of the Legislative Assembly. The department have accordingly proposed to effect savings to the extent of Rs. 12,800.

(5) *Our proposals*.—We have considered the question whether the whole-time post of a President for the Council of State could be abolished. The department have urged certain reasons against the tentative suggestion made in our questionnaire that an official of the necessary standing, say, the Hon'ble the Law Member, might be appointed to act as President during the period of the Council's actual session. We quote the question and the department's reply in extenso :—

Q.—So long as the present practice of appointing an official as President lasts, the feasibility of appointing an official of the necessary standing to act as President only during the period of actual sitting of the Council of State may be considered. Would it be constitutionally feasible, if necessary after modification of the law, for the Honourable the Law Member to preside over the Council of State's deliberations without any extra emoluments?

A.—“ Each of the two alternative suggestions contained in this question was carefully considered before the first President of the Council of State was appointed. The first alternative was found to be open to grave objection. In the first place, it was felt that to provide the Council of State with a purely occasional President who, from whatever source selected, could never fill a place in the constitution comparable with that of the President of the Legislative Assembly would involve a refusal to the Council of State of its proper equipment and would be wholly out of keeping with the part designed to be played by the Council in the working of the constitution. In the second place, it was felt that an official called upon temporarily to discharge the duties of the President of the Council of State and designed to revert on the conclusion of the session to an ordinary post in the service of Government could not possibly command that confidence in his independence which is the first requisite in a President of a legislative body.

The suggestion that the Law Member should be appointed to be President of the Council of State was rejected on even more compelling grounds. The powers of the President of the Council of State are precisely the same as those of the President of the Legislative Assembly. They correspond with the powers of the Speaker of the House of Commons, not with those of the Lord Chancellor in presiding over the House of Lords, and are of such a nature as to render it manifestly improper that the office of the President of the Council of State should be filled by the Law Member or by any other Member of the Government. In amplification of this objection it should be observed that the Law Member must necessarily be the principal spokesman of Government in the Council of State and in the Legislative Assembly alike on any question which raises primarily an issue of law, that the questions on which he is required to intervene in debate will often be highly controversial and that it would plainly be out of the question that a Member of Government compelled by his position as such to play a potentially controversial part in debate in both Houses should preside over the Council of State.

The objections to the second alternative remain decisive. They do not arise out of the provisions of the Government of India Act and could not be removed by an amendment of that Act which would be compatible either with the existing constitutional position or with the contemplated constitutional position. The objections to the first alternative retain their full weight, but might not attach in an insuperable form to the permanent appointment to be President of the Council of State, in addition to his own duties and without extra emoluments, of an official so situated in his existing capacity as to possess the necessary independent status, provided always that the qualifications required for his permanent appointment were such as to render him suitable to hold the appointment of President of the Council of State. If, *e.g.*, the services of the Chairman of the Public Service Commission could be made available for the purpose—a point which is not within the purview of this department and with reference to which it has addressed no inquiry to the Department concerned—the appointment of the incumbent for the time being of that office to be President of the Council of State might afford an acceptable solution. It will of course be realized that in any event no change can be made until the existing President vacates his office.”

We have considered the counter-suggestion thrown out by the Department, but it does not appear to us to be acceptable. The constitutional objections urged against our suggestion regarding the Hon'ble the Law Member do not sound convincing to us. We note in this connection that the House of Lords

is presided over by the Lord Chancellor—a member of the British Cabinet. Should there be any legal objection against the arrangement proposed by us, it should be removed by a suitable amendment of the law. Nor do we see any force in the objection that the Hon'ble the Law Member is at times required to take part in debates in the Legislative Assembly, for we note that ordinarily he is appointed *ex-officio* member of the Council of State and not of the Legislative Assembly. Further, there is no reason why, as in the case of some other departments, the Secretary to the Legislative Department or other suitable official should not be able to discharge such duties in the Legislative Assembly.

Since the pay, etc., of the President amount at present to over half a lakh of rupees, and the duty is light and for a short period, we urge that no mere legal or technical objection should be allowed to stand in the way of an obvious measure of economy. We recommend definitely that the Hon'ble the Law Member should act as President of the Council.

(ii) The department's offer of .13 on account of the reduced provision for the allowances of members may be accepted.

(6) *Summary of savings*.—Rs. 52,400 *plus* 12,800 = .65 lakhs.



DEMAND NO. 30.—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY
DEPARTMENT (8·29 lakhs).

(1) *Functions*.—All business connected with (i) the duties imposed on the Secretary of the Legislative Assembly by the Rules and Standing orders for the conduct of business in the Legislative Assembly and (ii) the proceedings of the Legislative Assembly.

(2) *Organisation*.—*Officers*.—Apart from the whole-time President (pay Rs. 4,000) and a Deputy President (pay Rs. 1,000) for four months, the staff consists of a Secretary (pay Rs. 2,500—3,250), a Deputy Secretary (pay Rs. 1,500—2,000), an Assistant Secretary, two Superintendents and a Watch and Ward Officer for three months. Establishment consists of 53 “ Reporters, Assistants, and clerks ” and 34 servants.

(3) *Expenditure*—

1929-30.	1930-31.	1931-32.
(Actuals.)	(Budget.)	(Budget.)
7·36	8·29	8·29

The Department was created on the 10th January 1929 and comparison with earlier years is not possible. Notwithstanding the accrual of increments to the staff the provision for the current year is the same as the budget estimate for last year owing to the fact that contingencies have been reduced from Rs. 61,000 to Rs. 48,000.

(4) *Department's proposals*.—No savings have been proposed except that the Department would be prepared to lend the services of such of its clerical and reporting staff as could be spared during the non-session periods for work on committees and conferences and in the regular departments of the Secretariat.

(5) *Our proposals*.—(i) Following our general plan for the reorganisation of work in the Secretariat offices we think, there should be only two officers, viz., a Secretary and an Under Secretary. The present Assistant Secretary can be given the rank of an Under Secretary without extra emoluments. The present Deputy Secretary's post is only temporary and should be abolished as soon as he has had sufficient training and experience to fill the Secretary's post. The two posts of Superintendents should be abolished and a Registrar's post should be created in their place. Branches should be placed in charge of Assistants—in this case only one—who should be paid Rs. 50 p. m. for this work.

(ii) We further think that the establishment should be reduced by five ministerial and five servants' posts.

(iii) Miscellaneous contingent expenditure should be reduced by ten per cent. so as to save Rs. 4,800. The watch and ward staff should be substantially reduced.

(iv) In our opinion the present rule permitting the drawal by members of the Legislative Assembly of the cost of haulage of a motor car irrespective of its amount needs revision. We think a limit of Rs. 500 in all for both journeys—outward and return—should be imposed.

(v) We note that with a few exceptions the members of the Legislative Assembly have expressed themselves against any reduction in the members' allowances. We therefore make no recommendation on this subject.

(vi) On the above specific proposals and by the application of our general recommendations we estimate that there will be a saving of about .41 lakh in 1932-33 and of about .70 lakh in the first year after the Deputy Secretary becomes Secretary. Savings on hill journey and house-rent allowances and hill journey charges have been dealt with for the Secretariat as a whole.

(vii) When the new constitution is inaugurated, the Legislature may need more staff. We are, however, keeping this contingency out of our calculation for the present, and think that the arrangements proposed by us should continue till then.



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DEMAND NO. 32.—HOME DEPARTMENT (60·2 Lakhs).

(1) *Functions*.—This department deals with all business connected with Internal Politics, Law and Justice, Police, Jails, the Indian Arms Rules, the Indian Civil Service, the Minor Administrations of Delhi, Andamans and Coorg, Registration, Naturalization of Aliens, Lunatic Asylums, Escheats and intestate property, European Vagrancy and Census. The scope of the Department has remained practically unaltered since 1921 except that certain subjects like police, jails, law and justice have become provincial subjects, mostly reserved. The Home Department are also in administrative charge of the Calcutta High Court.

This department, however, has three attached or subordinate offices under its administrative control, *viz.*, the Bureau of Public Information, Intelligence Bureau and the Public Service Commission. Though the budget of the Reforms Office appears in that of the Home Department in the 1931-32 grants and it performs functions which ordinarily belong to, and were performed formerly by, that department, it is now a separate office.

(2) *Organisation*.—The department is manned by a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary, two Assistant Secretaries and six Superintendents. The establishment consist of 68 ministerial and 68 servants.

In addition to the above staff there is an officer on special duty with the necessary establishments engaged on work connected with the recently promulgated Civil Services (Classification, Control and Appeal) Rules.

(3) The expenditure and staff of the Home Department have grown as shown below :—

	1913-14.	1922-23.	1924-25.	1931-32.
(i) Expenditure . . .	3·24	6·22	5·79	6·02
(ii) Staff—				
Officers . . .	4	9	7*	6*+1 O.S.D.
Superintendents .	—§	6	5	6
Assistants and clerks .	51†§	65†	62+3†	68+8†
Servants . . .	57†	69†	60+4†	68+15†

(4) *Department's proposals*.—The Home Department has offered to abolish one Assistant Secretary and (i) also a Superintendent, an Assistant and two clerks, and to replace these posts by those of routine clerks. The abolition of four posts of peons has also been offered. The total net saving contemplated amounts to Rs. 34,560. The Department has also offered to effect a permanent out of Rs. 17,700 in contingencies. Taking into consideration other reductions, the total saving offered is 52 lakh.

*Exclusive of officers employed in the attached offices who carry on the work of the Home Department.

†Not known if this includes temporary men or not.

‡Temporary.

§Superintendents are included under Assistants and Clerk.

(5) *Our proposals.*—(i) We think, a Secretary, a Deputy Secretary and an Under Secretary are sufficient. The posts of Assistant Secretaries and Superintendents should be abolished and be replaced by one post of a Registrar for the entire office.

(ii) After weighing the pros and cons we think that the establishments both ministerial and inferior can be reduced by 8 per cent. and contingencies by 10 per cent.

(iii) On our proposals the net savings will be 1·52 lakhs. The savings on house-rent and hill journey allowances and hill journey charges have been accounted for under the Secretariat as a whole.



GRANT NO. 32-D.—REFORMS OFFICE (2·34 Lakhs).

(1) *Organisation*.—This office was set up in May 1930 for five months in the first instance, to deal with the problems of constitutional reform arising out of the report of the Indian Statutory Commission. Extensions were sanctioned subsequently and are due to expire on 29th February 1932.

It has a Reforms Commissioner of the status of a Secretary to Government, a Joint Secretary, a Deputy Secretary, an Assistant Secretary and a Superintendent. These officers are paid on the usual Secretariat scales. The establishment at present consists of 5 Assistants, 6 clerks, 2 stenographers and 17 servants.

(2) *Cost*.—The budget provision for 1931-32 is 2·34 lakhs as below :—

Pay of officers.	Pay of Estab- lishments.	Allowances, etc.	Contingencies.	Passages.
1·37	·54	·11	·30	·02

(3) *Departmental proposals and action for economy*.—At first the Reforms Office offered to accept the following lump cuts, viz., ·15 in pay of officers, ·06 in pay of establishments and ·02 in contingencies. The ministerial establishment and one of the two daftaries get 20 per cent. for work in this “special” office, and the Reforms Office presumed that it would either be retained or reduced on grounds not peculiar to its work.

When the Joint Secretary was absent from India from 26th September 1930 to 21st February 1931 in connection with the Round Table Conference, the vacancy was not filled. During his absence from 15th August 1931 till 15th January 1932 also it is going to remain unfilled, and when he comes back it is proposed to keep the Deputy Secretary’s post unfilled. Besides, three posts of Assistants are also kept vacant at present.

The other officers meanwhile expect to remain fully occupied with constitutional and administrative work arising out of the proceedings of the Round Table Conference and any Committees which may be set up or be in progress in India in pursuance of the recommendations of the Round Table Conference. The requirements of the Reforms Office after the Conference and Committees are over cannot be foreseen.

Subsequently, however, the Reforms Office has offered to relinquish the post of Deputy Secretary, to continue to leave unfilled a post of an Assistant and to retrench two other posts of Assistants. It also proposes to cut out a major part of the provision of Rs. 7,600 for the payment of deputation allowance of 20 per cent. of pay to some of its staff. The total savings offered amount to about Rs. 43,000.

(4) *Our proposals*.—(i) Considering the standing in the I.C.S., of the officer holding the post of Joint Secretary, we can see no reason why the Reforms Office should offer to relinquish the post of Deputy Secretary and not that of the Joint Secretary. We recommend that the Joint Secretary’s post should be abolished.

(ii) On our usual plan the Assistant Secretary’s post should be abolished and the Superintendent’s should be converted into that of a Registrar. The Reforms Office’s offer to retrench certain ministerial posts should be accepted.

(iii) Contingencies may be reduced by 10 per cent.

(5) *Summary of savings*.—On our proposals and on those of the Reforms Office relating to the reduction of establishment the savings in this office will be at least ·70. The savings on hill-journey and house-rent allowances and hill-journey charges have been accounted for under the Secretariat as a whole.

GRANT NO. 33.—PUBLIC SERVICE COMMISSION (3·66+·64=4·30 Lakhs).

1. *Functions.*—The Public Service Commission was set up with effect from 1926-27 under section 96 (C) of the Government of India Act, 1919. The functions of the Staff Selection Board were then absorbed into the wider functions assigned to the Commission. These relate to (A) Recruitment, (B) Disciplinary cases, and (C) Other service matters. For a précis see appendix II (pages 72-73).

2. *Organisation.*—The Commission consists of five members, of whom one is Chairman, appointed by the Secretary of State in Council. The Chairman's pay is Rs. 5,000 and an ordinary member's pay is Rs. 3,500. The Secretary to the Commission gets a special pay of Rs. 400. The establishment consists of a Superintendent and 22 assistants and clerks, all on the attached office scale, and 27 servants. There is also a small provision of Rs. 400 for temporary establishment.

3. *Cost.*—The Staff Selection Board used to cost a little over Rs. 10,000 a year. The following table shows the cost of the Public Service Commission and that of holding examinations* (in lakhs) :—

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers .	1·23	2·50	2·58	2·56	2·464	2·508
Pay of establishments	·13	·38	·47	·53	·527	·595
Allowances, passages, etc.	·40	·66	·69	·33	·339	·372
Contingencies .	·25	·25	·26	·20	·210	·185
Total .	2·01	3·78	4·00	3·62	3·54	3·66
Cost of examinations*	..	..	..	·55	·55	·64

*Transferred to Grant No. 69-B "Miscellaneous Departments" since 1929-30.

It will be seen that the pay and allowances of the staff, particularly the officers, absorb a large proportion of the grant.

4. *Departmental proposals.*—The Commission at first offered for the year 1931-32 a reduction of expenditure to the tune of Rs. 43,300, viz., Rs. 26,800 on the pay and leave salary of members, Rs. 8,000 under allowances, Rs. 4,500 on the pay and allowances of the establishments and Rs. 4,000 under "Examinations". These were mostly of a temporary nature. Permanent reductions of (a) Rs. 12,600 including Rs. 2,000 on the pay of establishments, Rs. 6,000 under allowances and Rs. 4,500 under contingencies, and (b) Rs. 14,000 under Examinations have been offered subsequently. Home Department has further offered to examine the question whether the number of Members should be reduced to four "as soon as circumstances on the Commission permit".

5. *Our proposals.*—(i) We may first draw attention to the relevant remarks and proposals of the Simon Commission,* the Government of India† and the Minorities‡ and Services§ Sub-Committees of the Round Table Conference. The Public Service Commission occupies a position of such importance, both actual and potential, in the political development of India, that we have no hesitation in endorsing the unanimous view that it must be maintained. We also think that the scope of recruitment through the Public Service Commission under Functions Rule 8, *i.e.*, for Central Services, Class II, and for special posts, should be extended. We further hold that in the interests not only of economy but of public service the Government of India should utilise the agency of the Commission, more than they do at present, in connection with service questions. This was one of the recommendations of the Lee Commission, who, in paragraph 30 of their report, said that they were confident that the Public Service Commission would become in course of time the recognised expert authority in India on all service questions. We also endorse the remark of the Public Service Commission that in “most matters of importance with which the Public Service Commission deal, it appears to them, as far as they can ascertain, that after the matter has been more elaborately considered by the five members of the Commission, it is reconsidered *ab initio* in the Government offices”. We remark that such a procedure entails waste of public time and money and is further likely to conduce to inefficiency. We should also like the Government of India to persuade some local Governments which do not at present sufficiently utilise the services of the Commission to do so. We note that the United Provinces Government already do so for their Provincial Civil (executive) and Police Services. It is true that the Punjab Government contemplate the establishment of a purely provincial commission. We would, however, like the Government to explain the position to that Government, particularly from the point of view of economy.

(ii) The maximum number of members *permitted* by Section 96-C of the Government of India Act, 1919, is five. The actual number has, *ab initio*, been five; in fact, the Lee Commission had recommended the appointment of the maximum number. That this number has not been determined by the nature or amount of work but by other considerations is clear from the extracts from the Public Service Commission's and the Home Department's replies to our questionnaires; we have printed them as appendix I (pages 70-71).

The Madras Services Commission consists of a Chairman and two members. According to the Bill introduced in the Punjab Legislative Council, the Punjab Services Commission is to consist of a Chairman and not more than two members. The British Commission consists of a Chairman and two Commissioners one of whom acts also as Secretary. The South African and Canadian Commissions are believed to have only one member and the Australian Commission two.

We agree that it is desirable to avoid any action which is reasonably likely to disturb the confidence of the members of the Services (whether European or Indian) in the Commission, and propose therefore to examine the position in some detail.

*Paragraphs 336-339, pages 294-295 of the Report (Volume 2).

†Paragraphs 203 to 211, pages 182-189 of the Despatch on proposals for Constitutional Reform.

‡Paragraph 13 of the Report of this Sub-Committee (page 158 of Volume III of the Proceedings of the Indian Round Table Conference).

§Paragraph 5 of the Report of the Services Sub-Committee (page 252 of Volume VIII of the Proceedings of the Indian Round Table Conference).

Firstly, the present Chairman is not due to leave before about the end of October 1932, and unless an Indian is specially selected to succeed him, his successor as Chairman will be a European. It should also be noted that the present recently appointed Secretary is also a European.

Secondly, the Lee Commission had emphasised the "importance of securing as members of the Commission men of the highest public standing who will appreciate the vital and intimate relationship which should exist between the State and its servants", and who will be "detached, so far as practicable, from all political associations". Accordingly and on that Commission's recommendation, the salaries were fixed at high levels corresponding, even in the case of members, to those considered adequate to attract suitable men for the posts of judges for the High and Chief Courts. The Commission states that "the experience of the last five years shows that the Indian and the European members of the Commission are equally anxious to do justice to the members of the services, whether European or Indian" and that "the Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers". We fully endorse the Commission's view contained in these quotations.

Thirdly, we observe that the obligation on the Governor-General-in-Council to consult the Commission in disciplinary cases is confined to (a) appeals under the Statutory Appeal Rules, (b) recommendations of removal or dismissal to, and forwarding of appeals under the Statutory Appeal Rules to, the Secretary of State, and (c) questions whether service interests have been adversely affected by the abolition of any post or posts. In relation to memorials and to questions connected with the pay, allowances, pensions, leave rules, provident and family pension funds and conditions of service generally there is no such obligation. In every case, whether there be an obligation on Government to seek the Commission's advice or not, *the Commission is a purely advisory body*; all matters of policy are reserved for the Secretary of State or the Government of India. Neither is bound to accept the Commission's advice and can reject it if the circumstances of the case justify such a decision.

Fourthly, we consider that the Indian members of the Commission are absolutely right in holding that "whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts" and in believing that an Indian majority on the Commission will not be objected to by a large number of British officers.

Fifthly, we are loath to import racial considerations into the discussion of this question. But, since the only ground on which the Home Department as well as the two European members on the Commission hold that the European element should remain in a majority (whether numerical or effective with a European Chairman's casting vote) is in essence a racial one, we are constrained to accord our support to the view urged by the two Indian members that it is "not just and reasonable to have a majority of one race continuously for ten years". Even on this narrow ground we consider that the claim to an Indian majority for the next five years is not unreasonable.

Sixthly, at a time of such acute financial stress when Government have considered it necessary to place on the Indian taxpayer an unprecedentedly heavy burden of taxation, we cannot justify to ourselves the heavy cost of maintaining two members when admittedly they are not necessary for the disposal of the work. The claim to a European majority amounts, in essence,

to a claim to "*extra-territoriality*" in service matters relating to Europeans. We are not at all sure that the services themselves have made any such claim. In any case, we cannot see any chance of public opinion in India tolerating such an attitude and we believe that the interests of the services will in the long run gain and not lose if no such claim is made by or for them.

On all these grounds we must reject the Home Department's view that the number of members cannot be reduced to below four, and must urge emphatically its reduction to three. We consider it advisable that in the composition of the Commission the interests of the different sections of the people and the services should not be lost sight of.

Our proposal will yield a saving of Rs. 84,000 per annum on the pay of two members and perhaps of Rs. 6,000 on leave salary, allowances, etc., *i.e.*, a total saving of about Rs. 90,000. We shall take account of allowances elsewhere and shall take only Rs. 87,000 as the possible saving from this proposal.

(iii) Our minor proposals for economy are :-

- (a) We doubt if the Secretary need be given a special pay of Rs. 400. His duties (including the statutory duty of recording the Commission's decisions) though responsible, are more or less of a routine nature. The qualifications expected of him are knowledge of and experience in administration and expert knowledge of examination work. The post is at present held by an officer of the Indian Educational Service. We are not convinced that it is necessary to draw upon any of the Imperial Services for this post, and we think it would be sufficient to have a secretary of the status of Assistant Secretary to Government. In any case, even if he continues to be drawn from an All-India Service, we hold that the special pay attached to the Secretary's post should not exceed Rs. 200. We may here observe that the special pay attached to the post of Secretary, Central Board of Revenue, whose responsibilities are, if anything, greater than those of the Secretary to the Public Service Commission and who actually is Deputy Secretary to Government *ex-officio*, is Rs. 300, and that Deputy Secretaries in the provincial secretariats get a special pay of Rs. 200.
- (b) The Home Department has offered to reduce the number of stenographers by two, but it contemplates that the Commission would consist of four members. In the light of what we have proposed we think that it is practicable to cut out three of the five stenographers. For the present, however, we recommend that the department's offer be accepted.

As regards the other ministerial establishment, we think an immediate reduction of expenditure to the extent of Rs. 10,000 per annum can safely be effected. We may add that an extra stenographer or two and half a dozen ministerial hands could be engaged on a temporary basis for about five months when there is something like pressure of work.

We also think that the Chairman and members should not get more than a Jamadar and a peon each and that the number of other servants should be reduced by four.

We estimate that our proposals in this sub-paragraph will yield a saving of about Rs. 17,000 per annum.

- (c) The provision of Rs. 500 for medical treatment may be reduced to Rs. 200. The provision of Rs. 18,500 for travelling allowance is admittedly high. The Chairman and members of the Commission are entitled to reserve first class compartments; we think this privilege should, in future, be confined to the Chairman, the other members being given a coupé compartment of two berths or when a coupé is not available, two first class berths.

The Commission agree that in the future touring will not have to be on the same scale as in the past. Home Department has suggested that the provision might be reduced to Rs. 8,500. In the light of our proposals the resultant saving should be more than Rs. 10,000. But, for the present we are content to accept the saving offered, *viz.*, Rs. 10,000.

We further hold that this office should be permanently located at Delhi. The provision for hill-journey and house-rent allowances should be deleted and that for other allowances should not exceed Rs. 3,000. In view of the fact that work in the hot weather is light, the privilege of recessing in the hills may be granted to the members of the Commission perhaps on a more liberal scale than in the case of other officers. So long as one member is available on the spot, we anticipate no serious difficulty about the disposal of work. We think it should be possible to save nearly the whole of the provision for hill-journey, house-rent and other allowances. But allowing for possible additional expenditure on travelling allowance, we estimate a net saving of about Rs. 13,000.

On our proposals the total saving on "Allowances, honoraria, etc." will be Rs. 24,300.

- (d) The provision for contingencies may be cut down from Rs. 18,500 to Rs. 13,000. Savings Rs. 5,500 against Rs. 4,500 offered by the department.
- (e) We agree that candidates for special posts called up for interviews and applicants for the posts of railway apprentices should continue to be paid travelling allowances. But we think that all candidates should be made to pay fees sufficient to put this part of the budget on a self-supporting basis. We therefore propose that this fee should be raised from Rs. 5 to Rs. 7-8-0. This will add about Rs. 2,500 to the receipts.
- (f) The Commission stated that the question of reducing the scales of fees for setting and marking of papers and supervising and invigilating at examinations as far as possible was under its consideration. An economy of Rs. 14,000 has since been offered. We recommend that the offer be accepted. We shall take account of this under Grant 69-B.

6. *Summary of savings.*—Our proposals will yield the following permanent reduction of expenditure on this grant :—

- (i) Abolition of two posts of Members, Rs. 87,000, (ii) Reduction of Secretary's special pay from Rs. 400 to an amount not exceeding Rs. 200 = Rs. 2,400, (iii) Reduction of at least two posts of stenographers, Rs. 7,000, (iv) Reduction of other establishments, Rs. 10,000, (v) Reduction of the provision for allowances, etc., Rs. 24,300, (vi) Contingencies, Rs. 5,500. Total, Rs. 1,36,200. (A saving of Rs. 14,000 on examinations is being taken account of under Grant No. 69, page 115.)

Besides, there will be additional receipts of about Rs. 2,500.

APPENDIX I.

Reference—Paragraph 5 (ii).

Q.—The Committee requests the Department to consider whether it is essential to have as many as five members including the Chairman and whether the volume of the Commission's work justifies this. Could not the members be reduced to three, *viz.*, a European, a Hindu and a Muhammadan? It asks whether it would be feasible to combine the duties of the Secretary and Member, as is understood to be the practice in England where also there are only two members?

A.—Public Service Commission's reply.

A.—It cannot be said that the volume of the Commission's work requires as many as five members and so far as the volume of work is concerned it could be done equally well with three Members, though the reduction would make it difficult to arrange for the representation of the Commission at the various provincial selection boards. But since the questions are decided by a majority of votes the advantages of fixing the strength of the Commission at three or five are obvious. The main functions of the Commission are to make that portion of recruitment for All-India Services and Central Services, Class I, which is made in India, and give advice in disciplinary cases and on service questions. These disciplinary cases generally consist of appeals preferred by members of the aforesaid services and such memorials presented by them as may be referred to the Commission. In regard to these appeals and memorials the Commission are a purely advisory body. If the number of members is reduced from five to three, *viz.*, one European, one Hindu and one Muslim, it is to be considered what effect it will have on European officers of the services. The experience of the last five years shows that the Indian and European members of the Commission are equally anxious to do justice to the members of the services whether European or Indian. The Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers. At the same time it will not be right to ignore the views of these officers and the majority of the Commission believe that however unreasonable this view may be, the proposal would disturb the confidence of European officers in the Commission. The Indian members consider that whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts, and they believe that an Indian majority on the Commission will not be objected to by a large number of European officers. They further urge that it will not be just and reasonable to have a majority of one race continuously for ten years, and emphasize the reasonableness of having an Indian majority for the next five years. They are prepared to revert to the present constitution, *viz.*, three Europeans and two Indians, if the experiment of an Indian majority does not prove successful.

2. With regard to a possible proposal that there should be only four members, the Commission is working with only four members at present. It is not a very satisfactory arrangement, because it is likely to impose on the Chairman an obligation to exercise his casting vote. According to the views stated above, the normal strength of the Commission should be three or five members (including the Chairman). But as a pure measure of economy it might be possible to reduce the number of members to four, *viz.*, two Europeans and two Indians, till the period of financial stringency is over.

B.—Home Department's reply.

Some of the considerations to be borne in mind in deciding whether the number of members of the Commission could be reduced are stated in the Commission's reply. The main consideration is that the constitution of the Commission should be such as to command the confidence of the public and of those services with which the Commission are concerned—not merely of European members of those services, but of all members. It is also necessary that the Commission should be so constituted as to represent among its members various qualifications. There is, for instance, a statutory rule that at least two of the members shall be persons who have been for at least ten years in the service of the Crown in India. It is also desirable that there should be a member with educational experience. There are obvious reasons that render it necessary that there should be one Hindu member and one Mohammadan member. Practical considerations make it desirable that there should be an odd number of members. These various considerations were weighed by the Government of India and the Secretary of State in Council, when the Commission was under creation, and the conclusion then reached was that the most satisfactory Commission would be one of five members.

Apart from financial considerations, the Home Department are of opinion that the reasons for the conclusion then reached still hold good. In particular, they consider it of very great importance that on the eve of far-reaching constitutional changes the confidence of the services should be maintained and that changes should not be made which would seriously affect that confidence. Without a reference to local Governments they are not in a position to say with certainty how far a reduction in the number of members would affect the services, but they regard it as essential that, whatever the constitution may be, two members should have service under the Crown in India.

The Home Department recognise that financial requirements may make it impracticable to continue to satisfy all the conditions which it is desirable to secure and which have been secured in the past. They would, therefore, be prepared to examine the suggestion that the number of members should be reduced to four as soon as circumstances on the Commission permit. The saving effected by reducing one membership would be about Rs. 45,600 per annum, including savings on account of travelling and other allowances and on account of personal peons. They do not think that the number of members should be reduced below this, but, so far as circumstances permitted, they would be prepared not to make officiating appointments in leave vacancies while one member of the Commission was on leave. They can give no absolute assurance in this respect, because it might be necessary to replace a member on leave possessing special qualifications, by an officiating member with similar qualifications.

The Home Department are also prepared to take up in consultation with the Finance Department the question whether the pay of future members, including the pay of future Chairmen, could not be somewhat reduced. The question of the pay of the Chairman would probably depend on whether he were recruited in England or from the services in India. It would ordinarily be necessary to give higher pay in the case of the former than in the case of the latter, since no pensionary rights are attached to the Chairman of the Commission as such.

It will be, of course, understood that changes in the composition of the Commission or in the pay of the members are matters for the decision of the Secretary of State.

APPENDIX II.

FUNCTIONS OF THE PUBLIC SERVICE COMMISSION.

A.—(1) *Recruitment to All-India and to Class I Central services.*

(i) To advise Government on any question connected with recruitment to an All-India Service or a Central Service, Class I, and referred to it.

(ii) In the case of recruitment by *competitive examination* :—to advise Government in regard to the regulations prescribing the (a) qualifications of candidates and (b) conditions of admission to, and the syllabus of, the examination, and to discharge certain auxiliary duties in this connection.

(iii) In the case of recruitment by *selection* :—(a) to advise Government in regard to the rules regulating the qualifications of candidates, to interview the candidates and perform other auxiliary functions, and (b) in cases of inadequate communal representation, to recommend candidates in accordance with Government orders. (Officers holding temporary posts can be confirmed by Government, consultation with the Public Service Commission being necessary only if the appointment in the temporary capacity was made with such consultation.)

(iv) In the case of recruitment by *promotion* to any permanent post in an All-India Service (other than the I. C. S.) or a Central Service, Class I :—to consider the claims of each nominated candidate and advise whether his qualifications are sufficient and his record satisfactory, and arrange the list in order of preference.

Exception.—(a) Officers holding H. M.'s Commission and (b) members of an All-India Service or a Central Service, Class I.

A.—(2) *Recruitment to Provincial Services, Central Services, Class II, and special posts.*

(v) Similar functions in regard to recruitment to any Central Service, Class II or to any special post, when so required by the Governor-General in Council.

(vi) The Commission *may*, subject to Governor-General in Council's approval, perform such functions in regard to recruitment to provincial services and special posts as the Local Government may invite it to undertake.

B.—*Disciplinary cases.*

(vii) The Governor-General in Council must consult the Public Service Commission (except when its advice has been given previously and no fresh question has arisen),

(a) before considering any appeal under the Statutory Appeal Rules against any order of censure, withholding of promotion or increments, reduction, suspension, removal or dismissal,

(b) before passing any original order withholding promotion or increment or of reduction, removal or dismissal.

[*Explanation.*—An order giving notice of the termination of a contract of employment in accordance with the terms thereof is outside the scope of (a) or (b) above.]

(c) before recommending to the Secretary of State in Council the removal or dismissal of any officer or forwarding an appeal made to him under the Statutory Appeal Rules.

(viii) The Governor-General in Council may consult the Commission in regard to orders on memorials by an officer of any All-India or Central Service.

(ix) The Governor, Chief Commissioner or the Local Government of any province may consult the Commission before passing any order of the kind specified in (vii) (a), (vii) (b) and (viii).

C.—Other Service matters.

(x) The Commission shall advise (a) the Governor-General in Council on any question connected with the pay, allowances, pensions, provident or family pension funds, leave rules, or conditions of service generally of an All-India or Central Service, which he may refer to the Commission and (b) any Local Government, if so requested by that Local Government.

(xi) The Governor-General in Council shall refer to the Commission for its advice all cases in which the question arises whether or how far the interests of any officer or class of officers of an All-India or a Class I Central Service have been adversely affected by the abolition of any post or class of posts.

(xii) The Commission shall advise the Secretary of State on any question which he may refer to it through the Governor General in Council.



GRANT No. 34.—LEGISLATIVE DEPARTMENT (5·51 lakhs).

A.—*The Department proper* (4·68 lakhs).

(1) *Functions*.—This department is charged with all business connected with—

- (i) Legislation in the Indian Legislature ;
- (ii) Legislation in Local Councils ;
- (iii) Rules and Standing Orders for the conduct of business in the Indian Legislature except in so far as the said Rules and Standing Orders impose duties on the Secretary of the Legislative Assembly ;
- (iv) Rules for the conduct of business in the local Legislatures ;
- (v) the proceedings of the Council of State ;
- (vi) the publication, translation and supply to Government officers and the public of Acts of the Indian Legislature and Regulations under section 71 of the Government of India Act ;
- (vii) the nomination and election of Members of the Indian Legislature ;
- (viii) the preparation and publication of Codes other than Codes appertaining to provinces which have Legislative Councils, Statute Books, Digests, General Rules and Orders and other similar works ;
- (ix) Indian Law Reports ;
- (x) Un-official references for opinion from other Departments ;
- (xi) the duties of the Solicitor to the Government of India ;
- (xii) the League of Nations ; and
- (xiii) the Peace Treaties and the administrative control of the Clearing Office (Enemy Debts).

The Solicitor's branch will be dealt with separately except as regards cost, (*vide* paragraph 3) and some other similar matters.

(2) *Organisation*.—The Legislative Department proper has the following officers :—

A Secretary, a Joint Secretary and Draftsman (pay Rs. 3,000—4,000), a Deputy Secretary, an additional Deputy Secretary for five months, two Assistant Secretaries and two Superintendents.

The establishments consist of five Reporters (for the Council of State), one of whom is Editor of the Debates, 49 clerical (including two stenographers and the Personal Assistant to the President of the Council of State) and 42 servants. There is a total provision of Rs. 4,900 for temporary establishments

(3) *Cost* (including Solicitor's branch) and its growth (in lakhs) :—*

	1913-14.	1921-22.	1924-25.	1925-26.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	1.06	2.78	2.54	2.71	2.97	2.95	2.61	2.42	2.53
Pay of establishments . . . . .	.74	2.50	2.81	2.96	3.11	2.99	1.84	2.02	2.14
Allowances and passage contributions . . . . .	.20	.65	.58	.64	.65	.58	.40	.44	.54
Contingencies . . . . .	.27	.85	.43	.45	.45	.35	.39	.33	.30
Translator's department . . . . .	.08	.06	.07	.07	.07	.07	.05	..	..
Total	2.35	6.84	6.44	6.82	7.24	6.94	5.29†	5.21	5.51

The office is divided into five sections as below :—

- (i) Council and General (A superintendent, 6 Assistants and 6 clerks).
- (ii) Publication (A Superintendent, 9 Assistants and 8 clerks).
- (iii) Printing (The equivalent of an Assistant and 3 clerks).
- (iv) Establishment (One Assistant and 2 clerks).
- (v) Issue, Record and Library (1 Assistant and 8 clerks).

The staff has varied as shown below :—

Staff on 1st April.	1914.	1922.	1924.	1928.	1929.	1930.	1931.
Number of superior officers	3	10	8	8	7	7	7
Assistant Secretaries, Superintendents, Registrars, etc.	4	8	5	5	4	4	4
No. of ministerial establishment	32	93	62	77	45	52	54
Number of servants	62	100	65+38	64	42	42	42

(4) *Inchcape Committee's proposals.*—Out of the ten officers the Inchcape Committee recommended that the posts of a Deputy Secretary, one other officer and one of the officers in the Solicitor's Branch should be abolished, saving .24, .20 and .15 respectively. Other reductions aggregating .49 lakh were also recommended.

(5) *Department's proposals.*—The Department has offered the following savings, viz., (a) omission of the provision for an additional Deputy Secretary next year and (b) a reduction of five clerical and four servants' posts. The savings amount to Rs. 42,700 but they do not all appear to be permanent.

* The cost of the solicitor's branch is included in the above figures ; in 1931-32 it is estimated at .83 lakh.

† The drop from the peak attained in 1927-28 was due to the creation of the Legislative Assembly Department from 1st January 1929.

(6) *Our proposals.*—(i) From the application to this department of our general recommendation as to the organisation of the Secretariat we estimate net savings as below :—

	Lakh.
(a) Abolition of the post of Joint Secretary and Draftsman including his passage contribution . . . . .	.40
(b) Abolition of two posts of Assistant Secretaries, two of Superintendents and reduction of the provision for voted leave salary . . . . .	.52
(c) 10 per cent. on other contingencies . . . . .	.03
(d) Deduction for one Under Secretary and one Registrar and for charge allowances to assistants in charge of sections	—23

(ii) In the case of this department we also propose that eight ministerial posts should be abolished and one should be created for the disposal of the remaining work of the Local Clearing Office. Saving will be .26.

(iii) In addition, there will be a saving of .26 in the Solicitor's Branch (*vide* B below).

(7) *Summary of savings.*—98 lakh in the department proper, and .26 in the Solicitor's Branch. A saving of .23 on account of hill-journey and house-rent allowances and hill-journey charges in this department has been accounted for under the Secretariat as a whole.

B.—Solicitors' Branch (.83 lakh).

(8) *Organisation.*—This branch is manned by three officers, *viz.*, the Solicitor (on Rs. 3,000), the Second Solicitor (on Rs. 1,200—1,800 *plus* overseas pay of £13-6-8) and the Assistant Solicitor (on Rs. 1,000—1,200). The present Second Solicitor also gets a personal pay of Rs. 350 and a special pay of Rs. 250 for work connected with the Local Clearing Office. The Solicitor is due to vacate his post in March 1932. The establishment consists of 2 clerks and about half a dozen peons.

(9) *History.*—Up to 1919 solicitor's work used to be done for the Government of India by a Calcutta firm of solicitors, one partner of which was called the Government Solicitor. The actual cost of this arrangement in 1918—the last year of its operation—was Rs. 67,000. In 1919-20 Government decided to have a whole-time solicitor attached to the Secretariat. As the solicitor selected was a senior man, it was decided to give him an assistant. A little later, a second assistant was recruited to the branch. We understand that the idea was that the first assistant should replace the Solicitor and the branch should be reduced to two.

(10) *Cost.*—The estimated cost of this branch is .83 lakh and is included in the estimates for the Legislative Department.

(11) *Inchcape Proposals.*—The Inchcape Committee recommended that since a vacancy was likely to occur within a year "occasion should be taken to reduce the number of solicitors to two". The Department did not find it practicable to give effect to this recommendation immediately. In 1927, however, it proposed to abolish the Third Solicitor's post and he was sent away. But before the post was actually abolished, he was recalled.

(12) *Our proposals.*—(i) As stated in paragraph (2) a permanent staff of three men was not intended, and we are not satisfied that three men are required now. We observe that during the absence of one of the officers on long leave two officers have generally carried on the work of this branch. So far as we are aware, two officers are even at present carrying it on during the Second Solicitor's absence on leave for seven months. We therefore propose that the branch should in future consist of two officers. We are of opinion that the Solicitors' Branch requires one senior solicitor or barrister with considerable professional experience and not more than one other professional man to assist him. We therefore propose that there should be only two men and having regard to the policy, which we understand was laid down by Mr. Montagu, one of them should be a qualified Indian. In these circumstances the post that should go out is that of the Second Solicitor. We further suggest that one of the senior assistants in the Legislative Department should have the professional qualifications of a solicitor or barrister.

(ii) Since the ministerial staff consists of only two clerks, there is no scope for retrenchment there. But we consider that it is possible to reduce the number of peons by two.

(13) *Summary of savings.*—The savings will be Rs. 25,300 *plus* approximately Rs. 600 on account of the reduction in the average provision for passages *plus* about Rs. 400 for chaprasis. The additional saving of about Rs. 2,100 on account of this officer's overseas pay has been left out of account here.



GRANT No. 35.—DEPARTMENT OF EDUCATION, HEALTH AND LANDS
(Rs. 8·18 lakhs).

(1) *Functions*.—All business connected with the administration of Education, Oriental languages, Records, Books and Publications, Reformatory schools; Archæology and Epigraphy; Arts and Museums; Medical Institutions and the Civil Medical services exclusive of officers on the Political cadre; Medical research; Public Health; Land Revenue; Land Surveys, Land Acquisition and Alienation; Civil Veterinary Department; Agriculture; Famine; Co-operation; Forests and arboriculture; Central agencies for research or promotion of special studies; Botanical Survey of India; Zoological Survey; Food-stuffs; Administration of the Indian Emigration Act; Indians overseas within the Empire, in territories administered by any part of the Empire under a B or C mandate and in Surinam; and the Haj pilgrimage; cinchona cultivation and the supply of quinine; Imperial Library; local self-government in Berar and throughout British India except British Baluchistan and Ajmer-Merwara.

We shall deal first with the department proper and then with the office of the Keeper of Records.

A.—Department proper (6·98 lakhs).

(2) *Organisation*.—A Secretary, a Joint Secretary (temporary), an Educational Commissioner (Rs. 2,500—3,000), a Deputy Secretary, an Additional Deputy Secretary, an Under Secretary, an Assistant Secretary, and six Superintendents, 88 Assistants, clerks, etc., and 73 servants. There is also a provision of Rs. 5,000 for an Officer on Special Duty.

(3) *Growth of expenditure and staff—*

	1921-22.	1924-25.	1931-32.
<i>(i) Growth of expenditure.</i>			
Pay of officers	1·91	1·86	2·66
Pay of establishments	1·32	2·05	2·93
Allowances, etc.	·45	·64	·84
Grants-in-aid, etc. . . . .	..	..	·3
Contingencies	·51	·52	·51
Total	4·19	5·07	6·97
<i>(ii) Growth of staff.</i>			
Officers	9	9	14
Clerical staff	45*	73	88
Servants	61*	63	73

*Education Department alone to which was subsequently added in 1923-24 a part of the old Revenue and Agriculture Department.

(4) *Inchcape Committee's proposals*.—This Committee thought that, in view of the essential modification of the position of the Central Government *vis-a-vis* the provinces under the Reforms Scheme in respect of education and medical administration, there was little justification for the retention of the Educational Commissioner, the Bureau of Education, or the Central Advisory

Board or, indeed for the continuance of the Department as a separate entity. As a result of the regrouping of the subjects proposed by that Committee the whole Department of Education and Health emerged in the new garb of the Department of Education, Health and Lands.

(5) *Departmental proposals.*—The Department has offered various savings amounting to nearly .26 lakh in the Department proper and .24 lakh in the office of the Keeper of Records. A hope is held out that as a result of the examination of the office by an officer with office experience further savings might be possible.

(6) *Our proposals*—

A.—The Department proper.

(i) Following our general recommendations regarding the constitution of the Secretariat we recommend the abolition of the posts of Joint Secretary, Additional Deputy Secretary, Assistant Secretary and six Superintendents. A Registrar for the entire office with Assistants in charge of sections should take the place of the Assistant Secretary and the Superintendents.

(ii) The Educational Commissioner should be replaced by an officer of suitable standing in the Indian Educational Service, whose total emoluments should not exceed Rs. 1,500 per mensem.

(iii) We think, the establishment should in any case be reduced by 15 per cent. and contingencies by 10 per cent. We may note in this connection that in the case of this Department we have recommended the curtailment or transfer of certain activities.

(iv) On our proposals the gross savings will be 2.14 lakhs. After deducting 13 for the Registrar and for allowances to Assistants-in-charge, the net savings on the department proper will be 2.01. There will also be a permanent saving of .24 on the Office of the Keeper of Records. Besides there will be a saving of .34 on account of hill-journey and house-rent allowances and hill-journey charges. This has been accounted for under the Secretariat as a whole.

B.—Office of the Keeper of Records (1.20 lakhs).

(7) *Functions, organisation and cost.*—This office dates from 1891 and its primary duties are to (i) repair and preserve the records in its custody and to supply them (or information from them) to Government offices, and (ii) subject to certain limitations, render their contents accessible to the public for purposes of historical research. The office is in charge of the Keeper of Records (pay Rs. 1,300—40—1,500) who is also, *ex-officio*, Assistant Secretary to Government. The ministerial establishment of 33 (a Superintendent, clerks, etc.) is estimated to cost .62 lakh and the inferior establishment of 67 servants .19 lakh. There is also a provision of Rs. 1,400 for temporary establishment.

Work connected with the Historical Records Commission is done in this office, and the 1931-32 session of the Commission was estimated to cost Rs. 5,500.

(8) *Growth of expenditure and of staff :—*

	1913-14.	1921-22.	1924-25.	1925-26.	1929-30.	1931-32.
<i>(a) Expenditure.</i>						
Pay of officers	·23*	·15	·16	·17	·18	·21
Pay of establishments . . .	·49	·64	·71	·73	·82	·83
Allowances, etc.	·01	·04	·03	·02	·05	·04
Contingencies	·01	·04	·08	·08	·17	·12
Total	·74	·87	·98	1·00	1·22	1·20

b) Establishment.

Ministerial	33	33	33	33	33	33
Inferior	49	65	65	65	67	67

*There were two officers in 1913-14, one being an Assistant on Rs. 600—1,000.

(9) *Proposals.*—(i) There is only one officer and apart from the question of pay for the post, there is no saving possible on the “pay of officers”.

We must, however, remark that the pay is far too liberal even if the Education, Health and Lands Department's view, that it should correspond to the pay of a professor, be accepted. We shall make our proposals elsewhere.

(ii) We fully appreciate the value of the Historical Records Commission and the need for holding its meetings at intervals. But we are not so sure that it need meet at various centres, nor that an exhibition is necessary. In any case, we recommend that it should not meet in 1932-33.

(iii) As regards specific economies the Department have offered a reduction of ·24 lakh. We recommend that this offer be accepted, but this saving should be treated as a permanent saving and not as mere reduction of expenditure for the 1932-33 budget.

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GRANT NO. 36.—FINANCE DEPARTMENT—ORDINARY BRANCH (7.44 lakhs).

(1) *Functions*.—(i) General Finance, that is to say —

- (a) the Public accounts and estimates ;
- (b) the Public expenditure ;
- (c) the Public Ways and Means, including loans to and from the Public Treasury ;
- (d) the management of the Public funds ;
- (e) Taxation ;
- (f) Provincial and local finance ; and
- (g) the borrowing of public bodies ;

(ii) Customs ;

(iii) Taxes on Income ;

(iv) Salt ;

(v) Opium ;

(vi) Excise ;

(vii) Stamps ;

(viii) Currency and Banking, that is to say—

- (a) the Mints ;
- (b) Coinage ;
- (c) Paper Currency ; and
- (d) the Imperial Bank of India and other Banks ;

(ix) Salaries and allowances, that is to say—

- (a) the pay and allowances of public officers ;
- (b) Leave to public officers ; and
- (c) Pensions and gratuities ;

(x) The Civil Accounts Department, including Treasuries.

Army Finance and the Military Accounts Department are dealt with by a separate organisation under the control of the Hon'ble the Finance Member.

(2) *Organisation*.—*Officers*.—A Secretary, an Additional Secretary, a Deputy Secretary, a Budget Officer (Rs. 1,500—2,000), an Under Secretary, two Assistant Secretaries (Rs. 350—1,400 and special pay Rs. 250) ; one Assistant Secretary (on Rs. 1,000—1,250), and seven Superintendents. In addition there is at present a Joint Secretary.

Establishments.—90 Assistants, clerks and stenographers and 50 servants.

The posts of Additional and Joint Secretaries are temporary.

(3) *Growth of expenditure and staff.*—The following table shows the growth of expenditure and staff :—

	1913-14,	1921-22,	1924-25,	1929-30,	1930-31,	1931-32,
	Actuals.	Actuals.	Actuals.	Actuals.	Revised.	Budget.
(i) <i>Expenditure.</i>						
Pay of officers	1·70	2·70	1·89	2·33	2·94	2·87
Pay of establishment	1·49	2·22	2·09	2·89	3·04	3·29
Allowances, honoraria, etc.	·26	·52	·51	·74	·82	·83
Contingencies	·66	·81	·37	·51	·48	·44
Grants-in-aid . . . . .	..	..	..	·01	·01	·01
Total	4·11	6·25	4·86	6·48	7·29	7·44

(ii) *Numbers.*

Officers	12	12	12	13	15	15
Staff	61	55	59	76	90	90
Menials	49	48	42	48	48	50

(4) *Salient features.*—Prior to the Reforms this Department had to deal with provincial budgets as well ; in all important cases the sanction of the Government of India and of the Secretary of State was required.

The Reforms separated provincial from central finance and relieved the Finance Department of provincial finance work. It also got larger powers of expenditure sanction.

After the report of the Incheape Committee, the Finance Department was relieved of (i) work connected with salt, opium and stamps, these subjects being transferred to the C. B. R. in its dual capacity as an administrative body and as the Central Revenues branch of the Finance Department, (ii) railway finance and (iii) Posts and Telegraphs finance. There has, all the same, been a considerable increase in the number of officers and other staff.

(5) *Savings offered.*—The Department's final offer consists of the following items :—

(i) abolition of the following posts, namely, an Assistant Secretary, 6 Assistants, 7 posts in the second division ;

(ii) reduction of Rs. 13,000 in the provision for temporary establishments.

Including corresponding savings in allowances and after making a deduction for special pay to the Chief Superintendent and an Assistant, the estimated savings amount to 75 lakh. The Department has further offered to consider the reduction of the status of the post of Additional Secretary to one of Joint Secretary, when the present incumbent vacates the former post.

(6) *Our proposals.*—Considering that the Finance Department was given considerable relief as stated in paragraph 4, we cannot accept the view that the present number of officers is the minimum with which the work can be carried on. Instead, however, of entering into a detailed consideration, we

propose that our usual plan should be applied to the Finance Department also. Instead of giving only one Deputy Secretary to the Finance Department, we would, however, give it two. We estimate that the savings on the abolition of the posts of Additional Secretary, Officer on Spécial Duty, Attaché, three Assistant Secretaries, seven Superintendents and the provision for leave salaries will be 1.67 lakhs. We think, the establishment can safely be cut down by 10 per cent. saving .33 lakh, and other contingent charges can be reduced by about Rs. 4,000. Allowing for the expenditure on the posts of an Additional Deputy Secretary and a Registrar and for charge allowances to Assistants in charge, we estimate a net saving of 1.71 lakhs.

Savings on house-rent and hill-journey allowances and hill-journey charges have been taken account of under the Secretariat as a whole.



GRANT NO. 38.—COMMERCE DEPARTMENT (4·83 lakhs).

(1) *Functions*.—(i) Shipping and matters connected with it, (ii) Trade and commerce and connected matters, (iii) Import and export regulations, (iv) Exhibitions, (v) Life assurance, (vi) Actuarial work, and (vii) Ecclesiastical matters.

Recent additions to activities.—(i) Tariff Board, (ii) Ecclesiastical work transferred from the Department of Education, Health and Lands, (iii) Centralisation of work connected with navigation and mercantile marine, (iv) Work connected with the League of Nations and the international conferences, (v) administration of the Training ship "Dufferin".

(2) *Organisation*.—*Officers*.—A Secretary, a Joint Secretary, a Deputy Secretary, three Assistant Secretaries (two permanent, one temporary), and five Superintendents including two temporary ones.

Establishments.—50 Assistants and clerks and 38 servants.

(3) *Growth of expenditure and staff*.—The expenditure and staff have grown as below :—

	1913-14.	1921-22.	1924-25.	1931-32.
(i) <i>Expenditure</i> .				
Pay of officers		1·67	1·20	2·00
Pay of establishment		2·14	1·20	1·94
Allowances, passages, etc.	3·46	·49	·34	·64
Contingencies		·69	·48	·25
Total	3·46	4·99	3·22	4·83

	1921	On 1st April 1924	1931
(ii) <i>Staff</i> .			
Officers, i.e., administrative and superintendents	8	7	11
Clerical establishment as provided for in budget	45	37*	50†
Menials	35	33	38
* Actual strength was 40 permanent and 2 temporary = 42 + Stenographers.			
† " " " is 46 " " 22 " " = 68 + " "			

(4) *History*.—In 1913-14 Commerce and Industries Department formed a single Department. In 1917 the Munitions Board was created to meet war requirements; when the war came to an end, the Board was converted into the Board of Industries and Munitions and later, in 1921, into a separate Department of Industries.

The Commerce Department used to deal, *inter alia*, with Customs. In 1924 Customs administration was transferred from its control to that of the Central Board of Revenue on the ground that, apart from delegation, there was little prospect of diminution of work in the Secretariat and that therefore the Secretariat proper should be freed from the functions of detailed administrative control exercised by it in the past. In fact, however, the two tables in paragraph 3 show that both staff and expenditure have grown substantially.

(5) *Departmental proposals.*—The Department has offered to try to effect a reduction in the number of Assistant Secretaries from 3 to 2 on the understanding that the posts of Joint Secretary and Deputy Secretary remain. As regards the subordinate establishments it proposes to await the examination of the office by an officer on special duty.

(6) *Our proposals.*—(i) We consider the Department's offer altogether inadequate. The Joint Secretary's post was temporary. It was understood that, so long as the Joint Secretary's temporary post was filled, the Deputy Secretary's post should remain unfilled. Now that, with effect from the current year, the Deputy Secretary's post has also been filled up, we do not see why Commerce Department should wish both posts to be kept alive. The maximum extent up to which we would be prepared to go is to give this Department an Additional Deputy Secretary. In accordance with our usual plan for the organisation of work in the Secretariat, we propose that all the posts of Assistant Secretaries and Superintendents be abolished and be replaced by one post of a Registrar in charge of the establishments and the office. Assistants should be placed in charge of branches.

(ii) During the last seven years the ministerial establishment* has increased by almost 62 per cent. in spite of the fact that the important subject of Customs was taken away from the Commerce Department. We however appreciate the force of the Commerce Department's contention and agree that in this case the percentage of reduction in the establishment should be small; we propose that the provision for establishment should be reduced by 5 per cent. Contingencies should, however, be reduced by 10 per cent.

(7) On our proposals the net saving will be .98 lakh. The savings on house-rent and hill-journey allowances and hill-journey charges have been taken into account for the Secretariat as a whole.

* Even after leaving out the staff for the Lighthouse officers, and the permanent Commercial Accountant and Assistant Actuary.



GRANT NO. 40.—DEPARTMENT OF INDUSTRIES AND LABOUR (6·53 lakhs).

(1) *History*.—This department dates from 1921 when it took the place of the Board of Industries and Munitions which was no longer required. The Inchcape Committee made proposals regarding the allocation of business in the Secretariat. These proposals were accepted in part and as one of the results of the survey of the position the Industries Department absorbed the Public Works Department, including its Posts and Telegraphs branch.

(2) *Functions*.—Development of Industries (Central aspects); Geology and Minerals; Explosives; Petroleum; Printing and Stationery; Patents and Designs; Copyright; Factories Act; Legislation relating to steam boilers; Legislation on the subject of Electricity (including water-power grants); Inter-provincial Migration; Stores; Labour Legislation; International Labour Organization; Meteorology; Post Office; Telegraphs; Telephones; Wireless telegraphy; Cables; Civil Aviation; Civil buildings; Communications; Irrigation and canals; Miscellaneous Public Works and Allotment of office accommodation to Secretariat and attached offices.

(3) *Organisation*.—The superior administrative officers number four, viz., a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary. Besides, there is a provision of Rs. 13,800 in the 1931-32 budget for an Officer on Special Duty. Other officers are two Assistant Secretaries and eight Superintendents. Establishments number 158 including 71 servants.

(4) *Present expenditure and staff and their growth*.—For a proper appreciation of the growth of expenditure on this department it is necessary to group it with the enlarged Commerce Department and the now defunct Public Works Department.

1913-14. 1921-22.* 1924-25. 1929-30. 1930-31. 1931-32.

(i) *Expenditure*.

Commerce	3·46	4·99	3·22	3·94	4·26	4·83
Industries and Labour			5·24			
Public Works Department	3·21	5·01	5·43	5·94	6·04	6·53
Total	6·67	15·24*	13·65	9·88	10·30	11·36

	1913-14.			1921-22.*			1924-25.			1929-30.			1931-32.		
(ii) Officers, clerks and servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.
Commerce	9	53	49	11	46	40	7	37	33	8	48	38	11	50	38
Industries and Labour }				13	60	49	14	83	68	14	86	71	15	87	71
Public Works Department				11	60	50									

*Note.—The Board of Industries and Munitions was still in existence.

(5) *Departmental proposals*.—A reduction of expenditure by ·33 lakh has been proposed, viz., ·25 in the Industries Branch and ·08 in the Public Works Branch; the former includes ·18 on account of the discontinuance of the post of an officer on special duty.

(6) *Our proposals.*—Our general plan of Secretariat organisation involves the abolition of the posts of the Joint Secretary, the two Assistant Secretaries and the eight Superintendents, a Registrar taking the place of these officers and Assistants being placed in charge of branches. The provisions for establishments, allowances and contingencies should be reduced by ten per cent. Deducting .14 for a Registrar and for charge allowances to Assistants, the *net* reduction of expenditure from our proposals will be 1.90 lakhs.

(7) *Summary of savings.*—1.90 lakhs. An additional saving of .31 lakh on account of hill-journey and house-rent allowances and hill-journey charges has been taken into calculation for the Secretariat as a whole.



GRANT No. 42.—PAYMENTS TO PROVINCIAL GOVERNMENTS ON ACCOUNT OF THE ADMINISTRATION OF "AGENCY" SUBJECTS (2·30 lakhs).

(1) *Explanation of the grant.*—This grant of 2·30 lakhs (of which 1·43 is non-voted) is intended for payments to the Local Governments of Madras (·38), Bombay (1·70) and Bengal (·22) for their administration of "agency" subjects, *e.g.*, Political, Haj Pilgrimage, Quarantine, Ecclesiastical, Major Ports, etc. The payments represent a share of the cost of the respective secretariats.

No payment is specifically made to Madras and Bengal. The Government of Bombay are paid ·32 for passport work done in the passport branch of the political department of the Bombay Secretariat and ·04 for that done in the passport branch of the office of the Commissioner in Sind. (The allowance of Rs. 200 p. m. to the Bombay Passport Officer is met out of the payment to the Bombay Government.) The reason for this is that passport work is heavy only at Bombay and Karachi. In 1914 the Government of Bombay had to create temporary posts in their Secretariat to cope with extra work in connection with passports. In 1921 some of them were made permanent, and the Central Government decided to bear the cost of these posts in accordance with the Devolution Rules.

In addition to this payment to Bombay Government of ·36 for passport work at Bombay and Karachi, central revenues bear an expenditure of ·10 lakh (provided in grant No. 45-Police) on the special passport establishments at Bombay (a Deputy Inspector on Rs. 275 and a clerk) and Aden (2 clerks).

(2) *Proposals.*—The departments concerned hold that no cheaper agency can be devised for the performance of "agency" work. We accept this view. But, we observe that the objects for which payments are made are somewhat specific in the case of Bombay. Since the cost of administration is likely to be reduced in that province, the question of reducing the amount paid to the Government of Bombay by approximately 10 per cent. (this being the percentage cut likely to be enforced in the provinces also) may be taken up with them. For the present we leave out of our calculation any saving that may possibly accrue from our proposal.

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CHAPTER VII.

GRANT NO. 44.—ADMINISTRATION OF JUSTICE (·55 lakh).

(1) *Explanation of the grant.*—This grant of ·55 lakh consists of only two small items of ·40 and ·15 lakh representing the payment to the Local Governments of Bengal and Bombay respectively for services rendered by certain law officers of theirs to the Central Government. The administration of justice including the constitution, powers, maintenance and organisation of law-courts is a provincial reserved subject, subject to central legislation as regards courts of criminal jurisdiction and High Courts and courts of similar status. In the Governors' provinces the Government of India have only the general powers of superintendence, direction and control. The position of the Calcutta High Court is, however, an anomaly inasmuch as administrative control over it is vested in the Government of India.

The provision for the administration of justice is therefore made in the budgets of the respective major provinces or the minor administrations.

(2) *Proposals.*—(i) The payment made to the Government of Bengal comprises ·36 lakh as the Government of India's share of the total expenditure of the Local Government on account of the salaries of their law officers (*viz.*, Advocate General, Standing Counsel, Legal Remembrancer and the Government Solicitor) and ·04 for contingent charges incurred by the Legal Remembrancer on behalf of the Central Government, *e.g.*, fees to pleaders, etc. This latter part of the payment varies from year to year. The contribution to the Government of Bombay is calculated on the same basis.

Both the Local Governments were consulted on the possibility of effecting a reduction of ten per cent., but they replied that no reduction was feasible. Under these circumstances we are unable to make a definite recommendation. We think, however, that if, as is probable, the Local Governments concerned adopt "percentage cuts" of pay, whether on the Government of India's lines or on different ones, there might be a good case for inviting the Local Governments to give some relief to the Government of India.

(ii) As regards the High Court at Calcutta a question we have considered is whether it would lead to economy in the Home Department if the position of that High Court is assimilated to that of the other High Courts. The Simon Commission proposed that the expenses (including judicial salaries) of all courts of the status of a High Court should be charged on central revenues and the administrative control should in each case be vested in the Central Government. We understand that this question is under consideration in the Home Department and that no decision has been reached. We would therefore content ourselves with the remark that the financial consequences of the proposal should be fully weighed against any administrative benefit likely to accrue from it; especially as the prospective revenue position of the Central Government is by no means so bright as it appeared to that Commission.

(iii) We should like to add that under the present arrangements the expenditure of the Calcutta High Court is apt to pass without sufficient scrutiny either of the Local Government or of the Government of India. We also think that the Government of India should initiate the necessary enquiries for retrenchment in that sphere.

(3) *Summary.*—No specific reduction of expenditure can be suggested.

CHAPTER VIII.

GRANT No. 46.—PORTS AND PILOTAGE (26·16 lakhs)

GRANT No. 47.—LIGHTHOUSES AND LIGHTSHIPS. (12·98 lakhs).

(1) *Introductory*.—Prior to 1929-30 there was only one budget head, *viz.*, “Ports and Pilotage”, and it comprised the following classes of expenditure, *viz.*, (i) Bengal Pilot service, (ii) port officers’ establishments and marine courts, (iii) shipping offices, (iv) marine survey departments, (v) the training ship “Dufferin”, and (vi) lighthouses and lightships. The administration of the central subject “Shipping and Navigation” was, broadly speaking, in charge of the maritime Local Governments as agents for the Government of India, and the method of financing some of the above-mentioned services varied considerably from province to province.

The Inchcape Committee observed that there was little uniformity as to the authority by which these services were administered or as to the basis for the levy of fees on shipping. It recommended that the various services mentioned above should *all* be made self-supporting and proposed the reduction of expenditure from 26·32 to 24·21 lakhs. But since the entire policy was under Government’s review at the time, it refrained from a detailed examination.

With effect from 1929-30 the administration was centralised and reorganised. As a result of this change the cost of “Ports and Pilotage” has increased considerably, and although the Inchcape Committee recommended that all the services should be made self-supporting, the receipts from the mercantile marine department have generally been below fifty per cent. of the expenditure, even when leave, pensionary and certain overhead charges are left out of account. As a result of the retrenchment proposed by it the Commerce Department hopes that in future about a half of the expenditure will be covered by the levy of fees. On the analogy of the law* in force in the United Kingdom it thinks that the practice of India should be the same as in the United Kingdom. It hopes that when the retrenchment proposed by it is brought into operation, the aggregate amount produced by fees levied under the Merchant Shipping law will be approximately equal to one-half of the expenditure on the mercantile marine department in respect of the services for which the fees are leviable.

As regards pilotage the service is confined to Bengal for the navigation of the Hooghly river, and the accepted policy is to treat and administer it on a self-supporting basis.

The administration of lighthouses and lightships was also placed on a definitely self-supporting basis. A separate grant is now voted for “lighthouses and lightships” service, but the creation of a separate fund automatically transfers the excess or the deficit of receipts over expenditure to the Fund instead of leaving it to be borne by the civil estimates.

We shall now deal with the two grants separately.

* *Vide* section 3 of the Fees (Increase) Act of 1923.

GRANT NO. 46.—PORTS AND PILOTAGE (26.16 lakhs).

(2) *Explanation of the grant.*—This grant covers three distinct services, viz., (i) the administration of “Ports”, i.e., headquarters direction and the mercantile marine departments, (ii) the cost of the Bengal Pilot Service and (iii) the cost of the training ship, the “Dufferin”. The expenditure (in lakhs) on each has been :—

	1913-14.	1926-27.	1928-29.	1929-30.	1930-31.	1931-32.
(i) Ports including headquarters Direction		5.20	5.97	7.26	8.61	9.54
(ii) Pilotage	10.54	16.16*	12.51	12.87	12.03	14.24
(iii) Training ship	Nil	.67†	2.06	2.35	2.40	2.38

*Unusually heavy expenditure on the building, repair and outfit of ships.

†In 1927-28 the R. I. M. S. Dufferin was converted into a training ship; before that it was on a “maintenance” basis.

(3) *Functions.*—The various mercantile marine departments comprising port establishments, shipping offices and ship survey departments perform the usual functions that are discharged by every government in matters relating to the mercantile marine.

The Bengal pilotage establishment is maintained for the pilotage of ships on the Hooghly, the navigation of which owing to the shifting sand-banks and the narrow channel kept available for ships to pass along, is difficult and cannot be entrusted to ordinary ship’s crews.

The training ship is intended to train men for careers in the mercantile marine. The R. I. M. S. Dufferin was taken over in 1925, a price of 1.25 lakhs being paid to the Marine Department. In 1927-28 it was converted into a training ship at a cost of 4.36 lakhs and was opened as such in December 1927.

(4) *Organisation.*—(i) Under the scheme of centralisation of mercantile marine administration inaugurated by the Indian Merchant Shipping (Amendment) Act, 1928, with effect from 1st April 1929, Commerce Department is in direct administrative charge of the Ports and Pilotage services. A Nautical Adviser and a Chief Surveyor are maintained at headquarters to advise Government on matters relating to mercantile marine and ship survey questions respectively.

(ii) The coasts of India have been divided into six districts based on the major ports of Calcutta, Bombay, Madras, Rangoon, Karachi and Aden. Chittagong also is a major port, but for mercantile marine purposes it is a sub-district of Calcutta district. Each district is in charge of a chief executive officer called the “Principal Officer”. At Bombay, Madras and Aden the Port Officers used to be employees of the respective Port Trusts or Port Funds: they are now directly in Government’s employ. The Principal Officers are assisted by engineer-surveyors, ship-surveyors, shipping masters and subordinate establishments. The Principal Officers are also Superintendents of Lighthouses under the Indian Lighthouse Act except in the Bombay district. The following table shows the mercantile marine

establishments maintained by the Central Government in their own employ in the districts :—

	Calcutta.	Chittagong.	Madras.	Bombay.	Rangoon.	Karachi.	Aden.
(1) Ports Establishments—							
Principal Officer	1	..	1	1	1	1	1
Nautical Surveyor	1	1*	..	1	1	1 (Part-time.)	Nil
Wireless Telegraph Inspector	1	..	..	1	1†	Nil	Nil
Ministerial	18	3	..	10	24	6	7
Servants	18	7	..				
(2) Shipping Offices—							
Officers { Master	1	..	..	1	..	..	..
Deputy and Assistants	2	..	..	3†	..	..	..
Ministerial	30	..	..	23	..	..	..
Servants	13	..	..		
(3) Ship Survey Department—							
Officers { Principal	1	..	1	1	1	1§	..
Assistants	5	..	..	4	..	..	..
Ministerial	5	..	..	8	..	..	..
Servants	16	..	..		

*Half of his pay is recovered from Chittagong Port Commissioners.

†Used to be non-gazetted.

‡Reduced to two from 14th September 1931.

§This is also the Principal Officer of the District.

The existing arrangements in the districts are somewhat complicated, the reason being that the staff also administers the provincial subject of "Inland Navigation". Thus, in the Calcutta district one-third of the cost of ship survey establishments and the cost of the "Fifth engineer and ship surveyor" and his staff are recovered from the provincial government. In the Chittagong district Rs. 1,000 per annum is paid to the Government of Bengal towards the cost of the ship survey department. In the Madras district contributions are paid to the Minor Ports Fund and the Local Government on account of certain establishments and contingent expenditure on account of ports and ship survey work, and certain recoveries are made for lighthouse work. In Bombay and Karachi some recoveries are made from the Government of Bombay towards the cost of the ship survey department. Similar arrangements are in operation in the other districts also. At certain ports, e.g., Karachi, combined establishments are maintained for the Principal Officers and the ship survey sections.

The pay of officers varies. Members of the Royal Indian Marine appointed to mercantile marine appointments get their grade pay *plus* a staff pay which, it is claimed, is fixed with reference to the officer's status and the duties of his post. The staff pay takes the place, in part of provisions, lodging and services to which the officer would be entitled while serving afloat.

(iii) *Pilotage*.—For the needs of the Bengal Pilot service two pilot vessels the "Lady Fraser" and the "Andrew", are maintained under the command of one of the Branch pilots in rotation for a year.

The cadre of officers on service afloat consists of 2 Commanders, 2 Chief Officers and 4 second and additional officers and 8 engineers. The crew serving afloat numbers 144 men. There is also an establishment of 11 for the "Aid". Actual piloting work is done by pilots who are divided into various grades, viz., Branch pilots, Master pilots, Mate pilots, First and Second Mate Leadsman and Leadsman Apprentices. The sanctioned strength of the service is fifty pilots and twelve leadsman. The pay of leadsman ranges from Rs. 200 to Rs. 350 *plus* 50 per cent. of lead money collected, and that of pilots varies from Rs. 400 to Rs. 2,250 *plus* overseas pay. The pilots on the running list also get extra emoluments in the shape of night pilotage fees; these are claimed to be in the nature of overtime pay.

The seniormost officer of the Bengal Pilot Service is, *ex-officio*, Deputy Port Officer (Pilotage), Calcutta, and is responsible for pilotage work. He is on a special scale of pay, viz., Rs. 2,550 *plus* overseas pay. It seems that pilotage establishments, other than crews, are not charged to the pilotage grant, though we understand that a share of the cost of the Port Establishments is charged to the *pro-forma* accounts relating to pilotage.

(iv) The training ship has six officers, a Captain Superintendent (pay Rs. 1,800), a Headmaster on Rs. 1,500, a Chief Officer, two other officers and an Assistant Surgeon. The establishments comprising school masters, boat-swain instructors, clerks, engine drivers, lascars, servants, etc., number 59.

(5) *Growth of staff and expenditure.*—The following two tables show how the staff and expenditure in India have grown compared with 1924-25. But owing to the radical change of policy inaugurated in 1929-30 comparison with the figures of previous years is not of much help. In fact, the old arrangements had to be continued during the major part of 1929-30. Hence the figures of even that year are not particularly useful for comparative purposes.

TABLE A.—STAFF.

	1924-25.		1931-32.	
	Ports.	Pilotage.	Ports.	Pilotage.
Officers	19	16 <i>plus</i> 72	34*	16 <i>plus</i> 58
Crew	9	144	191	155
Clerical and Menial	128	..		3

*Including one part-time post.

TABLE B.—EXPENDITURE.

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(i) Ports Direction	..	..	..	..	..	..	·06	58	·58	·66
Port Officers' establishments.	..	2·22	1·24	1·41	1·74	1·39	1·73	2·15	3·22	4·42
Shipping Offices .	..	·79*	1·50	1·63	1·44	1·93	1·83	1·94	2·05	2·10
Ship Survey Department.	..	·31	1·54	1·84	1·95	1·96	2·09	2·45	2·68	2·27
Scholarships and Miscellaneous.	..	..	..	..	·06	·07	·07	·10	·05	·06
Total for Ports	6·02	3·92	4·28	4·88	5·19	5·35	5·92	8·11†	8·61	9·51
(ii) Training Ship	..	..	..	·17	·67	5·27	2·06	2·35	2·40	2·38
(iii) Pilotage .	·10·54	14·69	14·22	17·65	16·13	14·19	12·51	12·87	12·03	14·24

*Does not include expenditure on Bombay Shipping office.

†7·26 after deduction of recoveries of ·85.

(6) *Receipts*.—The following table shows receipts under head “Ports and Pilotage”. They include receipts from the shipping offices and the “Dufferin” but exclude those from Bengal pilotage.

	1928-29.	1929-30.	1930-31.	1931-32.
Mercantile Marine Department	4·68	3·83	4·23	4·32
Training ship	·17	·30	·35	·44
Total	4·85	4·13	4·58	4·76

(7) *Departmental proposals* :—

A.—*Ports* (Grant 9·54 lakhs).

Commerce Department at first proposed to effect savings as shown below :—

	Sanctioned Budget, 1931-32.	Reductions	
		in 1931-32.	in future.
	Rs.	Rs.	Rs.
(i) Headquarters Establishments	66,500	2,000	14,500
(ii) Marine Engineering (State Scholarships)	4,000	400	400
(iii) Madras District	32,000	1,000	1,400
(iv) Bombay District	2,99,200	14,090	14,200
(v) Training Ship	2,37,700	8,000	..
(vi) Karachi District	35,100	2,850	1,250
(vii) Aden District	33,000	300	..
(viii) Calcutta District	3,59,400	10,850	57,500
(ix) Chittagong Sub-District	19,000	100	..
(x) Rangoon District	1,04,000	620	620
Total	11,89,900	40,210	89,870

It will be seen that the savings under (i) were effected, before the present retrenchment campaign began, by the appointment of a new Nautical Adviser and a new Chief Surveyor at headquarters on lower rates of pay. The saving offered under (viii) includes an automatic saving of Rs. 54,700 (provision for the payment of arrears of rent for the Calcutta port and shipping offices), which would have accrued in any case. The other savings amount to Rs. 20,670.

B.—*Pilotage* (Grant 14·24 lakhs).

A reduction of 1·06 lakhs in the 1931-32 grant was offered but the main items offered were ·50 due to the postponement of the reconditioning of S. P. V. “Andrew”, ·20 on marine stores, ·10 on the cost of coal, ·22 on the pay of officers.

The following note embodies the Commerce Department's proposal as regards permanent reduction of expenditure :—

“Though the Service is in the first instance financed by Government, the expenditure is recouped by pilotage fees, and *pro-forma* accounts are maintained

to ensure that receipts cover expenditure. Owing to the present depression in trade there is a deficit at present, but steps are being taken to balance revenue and expenditure and in the current year Rs. 1,06,000 has been surrendered by reductions of expenditure. Automatic savings are expected under pay of officers and by this means and with other economies the income and expenditure are expected to balance. The Pilotage Dues Committee has been appointed to enquire into pilotage fees. Their report is expected shortly and the question whether any increase in fees is desirable will then be taken up."

C.—*The "Dufferin"* (Grant 2·38 lakhs).

The Commerce Department has stated that the provision for the training ship cannot be reduced permanently without impairing its efficiency. It has also explained that the "arbitrary" cut of Rs. 11,000 made by Finance Department has made it necessary to postpone the dry-docking of the ship for repairs, and that it will have to ask for an extra grant of Rs. 15,000 in the next year's budget.

(8) *Our proposals* :—

A.—*Ports* (Grant 9·54 lakhs).

(i) Excluding the expenditure on the training ship, the 1931-32 provision for Mercantile Marine administration amounts to 9·54 lakhs. The department has offered genuine savings of only Rs. 20,670. We consider this altogether inadequate, and we are persuaded that a reduction of the provision for 1932-33 by 1·50 lakhs as compared with that for 1931-32 is not at all difficult to effect. In this connection we draw attention to table B in paragraph 5, especially to the extraordinary increase in the cost of port officers' establishments compared with 1929-30. We may explain some lines along which expenditure can be reduced by at least the amount proposed by us.

(ii) We appreciate the need for technical advisers to the Government of India. But, we can see no valid reason why these officers should not be posted at the ports. We think it should not be difficult to obtain their advice from the ports. Occasional visits to the headquarters of Government may be necessary. We think, contact with actual work in the districts will be distinctly helpful to them and to Government. We do not consider that there is enough work for the two advisers at headquarters. The extensive re-organisation undertaken in the interests of centralisation may have required the services of advisers on the spot. Now that a very large portion of this work has presumably been completed, the need for the advisers at headquarters must be far less. If we may say so, their work was in the nature of special duties which should now come to an end. If any portion of the initial work is still outstanding, special posts may be created to complete it, provided that it is not possible to utilise the services of officers at the ports for this purpose.

We therefore propose that these two posts should now in the interests of economy be abolished, saving Rs. 55,000 in pay and possibly about Rs. 5,000 in other items.

(iii) We are not quite convinced that it would be impossible to combine the functions of these two officers. We find that the Principal Officer in charge of a port is, to quote the Commerce Department's words, "the chief executive officer of Government in all matters relating to mercantile marine administration and exercises general supervision over the whole of the district staff including, inter alia, the staff for the survey of ships." It seems to us therefore that it

should not be altogether impossible to come across a Principal Officer who might be able to combine the advisory duties of the Nautical Adviser and Chief Surveyor. So far as we can see, mercantile marine and survey duties are combined at some ports, *e.g.*, Bombay and Karachi; in fact we note that the Karachi officer is an engineer officer. In any case, we propose that the feasibility of such combination of duties should, though strictly as a second alternative to our proposal in (ii), be reconsidered, not in the light of an abstract theory but of concrete facts. We may concede that it is better to have two specialist officers, but the question is whether the extra administrative convenience is worth the cost at a time of acute financial stress like the present; we think it is not.

(iv) The numbers of officers are 12 at Calcutta, 13 at Bombay (including the Collector of Salt Revenue as Superintendent of Lighthouses, *ex-officio*), 2 at Madras, 2 at Karachi, 2 at Chittagong (one being a provincial officer), 4 at Rangoon and 1 at Aden. We hold that it is possible to reduce the numbers at Calcutta, Bombay and Rangoon by eight in all and we recommend accordingly. Commerce Department has abolished only one post, *viz.*, the temporary post of the Additional Assistant in the Shipping Office, Bombay.

(v) The Commerce Department's contention that in the case of officers belonging to the Royal Indian Marine the staff pay is fixed with reference to the officer's status and duties does not convince us as to the necessity of the present scales of emoluments which include staff pay, special pay and motor car or conveyance, compensatory local, house rent, Burma, R. I. M. craft supervision, travelling, overtime and closed holidays and other allowances. The following table shows the present actual emoluments of some such officers and the unusually high ratio they bear to grade pay :—

		Grade pay.	Staff pay.	Special pay.	Motor allow- ance.	Compensatory, Local, house-rent and other- allowances.	Total..
(a) Calcutta	(i)	900	870	200	100	150 + 178	2,398
	(ii)	800	620	100	75	150 + 110	1,855
	(iii)	900	700	150	150	150 + 152 + 75 + 32	2,309
	(iv)	700	500	..	150	135 + 175 + 75	1,735
(b) Chittagong	(i)	625	620	..	..	300	1,545
	(ii)	650	500	..	..	75	1,225
(c) Bombay	(i)*	900	870	..	100	150	2,020
	(ii)	900	870	..	100	150	2,020
	(iii)	700	370	..	..	50 + 135 + 160	1,415
	(iv)	650	500	..	50	135 + 125	1,460
	(v) & (vi)	500	450	..	150	120 + 143	1,363
(d) Madras	(i)	900	870	..	..	73	1,843
(e) Karachi	(i)	800	700	..	150	..	1,650
(f) Rangoon	(i)	900	870	..	..	150 + 150 + 159	2,229
	(ii)*	700	500	..	..	135	1,335
	(iii)	625	500	..	..	50 + 120 + 120	1,415
	(iv)	800	500	..	..	50 + 135 + 135 + 113	1,733

*These officers are on leave.

We have selected only a few cases at random, but they are fairly typical and serve to illustrate the point that we wish to make, *viz.*, the unusually liberal treatment of Royal Indian Marine officers with such a profusion of allowances. Some of these allowances, *e.g.*, motor car allowances, we consider altogether unnecessary in the case of *officers* and some others as not justified by the nature of the duties performed.

They are also permitted to retain various classes of fees. Their number is large and we shall deal with only the two most important classes.

So far as we are aware, the Mercantile Marine Department is the only one in which *officers* get overtime allowances. The surveyor gets half of the overtime, Sunday and certain closed holidays fees for the survey of ships. The fees charged for shipping and discharging crews on Sundays and holidays and out of office hours on working days are paid to the officers in the shipping offices working overtime in certain cases ; in others they are credited to Government. Such overtime allowances can, in some cases, be handsome additional emoluments, as the following cases show :—Shipping Master, Calcutta's average monthly overtime fees amount to Rs. 560 and his Deputy's to Rs. 150. In the case of the Shipping Master at Bombay they amount to Rs. 367.

Examination fees levied from candidates taking the mercantile marine examinations are generally credited to Government, but in the case of Masters and Mates examinations they are paid to the examiners who are generally employees of the department. The amounts earned out of such fees by each individual officer varies according to the post held and its importance. To give a few illustrations, the Principal Officer, Bombay's monthly average of income out of examination fees is Rs. 113, and the Nautical Surveyor's Rs. 86.

The least that we must in this case recommend is that special pay and motor car, compensatory local, house-rent, overtime, Burma and all other allowances should be abrogated and the officers should, as is the case at Aden and almost so at Madras, be given only grade pay *plus* a suitable staff pay not exceeding the staff pay on the present scales. We may add that our recommendation as to the abrogation of local, compensatory and house-rent allowances is based on general grounds which we have applied to all other similarly circumstanced services recruited for work at the expensive stations. We must further remark that while many officers at Calcutta get *motor car* allowances, no officer at Rangoon gets them, though we note that three officers get *conveyance* allowances of Rs. 50 per mensem each. We cannot see why there should be any need for liberal motor car allowances at Calcutta. In this connection we might make it clear that we cannot accept the justification for the rapid growth of expenditure on allowances when the number of officers is a most constant. To give only one illustration, allowances to the ship survey staff at Calcutta have grown from Rs. 23,204 (actuals) in 1929-30 to Rs. 33,100 (budget) in 1931-32, and to the port staff at Rangoon from Rs. 8,100 (budget) in 1930-31 to Rs. 13,100 (budget) in 1931-32.

(v) We have similarly found cases in which contingent expenditure has grown rapidly in spite of a general fall in prices. Thus, the provision for contingencies for the ship survey department at Calcutta has been raised from Rs. 6,435 (actuals of 1929-30) to Rs. 7,300 in 1931-32. Similarly the provision for "Other charges" for the Rangoon Port Establishments has grown from 19 in 1929-30 to 27 lakh in 1931-32. The entire contingent expenditure needs a searching scrutiny by the department.

(vi) We can see no reason why an official motor car should be maintained for the use of officers, as one is in fact maintained for the officers of the shipping office, Bombay.

(vii) We are not satisfied that the "pooling system" for launches is used to the fullest extent possible and we propose that the feasibility of its extension to ports where it is not in operation be reviewed. The pooling arrangements should not be confined to mercantile marine, marine transport, lighthouses and similar cognate departments and every attempt should be made to "pool" launches with, *e.g.*, customs, salt, port police—in fact with every department, central or provincial, or local body (*e.g.*, a Port Trust) which maintains them. We also propose that suitable instructions designed to prevent the abuse of Government launches be issued to all concerned.

(viii) As regards the three posts of Wireless Telegraphy Inspectors (appointed under section 243 of the Indian Merchant Shipping Act of 1923 to enforce compliance with the requirements of the law in this respect) at Calcutta, Bombay and Rangoon, we are not at all satisfied that the inspection work cannot or should not be transferred to officers of the Royal Indian Marine or of the Posts and Telegraphs Departments. Commerce Department states that it tried the former arrangement at Bombay and Rangoon but found it unsatisfactory. We are, however, looking at the problem not from the point of view of absolute efficiency but of feasibility in relation to cost. We propose that the entire question be reviewed from this point of view.

(ix) While it is possible for us to enter into further detail, we consider it unnecessary to do so. We trust, the few illustrations we have given, a majority of which are typical, will show that expenditure has been allowed to grow with undue rapidity and that a rigorous examination should enable it to be reduced without any appreciable difficulty by 1.50 lakhs for the purposes of the 1932-33 budget. Considering that our proposal amounts in effect to one for the permanent reduction of expenditure by only 81 in a budget of over 9½ lakhs, we consider we have not expected or asked for too much.

(x) We would also draw attention to what we have stated in some detail in paragraph 1 and recommend that independently of the law or the practice of other countries including the United Kingdom the various mercantile marine services should be placed on a really self-supporting basis, including leave, pensionary, overhead, depreciation, interest and other charges. The Inchcape Committee made the same recommendation and we presume that it must have been aware of the law and the practice in the United Kingdom through its Chairman—a prominent figure in the mercantile marine of the world. Commerce Department admits that in this respect neither the Board of Trade rule nor the British law is binding on the Government of India. We must urge that we can see no justification for the continuance of what, in effect, amounts to a subsidy of about four to five lakhs a year. Our proposal will add about 4½ lakh to the receipts under "Ports and Pilotage," and will tend to bring the administration under closer scrutiny by the commercial community than the present arrangement does.

(xi) Finally, we think the time is now ripe for an extension of the principle of local self-government to the administration of the mercantile marine department, subject to the legislation relating to it continuing to be central and, if necessary, even made federal. We note that under the arrangements which were superseded by the centralisation scheme inaugurated in 1929-30 the port officers at Bombay, Madras and Aden used to be employees of the respective Port Trusts or Port Funds. Even if a complete reversion to that arrangement be considered impracticable, we can see little reason why the powers of statutory local bodies like Port Trusts should not be extended so,

as to include many of the duties at present discharged by the Central Government's own staff. We think it will be a cheaper arrangement and should work efficiently. We believe that local self-government in this respect is indicated by the trend of political developments. We may also add that the Inchcape Committee also "understood that the Government of India were inquiring into the question whether these offices should not be placed under the Port Commissioners at these ports" (the reference being to Calcutta and Rangoon, provision for which was included in the estimates reviewed by that committee).

B.—*Pilotage* (Grant 14·24 lakhs).

(i) Although this is claimed to be a self-supporting service and *pro forma* accounts are maintained for that purpose, we hold that reduction of expenditure should be effected by all practicable means. We do not accept the view that the aim should be merely to balance receipts against expenditure, but rather to reduce expenditure to the lowest practicable limit and then to adjust the fees charged to the public accordingly. Even if the benefit inures, in the first instance, to the commercial community, we consider, it will ultimately be so much gain to the general public.

(ii) Considering the extremely high scales of pay (including overseas pay) in force for the Bengal Pilot Service and the fact that the officers are not actually engaged in piloting work every day of the month, we see no justification for the payment of "overtime" pay in the shape of night pilotage fees, for which the provision is 1·27 lakhs—nearly 20 per cent. of the pay proper of pilots and lead-men. We consider the payment of "overtime" pay or allowances to officers objectionable in principle and hold that the usual principle that a Government servant is a public servant for all the twenty-four hours of the day should be applicable to this service also. In the case of those already in service, however, we consider it fair to make some exception, as we have done in the case of the Customs Department. Our recommendation therefore is that in view of the acute financial stress, the scales of night pilotage fees be reduced to one-half. This will yield a saving of about ·64 lakh. Mr. Ramsay Scott thinks that the reduction should be one-fourth and not one-half.

(iii) We observe that even though the present trade depression has caused some fall in shipping (the Commerce Department's estimate of the decrease in the number of ships entering being 4 or 5 per cent.), the number of pilots has remained the same. We appreciate the force of the contention that pilots cannot be made in a few months and that therefore the number maintained for normal trade conditions may prove to be excessive in times of temporary depression but cannot on that ground alone be materially reduced. But at a critical juncture like the present one we see no justification for the retention in service of officers who have completed 55 years of age. We note that there are three such; and that another eight are already over 50. Some reduction of the number of officers can thus be carried out without causing undue individual hardship, and in our opinion the prospects of trade justify the reduction. We propose that the whole cadre of officers of the pilotage services be reduced so as to save at least 15 per cent. on their pay (Rs. 1,08,100 plus Rs. 8,06,100). Saving will be 1·37 lakhs. Since at least ten of the sixty officers have already reached their maximum pay (Rs. 2,200 plus £30 O. P.), our proposal to reduce the cost on the pay of officers by 15 per cent. will involve the reduction of the number of officers by a much smaller percentage. In fact we find that the retirement of the three superannuated officers would yield a saving of ·94 lakh and that of two others, even allowing for the recruitment of fresh men at the bottom would yield another ·53 lakh (Our calculation naturally includes overseas pay drawn by the officers).

(iv) The present establishments numbering 155 should also be reduced so as to save about 15 per cent. (.08) on their pay.

(v) The 1931-32 provision for victualling and store allowances of officers and men afloat is .35 against the 1929-30 actuals of .34. In the light of our proposals in sub-paragraphs (iii) and (iv) above and the fall of prices of foodstuffs, etc., we think, a provision of about .30 should suffice for 1932-33. It should be reduced accordingly, saving .05.

(vi) A reduction by ten per cent. in the provision for controllable contingencies should be effected, saving about Rs. 500.

(vii) Under "Purchase of marine stores and coal" Commerce Department offered for 1931-32 a saving of .30 apart from the saving on account of the reconditioning of the "Andrew". Considering that the total provision for stores and coal is 1.78 lakhs, we think it should be possible to repeat this saving, at any rate a large part of it, in 1932-33.

(viii) The provision of 1.50 lakhs for the reconditioning of the "Andrew" should, as proposed by the Commerce Department, be reduced to 1 lakh for 1932-33.

(ix) In the light of our proposals in (iii) and (v) the provision for mess and passage money of pilots should be reduced by, say, 10 per cent., saving about Rs. .03 lakh.

(x) On our proposals the total permanent reduction of expenditure will be 3.87 lakhs. As against this an extra provision of 1 lakh will be needed in 1932-33.

(xi) We further recommend that (i) a due share, *based on accurate calculation*, of the cost of all pilotage establishments should be charged to the pilotage grant, if, as it seems to us, this is not the present practice, and (ii) that interest on "capital" should, as recommended by the Inchcape Committee, be taken into calculation in framing the *pro forma* accounts. The fact that the present assets were acquired out of revenue may be taken as a technical plea against our proposal, but we consider it invalid in substance. It should not be difficult to take a valuation of the assets as they are to-day and to charge interest on such value.

(xii) We are not convinced that subject to necessary safeguards the Bengal Pilot Service cannot be brought under the control of a local authority. We see many advantages in such an arrangement, if it is not found totally impracticable. The direct voice of the commercial community of Calcutta will help to keep expenditure under control. It is a local Bengal service intended for the benefit of Calcutta. We note that the Bengal Pilot Service Re-organisation Committee recommended its transfer to the Port Commissioners, Calcutta, and we propose that the question should be examined afresh.

(xiii) Finally, we observe that Commerce Department states that it has made no attempt in the past to train up men of the *sarang* class for piloting work. We admit that as a class *sarangs* do not have the necessary education to qualify for the higher posts in the pilot services, but we cannot admit that that class is not suitable material. We consider that it offers a very promising field for the recruitment of men for the navigation not only of the high seas but also the deltaic river system of Bengal including the Hooghly, and we recommend strongly that attempts should now be made to secure suitable men from this class also.

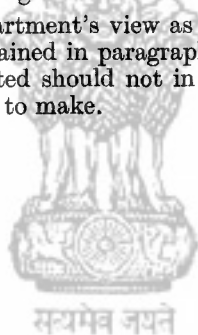
C.—Training Ship “Dufferin”.

(i) Staff and expenditure have grown as shown below :—

	1928-29.	1929-30.	1930-31.	1931-32.
(1) Staff—				
Officers	5+1	4+2	4+2	6
Establishments	51	48	54	59
(2) Expenditure—				
Pay of officers	·52	·63	·60	69
Pay of establishments	·34	·35	·41	43
Allowances	·24	·20	·23	28
Cadets' boarding	·14	·21	·27	·29
Total expenditure	2·06	2·35	2·40	2·38

But we must observe that the ship did not have, *ab initio*, the full complement of staff, which was strengthened as the need was felt.

(ii) The Commerce Department's view as to the possibility of reduction of expenditure has been explained in paragraph (7). We agree that the efficiency of the training imparted should not in any way be impaired. Hence we have no specific proposals to make.



GRANT NO. 47.—LIGHTHOUSES AND LIGHTSHIPS (12·98 lakhs)

(9) *Explanation of the grant.*—The expenditure from the grant for lighthouses and lightships aggregating 12·98 lakhs in 1931-32 is in fact met from light dues levied on ships arriving at or departing from ports in British India. Though the receipts and expenditure are credited and debited in the Government accounts, the funds are kept apart from Government funds and are merely invested with Government. Thus, the civil estimates of Government are not affected.

(10) *Growth of expenditure.*—Before 1929-30 the expenditure related to certain lights in Burma, Sind and Bihar and Orissa and at Aden. The administration was in charge of the maritime Local Governments, and there was great diversity of practice with regard to the incidence of charges for the maintenance of lights. With effect from 1st April 1929 the scheme of centralisation relating to mercantile marine matters including lighthouses and lightships was brought into operation. The accounts were also commercialised. These two radical changes detract from the utility of the figures of cost in previous years as a guide to a study of the growth of expenditure.

The expenditure is now incurred on account of the direction at headquarters, various contributions and the establishments in the districts. It may be set out as below :—

	1929-30.	1930-31.	1931-32.
(a) (i) Direction proper*	1·03	1·60	1·42
(ii) Contributions to funds, etc.†	7·75	6·17	6·10
Total	8·78	7·77	7·52
(b) Lighthouses—			
Madras District	·59	·82	·84
Bombay District	·26	·30	·41
Karachi District	·26	·22	·21
Aden District	·45	·46	·53
Calcutta District	·06	·13	·20
Rangoon District	1·20	1·02	·89
Total	2·82	2·95	3·08
(c) Lightships—			
Karachi District	·30	·42	·29
Calcutta District	·30	·40	·45
Rangoon District	1·61	1·55	1·60
Total	2·21	2·37	2·34
Grand total for the whole grant‡	13·88	13·09	12·98

* Including cost of a portion of the Commerce Department.

† Depreciation, Additions and Replacements, Reserve, Provident and General Reserve Funds and cost of account and audit and pensions.

‡ The "grand total" figures include a few small items not shown under (a), (b) or (c) and therefore do not tally with the totals of (a), (b) and (c) in 1929-30 and 1931-32.

The direct cost of lighthouses and lightships has been given in the table in paragraph 13 (iv).

(11) *Organisation*.—As a result of centralisation Government have, since 1928-29, sanctioned a headquarters establishment consisting of a Chief Inspector (pay, Rs. 2,000—100—2,500 *plus* overseas pay) and two Inspectors (Rs. 1,000—50—1,500), and a staff of 17 including two foremen and six assistant mechanics, a draftsman and a commercial accountant.

A portion of the cost of the Commerce Department charges is also debited to this grant; the provision for 1931-32 for this purpose is Rs. 13,200. Overhead charges are also debited to it.

As regards lighthouses numbering 26 in all no officers but only establishments are maintained; their numbers in each district are:—Calcutta (14)*, Madras (38), Bombay (27), Karachi (9), Aden (15), Rangoon (58). No establishments are kept for the maintenance of beacons.

Lightships are maintained in Calcutta, Karachi and Rangoon districts. The South Patches Lightship in Calcutta district which used to be in Rangoon district has an establishment of 15. The lightship establishment in Karachi district numbers 16. The Rangoon district lightship staff consists of 5 officers called Commanders (paid at rates varying from Rs. 200 to 450) and 41 crew.

A comparative examination of the figures for 1926-27 to 1931-32 reveals the fact that, broadly speaking, the staff has not only not grown but has been reduced. The only important exception is the creation of the headquarters staff as a result of the scheme of centralisation.

(12) *Departmental proposals*.—Commerce Department holds that the service being a self-supporting one, no reduction of expenditure is necessary. It has therefore made no proposal to that effect.

(13) *Our proposals*.—(i) We have considered the question whether there is any point in our undertaking a scrutiny of this grant. On the grounds explained by us in paragraph B(i) of the preceding grant, while dealing with the Bengal Pilot Service, we hold that we should subject this grant also to scrutiny. But since any reduction of expenditure effected affords no relief to the civil estimates of Government, we shall omit the savings from our calculation of the total reduction of Government's own expenditure.

(ii) The posts of Chief Inspector and two Inspectors and their technical and other establishments at headquarters were created in 1928-29. We hold that one of the three posts can be reduced, especially if our proposal in the next sub-paragraph is given effect to. In fact, we are informed that at present there are actually only two officers and not three on active duty, one post of Inspector being held in abeyance. A leave reserve of one officer for a total cadre of three is uneconomical. We therefore propose that one of the two Inspectors' posts should be definitely cut out, saving nearly 14 lakh.

(iii) We see no justification for keeping the inspecting staff with their technical and other establishments at the headquarters of the Government of India. Their proper place is at the ports. Such advice as Government need can be obtained from the ports or from the Nautical Adviser, if this post is retained at the headquarters of Government. Apart from administrative convenience this arrangement should prove economical, since the expenditure on travelling allowances would, to a certain extent, be reduced. Since they are recruited for permanent work at the ports no local, compensatory, house-rent or other allowance should be payable.

* These 14 are for lighthouse work on Bihar and Orissa coast.

(iv) Leaving out the provisions for contributions to the Depreciation and Reserve funds, and accounts and audit and pensionary and provident fund charges the expenditure may be set out as below :—

	1921- 22.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Direction . . . . .	..	..	..	..	..	..	1.08	1.60	1.43
Lighthouses	1.80	1.79	1.90	1.94	1.95	1.89	2.81	2.95	3.10
Lightships	1.84	3.00	6.58	9.09	4.86	3.37	2.20	2.37	2.36

We consider that expenditure has not grown unduly in the districts. Some growth was inevitable as a result of centralisation ; new expenditure had to be incurred in Madras and Bombay, where the service had previously been financed from the Madras Coast Light Fund and the Southern and Northern Group Port Funds. But, we feel that headquarters direction expenditure has, as shown below, grown rapidly since 1929-30, when the scheme of centralisation was brought into operation.

	1929-30.	1930-31.	1931-32.
Pay of Officers . . . . .	.34	.52	.54
Pay of Establishments . . . . .	.15	.28	.37
Allowances, etc, . . . . .	.16	.26	.27
Supplies (tools, etc.) . . . . .	.018	.012	.043
Contingencies miscellaneous . . . . .	.035	.040	.045

On our proposal in sub-paragraphs (ii) and (iii) some reduction on these items (except the first) should follow as a mere corollary. We think, a reduction of the whole provision for house-rent and hill-journey allowances and of ten per cent. in the expenditure on the other items is not excessive. In fact we think a larger reduction is indicated in the last three items, in which the growth of expenditure has been rapid. But, we shall keep to the ten per cent. Our proposal should yield savings as below :—

- (a) Pay of establishments .04, (b) Allowances Rs. 3,300 *plus* Rs. 2,410,
(c) Supplies and Services and Contingencies .01.

(v) The Public Works Department, Audit and Accounts Sub-Committee intimated to us that it had not taken up the question of construction of, and repairs to, lighthouse buildings and repairs to lightships. The position as it could ascertain from the Commerce Department was as below :—

New construction and improvement work in connection with lighthouse buildings have, so far, been carried out by the departmental technical staff under the supervision of the Chief Inspector. As regards repairs, the practice varies. In Bombay, Rangoon and Calcutta districts, repair is carried out through the agency of the Public Works Department, in Madras district the work is done departmentally under the supervision of the local Superintendent of Lighthouses, and in Aden and Karachi districts it has occasionally been carried out through the agency of the respective Port Trusts. In Aden even the agency of a private company

viz., the Perim Coal Company has sometimes been utilised. It has, however, been decided that in future heavy repairs in the Karachi district should be carried out through the Public Works Department.

Repairs to lighthouse machinery are carried out by the technical staff under the supervision of the Chief Inspector.

Repairs to the hulls of lightships are supervised by the Mercantile Marine Department.

We have considered the question whether any change is needed in the present practice with regard to (a) new constructions, (b) improvement and special repairs and (c) ordinary repairs to lighthouse machinery and lightships. This is a technical question and we are content to leave it to the department to introduce such modifications, if any, as appear to them necessary in the interests of economy.

(14) *Summary of savings.*—The total reduction of expenditure will be .25 lakh. It will be seen that this estimate leaves out of account the savings that will accrue from the proposals made by us in sub-paragraph (iii).



CHAPTER IX.

GRANT No. 64.—COMMERCIAL INTELLIGENCE AND STATISTICS (5·81 lakhs).

(1) *Historical*.—In April 1914 the Commercial Intelligence Department was sub-divided into two separate organisations, *viz.*, the Bureau of Commercial Intelligence and the Directorate of Statistics. In the interest of economy they were re-amalgamated from 1st December 1922, and the status of the Director of Statistics was reduced.

(2) *Functions*.—The Commercial Intelligence section collects and disseminates information likely to be useful to firms in India, especially the smaller ones, regarding India's overseas and internal trade—actual or potential. The Statistics section compiles and publishes various classes of statistics. The administration of the Commercial Library and Reading Room at Calcutta is also vested in this department.

The principal publications of this department are (i) Review of the Trade of India, (ii) Statement of the foreign sea-borne trade and navigation of British India, (iii) Indian Customs Tariff, (iv) Statistical Abstract for British India, (v) Agricultural Statistics, (vi) Estimates of area and yield of the principal crops and (vii) Indian Trade Journal. Many of the publications are annual, and a few are biennial or quinquennial. Crop forecasts and cotton press returns are issued at intervals of less than a year. The Trade Journal is a weekly; its principal features are (a) information regarding foreign tariff changes, (b) notices of tenders invited, and information regarding contracts placed by Government departments, (c) republication of Government orders and notifications on trade matters and (d) crop reports and forecasts.

The department works in co-operation with the Directors of Industries in the provinces, other Government departments, the Indian Trade Commissioner at London, His Majesty's Trade Commissioner in India, trade consular officers and other authorities interested in India's trade. A new development is the scheme of special Indian Trade Commissioners at Hamburg, Milan, New York, Alexandria, Mombasa and Durban.

(3) *Organisation and cost*.—The department is manned by four officers, *viz.*, a Director General (Rs. 2,300—50—2,500 *plus* overseas pay £13-6-8), two Deputies (one on the senior I. C. S. scale *plus* a special pay of Rs. 200 and the other on Rs. 950—1,500) and a Local Trade Intelligence Officer (Rs. 500—25—800). Officers' pay costs 81 lakh.

The ministerial establishment of 121 is estimated to cost 1·74 lakhs including the necessary provision for "honorary" trade correspondents at Rs. 50 p. m.

The inferior establishment consist of 36 servants and costs Rs. 7,600.

There are provisions of Rs. 4,500 and Rs. 800 for temporary and Caretaker's establishments. A small establishment of four is maintained at Bombay at a cost of Rs. 6,600 for the collection of statistics relating to the cotton industry.

So far, India has special trade representation at London and Hamburg only; this expenditure is not included in this grant but is shown in the High Commissioner's budget. An officer recently selected for the trade commissionership at Milan is under training in India; his salary (Rs. 8,800 for 11 months) and travelling allowance (Rs. 1,000) are provided in this grant.

Additional staff estimated to cost Rs. 13,800 in 1931-32 was sanctioned in pursuance of the scheme, estimated to cost 2·26 lakhs a year (*viz.*, Rs. 13,800 for establishments and Rs. 2,12,100 for subsidies to railways and steamship lines), for the monthly and, in selected cases, weekly compilation of statistics of inland trade—rail and river-borne. But, this entire scheme has now been

held in abeyance. On the other hand, three other new schemes have been initiated during the current year and it is not proposed to hold them in abeyance. These schemes and the estimated cost of each are :—

- (i) Two additional clerks for compiling the statistics of the trade passing through the Kathiawar ports (Rs. 1,300).
- (ii) A Deputy Superintendent, one Assistant and 3 clerks for the improvement and extension of agricultural statistics (Rs. 7,800).
- (iii) Two temporary assistants for the analysis of the existing statistics bearing on the economic position and tendencies in India (Rs. 2,400).

(4) *Growth of expenditure—*

1913-14, 1931-32, 1924-25, 1925-26, 1926-27, 1937-38, 1927-29, 1929-30, 1930-31, 1931-32,
(budget.) (budget.)

Expenditure . . .	1.51*	2.97	3.04	2.47	2.43	2.67	2.96†	3.21†	3.26†	5.81
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*This 3.04 includes an arrear payment of .51 to three Local Governments.

†Including Rs. 35,000 for priced publications which are now supplied free.

The Director General's pay was revised in 1926 from the senior I. C. S. scale *plus* a special pay of Rs. 300 to Rs. 2,300—50—2,500 *plus* O. P. of £13-6-8. Since 1924-25 ministerial and inferior establishments have increased by 60 and 9 respectively, and their pay has been revised. The increased cost of "allowances, honoraria, etc.," is due to the grant of compensatory and house-rent allowances, and, to a very small extent, to the grant of the Lee concessions. On the other hand, the payments to railways, steamship lines and local Governments (apart from the inland trade statistics scheme) have decreased from .48 (net) to .25, in spite of the initiation of a new service costing .10, *viz.*, rail and river-borne statistics relating to raw cotton. In pursuance of the Cotton Industry (Statistics) Act of 1926 another new service has been undertaken: the 1931-32 provision for it is Rs. 8,000. Fresh items of expenditure included in the 1931-32 budget have been fully explained in paragraph 3.

(5) *Inchcape and departmental proposals.*—The Inchcape Committee proposed that the budget should be reduced from 4.80 to 2 lakhs. It was accordingly brought down to 2.12 in 1924-25, but the actual expenditure in that year was 3.04 including .51 for arrear payments.

The Commerce Department at first offered a saving of Rs. 12,155, but no portion of it is permanent. The department's view was that "no permanent saving can be proposed without giving up the new schemes sanctioned, after very careful investigation, for the improvement of statistics under various heads", and it added that it would strongly deprecate the permanent abandonment of the scheme for the revival of inland trade statistics.

Subsequently, the department offered to replace the Local Trade Intelligence Officer, when he retired, § by the officer at present under training for the trade commissionership at Milan. Further, the provision required for the newly appointed Deputy Director General, *viz.*, Rs. 1,500 a month would be less than the provision for the present I. C. S. officer. The Department thus offered a saving of .32 lakh under "Pay of officers". The omission of the extra establishment provided in the 1931-32 estimates would enable the cost of establishment to be reduced from 2.17 to 1.92 lakhs, after allowing for the accrual

§ He was due for superannuation in June 1931.

of increments, and an additional saving of Rs. 2,000 would accrue under allowances. Besides, it offered to drop the scheme for the revival of inland trade statistics. The total reduction of expenditure offered would thus amount to 2.55 lakhs.

As regards the offer to keep the trade commissionership at Milan in abeyance, paragraph 6 (vii) of our proposals may be seen. We would further observe that the saving due to the appointment of a cheaper officer as Deputy Director, Commercial Intelligence, is automatic.

(6) *Our proposals.*—At a time of such acute financial stress all recent growth in this department except such as is clearly proved to be essential must be lopped off. We do not think that the Commercial Intelligence section should be closed down and only the statistics section maintained. We are satisfied that the relatively small expenditure on the former is justified by the services rendered to the trade, specially to the small firms. But, we hold that the department has been allowed to grow apace since 1924-25. Our proposals on the new activities will lead up to those relating to the staff.

(i) The following seem to be the new schemes sanctioned since 1924-25, viz —

- (a) 1925-26.—Scheme to strengthen the office by the appointment of two clerks. Average cost Rs. 1,875.
- (b) 1926-27.—(i) Strengthening of the office by the creation of four additional appointments of compilers and (ii) revision of pay of the stenographers. Average annual cost Rs. 4,400.
- (c) 1927-28.—Entertainment of two clerks in connection with the statistical returns of cotton goods and yarn produced in Indian mills. Immediate extra cost Rs. 1,310; average annual cost about Rs. 2,000.
- (d) 1927-28.—Creation of additional appointments of three Assistants two clerks, 1 Daftary and two peons for strengthening the office. Immediate extra cost Rs. 5,700; average cost Rs. 10,000.
- (e) 1927-28.—Revision of pay of the clerical staff. Immediate extra cost Rs. 4,000; average annual cost Rs. 25,000.
- (f) 1929-30.—Strengthening of the staff by the creation of one additional post in the Upper Division and two additional posts in the Lower Division and grant of a special allowance of Rs. 50 per mensem to the Assistant-in-charge of the Trade Journal. Immediate extra cost Rs. 2,970.
- (g) 1930-31.—An additional clerk for the revision of some statistical forms relating to sea-borne trade returns and customs duty. Immediate extra cost Rs. 700 and average Rs. 1,230.
- (h) Eight Honorary Trade Correspondents, six Assistants and four clerks for the analysis and improvement of the existing statistics illustrating or bearing upon the economic condition of, and tendencies in, India. Immediate extra cost Rs. 13,600. We should, however, add that these eight Honorary Trade Correspondents were, in fact, never appointed.
- (i) 1930-31.—Four additional peons. Immediate cost Rs. 700.
- (j) 1931-32.—(i) Inland trade statistics—rail and river-borne, (ii) Statistics of trade passing through Kathiawar ports, (iii) Improvement and extension of agricultural statistics, (iv) Extension of scheme (h).

Out of the schemes mentioned above we think only (b) (ii), (c), (e) and (j) (ii) should be maintained. Some of the others merely represent a

reversal of the retrenchment effected before and after the enquiry by the Inchcape Committee. The savings from the cancellation of three of the 1931-32 schemes will be 2.36 lakhs. As regards savings from the cancellation of the schemes sanctioned in earlier years, we shall lump them with the savings proposed by us in sub-paragraph (iv). It will be seen that our proposal in that sub-paragraph will still enable some of these schemes to be alive.

(ii) When the present incumbent gives up charge, the head of the Department may be designated Director and not Director General. Although the change of name does not necessarily involve immediate reduction of expenditure, in this particular case it will, we think, be distinctly helpful in connection with the revised scale of pay which may be fixed for this post.

For managing the reduced activities we consider that two officers, *viz.*, the Director General and a Deputy should be sufficient. The post held by the I. C. S. Deputy should be abolished, and not merely replaced by a cheaper appointment. The savings on pay alone will be Rs. 20,100.

If necessary, one of the Superintendents with some aptitude for intelligence work might be designated as Assistant Director General and paid a small special pay of, say, Rs. 50 for increased work and responsibility.

We may here observe that in 1913-14 this department had the following officers, *viz.*, a Director (on Rs. 2,000), an Assistant Director (on Rs. 900) in charge of statistics and a Personal Assistant (on Rs. 500).

(iii) We are not satisfied that a Local Trade Intelligence Officer at Calcutta is necessary. We observe that there is no such officer at any of the other commercial centres; the need for maintaining one at the headquarters of the department cannot be greater than, *e.g.*, at Bombay. This post should be abolished. The Deputy and the Assistant Directors should be able to keep the department in touch with local commercial interests. Savings Rs. 9,600 (pay) *plus* Rs. 500 (compensatory allowance) or say, Rs. 10,000. The present incumbent was due for superannuation in June 1931.

(iv) The establishments should be reduced by one-tenth, saving 20 lakhs.

We may add that even under this proposal the department will still have a ministerial establishment of 109 (against 86 in 1913-14 and 82 in 1924-25) and a menial establishment of 32 (against 25 in 1913-14 and 29 in 1924-25). In this connection it should also be remembered that in sub-paragraph (i) we have proposed the cancellation of certain schemes initiated or revived since 1924-25.

(v) Since the staff is recruited for work at Calcutta, the concession of compensatory and house-rent allowances should be abrogated. Out of the provision of Rs. 6,000 we estimate that about Rs. 5,000 will be saved.

The provision for travelling allowances may be reduced from Rs. 5,700 to Rs. 4,200, saving Rs. 1,500.

Under Contingencies the provisions of Rs. 2,000 for furniture and Rs. 4,500 for postage, etc., may be reduced so as to save Rs. 2,000. Curtailment of activities as proposed by us in sub-paragraph (i) will enable this saving to be effected without serious difficulty.

(vi) We agree that the Trade Journal should be maintained. It has, in a sense, been "self-supporting" for many years. But the heavy loss of one year of trade depression (1929-30) was enough to wipe out the "profits" (so-called) of the preceding three years. Though the accounts for 1930-31 are not available, the results are likely to be little better, perhaps worse, than

those for 1929-30. We observe that the "costing" ignores numerous important items of expenditure in commercial accounting. The questions of reducing the cost of production and increasing the price are under the Commerce Department's consideration. Hence all we need say is that a due share of all overhead and other expenditure, as understood in commercial accounting, should be included in the cost of production.

(vii) We cannot support the Commerce Department's decision to hold up the further progress of the scheme of special Indian trade commissionerships; commercial opinion is strongly in favour of the scheme and the benefit to India's trade through the direct trade relations, which the scheme will help to establish, will be adequate return for the expenditure involved. We urge that this scheme should be given priority over any of the schemes mentioned in sub-paragraph (i), if and when it is found feasible to enlarge the grant for this Department.

We have examined the scales of pay proposed for these posts. Except for New York, they appear to us unduly liberal. The officers to be appointed in the future and if possible even the officer selected for the Milan post should be put on the revised scales which may be fixed after an examination of the general question relating to pay, etc.

While we cannot give an estimate of the financial effects of this recommendation, it is clear that the 1932-33 budget will be reduced by Rs. 9,800, unless the training of the officer selected for Milan has to be continued or a new officer is selected for another trade commissionership.

(viii) Although we have for the present agreed to the Department's proposal to drop the scheme for internal trade statistics, we wish to make it clear that we have done so with considerable reluctance and only in view of the very difficult financial situation facing Government. We trust it will soon be possible for the Department to revive the scheme.

(7) *Summary of savings.*—On our proposals the immediate reduction of expenditure will be 2·86 and ·10 more when the officer selected for the trade commissionership at Milan is appointed to that post. So far as this grant is concerned, we have left out of account the additional expenditure which will be incurred when, *in pursuance of the present accepted policy*, effect is given to our proposal in paragraph 6 (vii).

CHAPTER X.

GRANT NO. 65.—CENSUS (33·89 lakhs).

(1) *Explanation of grant.*—The decennial census (enumeration) of India was duly carried out in March 1931. The post-enumeration work, *viz.*, the abstraction and compilation of statistical information is in progress and is expected to go on during 1932-33. The work is in charge of the Census Commissioner.

The total estimated cost is 58·55 lakhs. Of this ·27 lakh was incurred in 1929-30 and 14·22 lakhs was the revised estimate for 1930-31. The amount provided in the current budget is 33·89 lakhs (*i.e.*, 6·02 for superintendence, ·53 for enumeration, 25·75 for abstraction and compilation, ·53 for miscellaneous staff and 1·06 for printing and stationery). 10·17 lakhs was originally estimated for the completion of the census operations in 1932-33. This estimate is now 9·75 lakhs.

In April 1931 the Finance Department reduced the 1931-32 budget provision by 5·74 lakhs, but later agreed to reduce this figure to 2·11 lakhs. It now appears probable that in place of this 2·11 lakhs the actual reduction effected will be only about a lakh.

(2) *Proposals.*—(i) The Census Commissioner has told us that census work is well ahead of the programme and that compared with the last census substantial saving of time is expected. Since the operations started, he has agreed to omit certain forms. Thus, compared with the last census, this census is expected to be carried out cheaply and expeditiously. We agree that it will be false economy to insist on any reduction of expenditure which will cause delay in the completion of the operations.

(ii) We consider that a special pay of Rs. 500 for the Census Commissioner is excessive, but since the work is likely to be completed by the end of 1932-33 we refrain from proposing that it should be reduced. At the same time we would like a note to be made that in connection with future census operations the special pay should not be pitched so high.

(3) *Summary.*—The present estimate of 9·75 lakhs for 1932-33 may remain unaltered. Even then there will automatically be an improvement in the budget position of 1932-33 by about 24·14 lakhs.

CHAPTER XI.

GRANT NO. 66.—EMIGRATION—INTERNAL (·47 lakhs).

(1) *Explanation of grant.*—Under the existing constitution inter-provincial migration is a central subject, the administration of which rests mainly with Local Governments acting as the agents of the Government of India. Except in regard to migration to the eight labour districts of Assam, inter-provincial migration of labour in India is unrestricted. The law regulating migration applies at present to the following provinces—Madras, Bengal, United Provinces, Bihar and Orissa, Central Provinces and Assam. There are no restrictions on migration to Burma. But the Local Government have appointed (i) one of their officers (Director of Statistics and Labour Commissioner, Rangoon) to be the Protector of Immigrants and Emigrants, and (ii) also a whole-time Assistant Protector charged with the duty of seeing to it that deck passengers are not subjected to unnecessary hardships on arrival at, or departure from, Rangoon.

(2) *Organization and cost.*—The 1931-32 grant is Rs. 47,000. (i) Out of this, Rs. 6,000 represents the fixed contribution of Rs. 500 p. m. made by the Government of India towards the salary of the Chairman, Assam Labour Board. (ii) Administration and medical establishments in Assam cost Rs. 8,700 and Rs. 9,900 respectively, and other expenditure amounts to Rs. 4,100. On the other hand, the Assam Government make a contribution of Rs. 4,700 towards the cost (Rs. 8,700) of the administrative establishments. (iii) For Bengal there is a provision of Rs. 9,000 for two Assistant Superintendents of Emigration at Goalundo and Asansol, two Assistant Superintendents (non-gazetted) at Naihati and Kharagpur, a clerk, five servants and other expenditure. (iv) The provision of Rs. 1,000 for Madras only covers the pay and leave salary of two clerks. (v) Of the total provision of Rs. 13,000 for Burma, the Government of India's share of the cost of Protector is Rs. 4,000. The whole-time Assistant Protector of Immigrants and Emigrants costs Rs. 7,200. The rest of the Burma grant covers the pay of two servants, conveyance allowance of Rs. 600 and some miscellaneous expenditure.

(3) *Growth of expenditure.*—Expenditure on "internal emigration" has varied as below :—

1913-14.	1921-22.	1922-23.	1924-25.	1929-30.	1931-32.
·79*	1·00	·90	·53	·43	·47

*An approximate figure arrived at by a division of total expenditure on emigration—both internal and external—in the 1922-23 proportions.

(4) *Department's proposals.*—Originally the Department of Industries and Labour offered savings of Rs. 3,355. It is not easy to ascertain which portion of this offer represented permanent reduction of expenditure. Subsequently the Department offered a reduction of Rs. 15,800 mainly by omission of the current year's provision of Rs. 13,000 for internal emigration under Burma.

(5) *Our proposals.*—(i) As regards Burma, the entire position was reviewed by the Royal Commission on Labour. They found that the appointment of the Protector "apparently arose out of a temporary situation connected with the over-crowding of deck passengers". They considered the position unsatisfactory and recommended the appointment of a whole-time Protector with statutory powers to enter industrial establishments employing Indian

labour. Now that the Government appear to have taken their decision on this point, we recommend that the department's offer to save Rs. 13,000 under this head be accepted.

(ii) As regards Assam, the Government of India contribute Rs. 6,000 towards the pay of Chairman, Assam Labour Board. They also maintain certain administrative establishments in Assam (consisting of nine clerks and six servants) at a total cost of Rs. 8,400 *plus* Rs. 300. Even after deducting the Assam Government's contribution of Rs. 4,700, the amount which is to be met out of central revenues is Rs. 4,000, this being approximately equivalent to the pay of eight clerks at the rate of Rs. 40 per mensem. The medical staff consists of two sub-assistant surgeons and a compounder; they are employed at debarkation depots for emigrants at Gauhati and Tezpur. These depots passed nearly 60,000 and 5,000 emigrants respectively during the twelve months ending June 1930. Considering the disproportion between medical work at Gauhati and that at Tezpur, it may be possible to abolish the post of sub-assistant surgeon at Tezpur. The Assam Government may be called upon to make arrangements for medical inspection of steamers carrying emigrants, quarantine, disinfection, hospital for infectious diseases, rest houses for labourers and the arrangements for their feeding. In the absence of detailed information and the views of the Assam tea industry, we are not at present in a position to make a specific recommendation that the whole or any part of this cost should, on the analogy of the cess paid by that industry for the maintenance of the Assam Labour Board and its contribution towards the cost of the immigration hospital, be recovered from it. We propose that this question may be examined. For the present we are content to recommend the acceptance of the departmental offer to save Rs. 2,800 on the rest of the grant for internal emigration. We hope, however, that the reduction will not in any way weaken the vigilance exercised by Government in the interests of the welfare of the Indian labourer emigrating to Burma and Assam.

(6) *Summary of Savings*.—Rs. 15,800 = 16 lakh.



CHAPTER XII.

GRANT No. 68.—JOINT STOCK COMPANIES (1·43 lakhs).

(1) *Functions and Organisation.*—This Department is charged with the performance of statutory duties under the Indian Companies Act (VII of 1913). Generally speaking, the Local Governments act as agents for the Government of India. Except for a Registrar and an Assistant Registrar for Bengal, a Registrar for Bombay, and an Assistant Registrar at Madras, no officer is paid direct by the Government of India. In most provinces, however, the Government of India maintain special *establishments* for this work. The following table sums up the present arrangements and their cost :—

Province.	Officers.		Establishments.		Allowances, etc.	Contingencies.	Payments to local Govts.	Total Expenditure.	Receipts.	Surplus (+) or Deficit (-).
	Number.	Cost.	Number.	Cost.						
Bengal	2	·21	23	·12	·001	·04	·	·37	1·00	+ ·63
Madras	1	·04	12	·09	·03	·01	·15	·32	·35	+ ·02
Bombay	1	·19	10	·10	·01	·08	·	·38	·35	— ·03
U. P.	·	·	6	·05	·	·	·09	·14	·10	— ·04
Punjab	·	·03	4	·03	·01	·01	·	·08	·16	+ ·03
Burma	·	·	3	·03	·	·02	·03	·08	·03	Nil
B. and O.	·	·	·	·	·	·01	·	·01	·04	+ ·03
C. P.	·	·	1	·03	·001	·042	·	·03	·03	Nil
Assam	·	·	1	·02	·	·003	·	·02	·05	+ ·03

(2) *Expenditure and receipts.*—Including charges and receipts in the minor administrations the expenditure and receipts of this department have been as below :—

	1921-22.	1924-25.	1926-27.	1929-30.	1931-32.
Expenditure	1·30	1·35*	1·44	1·29	1·43
Receipts	2·02	1·56	1·78	2·39	2·16

The growth of expenditure is mainly due to the payment, since 1924-25, of establishment charges to the Government of Burma and to the accrual of normal increments.

For India as a whole, though not for each individual province, receipts have always exceeded the expenditure.

(3) *Departmental proposals.*—Commerce Department has proposed a saving of Rs. 7,130 including (a) Rs. 1,050 not required because this amount merely represents excess budget provision due to mere rounding off of figures for budget purposes and (b) Rs. 6,080, of which only a small portion is claimed to be of a permanent character. The department's view is that as the expenditure is at present more than covered by fees, it would be necessary to make a reduction in fees, if the expenditure were reduced to any considerable extent.

(4) *Our proposal.*—We do not share the department's view mentioned above. Since there always has been a surplus of receipts over expenditure, we see no reason why in the interests of their own financial position Government should not try to enlarge it. We understand that the Registrar at Bombay is a part-time officer, his other duty being that of Administrator-General, Bombay. His salary as Registrar is Rs. 1,200—50—1,800. In Bengal, on the other hand, the whole-time Registrar gets only Rs. 800—50—1,200. We cannot see the reason for this wide divergence between the Bombay and the Calcutta scales of pay, and recommend that the Bombay post should be placed on the Calcutta scale as soon as practicable. The saving will then be about Rs. 9,000.

(5) *Summary of savings.*—Rs. ·09 lakh.

CHAPTER XIII.

GRANT No. 69.—MISCELLANEOUS DEPARTMENTS (6·57 lakhs).

(1) The following portions of this grant for which provisions exist in the 1931-32 budget were not dealt with in the first part of our Interim Report, *viz.* :—

B.—Examinations.

D.—Controller of Patents and Designs.

E.—Actuary to the Government of India.

G.—Miscellaneous—Bushire Coal Depot.

I.—Courts of Enquiry and Boards of Conciliation constituted under the Trade Disputes Act, 1929.

We shall now deal with these *seriatim*.

B.—*Examinations.*

(2) The total provision for 1931-32 is Rs. 69,100 and is accounted for as follows :—

- (I) India—Public Service Commission (Rs. 64,000) and India—Bengal (Rs. 100). (II) Madras (Rs. 1,000). (III) Bombay (Rs. 1,000). (IV) United Provinces (Rs. 1,000). (V) Punjab (Rs. 1,000). (VI) Burma (Rs. 1,000).

The provisions shown against the provinces are intended to meet the travelling allowance of the members of the Selection Committees and contingent expenditure in connection with the examination for recruitment to the Indian Police Service in India.

(3) A permanent reduction of Rs. 14,000 has been offered by Home Department and we recommend its acceptance. In this connection our observations on the grant for the Public Service Commission may be seen.

D.—*Controller of Patents and Designs.*

(4) *Functions.*—This office is a statutory institution under section 55 (1) of the Indian Patents and Designs Act of 1911. Its principal function is to examine applications for patents in accordance with the provisions of Section 5 of that Act. Fees are charged for the service rendered to the public.

(5) *Organisation.*—The office is manned by seven officers, *viz.*, a Controller (pay, Rs. 1,000—50—1,500) and six Examiners (pay, Rs. 300—25—800). The establishments consist of a Superintendent, 21 clerks and 17 servants.

The Controller gets a compensatory allowance of Rs. 100 per mensem and one of the Examiners gets a special pay of Rs. 100 per mensem.

(6) *Cost and its growth.*—Of the total 1931-32 provision of Rs. 98,200, the pay of officers and establishments absorb Rs. 44,200 and Rs. 39,100 respectively. The other provisions are Rs. 900 for travelling allowance, Rs. 1,200 for compensatory allowance to the Controller, Rs. 7,000 for the printing up of specifications and Rs. 5,800 for contingencies.

The following tables show the growth of (a) receipts and expenditure, and of (b) staff, (c) scales of pay and (d) expenditure on the detailed heads. An analysis of the principal reasons for the growth of expenditure has also been given—

(a) *Receipts and expenditure.*

	1914.	1922.	1924.	1926.	1927.	1928.	1929.	1930.	1931.
Receipts	·75	1·39	1·39	1·49	1·58	1·78	2·04	2·05	2·10
Expenditure	·40	·50	·50	·64	·64	·74	·83	1·03	·98
Net Profit	·35	·81	·80	·85	·94	1·04	1·21	1·02	1·12

(b) *Growth of staff.*

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Controller	1	1	1	1	1	1
Examiners	Nil	2*	3*	3	6	6
Ministerial	7	10	12	14	22	22
Servants	7	11	12	13	17	17

*They were then called Assistant Examiners.

(c) *Scales of pay of officers.*

	1913-14.	1924-25.	1930-31.	1931-32.
Controller	1,400—1,800	750—50—1,200	1,000—1,500	1,000—1,500
Examiners	Nil	300—750	250—750	300—25—800

(d) *Expenditure (in lakhs) under detailed heads.*

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Pay of officers	} ·40	·24	} ·41	·26	·36	·44
Pay of establishments		·22		·33	·38	·39
Allowances		·01		·02	·02	·02
Printing charges		·06		·24	·28	·07
Contingencies		·05		·06	·08	·06
Total gross expenditure	·40	·58	·50	·90	1·12	·98

It will be seen that the principal reasons for the recent growth of expenditure (against which there has been a growth of receipts also) is the growth of staff necessitated by an increase in the number of applications and the decision to tighten up the procedure relating to the examination of applications so as to bring it into line with British procedure. The scales of pay for the officers

were also revised. We must also observe that in the light of the actuals of previous years, we fear the actual expenditure on printing will perhaps exceed the budget provision of Rs. 7,000.

(7) *Departmental proposals.*—The Department of Industries and Labour claims that this office was never intended to be a revenue-earning office. Hence, no savings were at first offered. Subsequently however it offered to keep the 1932-33 budget down to the 1931-32 level in spite of the inevitable growth due to the accrual of annual increments. This amounts to an offer to effect a saving of Rs. 3,025.

(8) *Our proposals.*—(i) We do not accept the department's claim that this office was never intended to be a source of revenue. The figures given in table (a) above show that there has always been a net surplus. We do not see why the surplus should not be made as large as possible without raising the fees charged to the public. We may here add that the full cost (including pensionary charges) are not included in the figures given above.

(ii) We see no reason why the compensatory allowance of Rs. 100 p. m. to the Controller, which was sanctioned in 1926 when the Controller's pay was on the scale of Rs. 750—50—1,200, should be continued. The Controller's scale of pay was only recently substantially raised and on 1st April 1932 his actual pay will be Rs. 1,100. The entire staff is recruited for work at Calcutta and therefore the cost of living at Calcutta is not quite a relevant argument. In our opinion this allowance should be abrogated.

(iii) Similarly we see no reason why one of the Examiners should get a special pay of Rs. 100 p. m. Their scales of pay were also raised only recently. We observe that the special pay was granted in lieu of the creation of a post of Assistant Controller. We cannot accept this as a valid ground and can see no justification whatever for it. In our opinion it should be abrogated.

(iv) We further hold that the staff has grown with undue rapidity even after making allowance for the increased work resulting from the recent amendment of the law. We think the number of officers, clerks and servants can all be reduced to a certain extent without prejudice to the service rendered to the public. The department agrees that one officer's post can perhaps be reduced, and we propose that it should be reduced. Saving will be about Rs. 5,000. We have examined the department's case in justification of the existing number of servants and have not found it altogether convincing. We propose that two clerical posts and two posts of servants should be abolished. On these proposals the savings will be Rs. 3,000 and Rs. 400 respectively.

(v) Contingencies should be reduced by ten per cent., saving Rs. 580.

(9) *Summary of savings.*—On our proposals the total reduction of expenditure will be Rs. 11,380 or say ₹ 11 lakh.

E.—*Actuary to the Government of India.*

(10) *Function and Organisation.*—The Actuary's function is to do actuarial work on behalf of the Government of India in relation to postal and other departments and in connection with the administration of the Indian Life Assurance Companies Act (VI of 1912) and the Indian Insurance Companies Act (XX of 1928). The office consists of an Actuary (pay, Rs. 1,300) and an Assistant Actuary of non-gazetted status (pay, Rs. 300).

The ministerial and other establishment forms a part of the Commerce Department.

(11) *Expenditure*.—The scales of pay for officers and total expenditure on the Actuary's office have varied as below :—

	1913-14.	1921-22.	1924-25.	1929-30.	1931-32.
(a) <i>Scales of pay.</i>					
Actuary	1,750	2,000	2,000	2,000	1,300
Assistant Actuary	Nil	500	500—550	300	300
(b) <i>Expenditure.</i>					
(i) Pay of Officers	·20	·24	·30	·31	·15
(ii) Pay of establishment . .	..	·06	..	·01	·04
(iii) Other charges	·01	·02	·02	·01	·02

(12) *Proposals*.—(i) No reduction has been proposed by the Actuary or the Commerce Department. Considering that the budget of Rs. 20,900 consists of Rs. 19,100 for the pay of the Actuary and his Assistant, and Rs. 800 for travelling and Rs. 1,000 for hill-journey allowances, there is very little scope for retrenchment.

(ii) We have considered the question whether the Assistant Actuary should be retained. Our conclusion is that his post cannot be abolished.

(iii) In our opinion, however, the Actuary's office should be located at Delhi along with the Commerce Department or a part of it. His duties do not appear to us to render it necessary that his office should move up and down with the Government of India. This will yield a saving of Rs. 1,000.

G.—*Bushire Coal Dépôt.*

(13) The recoveries, *viz.*, Rs. 2,000, exceed the expenditure (Rs. 400 pay of Tindal and Rs. 700 for rent of godowns) by Rs. 800. We have no proposals to make.

I.—*Courts of Enquiry and Boards of Conciliation.*

(14) *Explanation*.—The 1931-32 provision is only Rs. 500, *viz.*, Rs. 300 for allowances and Rs. 200 for other charges. The actual expenditure in 1929-30 was Rs. 6,643, *viz.*, Rs. 3,585 for "officers", Rs. 981 for establishments, Rs. 1,536 for allowances and Rs. 541 for other charges. The budget for 1930-31 was Rs. 10,000.

When such a body is set up, fees and travelling allowances for the Chairman and members, expenses for witnesses and the cost of the establishment are found by Government. Whether it will be necessary to set up a Court of Enquiry or a Board of Conciliation in 1932-33 and subsequent years cannot be known beforehand. Hence, the only question we could usefully investigate was whether any modification of the terms on which the members are appointed to serve on such bodies is needed. We have been informed that there is no hard and fast rule governing such terms. In the past no Court of Enquiry was set up, but in 1929-30 one Board of Conciliation was appointed. Its Chairman

was a retired judge of the Calcutta High Court and he was given Rs. 50 per diem. A daily allowance of Rs. 15 was paid to each of the other two members nominated by the parties to the dispute.

(15) *Proposals*.—We do not know the terms on which the members of the recently constituted court of enquiry into the dispute between the Railway Board and the All-India Railwaymen's Federation over the question of staff retrenchment have been appointed. But, judging by the terms on which the members of the Board of Conciliation constituted in 1929-30 were appointed, we have no proposals to make.

Summary of savings on the grant.

(16) On our proposals relating to items B, D, E, G, and I of this grant, the savings will be 26 lakh as below :—

Rs.
14,000—B.—Examinations.
11,380—D.—Patents and Designs.
1,000—E.—Actuary.
Nil —G.—Bushire Coal Depôt.
Nil —I.—Courts of Enquiry and Boards of Conciliation.
<hr/> 26,380 <hr/>



CHAPTER XIV.

GRANT No. 71.—CURRENCY (50·25 lakhs).

(1) *Explanation of grant.*—This grant of 50·25 lakhs may be set out as follows :—

(i) Controller of Currency and the two Deputy Controllers at Bombay and Calcutta and their offices	4·22
(ii) Reserve for temporary establishment	1·00
(iii) Cost of currency note forms	17·80
(iv) Cost of maintaining the seven currency offices	16·82
(v) Currency Note Press	·03
(vi) Remittance of Treasure [Railway freight (4·33), police escorts (1·69), other charges (4·22)]	10·24
(vii) Works	·13
(viii) English charges on stores	·01

(2) *Functions.*—The Currency Department is charged with the

- (i) purchase, sale, import and export of silver and purchase and export of gold for Government,
- (ii) issue and sale of treasury bills and telegraphic transfers on London and remittances to the Secretary of State,
- (iii) watching of treasury balances and Government reserves and their distribution,
- (iv) issue and sale of Government loans,
- (v) questions relating to currency notes,
- (vi) remittance of treasure, and
- (vii) withdrawal of coin.

(3) *Organisation and cost.*—(a) The Controller's Office at Calcutta consists of the Controller (pay, Rs. 3,000—3,500), a Deputy Controller (pay, Rs. 1,500—1,800) and a Personal Assistant to the Controller (pay, Rs. 650). The establishment numbers 86.

The Bombay office is in charge of a Deputy Controller whose duties are more responsible than those of the Deputy at Calcutta and include those of a local intelligence officer. His pay is Rs. 2,000—2,500. He is assisted by an Assistant Currency Officer (pay, Rs. 500—850) and an establishment of 30.

The cost of these two controlling offices is as below :—

	Officers.	Establishments.	Allowances.	Contingencies.	Total.
Calcutta	·74	1·60	·25	·42	3·01
Bombay	·40	·47	·15	·19	1·21

(b) There are in all seven Currency Offices, each in charge of a Currency Officer. Their staff and cost are as follows :—

	Calcutta.	Bombay.	Madras.	Rangoon.	Lahore.	Cawnpore.	Karachi.	Total.
Number of Officers	1+2	1+2*	1	1	1+1	1+1	1	7+6
Number of Establishments†	538	258	170	134	123	107	37	1,367
Total cost (lakhs)	6.03	3.46	1.93	1.91	1.49	1.41	.59	16.82

In the currency offices the strength of the establishment on the treasurer's side is determined automatically.

(4) *Growth of expenditure.*—Comparison with the figures of previous years is vitiated by many factors, as the following illustrative table in which certain items included in the totals are separately shown :—

	1913-14.	1924-25.	1929-30.	1931-32.
Total expenditure	35.64	57.49	44.18	50.25
Stores	18.94	21.54	8.87	.01
Press	Nil	Nil	4.58	.03
Currency note forms	Nil	Nil	Nil	17.80
Remainder	16.70	35.95	30.73	32.45

If these items with their violent fluctuations due to changes of policy (e.g., the decision to manufacture currency notes in India) or of methods are excluded, the figures (last line of the above table) would give a better idea of the growth of expenditure. A still more reliable comparison can be made with the help of the figures of expenditure on certain selected items in respect of which policy or methods have not changed much. These are—

	1921-22.	1924-25.	1929-30.	1931-32.
(i) Controller, Deputies and their offices	3.41	3.78	3.82	5.22‡
(ii) Currency Offices	16.35	15.41	17.30	16.82
(iii) Remittance of Treasure	7.40	8.01	9.73	10.24
(iv) Contingencies . . . . .	.64	1.44§	1.74	1.70

It should, however, be noted that the one-rupee note the handling of which had resulted in a very large increase of work in the currency offices was discontinued in 1926 and that since 13th June 1931 notes of the Rs. 500 and Rs. 1,000 denominations are universal.

(5) *Departmental proposals for economy.*—Neither the Controller nor the Finance Department at first offered any permanent retrenchment. But, later the department decided to give a trial to the re-issue of at least 25 per cent. of old notes received in the Currency offices. Uptil now the practice has been

*Issue Officer and Coin Officer.

†Viz., Treasurers, superintendents, caretakers, tellers, shroffs, stenographers, clerks, etc.

‡Includes 1.00 as reserve for temporary establishment.

§This figure is approximate.

to issue only unissued notes. The financial effect of this change of practice is expected to be as below (savings are shown as +) :—

(i) Saving in the cost of new note forms	+4.45
(ii) Cost of 82 men owing to a net reduction in the rate of examination	— .95
(iii) Saving in sorting, listing, etc.	+1.10
(iv) Deduct for disappearance of present profit from manufacture of note forms owing to smaller outturn	—2.00
Net Total	+1.60

At a later stage of our enquiry, however, Finance Department offered to effect the following economies on the “ average cost ” basis, viz. :—

	Savings. Rs.
(a) Abolition of the posts of 1 Assistant Superintendent and 4 clerks in the office of the Controller of the Currency, Calcutta	16,200
(b) Abolition of the post of the Assistant Currency Officer at Cawnpore by retiring the seniormost Assistant Currency Officer	8,160
(c) Abolition of the post of a clerk on the Treasurer's branch of the Cawnpore Currency Office	900
(d) Abolition of the post of a clerk on the general branch of the Cawnpore Currency office	900
(e) Abolition of the post of a clerk in the Treasurer's branch of the Lahore Currency Office	900
(f) Abolition of the post of 1 Assistant Treasurer, 2 Tellers, 21 clerks and 5 shroffs on the Treasurer's branch of the Calcutta Currency Office	37,000
(g) Abolition of 4 posts of clerks on the general branch of the Calcutta Currency Office	5,000
(h) Abolition of the posts of 1 Assistant Superintendent, 6 clerks and 1 peon on the general branch of the Madras Currency Office	3,688
(i) Abolition of the posts of 2 Assistant Treasurers, 1 Teller and 8 Note Examiners on the Treasurer's branch of the Madras Currency Office	14,508
(j) Abolition of the post of 2 shroffs in the Rangoon Currency office (lying vacant for a long time) . . . . .	..
(k) Reduction from the whole-time Currency Officer to a half-time Currency Officer (Rangoon)	4,800
(l) Abolition of the post of 4 clerks on the general branch of the Bombay Currency office lying vacant for a long time . . . . .	..
(m) Abolition of 1 post of clerk on the general branch of the Bombay Currency Office, which has recently fallen vacant	1,200
(n) Abolition of 3 posts of clerks on the Treasurer's branch of the Bombay Currency Office	3,600
(o) Abolition of the post of 1 Assistant Superintendent on the general branch of the Bombay Currency Office	2,400
(p) Abolition of the post of 1 clerk on the Treasurer's branch of the Karachi Currency Office	960
(q) Abolition of the post of two clerks and one peon of the office of the Deputy Controller of the Currency, Bombay	3,540
(r) Lump provision in the Controller of the Currency's budget for temporary establishment	50,000
(s) Reduction of the rent payable to Imperial Bank of India on account of Deputy Controller of the Currency, Bombay's office accommodation	900
(t) Non-acceptance of house-rent allowance by Mr. Shankar Rau as Deputy Controller of the Currency, Bombay . . . . .	..
(u) Non-acceptance of the full rate of house rent allowance by the Assistant Currency Officer attached to the office of the Deputy Controller of the Currency, Bombay	700
Total	1,60,426

(6) *Proposals.*—(i) We recommend that Finance Department's offer be accepted. But we observe that the savings on establishments as calculated by them are on the "average cost" and not the "immediate reduction" basis. We assume that the budgetary position for 1932-33 will improve by approximately the same amount as the saving offered and further by the saving of 1.60 lakhs on the re-issue of currency notes. In this connection we repeat our general recommendation that no house-rent and compensatory allowances should be paid to staff that is recruited for work at a particular station even if it be an expensive one. In the course of its oral evidence Finance Department told us that since these allowances form part of a general scheme sanctioned in 1924 they can be abolished, provided they are abolished for all. For the present, however, we have adopted a general principle the scope of which is limited to staffs recruited for local work or work at only expensive stations. Such allowances should therefore be abrogated. Further, we think house-rent should be charged on the usual lines for all residential accommodation provided by Government in conjunction with the currency offices, whether to officers or to establishments.

(ii) The departmental offer does not contemplate any reduction of the number of currency offices or officers. We agree that the number of currency offices should not be reduced. In our opinion, however, the Calcutta staff, viz., one Controller, one Deputy Controller and one Personal Assistant for headquarters and one Currency officer and two Assistant Currency officers, in all six, is excessive, and we recommend the abolition of one post of Assistant Currency Officer or its equivalent. This will yield a saving of .09 lakh.

(iii) (a) The departmental proposal takes account of the estimated saving of 4.45 lakhs in the cost of new note forms; hence we make no proposal in regard to the provision of 17.80 lakhs in the 1931-32 budget.

In this connection we also invite attention to Chapter V, particularly to para. (5) thereof.

(7) *Summary of savings.*—On our proposals the reduction of this grant will amount to 3.30 lakhs *plus* the saving from our proposal in sub-paragraph (i) regarding house-rent and other allowances. We are not in a position to give a precise estimate of the latter.

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CHAPTER XV.

GRANT NO. 72.—MINT (27·72 lakhs).

(1) *Explanation of the grant.*—The budget provision of 27·72 lakhs includes: 7·30 for the Calcutta Mint, 7·99 for the Bombay Mint, 8·60 for loss on coinage, 2·79 for the purchase of local and 1·04 for that of English stores. There is also a provision of £3,000 for sterling overseas pay and leave salaries.

The budget for each mint may be analysed as below :—

	Ordinary establishments.				Operative establishments.		
	Officers.	Mint.	Bullion.	Assay	Permanent.	Extra.	Allowances.
Calcutta . .	·65	·637	·345	..	·65	2·40	·085
Bombay . .	·78*	·522	·655	·25	1·005	1·30	1·033
Total .	1·43	1·159	1·000	·25	1·655	3·70	1·118

	Supplies and Services.	Rent, etc.	Contingencies.	Local Stores.	Total.
Calcutta . .	·022	1·976†	·535	1·25	8·55
Bombay . .	·141	..	2·297	1·54	9·53
Total .	·163	1·976	2·832	2·79	18·08

*Includes ·45 for Assay Office.

†Includes 1·562 for rent for accommodation supplied by the Public Works Department.

(2) *Organisation.*—Each Mint is in charge of a Mint Master (pay, Rs. 2,000—200—3,000 *plus* O. P. £13-6-8). There is also a Deputy Mint Master (Rs. 1,000—1,500 *plus* O. P. £13-6-8), who is utilised as a leave reservist wherever wanted. An Artist-Engraver (Rs. 750—1,000) is also employed at Calcutta; he works for both the Mints. The permanent establishments number 83 at Calcutta and 89 at Bombay.

The Assay Office is maintained at Bombay and is manned by an Assay Master (Rs. 1,400—1,800 *plus* O. P. £13-6-8) and two Deputies (Rs. 600—1,200). The Assay office establishment consists of 4 clerks and 29 servants.

Compensatory and house-rent allowances are granted to the staff under the usual scheme. In Calcutta rent-free quarters are available for many members of the staff whereas in Bombay house-rent allowances are paid.

(3) *Expenditure, receipts and net revenue—*

(i) <i>Expenditure—</i>	1913-14.	1921-22.	1924-25.	1928-29.	1929-30.	1930-31.	1931-32.
Establishments, etc., at Calcutta	4.20	3.17	3.36	4.87	7.18	6.75	7.30
Establishments, etc., at Bombay	4.15	4.57	7.80	5.44	7.67	8.35	7.99
Loss on Coinage	7.57	6.30	.82	10.42	9.86	30.07	8.60
Purchase of local Stores	2.38	1.91	1.60	2.13	3.87	3.20	2.79
Works . . . . .	..	..	..	2.79	..	..	..
English stores and other charges and loss on exchange	1.59	.79	.34	3.14	1.19	1.11	1.4
Total	19.89	16.74	13.92	28.79	29.77	49.48	28.13
(ii) Revenue from Mints	50.98	14.89	41.77	43.70	26.07	4.81	4.56
(iii) Net revenue	31.09	—1.85	27.85	14.91	—3.70	—44.67	—23.57

As in the case of Currency, the variations of expenditure are to some extent due to changes of policy and methods. Three principal new factors have been in operation since 1924-25. Firstly, the Bombay Mint was closed to coinage and all coinage work was transferred to Calcutta. Secondly, an electrolytic refinery was erected at Bombay to refine silver. Thirdly, to feed that refinery rupees of the mintage 1862-74 were declared uncurrent.

The principal reasons for increased expenditure at Calcutta are the accrual of increments, revision of the pay of establishments, raising of Artist-Engraver's post to gazetted status in 1926-27, growth of work due to concentration of coinage at Calcutta and to larger demand for small coin.

The increase of expenditure at Bombay was caused by the revision of the pay of the mint and the bullion establishments, accrual of increments, increased house-rent and overtime allowances.

The following illustrative table will help to show the important items where increased expenditure can be brought under scrutiny for purposes of permanent retrenchment.

	1913-14.		1921-22.		1924-25.		1929-30.		1931-32.	
	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.
Number of Officers . . . . .	..	..	4	3	2	3	2	5	2	4
Number of permanent establishments	92	162	87	111	84	118	83	114	83	112
Pay of Officers . . . . .	.85	.78	.52	.72	.32	.70	.47	.81	.65	.78
Pay of permanent establishments . . . . .	.42	.52	.92	1.11	.78	1.27	.94	1.28	.99	1.44
Cost of Operative establishments	2.43	1.98	1.44	2.03	1.62	2.18	2.94	2.26	3.05	2.31
Allowances, Honorary, Rent, etc. . . . .	.50	.87	.63	.69	1.12	.65	2.83	3.32	2.63	3.47

(4) *Department's proposals*.—Finance Department has offered to effect permanent savings of 2.42 lakhs as below :—

<i>Calcutta Mint—</i>		Savings.
		Rs.
(a)	Discharge of 1 Engineer and 2 Assistant Melters	10,400
(b)	Abolition of the post of 1 Engineer on the retirement of the Head Engineer	5,000
(c)	Abolition of the posts of 1 Engineer, 1 Melter, 3 Assistant Bullion Keepers, 1 peon, 1 Barkandaz which are lying vacant and for which no budget provision exists	Nil
(d)	Extra establishment and extra hours' pay	1,00,000
(e)	Purchase of stores	75,000
<i>Bombay Mint—</i>		
(f)	Abolition of the post of Assay Master	21,600 plus 5,600 for house allowance.
(g)	Abolition of 2 posts of Engineers, one of which, we observe, was created with effect from 1931-32	10,000 plus 2,000 for house rent.
(h)	Abolition of the post of Artist Engraver and 14 Policemen lying vacant for a long time and for which no budget provision exists	Nil
(i)	Temporary establishment	11,800
(j)	Abolition of the posts of a clerk and a peon on the amalgamation of the Assay Office with the Bombay Mint	1,080
Total		2,42,800

But we observe that these savings have been calculated on the "average cost" and not "immediate reduction" basis.

(5) *Our proposals*.—(i) We recommend the acceptance of Finance Department's offer. We do not consider that the closing down of either Mint will yield financial advantages (*viz.*, a saving of only about .68 lakh) commensurate with the risk involved.

(ii) In addition to these savings we hold that since the Mint staff is recruited for local work at Calcutta or Bombay, no local compensatory or house-rent allowances should be paid. We have applied this principle to other departments also. Further, rent on the usual lines should be charged for residential accommodation provided at Government expense whether to officers or to establishments. We understand that the provision of free Government accommodation is the rule at Calcutta. In this respect conditions at Bombay and Calcutta should be a simulated, a charge for housing being reckoned as approximately the equivalent of the abrogation of house-rent allowances, at any rate in the case of officers.

(iii) At Calcutta there is a post of Artist—Engraver on Rs. 750—50—1,000 ; the incumbent of it was brought out from London and has reached the maximum of the scale. He works for both the Mints. There are some posts of engravers at the Nasik Security Printing Press also and we are not at all sure that the services of the Nasik staff cannot be utilised for mint work. We have been told by the Finance Department that this post is maintained for other miscellaneous work, *e.g.*, designing and engraving army and other medals, etc. Further, we might add that the post used to be of non-gazetted status upto 1925-26.

We were told in the course of the oral evidence that the Mint Master at Calcutta had tried to train up an Indian for this post but had failed. We may agree with the view that the artist-engraver's work is specialised and requires actual practice in die-engraving, but we cannot possibly endorse the implication of the Mint Master's conclusion that he had failed in his attempt to train up an Indian. Engraving and artistic work in general is one of those lines of work in which, in our opinion, it will be hard to beat Indians. The Bengal School of Art at Calcutta has now acquired an international reputation, and there are many other art schools all over India. It is within the personal experience of many of us that quite a lot of high class engraving work is done by private firms all over India. Our proposal therefore is that a promising Indian be recruited to serve as an under-study and the Artist-Engraver's gazetted post be abolished as early as practicable. This should yield a saving of Rs. 12,000 *minus* the pay fixed *de novo* for the non-gazetted post on a substantially lower scale of pay which will take its place. For the present we leave this saving out of our calculation.

(iv) We see no appreciable evidence of any genuine effort to Indianise the higher ranks. The adoption of such a policy will tend to reduce expenditure, and we urge that steps be taken to bring it about.

(6) *Summary of Savings*.—2.50 lakhs. In addition, it should be possible to effect a further reduction of, say, .09 (on the Artist—Engraver's post) in the near future.



CHAPTER XVI.

GRANT NO. 76.—MISCELLANEOUS (35·11 lakhs).

We shall deal, *seriatim*, with the various sub-heads of this grant.

A.—Allowances, Rewards, etc.

(1) *Explanation of grant.*—Of the provision of Rs. 31,800 under this grant Rs. 19,700 is for miscellaneous *Durbar* charges (including Rs. 600 for the cost of Aggamahapandita seals). The rest is for other charges, mainly the annual stipends to holders of literary titles (*e.g.*, Mahamahopadhyaya, Shams-ul-ulema and Aggamahapandita) and is distributed as follows :—

Madras (Rs. 1,000), Bombay (Rs. 500), Bengal (Rs. 2,700), United Provinces (Rs. 1,800), Punjab (Rs. 400), Burma (Rs. 4,100), Bihar and Orissa (Rs. 1,000), Central Provinces (Rs. 500), and Assam (Rs. 100).

The actual expenditure on “other charges” in 1928-29 and 1929-30 was Rs. 13,295 and Rs. 9,973 respectively.

(2) *Proposals.*—(a) As regards the miscellaneous *Durbar* charges, we observe that the Foreign and Political Department, at first proposed a reduction of Rs. 1,500, but it has since intimated that an extra grant is likely to be needed. We would reduce the provision for 1932-33 to the level of the actuals of 1929-30, *i.e.*, to Rs. 13,000 and trust that expenditure will be kept down as far as practicable. The reduction of expenditure for the 1932-33 budget will be Rs. 6,700.

(b) The rates of stipends to holders of literary titles are so low that no reduction is possible.

B.—Books and periodicals.

(3) *Explanation of the grant.*—This grant consists of two items :—

- (i) Rs. 74,200 for subscriptions to news agencies (Reuters, Limited, and Indian News Agency) for the supply of telegrams, and
- (ii) Rs. 6,400 for the supply of books and periodicals to the India Office and the High Commissioner by the Local Governments as agents for the central Government. The provisions are Rs. 1,400 for Madras, Rs. 1,800 for Bombay, Rs. 1,300 for Bengal, Rs. 1,000 for the United Provinces, Rs. 800 for the Punjab and Rs. 100 for Burma.

The provisions for subscriptions to Reuters, Limited, and the Indian News Agency are Rs. 55,200 and Rs. 19,000 respectively. The telegrams are supplied to selected officials with the object of enabling them to get news earlier than is possible to get from the newspapers, especially at Simla where there is no local newspaper with an efficient news service.

In the case of Reuters, Limited, Government make a fixed payment for their news service. The news so supplied is distributed to Government officials.*

* List is given in Appendices 8 to 11 of the Posts and Telegraphs Manual, Volume XI, Part III.

No annual grant is made to the Indian News Agency, but their telegrams are paid for on ordinary commercial terms, viz., Rs. 30 per mensem per copy. There is no obligation to take any particular number. The number taken in 1911 was 47 but it included copies for officers belonging to departments which have since been classified as "commercial", i.e., Railways, Posts and Telegraphs and Army Headquarters. Since 1929 these departments pay separately for such telegrams. The number of copies taken by the non-commercial departments was 38 in 1929 and 48 in 1930.

(4) *Proposals.*—(i) The case of Messrs Reuters, Ltd., presents some difficulty, since the payment made at present (Rs. 55,200) is a lump payment. We have been informed that Government hope to be able to make a reduction. The payment amounts, in effect, to a partial subsidy and we consider that it should be possible to bring down the amount to Rs. 44,200; saving Rs. 10,000.

(ii) As regards the service of the Indian News Agency it is proposed to take a smaller number of copies in future, and thus to reduce the cost from Rs. 19,000 to Rs. 13,000. Government hold that no change can be made as regards the Chief Commissioners of Ajmer-Merwara and Andaman-Nicobar Islands and certain officers of the Foreign and Political Department. As regards officials at headquarters, orders have recently been issued cutting down the list, the principle followed being to confine the list to those to whom the telegrams give important help in the discharge of their official duties.

We have scrutinised the list, and hold that it is possible to reduce the number still further. We do not see why it should not be possible to make one copy serve the various secretariat officers in the same office at headquarters. But, for the present we are content to recommend the acceptance of the saving of Rs. 6,000 as offered by the department.

(iii) As regards the supply of books and periodicals to the India Office and the High Commissioner we have no proposal to make.

(iv) The reduction of expenditure on this head will thus be 16 lakh.

C.—Charitable donations and European vagrancy.

(5) *Explanation of grant.*—The provision for donations for charitable purposes is Rs. 12,800 and for charges on account of European vagrancy Rs. 2,500 including Rs. 1,500 in Madras for subsistence allowances to seamen in distress. The former provision is largely for the repatriation of destitute Indians, mostly pilgrims who get stranded for various reasons, from abroad.

(6) *Proposals.*—We observe that the repatriation rules provide for the repatriate's return to India by the shortest and the cheapest route and for his undertaking to repay the cost of his repatriation and measures to enforce the undertaking. Since every country is responsible for the repatriation of its own destitute nationals, there is not much scope for the reduction of this provision, even though we observe that Commerce Department has offered a small reduction.

We cannot ascertain the actual expenditure on account of European vagrancy. All that we can propose is that Government should issue suitable instructions to ensure that no expenditure is unnecessarily incurred on account of the vagrancy or repatriation of the nationals of foreign states, and that if any expenditure has to be incurred, attempts should be made to recover it, wherever practicable.

D.—*Special commissions of enquiry.*

(a) Tariff Board.

(7) *Functions.*—The Tariff Board was set up in accordance with the recommendations of the Fiscal Commission. It is employed on scientific enquiries committed to it from time to time, mainly in pursuance of the accepted policy of discriminating protection of Indian industries. Some of these are prescribed by statute, *e.g.*, the Steel enquiry due to come off in 1933-34; the majority are *ad hoc* enquiries.

(8) *Organization.*—The Board consists of a Chairman (pay, Rs. 4,000) and two Members (Rs. 3,000 per mensem each). There is also a Secretary drawing pay on the senior I. C. S. scale and a special pay of Rs. 200. Provision is also made for an expert adviser (on Rs. 3,000 per mensem) for six months.

(9) *Growth of cost.*—The following table shows the growth of expenditure since the Board was set up in 1923-24 :—

	1923- 24	1924- 25	1925- 26	1926- 27	1927- 28	1928- 29	1929- 30	1930- 31	1931- 32
	(part).								
Pay of officers and passage contributions					1.18	1.20	1.49	1.18	1.57
Pay of establishments	1.52	1.93	1.60	2.79	.19	.19	.21	.21	.22
Travelling allowances				.49	.28	.30	.31	.29	.29
Other expenses				.51	.22	.25	.23	.24	.24
Total	1.52	1.93	1.60	3.79*	1.87	1.94	2.24	1.92	2.32

(10) *Departmental proposals.*—The Commerce Department at first offered a saving of Rs. 8,000 under "Pay of Officers". But, it was in the nature of a windfall and not of a permanent character. The question of reducing the Board's expenditure on travelling expenses was under the Commerce Department's consideration in consultation with the Finance Department, but the department considered it unlikely that any appreciable reduction could be made under that head. It offered a temporary lump reduction of Rs. 2,000 out of the provision for "all other expenses".

Subsequently, however, Commerce Department, in the course of the oral evidence given by its representative, gave us to understand that by the end of February 1932 the enquiries so far entrusted or to be entrusted to the Tariff Board will have been disposed of and that apart from the cotton textile enquiry, which is due for 1932-33 and the statutory steel enquiry which is due for 1933-34 the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future. We were also told that the cotton textile enquiry may not even take place.

(11) *Proposals.*—(i) We greatly appreciate the valuable services rendered by the Tariff Board to the industrial interests of India. In view of the gravity of the financial situation, however, we have taken into consideration a suggestion that the Tariff Board might be suspended for about a year. Our view is that any such recommendation by us is likely to give rise to considerable misgiving, especially if an enquiry into the cotton textile industry does not take

* Includes Cotton Textile enquiry.

place during 1932-33. It is true that in consequence of financial stringency the import duty on cotton textiles has been increased on two occasions, once at the budget session of the Legislature last March and again by the supplementary finance bill recently "certified". But these duties are in the nature of revenue duties and are liable to be reduced whenever Government should consider that their financial position warrants their doing so. The difference between the purpose of a protective and a revenue duty must not be overlooked. The enquiry into the amount of protection required for the textile industry during subsequent years has to be made in 1932-33. If the revenue duties are higher than the protective duties accepted by Government as a result of the enquiry made by the Tariff Board, the former can be reduced to the protective level if the financial position of the Government of India admits of it. The protective duty, however, must continue for such period as may be determined by the 1932-33 enquiry. We are not therefore in a position to hold that the cotton textile enquiry need not be held during 1932-33. Further, it cannot be said with any certainty that there will be no application for protection during the next year. The present revenue duties are temporary and there may be industries in need of protection for which enquiries may have to be made. As regards the statement by the representative of the Commerce Department that the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future, it is more or less of the nature of a conjecture and cannot, in any case, relieve the department of their statutory obligation, if any. We do not therefore recommend the suspension of the Board for a year. (Mr. Ramsay-Scott is of the opinion that in the interests of economy only the board can suspend action for one, but not more than one, year.)

We think, however, the expenditure can be substantially reduced by the following measures which, we recommend, should be adopted.

(ii) We propose that for the present the Board should consist of two members and Government should be at liberty to add a third member, if and when necessary. We further think, the salaries are fixed on too liberal a scale and the question of reducing them should be investigated, independently of the general enquiry regarding pay, etc., which we shall undertake at a later stage.

(iii) We also hold that for this period at least there is no need for a highly paid Secretary. Office and routine work should be left to the Superintendent or an officer of similar status and the members should, between them, be able to take over the more responsible part of the Secretary's work.

(12) *Summary of savings*.—On our proposals the reduction of expenditure in 1932-33 will be about a lakh as below :—

Rs. 36,000 on one Member's pay, almost the whole provision for the expert adviser, Rs. 20,000 on Secretary's pay and his special pay and the passage contributions, about Rs. 2,000 on the reduction of establishments, about Rs. 14,500 on travelling allowances and about 12,000 on other expenditure.

D.—*Other special commissions of enquiry.*

(13) *Explanation of grant for other special commissions and committees*.—Excluding the provision of 2·32 lakhs for the Tariff Board the 1931-32 grant provides Rs. 23,500 for the Royal Commission on Labour and Rs. 84,400 for Committees of enquiry (*viz.*, Rs. 10,100 for the Drugs Committee, Rs. 1,000 for the Coal Dust Committee, Rs. 69,700 for the Central Banking Enquiry Committee, Rs. 1,600 for the Facts Finding Committee and Rs. 2,000 for the Inland Steam Vessels Rates Advisory Committee).

We observe that since 1921, one hundred and twenty Commissions and Committees of enquiry have been appointed and their cost has in each year since 1921 been 10·59, 3·27, 23·77, 9·77, 9·15, 19·07, 20·08, 11·51, 29·48, 2·67 and 3·71 lakhs. A list has been given in Appendix III, Chapter I.

So far as can be ascertained at present, the following Committees are likely to be appointed during the next two years, *viz.*, (i) an expert committee to examine proposals for a comprehensive amendment of the law of arbitration, (ii) a franchise committee, (iii) such courts of enquiry or boards of conciliation as may be required under the Trades Disputes Act, 1929.

(14) *Proposals*.—We are not in a position to make specific recommendations regarding the appointment and cost of special commissions and committees of enquiry in the near future. We trust, Government will carefully scrutinise the need for them and, wherever practicable, put them off till the return of better financial conditions. We further urge that the policy underlying the present practice of examining in detail the findings and proposals of special committees and commissions should be overhauled. Here we propose to confine ourselves to only one issue.

We have examined the instructions issued on 8th September 1931 for regulating and controlling expenditure on committees of enquiry, and approve them subject to the following comments :—

(i) The maximum rates of remuneration, etc., for non-official members are a subsistence allowance of Rs. 1,200 per mensem and a touring allowance Rs. 300 per mensem. We hold that the former is unduly high and should be reduced to Rs. 30 *per diem*. Under the present rules Government have reserved to themselves “the discretion to fix rates for any particular committee at a level suitable to its composition and conditions of work”. In our opinion Government should not have any discretion to vary the rates; such discretion is liable, on the one hand, to abuse and, on the other hand, to cause some embitterment of feeling. Service on any public committee of enquiry is and will continue to be prized for the opportunity it offers to do public work and the rate of remuneration obtainable should in most cases be an irrelevant consideration to those whom it may be desired to appoint as members.

The rate of the touring allowance also should be fixed on a *daily* basis, *viz.*, Rs. 10 per diem.

(ii) The remuneration of official members of committees is regulated by the following rule :—

“No increase in pay will ordinarily be sanctioned to an official of the Government of India serving as Chairman or Member—Secretary, but may exceptionally be sanctioned on proof that his duties are more arduous or responsible than they would have been in the post on which his pay is based.”

The exception contemplated in this rule is likely, in practice, to defeat the purpose of the rule and should be deleted.

(iii) The right of a chairman to requisition a reserved first class compartment for journeys of over six hours' duration or for journeys any part of which falls between 11 P.M. and 6 A.M. should be reduced to the right to requisition a coupé compartment of two berths and if a coupé be not available, two first class berths.

E.—Compensations.

(15) *Explanation of grant.*—The aggregate 1931-32 grant of 25·52 lakhs for compensations consists of the following items :—

- (i) 25 lakhs quit rent for Berar paid to H. E. H. the Nizam, (ii) 16 lakh compensations to Janjira and other States in Bombay and other compensations, (iii) 25 lakh compensations to H. H. the Maharaja Scindia and to Raja Mahendra Man Singh, and (iv) 11 lakh compensations paid in Assam.

(16) *Proposals.*—The compensation to H. E. H. the Nizam is a payment fixed by a treaty. It is called quit rent and its previous history shows that it represents a surplus of receipts over expenditure. While we agree that there can be no question of a reduction of the amount, we have not been able to appreciate why at the time of the financial settlement with the provinces this expenditure was not passed on to the local Government of the Central Provinces, who administer Berar and get the receipts. The argument that if it had been so passed on, the provincial contribution of the Central Provinces to the Central Government would have been reduced *pro tanto* does not convince us. We observe that even though provincial contributions have now ceased, the Central Government's liability still persists. This would not have been the case if the liability had been fixed, *ab initio*, on the local Government. We propose that the position should be re-examined in connection with the impending constitutional changes.

We have no proposal to make regarding the other items in this grant.

F.—Rents, rates and taxes on Central Buildings.

(17) *Explanation.*—This grant of 2·14 lakhs is a mere figure of account, a corresponding credit appearing in the head "Civil Works".

(18) *Proposals.*—The Public Works, Accounts and Audit Sub-Committee has already examined this item. We would here only observe that the consumption of electrical energy in central buildings requires some tightening up. To give an illustration, the lighting of the verandah of the Council House at New Delhi is undertaken on a scale that appears to us to be wasteful. We are unable to give a precise estimate of savings.

G.—Grants-in-aid.

(19) *Explanation.*—(i) This grant consists of two items, (a) Rs. 3,000 (non-voted) for subsidies to guaranteed telegraph lines on the North-Eastern Frontier, and (b) Rs. 52,700 (voted) for two grants-in-aid, *viz.*, Rs. 50,000 to the Trustees of the Victoria Memorial for the maintenance of the Memorial and Rs. 2,700 to the Empir Parliamentary Association.

(ii) The Victoria Memorial at Calcutta is maintained out of contributions by the Central Government (Rs. 50,000) and by the Government of Bengal (Rs. 35,000) and small local sources of income. It is essentially an all-India institution and is managed by a body of Trustees constituted by Act X of 1903 to whom powers have been entrusted by rules. The Central Government's contribution used to be Rs. 31,800 per annum but was raised to Rs. 50,000 in 1924-25.

(iii) The annual contribution of Rs. 2,700 to the Empire Parliamentary Association is intended to meet the cost of (a) incorporating and printing important extracts from the proceedings of the Indian Legislature in the quarterly "Journal of the Parliaments of the Empire", and (b) the free supply of copies of the Journal to those members of the Indian Legislature who are members of the British Indian branch of the Association. The average number of such copies as also copies of the bi-monthly "Review of Foreign Affairs," which are also supplied free of cost to such members, has during the last four years been 165.

(20) *Proposals.*—(i) We have no proposal to make regarding the provision of Rs. 3,000 for a subsidy to the Posts and Telegraphs Department in respect of the guaranteed line on the North-Eastern Frontier.

(ii) As regards the grant-in-aid to the Trustees of the Victoria Memorial, the annual contribution has been reduced to Rs. 45,000. We consider that the reduction is not sufficient. During the year ending 31st December 1930 the income (Rs. 93,105) exceeded the expenditure (Rs. 82,820) by over ten thousand rupees, and the surplus was transferred to a capital fund intended to provide for repairs and for unforeseen contingencies. The deposit account of Rs. 60,000 and the current account of Rs. 42,393 show the fairly prosperous financial condition of the Memorial. We have taken the line that activities which can be financed out of accumulated capital should, in the present financial stress, be expected to manage with materially reduced grants. We have on this principle reduced the research grant to the Imperial Council of Agricultural Research from 5 to 2½ lakhs, and the grant to the Indian Research Fund Association from 7½ to 2½ lakhs. Those of us who know something about the management of the Memorial and the establishments maintained for supervising and guarding its grounds, buildings and exhibits, hold that considerable economy in its management is possible. We therefore propose that the grant should be reduced to the level of 1924-25. This will yield a saving of Rs. 18,200.

(iii) As regards the contribution to the Empire Parliamentary Association we think that it should be left untouched. Had it been a large amount, we would perhaps have considered whether the contribution should be reduced to an amount sufficient to meet the cost of incorporating and printing extracts from the proceedings of the Indian Legislature.

H.—Local Clearing Office.

(21) *Organisation and cost.*—This office was set up after the signing of the Treaty of Versailles. Its main function is to act as a clearing office for the settlement of "enemy" claims against India and Indian claims against the "enemies"—mainly Germany and Austria. It is also in charge of "reparation" work, which is now practically confined to claims by Indian seamen (lascars). It was at first under a whole-time Controller, but on the departure of Mr. Kisch the duty was made over, for the sake of economy, to the Second Solicitor in addition to his ordinary duties. An allowance of Rs. 250 is paid to him for this work. The establishment is special and consists of two assistants, two clerks, a *daftary* and a peon, and is estimated to cost Rs. 10,500. There are two pensioners on the establishment list; their salaries are Rs. 270 and Rs. 225. Including the provisions of Rs. 3,000 for allowances and of Rs. 2,300 for contingencies the total provision for 1931-32 is Rs. 18,800.

(22) *Proposals.*—The current sanction for this office expires on 31st March 1932. The Legislative Department anticipates that reparation work will have been finished by 31st March 1933 but "clearing" work will go on.

for some time requiring two or three of the present ministerial establishment of four. It thinks that after the close of 1932-33 the expenditure should not exceed Rs. 10,000.

(i) Our main proposal is that since the work of this office has gone down very substantially, it should now be merged in the Legislative Department. Though the work is claimed to be of a specialised nature we can see no reason whatever why it should be considered heterogenous to the regular functions of the Legislative Department so as to require or justify the continuance of the Local Clearing office as a separate entity. In any case we urge that effect be given to the following proposals.

(ii) The Legislative Department stated in its reply dated 6th May 1931 to the Finance Department that no reduction of the allowance of Rs. 250 to the Second Solicitor was possible in the current year. In the reply to our questionnaire, however, it states that so long as the Second Solicitor continues to be employed also as Controller, he must necessarily receive additional remuneration, since these duties are extraneous to the solicitor's duties imposed upon him under his contract of service. We do not accept this view. In our opinion the Controller's duties are now so light that no special remuneration is needed. We do not agree that the duties are "wholly extraneous", nor that a whole-time Government servant must necessarily be given remuneration for any extra work he may be called upon to do. We propose that this allowance be immediately abrogated, and the Controller's duty made over to an officer of the Legislative Department as one of his ordinary duties.

(iii) The special ministerial establishment should be reduced to one with effect from 1st March 1932. We have provided for this in our proposals relating to the Legislative Department. The regular departmental staff should be trained up so as to obviate, in due course, the employment of pensioners which *prima facie* we consider to be open to objection.

(iv) The Department has offered savings of Rs. 1,820 under allowances and Rs. 300 under contingencies; the former includes Rs. 1,800 on account of travelling allowance for the Second Solicitor. With effect from 1932-33 the provision should be reduced to Rs. 800.

(23) *Summary*.—The savings will be nearly the whole provision *minus*, say, Rs. 3,000 for the clerk who will be added to the ministerial establishment of the Legislative Department and about Rs. 800 for the addition to the budget of that Department for allowances and contingencies. Since we have already provided for the additional clerk, the saving will be 18 lakh.

I.—Indian Soldiers' Board.

(24) *Organisation*.—This Board was constituted in 1919 to deal with the (i) formation of district records of war services as a basis for future action, (ii) consideration of questions connected with land rewards or grants or preferential treatment for Government service, (iii) after-care of the soldier, (iv) educational concessions for soldiers' children, (v) safeguarding of soldiers' interests in general, and (vi) consideration of the whole subject of demobilization in its civil aspect. It is composed of three members of the Executive Council, of whom one is President, H. E. the Governor of the Punjab, the Army Secretary, the Adjutant-General in India and the Military Financial Adviser. The Auditor-General was appointed as an additional member in 1929-30. One of the Assistant Secretaries in the Army Department acts as Secretary to the Board in addition to his other duties, and gets a special pay of Rs. 200 per mensem.

(25) *Functions.*—The Board's duties "centre round the home welfare of the Indian soldier, past and present, and his dependants". The Central Board co-ordinates the activities of kindred organisations in the various areas from which the bulk of the Indian Army is recruited. Under the control of the provincial board there exists a net-work of subordinate organisations throughout India. The main functions of the District Soldiers' Board and the corresponding organisations are—to maintain lists of serving and deceased soldiers from the area concerned, to circulate information regarding educational concessions for soldiers' children, to communicate information regarding employment, facilities for training for civil vocations, etc., to ascertain and to communicate the whereabouts of absent soldiers to their families, to render legal assistance, to assist absent soldiers' families in the event of disease or famine, to investigate applications for relief from the various military charitable funds and to assist ex-soldiers and their dependants in securing medals, pensions, arrears of pay, etc.

(26) *Funds.*—The Board has its own fund of the face value of 11·09 lakhs invested in 3½ and 6 per cent. notes and bonds from which the interest income was ₹4 lakh in the year 1929-30. In that year the Board was able to carry over a surplus of ₹19 lakh to its current account. The main items of expenditure are contributions to Local Governments and Administrations in connection with welfare schemes: minor contributions are made to other institutions or funds for soldiers' welfare. Besides this fund, the Board administers or is connected with the following funds:—

(i) India and Burma Military and Marine Relief Fund:—

Capital Rs. 9,99,000 (Face value on 31st March 1930).

(ii) Indian Army Benevolent Fund:—

Capital Rs. 9,58,000 (Face value on 31st March 1930).

The Government of India make an annual compassionate grant of Rs. 6,500.

(iii) Sir Victor Sassoon Fund.

(iv) King Emperor's Patriotic Fund. The balance on 31st March 1930 was Rs. 38,255.

The Board also investigates claims received from, or on behalf of, widows of the Viceroy's Commissioned Indian Officers for relief from the Silver Wedding Fund and acts as a distributing agency on behalf of the administrators of this fund.

(27) *Budget.*—So far as central revenues are concerned, the total cost of the Board is Rs. 15,100 (*viz.*, Rs. 2,400 for pay of officers, Rs. 9,300 for pay of establishments, Rs. 3,000 for allowances, and Rs. 400 for other expenses).

(28) *Proposals.*—(i) We have not been able to see the justification for the special pay of Rs. 200 to the Assistant Secretary in the Army Department for acting as Secretary to the Board. By abolishing the special pay and effecting economies on establishment, allowances and other expenses, we think it should be possible to reduce the estimate for 1932-33 from Rs. 15,100 to about Rs. 10,000. The saving will be Rs. 5,100.

(ii) In our opinion this expenditure should be borne by the Army and not by the Civil Estimates. We were told by the Secretary, Army Department, that the reason why it is included in the Civil Estimates is that the Board is affiliated to the Army Department whose expenditure is borne on the Civil Estimates. Although the transfer from the Civil to the Army Estimates does not automatically afford financial relief to Government, we think that in the long run it will help to keep the cost down to a reasonable figure. Besides, our proposal will help to give a truer picture of the real aggregate cost of the Army.

(29) *Summary of savings*.—Rs. 15,100 in the Civil Estimates but only Rs. 5,100 in the total estimates.

J.—Miscellaneous and unforeseen charges.

(30) *Explanation of grant*.—The 1931-32 grant under this head is Rs. 96,300 and is made up as below :—

- (i) Of the Rs. 25,000 for the Indian Delegation to the League of Nations Rs. 1,000 is for the pay of establishments and the rest is for the pay and travelling expenses of the members. Actual cost in 1929-30 was Rs. 8,403.
- (ii) The provision of Rs. 49,000 for the International Labour Conference consists of Rs. 3,000 for officers' pay, Rs. 43,000 for travelling expenses, and Rs. 3,000 for other expenses. Actual cost in 1929-30 was Rs. 57,386.
- (iii) The Conference on Deck Passenger and Pilgrim Traffic was estimated to cost Rs. 10,000, viz., Rs. 300 pay of establishment, Rs. 1,500 for travelling expenses, and Rs. 8,200 for other expenses.
- (iv) There is a provision of Rs. 9,500 for the grant of an honorarium for two months and subsistence allowance for four weeks and for travelling and other expenses in connection with the deputation of the Right Hon'ble Mr. Srinivas Sastri to England to give evidence before the Joint Select Committee on East Africa.
- (v) Rs. 2,800 has been provided for "other items" (Rs. 2,400 being for Bombay). In previous years this part of the grant included such items as payment of claims in respect of war bonds lost by fraud, payment of claims by lascars and their dependants to compensation for loss and damage caused by enemy action during the war, the cost of a visit of some members of the Legislature to the North-West Frontier Province, grant to the Indian Olympic Association, adjustment of passage contributions and leave salaries, residual charges of committees of enquiry, expenditure in connection with the visit of the Far Eastern Opium Commission of the League of Nations, adjustment of accounts, etc.

(31) *Proposals*.—(i) As regards the Indian delegations to the League of Nations and to the International Labour Conference, we may first invite attention to our remarks regarding India's contribution to the expenses of the League of Nations [*vide* paragraph 6 (ii) of Chapter XIX]. Subject to those remarks we think, India should not go unrepresented at Geneva. We have already drawn* attention to the need for a rigorous curtailment of expenditure on the obligations arising from international conventions signed by India. We have also recommended that the Government of India should set their face resolutely against any further onerous commitments, at least for some time.

* Paragraph 12 of Chapter I of our Interim Report (Part I), page 6.

Apart from this we think, the expenditure on the items under consideration can within limits be curtailed. We observe that the actual expenditure on each delegation has been as below :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.
League of Nations . . . . .	..	..	12,114	42,934	8,686	8,403
International Labour Conference	19,775	10,079	15,940	9,883	15,244	57,386
Total	19,775	10,079	28,054	52,817	23,930	65,789

We realise that actual expenditure depends on certain factors which remain uncertain till the composition of the delegations is known. But, experience shows that there has perhaps been overbudgetting in the past.

So far as the official part of a delegation is concerned, we understand that it has been the policy to send as few men from India as possible. They have only to voice Government's view and as sufficient Indians are available in England, as we believe they are, we see no point in sending out men all the way from India. We think, the present policy is right and should be pursued strictly.

In the light of past experience we propose that the future provision for the League of Nations delegation should be reduced to Rs. 10,000, but that for the delegations to the International Labour Conference should be left as it is. This will yield a saving of Rs. 15,000.

(ii) The Deck Passengers and Pilgrim Traffic Conference is a new item of expenditure. We presume it is non-recurrent. If so, the provision for it need not be repeated in the 1932-33 budget. Saving Rs. 10,000.

(iii) The provision of Rs. 9,500 for Mr. Sastri's deputation will not have to be repeated. Hence, the whole of it will be a saving.

(iv) We observe that the actuals for "other items" for 1928-29 and 1929-30 were Rs. 37,880 and Rs. 11,79,017. The current year's provision is Rs. 2,800. We are naturally unable to make any recommendation.

(32) *Summary of savings*.—Apart from the fluctuations on account of "other items" the budget for head J of Grant 76 should be reduced by Rs. 15,000 + Rs. 10,000 + Rs. 9,500 = Rs. 44,500.

K.—Miscellaneous—Other charges.

(33) *Explanation*.—The provision is .91 lakh and includes loss by exchange on local transactions. The items which make up the grant and the amounts for each are :—

- (i) Miscellaneous payments arising out of the War (Rs. 1,000), (ii) Irrecoverable temporary loans written off (Rs. 26,800), (iii) Annual stipends to the holders of literary titles (Rs. 400), (iv) Loss by exchange on local transactions (Rs. 34,500), (v) Guarantee for the opening of telegraph offices (Rs. 3,000), (vi) Durbar charges—miscellaneous (Rs. 200), (vii) Treatment of Assam patients at the Pasteur Institute (Rs. 100), and (viii) Institute for Disabled Soldiers, Lahore (Rs. 25,000). We shall deal with (viii) separately.

(34) *Proposals.*—(i) The need for retaining the existing provisions for items (i), (ii), (vi) and (vii) may be scrutinised afresh. Under (i) Commerce Department has proposed a ten per cent. reduction.

(ii) As regards item (ii), the Legislative Department thinks that in future Rs. 15,000 will probably cover all annual liabilities. The provision under the control of that Department should therefore be reduced from Rs. 25,000 to Rs. 15,000. Saving Rs. 10,000.

(35) *Summary of savings.*—The reduction of expenditure should be about Rs. 12,000.

K.—*Miscellaneous—Institute for Disabled Soldiers.*

(36) *Function.*—This Institute was started at Lahore in 1919 for one year in the first instance with the object of training up disabled soldiers in motor driving and maintenance and in the management of oil-engines and thus enabling them to supplement their military pensions. Since then sanction for its continuance from year to year used to be granted on the Punjab Government's recommendation that the Institute was serving a useful purpose and that the men were successful in getting employment after training.

(37) *Cost.*—The grant for 1931-32 is Rs. 25,000, viz., special pay to Headmaster (Rs. 600), establishments (Rs. 8,300), allowances (Rs. 300 *plus* 100), rations (Rs. 3,500), motor contingencies (Rs. 7,700), rent of boarding house (Rs. 3,000), and miscellaneous contingencies (Rs. 1,500). The actual cost in each of the five years 1925-26 to 1929-30 was about Rs. 25,000 except in 1926-27 when it was Rs. 21,738.

(38) *Proposal.*—Originally, the Department of Industries and Labour offered a reduction of Rs. 3,480 in the pay of establishments. It has, however, now been decided to close the Institute down altogether. We endorse this decision. The Institute can no longer be serving the needs of disabled soldiers (i.e., war casualties), but rather those of men normally discharged. Secondly, although on a strict interpretation the army could argue that the cost of training army pensioners should be borne by civil and not by army estimates, we consider that as in the case of many other benevolent activities in the interests of ex-soldiers and their families and dependants, the cost should have actually come from the army estimates. Again, even if it could be argued that this Institute is a central subject under the Devolution Rules, we hold that the Punjab Government should have been asked to bear a share of the cost of maintaining this Institute, since the benefit of the technical and industrial training imparted by it goes mostly to Punjab civilians. We understand that both the army authorities and the Punjab Government are disinclined to share the cost. We conclude from this that the purpose served is not such as to justify its maintenance from central civil estimates.

(39) *Summary of savings.*—On the entire grant the savings from our proposals will be 2.45 lakhs. There will be some other savings also, but since they could not be precisely estimated, we have not taken them into our calculation.

CHAPTER XVII.

GRANT No. 80.—DELHI (47·06 LAKHS, OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS 104·81 lakhs).

(1) *General*.—The imperial enclave of Delhi is directly administered by the Government of India and its expenditure is borne by the central revenues. It was carved out of the Punjab and the U. P. Following upon the announcement made by H. M. the King Emperor to remove the capital of India from Calcutta to Delhi it was constituted a separate minor administration. Its area is 573 square miles and population 6·36 lakhs. The old city of Delhi with an urban population of about 4½ lakhs naturally dominates the so-called "Province of Delhi".

The administration is in charge of a Chief Commissioner and tends to reproduce all the usual features of a provincial government. The departments maintained, their establishments and cost and the growth of expenditure on each will be dealt with along with our proposals relating to each. Here we shall only observe that the local administration of certain areas is entrusted to (i) the Municipal Committee of Delhi with an official chairman, (ii) the Municipal Committee of New Delhi which consists entirely of nominated members, half of whom are officials, (iii) the Notified Area Committee with jurisdiction over the civil lines portion of Old Delhi, and (iv) the District Board with jurisdiction over the rural portions of the enclave.

(2) *Explanation of grant*.—The administration is estimated to cost 104·81 lakhs in 1931-32, but the specific grant for Delhi is only 47·06 lakhs. The difference, viz., 57·75 lakhs represents the expenditure provided for in other grants, mainly Civil Works (36·62) and interest on ordinary debt (14·34). It should be noted that the estimated cost includes items like "interest for ordinary debt", currency, ordinary and territorial and political pensions which have little organic connection with Delhi administration as such. The important head of "Civil Works" is an unusual feature which has no equivalent in the other minor administrations.

(3) *Growth of expenditure*.—The two tables below show the expenditure on various "provincial" and "central" heads, and the growth or fall in the expenditure on each head in certain years:—

TABLE A.

	1918-19	1920-21	1922-23	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
GENERAL ADMINISTRATION—											
(i) Chief Commissioner's Office				·86	·92	1·01	1·00	1·03	1·01	1·08	1·07
(ii) District Administration	1·85	2·66	3·05	2·32	2·11	1·92	2·15	2·60	2·72	3·07	3·23
(iii) Other charges				·10	·12	·16	·11	·05	·07	·05	·05
Land Revenue	·47	·61	·38	·41	·45	·53	·57	·58	·66	·64	·66
Excise	·06	·12	·16	·12	3·62	3·41	3·83	3·68	3·66	3·69	3·67
Stamps	·07	·13	·11	·07	·08	·08	·08	·32	·10	·08	·10
Forests	..	..	..	..	..	..	·07	·09	·10	·11	·07
Registration	..	·08	·08	·08	·08	·06	·04	·04	·04	·04	·05
Irrigation	·01	·01	*	·51	·31	·06	·05	·02	·02	·03	·05
Justice	1·14	1·21	1·83	1·71	2·13	2·37	2·41	2·50	2·57	2·70	2·67
Jails	·64	·86	1·19	1·47	1·24	1·28	1·27	1·41	1·51	2·06	1·73

* Figures not separately available.

TABLE A—*contd.*

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Police	3·92	6·91	9·60	7·87	7·99	8·38	8·88	9·50	9·95	13·19	11·62
Scientific Departments (Museum) . . . . .	..	·08	·38	·01	..	..	..	..	..	..	..
Education	1·43	3·20	4·42	5·26	5·81	6·18	8·08	9·10	9·40	10·11	9·97
Medical	1·11	3·35	3·47	3·37	5·08	5·45	5·18	5·32	5·57	5·26	5·32
Public Health	1·20	1·39	·54	·27	·66	1·43	2·21	1·96	1·84	2·09	2·07
Agriculture and Horticulture	·33	·32	·29	·14	·31	·52	·47	·52	·60	·71	·70
Industries	·01	..	·04	·10	·10	·12	·14	·25	·27	·33	·32
Miscellaneous Departments	·09	·06	..	..	·01	·02	·03	·03	·03	·04	·03
Civil Works†	19·16	26·46	*	12·82	8·99	37·06	33·52	38·86	55·44	53·93	26·62
Pensions, ordinary†	1·71	2·39	2·58	2·06	4·09	3·00	3·59	3·12	3·25	3·29	3·28
Stationery and Printing†	·10	·15	·08	·03	·03	·01	·02	·02	·04	·06	·05
Miscellaneous charges	·35	38·75	7·46	4·20	3·93	3·69	3·74	3·64	3·63	3·85	3·22
Total " Provincial " Subjects	33·65	98·74	35·66	43·78	48·11	76·94	79·44	84·73	1,02·48	1,03·41	86·55
Taxes on Income†	·01	·01	·15	·25	·43	·47	·56	·66	·68	·87	·85
Ecclesiastical	·13	·20	·32	·30	·26	·21	·25	·18	·19	·22	·22
Political	·01	·01	·01	·03	..	·01	·08	·09	·13	·14	·22
Currency† . . . . .	..	·04	·04	·08	·09	·09	·30	·16	·11	·13	·17
Territorial and political pensions†	·37	·44	·46	·47	·47	·51	·49	·49	·49	·50	·50
Interest	*	*	*	5·23	5·33	6·34	10·92	14·54	11·44	14·04	14·34
Total " Central " Subjects	·52	·70	·98	6·36	7·08	7·63	2·59	16·12	13·04	15·90	16·30
Grand Total†	34·17	99·44	36·64	50·14	54·89	84·57	90·03	1,00·55	1,15·52	1,19·31	1,02·85

* Figures not separately available.

† Expenditure on heads marked † is included in other Grants.

‡ Excludes Refunds. Hence, totals will not necessarily tally.

TABLE B.

Eliminating the charges which are not directly connected with the administration of Delhi, the totals are as follows :—

32·09	96·57	33·56	42·30	44·71	74·63	74·73	82·54	1,00·23	1,01·35	84·56
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(4) *Analysis of the growth of expenditure.*—The Inchcape Committee accepted the following figures of expenditure and revenue for its report :—

	1913-14 (actuals).	1921-22 (revised estimates).	1922-23 (budget estimates).
Expenditure	33.99	67.00	66.18
Receipts	14.91	31.39	32.57

It observed that of the growth of expenditure since 1913-14 about 14 lakhs had occurred under "Civil Works" and 4 lakhs each under Police and Education. More than half of the expenditure on Delhi at that time was incurred under the head "Civil Works", and that Committee observed that if Civil Works and a portion of the expenditure on Police arising out of the fact that Delhi is the headquarters of the Government of India were left out of calculation, Delhi was practically self-supporting.

It recommended measures estimated to reduce the expenditure by 4.16 lakhs and noted that steps had been taken to increase the stamp revenue; it also observed that it should be possible to increase the excise revenue by devising an arrangement whereby the neighbouring major provinces (*viz.*, the Punjab and the U. P.) from which Delhi draws its supplies of country liquor and which used to retain the still head duty on such liquor would not retain the whole of the receipts, or alternatively by manufacturing country liquor in Delhi itself. In pursuance of the accepted policy that "duty should follow consumption" Delhi now receives as revenue the duty on such liquor, but in return it pays to those provinces compensations calculated upon the revenue from this source which they received in the three years prior to 1921. The rates of duty were subsequently raised. The following table shows that this arrangement leaves a fair surplus from excise to Delhi revenues :—

	1925- 26.	1926- 27.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
(i) Excise Receipts	6.12	8.59	9.46	9.77	5.33	5.96
(ii) Compensation						
{ Punjab	2.90	2.90	2.90	2.90	2.90	2.90
{ U. P.	Nil.	Nil.	.22	.22	.22	.22
Total	2.90	2.90	3.12	3.12	3.12	3.12
Excess of (i) over (ii)	3.22	5.69	6.34	6.65	2.21	2.84

The other principal factors in the growth of real, as distinct from nominal, expenditure since 1924-25 have been :—

(i) *Forest*.—The scheme for the afforestation of the Southern Ridge.

(ii) *General Administration*.—Appointment of an additional Extra Assistant Commissioner.

(iii) *Justice*.—(a) Contribution to Punjab Government of .36 lakh for Punjab High Court's services and of .04 lakh for the training of Delhi officers in commercial law.

(b) Additional subordinate judges and munsiffs, increase in the allowances paid to the Public Prosecutor, and growth of criminal work.

(iv) *Police*.—Additions to the Police force, revision of pay and of clothing and equipment grants. Increase in travelling and other allowances.

(v) *Education*.—The five-year programme of educational development and growth of university and secondary education.

(vi) *Medical*.—Additional grants-in-aid to Lady Hardinge Medical College and cost of training Delhi students at the Medical College at Lahore.

(vii) *Public Health*.—Expansion of health establishment, increase of grants-in-aid to local bodies including .50 lakh to New Delhi Municipality and the establishment of a new Bacteriological Laboratory.

(viii) *Agriculture, Horticulture, etc.*—Appointment of a Superintendent of Gardens and his staff and grants for arboriculture.

(ix) *Civil Works*.—Original works as part of the development of the Capital. Larger expenditure on repairs. Increase in establishments. Enhanced grants-in-aid.

(x) *Taxes on income*.—Re-organisation of staff, and establishment of a salary circle.

It will be seen that a very large share of the increased expenditure has been caused by the development of the Imperial Capital and the need for maintaining certain standards of administration not only in New but also in Old Delhi.

(4) *Revenues*.—The predominantly urban character of the "province" of Delhi is reflected in the character of its revenues. The principal contributors are Excise, Stamps, Taxes on Income and revenues from urban lands. Rents from residential and other accommodation provided by Government form an unusual feature of Delhi revenues and are a partial set off against the heavy expenditure on the capital programme of Civil Works and the revenue expenditure on them.

The following table shows the growth of the revenues from both "provincial" and "central" subjects :—

TABLE C.

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Land Revenue	3'53	4'01	3'32	3'41	3'95	4'15	4'34	3'49	2'67	2'73	2'68
Excise	2'71	6'78	4'59	3'88	6'12	8'59	8'97	9'46	9'77	5'33	5'96
Stamps	3'06	7'26	7'21	7'18	7'72	8'24	7'25	7'19	7'51	7'20	7'20
Registration	'23	'45	'43	'48	'50	'44	'44	'49	'52	'47	'47
Irrigation . . . . .	..	'02	'06	'03	'04	'03	'02	'01	..	..	..
Justice	'21	'27	'36	'28	'24	'52	'46	'51	'38	'45	'45
Jails	'32	'18	'19	'22	'28	'22	'28	'16	'21	'14	'14
Police	'04	'21	'24	'19	'21	'06	'23	'28	'33	'32	'32
Education	'18	'16	'15	'14	'19	'46	'48	'50	'56	'49	'49
Medical	'01	'08	'10	'11	'11	'08	'07	'19	'20	'20	'19
Public Health . . . . .	..	..	..	..	..	..	..	'12	'08	'77	'07
Agriculture	'01	..	'09	..	..	..	..	'05	'05	'05	'05
Industries . . . . .	..	*	..	'02	..	..	'01	'09	'07	'05	'03
Miscellaneous Departments	'05	'25	'06	'06	'10	'12	'10	'12	'14	'13	'13
Civil Works	1'44	1'61	2'44	4'33	2'90	6'83	6'05	8'25	9'41	15'18	15'75
Pensions	'03	'04	'04	'21	'39	'30	'37	'39	2'52	'11	'11
Stationery and Printing	'05	'08	'07	'03	'02	'02	'03	'03	'08	'09	'09
Miscellaneous	'36	3'13	1'36	2'10	3'16	1'97	1'02	2'13	1'73	2'06	1'81
Total "Provincial" Subjects	12'23	24'23	20'71	22'72	25'93	32'03	30'72	33'46	36'23	35'77	35'94
Currency . . . . .	..	'22	†	..	†	..	..	..	..	..	..
Customs—Cotton excise duty	'04	'65	1'41	1'92	1'55	—'9	..	..	..	..	..
Taxes on Income	2'13	12'80	8'27	9'56	11'44	11'20	11'57	10'40	11'40	8'99	6'67
Opium	'25	'14	'23	'37	'11	..	..	..	..	..	..
Total "Central" Subjects	2'42	13'81	9'91	11'85	13'10	11'11	11'57	10'40	11'40	8'99	6'67
GRAND TOTAL	14'65	38'04	30'62	34'57	39'03	43'14	42'29	43'86	47'63	44'76	42'61

* Included under "Miscellaneous Departments".
† Figures not separately available.

Explanations.—Against the growth of excise revenue should be set off the compensation of 3·12 lakhs payable since 1925-26 to the Punjab and the United Provinces Governments.

The growth under Stamps has been due to the growth of Delhi as the capital and to increased rates.

The increase under Civil Works has been due to the growth of rents from residential and other accommodation provided out of heavy capital expenditure.

The growth of receipts under miscellaneous has been due to increased premia on plots of land sold.

The fall under customs was the result of the abolition of the cotton excise duties.

The growth under taxes on income is nominal and has been the result of the identification of income tax collected on salaries in the Delhi Salary Circle.

(5) *Departmental proposals for economy.*—Home Department has offered to reduce expenditure as below :—

	Rs.
(i) Direct Demands on Revenue by	23,650
(ii) General administration „	19,330
(iii) Administration of Justice „	15,420
(iv) Jails and Convict Settlements „	16,600
(v) Police „	Nil
(vi) Medical „	24,679
(vii) Public Health „	20,730
(viii) Other heads „	2,09,238
Total	3,29,647

The department has pointed out that if head “Education” for which there is a provision of Rs. 9,97,200 is left out, the total grant for Delhi is reduced to 37·09 lakhs and that the reduction of expenditure offered amounts to a little under nine per cent.

(6) *Our proposals.*—(i) We have considered the suggestion that Delhi should be amalgamated with the Punjab or the United Provinces. But, this question raises controversial issues and we have therefore decided to base our proposals on the basis of Delhi continuing to be an imperial enclave. We do not, however, see why it should not be constituted into a “civic” area somewhat on the lines of the London County Council with the existing local bodies functioning under the Council. The Council should, on the same analogy, control its own police, education, etc.

(ii) We hold that the practice of describing Delhi, with a population of 6,36,000 and an area of 573 square miles, as a “province” or a “local administration” has in the past led to the cultivation of an outlook which has resulted in undue expense if not extravagance. We propose that it should be described in the future as the Imperial District of Delhi and its administration should be framed on that basis. The posts of the Chief Commissioner and the Registrar should be abolished and the district should be placed in charge of an officer of the rank of a District Officer on the senior I. C. S. scale of pay. His precise designation is not, *per se*, an important matter, but we advise against any designation being adopted which by analogy and implication is

likely to lead to unnecessary expenditure. Extra powers should, if necessary, be given to this officer. We think that he will have to be given about half of the present Chief Commissioner's establishments to enable him to carry on his extra duties.

Our proposal will yield a saving of about .81 lakh.

(iii) *District administration*.—The general administration of the "district" is carried on by a Deputy Commissioner assisted by an Additional District Magistrate, four Extra Assistant Commissioners, a Land and Development Officer and a Tahsildar of an officer's rank. The 1931-32 grant contains two new provisions of Rs. 24,800 for a whole-time President of the New Delhi Municipal Committee and Rs. 8,800 for a Resident Magistrate. These two posts were to take the place of the combined Resident Magistrate and Secretary to the Municipal Committee, New Delhi, at an extra cost of .25 lakh. The establishments for district administration consist of 2 draftsmen, 4 surveyors and 180 executive subordinates, clerks and servants. The 1931-32 provision for district administration is Rs. 3,22,500.

We hold that the district staff is altogether excessive for the needs of Delhi. We propose that the scheme for a whole-time President of the New Delhi Municipal Committee be dropped, saving Rs. 24,800. At the same time, we think there is no need for the separate post of a Resident Magistrate; this post should therefore be abolished, saving Rs. 8,800. The Resident Magistrate's and the Secretary's combined duties should be carried on by one of the four Extra Assistant Commissioners; it is on this account that we are not proposing any reduction in the number of officers on the district staff, even though we observe that one new post of Extra Assistant Commissioner was created in 1928-29.

We note that in 1927-28 and 1929-30 the district establishments numbered only 153 and 158. Their number went up to 200 in 1930-31 and now stands at 186. The number should be reduced by about 15 per cent. to the 1929-30 level, viz., 158, saving about Rs. 20,000. [In para. 6 (ii) above we have proposed that the district office should get half the establishment of the Chief Commissioner's office]. Allowances and honoraria should be reduced by (a) Rs. 2,400, viz., the two new items and (b) 15 per cent. on the rest, yielding a saving of about Rs. 3,200.

The actual expenditure on Contingencies in 1926-27 and 1928-29 was Rs. 33,508 and Rs. 39,267 respectively. We propose that a reduction of 10 per cent. in the 1931-32 provision of Rs. 42,800 should not be difficult to effect, especially in view of the fall in prices, saving Rs. 4,280.

Our proposals will yield a total saving of Rs. 63,480, or, say, Rs. .63 lakh.

(iv) *Direct demands on the Revenue*.—The provision for the administration of Land Revenue (30), Land Records (103), Excise (7), Stamps (2), Forest (1) and Registration (3) is Rs. 4,55,200; the establishments maintained are shown in brackets after each. The expenditure includes Rs. 3,12,400 on account of assignments to three local Governments and certain other obligatory expenditure. Home Department has offered permanent economies aggregating Rs. 23,650. We recommend that this offer be accepted.

(v) *Administration of Justice*.—(i) *Law and Justice*.—The Punjab High Court, Lahore, does High Court work for Delhi and the Punjab Government are paid Rs. 36,000 in respect of such work. The other staff for the administration of justice is :—(a) A District and Sessions Judge (Rs. 1,000—3,000 plus a special pay of Rs. 150), and 6 subordinate judges and munsiffs.

Establishments number 112. (b) Small Causes Court :—A Judge, a Registrar and an establishment of 30. (c) A Public Prosecutor on Rs. 1,000 per mensem.

The following table shows the growth of expenditure (in lakhs) :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1.14	1.50	1.71	2.13	2.37	2.41	2.50	2.57	2.67

The Chief Commissioner originally offered the following savings totalling Rs. 19,220, *viz.*, Rs. 8,800 under non-voted pay of officers, Rs. 200 pay of establishments, Rs. 4,000 pay of officers, Rs. 6,220 under the various heads "other charges". We cannot ascertain what portion out of this was intended to be of a permanent character. Home Department is now prepared to offer permanent savings of Rs. 15,420, but we do not know the details. Our own proposals below yield a saving of Rs. 17 lakh which is not materially different from the department's offer.

Proposals.—If the provision of Rs. 150 per mensem is for some special and not, as we presume, the ordinary judicial pay to the District and Sessions Judge, it should be abolished; we consider that in the case of the judiciary, special pay is objectionable in principle. For the present we leave this out of our calculation.

One new post of additional subordinate judge was created in 1930-31. There are now in all nine officers. One post should be abolished, saving about Rs. 7,000. The cost of establishments (Rs. 55,500+14,500) should be reduced by one-tenth, saving Rs. 7,000.

Other charges should be reduced to Rs. 12,500 under E-5 and to Rs. 2,800 under D-3 (actuals of 1929-30 being Rs. 12,576 and Rs. 2,878 respectively). Savings Rs. 1,700.

The Registrar for the Small Causes Court should be a judicial officer on a pay not exceeding Rs. 500 per mensem. Saving will be at least Rs. 700; in fact it should be greater.

(vi) *Jails.*—As usual there is a part-time Superintendent in receipt of an allowance of Rs. 150 per mensem and a whole-time Deputy Superintendent. The establishments number 68—jail and 2—medical. The actual cost of jails (apart from jail manufactures) was Rs. 1,45,300 in 1929-30, Rs. 1,33,518 in 1928-29 and Rs. 1,19,207 in 1926-27. The 1931-32 provision is Rs. 1,66,500.

Proposals.—We hold that in view of the fall in prices it should be possible to bring the cost down to about Rs. 1,45,000 by (a) reducing the jail duty allowance to Rs. 100 per mensem, and (b) cutting down establishments and effecting other savings. The Chief Commissioner has, in fact, offered savings of Rs. 16,600; this is also the amount offered on a permanent basis by Home Department. The saving proposed by us amounts to Rs. 21,000.

(vii) *Police.*—The provision for Police is Rs. 11.62 lakhs, *i.e.*, nearly 25 per cent. of the total grant for Delhi in the specific sense. Of this, 10.86 is for the Delhi district police and the rest is meant to meet establishment charges paid to the Punjab Government for the railway police (Rs. 70,400) and for the training of the Delhi police recruit (Rs. 5,100).

The Delhi district police force is manned by a Superintendent, an Additional Superintendent, an Assistant Superintendent and two Deputy Superintendents. There is also a provision of Rs. 16,200 for special officers in connection with the Delhi Conspiracy case. Establishments include 83 Inspectors, Sub-Inspectors and Sergeants, 1,709 Constables and 32 Mounted police. There are further provisions for additional police and temporary and special establishments including the special staff employed for the guarding of the Secretariat.

The following table shows the growth of expenditure on the district police (in lakhs) :—

—	1921-22.	1924-25.	1926-27.	1928-29.	1929-30.	1931-32.
Pay of Officers . . .	·46	7·47	·42	·45	·53	·68
Pay of establishments . .	4·22		4·57	5·18	5·36	6·54
Other charges . . .	3·46		2·70	3·14	3·32	3·64
Total cost of district police .	8·14	7·47	7·69	8·77	9·21	10·86

The Chief Commissioner originally offered no savings, permanent or temporary, in this grant. The Home Department does not appear to be prepared to offer any now.

In our opinion expenditure has grown far too rapidly, even when allowance is made for the facts that the population is largely urban and political crime has in recent years been a noticeable feature of crime in Delhi. The establishments numbered 1,499 in 1927-28 and in each succeeding year went up to 1,646, 1,662, 1,689 and 1,826 respectively. Now that political conditions are no longer as disturbed as they were in 1930-31, the expenditure must be brought down considerably. Our proposals are :—

For a district of the size and population of Delhi the staff appears to us to be excessive. We can see no justification for giving it an additional Superintendent of Police ; we consider it a sounder arrangement to have one experienced senior officer of the I. P. S. with an Assistant drawn from the same service and a number of officers of the status of Deputy Superintendents. We propose that the post of Additional Superintendent should be abolished, saving about Rs. 15,000. Even if it be necessary to maintain the present number of officers, *viz.*, 5, we hold that it should suffice to appoint an extra Deputy Superintendent. For the present, however, we assume that no substitute post will be created.

Establishments should be reduced by about 10 per cent., saving Rs. 65,000. Even then the number will be 1,644, besides 9/10ths of the existing additional police and the various special and temporary establishments. The guarding of the Secretariat buildings should be undertaken by the regular police relieved by temporary men paid out of the special provision for temporary establishments. A saving of at least 10 per cent. on the grants of Rs. 36,200 for police clothing and equipment and of Rs. 3,26,400 for other charges will follow as a corollary, even apart from the general fall of prices. Total savings will be at least Rs. 15,000 + 65,000 + 3,700 + 3,620 + 32,640 = say 1·20 lakhs. Even then the police grant will be Rs. 45,000 more than in 1929-30.

(viii) *Education*.—Government maintain a High School costing Rs. 88,800 in charge of a Headmaster assisted by 41 masters and teachers and a clerical and menial establishment of 14. There is also a small educational establishment of 8 directly maintained by Government for special schools at a cost of Rs. 42,800.

Broadly speaking, the educational system is maintained on the grant-in-aid basis, the 1931-32 provisions for grants-in-aid being :—

	Rs.
(a) Delhi University	1,00,000
(b) Arts Colleges	1,09,500
(c) Training College at Lahore (payment made to the Punjab Government for the training of Delhi students)	2,700
(d) Secondary Schools (i) Local Bodies	82,300
(ii) Private	2,69,300
(e) Primary Schools (i) Local Bodies	2,08,200
(ii) Private	13,000

For the direction and inspection of educational institutions Delhi has a Superintendent of Education, one-half of whose pay is charged to Delhi and the other half to Ajmer-Merwara and Central India in the proportion 2 : 1. The provision in the 1931-32 budget for Delhi's share is Rs. 8,400. He is assisted by an Assistant Superintendent for female education (Rs. 250—600), an Assistant Inspector, an Assistant District Inspector and an establishment of 14. Direction costs Rs. 10,300 and inspection Rs. 31,400.

The expenditure on education has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
·98	3·76	5·26	5·81	6·18	8·08	9·19	9·40	9·97

The Chief Commissioner has proposed the following reductions :—

(Note—R.=Recurring. N. R.=Non-recurring.)		Rs.
(a) Grants-in-aid—		
Non-Government Arts Colleges		10,950 — R.
Non-Secondary Schools		22,320 — R.
		18,700 — N.R.
Local Government Bodies for Secondary education		8,230 — R.
Non-Government Primary Schools		1,500 — R.
Local Bodies for Primary Schools		20,040 — R.
Local Bodies for Primary Schools		780 — N.R.
(b) Scholarships		2,000
Other Expenditure Rs. 835+100+825+360+710		2,830
Total		87,350

It will be seen that nearly 95 per cent. of the proposed reduction is on grants-in-aid. We are unable to support the acceptance of the Chief Commissioner's offer. Our view of the manner in which educational and scientific institutions should be treated has already been explained in the first part of our report (paragraph 10 of Chapter I, page 6) and we adhere to it. Government should, if they consider it expedient, negotiate with the authorities of the institutions concerned and persuade them, if possible, to contribute their quota towards meeting the national exigency. For the present, we leave out of our calculation such savings as may be effected as a result of such action.

As regards inspection, the only reduction we can suggest is that the provision of Rs. 2,700 for additional staff and equipment in connection with inspection should be deleted.

(ix) *Medical*.—The senior Civil Surgeon is also Chief Medical Officer and gets a pay of Rs. 3,000 which is presumably shown in the public health grant. New Delhi also has a whole-time Civil Surgeon throughout the year. The other establishments consist of 7 Assistant Surgeons and 16 others including Sub-Assistant Surgeons, Compounders, clerks and servants.

Expenditure on Medical administration amounts to 5.32 lakhs as below :—

	Rs.
(i) Medical establishments	69,600
(ii) Hospitals and Dispensaries	1,08,300 (including Rs 19,000 grants-in-aid and Rs.10,200 for medical arrangements at New Delhi).
(iii) Other grants-in-aid, contributions and scholarships—	
(a) To Lady Hardinge Medical College	3,14,500
(b) Scholarships to students of the above College	900
(c) Grant for venereal diseases	5,000
(d) Payment to Medical College, Lahore, for the cost of tuition of Delhi students	17,100
(iv) X-ray Institute (in charge of an Assistant Surgeon)	16,600

Medical expenditure has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1.11	3.32	3.37	5.08	5.45	5.18	5.32	5.57	5.32

The Chief Commissioner has offered savings of Rs. 800 on non-voted allowances and of Rs. 18,589 from certain voted items. They do not, however, appear to be of a permanent character. Permanent savings of Rs. 24,680 have since been offered by the Home Department under this grant.

Our proposals are :—

- (a) We have already proposed [Chapter XIX, paragraph 7 (i), page 47, Part I of our Report] that one Civil Surgeon should move with the Government of India between Delhi and Simla. By way

of an explanation we may add that we had in mind the fact that the policy of locating some offices at Delhi and some at Simla permanently would add to the work at both places or, to put it in other words, that three officers would have to do the same work as has till now been done by four. We have taken account of a saving of Rs. 12,000 on this account under the grant for Medical Services, and therefore shall estimate the saving under the Delhi grant at only Rs. 6,000, the total of Rs. 18,000 being just about one-half of the provision for the pay of the two Civil Surgeons at Simla.

- (b) The Chief Medical Officer gets a special pay of Rs. 250. We find that this is the usual special pay given to a Civil Surgeon for acting as Chief Medical Officer. In this grant, however, we find no provision for it under Medical, though we find there is a provision for a special pay of Rs. 250 p. m. under public health (Account VIII). If, as is likely, the special pay is given to one of the Civil Surgeons for acting as C. M. O., we urge that it should be abolished. If on the other hand it is for public health work and if the post of Assistant Director, Public Health, is abolished as proposed by us [*vide* below], the question of giving some special pay *specifically for public health work* may be reconsidered.
- (c) As regards all other medical expenditure, we would accept the savings offered by the Home Department, *viz.*, Rs. 24,680.
- (d) As regards the grant-in-aid to the Lady Hardinge College we have no objection to Government negotiating with the authorities of the College with a view to its reduction.

On our proposals, total savings will be Rs. 30,680, or, say, .31 lakh.

(x) *Public Health*.—This is in charge of the Chief Medical Officer who presumably gets a special pay of Rs. 250 per mensem for it. In addition to this, New Delhi has a whole-time Assistant Director of Public Health, costing Rs. 15,000 assisted by a Sanitary Superintendent (Rs. 550) and two clerks. Outside New Delhi the arrangements are entrusted to the local bodies to whom special grants-in-aid are given.

The total expenditure aggregates 2.07 lakhs as below :—

	Rs.
(a) Pay of officers and establishment (Rs. 3,000 + 15,000 + 9,500 + 600 for passage)	28,100
(b) Travelling allowances	5,600
(c) Half cost of Health Officer and his Assistant	9,000
(d) Share of cost of Sanitary arrangements	50,000
(e) Public Health grants to local bodies	59,000
(f) Grant to Municipal Committee, Delhi	17,000
(g) Grant to Delhi Health School	6,000
(h) Expenditure for epidemic diseases	21,100
(i) Bacteriological Laboratory	11,200

Expenditure has grown as below :—

1913-14. 1921-22. 1924-25. 1925-26. 1926-27. 1927-28. 1928-29. 1929-30. 1931-32.

1.20 .84 .27 .66 1.43 2.21 1.96 1.84 2.07

The Chief Commissioner originally offered a saving of Rs. 13,610 but it is not known how much of it was of a permanent nature. Home Department is now prepared to offer a permanent saving of Rs. 20,730.

Our proposals are :—

- (a) We cannot understand why a clean healthy area like New Delhi with its wide spaces should need a very expensive health officer of the status of an Assistant Director of Public Health on Rs. 1,250 per mensem and, in addition, a Sanitary Superintendent on Rs. 550 per mensem. The former post should be abolished, saving Rs. 15,000. The Chief Medical Officer of Delhi should, as Director of Public Health, be able to supervise health work over the entire district. In this connection paragraph (ix) *supra* may be seen. A Sanitary Superintendent of the present status should suffice for New Delhi in any case ; but if the C. M. O. cannot be given health work, and if, as we have proposed, the Assistant D. P. H.'s post is abolished, the appointment of a somewhat senior health officer on about Rs. 750 per mensem might become necessary. For the present we assume a saving of only Rs. 15,000 and not of Rs. 15,000 + 3,000.
 - (b) A reduction of at least 10 per cent. in the provision of Rs. 82,000 for grants to local bodies (Rs. 76,000) and to the Delhi Health School (Rs. 6,000) should be made, saving Rs. 8,200. In the light of the Chief Commissioner's original offer, we think that the saving will be much larger than this.
 - (c) A similar reduction should be made in the provision of Rs. 12,200 for " Other charges—Miscellaneous " under Epidemic Diseases.
 - (d) Such other economies not included in our proposals above as have been offered should be accepted.
 - (e) We estimate that the total savings will be nearly Rs. 30,000.
- (xi) *Other expenditure.*—This part of the grant, *viz.*, Account IX, aggregates Rs. 4,77,500. The table below shows its elements and the growth of expenditure on each :—

—	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Najafgarh Jhil . .	..	·05	·06	·05	·02	·02	·05
Ecclesiastical . .	·30	·26	·21	·25	·18	·19	·22
Political . . .	..	..	..	..	..	·13	·22
Horticulture . .	·14	·31	·52	·47	·52	·35	·39
Veterinary . .	..	..	..	..	..	·11	·14
Co-operative . .	..	..	..	..	..	·14	·17
Industries . .	·10	·10	·12	·14	·25	·27	·32
Boilers and Factories.	..	·01	·02	·03	·03	·03	·04
Miscellaneous . .	4·20	3·98	3·69	3·74	3·64	3·63	3·22

Under "miscellaneous," grants-in-aid are the largest item of expenditure, being over 80 per cent. of the total provision for 1931-32.

Home Department has offered Rs. 2,09,238, mainly on grants-in-aid, out of the total provision of Rs. 4.775 lakhs. We have no detailed information on this subject, but, presuming that the cause of Local Self-Government will not suffer thereby, we recommend that this offer may be accepted. If it does not include savings on petty establishments, we think an additional Rs. 5,600 should be saved under petty establishments. On our proposals relating to Ecclesiastical the provision of Rs. 22,400 for Ecclesiastical—Delhi should almost entirely go, leaving only about Rs. 2,240. Thus, total savings under this Account should be $2.09 + .06 + .20 = 2.35$ lakhs.

(7) *Summary of savings*.—On our proposals the total reduction of expenditure (in lakhs) under this grant will be—

- (a) Chief Commissioner and his establishment .81, (b) District administration .63, (c) Direct demands on Revenue .24, (d) Justice .17, (e) Jails .21, (f) Police 1.20, (g) Education .03, (h) Medical .31, (i) Public Health .30 and (j) Other heads $2.35 = 6.25$ lakhs.

We consider that there is still some scope for economy under Account IX, but we are unable to analyse the position in detail. If this as well as such savings as may be effected in the grants-in-aid (especially non-recurring grants) to educational institutions and the Lady Hardinge Medical College are taken into consideration, we hold that the total reduction of expenditure for the 1932-33 budget will be over 6.25 lakhs. Further, we think that in a budget of the character and size of this grant there should be a *minus* provision for "probable savings". Although we ourselves make no such "deduct" provision, there should be room for Finance Department to do so, even after effect is given to our proposals.



CHAPTER XVIII.

GRANT NO. 82.—ANDAMANS AND NICOBAR ISLANDS (41·22 LAKHS OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS, 45·73 LAKHS).

(1) *Introduction.*—These islands form a natural chain of a number of islands, some of which are very small, in the eastern part of the Bay of Bengal. Their total area is 3,143 square miles. The damp hot climate, equatorial in type, is enervating and, broadly speaking, unsuitable to people from most parts of India. Most of the area is still covered by dense equatorial jungle. The interior gives shelter to some savage aboriginal tribes, whose numbers are not known. The islands produce some valuable timbers. There are about 2,200 square miles of virgin forest, at least two-thirds of which is estimated to be capable of profitable working. The configuration of the islands is exceptionally favourable both for the extraction and the shipment of timbers. Coconuts are the principal produce of the Nicobars. The arable area is extremely small. Port Blair in South Andamans is the chief harbour.

The following table shows the population of the islands—(i) convict and (ii) total—and its sexwise distribution and its growth during the census decade 1921—1931 :—

Year of Census.	Total population.			Convict population		
	Male.	Female.	Total.	In Jail.	Out of Jail.	Total.
1921	20,793	6,293	27,086	..	..	11,532
1931	19,702	9,761	29,463	485	7,053	7,538

We are informed by the department that the islands are of considerable strategic value for the navy. They are treated as a minor administration under the control of a Chief Commissioner assisted by a Deputy Commissioner, three Assistant Commissioners, a Revenue Assistant, a Personal Assistant, an agricultural officer and a part-time medical superintendent.

The Chief Commissioner is treated as a Local Government, even though he has not got the financial powers of a Local Government. He is also the sessions court and tries all murder cases.

The staffs for medical, police, marine, commissariat, jail and other departments have been described in the relevant portions of paragraph 7.

(2) *Convict Policy.*—Port Blair in South Andamans has been used since 1858 as a penal settlement for prisoners from India sentenced to transportation. Under the system in force prior to 1921 a convict used to be kept in the cellular jail for the first six months after his arrival in the Andamans. Thereafter for a period of 9½ years he remained a member of a labour corps, lived in barracks, was fed and clothed by the State and earned a small gratuity in cash. After that he earned a “ticket of leave” and was allowed to live a semi-independent life and to earn his livelihood. After a total period of 20 to 25 years he was released and had to leave the settlement. In addition to the convict population there was even before 1921 a permanent population of “local-born” persons (about 3,000 according to the 1921 Census), who found private employment in the islands as cultivators, traders or Government employees.

Since 1921 Government's accepted policy is to gradually abandon the Andamans as a penal settlement and to develop it as a free colony. In pursuance of that policy Government have taken the following measures. To start with, as many as possible of the convicts who had suffered in health or had proved incorrigible in conduct were transferred to jails in India. Transfers from India were severely curtailed and almost completely stopped. Convicts were given various inducements to stay on as free settlers, viz., relaxation of conditions, grant of "tickets of leave" after a short period of probation and facilities for getting the convicts' wives from India. Tickets were also granted to convicts retained on Government work whereby they were paid wages on a sliding scale according to skill. Convicts on the "rations and free clothing" basis were granted relaxations designed to remove the stigma of the convict state. Efforts were made to induce convicts to import their wives and families and also to obtain convicts in Indian jails to volunteer for transfer to the Andamans. The success of the attempt to provide a population by the settlement of married convicts is open to question.

In the interests of the free population a new Regulation was promulgated rendering it possible to give grants of land with scope for development on a tenure which could extend up to 60 years and to enable small holders to obtain occupancy rights under easy conditions. Convicts cultivating holdings were given the right to acquire from the day of their release occupancy rights in the holdings cultivated by them. These measures gave considerable stimulus to agriculture and cocoanut and other plantations. Government also decided to reclaim certain swamps in the neighbourhood of the more thickly populated parts of the Settlement.

The result of this policy has been a decline in the number of convicts and an increase in that of the free population and also a change in the mental outlook of the convict resulting in his bearing and conduct, his capacity for work and his general health. The areas under cultivation and plantations have grown substantially. There is a larger proportion of self-supporters than before.

(3) *Cost.*—The 1931-32 provisions for Account I which relates to the so-called "Convict Settlement charges" and Account III which relates to stamps inspections of motor vehicles and tagavi loans are 27.49 and .11 lakhs respectively. The provision for Account II relating to Forests is 14.62 lakh. The total provision thus amounts to 42.22 lakhs after taking into consideration the deduction of 2 lakhs made under Forests for "probable savings". Besides, there is a total provision of 3.51 lakhs included in other grants, e.g., census, civil works, pensions, refunds, etc. Total 45.73 lakhs.

The following table shows the increase or decrease of expenditure (in lakhs) on the administration of the islands :—

		1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Convict Settlement Charges.		16.12	34.91	27.13	26.09	26.69	23.78	23.87	29.37	32.40	27.49
Forests Account		2.75	12.87	11.54	11.34	12.20	14.50	13.29	16.87	18.15	14.62
III-Stamps and Miscellaneous.		..	..	..	.05	.05	.05	.10	.10	.10	.11
Civil Works		1.67	1.00	2.62	1.35	1.35	1.57	1.49	2.08	3.40	3.28
Pensions		*	.93	.06	.09	.06	.06	.07	.05	.05	.06
Total		20.54	48.81	41.35	38.92	40.35	39.96	33.82	48.47	54.10	45.56

Note.—For a true picture of the growth of expenditure certain adjustments must be made, viz., (i) the cost of the R. I. M. vessel included in the figures for steamers and station ships should be excluded, (ii) the recoveries on account of commissariat up to 1926-27 should be excluded and (iii) the non-recurring portion of civil works should be excluded. In the absence of the necessary detailed information we do not attempt to give precisely adjusted figures.

(4) *Growth of cost*.—There is, however, no doubt that the expenditure on the administration of the islands as a free colony has grown. Mr. Jukes remarked that between 1924-25 and 1929-30 there had been “a true growth of approximately 12·35 lakhs, of which 8·75 represents non-recurring items. Of the balance of 3·60 as much as 2·37 under Forests is more than covered by growth in forest revenues and the residue of 1·23 is the result of the policy of developing the islands as a free settlement”. Mr. Jukes’ remarks were based on the 1929-30 budget figures. Compared with these the 1931-32 provisions show growth or decline of expenditure as below :—

- (i) Superintendence ·58, (ii) Medical ·13, (iii) Police ·10, (iv) Marine minus 1·21, (v) Commissariat minus ·10, (vi) Miscellaneous ·08, (vii) Miscellaneous jail charges minus 2·32, (viii) Steamers minus ·35, (ix) Works minus 1·07.

would only offer certain explanations for a correct understanding of these figures.

The provision for “convict subsistence allowance” (viz., ·25 in 1931-32) in the budget for “superintendence” is a new feature arising out of the present convict policy and to a certain extent is a set-off against the decline of expenditure under jail charges. The provision for “marine” varies according to the need for repairs and for supplies. Commissariat charges in 1929-30 were gross and not net. Miscellaneous jail charges should go down as the accepted convict policy gets time to work itself out. The only important changes in regard to the station ship are that the charter money has gone up from 2·82 to 3·39 owing to a steamer of larger capacity being chartered; the estimated recoveries from the Forest Department are also less. As regards “works” the provision has varied mainly according to the estimated need for money for the reclamation of salt swamps.

(5) *Revenue*.—The revenue of the islands is shown in the following table. Practically speaking, the whole of it is derived from forests. The revenue shown under “jails and convict settlements” contains little besides the adjustment of recoveries from other departments on account of the hire of convicts and the sale of stores. Prior to 1926-27 recoveries from the Forest Department on account of the services of the steamers were credited as Forest Revenue; these are now shown as a deduction from the expenditure on the steamers.

	1913- 14.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Taxes on Income . . . .	..	·14	·13	·13	·14	·14	·15	·18	·17
Land Revenue . . . .	..	·39	·47	·36	·49	·66	·60	·64	·64
Excise . . . .	..	·04	·07	·06	·10	·17	·16	·17	·17
Stamps . . . .	..	·05	·05	·05	·05	·06	·06	·07	·07
Jails, etc. . . .	..	5·33	4·31	1·89	2·77	1·86	2·54	2·75	2·74
Forests . . . .	..	7·26	8·91	11·71	14·18	15·01	20·07	19·23	20·15
Civil Works . . . .	..	..	·05	·07	·11	·19	·11	·09	·18
Miscellaneous . . . .	..	..	..	..	..	..	..	..	·02
Total Revenues	8·84	13·21	14·00	14·28	17·34	18·09	23·74	23·16	24·17
Total Expenditure	20·54	41·35	38·92	40·31	39·96	38·81	46·35	50·66	42·22
Excess of Expenditure	11·70	28·14	24·08	26·03	22·62	20·72	22·61	27·50	18·05

(6) *Departmental proposals*.—The following reductions have been proposed under the various heads excluding forests, *viz.*,

	Rs.
A. Superintendence	17,180
B. Medical	16,980
C. Police	13,100
D. Marine	1,600
E. Commissariat	23,500
F. Miscellaneous	3,600
G. Jail Charges	70,440
H. S. S. Maharaja	25,000
I. Station Ship	31,000
J. Works	3,23,000
Total	5,25,380

The total expenditure under these heads amounts to Rs. 27,49,000 and the proposed cut works out to about 19 per cent. Excluding J—works, the cut amounts to about 12 per cent.

As regards Forests, the department holds that no considerable reductions can be made without affecting the revenues which amount to Rs. 20 lakhs against an expenditure of about Rs. 14½ lakhs, but the department remarks that a saving of Rs. 50,000 may be effected.

(7) *Our proposals* :—

(A) *Account I.*

(i) *Superintendence*.—(a) As in the case of Delhi, we think the administration of these islands should be placed on the footing of a district. We realise that the head of this administration may sometimes have to take decisions on important questions and act on his own initiative. Even then we think that a senior district officer should suffice. He may be called Commissioner but his pay should be on the senior I. C. S. scale (which applies to army officers holding posts borne on the I. C. S. cadre) *plus* a special pay of about Rs. 250. We may add that prior to 1920 the pay of this post was Rs. 2,500—100—3,000.

Apart from the Chief Commissioner, there are 7 officers, *viz.*, A Deputy Commissioner, 3 Assistant Commissioners, a Revenue Assistant, a Personal Assistant to the Chief Commissioner and an Agricultural Officer. For a total population of about 27,000 we consider a general administration on this scale excessive and we propose that the number of these officers should be reduced from seven to six. The provision of Rs. 1,800 for Medical Superintendence should be deleted. The Civil Surgeon's total emoluments appear to us to justify our proposal.

On these proposals the savings would be about Rs. 36,000 *plus* Rs. 1,800 = say, .38 lakh.

(b) In 1929-30 and 1930-31, establishments numbered 71 and cost .78 and .86 lakh respectively ; for the current year the strength is 78 and the cost 1.30 lakhs. We observe that the sudden growth of expenditure is mainly due to the introduction of " convict subsistence allowance." But even if this provision were omitted from calculation, the cost would still be 1.05. We do not think that the present accepted policy in regard to the Andamans justifies the growth of such expenditure so fast and we propose that the cost should be brought down by 15 per cent., saving nearly Rs. 19,000.

(c) As regards allowances, we observe that the actuals were Rs. 42,040 in 1926-27, Rs. 39,103 in 1928-29 and Rs. 58,330 in 1929-30. These included the Chief Commissioner's sumptuary allowance (sanctioned in 1925 for the first time), which on our proposals would not be needed any longer. Even if the head of the administration continues to be designated Chief Commissioner, we propose that it should be cut out, saving Rs. 2,400. The reduction of the number of officers and establishments proposed by us must involve the reduction of the provision of Rs. 66,700 for other allowances. We propose that the aggregate provision for 1932-33 should be reduced from Rs. 69,100 to Rs. 47,600

(d) The provision for grants-in-aid, contributions, etc., (A-4) should similarly be reduced by at least Rs. 1,200; this proposal assumes the reduction of two posts of officers entitled to the concession of passages for self and family.

(e) On our proposals the total reduction of expenditure will be .81 lakh as against Rs. 17,160 offered by the Home Department.

(ii) *Medical*.—The 1931-32 provision is 1.78 lakhs against .88 in 1926-27, 1.30 in 1928-29 and 1.66 in 1929-30. There are now five medical officers; in 1928-29 there were three and in 1929-30 four. The cost on account of the pay of medical officers has gone up from Rs. 35,321 in 1928-29 and Rs. 41,463 in 1929-30 to Rs. 60,200 in the current year. The islands have as many as nine civil and convict hospitals and ten dispensaries. Home Department has offered a permanent saving of Rs. 16,980. We do not consider this adequate. In our opinion the budget has grown too fast. After making due allowance for various considerations, we think the medical expenditure should be brought down to the level of 1928-29, i.e., to 1.30 lakhs. Savings Rs. .48 lakh. In this connection the special pay of Rs. 300 to the junior medical officers, who are drawn from the I. M. D., should be revised.

(iii) *Police*.—The Andamans police is largely military in character, and is manned by a Commandant (actual pay, Rs. 1,235 *plus* the Indian Army Allowance of Rs. 200 *plus* a special pay of Rs. 350) and a Deputy Superintendent (actual pay, Rs. 300 *plus* a special pay of Rs. 100). The force consists of 611 men and a boat crew; only 54 of the men are the civil police. The following table shows the growth of expenditure :—

1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
2.53	2.61	2.64	2.55	2.71	2.91	2.95

Under the present accepted policy, we do not see the justification for the growth of expenditure under this head. In our view it should go down gradually. Home Department has offered a saving of Rs. 13,100. Further it has proposed to reduce the establishments by 40. We recommend that the provision should be reduced by 15 per cent., i.e., by about Rs. 45,000.

The policy of employing an army officer as Commandant and paying him the army allowance and a large special pay should be revised; we hold that the time has now arrived for initiating seriously the policy of converting the Andamans police from an armed military battalion into a civil police force.

(iv) *Marine*.—The islands have some harbours which necessitate the maintenance of a marine department; the 1931-32 provision for this department is 1.72 lakhs net. The staff consists of an Engineer and Harbour Master (pay

Rs. 750) and an establishment numbering 72. The growth of permanent establishment and that of expenditure (in lakhs) other than that on the fluctuating item of marine supplies are shown in the following table :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1931- 32.
No. of establishments .	46	46	57	58	58	72	72
Total cost of "Marine" .	·47	·48	·57	·63	·72	·76	84

Home Department has offered a saving of Rs. 1,600 under the marine grant but we consider it quite inadequate. In our opinion a reduction of 10 per cent. (=17,230) is the minimum that should be effected.

The marine department supplies coal to the R. I. M. vessels also. The price charged for coal so supplied should be calculated so as to include a proportionate share of all overhead expenses, if this is not being done already.

(v) *Commissariat*.—This department is maintained for the supply of rations to the convicts and to troops and the police stationed in the islands. It also supplies meat, milk, flour and butter to the official population. It is administered by a Commissariat officer belonging to the Indian Army, who, in addition to his pay (actual pay, Rs. 655) gets a staff pay of Rs. 350 and a special pay of Rs. 100. The permanent establishment consists of 7. The following table shows the growth of expenditure :—

	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay and allowances, passage and contingencies	·18	·18	·19	·19	·19	·21
Supplies—						
Bakery	·07	·09	·08	·03	·08	·12
Dairy	·13	·12	·13	·18	·17	·46
Slaughter house	·49	·38	·37	·09	·30	·57
Other charges	2·32	1·30	·49	1·17	1·10	2·32
Recoveries . . . . .	..	..	..	..	—·50	—·97
Net cost of supplies . . .	3·01	1·89	1·07	1·46	1·15	2·50
Total cost	3·20	2·07	1·26	1·65	1·34	2·72

It will be observed that compared with the actuals of 1928-29, 1929-30 and 1930-31 the net total cost has gone up by over a lakh, and is almost double of the average (1·42) of those three years. The Chief Commissioner, while offering a total saving of ·23 lakh, explains this sudden and large growth as being due to the inclusion of freight charges. We cannot accept this or the statement that "the only fact which can lead to a marked reduction in the cost of these services is a decrease in the number of convicts" as a valid reason or a cogent explanation. The convict population is, we presume, declining and not growing. During the last few years prices too have been declining and not rising. We agree with Home Department in holding "that further economies could be effected by tightening up control, e.g., by *reducing wastage* and rigid scrutiny of indents, and would only add that prices for meat, milk,

flour, butter, etc., supplied to the police, the troops and the civilian population should be so regulated as to equalise them, as far as practicable, with prices which would be charged in a free competitive market. Action along these lines should enable the commissariat department to run without such heavy losses as appear to have been incurred. We propose that the net budget should be brought down to about the level of 1928-29, saving 1.46 lakhs in place of the saving of Rs. 23,500 offered by Home Department.

In this connection we think that a cheaper agency should be employed for the administration of the commissariat. As the daily ration strength of the detachment of British troops stationed in the islands is only about 135 men, we do not see why the commissariat officer should be such an expensive army man. We may explain that the present officer's pay is Rs. 655 and his extra emoluments, *viz.*, 350 and 100, amount to over 70 per cent. of his pay.

(vi) The miscellaneous departments maintained in the islands and their cost are shown in the following table :—

	1924-25.	1926-27.	1928-29.	1929-30.	1930-31.
Veterinary	·04	·05	·07	·08	·10
Education	·24	·27	·40	·44	·54
Treasury Registration, etc. .	·03	·03	·05	·04	·09
Total	·31	·35	·51	·57	·73

The establishments consist of 2 veterinary assistants with some temporary establishment, 29 teachers, a treasurer and a clerk and a registration clerk.

We agree that with the growth of the "free" population and an increase in the number of children born in the islands the demand for educational facilities must grow. We therefore propose that the education budget should remain as it is. Expenditure on the other departments was ·12 lakh in 1928-29 and 1929-30; the 1931-32 provision for them is ·18. We think it should be brought back to somewhere near the level of 1928-29 or 1929-30. Allowing for growth due to the accrual of increments we think it should be reduced by the amount, *viz.*, Rs. 3,600, offered by Home Department on the whole of this portion of the grant.

(vii) *Miscellaneous jail charges.*—The 1931-32 provision for this is 6.90 lakhs and includes Rs. 20,500 for clothing, Rs. 39,600 for passage money and payments to witnesses attending criminal courts, Rs. 5,38,000 for subsistence money, Rs. 20,700 for forest supplies and Rs. 100 for jail press supplies. These items depend on the relative proportions of the convict population in and out of jail and for purposes of a true comparison we propose to leave them out of our calculation. The expenditure on the other items in this part of the grant has varied as below :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of Establishments . . .	·48	·45	·46	·50	·46	·51	·52	·53
Allowances of Establishments .	·04	·04	·04	·05	·04	·05	·05	·05
Contingencies	·12	·12	·12	·12	·15	·13	·12	·11

The jail population has been declining and we think the strength of establishments should also go down ; in fact we observe that the present number, *viz.*, 30, is the same as in 1928-29. We agree with the Chief Commissioner and Home Department that the rate of subsistence money which used to be Rs. 11 per mensem should not be reduced below Rs. 10 per mensem. It is not possible for us to analyse the position further and we recommend that the saving offered by Home Department, *viz.*, Rs. 70,440 which includes about Rs. 60,000 on subsistence money for convicts out of jail, be accepted.

(viii) *Steamer "Maharaja"*.—Government have chartered from the Asiatic Steam Navigation Company a steamer, the "Maharaja" which plies between these islands and Calcutta, Rangoon and Madras. The charter costs Rs. 4.34 lakhs a year. The only fluctuating items which are amenable to appreciable reduction are the cost of coal, Indian port expenses and "other charges". The provisions for these were Rs. 53,542, Rs. 68,321 and Rs. 21,360 in 1929-30 ; in the 1931-32 budget they are Rs. 60,000, Rs. 68,000 and Rs. 24,800 respectively. Against the gross expenditure there are recoveries, mainly from the forest department.

Home Department has offered a saving of Rs. 25,000, *viz.*, Rs. 16,000 on the cost of coal, Rs. 8,000 on port expenses and Rs. 1,000 on other charges. It is proposed to reduce the number of sailings between the islands and the Indian ports. We recommend that this offer be accepted. Since the prices of coal and other materials have fallen, we do not consider it at all difficult to effect the proposed saving.

We must, however, observe that *prima facie* the charter money, *viz.*, 4.32 lakhs appears to us to be extremely high for a steamer for this purpose. During the present trade depression steamers can be purchased cheap and in our opinion it will be a sound investment to buy up a steamer or two outright ; in 1930 the estimated capital cost of a steamer for this purpose was £60,000. The present charter expires in September 1933. We do not know whether there is any provision for terminating it after giving a stipulated or a reasonable notice. In any case we propose that the matter should be investigated.

(ix) *Station ship*.—The administration maintains a station ship, which plies mainly between the islands and makes trips to Rangoon and occasionally to Madras. It is also used for the transport of troops. To all intents and purposes it is a second steamer serving the islands. The charter costs Rs. 3,39,200 and the total provision is 4.54 lakhs gross and 2.04 net. This steamer was chartered only recently and therefore comparison with expenditure in previous years can afford little guidance. Home Department has offered a saving of Rs. 31,000, *viz.*, Rs. 15,000 on the cost of coal, Rs. 15,000 on Indian port expenses and Rs. 1,000 on other charges. It is also proposed to reduce the number of sailings. We recommend its acceptance. We also endorse the Home Department's suggestion that this ship should be used for the duty of tending lighthouses along the Burma coast. The need for a station ship should be re-considered.

(x) *Works*.—The 1931-32 provision is 3.23 lakhs. It was intended for the reclamation of certain salt swamps. This work has been completed at a total cost of 16.10 lakhs against the original estimate of 14 lakhs. It is unlikely that any provision will be needed for 1932-33. The budgetary position should therefore improve automatically by 3.23 lakhs in 1932-33.

(xi) In a budget of the character and size of this grant we hold that there should be a *minus* provision for "probable savings". In the original budget for 1930-31 there was a provision of 1.50 lakhs for this purpose ; in the revised budget the amount was reduced to 1 lakh. The 1931-32 budget has no such provision in this account, though we note that there is a *minus* provision of 2 lakhs in Account II. In our opinion there should be room for Finance

Department to provide for some "probable savings" in this account in the 1932-33 budget even after effect is given to our proposals. But, we shall leave out of our calculation such savings as Finance Department may be able to effect.

(xii) On our proposals the reduction of expenditure in Account I will be 7.50 lakhs.

(B) *Account II.*

(xiii) This account relates to Forests. The gross provision for 1931-32 is 16.62 lakhs, but there is a *minus* provision of 2 lakhs for "probable savings". The following table shows the rise or fall of expenditure on certain items relating to the exploitation of the forests in the islands :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Removal	7.41	7.45	7.36	8.07	8.12	9.60	9.70	11.15
Livestock, stores, etc. . . .	1.33	2.04	2.45	1.56	2.18	1.73	1.63	1.45
Communications, etc. . . .	.67	.11	.23	.03	.14	.10	.10	.16
Conservancy, etc. . . .	10.12	9.93	10.65	10.03	10.95	11.76	11.80	13.17
Establishments, etc. . . .	1.41	1.42	1.55	1.45	1.66	1.54	1.57	2.11
Total of Account II	11.53	11.34	12.20	14.50	13.36	16.87	18.16	16.62

The superior staff maintained consists of a Chief Forest Officer, two Deputy Conservators, five Extra Assistant Conservators, a Veterinary Officer and an Accounts Officer. The establishments number 84 to which has been added in 1931-32 an engineer and 18 others. It will be seen that the net cost of officers and establishments has jumped up from 1.57 in 1930-31 to 2.11 in 1931-32. Apart from a decrease in the share charged to "Capital", the principal reasons for the upward jump are the appointment of the new staff and additional provision for temporary establishments.

Receipts from forests are estimated at 20.14 lakhs.

The Chief Commissioner offered for 1931-32 a saving of 1.46 lakhs from the net grant of 14.62 lakhs. A permanent saving of .50 lakh has since been suggested by Home Department. We do not consider the offer adequate. For the exploitation of forests of this size the staff employed appears to us excessive, and in our opinion two officers' posts—A Deputy Conservator's and an Extra Assistant Conservator's—should be brought under reduction. We do not see the need for the new staff sanctioned with effect from 1931-32. There appears to be ample room for savings under head "A", i.e., "Conservancy, maintenance and regeneration". We think it should not be difficult to repeat in 1932-33 the savings totalling 1.46 lakhs which the Chief Commissioner offered in respect of the current budget. We propose that the budget for 1932-33 should be reduced by 1.50 lakhs and the provisions under A-1 and B-2 should be specially scrutinised, so as to yield a saving of 1.50 lakhs in all.

(C) *Account III.*

(xiv) *Other expenditure.*—The only item of importance in this account is the provision of .10 lakh for the writing off of irrecoverable taqavi loans. In respect of 1931-32 the Chief Commissioner offered to save Rs. 4,000 and

Home Department recommended the acceptance of the offer. We observe, however, that the actual expenditure was Rs. 9,600 in 1928-29 and Rs. 10,049 in 1929-30. We therefore propose to leave this Account as it is.

Summary of Savings.—On our proposals there will be a total reduction of expenditure of 7·90 plus 1·50 = 9·40 lakhs.

(8) *General scrutiny.*—In this grant we have found numerous cases of what appears to us to be over-budgeting and lack of adequate control over the growth of expenditure. As illustrations we may mention (a) the 1931-32 provisions for the bakery, the dairy, the slaughter-houses, other commissariat charges, cost of coal for the S.S. "Maharaja" and the station ship, (b) the fact that a larger-sized steamer was chartered for service as a station ship and (c) the growth of the staff, e.g., the number of medical officers. Some decline of expenditure should have been the normal result of the present accepted policy in regard to the convict settlement; in fact we observe that, broadly speaking, the tendency is towards an increase. We have come to the conclusion that the entire position needs a thorough scrutiny on the spot by a Finance officer and we propose that it should be undertaken as early as possible. In this connection, the need for a second steamer to serve as the station ship should also be reviewed in the light of our observations in sub-para (ix).

(9) *Conclusions as to financial prospects.*—A striking feature of the administration of these islands is the very great excess of expenditure over revenues. This is the inevitable result of the past history of the islands as a penal settlement. The Inchcape Committee observed that the pre-war excess of expenditure over revenues, which was 11·70 lakhs, had threatened to grow to 34·48 lakhs and made proposals for the reduction of the gap by 4·43 lakhs. Even then the excess would have been about 30 lakhs. It has been substantially reduced since as a result of the new policy adopted in 1921. If the heavy outlay of 16·10 lakhs on the reclamation of salt swamps financed in the last three years be left out of account, the average excess of expenditure over revenues is gradually declining. The present policy should lead to a growth of forest and other revenues. Under the proposals we are making the gap will be narrowed still further to about 8 lakhs, so that, whether the islands are to remain as part of India proper or are to be made over to a separated Burma, they will cease to be the heavy financial burden which they have been in the past.

CHAPTER XIX.

GRANT No. 86.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE SECRETARY OF STATE FOR INDIA (34·77 lakhs).

GRANT No. 87.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE HIGH COMMISSIONER FOR INDIA (75·14 LAKHS).

(1) *Explanation of grants.*—(A) The net grant of 34·77 lakhs for the India Office may be set out as below :—

(i) Salaries of establishments (27·09) <i>minus</i> recoveries from the British Exchequer (13·8)	14·01
(ii) India Office expenses—Postage and telegrams (1·03), contingencies (2·19), other expenditure (·17) <i>minus</i> recoveries (1·21)	2·18
(iii) Audit establishments (2·26) <i>minus</i> recoveries from the British Exchequer (·44) and portion chargeable to High Commissioner (1·03)	·79
(iv) Contribution to League of Nations (9·03) and other expenditure in that connection (·80)	9·83
(v) Miscellaneous civil charges of which stationery and printing (1·54 gross and 1·08 net) and Secret Service expenditure (1·07) are the largest single items	7·96
Total	34·77

(B) The High Commissioner's grant of 75·14 lakhs for 1931-32 consists of the following items (for details *vide* table in paragraph 8) :—

(i) High Commissioner and his office	12·80
(ii) Education Department	1·33
(iii) Stores Department	27·24
(iv) Trade Department	2·03
(v) Portion of cost of India Office Audit establishment	1·03
(vi) Grants-in-aid (·13), unforeseen charges (·03) and other charges (·35)	·51
(vii) Recoveries, <i>viz.</i> , (a) surcharges on stores for central "commercial departments" (2·61), and for provincial governments (2·41), (b) provincial share of cost of establishments for issue of leave salaries, pensions etc. (2·88) and of the Education Department (1·91)	—9·81
Net	35·13
(viii) Disbursements by High Commissioner on instructions from India—mainly leave salaries, pensions etc.	40·01
Total	75·14

(2) *Control.*—Though nominally the administrative control over the High Commissioner's Office is vested in the Commerce Department, the demand for the grant is presented by the Finance Department and in fact several departments of Government purport to control the various parts of it. Budget control as such must be ineffective.

The demand for the voted portion of the India Office estimates is presented to the Indian Legislature by the Finance Department. The Secretary of State is, however, empowered by section 2(2) of the Government of India Act, 1919, to "superintend, direct and control all acts, operations which relate to the government or revenues of India and all grants of salaries, gratuities and allowances and all other payments and charges out of, or on, the revenues of India", except where a devolution or delegation of his powers has taken place.

(3) *Historical*.—Prior to 1920-21 the India Office performed not only political functions but also “agency” work on behalf of the Government of India. Under the provisions of Section 22-A of the Government of India Act, 1919, a High Commissioner was appointed in 1920-21. The whole cost of his office was intended to be, and is, a charge on Indian revenues and he was to “perform for India functions of agency, as distinguished from political functions, analogous to those now performed in the offices of the High Commissioners of the Dominions”. Stores and Students’ Departments and certain minor matters were transferred on 1st October 1920 and further transfers of work were made on 1st April 1921 and 1st April 1922.

Concurrently with the provision for the appointment of a High Commissioner, the Government of India Act as revised provided that “the salary of the Secretary of State shall be paid out of moneys provided by Parliament, and the salaries of his under-secretaries and any other expenses of his department may be paid out of the revenues of India, or out of moneys provided by Parliament”, and similarly, that the salaries and allowances of the members of the Council of India may be paid from either of these sources. A Committee appointed to consider the allocation of the balance of the expenditure of the India Office, after transfer of certain of its functions to the High Commissioner, recommended that :—

- (i) the salary of the Parliamentary Under-Secretary of State as well as the salary of the Secretary of State be definitely placed on the British Parliamentary vote ;
- (ii) in the case of the remaining expenditure a distinction be drawn between the charges incidental to the political and administrative duties of the Secretary of State, acting as a Minister, and the agency business still conducted by the India Office on behalf of the Indian authorities ; and
- (iii) that under this arrangement the British Treasury be liable for —
 - (a) the salaries and expenses (and ultimately pensions) of all officials and other persons engaged in the political and administrative work of the office as distinct from the agency work, and
 - (b) a proportionate share determined with regard to the distinction laid down in (a) of the cost of maintenance of the India Office,

the exact sum payable under (a) and (b) respectively to be determined by agreement between the Secretary of State and the Treasury from time to time.

Detailed calculations to give effect to this settlement were worked out by a departmental committee which recommended that for a period of five years from the 1st of April 1920 the Treasury should make to the India Office an annual lump sum contribution which would remain constant for that period. In pursuance of these recommendations, the salaries of the Secretary of State and Parliamentary Under-Secretary are now charged on the Parliamentary votes and a grant-in-aid in respect of the India Office is made by the Treasury. The grant-in-aid for 1920-21 was, in the first instance, fixed at £72,000 on the basis of the 1920-21 estimates ; but later in the year, on the basis of a revised estimate submitted by the India Office, it was fixed at 136,000 per annum for the period 1920-21 to 1924-25.

Subsequently, in the course of 1921-22 as a result of a reduction in the rate of 'bonus' due to the fall in the cost of living, the Secretary of State in Council offered to relax the agreement to the extent of conceding to the Imperial revenues a proportionate share of any economy that could be effected in the estimates for 1922-23 as compared with the figures on which the subsidy was based. This resulted in the grant-in-aid being reduced to £113,500 which was distributed among the main account heads as follows :—

	Gross expenditure.	Contribution.	Net expenditure.
	£	£	£
General Administration	252,700	101,400	151,300
Audit	13,700	5,800	7,900
Stationery and Printing	14,000	6,300	7,700
Total	280,400	113,500	166,900

This reduction did not take fully into account the reorganisation of the establishments then contemplated in the India Office on the lines laid down for the administrative offices of the British Government. If allowance had been made for this, the grant-in-aid would have been fixed at a sum of £122,000, representing a saving of £8,500 to Indian revenues.

(4) *Growth of expenditure.*—We have given under each grant various tables to show how expenditure has varied. Here we shall give some tables to show the variation of expenditure and the growth of staff in the India Office and the High Commissioner's office as parts of an organisation which was once unitary—

(i) The total establishments of the India Office just prior to the institution of the High Commissioner numbered 1,135, but this was an abnormally inflated number due to the aftermath of the war. In spite of the devolution and delegations in favour of the Government of India and the provinces and the inauguration of the Indian Stores Department the staffs in the two offices numbered 1,194 *viz.*, 690 in the India Office and 544 (including 16 men employed on temporary decoration work) in the High Commissioner's, in 1930-31. It should be noted that even since 31st March 1931 the High Commissioner's staff has increased by 14.

(ii) Again, in spite of the decline in salaries under the operation of the sliding scale, the gross cost of salaries in the two offices (excluding the Trade Commissioner but including the Stores and Education departments) has been (in thousands of pounds) :—

	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
India Office	308	259	220	200	191	195	191	191	189	194	195
High Commissioner	52	129	130	126	128	141	142	148	154	133	172
Total	360	388	350	326	319	336	333	339	343	327	367

(iii) The growth of expenditure on certain incidental charges is shown in the following tables :—

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
P. and T. charges	2,853	3,356	1,969	2,101	2,237	2,726	2,198	1,800	1,970	1,866	2,100
Health Insurance	695	867	363	695	837	893	887	807	776	872	900
Contingencies	4,128	7,453	6,137	6,444	7,324	5,334	5,526	6,844	11,873	15,503	17,100
Stationery	5,316	5,437	4,763	4,690	5,358	4,326	5,030	4,447	4,593	7,121	6,000
Total	12,992	17,113	13,332	13,930	15,756	13,279	14,241	13,898	19,211	25,367	26,100

(iv) The following table shows the growth of the gross expenditure on the salaries of the staff of the India Office and the High Commissioner's office. The former set includes Audit costs and the latter includes salaries under all heads.

	Secretary of State.			High Commissioner.			Net total.
	Expenditure.	Recoveries.	Difference.	Expenditure.	Recoveries.	Difference.	
	£	£	£	£	£	£	
1913-14	151,793	...	151,793	...	...	...	151,793
1918-19	220,336	...	220,336	...	...	...	220,336
1919-20	295,168	...	295,168	...	...	...	295,168
1920-21	323,022	...	323,022	51,671	...	51,671	374,693
1921-22	275,187	190,595	84,592	128,847	91,014	37,833	122,125
1922-23	234,300	107,200	127,100	129,227	70,730	58,997	180,067
1923-24	212,759	148,342	64,417	130,115	68,683	61,432	125,849
1924-25	204,780	149,057	55,693	133,631	65,319	68,312	124,005
1925-26	205,540	151,496	54,044	147,213	111,063	36,151	90,196
1926-27	203,505	126,115	77,390	150,411	123,812	26,599	108,989
1927-28	203,868	124,045	79,823	150,612	160,896	-4,274	75,649
1928-29	202,742	121,838	80,904	162,504	104,174	58,330	139,234
1929-30	207,229	119,004	88,225	178,450	118,174	60,276	148,501
1930-31	208,669	122,504	86,185	187,748	100,363	87,386	173,671
1931-32 (Budget)	220,125	118,200	101,925	189,675	73,575	116,100	218,026

We shall now deal with each of these grants separately.

GRANT NO. 86.—SECRETARY OF STATE.

(5) *Secretary of State's proposals*.—A Retrenchment Committee appointed by the Secretary of State in May 1931 (over which Sir Henry Wheeler presided) reported to him that (i) owing to the presence in the estimates of large items of an immutable nature, in particular the contribution of £67,725 towards the cost of the League of Nations secretariat, anything approaching an all-round reduction by ten per cent. either in the current year or in the immediate future was impossible, (ii) an immediate investigation in regard to the retrenchment of staff was undesirable in view of the imminence of the resumption of the Round Table Conference, (iii) the automatic operation of the sliding scale governing the cost of living bonus payable to the staff had reduced the net cost of the staff by approximately $7\frac{1}{2}$ per cent since the period of stability in 1923—26, (iv) the possibility of effecting some reduction under telegrams, air mail, office repairs, lighting and fuel, house articles, books and periodicals, library and advertisements would be explored, (v) extended use of the wireless in replacement of the cable might be made, (vi) the reduction or even discontinuance of the contribution to the Indian Museum Collection at Kew might be examined, (vii) the possibility of retrenching expenditure on the personnel attending conferences (e.g., International Labour, Disarmament, Opium and Drugs, Treatment of Foreigners) and the Assembly of the League of Nations should be investigated in India, and (viii) an effort should be made to secure the discontinuance of the annual contribution of £12,000 from Indian revenues in aid of diplomatic establishments in China.

The Secretary of State has intimated that he has accepted these conclusions and initiated action on the lines proposed. The question of reduction in the scale of allowances for Delegates and Advisers to International Conferences and the Delegates to the resumed Round Table Conference was taken up and some reduction was effected. He has added that the question raised in (viii) will be taken up in due course but no other saving in the grants for "Political" and "Frontier Watch and Ward" appears practicable.

The India Office states that the savings cannot be precisely estimated, but has promised that the greatest possible economy will be exercised.

Procedure followed by us.—The Secretary of State laid down the following procedure for us:—"If your Advisory Committee should wish to make any comment on this grant, they should be addressed to myself through your Government and not to the Government of India direct". Our official colleague Mr. Nixon suggested that we should await the report of the Secretary of State's Economy Committee and should not issue a questionnaire in regard to this grant but should "consider ourselves free to make any recommendations which we think fit". We accepted this suggestion. Apart from the bare summary in three pages in the Demands for Grants and a cable summary of the report of the Economy Committee mentioned above and of the conclusions of the Secretary of State and the action taken or contemplated by him on that report we had no information in regard to this grant. We have therefore had to base our proposals, not on our usual detailed scrutiny of each item but on broad *a priori* grounds.

(6) *Our proposals*.—We have shown above how expenditure on General Administration in England has grown. Considering that the work that was to be taken over by the High Commissioner was a strictly defined part of the work which used to be done till then by the India Office one should have expected as regards the combined expenditure of both offices nothing more than the normal growth of expenditure such as occurs in every Government department.

The Honourable Mr. (now Sir) Purshotamdas Thakurdas, a member of the Indian Retrenchment (Inchcape) Committee, 1922-23 stated the position as he visualised it in the following terms :—

“ These changes should be brought about forthwith, and then the India Office should cost nothing to the Indian Exchequer, on the principle laid down by the Committee, since the India Office would then be left with only political work, which has been approved as a fair charge on the British revenues.”

We entirely agree with the view taken by Sir Purshotamdas Thakurdas that with the complete divorce of agency from political work in England the India Office should no longer involve any financial burden on Indian revenues. We do not, however, consider that it would be possible to bring about such a change immediately. We therefore propose that action should be taken early to bring it about in as short a period as practicable. As an earnest of action in the direction indicated by us, the Secretary of State's budget should be reduced by 25 per cent. on all items except those on which no retrenchment is possible (e.g., the British National Health Insurance Scheme contributions).

(ii) In our opinion India's contribution of Rs. 9·03 lakhs towards the expenses of the League of Nations is unfair to India's relative position in the League and out of accord with her economic conditions. We consider that the Government of India should press strongly for a revision of the formula at present governing the contributions of members and that they should themselves devise a substitute formula so as to impose a substantially smaller burden on India than the present one. The necessity for action on these lines is all the more pressing in view of the contingent rise in the rupee cost to India consequent on the breakaway from gold. We recognise that it may not be possible for the Government of India to succeed immediately in bringing about the result we contemplate but we strongly feel that if suitable relief to India is not forthcoming within the next twelve months, India should seriously consider whether in her present financial stress she should not withdraw from the League.

(iii) There appears to be some possibility of reducing the expenditure under Miscellaneous Civil charges aggregating 7·96 lakhs. Although we are unable to estimate the probable savings in this part of the grant, such economies as may be effected may possibly suffice to meet the extra cost of India's contribution to the League of Nations' secretariat on account of the depreciation of the sterling and the rupee in terms of gold.

As regards the possibility of reducing other expenditure in England under the Secretary of State's control, e.g., the provisions for political, Frontier Watch and Ward, we shall deal with it in the report dealing with the Foreign and Political Department.

(iv) The audit establishments maintained by the India Office serve the High Commissioner's Office also. Audit charges have grown as shown below :—

	1913-14.	1918-19.	1919-20.	1920-21.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£	£	£	£	£	£
India Office	7,440	9,107	12,392	14,956	4,562.	5,346	5,438	6,100	5,400	5,900
High Commissioner	...	...	...	...	7,500	7,500	7,500	7,500	8,000	7,700
Charged to Local Governments	...	...	...	...	3,525	3,437	3,437	3,400	3,500	3,400
Total	7,440	9,107	12,392	14,956	15,587	16,183	16,375	17,000	16,900	17,000

In spite of the decline of salaries owing to the operation of the sliding scale for the cost of living bonus the cost of audit has been rising even though very slowly. We think, the expenditure should be reduced by about ten per cent.

(7) *Summary.*—We estimate that our proposals will yield a saving of about 8 lakhs. (We have taken the gross provision for India Office establishments as one of the bases of our calculation.)

GRANT NO. 87.—HIGH COMMISSIONER.

(8) *High Commissioner's proposals*.—The following table shows in detail the reduction of expenditure which the High Commissioner hopes to effect during the current year.

	Budget, 1931-32.		Proposed cut.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
A. High Commissioner's establishments (other than the Store Department and the Education Department)—				
1. Salaries—General	19,800	11,775	600	300
2. Salaries—Accounts Department .	21,225	13,875	1,200	600
3. Expenses in connection with new Office . . . . .	..	..	..	..
4. Mural paintings at "India House "	2,475	—	..	..
B. High Commissioner's office expenses—				
1. Postage and telegrams to India .	2,100	..	150	..
2. National Health and Unemployment Insurance	—	900	..	..
3. Office contingencies, etc. . . .	15,975	1,125	525	..
Education Department—				
1. Salaries	6,000	—	300	..
2. Other expenses	3,975	..	300	..
D. Colonial Departmental charges for issue of leave pay, etc.				
	750	..	..	..
E. Store Department—				
1. Salaries	45,525	56,250	3,300	2,925
2. Wages of artificers, labourers, etc.	16,500	..	975	..
3. Professional inspection of stores .	55,350	—	2,700	..
3. Office contingencies, etc. . . .	27,075	3,600	3,075	..
F. Trade Department—				
1. Salaries	3,750	3,000	150	..
2. Other expenses	3,975	225	150	..
3. Trade Commissioner in Europe .	2,250	2,025	..	..
G. India Office Audit Establishment (portion relative to High Commissioner's work)				
	..	7,725	..	..

	Budget, 1931-32.		Proposed cut.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
H. Deduct recoveries—				
1. Surcharges on stores supplied to commercial departments of the Central Government . . .	—19,575	..	..	..
2. Surcharges on stores supplied to Provincial Governments, Local Funds, Indian States, etc. . .	—18,075	..	..	..
3. Provincial Governments' share of the cost of the High Commissioner's establishment for issue of leave salaries, pensions, etc. . .	—21,600	..	..	..
4. Provincial Governments' share of the cost of the High Commissioner's Education Department . . .	—14,325	..	..	..
I. Miscellaneous civil charges—				
1. Leave salary, etc., of Indian Establishments . . .	49,650	210,300	..	..
2. Allowances and fees to Scholars and Probationers . . .	6,150	..	..	..
3. { Expenditure in connection with appointments to the Indian Services . . .	975	..	..	..
{ Recruitment of personnel for Indian State Air Service . . .	3,225	..	..	..
4. Payments to Imperial Airways, Ltd., for Karachi—Delhi Air Service . . .	25,950	..	..	..
5. Stationery and Printing—				
(a) Stationery, Printing and Bookbinding charges . . .	6,000	..	..	..
(b) Leave Salaries, etc. . .	2,625	1,200	..	..
6. Grants-in-aid . . .	975	..	..	..
7. Unforeseen charges . . .	225	..	..	..
8. Other charges . . .	2,625	..	..	..
Total, Grant No. 87 . . .	251,550	312,000	13,425	3,825
			=17,250.	

The saving amounts to only £17,250 out of a grant of £563,550. It is admitted that even these savings will be effected only "by postponing certain maintenance charges and omitting all but bare necessities". The High Commissioner points out that the scope for savings is, practically speaking, limited to items A to F of the table and that the operation of the sliding scale for the cost of living bonus serves as an automatic measure of retrenchment. He considers that no reduction of staff is possible. Even in the case of his Stores Department, where the volume of work has admittedly declined, he has only offered savings of £850 in all on *salaries* (in addition to the anticipated savings on account of the reduction of the bonus payable), and has offered the following explanation as to why no further reduction of staff can be made at present :—

"Although the volume of purchases has declined owing partly to reduced expenditure by indenting departments and partly to the extension of the rupee tender system, there is nevertheless a considerable amount of pre-contract work preliminary to local purchases

followed by post-contract work relating to the inspection of materials for which orders have been placed in India. This work is more complex than similar duties under contracts arranged here and involves more correspondence and general office work."

(9) *Our proposals*.—It will be convenient if we deal with the main branches of this office separately, *viz.*, (a) the High Commissioner's office proper, (b) Education Department, (c) Stores Department, and (d) Trade Department. Audit will be disposed of along with (a).

(a) **High Commissioner's Office.**

(i) It is difficult to get reliable figures of the cost of the office proper of the High Commissioner for the years up to 1928-29, since the head "salaries" in the Finance and Revenue Accounts includes salaries in the Stores and the Education departments. The following table gives such figures for the three years ending 1931-32 :—

	1929-30	1930-31.	1931-32.
Salaries—General	3.35	4.01	3.83
Salaries—Accounts	4.44	4.57	4.68
New office expenses*	27.38	4.30	..
Mural painting* . . . . .	..	..	.33
P. and T. charges . . . . .	.26	.28	.28
National Health Insurance . . . . .	.10	.12	.12
Contingencies	1.58	2.08	2.28
Colonial Department . . . . .	.09	.10	.10
Stationery, Printing and Bookbinding . . . . .	.61	.75	.80
Total (omitting items marked*)	10.43	11.91	12.09

(ii) The office is organised in departments with sections each in charge of specific classes of work.

In the General Department one section deals with deputation, study leave, facilities to Government officials not on deputation or study leave and to non-officials, another with questions relating to passage, passports, destitute Indians, lascars, a third section with recruitment cases (about sixty a year). Records, library, book purchase and publication work are in charge of another section, and registration work is in charge of an independent section.

The Accounts Department has ten different sections, and it has been pointed out that whereas the India Office used to classify leave pay under only four heads of account, the High Commissioner has to do so under 384 heads while sterling overseas pay accounts for another 340 heads.

The recently created "Public Department" has charge, *inter alia*, of the High Commissioner's international work.

(iii) The High Commissioner hopes to be able to effect savings of £900 and £1,800 in the General and the Accounts departments respectively, mainly owing to the lower bonus payable under the operation of the sliding scale. He has

also offered certain minor savings, *viz.*, £150 under postage and telegram charges, £600 under stationery and printing and £525 under contingencies. The last item involves the postponement of the cleaning of the exterior of the India House and of the supply of racks and shelves.

(iv) *Our proposals.*—In paragraph 4 we have given certain tables in support of our conclusion that the total expenditure of the High Commissioner's office and the staff controlled by him have both grown to an extent which demands serious retrenchment irrespective of the departmental view as to the irreducible minimum.

In the case of this grant also we are handicapped in making our retrenchment proposals since we did not have detailed information such as we had in the case of the other grants dealt with by us. We are therefore unable to give detailed reasons in support of our recommendations. We take our stand not so much on the ground that the staff is excessive for the work in hand as on the ground that the expenditure must be cut down in the interests of the tax-payer. We feel that the limit of the capacity of India to bear additional taxation has been reached and that she must no longer aspire to keep up her present standards and therefore her present scale of expenditure. We propose that the budget of the High Commissioner's office should be reduced by 20 per cent. as regards the items which are controllable. The total provision for such items excluding the provisions for the Stores department in the 1931-32 budget is 17·35 lakhs. A reduction of 20 per cent. on this amount would amount to 3·47 lakhs. Our proposal is essentially a "block" cut and is not based on a detailed scrutiny of each item but we may indicate a few specific directions along which, retrenchment can and may be effected :—

- (a) The Deputy High Commissioner's post, even if it only replaced a Secretary's post, may be abolished. In the High Commissioner's absence the seniormost officer in the office can "deputise" for the High Commissioner, but he should get no extra emoluments on this account. This will yield a saving of nearly Rs. 27,000 on pay alone.
- (b) The High Commissioner has a Private Secretary and a Personal Assistant. One of these posts might be abolished, saving about Rs. 5,000 to Rs. 6,500.
- (c) Certain officers may be retired and their posts may be left vacant or be filled by junior men at the bottom. We may give a few examples :—

Designation.	Age on 31st December 1931.	Pay. £
Secretary	53½	975
Chief Accounting Officer	57½	1,100
Assistant Chief Accounting Officer	56½	750

- (d) We observe that the Indian members of the High Commissioner's staff drawing a basic pay of £400 a year or less get an overseas allowance of £50 a year. It has been pointed out to us that Indianisation of the staff has therefore involved an increase in the cost on account of the emoluments of the subordinate staff. The original estimated annual cost of this allowance was only

£650 ; in fact, we observe that it is now costing £3,000. We recommend (Mr. Ramsay-Scott dissenting) that this privilege should be abrogated. Its value to the Indian staff is small and it may serve only to supply a misleading analogy in defence of overseas pay to non-Asiatic officers serving in India. The Indianisation which, we think, the country has at heart is in the superior and not in the merely clerical posts.

- (e) The "Public Department" may be absorbed into the General Department from which it was recently separated. It may be possible to appoint the present incumbent of the post of Secretary in the Public Department as Secretary, General Department, and to treat him as entitled to "deputise" for the High Commissioner during the latter's absence.
- (f) We also presume that the provision of Rs. 33,000 in the current grant for mural paintings in the India House will automatically cease.
- (g) The 1931-32 provisions for contingencies, stationery and printing and postage and telegram charges are £17,100, £6,000 and £2,100 respectively. We think it should be possible to effect savings in these items in the High Commissioner's budget just as we hold it feasible to do so in the case of departments and offices in India. Even a twenty-five per cent. cut in these will still leave the provision at about the 1929-30 level, while yielding a saving of Rs. 84,000.
- (h) Some saving is possible under "audit", the figures for which are not included in the figures on which we have proposed a cut of 20 per cent. On our proposal in paragraph 6 (v) the savings should amount to over 10 lakh.
- (i) A few more specific details can be given, but we consider it unnecessary to do so. Having regard to the financial position of India we propose that the High Commissioner should be called upon to reduce his expenditure so as to realise a total saving of 3.47 lakhs on the controllable expenditure other than that on the Stores Department. The specific suggestions made by us above give a saving of nearly 2.20 lakhs. In addition, we have suggested specific savings of .60 on the Trade Department and .45 on the Education Department. He has thus only about ½ lakh more to save. Our proposal in (v) above offers a promising field for economy. We thus think, a total saving of 3.47 lakhs should not be difficult in a budget of 17.35 lakhs.

(b) Education Department.

(i) The staff consists of a Secretary (£700—900), five other officers and five clerks. Two officers' posts were created since 1929. A hostel is maintained at Cromwell Road, London, for the benefit of Indian students. The loss on its working was £401, £177 and £287, in 1927-28, 1928-29 and 1929-30, respectively.

(ii) The sterling expenditure of this Department has been :—

1913-14.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
2,811	3,326	4,749	5,105	4,934	4,678	4,545	3,269	3,144	4,092	3,714	3,227	8,900	10,400	10,000

The figures up to 1928-29 do not include the cost of salaries, which amounted in 1929-30 to £5,900.

(iii) In response to the Finance Department's call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his provision under this department by £600 including £300 on the repair and maintenance of the Cromwell Road Hostel.

(iv) We consider that the staff and expenditure of this Department are growing at a pace not justified by its real utility or even the growth of its work. Among Indian students its popularity is by no means universal and some of us are personally aware of the fact that it is not unusual for Indian students, especially those who have friends or other connections to help them in securing admissions, to avoid seeking its assistance. In our opinion a substantial curtailment of its activities will not injure the interests of the Indian student community, and we propose that its expenditure should be reduced by one-third, saving nearly Rs. 45,000.

For purposes of calculation we have lumped it with the expenditure, other than that of the Stores Department, which we have disposed of above.

(c) Stores Department.

(i) The administrative control over this branch of the High Commissioner's office is exercised by the Department of Industries and Labour as the department in control of the Indian Stores Department in India.

(ii) The following tables show the variations of the staff of, and the expenditure (in sterling) on, this department :—

TABLE A.—TOTAL COST.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
	£	£	£	£	£	£	£
(i) Proportionate cost of India House and Grosvenor Gardens charged to Stores.	17,746	18,787	18,438	20,750	21,221	18,817	20,660
(ii) Stores Department		142,068	139,598	143,566	148,761	152,100	155,386
(iii) Professional Inspection	21,064	44,064	54,084	58,546	54,921	65,395	62,369
(iv) Stationery, printing etc.	2,345	2,679	2,163	2,815	2,223	1,913	2,967
(v) Other "Miscellaneous"	4,065	8,642	1,958	1,663	1,367	1,908	1,316
		212,460	216,231	227,359	228,503	239,533	242,918
Deduct recoveries on account of packing charges . . . . .	...	12,363	17,904	11,610	...	...	...
Net total cost . . . . .	...	200,107	198,327	215,749	228,503	239,533	242,918

TABLE B.—COST OF STORES DEPARTMENT PROPER.

	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
(i) Cost of Staff	99,992	98,021	1,00,479	1,05,159	1,10,358	1,12,399
(ii) Wages of labourers	21,546	21,115	21,545	19,707	19,103	18,380
(iii) Upkeep-Contingencies	15,950	15,252	16,361	19,158	18,002	19,880
(iv) Interest on assumed capital cost of premises.	5,200	5,200	5,200	4,727	4,727	4,727
Total	1,42,688	1,39,588	1,43,585	1,48,751	1,52,100	1,55,386

TABLE C.—COST EXCLUDING SALARIES.

Excluding salaries the cost of the Stores Department was (in thousands of pounds sterling) as below :—

1913-14. 1915-20, 1921-22, 1922-23, 1923-24, 1924-25, 1925-26, 1926-27, 1927-28, 1928-29, 1929-30, 1930-31, 1931-32,

27 49 88 42 64 53 82 89 95 92 216* 215* 204*

*These figures include salaries which, as shown by the preceding table account for a little under half the total expenditure.

TABLE D.—NUMBER OF STAFF.

—		1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
Staff	{ Permanent	147	147	154	157	155	156
	{ Unestablished	76	88	83	82	82	81
	{ Temporary	50	17	19	17	18	21
Labourers	{ Permanent	87	87	87	86	86	84
	{ Unestablished	54	52	49	46	33	38
	{ Temporary	277	2	2	1	10	1

(iii) Originally the High Commissioner stated that he was not able to decide what the size of this department should be in view of (i) the introduction of the rupee tender system from 1st January 1931 and (ii) the fact that the restricted purchase of stores by India in recent years was an abnormal phenomenon. He has, however, since appointed a small committee to examine the scope for economy.

(iv) *Our proposals.*—(i) The figures quoted by us clearly show that this department has been allowed to grow at an abnormal pace. The setting up of the Indian Stores Department from 1st January 1922 was for a while reflected in the cost of the department. But, since 1924-25 the growth has been rapid and sustained. We can see little justification for it. The Indian Stores Department must have materially relieved the London Department of work that it had to perform before 1922. The rupee tender system must help to relieve it still further. The cost of the department should therefore go on declining ; in fact it has been growing apace.

Were it a mere question of ordinary retrenchment, we would perhaps not be prepared to recommend a substantial curtailment of its activities all of a sudden. But, in our opinion the existence of this Department seriously detracts from the utility of the Indian Stores Department. Instead of being an agent of the latter for the purchase and inspection of European stores, it tends, by its very existence, to act as a rival to it. Certain departments, especially the Railways and the Army, which might otherwise learn to rely on the Indian Stores Department, tend to purchase non-Indian stores through the London Stores Department. We therefore recommend that its staff and activities should be substantially curtailed in the interests of Indian industries. We have had the benefit of the oral examination of, and a detailed note by, the present Chief Controller of the Indian Stores Department, who has some experience of the working of the London Stores Department and we accept his view that

even for the purposes of the 1932-33 budget the following economies in or on account of this department are possible :—

Head.	Sub-head.	Estimated savings in 1931-32.*	Estimated savings in budget estimates, 1932-33.
		Rs.	Rs.
<i>High Commissioner's Establishment.</i>			
A.	A. 2. Salaries—Accounts Department . . . . .	..	16,000
<i>Stores Department.</i>			
E.	E. 1. Salaries	83,000	3,43,800
	E. 2. Wages of Artificers, Labourers	13,000	55,000
	E. 3. Professional Inspection of Stores—		
	Fees . . . . .	..	6,213
	Actual Expenses	36,000	2,00,000
	E. 4. Office Contingencies	41,000	1,00,000
	Total	1,73,000	7,21,013

*This saving may not be possible now, though we think it was so when the note was written.

Meanwhile the Department should be thoroughly overhauled and re-organised. Its cadre should be reduced to the bare minimum necessary for the services likely to be demanded of it under the revised system of purchase of India's requirements. Its functions should, broadly speaking, be confined to :—

- (1) Inspection during manufacture and before shipment of such stores ordered by purchasing authorities in India as require inspection before arrival in India.
- (2) Arrangements for the supply of "Military Stores" until such time as the rules regarding this class of stores have been modified.
- (3) Arrangements for the supply of any stores of a special or unusual character which cannot be economically obtained under the rupee system of purchase.
- (4) Assistance to the Education Department of the High Commissioner's office in obtaining facilities for practical training for Indian students.
- (5) Assistance to purchasing departments in India in the matter of market intelligence, capacity and standing of manufacturing firms in Europe, etc.
- (6) Assistance to purchasing departments in India in connection with the distribution of their invitations to tender, examination of tenders, etc.

We think that when it is reorganised on these lines, the Stores Department should not cost more than about 15 lakhs (=£112,500) a year. Even this figure will be a liberal provision when the actuals of the years upto 1924-25 (making allowances for the addition for salaries) are kept in mind.

Meanwhile we consider that the present expensive system whereby stores purchased are sent to the depot at Lambeth and are unpacked, examined and repacked there needs an overhaul in the light of the facilities for testing etc. now available in India. The disposal of the wharf and the depot should also be considered in that connection.

(v) *Summary of savings.*—About 7½ lakhs in 1932-33 and about 12½ lakhs when the reorganisation is completed. We shall take the former figure into our calculation of the immediate reduction of expenditure in the High Commissioner's Office.

(d) Trade Department.

(i) This department was set up during the war and though its expenditure appeared in the Secretary of State's grant, it had a separate office. It is now a branch of the High Commissioner's office in charge of the Indian Trade Commissioner and its work consists of (i) commercial "intelligence", (ii) work on Committees, and (iii) publicity. An exhibition hall and a commercial samples room are maintained. It also controls the work of the Indian Trade Commissioner at Hamburg and will control the work of the other Trade Commissioners when these offices are established. In this connection our remarks in Chapter IX, paragraph 6 (vii), may be seen.

(ii) The following are some of the important details regarding the organisation of this department. The superior administrative officers are a Trade Commissioner and a Deputy Trade Commissioner. The other officers are a Timber Adviser (largely for the sale of timbers from the Andamans) a Mineral Adviser (part-time), a Publicity Officer, an Executive Officer and a Curator. A retired officer of the Indian Forest Service is on special duty connected with the shellac enquiry and besides his pension, gets £500. This cadre of officers costs a little under £6,000. The clerical staff costs a little over £1,400 and the provision for participation in fairs and exhibitions, including the British Industries and the Milan fairs, is £2,600. Travelling allowances and publicity work cost nearly £1,000. Total about £11,000.

The Hamburg Office costs £4,300 including £1,750 for the Trade Commissioner's pay and allowances and £850 for the pay of the staff.

(iii) The expenditure on the Trade Department has grown as below :—

1913- 14.	1919- 20.	1920- 21.	1921- 22.	1922- 23.	1923- 24.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£
4,554	6,481	8,329	9,158	9,693	4,117	2,425	2,476	4,190	6,114	9,676	9,900	12,200	15,200

It will be seen that the expenditure was materially reduced in 1923-24 and 1924-25 but has since been growing apace, and now stands at a figure over 50 per cent. higher than in any previous year up to 1929-30.

(iv) In response to the call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his allotment by £300, viz., £150 under pay and £150 under other expenses.

The following items have been suggested as offering a possible field for economy :—

- (i) Posts of Deputy Trade Commissioner and of the Publicity Officer,
- (ii) Some clerical posts,
- (iii) expenditure on fairs and exhibitions.

(v) *Our proposals :—*

- (a) We have considered the question whether the Deputy Trade Commissioner's post need be maintained. We observe that an Indian member of the Indian Civil Service is holding it. If, as we presume, selection for the post of the Indian Trade Commissioner is to be made from the cadre of Indian Trade Commissioners, the post of the Deputy Trade Commissioner, London, might be abolished for the present. It might in that case be possible to send the present incumbent to Milan if he possessed the necessary qualifications, and there would be a saving of about £1,200. But, if our presumption is not correct, the abolition of the post would affect adversely the prospect of an Indian succeeding the present incumbent in the Trade Commissioner's post, and we would not recommend the abolition. For the present we presume that the saving can be effected without taking the risk mentioned above. We shall not, however, assume that this officer will go to Milan, when that office is opened.
- (b) We have reason to believe that at present the Timber Adviser is not in a position to do very much to advance the interests of the Indian, especially Andamans, timbers. The sanction for this post expires at the end of the current financial year. We recommend that the appointment should not be renewed when its present term expires. The saving will be £800.
- (c) The Mineral Adviser, a retired officer of the Geological Survey of India, gets £2 a day when in attendance. Considering the trade depression in minerals we think a saving of about half the provision of £425 should not be difficult. We are disposed to think that it might be feasible to engage the officer on the basis of a yearly honorarium so as to effect a permanent saving of about £200.
- (d) We further think that the shellac enquiry should be held in abeyance for the present. The non-renewal of the provision for the special officer's pay will yield a saving of £500.
- (e) Since there is an Assistant Publicity Officer, we think that the Publicity Officer's post might be reduced, provided that the Assistant is fit for, and could be given, duties other than merely clerical. This will yield a saving of nearly £600.
- (f) Our specific proposals would yield savings of nearly £3,300. Adding savings on the pay of the clerical staff, a proportion of which would automatically have to be reduced and on the provision of £2,600 for fairs and exhibitions we estimate that a total saving of about £4,500 on the London Office is feasible. We think, the Hamburg office must continue to be maintained, but even there a saving of about £500 out of the provisions of £850 for the non-superior staff, £300 for T.A., £450 for contingencies and £650 for publicity (mainly the Leipzig fair) is not impracticable.
- (g) *Summary of savings.*—The Trade Department budget should be reduced by £5,000. Considering that the 1931-32 provision for the Hamburg office is £4,300 and that the pay of the officer selected for the trade commissionership at Milan will be less than the

pay of the Trade Commissioner at Hamburg and that Milan is a cheaper place than Hamburg, we consider that the extra expenditure on account of the opening of the Milan office will be about 40 lakh. This will have to be set off against the savings proposed by us when the Milan Office is opened.

(10) *Summary of total savings.*—

8.00 lakhs in grant No. 86—Secretary of State.

10.78 lakhs in grant No. 87—High Commissioner.

18.78 Total.

When the Stores Department, London, is re-organised on the lines indicated by us, there will be an additional saving of 5 lakhs.



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CHAPTER XX.

ECCLESIASTICAL (32·43 Lakhs).

(1) *Explanation of the grant.*—The expenditure on “Ecclesiastical” amounts to Rs. 32·46 lakhs and the whole of it is non-voted and is charged to civil estimates. Besides, an expenditure of about ·25 is incurred under “works” in provinces and areas other than the U. P. and the Punjab. The cost of ecclesiastical pensions and superannuation allowances cannot be ascertained easily, but it is additional expenditure on account of “ecclesiastical.”

The denominations for whose benefit it is incurred are the Church of England in India (now called the Indian Church), the Church of Scotland and the Church of Rome.

The budget may be set out as follows :—

(a) For the whole of India except the Minor Administrations, etc. :—

(i) Church of England ecclesiastical establishments . . .	17·89
(ii) Church of Scotland ecclesiastical establishments . . .	1·38
(iii) Church of Rome ecclesiastical establishments . . .	·36
(iv) Cemetery establishments	1·12
(v) Miscellaneous ecclesiastical charges	·26
(vi) Works (i.e., works in the U. P. and the Punjab) . . .	·70
(vii) Leave and deputation salaries in Great Britain . . .	4·00
(viii) Other expenditure in Great Britain	4·46
	<hr/>
	30·17

(b) For the Minor Administrations, agencies, etc. :—

(i) N. W. F. Province :—	·86
(i) Church of England (Rs. 78,700), Church of Scotland (Rs. 1,400) and Church of Rome (Rs. 1,000).	
(ii) Cemetery establishments (Rs. 4,900).	
(ii) Baluchistan :—	·33
(i) Church of England (27,600), Church of Scotland (1,000) = 28,600.	
(ii) Cemetery establishment (3,800) and other charges (600) = 4,400.	
(iii) Delhi :—	·22
Officers (16,000), Establishments (300), Grants-in-aid (400), Other charges (6,900) ; minus Recoveries (1,200) = Net 22,400.	
(iv) Ajmer-Merwara :—	·16
Officers (11,000), Establishment (1,000), Other charges (3,000) and Cemetery establishments (1,000).	
(v) Rajputana :—	·02
Pay of establishment (400), Other charges (2,000). Total 2,400.	
(vi) Central India :—	·20
Church of England (Rs. 26,500), Other churches (400), Cemetery (1,800). Total 28,700.	
(vii) Hyderabad :—	·38
Church of England (29,400), Church of Scotland (5,200) and Cemetery (2,900).	
(viii) Western India States Agency, Rajkot :—	
Church of England, (Rs. 1,028), Cemetery (Rs. 1,972) . . .	·03
	<hr/>
	32·46

(2) *Reasons for the expenditure.*—The obligation to provide religious services for British troops is imposed by the King's Regulations (paragraphs 140 and 1526-35) for the army. This and the practice—dating from the time of the East India Company—of providing, within reasonable limits, religious ministrations for the European, mainly British born, servants of the Crown in India are alleged to be the main reasons for the expenditure on ecclesiastical. In fact, we understand that a portion of the expenditure is incurred for the sake of the British troops in India. In this connection we invite attention to the remarks in paragraph 15 of Chapter I of this part of our Report and to the appendix to this Chapter in which we have reproduced (i) an extract from the evidence which Mr. Woodhead (Commerce Secretary) gave before the Public Accounts Committee on 3rd July 1930 and (ii) the memorandum furnished by the Commerce Department to that Committee with reference to paragraph 91 of its proceedings on the accounts of 1928-29.

(3) *Growth of expenditure.*—In 1913-14 the actual expenditure was 19·15 lakhs and it rose to 31·29 lakhs in 1924-25 and 31·76 lakhs in 1925-26. The increase was almost entirely due to the revision of pay and allowances and the inclusion of leave allowances not previously shown under this heading ; there was no increase in the number of chaplains employed. In paragraph 5 we have given a resumé of the action taken since 1922 to reduce the expenditure. In fact, however, the 1931-32 provision is 1·14 lakhs in excess of the actual expenditure of 1924-25.

(4) *Inchcape Committee's proposals.*—The Inchcape Committee dealt with this expenditure somewhat briefly. It noted that five chaplaincies had been abolished and proposed that sixteen more which were expected to fall vacant should remain unfilled. It estimated that by such action and by effecting minor economies the expenditure (budget estimate for 1922-23 being 33·83 lakhs) would be reduced by two lakhs. One member of that Committee—the Honourable Mr. (now Sir) Purshotamdas Thakurdas—in his supplementary note traced the history of the question and proposed that the number of chaplaincies should be reduced from 166 to 100 in place of the 145 proposed by the Inchcape Committee. His proposal was based on his view that they should be confined to purely military stations and he estimated that his proposal would yield a saving of a little over 11 lakhs. He also thought that except on the frontiers or outside India it was unnecessary to incur any expenditure on the maintenance of Indian religious teachers for Indian Units of the army.

(5) *Recent measures for reduction of expenditure.*—The Commerce Department has explained that since 1922 the number of appointments has been reduced from 166 to 138 by the substitution of a system of grants-in-aid.

Under this system grants amounting to Rs. 1,53,600 are paid, viz., at Rs. 500 per mensem for twenty-two and at Rs. 300 per mensem for six of the twenty-eight appointments by which the number has been reduced. The grants cover (i) all charges on account of the pay, travelling and other allowances, passages and pension or provident fund of the clergymen who are appointed to perform the duties of the official chaplains and (ii) postage and other contingencies. The department has added that (i) this system has resulted in a saving of 4·30 lakhs, and (ii) that under another agreement made with the Metropolitan in 1926 a composition grant of two lakhs is payable to him for the entertainment of clergymen of the "Additional Clergy Society" and other societies at stations where official chaplains are to be posted but are not temporarily available or where, owing to the number and nature of the Church of England congregation, Government have agreed to assist towards the provision of a clergyman's services. Both the agreements are due to expire on 1st April 1932.

The Department has also explained that at the time of the dissolution of the Church of England and the Church of England in India (now called the Indian Church) an agreement was arrived at with the Indian Church, which is expected, eventually, to result in a saving of 74 lakh.

(6) *Savings offered*.—So far as the Church of England establishments are concerned, the proposals of the Commerce Department are :—

					Lakhs.
(a) Reduction of 10 posts of Chaplains, saving	.	.	.	.	1·51
(b) Adjustment of the grants-in-aid, net	.	.	.	.	·12
(c) Net saving in the composition grant	.	.	.	.	·26
				Total	1·89

Of this amount the Department expects to realise about half in 1932-33 and the remainder in the next year or two.

(7) *Our proposals.*—The Sub-Committee is unanimously of the view that the maintenance of the ecclesiastical establishments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed. In this connection attention is invited to paragraph 15 of Chapter I.

(8) On this Sub-Committee's proposals, the savings under "Ecclesiastical" will be 31.11 lakhs and something under works in the provinces and areas other than the United Provinces and the Punjab. A precise estimate of the savings under the head 'Civil Works' cannot be given.



APPENDIX.

EXTRACT FROM THE PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE,
DATED 3RD JULY 1930.

Mr. Woodhead.—Ecclesiastical expenditure in connection with the Army is spread over several budget heads. Speaking generally, the position is as follows. Church of England expenditure in connection with the Army is debited entirely to the Civil Estimates under 28—Ecclesiastical, 41—Civil Works and Superannuation Allowances and Pensions. The pay of Chaplains of the Church of Scotland on duty with Scottish regiments is debited to the Army Estimates. So also is their leave pay provided the leave is sanctioned by the military authorities. Expenditure on Civil Works in connection with Scottish Churches, whether Military or Civil, is debited to 41—Civil Works and pension charges are shown under “Superannuation Allowances and Pensions” in the Civil Estimates. As regards the Church of Rome allowances to chaplains are already debited to the Army Estimates, but expenditure on the fabric of churches is debited to Civil Estimates under 41—Civil Works. Cemeteries are usually used jointly for military and civil burials and expenditure is charged to the Civil Estimates, expenditure on Establishment to 28—Ecclesiastical and that on Civil Works to 41—Civil Works. My own provisional view—this is my personal view as the matter has not been examined by other Departments—is that it would be practically impossible to apportion the expenditure, item by item, between “Military” and “Civil”. Military chaplains minister to the civilian population (European British-born Government servants) as well as to troops and also, though not perhaps to the same extent, the civilian chaplains minister to troops. The cemeteries, as I said, are usually joint and the churches are in many cases used both by army and civil personnel. It would be practically impossible unless there was an army chaplains’ service with separate garrison churches to apportion accurately the expenditure between the army and the civil.

Maulvi Abdul Matin Chaudhury.—Is it consistent with the policy of religious neutrality of Government?

Mr. Woodhead.—That is a question of principle and I would not like to express an opinion on it.

Mr. Woodhead.—My own view is that an accurate separation is impossible but the matter has not as yet been examined by the Army and Finance Departments. I have carefully examined the whole expenditure with regard to the present classification and my own provisional conclusion is that so long as the present system of administration continues it would be impossible to make an absolutely clean cut between the military and the civil expenditure.

Mr. Woodhead.—The total of the 28—Ecclesiastical budget is somewhere about Rs. 33 lakhs. It might be possible to make an approximate apportionment of the expenditure on the pay of chaplains because the number of military chaplains is definitely fixed. It might be possible to make some adjustment of this kind.

Chairman.—The position really is that an accurate allocation is impossible. The question for our consideration is whether it is desirable that there should be an approximate allocation.

Mr. Dass.—Would you like part of the estimates charged to the civil head being charged to Army head?

Chairman.—My provisional view is that these long established practices might well be allowed to remain. I do not see any particular reason for altering the practice in this case for every one knows what the position is. It is difficult to make an accurate allocation. No practical result would be achieved.

From the point of view of the Assembly control there would be no advantage gained. I think we might take note of the position and record the view that apparently an accurate allocation is impossible but that an approximate allocation would be possible and that we desire that a further report should be submitted next year on the subject. I think this is about all that we can say at present.

MEMORANDUM REGARDING ALLOCATION OF ECCLESIASTICAL EXPENDITURE
BETWEEN THE CIVIL AND THE ARMY DEPARTMENTS, FURNISHED BY THE
COMMERCE DEPARTMENT WITH REFERENCE TO PARAGRAPH 91 OF THE
PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS
OF 1928-29.

The Public Accounts Committee at their meeting on 3rd July 1930 accepted the view expressed by the Commerce Department that an accurate allocation of the ecclesiastical expenditure between the Army and the Civil estimates is not possible. But they thought that an approximate allocation would be possible and asked that a further report might be made to them on the subject. The question has now been carefully considered by the Commerce Department in consultation with the Army and the Finance Departments and the conclusion arrived at is that even an approximate allocation would be a matter of considerable difficulty. The civil and military aspects of the subject are in most areas so intermixed that an apportionment of the expenditure could only be made in the most arbitrary way. Even to make an arbitrary allocation of this kind, it would be necessary to investigate in considerable detail the circumstances which exist in each of the large number of stations where ecclesiastical ministrations, churches and cemeteries are provided for populations which are partly military and partly civil. An examination of this nature would naturally take a considerable time. It should moreover be remembered that by the time the examination is completed it may probably be of little or no practical value for the following reason. The impending constitutional changes may necessitate a complete review of the administration of this subject particularly in its relation to Army matters and a careful consideration of the exact position which it should occupy in the new system. It is impossible to say at the present moment what the results of such a review will be, but it may lead to such a change in the administration of the subject as will render entirely nugatory the approximate and arbitrary apportionment of expenditure based on the existing system. For these reasons it is urged that at the present juncture it is not worth while to embark on the difficult task of apportionment between the civil and military budgets of the present scale of ecclesiastical expenditure.

CHAPTER XXI.

CERTAIN MATTERS RELATING TO PART I OF OUR INTERIM REPORT.

(1) *Explanation.*—In this Chapter we propose to deal with various matters relating to, or arising out of, Part I of our Interim Report. In this connection we invite attention to our remarks in paragraph 4 (v) of Chapter IV, paragraph (v) of Chapter X and paragraph 5 (iii) of Chapter XI of Part I. We requested the departments concerned to work out schemes relating to the Forest, Survey of India and Meteorology grants and send them to us for our consideration in connection with our final report. Although this part of our Report is not final, we propose to dispose of the schemes provisionally worked out by the departments concerned. Further, we wish to offer an explanation in regard to our estimates of savings from our proposals relating to certain grants. Our colleague Mr. J. Ramsay-Scott also wishes to add a note in regard to our proposals relating to Grant No. 50—Geological Survey and Grant No. 63—Aviation. (*Vide* Chapters XII and XXII of Part I of our Report.)

A.—FOREST.

(2) *Schemes under consideration.*—As regards the retrenchment proposed by us in grant No. 21—Forest, it appears that Government have had four possible schemes under their consideration. The following table shows in a summary form the main features and the cost (in lakhs) of each scheme :—

	1931-32 provision.	Schemes.			
		I.	II.	III.	IV.
Direction	·64 1·00	·75	1·30	1·30	1·30
Silviculture	·80	·60	·60	·67	·80
Botanical	·93	·50	·50	·63	·65
Economic	5·05	1·60	1·75	2·20	3·20
Entomological	1·00	·55	·70	·70	·90
Chemical	·43	..	..	..	·35
Total	9·85	4·00	4·85	5·50	7·20
Colleges	1·45	·80	·80	·80	·80
GRAND TOTAL	11·30	4·80	5·65	6·30	8·00

Mr. Nixon who supplied the above-quoted figures to us was asked by the Department of E., H. and L. to explain the position to us. The Department's scheme No. I provides nothing for a Head of the Institute. In the memorandum* on the action taken or proposed by Government on the first part of our Interim Report it is stated that "the conclusion, however, so far arrived at by Government is that within the limits of this sum (*i.e.*, 4 lakhs), it would not be possible to maintain an efficient or economical organisation and that such a reduction would, in fact, mean the destruction of the present

*This was supplied to the Legislature in connection with the November 1931 Session.

organisation". The department's view about schemes Nos. II and III was that neither of them was suitable and that both stood condemned by the Inspector-General and also by the department. The Inspector-General of Forests worked out a scheme costing 8 lakhs a year and added that any scheme costing less than that amount would necessarily involve a definite abandonment of some work and the reversion of some I. F. S. officers to their provinces. With reference to this scheme the memorandum mentioned above observes that Government "are therefore at present forced to consider the Inspector-General of Forests' scheme, under which the total expenditure on the Institute, the restricted functions of the Inspector-General (who is also head of the Institute) and the Rangers' College (including provision for completing the training of the two students of the Officers' College) could and should be restricted to Rs. 8 lakhs, a reduction of Rs. 3.3 lakhs or nearly 30 per cent. of the current year's grant".

(3) *Sir Chunilal V. Mehta's evidence.*—We took opportunity of the unexpected visit of Sir Chunilal V. Mehta, K.C.S.I., to Delhi to examine him and take his advice on this question, especially as he was Chairman of the Forestry Committee which enquired into the affairs of the Research Institute in 1929.

(4) *Our proposals.*—Having considered the entire position in the light of the facts before us, we have come to the following conclusions :—

(I) Since scientific research at the Institute has got ahead of the practical application of research, those sections which are entirely or largely devoted to research as such should be slowed down and those which are charged with the application, particularly the commercial application, of the results of research should be developed. The following are specific instances :—

(i) Work in the Timber Testing Section should now be slowed down. The present Timber Testing Expert is expensive and his post should be retrenched. (*Vide* sub-paragraph v below.)

(ii) As regards silvicultural work, the proper function of the Dehra Dun Institute is examination, collation and co-ordination of the work done in the provinces. Hence, if the provinces are not carrying on silvicultural work as intensely as the Central Research Institute has been doing, this activity should be slowed down.

(iii) The Minor Forest Products Section should be maintained. If considerations of economy require it, it might be placed in charge of the Chemist. It can be made quite useful to the country, particularly from the point of the small firms, which cannot afford to employ special staff for their enquiries.

(iv) The Chemical section, where valuable work is being done, should be continued.

(v) Seasoning and timber testing should be placed in charge of one officer. As an alternative, timber testing might be placed in charge of the Wood Technologist, who, it is understood, received special training in this class of work in America in 1929. Such an arrangement would be conducive to economy and work efficiently. The I. G. Forests' scheme proposes to retain the present Timber Testing Expert whose pay is Rs. 2,000 per mensem. This post is not now necessary and should be abolished; in fact, work in this section should now be slowed down. In this connection sub-paragraph (i) above may be seen.

(vi) Since the feasibility of converting bamboo into paper pulp has been established, work which can usefully be done by a research institute can be claimed to have been finished. Hence, it is not worth while running the experimental paper making plant at the Institute any more for the sake of bamboo pulp. The officer might be put on the conversion of various grasses into paper pulp, since such work has not been sufficiently developed.

(vii) What is generally known as the cabinet making section can and should be subjected to retrenchment more than the other sections. As contemplated in the Inspector-General's scheme one gazetted post in this section should be abolished.

(II) We adhere to the opinion already expressed by us that the post of Inspector General of Forests in the strict sense (*i.e.*, an officer to carry out inspections and advise the Government of India on forest problems) is not necessary. In the interests of economy it should be abolished. We note that the I. G. is also President of the Institute and we agree that it will be necessary to retain an officer to take charge of the Institute as a whole, *i.e.*, the research sections as well as the Colleges. We do not contemplate that this officer would never be called upon to advise the Government of India on specific technical problems relating to forests. But our point is that he need not function as an inspecting officer, or have anything to do directly with the provinces. The theory underlying the departmental view embodied in the remark "Forest conservation and forest management are an all-India interest" is not in accordance with the present constitution under which Forests are a provincial—in some provinces, a provincial transferred—subject. The case for the retention of the I. G.'s post as made out in the memorandum on the action taken or proposed by Government on our Interim Report strikes us as not being cogent.

Incidentally, we would mention that the President or the Director of the Institute, whatever be the designation that is finally adopted, need not be paid on the present scale for the Inspector General.

(III) In modification of the opinion expressed in the first part of our Interim Report we recommend that the I. F. S. College, which has only recently been established, should continue to be maintained. But, it should be possible to manage it more economically than in the past. The duties of Principal should be discharged by the head of the Institute whether he be designated President or Director.

(IV) For the Indian Sandhurst, the Chandbagh buildings would still be available.

(5) *Cost of scheme.*—We consider that it is feasible, by various adjustments, to reduce the expenditure on the Research Institute and the Colleges to about six lakhs without seriously curtailing their activities or the scope of their utility.

We indicate below how we would apportion this amount among the various sections :—

Direction	•75
Silviculture	•60
Botany	•50
Economy	2•20
Entomology	•55
Chemistry	•35
<hr/>	
Total for the Forest Research Institute	4•95
Colleges	1•05
<hr/>	
GRAND TOTAL	6•00 lakhs.

B.—SURVEY OF INDIA.

The scheme that we have received is not sufficiently detailed to justify us in modifying the conclusions already reached by us in Part I of our Interim Report. We presume that we shall receive a proper scheme in due course and we shall add our comments in Part III of our Report.

We may also note that item (f) on page 25 of Part I of our Report should read "Observatories at Dehra Dun costing Rs. 34,000."

C.—METEOROLOGY.

We have examined the Industries and Labour Department's proposals submitted to us, at our request, in regard to the restricted grant for the Meteorological Department and are satisfied with the proposals of the department.

D.—GEOLOGICAL SURVEY, MINES, THE INDIAN SCHOOL OF MINES,
DHANBAD, ETC.

As regards our estimates of savings from the proposals (in Part I of our Interim Report) relating to the Geological Survey, Mines, the Dhanbad School of Mines and possibly some other grants, we wish to make it clear that our proposals were based on certain assumptions, for example, revised scales of pay, of which we decided at a later stage to defer consideration. Those estimates were therefore to some extent in excess of the savings which in fact will accrue from our specific proposals. To the extent that a revision of our estimates is necessitated by the fact that the assumptions at first made by us are not applicable, we have no objection to our estimates being reduced.



ABDUR RAHIM.
RAM SARAN DAS.
S. C. MITRA.
M. SHAH NAWAZ.
HAR BILAS SARDA,
J. RAMSAY-SCOTT.
H. M. WILAYATULLAH.
J. C. NIXON.*

New Delhi ;
21st December 1931.

S. P. SHAH,
Secretary.

* I sign this Report as a token of its representing the views of the majority of the Sub-Committee. There are many propositions in it to which I cannot personally subscribe.

21st December 1931.

J. C. NIXON.

MR. J. RAMSAY-SCOTT'S NOTE (REF. PARA. 1 OF CHAPTER XXI.)

(i) *Mining Industry.*

Since the issue of Part I of the General Purposes Sub-Committee's Report, I have made further investigations into the question of royalties and I am now of the opinion that there is every reason to recommend that they should be reduced rather than enhanced.

(a) *Petroleum.*

Of the 30 Oil Companies started in India and Burma about 25 are now defunct and only 4 or 5 are paying dividends. The speculative nature of such venture is proved by the many crores which have been lost and the large sums which have to be spent annually in prospecting for new fields. The royalty is only 8 annas or 5 per cent., whichever is greater, per barrel, but I am informed on very good authority that each barrel produced pays no less than Rs. 11-12-1 to the revenues of the State. That royalties are high in India is proved by the figures paid in other countries which are as follows :—

Country.	Royalty per ton.
	Rs. a. p.
India and Burma	3 0 0
Canada	Nil
Australia	Nil
New Zealand	Nil
Trinidad	1 5 8
America	Nil
Mexico	15 annas to 1-10-0.
Dutch East Indies	1 5 8
Dutch Borneo	0 9 0
Hungary	Nil
Roumania	1 10 0
Venezuela	1 2 0

Roumania faced with a problem like our own decided after mature examination that it was too dangerous to increase this tax.

(b) *Base metal industry.*

Ferrous mines today are working at a profit and in many cases the return which Government receives in royalties, etc., is considerably more than the return which the shareholder receives on his money and in most cases of loss, the greatest part of such loss is due to having to pay these royalties, etc., to Government, which are a first charge.

(ii) *Air Mail.*

I find that our recommendations will entail on Burma a great hardship and if Burma were allowed to use the existing air lines, it would mean a saving of 9 days in between London and Rangoon.

I feel that in our view sufficient attention was not paid to the needs of Burma nor to the possibility of an Indian air line wishing to operate beyond the boundaries of India and Burma.

Our recommendations in Part I have been the means of the Delhi Flying Club taking over the Delhi—Karachi service and I hope to see further extensions.

21st December 1931.

J. RAMSAY-SCOTT.