

**PART REPORT**  
**OF THE**  
**INDIAN RETRENCHMENT**  
**COMMITTEE**

**1922-23**



DELHI  
SUPERINTENDENT GOVERNMENT PRINTING, INDIA  
1923

# PART REPORT

OF THE

## INDIAN RETRENCHMENT COMMITTEE.

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FORWARDED FOR THE INFORMATION OF THE GOVERNMENT OF INDIA.

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### CONSTITUTION OF THE COMMITTEE.

The Right Hon'ble LORD INCHCAPE, G.C.M.G., K.C.S.I., K.C.I.E. (*Chairman*).

Sir THOMAS SIVEWRIGHT CATTO, Bart., C.B.E.

Mr. DADI RA MERWANJEE DALAL, C.I.E.

Sir RAJENDRA NATH MOOKERJEE, K.C.I.E., K.C.V.O.

The Hon'ble Sir ALEXANDER MURRAY, Kt., C.B.E.

The Hon'ble Mr. PURSHOTAMDAS THAKURDAS, C.I.E., M.B.E.

Mr. H. F. HOWARD, C.S.I., C.I.E. (*Secretary*).

Mr. J. MILNE (*Attached Officer*).

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### TERMS OF REFERENCE.

To make recommendations to the Government of India for effecting forthwith all possible reductions in the expenditure of the Central Government, having regard especially to the present financial position and outlook. In so far as questions of policy are involved in the expenditure under discussion, these will be left for the exclusive consideration of the Government, but it will be open to the Committee to review the expenditure and to indicate the economies which might be effected if particular policies were either adopted, abandoned, or modified.

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### EXPLANATORY NOTE.

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Owing to the changes made under the Reforms Scheme in the distribution, of revenue and expenditure between the Central Government and the Provinces the figures for the expenditure of the Central Government contained in the accounts for 1913-14, which we have adopted for the purpose of comparison with later years, were not in all cases comparable with those contained in the estimates for 1922-23. We have, therefore, recast them, as far as possible, into the form in which they would have stood had the present distribution between Central and Provincial expenditure obtained in that year. In order to make the comparison with the year 1913-14 effective we have similarly, as we explain in dealing with the exchange head, recast the revised estimate for 1921-22 and the budget estimate for 1922-23 on an exchange basis of Rs. 15 to £1. Sterling expenditure in England has been converted into rupees on this basis throughout the report except where otherwise stated. A summary statement showing the figures adopted as the basis of our examination is attached as Appendix A.

We have taken as the basis of the reductions recommended the budget grant for 1922-23 together with the supplementary provision subsequently allotted in certain cases. In submitting our complete report, we propose to append a tabular statement showing the net result of our recommendations for all heads of account.

## APPENDIX A.

[Sterling converted at £1 to Rs. 15.]

[In thousands of Rs.]

HEADS OF EXPENDITURE.	ACTUALS, 1913-14.		REVISED ESTIMATE, 1921-22.		BUDGET ESTIMATE, 1922-23.	
	England.	Total England and India.	England.	Total England and India.	England.	Total England and India.
	R	R	R	R	R	R
<b>Direct Demands on the Revenues—</b>						
1. Customs . . . . .	6	41,34	1,65	70,43	1,64	68,70
2. Taxes on income . . . . .	...	4,69	40	21,52	99	47,01
3. Salt . . . . .	12	92,52	1,22	1,59,62	1,07	1,73,65
4. Opium . . . . .	12	1,52,41	98	1,87,74	97	1,86,53
5. Land Revenue . . . . .	25	11,94	31	15,14	30	15,64
6. Excise . . . . .	2	1,37	6	2,54	1	2,84
7. Stamps—						
A.—Non-Judicial . . . . .	15,98	1,68	53,85	22,29	29,10	18,46
B.—Judicial . . . . .						
8. Forests . . . . .	73	11,42	9,84	46,63	12,54	3,10
9. Registration . . . . .	...	27	...	47	...	52,45
						48
<b>TOTAL</b> . . . . .	17,28	3,17,64	68,31	5,29,08	46,62	5,68,86
<b>Railway Revenue Account—</b>						
10. State Railways—						
Interest on Debt . . . . .	5,55,93	10,95,47	6,31,08	15,33,47	6,64,02	16,77,95
Interest on Capital contributed by Companies . . . . .	2,58,39	2,92,86	3,25,20	3,28,76	3,32,05	3,36,10
Annuities in purchase of Railways . . . . .	5,06,94	5,06,94	5,03,56	5,03,56	5,03,63	5,03,63
Sinking Funds . . . . .	28,76	28,76	43,11	43,11	45,81	45,81
11. Subsidised Companies . . . . .	...	7,89	...	7,41	...	19,83
12. Miscellaneous Railway Expenditure . . . . .	...	—6,88	26,76	29,19	25,27	29,77
<b>TOTAL</b> . . . . .	13,50,02	19,25,04	15,29,71	24,45,50	15,70,78	26,13,09
<b>Irrigation, etc., Revenue Account—</b>						
14. Works for which Capital Accounts are kept—						
Interest on Debt . . . . .	...	6,51	...	9,39	...	9,51
15. Other Revenue Expenditure . . . . .	...	83	...	1,37	...	1,18
<b>TOTAL</b> . . . . .	...	7,34	...	10,76	...	10,69
<b>Irrigation, etc., Capital Account (charged to Revenue)—</b>						
16. Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues . . . . .	18	3,13	2,73	3,38	...	35
<b>Posts and Telegraphs Revenue Account—</b>						
17. Posts and Telegraphs—						
Interest on Debt (Indian Postal and Telegraph Department) . . . . .	...	...	...	60,00	...	60,06
Miscellaneous Expenditure—						
Indian Postal and Telegraph Department . . . . .	21,36	30,46	1,50,00	80,32	1,09,35	41,06
Indo-European Telegraph Department . . . . .	4,60	4,60	—21,60	—21,60	—14,17	—14,17
<b>TOTAL</b> . . . . .	25,96	35,06	1,28,40	1,18,72	95,18	92,89
<b>Posts and Telegraphs Capital (charged to Revenue)—</b>						
18. Capital outlay on Posts and Telegraphs—						
Indo-European Telegraph Department . . . . .	3,75	3,47	3,07	3,93	5,03	—26
<b>Debt Services—</b>						
19. Interest on Ordinary Debt . . . . .	8,86,92	14,00,16	10,85,93	29,81,43	12,44,71	32,39,21
Deduct—Amount chargeable to Railways . . . . .	5,55,93	10,95,47	6,31,08	15,33,47	6,64,02	16,77,95
" Amount chargeable to Irrigation . . . . .	...	6,51	...	9,39	...	9,51
" Amount chargeable to Posts and Telegraphs . . . . .	...	...	...	60,00	...	66,00
" Amount chargeable to Provincial Governments . . . . .	...	2,22,17	...	2,65,32	...	2,99,73
Remainder chargeable to Ordinary Debt . . . . .	3,30,99	76,01	4,54,85	11,13,25	5,80,69	11,86,02
20. Interest on other Obligations . . . . .	...	1,18,38	...	2,61,71	...	3,23,63
21. Sinking Funds . . . . .	...	...	75,00	2,29,00	75,00	2,29,00
<b>TOTAL</b> . . . . .	3,30,99	1,94,39	5,29,85	16,03,96	6,55,69	17,38,65
<b>Carried over</b> . . . . .	17,28,18	24,86,07	22,62,07	47,15,33	23,73,30	50,24,27

[Sterling converted at £1 to Rs. 15.]

[In thousands of Rs.]

HEADS OF EXPENDITURE.	ACCOUNTS, 1913-14.		REVISED ESTIMATE, 1921-22.		BUDGET ESTIMATE, 1922-23.	
	England.	Total England and India.	England.	Total England and India.	England.	Total England and India.
	R	R	R	R	R	R
Brought forward	17,28,18	24,86,07	22,62,07	47,15,33	23,73,30	50,24,27
<b>Civil Administration—</b>						
22. General Administration—						
A.—Heads of Provinces (including Governor General) and Executive Councils	...	18,05	...	20,10	...	20,49
B.—Legislative Bodies	...	1,71	...	7,00	...	8,50
C.—Secretariat and headquarters establishment	...	41,25	...	78,80	...	80,31
D.—Commissioners	...	...	...	...	...	...
E.—District administration	...	4,94	...	15,41	...	16,14
F.—Home administration, etc.	39,27	39,27	68,91	68,91	70,37	70,34
23. Audit	1,11	39,59	4,59	72,59	4,20	83,16
24. Administration of Justice	3	8,87	72	9,29	80	10,29
25. Jails and Convict Settlements	2	19,78	33	45,28	36	44,35
26. Police	24	33,04	1,63	87,24	1,93	81,90
27. Ports and Pilotage	3	16,72	2,72	24,89	3,71	26,32
28. Ecclesiastical	2	19,15	4,29	31,11	4,23	3,33
29. Political	2,26	1,73,80	16,08	2,14,95	12,45	2,93,14
30. Scientific Departments	4,78	44,79	17,63	1,16,83	12,38	1,12,31
31. Education	1,56	17,89	1,36	31,09	1,38	32,96
32. Medical	80	12,72	3,47	27,51	5,58	32,84
33. Public Health	45	10,46	81	16,14	96	16,32
34. Agriculture	19	9,23	1,87	21,52	2,01	23,36
35. Industries	...	...	1,24	4,37	46	1,59
36. Aviation	...	...	3	1,84	...	48
37. Miscellaneous Departments	24	5,72	2,78	43,61	3,10	26,71
<b>TOTAL</b>	<b>51,00</b>	<b>5,15,98</b>	<b>1,28,46</b>	<b>9,38,48</b>	<b>1,23,92</b>	<b>10,15,37</b>
<b>Currency, Mint and Exchange—</b>						
38. Currency	18,20	35,64	63,02	92,28	49,55	80,82
39. Mint	1,59	19,90	99	18,87	1,26	22,34
40. Exchange	...	...	...	4,90	...	20,60
<b>TOTAL</b>	<b>19,79</b>	<b>55,54</b>	<b>64,01</b>	<b>1,16,05</b>	<b>50,81</b>	<b>1,23,76</b>
<b>Civil Works—</b>						
41. Civil Works						
In charge of Civil officers	...	5,30	...	4,06	...	6,24
In charge of Public Works officers	15,18	1,53,52	6,34	1,50,82	1,15	1,55,63
<b>TOTAL</b>	<b>15,18</b>	<b>1,58,82</b>	<b>6,34</b>	<b>1,54,88</b>	<b>1,15</b>	<b>1,61,87</b>
<b>Miscellaneous—</b>						
43. Famine Relief and Insurance—						
A.—Famine Relief	...	4	...	4,50	...	27
44. Territorial and Political Pensions	1,68	33,11	1,74	30,69	1,74	31,42
45. Superannuation Allowances and Pensions	3,08,19	3,25,05	3,19,74	3,49,65	3,21,05	3,54,27
46. Stationery and Printing	15,80	32,12	34,64	97,68	27,61	75,56
47. Miscellaneous	74,50	1,12,57(a)	35,28	97,95	23,37	68,98
<b>TOTAL</b>	<b>4,00,17</b>	<b>5,02,89</b>	<b>3,91,40</b>	<b>5,80,47</b>	<b>3,73,77</b>	<b>5,30,50</b>
<b>Military Services—</b>						
48. Army—						
Effective	3,95,84	24,81,44	12,61,02	62,71,66	11,72,54	58,19,85
Non-effective	3,77,38	4,86,95	5,03,93	8,17,59	5,62,90	9,28,96
	7,73,22	29,68,39	17,64,95	70,89,25	17,35,44	67,48,81
49. Marine	38,56	76,92	58,94	1,50,53	69,78	1,57,22
50. Military Works	6,26	1,42,10	19,57	5,29,37	7,27	4,70,27
Special Defences (1902)	1,38	2,45	...	...	...	...
<b>TOTAL</b>	<b>8,19,42</b>	<b>31,89,86</b>	<b>18,43,46</b>	<b>77,69,20</b>	<b>18,12,49</b>	<b>73,76,30</b>
<b>Contributions and Assignments to the Central Government by Provincial Governments—</b>						
52. Miscellaneous adjustments between the Central and Provincial Governments	...	59,74	...	76,38	...	63,29
<b>TOTAL EXPENDITURE CHARGED TO REVENUE</b>	<b>30,33,74</b>	<b>69,68,90</b>	<b>46,95,74</b>	<b>1,43,50,79</b>	<b>47,35,44</b>	<b>1,42,95,36</b>

(a) Includes "Civil Furlough and Absentee Allowance" which are being distributed among the respective subject heads of account from 1919-20.

[In hundreds of £ and thousands of Rs.]

HEADS OF REVENUE.	ACTUALS, 1913-14.		REVISED ESTIMATE, 1921-22.		BUDGET ESTIMATE, 1922-23.	
	England.	Total India and England.	England.	Total India and England.	England.	Total India and England.
	£	Rs.	£	Rs.	£	Rs.
<b>Principal Heads of Revenue—</b>						
I.—Customs . . . . .	...	11,13,78	...	34,60,11	...	45,41,84
II.—Taxes on Income . . . . .	...	2,00,52	...	21,11,99	...	22,11,39
III.—Salt . . . . .	...	5,15,09	...	6,41,02	...	6,86,03
IV.—Opium . . . . .	...	2,43,35	...	3,03,24	...	3,09,30
V.—Land Revenue . . . . .	...	41,94	...	36,66	...	43,93
VI.—Excise . . . . .	...	25,49	...	55,81	...	56,22
VII.—Stamps . . . . .	...	14,93	...	24,27	...	24,29
VIII.—Forests . . . . .	...	11,11	...	13,73	...	21,68
IX.—Registration . . . . .	...	96	...	1,72	...	1,68
X.—Tributes from Indian States . . . . .	...	88,00	...	88,27	...	88,05
<b>TOTAL</b>	...	23,45,17	...	67,37,45	...	79,84,41
<b>Railways—</b>						
XI.—State Railways Gross Receipts . . . . .	2	56,30,68	48,6	81,82,29	42,4	99,57,26
XII.—Subsidized Companies . . . . .	76,8	13,97	142,4	24,41	113,0	19,42
<i>Deduct—</i>						
Working Expenses . . . . .	...	29,35,02	...	65,82,53	...	67,99,00
Surplus profits paid to Companies . . . . .	...	66,13	...	1,04,09	...	60,00
<b>TOTAL</b>	77,0	26,43,50	191,0	15,20,08	161,4	31,17,68
<b>Irrigation—XIII and XIV . . . . .</b>	...	5,91	—3,3	6,99	—3,0	7,07
<b>Posts and Telegraphs—XV—</b>						
Indian Postal and Telegraph Department—						
Gross receipts . . . . .	...	5,14,89	...	8,39,26	...	10,91,19
<i>Deduct—</i> Working Expenses . . . . .	65,9	4,40,85	19,9	8,45,03	45,5	9,10,10
<b>Net receipts</b>	—65,9	74,04	—19,9	44,23	—45,5	1,81,09
Indo-European Telegraph Department—						
Gross receipts . . . . .	4,8	24,89	1,2	23,84	32,5	25,98
<i>Deduct—</i> Working Expenses . . . . .	3,9	11,58	4,4	37,22	3,5	56,52
<b>Net receipts</b>	9	13,31	—3,2	—13,38	29,0	—10,54
<b>Interest receipts—XVI . . . . .</b>	241,2	1,14,36	242,4	1,16,78	30,3	85,82
<b>Civil Administration—XVII to XXVI . . . . .</b>	1,7	33,86	2	72,15	2	86,50
<b>Currency, Mint and Exchange—</b>						
XXVII.—Currency . . . . .	78,2	52,44	...	4,06,33	...	3,03,13
XXVIII.—Mint . . . . .	...	50,97	2	14,24	2	19,19
XXIX.—Exchange . . . . .	...	17,96	...	...	...	...
<b>TOTAL</b>	78,2	1,21,37	2	4,20,57	2	3,22,32
<b>Civil Works . . . . .</b>	...	6,89	...	11,46	...	10,92
<b>Miscellaneous—XXXIII to XXXV . . . . .</b>	102,6	30,79	632,8	7,19,45	120,2	72,12
<b>Military Receipts—</b>						
XXXVI.—Army . . . . .	351,2	1,80,53	2,213,1	7,72,54	938,0	5,65,51
XXXVII.—Marine . . . . .	...	13,43	...	46,67	...	20,23
XXXVIII.—Military Works . . . . .	...	11,49	...	15,30	...	15,30
<b>TOTAL</b>	351,2	2,05,45	2,213,1	8,34,51	938,0	6,01,04
<b>Contributions and assignments to the Central Government by Provincial Governments . . . . .</b>	...	9,83,00	...	10,01,30	...	9,20,65
<b>TOTAL REVENUE</b>	786,9	65,77,65	3,303,3	1,14,71,59	1,230,8	1,33,79,08

## PART I.

### MILITARY SERVICES.

#### INTRODUCTORY REMARKS.

The estimate of net expenditure for 1922-23 compares with the revised estimate for 1921-22 and the actual net expenditure of 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	29,84,41,000
1921-22, Revised Estimate . . .	69,34,69,000
1922-23, Budget Estimate . . .	67,75,26,000

2. The large increase in the expenditure on the military services is the direct outcome of the war and may be attributed to five main causes :—

- (i) The general rise in prices.
- (ii) The enhanced rates of pay granted to all ranks.
- (iii) Improvements in the standard of comfort of the troops.
- (iv) Additions to and improvements in equipment, etc., and the adoption of a higher standard of training.
- (v) The increase in non-effective charges from Rs. 5 crores before the war to Rs. 9 crores at the present time.

3. We appreciate the great difficulties with which the military authorities in India have had to contend during the transition period from war to peace conditions, when large armies had to be demobilized concurrently with reorganisation undertaken in the light of the lessons of the war. Hostilities with Afghanistan and operations on the Frontier intervened while demobilization was in progress, and the growing cost of the army coupled with a deterioration of the general financial position of the country have more than once necessitated the complete revision of schemes proposed for the future composition, organisation and distribution of the Army in India.

4. The expenditure which has been incurred in the past may have been inevitable, but the question is whether India can afford to maintain military expenditure on the present scale as an insurance against future eventualities. In our opinion the repeated huge deficits of the last few years, in spite of the imposition of heavy new taxation, have made it abundantly clear that India cannot afford this expenditure.

So long as peace conditions obtain, the first essential is for India to balance her budget, and this can only be secured by a very substantial reduction in the military estimates. In this connection it must be remembered that the budget estimate for 1922-23 did not represent the full annual expenditure which would have been incurred on the military services but for certain fortuitous circumstances ; the strength of the army was under establishment, purchases of supplies were below normal, as there were large accumulations of stocks of provisions, clothing and other stores, and the estimate also assumed large non-recurring receipts from sales of surplus war stores and other sources. Further we understand that inadequate provision was made for the maintenance of the Royal Air Force, and that considerable additional expenditure will be necessary in future years. If allowance were made for these factors, the expenditure required for 1922-23 would have been as follows :—

	Rs.
Budget Estimate for 1922-23 . . . . .	67,75,26,000
Shortage in establishment . . . . .	64,00,000
Reduction in stocks . . . . .	1,62,99,000
Sale of surplus stores and receipts from arrear payments, etc. . . . .	88,57,000
Addition required for Air Force say . . . . .	47,00,000
TOTAL . . . . .	<u>71,37,82,000</u>

5. Considerable public attention has naturally been displayed on the subject of the future policy with regard to Waziristan and we have reviewed this question in its bearing on the finances of India. We are informed that there is no idea in the mind of the Government of India of continuing a forward policy of military domination up to the Durand line at the present time, and that the idea has been abandoned. It is impossible to estimate what expenditure will be required in Waziristan in 1923-24 until the military and political situation is cleared up, but we understand from the policy which the Government have in view that it will be very greatly reduced.

6. We now deal with the expenditure of each of the four services, which is as follows:—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
ARMY . . . . .	27,87,45,000	61,82,42,000	60,42,30,000
ROYAL AIR FORCE . . . . .	41,000	1,34,29,000	1,41,00,000
ROYAL INDIAN MARINE . . . . .	63,49,000	1,03,91,000	1,36,99,000
MILITARY WORKS . . . . .	1,33,06,000	5,14,07,000	4,54,97,000
<b>TOTAL . . . . .</b>	<b>29,84,41,000</b>	<b>69,34,69,000</b>	<b>67,75,26,000</b>

### ARMY EXPENDITURE.

The estimate of net expenditure in 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure . . . . .	27,87,45,000
1921-22, Revised Estimate . . . . .	61,82,42,000
1922-23, Budget Estimate . . . . .	60,42,30,000

An analysis of the expenditure under the main headings is attached as Appendix A. It will be observed that there has been a total increase in the net cost of the Army since 1913-14 of Rs. 32,54,85,000 or 117 per cent. and that this increase is distributed over all the important headings.

### STRENGTH OF THE ARMY.

2. The total authorised establishment of the Fighting and Administrative Services, exclusive of Aden, Persia and the Colonies and omitting reservists and auxiliary and territorial forces was 309,893 on 1st April 1922 compared with 301,502 on 1st April 1914 made up as follows:—

	FIGHTING SERVICES.				Administrative Services.		Total.		Increase or decrease.
	Army.		Air Force.						
	1914.	1922.	1914.	1922.	1914.	1922.	1914.	1922.	
British Troops . . .	76,244	68,680	...	1,859	3,816	7,206	80,090	77,751	—2,339
Indian Troops . . .	154,137	141,617	...	2	2,213	25,938	156,650	170,557	+13,907
Civilians . . .	...	...	...	84	5,477	10,007	5,477	10,091	+4,614
Followers . . .	19,768	20,498	...	1,193	29,522	29,798	59,285	51,494	—7,791
Total . . .	250,444	233,801	...	3,143	51,068	72,949	301,502	309,893	+8,391
Increase or decrease . . .	—16,643		+3,143		+21,891		+8,391		+8,391

\* Includes about 14,000 Mule drivers of Animal Transport units and 6,000 men of Army Bearer and Hospital Corps who were followers before the war but who have since been granted "combatant" status for rations, etc.

This table shows that although a considerable reduction has been effected in the strength of the fighting services, this has been more than set off by the increase of staff employed in the administrative services, and the total establishment has increased by 8,391. A detailed analysis of the personnel is given in Appendix B.

Apart from financial considerations the strength and distribution of the army necessary for the defence of India and the maintenance of internal security are matters which we feel must be left largely in the hands of His Excellency the Commander-in-Chief.

#### FIGHTING SERVICES.

3. Since 1913-14 the fighting efficiency of the army has been increased enormously by the introduction of modern rifles, machine guns, etc., and, while we are informed that, so far as external menace is concerned, there has probably been a relatively greater improvement in the equipment of neighbouring tribes and the Afghan forces, it must be borne in mind that a large portion of the army is maintained for internal security.

4. *British Infantry*.—Of the total 70,545 British troops in India, including 1859 Air Force, 46,200 are infantry, the strength of which has been reduced by 6,056 officers and men since 1913-14 or by 11·2 per cent. There are now 45 Battalions of British Infantry compared with 51 in 1913-14 but although the fighting efficiency of each of these units has greatly increased, no reduction has taken place in the composition of the battalions. On the contrary the peace strength of these units has been considerably increased as shown below :—

	1913-14.	1922-23.
British Officers . . . . .	28	28
British Other Ranks . . . . .	1,004	1,012
Indian Ranks . . . . .	...	45
Followers, Class I . . . . .	37	{ 25
"    "    II . . . . .		{ 48
TOTAL . . . . .	1,069	1,158

It will be observed that the number of British Other Ranks on the peace establishment has increased from 1,004 in 1913-14 to 1,012 in 1922-23 and that the strength of the unit has also been increased by the addition of 45 Indian ranks to act as mule drivers for machine guns and 36 followers for miscellaneous duties, *e.g.*, cooks, tailors, etc. On mobilisation the peace establishment of battalions is reduced and only 840 British Other Ranks per battalion are retained on the war establishment. We do not think there is any necessity for maintaining a peace establishment on a much higher scale than the war establishment. In England and elsewhere the policy is to maintain peace cadres, about 25 per cent. below the war establishments, which are capable of rapid expansion in war and a similar practice obtains in certain sections of the army in India. We recognise that in India reinforcements of British troops cannot be obtained in less than about two months, but from statements which have been supplied to us, it appears that, as at present contemplated, only 5 battalions of British troops would be engaged on active operations during the first two months after mobilisation. During this period, the estimated wastage of these troops on a 7½ per cent. basis would be 630 men and we cannot think that any serious difficulty would arise if in war this number had to be found from the troops required for internal security, although we realise that this will entail a temporary pooling of resources as was found necessary in the Great War. In our opinion the number of troops per battalion required on mobilisation to maintain internal order in India should be capable of a considerable reduction in view of the increased fighting efficiency of the units. We recommend that the peace establishments of British battalions should be fixed at 884 British Other Ranks, the number required for the war establishment *plus* a margin of 5 per cent. to provide for men who may be absent through sickness, etc. This proposal would effect a reduction of 5,760 British Infantry. We are informed that the estimated cost of a British soldier in India is Rs. 2,500 per annum for 1922-23 and a reduction of 5,760 men would therefore save Rs. 1,44,00,000 per annum.

5. *Indian Infantry*.—The peace establishment of Indian Other Ranks in an Indian battalion is 826 except in the case of training battalions with which

we deal later. The war establishment of the battalions is 766 and we consider there is little justification for maintaining the peace strength of these units in excess of the war establishment, as any deficiency on account of sickness can be made up by drawing on the training battalions and reserve. We recommend, therefore, that the number of Indian troops per battalion should be reduced to 766 forthwith which would effect a reduction of 4,800 troops in the 80 active battalions now maintained.

Under the existing organisation there is one training battalion for every four active battalions. The establishment of a training battalion is fixed at 650 based upon the normal intake of recruits for the four active battalions and the estimated wastage during the first two months of a campaign. The reductions which we have proposed in the size of the active battalions will reduce the intake of recruits and effect an automatic reduction of 17 men per training battalion. We have also examined the wastage figures in recent campaigns and consider that the provision made for wastage in calculating the required strength of training battalions is excessive. Further, no allowance appears to have been made for the fact that during the first two months after mobilisation a considerable number of recruits will have completed their training. In these circumstances we are of the opinion that no difficulty would be experienced if the strength of the training battalions was reduced by 50 per battalion saving 1,000 men.

A similar position obtains in regard to Pioneer battalions. There are 9 active and 3 training battalions with a total strength of 7,341 and 1,296 men respectively. We consider that the peace establishment of the active battalions should be reduced to 722 the number required for the War Establishment, saving 843 men. No reduction in the strength of training battalions appears practicable.

The position in regard to Gurkhas is somewhat different from the ordinary Indian battalions. The peace establishment fixed at 941 includes recruits and provision for wastage and no training battalions are provided. We are informed that the number of Gurkhas which can be obtained is strictly limited to the existing strength and we make no recommendation.

The total immediate reduction in Indian troops which we recommend above is 6,643 men. We are informed that the average cost of a Sepoy in 1922-23 was Rs. 631, so that a reduction of 6,643 men would effect a saving of Rs. 42 lakhs.

At the present time the authorised strength of the reserve is 34,000 Infantry but the actual strength is only 8,900 owing, we understand, to considerable difficulty having been experienced in obtaining the required numbers. We have suggested to the Commander-in-Chief that an increase in the reserve pay would probably attract more men, and that, in addition, consideration should be given to the inclusion of a term of service with the reserve in every man's attestation on enrolment. This proposal has been considered by the military authorities and it is suggested that the terms of enlistment should be altered to include five years' service with the colours and ten years with the reserve if required, the pay of reservists to be increased to Rs. 7 per mensem for the first five years in the reserve and Rs. 4 for the last five years, the total colour *plus* reserve service of 15 years to count for pension at Rs. 3 per month.

We think that a scheme of this nature would prove attractive to the men but that the provision of a pension should be accompanied by a liability to be called up for service in the event of a national emergency. If this proposal is adopted we consider that the peace establishment of battalions should be gradually placed on a cadre basis which might ultimately be fixed at, say, 20 per cent. below the war establishment. This would effect a further saving of about 14,000 men or Rs. 88,34,000 less the increased cost of the reserve which would not exceed Rs. 25 lakhs.

The proposal to increase the period of enlistment with the colours would also ultimately reduce the number of recruits required annually. This in turn would reduce the establishment of the training battalions and the strength of the recruiting staff and result in considerable further economy.

6. *Cavalry*.—The number of British Regiments has been reduced from 9 in 1913-14 to 8 required for 1922-23 and the Indian regiments have been reduced

from 39 to 21. We see no reason why the British Cavalry regiments should not be reduced *pro rata* to the Indian regiments and consider that the recommendations put forward by the Government of India on the 5th February 1922 that 3 British Cavalry Regiments should be dispensed with should be adopted for 1923-24, saving Rs. 74,00,000.

7. *Artillery*.—The number of British Officers and men in the Artillery has decreased from 15,205 in 1913-14 to 11,446 in 1922-23, but the number of Indian Officers and Other Ranks has increased from 10,132 to 13,902 so that the total establishment of the Artillery has slightly increased from 25,337 to 25,348. We are of the opinion that in view of the modern weapons now available and their increased effectiveness owing to the introduction of aeroplanes, improved signalling arrangements, etc., some economy in Artillery establishment should be possible and we suggest a reduction of 10 per cent. in expenditure which would effect a saving of Rs. 43,00,000.

8. *Other fighting services*.—The remaining establishment of the Fighting services comprises the Signal Service and Armoured Cars, in regard to which we make no recommendation, and the Royal Air Force, with which we deal in a separate section of our Report.

9. *Summary*.—The adoption of our proposals will involve a recurring saving of Rs. 303 lakhs a year which will ultimately rise to Rs. 366 lakhs. The budget for 1922-23, however, took into account a saving of Rs. 64 lakhs due to a temporary shortage of British troops compared with the establishment now authorised. Our recommendations will thus yield a net additional saving of Rs. 239 lakhs a year immediately on their introduction and it should be possible to increase this saving in the near future to Rs. 302 lakhs a year. We recognise, however, that it will not be possible to secure the whole of the former saving in 1923-24.

#### ARMY HEADQUARTERS, STAFF OF COMMANDS, ETC.

	Rs.
1913-14, Actual Expenditure . . . . .	92,49,948
1921-22, Revised Estimate . . . . .	1,84,57,000
1922-23, Budget Estimate . . . . .	1,83,08,200

10. A considerable portion of the large increase in expenditure under this heading since 1913-14 is due to the introduction of the four Command system in 1921. We are informed that the basic factors which determined the adoption of four commands were:—

- (a) the limitations placed on the size of the area which can be efficiently controlled by one man;
- (b) the desirability of making military districts coincident with civil provinces;
- (c) the importance of providing adequate machinery to deal with the additional military liability imposed by internal security once the field army has left the area;
- (d) the necessity of placing with Army Commanders the administrative control of, and the responsibility for, the troops under their command.

It was anticipated that under the new organisation considerable relief would be afforded to army headquarters by an extensive decentralisation of control, but in this connection the military authorities submitted that it would be futile to hope, even with the utmost decentralisation, that the staff at headquarters could be reduced to the pre-war level.

11. *Establishment of Officers of higher ranks*.—The sanctioned establishment of Officers of higher ranks not holding regimental appointments (*i.e.*, above the rank of Lieutenant-Colonel) is as follows:—

	Sanctioned Establishment.
Field Marshal . . . . .	1
Generals . . . . .	3
Lieutenant-Generals . . . . .	6
Major-Generals . . . . .	24
Colonels . . . . .	110

We are informed that the Military authorities propose to reduce the establishment by two Lieutenant-Generals and seven Major-Generals which will effect a future saving in non-effective charges.

12. *Army Headquarters.*

	Rs.
1913-14, Actual Expenditure . . . . .	28,56,148
1921-22, Revised Estimate . . . . .	68,13,000
1922-23, Budget Estimate . . . . .	61,89,000

The total expenditure for 1922-23 is more than double that of 1913-14 although the number of troops in the fighting services has decreased by 15,517 and provision has been made for decentralising the control of minor matters to the Commands. The establishment of Army Headquarters has increased as follows :—

	1913-14. No.	1922-23. No.
Officers . . . . .	83	153
Civilians . . . . .	335	729
Menials . . . . .	197	310

These numbers for 1913-14 represent the authorised establishment and exclude attached officers whose pay was charged against the unit to which they belonged. Including these officers and seconded officers in 1922-23 the following statement shows the growth of the establishment of officers and clerks in each section of Army Headquarters :—

Branch.	1913-14.		1922-23.	
	Officers.	Clerks.	Officers.	Clerks.
General Staff . . . . .	48	59	49	91
Adjutant General . . . . .	20	94	36	180
Quartermaster General . . . . .	22	128	59	362
Ordnance . . . . .	5	32	5	36
Military Secretary . . . . .	2	22	8	56
His Excellency the Com- mander-in-Chief and Per- sonal Staff.	7	...	7	4
TOTAL . . . . .	104	335	164	729

The establishments for 1922-23 were recently examined by a Committee appointed by the Government of India and presided over by the Hon'ble Mr. Innes. The Committee recommended that the authorised establishment of Army Headquarters, excluding attached officers, should be reduced from 153 to 108 saving in officers' pay Rs. 8,13,000. The Commander-in-Chief has agreed that the number of officers should be reduced to 134 saving Rs. 3,09,600, but we consider that further reductions are possible. For example we consider that the post of Chemical Adviser in the General Staff Branch should be abolished. Further, we think that the possibility of amalgamating the Directorates of military training and military operations should be explored. The Directorate of organisation and mobilisation and the Directorate of Auxiliary Forces might, we think, possibly be absorbed by the Directorate of staff duties and the Controller of contracts by the Directorate of supplies and transport.

We are informed that the position of Deputy Quartermaster General has been abolished at the War Office in England and we see no reason for its retention in India.

It is obviously not practicable in the limited time at our disposal to make any very definite detailed recommendations but we consider that the provision for officers at Army Headquarters should be reduced to the full extent recommended by the Innes Committee and that at least Rs. 4 lakhs of this saving should be effected in 1923-24 and that a further reduction should be kept in view.

With regard to clerks the Innes Committee recommended a lump cut of Rs. 9 lakhs based upon a *pro rata* reduction in the number of clerks to that recommended in the case of officers. The Commander-in-Chief has agreed to a reduction of approximately Rs. 1,30,800, but we consider that a saving of at least Rs. 2,00,000 should be effected for 1923-24.

We have discussed the question of the Headquarters staff very fully with the Commander-in-Chief who has shown every desire to reduce it as far as practicable. As a result of our discussion we recommend that the total provision for Army Headquarters for 1923-24 should be limited to Rs. 55,89,000 a reduction of Rs. 6,00,000.

13. *Staff of Commands, Districts, Brigades, etc.*

	Commands.	Districts Brigades.
	Rs.	Rs.
1913-14, Actual Expenditure .	4,86,498	55,85,000
1921-22, Revised Estimates .	30,45,000	87,32,000
1922-23, Budget Estimates .	30,14,380	93,03,960

Before the war the army in India (exclusive of Burma and Aden) was organised under two Commands subdivided into 9 Divisions which were again subdivided into 32 Brigades and 5 Cavalry Brigades. In addition there were 3 Independent Brigades who dealt directly with Army Headquarters.

Under the post-war organisation India is divided for administrative purposes into 4 Areas or Commands. These are subdivided into 13 districts which are further subdivided into 29 Brigade areas, and in addition there are 5 Cavalry Brigades. The troops in Waziristan are temporarily under the direct control of Army Headquarters.

The underlying principle of the present organisation appears to be that the Army should be in a continual state of preparedness for instant operations in the event of war or unrest. We are informed that the total annual cost of the 4-Command scheme when introduced was Rs. 31,00,000. In our opinion it is a question whether this large expenditure can be justified and we understand that if the scheme is finally adopted considerable additional expenditure will be necessary to provide office accommodation, etc. We consider that the organisation should be the minimum necessary to enable rapid transition to be made from peace to war conditions in the event of emergency. We are informed that if the number of Commands were reduced to three a direct saving of Rs. 3,59,000 would be effected. At the same time we feel that the present system of four Commands has been so recently inaugurated that it might be given a further trial for 12 months after which the whole question should be reviewed, but in the meantime no expenditure should be incurred on new offices.

14. With regard to districts we understand that steps will be taken to reduce the number and that a saving of Rs. 4 lakhs will be effected in 1923-24.

15. We understand the increased cost of Districts and Brigades in 1922-23 compared with 1921-22 is due to the transfer of Rs. 6,62,000 for mechanical transport charges from another heading and the provision of Rs. 3,64,000 for syce and forage allowances for officers' chargers. We consider that the number of motor cars in use in Districts and Brigades is excessive and we deal with this question at a later stage.

16. *Summary.*—We recommend that the provision for Commands, Districts and Brigades in 1923-24 should be reduced by Rs. 4,00,000, in addition to which there will be savings under transport and forage charges.

17. *Embarkation and Railway Transport Staff.*

	Embarkation Staff.	Railway Transport Staff.
	Rs.	Rs.
1913-14, Actual Expenditure .	<i>Nil</i>	13,300
1921-22, Revised Estimate .	53,000	4,60,000
1922-23, Budget Estimate .	1,58,300	4,86,000

Before the War the work connected with the embarkation and disembarkation of troops at Bombay, Karachi and Calcutta was carried on by the ordinary staff of the District Brigade. There was also no separate organisation for dealing with the transportation of troops by rail the necessary work being performed by the ordinary staff of the Divisions. We recommend that all work in connection with the movement of troops should be decentralised to Commands and Districts and that the total provision for Embarkation and Railway Transport Staff be limited to Rs. 3,00,000, a saving of Rs. 3,44,300.

#### TRANSPORT CHARGES.

18. The estimated cost of transport for 1922-23 compared with 1913-14 is as follows:—

—	1913-14.	1921-22. Revised Ex- penditure.	1922-23. Budget.
Animal transport . .	1,27,84,000	2,15,33,000 {	1,81,17,000
Hire of transport . .	3,22,000		42,65,000
Mechanical transport . .	Nil		1,56,43,000
Rail, Road, Sea and inland water charges . .	61,83,000	3,63,55,000	2,39,75,000
TOTAL .	1,92,89,000	7,20,26,000	6,50,00,000

This table shows that the total cost of transport has increased more than three-fold compared with 1913-14 although the number of fighting troops has been reduced. We are of the opinion that this large increase is due to a considerable extent to the organization being maintained in a state of preparedness for war and it appears that the introduction of improved methods of transport has resulted in the maintenance of a dual organization with a combined capacity far in excess of that available in 1913-14. We consider the maintenance of a large transport reserve cannot be justified in present financial circumstances, and that it should be possible to reduce the total cost of animal and mechanical transport to approximately double the pre-war expenditure.

19. *Animal and Mechanical Transport.*—The following statement shows the personnel employed in connection with the animal and mechanical transport in 1913-14 and 1922-23 respectively:—

—	1913-14.		1922-23.	
	Animal transport.	Mechanical transport.	Animal transport.	Mechanical transport.
	No.	No.	No.	No.
Officers with King's Commissions . .	62	Nil	64	149
British other ranks . . . .	196	...	78	950
Indian Officers . . . .	66	...	193	29
Indian other ranks . . . .	1,155	...	11,488	2,782
Civilians . . . .	98	...	130	622
Followers including artificers . .	23,000	...	7,649	3,099
TOTAL .	24,577	Nil	19,602	7,631

This table shows the total personnel employed on transport duties has increased from 24,577 in 1913-14 to 27,233 in 1922-23 due mainly to the introduction of mechanical transport.

With regard to animal transport considerable savings will accrue from the fall in prices of fodder, etc., which has taken place since last year. We refer to these savings in our observations in regard to stocks.

The increase in the cost of hire of transport from Rs. 3,22,000 in 1913-14 to Rs. 42,65,000 required for 1922-23 is due to the inclusion of Rs. 30,00,000 for hired transport on the Harnai-Fort Sandeman Road in Baluchistan. We are informed that a light railway could be constructed from Hindubagh to Fort Sandeman, a distance of about 70 miles at a cost of about Rs. 35 lakhs. We think that tenders should be obtained for the construction of this line and

if the cost involved approximates to the figure named, we recommend that the work should be taken in hand forthwith. The remaining increase in the cost of hired transport, Rs. 9,43,000, is said to be due to higher contract rates and partly to the larger movements of Stores for Indian units not previously supplied.

20. We have examined the position in regard to mechanical transport and attach a statement (Appendix C) showing the estimated military requirements and the present stock of vehicles, classified at our request, under (a) vehicles fit for war conditions, (b) vehicles fit for war conditions subject to repairs and (c) obsolete vehicles. It will be seen that the total stock of vehicles excluding motor cycles is now 3,369 of which 1,792 vehicles are obsolete. We recommend that all these obsolete vehicles should be sold or scrapped forthwith except vehicles of standard types which we consider should be completely dismantled and the parts thereof placed in stock as spare parts for repair work.

We consider there is no justification for providing the stock of vehicles which the military authorities estimate is required, and we recommend that, while the present financial conditions obtain, the authorised establishment of motor vehicles including reserves should not exceed 1,600 vehicles, excluding motor cycles. The holding of large excess stocks must necessarily result in increased costs for maintenance, garage accommodation, interest on capital, depreciation and personnel, and in addition there is a tendency to use the vehicles, if available, for non-essential purposes. In this connection we examined the records maintained by one motor transport company and found they were far from satisfactory; the number of vehicles in use was considerably in excess of the requirements, and in many cases the daily loaded mileage run by individual lorries was only 2 to 4 miles with light loads of about 5 maunds.

21. We are informed that the number of motor cars in use has recently been reviewed and reduced to 261 distributed as follows:—

	No. of cars.
Command Headquarters (4)	12
District Headquarters (14)	58
Brigade Headquarters (38)	38
Schools and Institutions—	
Staff College	2
Cavalry School	1
O. C., Deolali	1
	4
Reserve cars —	
Northern Command	8
Eastern Command	4
Western Command	6
Southern Command	5
Burma District	1
	24
Embarkation Staff	3
Railway Transport Officer	1
Signals and Sappers and Miners Units	5
8 Armoured Car Companies and Sections	25
<i>M. T. Formations.</i>	
5 Column Headquarters	5
10 Motor Ambulance Convoys	20
10 Heavy M. T. Companies	20
1 Ford Van Company	2
Khyber Ropeway Company	2
4 Mobile Repair Units	4
M. T. Training School	1
M. T. at Aden	5
Central M. T. Stores Depot	1
Technical Inspectors	3
Bushire M. T. Section	1
<i>Additional for Waziristan.</i>	
2 Ford Van Companies	4
Cars for staff :—	
Waziristan	16
Zhob	5
Kohat	2

TOTAL 261

In England the normal peace establishment of motor cars was fixed at 90 for 1922-23 and we understand that the number has since been reduced. We consider the establishment of motor cars in India should be limited to not more than 150 and that the mileage run should be restricted to an average of 9,000 miles per car per annum.

22. We are informed that the Military authorities estimate the running cost of a Ford car at Rs. 4,250 per annum for a mileage of 9,600, including petrol, lubricants, tyres and repairs, but exclusive of the cost of personnel, interest on capital or depreciation. This we consider excessive. The average number of miles run per gallon of petrol is only 14, which appears to us unduly low and we recommend that the possibility of increasing the mileage run per gallon of petrol for all vehicles should be explored. With regard to lorries we understand that the Commander-in-Chief has accepted the recommendation made by the Braithwaite Committee that the mileage run per transport lorry and ambulance maintained in use should be limited to 1,000 miles per annum. We understand that the principle of limiting the mileage to be run annually by each vehicle is considered preferable to reducing the number of vehicles to the minimum necessary to meet peace requirements. This arrangement is admittedly not economical but it is represented to us that it is not practicable to largely reduce the present nucleus staff and that it is better to keep the vehicles in use than to retain them in storage where they would rapidly deteriorate. In these circumstances we recommend that the 1,000 mile limitation should be applied to all lorries and miscellaneous vehicles and recommend that a system of rationing petrol and other supplies should be introduced to ensure that the mileage limitation is enforced.

We recommend that the number of ambulances in use should be limited to 200, that the total establishment of motor cycles should be fixed at not more than 350 and that all obsolete cycles should be sold or scrapped forthwith.

23. As regards personnel, we support fully the recommendations of the Braithwaite Committee with the exception of that relating to the increase of establishment of the Mechanical Transport Training School. The adoption of these recommendations will save about Rs. 20 lakhs a year, to which must be added a saving of Rs. 1 lakh from the proposed reduction in the number of motor cars in use. The extension of the proposed mileage limitation to all motor vehicles will effect a further saving of Rs. 48 lakhs a year by reducing the consumption of petrol and lubricants, tyres and spare parts, and the expenditure on repairs. On the other hand about Rs. 14 lakhs a year will be required for the purchase of vehicles to replace those which have run their normal life and have become unserviceable. This provision, in 1923-24, will be used mainly for the purchase of armoured cars.

As a result of our consideration we are of opinion that the total annual expenditure on Animal and Mechanical Transport should be reduced by at least Rs. 55 lakhs. There will be a further saving of Rs. 15 lakhs in 1923-24 to which we refer under the Stock Account.

24. *Sea Transport Charges, Rs. 1,19,35,000.*—A sum of £925,700 budgeted for in 1922-23 has proved an overestimate and we are informed that the provision contemplated for 1923-24 is £693,000, inclusive of £75,000 for the Royal Air Force, which has now been transferred to that section of the accounts. There will thus be a saving of £307,000, or Rs. 46,05,000, apart from the saving due to reduction in establishment. Against this payment India receives a contribution from the War Office of £130,000 towards the total cost of the trooping service.

25. *Railway, road and inland water charges.*—Of the total provision of Rs. 1,20,40,000 under this heading, Rs. 1,15,50,000 represents railway charges for movement of troops, the balance representing road and inland water charges. Before the current financial year all the railway charges of the army were recorded under one head of account and no attempt was made to allocate them to different services of the army. In connection with the system of cost accounting now introduced, arrangements have been made to allocate the railway charges of the army to the various services and a partial distribution of the charges was made in the budget estimates for 1922-23, the total

provision under all heads amounting to Rs. 1,99,75,000. As a result of various causes this estimate has been exceeded, and it is anticipated that the aggregate expenditure in 1922-23 will amount to about Rs. 250 lakhs. We are informed that every endeavour is made to avoid unnecessary movements of troops and that the total railway charges for 1923-24 are expected to fall to Rs. 230 lakhs, in spite of an increase in charges by the railways representing Rs. 20 lakhs of the last mentioned amount. We recommend, however, that a larger reduction should be effected and that the provision of Rs. 1,99,75,000 for railway charges under all heads should be reduced in 1923-24 to Rs. 1,85,00,000, a saving of Rs. 14,75,000. A further considerable reduction should be possible in subsequent years.

#### EDUCATIONAL AND INSTRUCTIONAL ESTABLISHMENTS.

	Rs.
1913-14, Actual Expenditure . . . .	52,96,840
1921-22, Budget Estimate . . . .	1,06,74,000
1922-23, Budget Estimate . . . .	1,09,97,170

26. The main item included under the heading is a provision of Rs. 62,61,000 for practice ammunition for 1922-23, the corresponding figure for 1913-14 being Rs. 38,83,000.

The expenditure is sub-divided under main heads as set out below :—

	1913-14.	1922-23.
	Rs.	Rs.
Supervising and Inspecting Staff . . . .	21,230	1,01,390
Staff College, Quetta . . . .	5,15,069	7,84,190
Small Arms Schools . . . .	1,34,945	6,58,670
Physical Training Schools . . . .	29,217	1,89,750
Cavalry School . . . .	1,74,602	5,36,450
Senior Officers' School . . . .	...	2,87,170
Machine Gun School . . . .	...	1,38,100
Artillery Schools . . . .	...	2,38,000
Armoured Car Centre . . . .	...	2,76,030
Mechanical Transport Training School . . . .	...	4,28,000
Army Veterinary Schools . . . .	7,741	42,000
Supply and Transport Training School . . . .	...	84,000
School of Cookery . . . .	10,231	36,000
Education of Military pupils at Medical Colleges and Schools . . . .	90,879	3,00,000
Miscellaneous including provision for practice ammunition . . . .	43,12,926	68,97,340
<b>TOTAL . . . .</b>	<b>52,96,840</b>	<b>1,09,97,170</b>

This table shows that the cost of training establishments has increased enormously since 1913-14. Excluding miscellaneous expenditure which is mainly for practice ammunition, we find that the cost of Educational and Instructional establishments has increased more than four-fold from Rs. 9,83,914 in 1913-14 to Rs. 40,97,830 required for 1922-23. We are informed that before the war the training of the Army in India was inferior to that of the Army at Home, and now that the army has been reduced it is of first importance that its training should reach as high a standard as that of the Home Army. We believe this object could be obtained without such a large increase as Rs. 31 lakhs, which the country cannot afford. We deal with the various establishments seriatim.

*Small Arms Schools, Rs. 6,58,670.*—These schools are maintained for the training of officers and non-commissioned officers as instructors in the use of rifles, light guns, light mortars and grenades. The standard number of instructors to be maintained in units has been fixed and it has been laid down that instructors must be in possession of certificates under two years' old. We are of opinion that in present financial circumstances the rules in regard to

holding certificates should be relaxed and the period between courses of training extended to three years. We recommend that the provision for small arms schools should be limited to Rs. 5,58,670, a reduction of Rs. 1,00,000.

*Physical Training Schools, Rs. 1,89,750.*—The cost of these schools has increased from Rs. 29,217 in 1913-14 to Rs. 1,89,750. We understand that a reduction of Rs. 65,000 is proposed for 1923-24.

*Cavalry School, Rs. 5,36,450.*—Although the strength of cavalry has been largely reduced since 1913-14 the expenditure on the cavalry school has increased from Rs. 1,74,602 in 1913-14 to Rs. 5,36,450. The present scheme provides for training annually the full number of instructors required by the units which we consider is not justified in present financial circumstances.

The Commander-in-Chief informs us that the training of the Cavalry is now more intensive than it was before the war and that it is essential, now that the Cavalry is being reduced, to maintain the highest possible standard and he would strongly deprecate any great reduction of instructors. In these circumstances we recommend that the provision for 1923-24 should be limited to Rs. 3,30,000, a reduction of Rs. 2,06,450.

*Senior Officers' School, Rs. 2,87,170.*—This school is for training field officers of all arms before substantive promotion to the rank of Lieutenant-Colonel. A reduction of Rs. 13,000 is proposed for 1923-24, and we make no recommendation.

*Machine Gun School, Rs. 1,38,000.*—We are informed that this school is essential for training officers and non-commissioned officers in the use of machine guns and we make no recommendation.

*Artillery Schools.*—The provision for 1922-23 included Rs. 1,50,000 for equipment which will not be required in 1923-24 and we suggest no further reduction.

*Armoured Car Centre, Rs. 2,76,030.*—The introduction of Armoured Car Companies necessitated provision being made for the tactical and mechanical training of personnel for this new service and we recommend no reduction for 1923-24.

*Mechanical Transport Training School, Rs. 4,28,000.*—We understand that the Mechanical Transport Training School in England has been abolished. This is not considered practicable in India, where motor transport is less highly developed, but in view of the reductions we are proposing in mechanical transport we recommend that the provision for 1923-24 be limited to Rs. 3,28,000, saving Rs. 1,00,000.

*Education of Military pupils at Medical Colleges and Schools.*—We recommend that the provision under this heading should be limited to Rs. 2,00,000 for 1923-24, a reduction of Rs. 1,00,000.

*Miscellaneous, Rs. 68,97,340.*—The scale on which practice ammunition is provided is considerably lower than in England and we are informed that no further reduction is practicable. The savings resulting from the reductions we have proposed in the strength of the fighting services have already been taken into account, and we make no recommendation.

We understand that in the budget of 1922-23 no provision was made for practice ammunition for troops serving in Waziristan as they were employed on military operations and it was not necessary for them to fire their practice ammunition; and that the withdrawal of troops from Waziristan will necessitate an increase of Rs. 23 lakhs in the grant for practice ammunition in 1923-24. This increase is a corollary of the large reduction in Waziristan expenditure mentioned in a separate section of this Report and cannot, we are afraid, be avoided. The saving in practice ammunition resulting from the reductions in the strengths of fighting troops recommended by us, has been taken into account in assessing the financial effect of such reductions.

*General.*—As a result of our consideration, we are of the opinion that the provision for Educational and Instructional establishments should be reduced by Rs. 7,42,450 including a saving of Rs. 8,000 under the Staff College, Quetta, but the grant for practice ammunition will apparently have to be increased by Rs. 23,00,000.

## ARMY EDUCATION.

	Rs.
1913-14, Actual Expenditure . . . .	11,70,583
1921-22, Budget Estimate . . . .	42,37,000
1922-23, Budget Estimate . . . .	37,25,000

27. We are informed that the large increase in expenditure since 1913-14 is due to (a) the policy of His Majesty's Government that education shall henceforward form an integral part of the military training of the British soldier and (b) the decision of the Government of India that the system adopted for the British Army should be applied, *mutatis mutandis*, to the Indian Army.

The British soldier is in most cases literate on enlistment and, while additional education has much to commend it, we consider it essential to limit the extent to which educational facilities should be provided at the expense of Government. We are of the opinion that the extent of these educational facilities should be reviewed and limited to the most useful subjects. We recommend that a definite amount should be allocated for expenditure on education which should be fixed for a period of say 5 years to ensure continuity of policy.

The total staff of the education service has increased from 309 in 1913-14 to 1,546 required for 1922-23, and an analysis of the staff employed and the expenditure incurred in each of these years is as follows:—

	1913-14.		1922-23.	
	No.	Total cost.	No.	Total cost.
		Rs.		Rs.
Supervising and inspecting staff . . . .	7	1,04,000	63	3,41,300
British Army School of Education . . . .	...	Nil	83	1,84,200
Indian Army School of Education . . . .	...	Nil	65	1,26,000
Garrison Regimental and detachment schools for British troops . . . .	243	3,22,000	524	16,12,000
Garrison Regimental and detachment schools for Indian troops . . . .	6	Nil	579	4,44,000
Lawrence Military Schools . . . .	50	1,69,600	184	3,99,900
Prince of Wales' Royal Military College, Dehra Dun . . . .	...	Nil	47	1,11,300
King George's Military Schools . . . .	...	Nil	...	20,000
Language rewards . . . .	...	2,95,000	...	3,00,000
Miscellaneous . . . .	3	1,93,000	1	2,53,300
Total . . . .	309	12,11,000	1,546	37,92,000
Less receipts . . . .	...	40,000	...	67,000
TOTAL . . . .	...	11,71,000	...	37,25,000

The large increase in the inspecting and supervising staff is due to the provision of both British and Indian Inspectors at Army Headquarters, at the headquarters of each of the four Commands and at the headquarters of each of the 15 districts, including Burma and Aden. We consider there is no justification for the employment of such a large staff of Inspectors costing Rs. 3,41,300.

We are informed that the staff of the garrison, regimental, and detachment schools for British troops has within the past 12 months been reduced by 86 officers saving Rs. 4,00,000 and that the King George Military Schools, for which Rs. 20,000 was provided in the current year's Budget are not yet in existence. Further economies should be possible under the headings of Incidental and miscellaneous expenses of British and Indian Garrison Schools, etc., for which Rs. 2,80,470 was provided in 1922-23.

As a result of our consideration we are of opinion that in existing financial circumstances the provision for army education should be reduced to Rs. 33,00,000 for 1923-24 and be fixed at this figure for the next five years, exclusive, however, of any additional expenditure on the Dehra Dun and King George's Military schools for the purpose of giving a good public school education to Indian boys to enable them to pass into Sandhurst. A proportionate reduction should be made in this figure, if our proposals regarding reductions in the strength of fighting troops are accepted.

#### MEDICAL SERVICES AND HOSPITALS.

	Rs.
1913-14, Actual Expenditure . . . . .	79,99,000
1921-22, Revised Estimate . . . . .	2,27,66,000
1922-23, Budget Estimate . . . . .	3,22,95,000

28. Excluding Aden the staff in 1922-23 compares with that employed in 1913-14 as follows :—

	1913-14.	1922-23.
Officers, R. A. M. C. . . . .	333	332
Officers, I. M. S. . . . .	261	495
Nursing Sisters . . . . .	91	267
R. A. M. C. other ranks . . . . .	...	450
Assistant Surgeons . . . . .	411	416
Sub-Assistant Surgeons . . . . .	664	739
Army Hospital Corps . . . . .	2,934	...
Army Bearer Corps . . . . .	3,578	...
Regimental Hospital Establishments (not included in medical Budget) . . . . .	2,316	...
Indian Hospital Corps . . . . .	...	12,065
Officers Army Dental Corps . . . . .	7	18
	<u>10,635</u>	<u>14,782</u>

The average daily number of patients of the British and Indian Army respectively in hospitals in 1922 compared with the number of beds was as follows :—

	Beds.	Patients.
British Army . . . . .	8,270	1,927
Indian Army . . . . .	12,703	4,506

From this it appears that the British hospitals are not used to a quarter of their capacity and the Indian hospitals are used to little more than a third of their capacity.

It has been pointed out to us that a margin of 55 per cent. must be allowed to provide for seasonal sickness, epidemics, etc. Even so we consider that an all round reduction of 25 per cent. in the number of beds maintained could safely be made. For example, in the United Provinces district no less than 1,118 beds are maintained in British hospitals for a daily average of 355 men in hospital, and in the Central Provinces district 772 beds are maintained in Indian Station hospitals for an average daily number of 155 sick in hospital. We recommend that an enquiry be made with a view to closing down hospitals where their retention is not justified and to substantially reducing the number of beds in the hospitals retained. This should make it possible to effect a considerable reduction in the staff employed irrespective of the savings which will result if our recommendations for the reduction of the establishments of the fighting units be adopted. In particular we have been impressed by the increase in the number of Indian Medical Service officers employed on military duty in spite of the concentration of medical arrangements which might have been expected to result from the introduction of the Station hospital system for Indian troops. The cost of the present establishment is Rs. 145 lakhs, and we recommend that a reduction of at least Rs. 5 lakhs should be effected, in addition to the savings which should automatically result from reductions in Army personnel.

Other large items included in the 1922-23 budget are :—

	Rs.
Provisions and diet for patients . . . . .	87,00,000
Clothing for patients . . . . .	25,00,000
Drugs and dressing instruments . . . . .	15,00,000
Provisions for staff . . . . .	15,94,000
Clothing for staff . . . . .	6,99,000

We are informed that the number of patients and cost of diet were over-estimated, with the result that for 1922-23, a saving of Rs. 46 lakhs is anticipated under provisions and diet, of which Rs. 15 lakhs merely represents a transfer to the food charges of the fighting services. There will also be a saving of Rs. 16 lakhs for clothing for patients. We allow elsewhere for the saving in expenditure which may be anticipated from the fall in prices.

We are informed that there is a fixed scale of medical and other equipment for military hospitals, and that the officers in charge submit indents for drugs once a year through their local administrative medical officers who scrutinize the indents and after such adjustments as are necessary pass them on to the Medical Stores Department for compliance. In view of the lower percentage of sickness we consider that a saving of at least Rs. 1 lakh should be effected in the cost of drugs. The reductions in the number of beds which we have recommended should make it possible to effect further savings in respect of the supply and maintenance of equipment.

We recommend that a reduction of Rs. 53 lakhs should be made in the total estimates under this head in 1923-24, apart from the transfer of Rs. 15 lakhs to the fighting services, and the savings which we have taken into account elsewhere as the result of the reduction in the number of troops, fall in prices, reduction of stocks or other causes.

#### WORKING EXPENSES OF DEPÔTS, ETC.

	Net expenditure.
	Rs.
1913-14, Actual Expenditure . . . . .	41,33,645
1921-22, Budget Estimate . . . . .	1,85,66,000
1922-23, Budget Estimate . . . . .	1,21,13,560

29. The above figures represent the net expenditure after allowance has been made for expenditure transferred to other heads of account or recovered by means of credits and so-called receipts which we understand represent mainly savings by the purchase of surplus stores at rates less than the vocabulary rates. An analysis of the gross expenditure is given in Appendix D. from which it will be seen that the total working expenses have increased from Rs. 1,03,99,075 in 1913-14 to Rs. 2,84,02,560 or by 173 per cent.

We deal seriatim with the various heads under which the account is set out.

#### 30. *Arsenals and Ordnance Depôts—*

	Gross expenditure.
	Rs.
1913-14, Actual Expenditure . . . . .	26,08,924
1922-23, Budget Estimate . . . . .	72,17,820

There has been no change in the pre-war numbers of arsenals and ordnance depôts, but we understand that there has been a large increase in work owing to the transfer of barrack, hospital, and miscellaneous equipment from the Supply and Transport Corps, the abolition of the silladar system for Indian Cavalry and the introduction of new equipment.

We are informed that the estimate for the current year will be largely exceeded and that no reduction can be anticipated in 1923-24 on the current year's budget figure. On the contrary it is stated that an additional Rs. 2 lakhs will be required for reconditioning stores and provision will have to be made for increased transportation charges owing to increased rates.

In the section of this Report relating to the Stock Account we are recommending that no surplus stores should be retained and that the total value of stores held, including reserves, should be reduced to not more than Rs. 8 crores, new purchases being curtailed. If this is done it should be possible ultimately to effect large reductions in the cost of arsenals and ordnance depôts. The disposal of these stores will undoubtedly throw more work on the Depôts in 1923-24, but on the other hand the curtailment of new purchases and the proposed reduction in troops will considerably reduce the quantity of stores to be handled. In view of all the circumstances we consider that the provision for 1923-24 should be limited to the same amount as that provided for the current year and that the possibility of effecting economy by temporarily utilising military labour drawn from existing units for clearing up arrears of work should be explored.

We are informed that receipts under Arsenals and Ordnance Depôts in 1922-23 include a special credit of Rs. 10 lakhs on account of the difference between prices paid to the Disposals Commissioner for certain stores purchased from him and the vocabulary prices of these stores, and that that a similar saving will probably be realised in 1923-24 as the result of the general fall in prices.

31. *Clothing and Boot Depôts, Rs. 4,74,084.*—During the war Government undertook the liability for supplying clothing and boots to Indian troops and followers. There are now four depôts but two of them are said to be only temporary and we consider that steps should be taken to close them at an early date. We have ascertained that units at present maintain their own mobilization reserves of winter clothing and also working stocks up to a limit of three months' requirements. We are of opinion that it is not economical for units to maintain mobilization reserves of winter clothing and we recommend their withdrawal to central depôts if suitable accommodation is available. This we understand is being done. We consider that some saving in the cost of depôts for 1923-24 should result from the reduction in stocks maintained. During the current year the stocks to be maintained have been reduced by over Rs. 59 lakhs and further reductions are anticipated for 1923-24. Some economy should also be possible by reducing the proportion of British to Indian personnel and we recommend the provision for 1923-24 be limited to Rs. 4,50,000. We are informed that the receipts for 1922-23 estimated at Rs. 4,00,000 mainly represent savings by purchases of stores below the vocabulary rates and that there will probably be a reduced saving under this heading for 1923-24 which will more than set off any decrease in expenditure.

32. *Supply Depôts*—The District Supply Companies are closely inter-related with the Supply Depôts and it will be convenient to consider the two organisations together:—

	Supply Depôts Gross Expenditure.	District Supply Companies.
	Rs.	Rs.
1913-14, Actual Expenditure . .	3,13,057	<i>Nil</i>
1921-22, Budget Estimate . .	44,62,000	40,66,000
1922-23, Budget Estimate . .	98,12,000	32,77,000

Before the war there were no District Supply Companies. The arrangements for the purchase and supply of rations, fodder and other miscellaneous supplies for which the Supply and Transport Corps were responsible were controlled largely by the divisional Commanders. There were small depôts in charge of an officer of the Supply and Transport Corps at the principal cantonments at which British units were located while at the outstations there were small depôts in charge of a subordinate.

The whole system was reorganised in 1917-18 and has since been developed by the military authorities. At the present time the arrangements for the purchase and supply of non-perishable stocks are centralised at Army Headquarters. Supplies are purchased in bulk for the whole of India by a Controller of Contracts under the orders of the Quartermaster General. The Director of Supplies and Transport, also under the control of the Quartermaster General, is responsible for the general control and supervision of the supply services. The arrangements for the distribution to depôts and

sub-depôts and subsequent redistribution to the troops or to other depôts are carried out by a Deputy Director of Stocks under the control of the Director of Supplies and Transport. The organisation for distribution consists of (a) 13 supply depôt companies whose functions are to maintain the stocks at depôts and sub-depôts from which the issues to units are made and (b) 13 District Supply Companies each consisting of a headquarters section and a number of Brigade sections for distributing supplies from the Depôts to the troops.

The total staff employed in the District and Depôt Supply Companies compared with the pre-war establishment is as follows :—

	1913-14.	1922-23.		
	Supplies.	District Supply Companies	Supply Depôt Companies.*	Total.
Officers with King's Commissions .	76	86	108	194
British other ranks . . . . .	284	225	183	408
Indian Officers . . . . .	...	73	...	73
Civilians . . . . .	567	243	589	832
Followers . . . . .	2,931	1,280	2,316	3,596
TOTAL .	3,858	1,907	3,196	5,103

\* Includes Deputy Director of Stocks and his establishment.

The present system was recently examined by the Braithwaite Committee who recommended a reversion to the pre-war system of station supply in the area cis-Indus but including Karachi and a continuance of the present system in the trans-Indus area. This proposal we understand would effect a reduction of 46 British Officers, 49 British Other Ranks and 925 Subordinate personnel saving in pay alone Rs. 13,00,000.

We understand that the Commander-in-Chief is prepared to accept the proposals made by the Braithwaite Committee, but we are of opinion that the possibility of effecting economy in the Trans-Indus area has not been fully explored.

Approximately one-third of the Army in India is located west of the Indus and the following statement shews that the staff of the Trans-Indus Supply Companies is relatively much greater than the staff in the Cis-Indus area :—

	Cis-Indus.	Trans-Indus.	Total.
Officers with King's Commissions .	85	57	142
British Other Ranks . . . . .	220	139	359
Indian Officers . . . . .	73	...	73
Civilians . . . . .	285	385	670
Followers . . . . .	1,648	1,156	2,804
TOTAL .	2,311	1,737	4,048

This table indicates that a large reduction in personnel should be possible in the Trans-Indus area, and further it will be observed that of the total proposed establishment of 4,048, the number of officers employed is 142, whereas in 1913-14 there were only 76 officers in the total establishment of 3,858. The proportion of British Other Ranks has similarly increased, the number employed having risen from 284 in 1913-14 to 359 required for 1923-24.

33. The large increase in the expenditure under supply depôts for 1922-23 compared with 1921-22 is due to (a) the inclusion of Rs. 23,00,000 to meet the additional expenditure incurred in the turnover of mobilization reserves of foodstuffs which have to be issued in substitution for the less expensive

standard rations and (b) insufficient allowance having been made for transportation charges in 1921-22.

The necessity for providing for the full cost of turnover was overlooked in 1921-22 and we are of opinion that if it costs Rs. 23,00,000 annually, in addition to handling and overhead charges, to maintain a reserve stock of Rs. 41,00,000 the necessity for holding such reserve should be carefully examined and the quantities reduced to a minimum.

We are informed that the present reserves were fixed to cover the requirements of the Covering Force for 60 days after mobilization and of the whole Field Army for a period of 30 days. It is admitted, however, that only a portion of these troops could be placed in the field during the first three months and we recommend that the mobilization reserves should be substantially reduced so as to effect a saving of Rs. 15,00,000 in the turnover and a further saving in the cost of handling, etc.

In view of all the circumstances we are of opinion that a saving of Rs. 41 lakhs should be effected in the cost of the supply services for 1923-24, and that the whole position should again be reconsidered in 12 months' time with a view to a further reduction being effected.

*Directorate of Stocks, Rs. 1,67,000.*—The saving taken into account in the preceding paragraph includes the abolition of this Directorate.

#### 34. Medical Stores Depôts—

	Rs.
1913-14, Actual Expenditure . . . . .	3,28,000
1921-22, Budget Estimate . . . . .	4,51,000
1922-23, Budget Estimate . . . . .	5,94,000

The five Medical Stores Depôts situated at Bombay, Madras, Lahore, Calcutta and Rangoon are responsible for the supply of all medical stores and equipment to the Army. Their cost is borne on the Army estimates but they are administered by the Director-General, Indian Medical Service, as they also supply medical stores on payment to Civil Departments and to Local Governments. The rates charged by them to civil institutions are fixed at a figure intended to leave a small margin of profit and we are informed that this part of their operations does not throw any extra expenditure on the army.

The large reduction in stocks which we propose elsewhere (paragraph 64) should result in a substantial reduction in establishments, and we recommend that the total cost of the depôts should be limited to Rs. 5 lakhs, saving Rs. 94,000.

#### 35. Veterinary Hospitals—

	Rs.
1913-14, Actual Expenditure . . . . .	4,26,000
1921-22, Budget Estimate . . . . .	22,76,000
1922-23, Budget Estimate . . . . .	26,99,000

There has been a large increase in establishment since 1913-14 due in part to the increase in the number of animals in charge of the Army Veterinary service. The organisation of the department was examined in detail by the Braithwaite Committee and we endorse their recommendations which will result in an annual saving of Rs. 3,92,000. Some further saving should result owing to the reduction of three British Cavalry Regiments.

In addition to the pay of establishments, the budget for 1922-23 includes provision for the following items :—

	Rs.
Forage . . . . .	11,41,000
Drugs, medicines, etc. . . . .	50,000
Provisions . . . . .	2,40,000
Clothing . . . . .	29,500

In paragraphs 59 *et seq.* we refer to the savings which should accrue under these heads: excluding these savings, we recommend that a reduction of Rs. 3,92,000 be effected in 1923-24.

36. *Remount depôts and breeding operations—*

	Rs.
1913-14, Actual Expenditure . . . .	27,23,000
1921-22, Budget Estimate . . . .	53,58,000
1922-23, Budget Estimate . . . .	63,12,000

In the estimates for 1923-24 the net expenditure is shown at Rs. 17,78,000 only, credit being taken for Rs. 48,34,000 representing expenditure on the depôts on maintaining animals issued. This amount is debited to the stock account where a further provision of Rs. 44,29,000 is included for the purchase of animals, the total cost of supplying animals to the Army thus amounting to Rs. 1,10,41,000. The Braithwaite Committee have in their Report made suggestions calculated to result in an annual saving of Rs. 16 lakhs in the first year and Rs. 13,21,000 in subsequent years, and we recommend that their proposals be adopted. A reduction in the reserve and in the number of annual replacements will result from the reduction of three British Cavalry Regiments recommended by us. We suggest that the possibility should be considered of further reducing the war reserve by the adoption of a system of registration in India of horses suitable for military purposes. We understand that additional economies will result from a modification of the percentage basis for the replacement of both camels and bullocks. Taking all these factors into consideration, we recommend that a reduction of Rs. 20 lakhs be made in the gross figure of Rs. 110 lakhs mentioned above.

In making this recommendation we have not taken into account expenditure on the following items:—

	Rs.
Forage . . . . .	26,14,000
Issues in kind . . . . .	4,81,000
Fuel and light . . . . .	3,09,000

We deal elsewhere with these heads for the Army budget as a whole (see paragraphs 61 and 62).

37. *Central Mechanical Transport Store, Rs. 4,73,000.*—This Depôt deals with the provision, stocking, and issue of spare parts use for the repair of vehicles. In view of the large reductions which we have recommended in the use of mechanical transport we consider that the expenditure under this heading should be reduced to about Rs. 2,50,000 for 1923-24 and this saving is included in the reduction of Rs. 55 lakhs which we have previously recommended (see paragraph 23).

38. *Mechanical Transport Reserve Vehicles Park, Rs. 2,70,000, and Shipping Section, Rs. 14,000.*—We understand that the Commander-in-Chief has accepted the recommendations of the Braithwaite Committee that the Reserve Park and Shipping Section should be abolished and we have taken this into consideration in our recommendations under Mechanical Transport.

## WORKING EXPENSES OF MANUFACTURING ESTABLISHMENTS.

	Rs.
1913-14, Actual Expenditure . . . .	2,44,631
1921-22, Budget Estimate . . . .	29,68,000
1922-23, Budget Estimate . . . .	25,83,250

39. The above figures represent net expenditure, the gross expenditure on these establishments having increased from Rs. 1,61,53,707 in 1913-14 to Rs. 4,14,75,250 in 1922-23, the details of which are shown in Appendix E. We recommend that accounts on a commercial basis be instituted for each of these establishments with a debit for interest on capital and for depreciation. We deal below with the more important establishments.

40. *Grass farms—*

	Rs.
1913-14, Actual Expenditure . . . .	44,77,000
1921-22, Budget Estimate . . . .	78,90,000
1922-23, Budget Estimate . . . .	1,06,39,000

These organisations both produce and purchase forage, and from figures supplied to us appear to be producing fodder more cheaply than it can be purchased. Provided that this condition continues, we do not recommend any change in present arrangements. The bulk of the expenditure under this heading is transferred to the stock account and the saving which will accrue in 1923-24 is referred to in paragraph 61.

41. *Dairy farms —*

	Rs.
1913-14, Actual Expenditure . . . .	24,15,000
1921-22, Budget Estimate . . . .	68,39,000
1922-23, Budget Estimate . . . .	67,25,000

The operations of these farms expanded very considerably during the war and they are at present overburdened with buildings and plant in excess of the demands for their products. We are informed that their operations in 1921-22 showed a loss of some Rs. 6 lakhs, but that in the present year it is anticipated that they will make both ends meet without paying interest on their capital (Rs. 58,54,000), and that in 1923-24 revenue and expenditure will balance. Prices for the products of the farms have been recently raised but we recommend that the system of preferential rates at present in force should be reviewed.

We are informed that as a result of cattle-breeding undertaken at the Pusa Agricultural Institute a valuable herd of some 380 animals has been built up. It has been represented to us that it is desirable to take such steps as are possible to improve the breed of cattle in the country and to provide educational facilities in dairy farming, and that it would be advantageous in these respects as well as economical if the operations of the military and civil authorities were co-ordinated. We suggest therefore that the experiment should be made of placing one or more of the military dairy farms under the control of the civil authorities.

42. *Army Clothing Factories—*

	Gross Expenditure. Rs.
1913-14, Actual Expenditure . . . .	28,72,216
1921-22, Budget Estimate . . . .	98,50,000
1922-23, Budget Estimate . . . .	84,43,250

Two depôts, *viz.*, at Madras and Shahjahanpore are maintained for the manufacture of garments and requirements in excess of the output of these factories are obtained from contractors. We are informed that the labour at the factories is carried out at contract rates and that the prices of the garments manufactured compares favourably with those at which purchases are made.

We observe that in 1913-14 the proportion of British to Indian employees at Army Clothing Factories and Depôts was 23 to 276 whereas at the present time the proportion is 73 to 442, we consider that the proportion of British personnel should be reduced to twelve per cent. of the total staff.

Of the total expenditure for 1922-23 Rs. 71,74,000 was for materials imported from England and purchased locally and considerable savings should be possible in 1923-24 owing to the fall in prices. These savings will, however, be largely set off by the loss of the so-called receipts under Army Clothing Factories in 1922-23, these including a special credit of Rs. 10,50,000 on account of the difference between the prices paid to the Disposals Commissioner for certain stores purchased from him and the vocabulary prices of these stores. The value of all finished garments manufactured at the factories is charged to the stock account, in dealing with which we take credit for anticipated savings in expenditure on Clothing (see paragraph 65).

43. *Army Ordnance Factories—*

	Gross expenditure. Rs.
1913-14, Actual Expenditure . . . .	62,88,535
1921-22, Budget Estimate . . . .	1,70,78,000
1922-23, Budget Estimate . . . .	1,13,25,000

There has been no increase in the number of Ordnance factories since 1913-14 except that the Ishapore branch of the Gun and Shell Factory has been formed into an independent factory called the Metal and Steel Factory.

We are much impressed with the large expenditure which is being incurred at these factories in spite of the fact that there are over Rs. 14 crores worth of Ordnance Stores in stock. We appreciate that it is necessary to retain a nucleus staff at each factory to enable the output to be rapidly expanded in the event of war, but in view of the large expenditure now being incurred we are not satisfied that the staff has yet been reduced to this minimum.

We consider that the orders given to all Ordnance factories should be limited to the essential requirements of the Army and that, if these orders are insufficient to employ fully the nucleus staff which must be retained, endeavour should be made to obtain orders from other Government Departments for such articles as can be manufactured at economic prices. We consider, however, that, in the interests of private enterprise, the factories should be discouraged from obtaining orders from outside sources.

We are informed that the estimated saving from the closing of the Dum Dum Ammunition Factory which is being sold is Rs. 12 lakhs, but as the whole cost of working the factories is included in the cost of the articles produced, which is debited to the stock account, all savings effected owing to fall in prices or reduction of output will be more appropriately dealt with under that heading (see paragraph 66).

#### 44. *Base Mechanical Transport Workshops—*

	Gross expenditure.
	Rs.
1913-14, Actual Expenditure . . . .	<i>Nil.</i>
1921-22, Budget Estimate . . . .	29,68,000
1922-23, Budget Estimate . . . .	32,53,000

This expenditure covers the cost of the workshops at Chaklala, Peshawar, Bannu and Bombay. We understand the shops at Chaklala have been built on a lavish scale with the idea that the whole of the major repairs would be carried out at this factory. The equipment and machinery are, however, said to be unsuitable in many instances for the work required and, in view of the large reductions which we recommend in the use of Mechanical Transport, we consider that the possibility of using these workshops for some other purpose should be explored and that only a small repairing shop should be maintained at Chaklala for the repair of vehicles in the neighbouring district.

We think that endeavour should be made to come to a favourable arrangement with the commercial concerns supplying the standard types of vehicles adopted by the Army to undertake complete overhauls in India of their own vehicles which we think would form a valuable reserve capacity for repairs in war.

We consider that 300 of the British civilian artificers now employed at Chaklala, costing Rs. 13 lakhs annually, whose services we understand it is proposed to dispense with, should not be replaced and we recommend that the provision for workshops in 1923-24 should be limited to Rs. 15,00,000, a reduction of Rs. 17,53,000 which we have taken into account in the estimated saving of Rs. 55,00,000 already recommended (see paragraph 23).

#### MILITARY ACCOUNTS.

	Rs.
1913-14, Actual Expenditure . . . .	30,10,000
1921-22, Revised Estimate . . . .	79,58,000
1922-23, Budget Estimate . . . .	85,89,000*

\*Excluding Rs. 5,10,000 on account of cost accounting staff in Ordnance Factories.

45. The work of the Military Accounts offices was greatly dislocated by the war, and they are still dealing with the arrears of work which accumulated during and after the war. They have been further embarrassed by the recent

introduction of the cost accounting scheme for the Army, and various defects in their administration have been brought to our notice. It is essential for the proper control of expenditure that these establishments should be maintained in a state of efficiency and, apart from the question of pay of the establishment which we deal with in another section of our report, we are unable to recommend any immediate reduction, as, if our recommendations are adopted, heavy work will be thrown upon the Accounts offices during the transition period. We consider, however, that all possible steps be taken to increase their efficiency and that as soon as the position with regard to military expenditure has been stabilised the establishments and organisation of these offices be reviewed and substantial economy effected.

#### ECCLESIASTICAL ESTABLISHMENTS.

	Rs.
1913-14, Actual Expenditure . . .	4,61,000
1921-22, Revised Estimate . . .	6,22,000
1922-23, Budget Estimate . . .	7,70,000

46. The above figures represent the cost of spiritual ministrations by denominations other than the Church of England. Of the increase of Rs. 3,09,000 since 1913-14 Rs. 1,89,000 is due to the improvement of the status and emoluments of religious teachers with Indian fighting units.

We are informed that there has been a decrease in the number of British troops in India of the Roman Catholic denomination and we recommend that the number of chaplains of that denomination should be reduced to the essential minimum and all other Roman Catholic clergymen ministering to troops placed on a capitation basis, which it is anticipated will result in a saving of Rs. 1,50,000.

Soldiers belonging to the Church of England are ministered to by chaplains of the Indian Ecclesiastical Establishment the cost of which is borne on the civil estimates. We understand that a proposal is now under consideration for the formation of an Army Chaplains Department the charges for which would be met from the Army budget. We recommend that an early decision should be arrived at on this proposal, and that if it is proceeded with no additional expenditure should be involved.

#### ADMINISTRATION OF CANTONMENTS.

	Rs.
1913-14, Actual Expenditure . . .	13,20,000*
1921-22, Revised Estimate . . .	18,38,000
1922-23, Budget Estimate . . .	18,24,000

\*Excluding special expenditure of Rs. 10,93,000 on the New Cantonment, Delhi.

47. There has been no change in the pre-war arrangements regarding the administration of cantonments, the rise in expenditure being due partly to increases in the pay of the staff and partly to increased contributions by Government to cantonment funds, a result of the increased expenditure caused by the rise in prices. Prices have now fallen and we recommend that a reduction of Rs. 50,000 be made under this head.

#### RECRUITING STAFF.

	Rs.
1913-14, Actual Expenditure . . .	1,67,000
1921-22, Budget Estimate . . .	2,10,000
1922-23, Budget Estimate . . .	3,06,000

48. The recruiting staff, which before the war consisted of 9 British Officers and 14 Assistant recruiting officers, has been increased to 10 British Officers and 216 other ranks including 176 permanent recruiters and 40 clerks. If our

proposals for a reduction in the establishment of Indian Troops and an increase in their term of service be adopted, there will be a substantial reduction in the annual number of recruits required and a considerable curtailment of the recruiting agency should be feasible. There have, however, been substantial recoveries from the British Government in the last two years for work carried out on their behalf which is not expected to continue. We recommend that the provision under this head be reduced by Rs. 20,000.

#### HILL SANITARIA AND DEPÔTS.

	Rs.
1913-14, Actual Expenditure . . . .	2,31,000
1921-22, Budget Estimate . . . .	3,54,000
1922-23, Budget Estimate . . . .	3,62,000

49. No change has been made in the pre-war arrangements for the maintenance of a certain number of Sanitaria for British troops, but one additional sanitarium has been opened. We understand, however, that it is proposed to lower the minimum age at which a British soldier comes out to India with the object *inter alia* of reducing the capitation payments to the War Office in regard to British troops. We do not accordingly recommend any reduction in the expenditure under this head.

#### EXPENDITURE IN ENGLAND ON THE STANDING ARMY.

	£
1913-14, Actual Expenditure . . . .	1,442,000
1921-22, Revised Estimate . . . .	4,428,000
1922-23, Budget Estimate . . . .	4,287,000

50. The more important items included under this heading are the following :—

*Payments to the War Office in respect of British troops serving in India (£1,788,000).*—These payments are based on a capitation rate for each officer and man on the authorised British establishment, the rate having reference to an actuarial calculation of the number of recruits required annually to keep up the Indian establishment of British troops and to the cost of raising, training and equipping the annual drafts and reliefs. The rate last came under regular revision in 1908 when, as the result of a compromise between the Secretary of State for India (Lord Morley) and the Secretary of State for War (Lord Haldane) the then existing capitation rate of £7-10-0 was raised to £11-8-0. In 1920 the War Office represented that in view of the rise in the rates of pay and prices this rate was no longer adequate and we are informed that, pending a definite revision of the arrangements which is now under examination, payments from 1920-21 onwards have been made on a provisional basis, namely in 1920-21 and 1921-22 at the rate of £28-10-0 and in 1922-23 at the rate of £25-13-0 per head, on the average estimated strength of British troops in India in these years.

We understand that for 1923-24 the provisional rate has been reduced to £25 and this will effect a saving of approximately £44,000 in addition to that resulting from the reduction in establishment which we have recommended.

The settlement of 1908 was in the nature of a compromise and it is not possible to split up the total charge into the various components entering into the cost. We recommend that the conclusion of a fresh regular settlement should be expedited and suggest that the most equitable arrangement will be to base the payment on the number of troops sent out and the cost of training them, to fix a separate rate for the technical services, and to allocate the cost to the War Office of training recruits between the India Office and the War Office *pro rata* to the normal colour service in each country, subject to a due allowance for the potential value to the British Government of returned men available for the reserve.

51. *Furlough allowances of officers of the Indian Services (£935,000).*—We understand that the most recent information indicates that the budget provision was too high by at least £346,000 and there will therefore be a reduction in 1923-24 of this amount in addition to savings due to reduction in establishment.

52. *Payments to or by the War Office on account of stores taken to or from India by British troops, and their clothing.*—The budget for 1922-23 included provision for a net payment to the War Office of £93,000 compared with £18,000 in 1913-14. The War Office is credited with the value of equipment and stores taken to India by British troops sent to that country and is debited with the value of the equipment and stores sent back with returning troops. We are informed that the heavy provision in the budget for 1922-23 is due to the assumption that a large shortage in the authorised establishment of British troops would be made good in the course of the year. Normally the net expenditure on this account should be small, and, with a reduction in establishment, this net debit should disappear in 1923-24 saving £93,000.

53. *Exchange concession in respect of Mesopotamia (£250,000).*—This item is non-recurring and there will be an automatic saving of this amount.

54. *Unemployment insurance of British troops (£95,000).*—The British soldier serving in India cannot be refused concessions on a scale equivalent to those granted in England.

55. We consider that as India is the largest employer of British troops, outside the United Kingdom, prospective changes in the administration of those troops which involve large expenditure should in every case be fully discussed with the Government of India before being put into effect, and that they should, at least, be given full opportunity of examining all such proposals in their relation to India.

56. *Summary.*—The total of the reductions indicated is £733,000, or a saving of Rs. 1,09,95,000 in 1923-24.

#### STOCK ACCOUNT.

	Net credits.
	Rs.
1913-14, Actuals	4,46,000
1921-22, Revised Estimate	2,64,72,000
1922-23, Budget Estimate	60,03,000

57. These figures represent the balance of transactions in stores of all descriptions, expenditure on purchase and additions by manufacture or transfer to the account being treated as debits, and issues to units or establishments, and reductions by transfer being treated as credits. It must be noted also that sterling transactions are converted into rupees at Rs. 10 = £1. The gross transactions may be summarised as follows on the basis of Rs. 15 = £1 :—

	Budget estimate, 1922-23.
	Rs.
Arrear payments	73,50,000
Cost of Stores purchased	12,90,24,000
Share of cost of supply organisations, representing overhead charges	98,74,000
Total expenditure	14,62,48,000
Expenditure excluding arrear payments	13,88,98,000
Issues	14,81,42,000

The expenditure includes two large arrear payments of £410,000 and £80,000 on account of ordnance and mechanical transport equipment respectively indented for in previous years, or Rs. 73,50,000 in all, and there should be an equivalent saving in 1923-24.

58. Excluding this item, purchases and issues of stores under the various heads, as contemplated in the budget for 1922-23, are shown in the table below :—

Stock account, Budget, 1922-23.

	Total stocks held on 1st April 1922.	Additions by purchase or manufac- ture including all overhead charges.	Issues.	Loss by fluctuation in prices, etc.	Additions to stock.	Reduction of stock.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Provisions . . . . .	1,51,50,000	4,03,89,000	4,58,35,000	22,33,000	...	75,29,000
Forage . . . . .	61,97,000	2,72,87,000	2,71,17,000	3,00,000	...	1,30,000
Fuel and light . . . . .	11,51,000	46,38,000	46,58,000	...	...	20,000
Petrol and lubricants . . . . .	18,58,000	49,83,000	49,89,000	...	...	...
Miscellaneous stores . . . . .	4,25,000	14,45,000	14,21,000	17,000	...	...
Medicines and surgical imple- ments . . . . .	1,05,63,000	35,90,000	40,71,000	6,20,000	...	11,01,000
Clothing . . . . .	1,73,17,000	1,77,55,000	2,33,24,000	3,50,000	...	59,19,000
Ordnance . . . . .	14,00,00,000*	2,40,42,000	2,34,42,000§	20,00,000	...	14,01,000
Mechanical transport . . . . .	85,00,000†	55,00,000	40,00,000	15,00,000	...	...
Animals . . . . .	...	92,63,000	94,28,000	35,000	...	2,00,000
<b>TOTAL</b> . . . . .	<b>20,14,71,000‡</b>	<b>13,88,98,000</b>	<b>14,81,42,000</b>	<b>70,55,000</b>	<b>...</b>	<b>1,61,99,000</b>

\* Total on 31st December 1922.

† Approximate, excluding vehicles.

‡ Total, excluding vehicles and animals.

§ In the Budget, 1922-23, a portion of the issues for consumption was not allocated to units and establishments but remained at debit of the stock account.

|| Includes Rs. 4 lakhs for replacement of vehicles which were not allocated to units in the Budget for 1922-23 and remained at debit of the Stock Account.

It will be seen that large reductions were proposed in 1922-23, mainly under provisions and clothing. To this extent the Army was during the year living on its existing stocks of stores, and its real cost during the year was to the same extent understated in the estimates. At the same time, we consider that, in view of the magnitude of the total stocks held, it should be possible materially to restrict purchases in 1923-24 under a large number of the heads, as we have pointed out in dealing with the relevant sections of the estimates. We examine below the savings which it should in our opinion be possible to effect by reduction in stocks and otherwise :—

59. *Provisions.*—The estimated cost of provisions issued to the fighting and administrative services in 1922-23 without making allowance for the anticipated reduction in stocks during the year was Rs. 4,00,03,000. There are four main ways in which a reduction can be effected :—

- (i) Reduction in establishment.
- (ii) Reduction in stocks held.
- (iii) Fall in prices.
- (iv) Changes in rations, etc.

We have already taken into account the savings which will result from the reduction in establishment which we have proposed. A substantial reduction in stocks is being effected in 1922-23, but we consider that they can safely be drawn on during 1923-24 to the extent of a further Rs. 35 lakhs if our recommendations about reductions in troops are accepted. In 1922-23, as a result of the fall in prices which has taken place during the year, a saving of Rs. 15 lakhs is anticipated in addition to a lump allowance made on this account in the budget; and on the basis of present prices we consider that a reduction of Rs. 35 lakhs can be assumed in 1923-24 compared with the estimates for 1922-23. On the other hand, an allowance of Rs. 10 lakhs is said to be necessary for losses in storage and transit. The Budget for 1922-23 made no provision for these losses; but some loss is inevitable with transactions of the magnitude mentioned above, and we are informed that the actual loss in 1922-23 will not be less than Rs. 10 lakhs. The resultant saving will thus amount to Rs. 35 lakhs non-recurring and Rs. 25 lakhs a year recurring.

60. *Ration allowances*.—We are informed that the British soldier at present draws a messing allowance of  $6\frac{1}{2}$  annas per diem on the basis of an allowance of  $6\frac{1}{2}d.$  formerly drawn by him when in England, and that the military authorities propose to reduce the allowance to  $3\frac{1}{2}$  annas per diem, the English allowance having been reduced to  $3\frac{1}{2}d.$  per diem. This will effect a saving of Rs. 37 lakhs on the reduced establishment.

61. *Feed of Animals*.—Substantial economies have been secured on the estimates for 1922-23 as a result of the fall in prices and the reduction of ration scales, the estimated saving being Rs. 41 lakhs in 1923-24. We doubt whether this estimate takes sufficient account of the fall in prices which has occurred, and, we recommend that the saving under this head be increased to Rs. 50 lakhs, apart from the saving due to the reduction of 3 British Cavalry Regiments, and the reduction in the war reserve of horses which we have taken into account elsewhere.

We consider also that with the reduction in the strength of troops recommended by us it should be possible to reduce stocks by Rs. 10 lakhs. If allowance be made for a loss in storage and transit of Rs. 5 lakhs for which no provision was made in the Budget, the net saving will be Rs. 45 lakhs a year recurring and Rs. 10 lakhs non-recurring.

62. *Fuel and light*.—There has been no marked fall in prices and we have no recommendation to make about reduction in the cost of issues apart from reduction in strengths of fighting troops, or about reduction in stocks. The reduction in issues which will result from a reduction in the strength of troops has been taken into account by us elsewhere.

63. *Petrol and lubricants*.—There has been no marked fall in prices and we assume no reduction in the cost of issues. We consider, however, that, with the proposed rationing of petrol and limitation of mileage to be run by vehicles in times of peace, it should be possible to reduce stocks by Rs. 5 lakhs.

64. *Medicines and Surgical instruments*.—We have been supplied with the following figures for the operations of the Medical Store Depôts in 1921-22 :—

	Rs.
Value of stores on 1st April 1921 . . . . .	1,50,91,000
Purchases during year . . . . .	42,70,000
<b>TOTAL</b> . . . . .	<b>1,93,61,000</b>
Issues to military departments . . . . .	25,64,000
Issues to civil departments . . . . .	27,78,000
Transferred to Disposals Commissioner . . . . .	33,18,000
Miscellaneous . . . . .	1,38,000
Value of stock held on 31st March 1922 . . . . .	1,05,63,000
<b>TOTAL</b> . . . . .	<b>1,93,61,000</b>

The stores transferred to the Disposals Commissioner represented stores acquired and held for the Imperial Government during the War and subsequently disposed of on their behalf, the Indian Government being credited with their cost. The item 'Miscellaneous' includes certain further stores in the same category similarly disposed of, but whose value is still under adjustment.

We are informed that the Department was formerly allowed to keep 3 years' stocks of imported stores, though, in practice, only 2 years' stocks were held. This practice was modified in September 1921 when rules were issued providing for the maintenance of 6 months' supply of imported stores and 3 months' supply of local stores and for the despatch of 2 Home indents a year instead of one. Arrangements have now been made with the High Commissioner under which he is furnished with a list of various scales of mobilization requirements for which orders can be placed by telegram when necessary. The budget for 1922-23 provided for a purchase of Rs. 35,90,000 against an estimated issue of Rs. 46,91,000, involving a reduction of about Rs. 11 lakhs in the total stocks held. We consider, however, that the stores held are excessive in relation to the annual issue and that early

steps should be taken to reduce the stocks to the level authorised by the orders passed in 1921. We are informed that the estimated new purchases of stores in 1923-24 amount to Rs. 35,15,000, of which Rs. 21,35,000 represents purchases in India and Rs. 13,75,000 purchases in the United Kingdom. We have scrutinised a recent indent and, having regard to the magnitude of the stocks held and the reduced demands from the army, we recommend that the budget for new purchases be curtailed by Rs. 10 lakhs, that a complete review be made of all articles held, and that, apart from the mobilization reserve of Rs. 4 lakhs, any stocks in excess of eighteen months' supply of articles not in common use or liable to deterioration be sold.

65. *Clothing*.—We are informed that an increase of 25 per cent. in the authorised periods of wear of clothing is estimated to produce an annual saving of approximately Rs. 23 lakhs. We recommend that the possibility of effecting this and other economies be further examined and the clothing and kit allowances reviewed. Making allowance for savings in the above direction and for reduction of Rs. 30 lakhs in existing stocks, we recommend that a total saving of Rs. 53 lakhs be effected under this head in 1923-24.

66. *Ordnance*.—We have ascertained that the total Ordnance Stores held on the 31st December 1922 was as follows:—

	Book value.
	Rs.
Working Stock . . . . .	3,50,00,000
Surplus Stores . . . . .	4,00,00,000
War Reserves . . . . .	6,50,00,000
	<hr/>
	14,00,00,000

The Quartermaster General has represented that, of the Rs. 3½ crores of Working Stock, only Rs. 1½ crores represent stocks that are fluid, that is, stocks required for issue to the Army which are worn out and never return. The balance of Rs. 2 crores represents stores which are issued temporarily to units and are returned when no longer required, such as tents, the value of which is about a crore.

Of the Surplus Stores about Rs. 3½ crores consist of rifles, Lewis guns, bayonets, Army carts, etc. We are informed that about Rs. 50,00,000 worth of surplus stores are about to be sold and it is anticipated that they will only realise about Rs. 9,00,000. We observe that, although enormous stocks of Ordnance Stores are being held, provision for the purchase of Rs. 2,40,42,000 of stores was made in the 1922-23 budget or Rs. 6 lakhs more than the estimated value of the issues. It is evident therefore that there is little prospect of the surplus stores being utilised for some considerable time and meanwhile considerable expenditure is being incurred on storage, maintenance and reconditioning of stores in addition to the loss of interest on capital.

With regard to the stocks of war reserves we consider a reduction of 50 per cent. could be effected. In our opinion the country simply cannot afford to keep anything like Rs. 14 crores locked up in Ordnance Stores, the interest charges on which would alone amount to about Rs. 84 lakhs and the total cost would certainly be not less than Rs. 1 crore per annum.

We have already suggested that the total stores held should be reduced to Rs. 8 crores, and recommend that expenditure in 1923-24 should be limited to Rs. 130 lakhs after allowing Rs. 10 lakhs for the fall in prices, a reduction of Rs. 1,00,42,000, and that, if any balance is required for consumption, this should be obtained by reduction of stocks or from the proceeds of sales of surplus stores.

67. *Mechanical Transport*.—We have ascertained that the value of the stock of solid tyres on hand on the 31st March 1922 was Rs. 10,70,000 representing 2¼ years' supply on the basis of the previous year's requirements. The value of the stock of pneumatic tyres was Rs. 12,13,000 or just under one year's supply. The total value of the stock of spare parts on hand in March 31st, 1922, was approximately Rs. 69,00,000.

We are of the opinion that it should be possible to meet requirements for tyres and spare parts in 1923-24 by consuming existing stocks or alternatively

from the proceeds of sale of spare parts not required. In our opinion the grant for the purchase of these articles in 1923-24 should be reduced by Rs. 15 lakhs and corresponding reduction made in stocks.

The budget estimate for 1922-23 included £40,000 or Rs. 6,00,000 for the purchase of new vehicles to replace normal wastage. As we have allowed full provision for this purpose in dealing with Mechanical Transport as a whole there will be a further reduction of Rs. 6,00,000 in the total expenditure on Mechanical Transport.

68. *Animals*.—We are informed that no purchase of camels will be required in 1923-24, saving Rs. 3,33,000, and, if the proposals we have made about reduction in strength of fighting troops are accepted, it should, in our opinion, be possible to reduce the purchase of animals by Rs. 10,00,000 by making an equivalent reduction in the number of animals in the Remount Depôts.

69. Against a total saving of Rs. 3,51,42,000 which we have indicated in paragraphs 58 to 67 inclusive it must be borne in mind that the budget for 1922-23 assumed a saving of Rs. 1,62,99,000 by reduction in stocks during the current year. The *net* saving compared with the 1922-23 estimate is therefore Rs. 1,88,43,000.

#### SPECIAL SERVICES.

	Rs.
1913-14, Actual Expenditure . . . .	34,95,000
1921-22, Revised Estimate . . . .	8,17,81,000
1922-23, Budget Estimate . . . .	1,98,24,000

70. The main item included under this heading is Rs. 173 lakhs for Waziristan occupation and operations. We are informed that the provision in the military estimates for 1923-24 on this account, excluding military works and political expenditure, will be limited to Rs. 19,50,000 a reduction of Rs. 1,53,50,000.

This head also includes Rs. 20 lakhs in respect of troops at Aden. The position is that the cost of troops employed at Aden is borne by the Indian Government except—

(a) a contribution, as before the war, of £100,000 per annum from the British Government and

(b) a moiety of the cost of troops maintained in excess of the pre-war strength paid by His Majesty's Government.

The only important variation in the pre-war garrison is the addition of a local regiment of infantry, and owing to reduction in personnel and the fall in prices, it is now estimated that India's share of this addition to the pre-war force in 1922-23 will not exceed Rs. 10 lakhs. On the other hand we are informed that the charges of the pre-war garrison will exceed the Budget provision by Rs. 10 lakhs owing to a miscalculation of the Budget grant. We recommend that the garrison at Aden should now be reduced to the pre-war strength, representing a saving of Rs. 10 lakhs on the estimates for 1922-23.

There will be further savings under this head in 1923-24 of Rs. 3,40,000 representing arrear adjustments to be made in 1922-23 for the Afghan War and the Great War, or a total saving of Rs. 1,66,90,000 compared with the budget of 1922-23.

#### MISCELLANEOUS RECEIPTS AND CHARGES.

This heading of the estimates includes transport of troops and carriage of stores, which we have already dealt with under Transport charges, and sundry fluctuating charges referred to below :—

##### 71. *Miscellaneous*—

	Net receipts.	Net expenditure.
	Rs.	Rs.
1913-14, Actual Expenditure . . . .	...	4,33,000
1921-22, Budget Estimate . . . .	...	34,10,500
1922-23, Budget Estimate . . . .	68,57,000	...

The budget for 1922-23 includes casual receipts of £395,000 from the War Office in settlement of certain war liabilities and of Rs. 33 lakhs from the sale of surplus ordnance stores in India. On the other side are included some items of miscellaneous expenditure in England, which would have been shown under other heads of account but for the late date on which the intimation was received, and expenditure of Rs. 10,60,000 in India representing mainly (1) the value of stores issued by the Army to other departments in respect of which no charge is, under the existing arrangements, made by the former to the latter and which must consequently be charged against the Army account, and (2) miscellaneous losses and compensation payable to individuals for losses.

The receipt of Rs. 59,25,000 in England is of a non-recurring character. In regard to the casual receipt of Rs. 33 lakhs in India from sale of surplus ordnance stores, the acceptance of our recommendations will lead to the disposal of further surpluses; but we have taken credit for the sale-proceeds in other sections of this report and we cannot take credit for them again here. Omitting the two special items of receipt, the net expenditure in 1922-23 amounts to Rs. 23,68,000. We recommend that where stores are issued by the Army to other departments, a debit should be raised against the department concerned; and that the grant for net expenditure under Miscellaneous should be reduced to Rs. 20,00,000. The net receipt of Rs. 68,57,000 in 1922-23 will then give place to a net expenditure of Rs. 20,00,000 in 1923-24.

*72. Provision for New Measures and unallotted reserve with the Government of India—*

A sum of Rs. 22,13,000 was included on this account in the 1922-23 budget, besides an unallotted reserve of Rs. 22 lakhs, which was spent on the Air Force. Of the former sum, about one-half represents recurring expenditure. In future years we understand this will be shown under the appropriate heads; the balance was really intended to form an instalment of the outlay required to complete the equipment of the Army up to authorised scales and should not have been included in the provision for *new* measures. We recognise the importance of completing the equipment of the Army up to the authorised scales, particularly if our recommendations about reductions in strengths of troops are accepted. We understand that the Government of India propose to allot Rs. 30 lakhs for completion of equipment in their Military Budget for 1923-24. We recommend, however, that no provision for an unallotted reserve should be included in future budgets.

The resultant saving as compared with the budget for 1922-23 will be Rs. 3,00,000.

**NON-EFFECTIVE CHARGES.**

	Rs.
1913-14, Actual Expenditure . . .	4,68,51,000
1921-22, Revised Estimate . . .	6,15,30,000
1922-23, Budget Estimate . . .	8,96,79,000

73. The bulk of the expenditure under this head represents pensions. We are informed that India's share in the retired pay of British Officers and Other Ranks who have left the service during the last few years has been assessed on estimates prepared by the War Office, apparently on the basis of pre-war experience. We recommend that the pre-war arrangement be reverted to, under which a settlement was arrived at for each individual on retirement on the basis of his expectation of life.

74. A provision of £350,000 was also included in the 1922-23 budget for gratuities to surplus officers under demobilisation. It is estimated that the measure for the retirement of surplus officers will involve further expenditure of £3 million during the next 3 years for the allowances and balance of gratuity payable to the demobilised officers and that India's share of this expenditure in 1923-24 will be £415,000, an increase of £65,000 or Rs. 9,75,000. We understand that in future this charge will be transferred from the non-effective account to the head "Special Services".

We recognise that the reductions in strengths of troops and administrative services recommended by us will involve a considerable amount of terminal charges and a temporary addition to the non-effective charges. We are unable to furnish any reliable estimate of either class of expenditure, which we have not taken into account in our financial calculations.

#### AUXILIARY AND TERRITORIAL FORCES.

	Rs.
1913-14, Actual Expenditure . . . .	32,84,000
1921-22, Revised Estimate . . . .	73,25,000
1922-23, Budget Estimate . . . .	1,18,86,000

75. The expenditure in 1922-23 is subdivided as follows:—

	Rs.
Staff at Army Headquarters . . . .	78,000
Staff at Headquarters of Commands . . . .	1,23,000
Staff at Headquarters of Districts . . . .	99,000
Auxiliary Force . . . . .	75,86,000
Territorial Force . . . . .	40,00,000
	<hr/>
	1,18,86,000

It was originally contemplated that the Territorial Force should be a second line for the Indian Army, and that it should form a reserve in case of war. The present liability of the force is to serve anywhere, and to perform any duties required of it, including internal security. We are informed, however, that it would not be possible to employ the force for internal security purposes, and that requests have been made to relieve it of this liability which has been found to operate as a bar to recruiting; further that it will be five years before an opinion can be formed of the value of the force, which has not yet done its first training. We are informed that the cost of the units of the Territorial force which are under formation, or whose formation has been sanctioned, will amount to about Rs. 30 lakhs in 1923-24, and, taking into account some savings in headquarters and other staff, we recommend that the budget for 1923-24 be fixed at Rs. 1,08,00,000, a saving of Rs. 10,86,000.

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#### CONCLUSIONS.

Having reviewed the expenditure of the Army we recommend that:—

- (1) the reductions which we have indicated be effected in the strength of the fighting services, saving Rs. 303 lakhs per annum;
- (2) steps be taken to organise an effective reserve and so enable the peace strength of Indian battalions to be reduced to 20 per cent. below the war establishment, saving Rs. 63 lakhs net per annum;
- (3) the necessity for retaining the present system of four Commands be reviewed in 12 months' time, and that in the meantime the number of districts be reduced as far as possible;
- (4) the authorised establishment of motor vehicles, including reserves, be limited to 1,600, the number of vehicles in use and mileage run be strictly limited, and a system of rationing petrol be introduced;
- (5) the supply services be reorganised on a less expensive basis, and the stocks held at depots reduced;
- (6) commercial accounts be kept for all manufacturing establishments and for the Remount department;
- (7) the basis of the capitation rate for British troops, now under revision, be determined in the manner indicated in our report;

- (8) the Government of India be given a full opportunity of reviewing any proposed changes in the administration of British troops involving large expenditure before such changes are brought into operation ;
- (9) stocks of stores generally be largely curtailed, and stocks of Ordnance stores including reserves be reduced from Rs. 14 crores to Rs. 8 crores, all surplus Ordnance stores being disposed of ; and
- (10) the budget estimate for 1923-24 be limited to Rs. 51,47,00,000, a reduction of Rs. 8,95,30,000 compared with the budget estimates for 1922-23, subject to such adjustment as may be necessary on account of the delay which must ensue in carrying out the proposed changes.



## APPENDIX A.

## ARMY EXPENDITURE.

(Excluding Military Works, Royal Indian Marine and Royal Air Force.)

	1922-23 (BUDGET ESTIMATES).			1913-14. (ACTUALS.)
	Expenditure.	Receipts.	Net expenditure.	Net expenditure.
	Rs.	Rs.	Rs.	Rs.
I. Standing Army :—				
(1) Fighting services in India proper and Burma.	26,06,08,000	15,000	26,05,93,000	14,50,14,000
(2) Administrative services . . . . .	3,66,29,000	5,20,000	3,61,09,000	1,29,74,000
(3) Miscellaneous units and expenditure . . . . .	15,97,000	...	15,97,000	6,86,000
(4) Expenditure in England . . . . .	6,43,15,000	17,65,000	6,25,50,000	2,16,30,000
(5) Forces in Aden . . . . .	34,93,000	15,00,000	19,93,000	3,84,000
(6) Forces in South and East Persia . . . . .	3,75,000	...	3,75,000	...
(7) Forces serving in the Colonies . . . . .	11,73,000	12,60,000	—87,000	—2,18,000
Total of I . . . . .	36,81,90,000	50,60,000	36,31,30,000	18,04,70,000
II.—Cost of Educational, etc., establishments, working expenses of Hospitals, Depôts, etc. :—				
(1) Educational and Instructional establishment.	1,09,97,000	...	1,09,97,000	52,97,000
(2) Army Education . . . . .	37,92,000	67,000	37,25,000	1,71,000
(3) Working expenses of hospitals . . . . .	3,24,75,000	1,80,000	3,22,95,000	79,99,000
(4) Working expenses of depôts . . . . .	1,57,86,000	36,73,000	1,21,13,000	41,34,000
(5) Working expenses of manufacturing establishments.	1,16,58,000	90,75,000	25,83,000	2,45,000
(6) Inspection of stores . . . . .	10,75,000	...	10,75,000	4,07,000
(7) Military Accounts Offices . . . . .	85,89,000	...	85,89,000	30,10,000
(8) Ecclesiastical establishments . . . . .	7,70,000	...	7,70,000	4,01,000
(9) Administration of Cantonments . . . . .	18,50,000	26,000	18,24,000	24,13,000
(10) Miscellaneous . . . . .	9,36,000	...	9,36,000	3,98,000
Total . . . . .	8,79,28,000	1,30,21,000	7,49,07,000	2,55,50,000
*Add for exchange at Rs 15 = £1 . . . . .	37,62,000	...	37,62,000	5,19,000
Total of II . . . . .	9,16,90,000	1,30,21,000	7,86,69,000	2,60,54,000
III.—Army Headquarters. Staff of Commands, etc.—				
(1) Army Headquarters . . . . .	61,90,000	...	61,90,000	28,56,000
(2) Staff of Commands . . . . .	30,14,000	...	30,14,000	4,87,000
(3) Staff of Districts and Brigades . . . . .	93,04,000	...	93,04,000	53,55,000
(4) Embarkation Staff . . . . .	1,58,000	...	1,58,000	...
(5) Railway Transport Staff . . . . .	4,86,000	...	4,86,000	13,000
(6) Miscellaneous . . . . .	4,76,000	...	4,76,000	3,09,000
Total . . . . .	1,96,28,000	...	1,96,28,000	92,50,000
Deduct recoveries from His Majesty's Government on account of part of A.B.C.	—13,20,000	...	—13,20,000	...
Total of III . . . . .	1,83,08,000	...	1,83,08,000	92,50,000
IV Stock account† . . . . .	2,48,42,000	2,36,40,000	12,02,000	27,70,000
V.—Special Services . . . . .	1,98,64,000	40,000	1,98,24,000	34,95,000
VI.—Miscellaneous charges and receipts :—				
(1) Indian Troop Service . . . . .	1,38,86,000	19,50,000	1,19,36,000	29,03,000
(2) Carriage of troops and stores in India.	1,20,50,000	96,22,000	95,96,000	1,36,68,000
(3) Miscellaneous . . . . .	27,55,000			
(4) Provision for new measures . . . . .	22,13,000			
(5) Reserve with Government . . . . .	22,00,000			
Total of VI . . . . .	3,31,04,000	1,15,72,000	2,15,32,000	65,71,000
VII. Non-effective charges . . . . .	9,28,97,000	32,18,000	8,96,79,000	4,68,51,000
VIII.—Territorial and auxiliary forces . . . . .	1,18,86,000	...	1,18,86,000	32,84,000
GRAND TOTAL . . . . .	66,07,81,000	5,65,51,000	60,42,30,000	27,87,45,000

\*Expenditure in England on stores included in the above statement has been converted at Rs. 10=£1. We have not been able to obtain information as to the distribution of this expenditure over the various items and it has therefore been necessary to make a lump addition representing the difference between the rupee equivalent of the sterling expenditure at the rate of Rs. 10 = £1 and at the rate of Rs. 15 = £1.

† The figures given in the budget for 1922-23 for total expenditure and net expenditure are Rs. 1,76,37,000 and a minus figure of Rs. 60,03,000, respectively, the latter figure being a credit representing a portion of the reduction of stocks. The figure for gross expenditure includes expenditure on stores in England amounting to £752,400 converted at Rs. 10 = £1 whereas in this statement it is converted at Rs. 15 = £1.

## APPENDIX B.

Analysis of the authorised establishment of Fighting and Administrative services, exclusive of Aden, Persia and the Colonies and of reservists and Auxiliary and Territorial Forces, on 1st April 1914 and 1st April 1922.

	1914.					1922.				
	British Troops.	Indian Troops.	Civilians.	Followers.	TOTAL.	British Troops.	Indian Troops.	Civilians.	Followers.	TOTAL.
<b>I.—Fighting Services, Army—</b>										
Cavalry . . . . .	6,169	24,156	...	3,147	33,472	5,094	10,962	...	6,510	22,566
Infantry and Pioneers . . . . .	54,465	115,056	...	5,657	175,178	48,335	108,567	...	9,447	166,349
Artillery . . . . .	15,205	10,139	...	10,695	36,039	11,445	13,902	...	2,781	28,129
Sappers and Miners . . . . .	193	4,734	...	207	5,139	350	7,875	...	667	8,892
Signals . . . . .	207	352	...	57	616	2,196	3,311	...	757	6,264
Tank Corps . . . . .	...	...	...	...	...	1,265	...	...	336	1,601
Total . . . . .	76,244	154,437	...	19,763	250,444	68,686	144,617	...	20,498	233,801
<b>Air Force . . . . .</b>	...	...	...	...	...	1,859	2	84	1,198	3,143
<b>II.—Administrative Services—</b>										
Supply and Transport Corps . . . . .	705	1,221	665	21,988	24,579	1,901	14,193	1,645	15,575	33,314
Training Establishments . . . . .	111	10	18	241	380	249	103	22	432	806
Army Education . . . . .	183	1	121	4	309	531	653	158	295	1,637
Hospitals . . . . .	1,039	663	313	8,159	10,174	1,897	7,287	45	5,523	14,752
Arsenals, etc. . . . .	411	1	443	1,658	2,513	969	1,424	550	371	3,314
Medical Store Depôts . . . . .	14	7	91	436	548	13	7	92	464	576
Veterinary . . . . .	73	...	17	1	91	60	1,612	64	121	1,857
Remounts . . . . .	59	8	...	5,006	5,073	50	232	68	4570	4,920
Military Farms . . . . .	99	...	256	26	381	107	...	408	36	551
Ordnance Factories and Inspections . . . . .	195	3	634	211	1,043	160	...	925	170	1,255
Military Accounts Department . . . . .	43	...	1,948	372	2,363	27	...	3,823	815	4,665
Ecclesiastical Establishment . . . . .	...	...	97	...	97	...	...	592	...	592
Cantonment Magistral . . . . .	48	3	490	...	541	49	3	473	...	525
Recruiting Staff . . . . .	9	...	...	14	23	10	216	...	...	226
Hill Sanitaria and Depôts . . . . .	32	...	...	657	689	41	...	...	677	718
<b>Staffs at:—</b>										
Army Headquarters . . . . .	83	...	335	197	615	153	...	729	310	1,192
Commands . . . . .	24	2	10	24	60	209	4	92	95	400
Districts and Brigades . . . . .	563	2	37	318	920	549	...	293	270	1,112
Miscellaneous . . . . .	57	5	...	...	62	124	4	28	...	156
Miscellaneous units . . . . .	5	287	2	210	504	39	200	...	74	313
Unemployed and unattached list of officers . . . . .	93	...	...	...	93	68	...	...	...	68
Total . . . . .	3,846	2,213	5,477	39,522	51,058	7,206	25,938	10,007	29,798	72,949
<b>GRAND TOTAL . . . . .</b>	80,090	156,650	5,477	59,285	301,502	77,751	170,557	10,091	51,494	309,893

## APPENDIX C.

Statement showing stock of mechanical transport vehicles and estimated requirements.

Type of vehicle.	Stock of vehicles.				Requirements as contemplated by military authorities.		
	Fit for war.	Fit for war after repairs.	Obsolete vehicles.	Total stock.	Vehicles maintained in use.	Vehicles in stock.	Total.
Motor cars . . . .	165	70	214	449	261	198	459
Char-a-banes . . . .	...	...	4	4	...	...	...
Heavy Lorries . . . .	264	161	280	705	486	695	1,181
Light Lorries . . . .	49	...	161	210	139	128	267
Vans . . . . .	200	100	758	1,058	161	292	453
Ambulances . . . .	203	53	235	491	207	457	664
Armoured Cars . . . .	19	...	60	79	147	25	172
Workshop and miscellaneous Lorries . . . .	107	17	56	180	131	115	246
Chassis . . . . .	126	...	7	133	...	...	...
Tractors tenders and miscellaneous vehicles . . . .	30	13	17	60	52	17	69
<b>TOTAL</b> . . . . .	<b>1,163</b>	<b>404</b>	<b>1,792</b>	<b>3,369</b>	<b>1,584</b>	<b>1,027</b>	<b>3,511</b>
Motor Cycles . . . .	256	124	304	684	...	...	...



# APPENDIX D.

## Working Expenses of Store Depôts, etc.

Depôts, etc.	1913-14, ACTUAL EXPENDITURE.						1921-22, BUDGET ESTIMATE.						1922-23, BUDGET ESTIMATE.					
	Gross Expendi- ture.	Charged to other heads.	Balance.	Receipts.	Net Expendi- ture.		Gross Expendi- ture.	Charged to other heads.	Balance.	Receipts.	Net Expendi- ture.		Gross Expendi- ture.	Charged to other heads.	Balance.	Receipts.	Net Expendi- ture.	
Arsenals and Ordnance Depôts .	Rs. 26,08,924	...	Rs. 26,08,924	...	Rs. 26,08,924		Rs. 54,71,000	...	Rs. 54,71,000	Rs. 1,70,000	Rs. 53,01,000		Rs. 72,87,240	2,70,000	Rs. 70,17,240	Rs. 26,50,000	Rs. 43,67,240	
Clothing and Boot Depôts .	...	...	...	...	...		4,97,000	...	4,97,000	...	4,97,000		4,74,080	...	4,74,080	8,00,000	+ 3,25,920	
Directorate of Stocks .	...	...	...	...	...		...	...	...	...	...		1,67,090	...	1,67,000	...	1,67,000	
Supply Depôts .	43,13,057	39,79,947	3,33,110	27,376	3,05,734		44,62,000	...	44,62,000	60,000	44,02,000		98,12,000	75,12,000	23,00,000	...	23,00,000	
Medical Store Depôts .	3,27,584	...	3,27,584	...	3,27,584		4,51,000	...	4,51,000	...	4,51,000		5,94,240	...	5,94,240	...	5,94,240	
Veterinary Store Depot .	...	...	...	...	...		14,000	...	14,000	...	14,000		...	...	...	...	...	
Veterinary Hospitals .	4,26,439	...	4,26,439	...	4,26,439		22,76,000	...	22,76,000	...	22,76,000		26,99,000	...	26,99,000	...	26,99,000	
Remount Depôts and Breeding Operations.	27,23,071	20,77,451	6,45,620	1,80,656	4,64,964		53,58,000	...	53,58,000	3,00,000	50,58,000		66,12,000	48,34,000	17,78,000	2,23,000	15,55,000	
Central Mechanical Transport Store.	...	...	...	...	...		3,50,000	...	3,50,000	...	3,50,000		4,73,000	...	4,73,000	...	4,73,000	
M. T. Reserve Vehicle Park .	...	...	...	...	...		2,03,000	...	2,03,000	...	2,03,000		2,70,000	...	2,70,000	...	2,70,000	
M. T. Shipping Section .	...	...	...	...	...		14,000	...	14,000	...	14,000		14,000	...	14,000	...	14,000	
TOTAL	1,03,99,075	60,57,398	43,41,677	2,08,032	41,33,645		1,90,96,000	...	1,90,96,000	5,30,000	1,85,66,000		2,84,02,560	1,26,16,000	1,57,86,560	36,73,000	1,21,13,560	

# APPENDIX E.

## Working Expenses of Manufacturing Establishments.

	1913-14, ACTUAL EXPENDITURE.					1921-22, BUDGET ESTIMATE.					1922-23, BUDGET ESTIMATE.				
	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(a) Bakeries . . . .	1,00,260	1,00,260	...	...	...	...	...	...	...	...	10,84,000	10,84,000	...	...	...
(b) Butcheries . . . .	...	...	...	...	...	...	...	...	...	...	15,000	15,000	...	...	...
(c) Grass farms . . . .	44,77,248	41,77,248	...	1,56,544	—1,56,544	73,30,000	70,29,000	8,61,000	8,61,000	...	1,06,30,000	98,30,000	8,00,000	8,00,000	...
(d) Dairy farms . . . .	24,15,418	...	24,15,418	19,80,411	4,35,007	68,39,000	...	68,39,000	68,39,000	...	67,25,000	...	67,25,000	67,25,000	...
(e) Army Clothing factories . . . .	28,72,246	28,72,246	...	33,832	—33,832	98,50,000	98,50,000	...	...	...	84,43,250	84,03,000	40,250	10,50,000	—10,09,750
(f) Army Ordnance factories . . . .	62,38,535	52,39,864	10,48,671	10,48,671	...	1,70,78,000	1,65,48,000	5,30,000	5,30,000	...	1,13,25,000	1,04,85,000	8,40,000	5,00,000	3,40,000
(g) Base Mechanical Transport Workshop . . . .	...	...	...	...	...	29,68,000	...	29,68,000	...	29,68,000	32,53,000	...	32,53,000	...	32,53,000
Total Expenditure . . . .	1,61,53,707	1,26,89,618	34,64,089	32,19,458	2,44,631	4,46,25,000	3,34,27,000	1,11,98,000	82,30,000	29,68,000	4,14,75,250	2,98,17,000	1,16,58,250	90,75,000	25,83,250

## ROYAL AIR FORCE.

	Rs.
1913-14, Actual Expenditure . . . .	41,000
1921-22, Revised Estimate . . . .	1,34,29,000
1922-23, Budget Estimate . . . .	1,41,00,000

We understand it has been decided that in future the estimates of the Royal Air Force shall be included in a separate section of the Budget which will contain provision for all expenditure relating to the Force. We are informed that the provision proposed under this head for 1923-24 is Rs. 1,88,05,000. A portion of the increase is due to the transfer to this section of expenditure in the Military Works Department on accommodation for the Force (Rs. 10 lakhs in 1922-23), and of payments to the Air ministry for passages. The balance is required to bring the Air Force up to a state of efficiency. In view of the economy in the number of troops which may result if the new Air policy in Waziristan proves successful, we make no recommendations.

## ROYAL INDIAN MARINE.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows :—

	Expenditure in India.	Expenditure in England.	Total (sterling converted at rate of Rs. 15=£1).
	Rs.	£	Rs.
1913-14, Actual Expenditure . . . .	24,93,000	257,100	63,49,000
1921-22, Revised Estimate . . . .	44,97,000	392,900	1,03,91,000
1922-23, Budget Estimate . . . .	67,21,000	465,200	1,36,99,000

## 2. The functions of the Royal Indian Marine hitherto have been—

- (1) The conveyance of troops in "Indian waters".
- (2) The maintenance of station ships, the tending of lighthouses in the Red Sea, the Persian Gulf and Burma, and the Marine Survey of India.
- (3) The maintenance of the Bombay Dockyard and of all military launches.

A list of vessels in the Royal Indian Marine together with details of the cost of maintaining the more important vessels is given in Appendix A.

3. *Troopships*.—We are informed that it is proposed to dispose of the three troopships "Dufferin", "Hardinge" and "Northbrook". These vessels, which were originally intended to convey troops in "Indian waters", have been engaged mainly on trooping service for His Majesty's Government from whom the expenditure incurred was recovered. The total cost of maintaining these three vessels for 1922-23 was Rs. 34,93,869, excluding Rs. 8,17,485 for interest on capital at 5 per cent. and depreciation charges at 4 per cent. The sale of the vessels will therefore effect an automatic reduction in the provision required for 1923-24 of Rs. 34,93,869 against which must be set off the loss of receipts from the hire of the vessels to His Majesty's Government, *viz.*, Rs. 3,18,000, and the expenditure which must be incurred for care and maintenance parties

for each vessel until sold, which is estimated at a total of Rs. 90,000 annually. The net reduction in the provision required for 1923-24 compared with the current year is consequently Rs. 30,86,000.

4. *Station ships, etc.*—We discussed with the Director, Royal Indian Marine, the possibility of dispensing with some of the other Royal Indian Marine vessels now maintained and understand that he has suggested to the Government of India that the “Lawrence” should be fitted up to perform her own duties and those of the “Nearchus”. The annual cost of maintaining the “Nearchus,” which is borne on the Political Estimates, is Rs. 4,86,000, of which one-half is paid for by the British Government. The “Lawrence” is at present utilised as a despatch vessel in the Persian Gulf and we consider that her cost also, i.e., Rs. 4,62,000, exclusive of interest on capital and depreciation, should be borne on the Political estimates.

It should also be possible to arrange for the tending of certain of the Burma lights by trawlers and for the “Clive” to combine the Andaman and Burma station-ship duties and thereby release the “Minto” for disposal. The cost of maintaining the “Minto”, exclusive of interest on capital and depreciation is Rs. 2,77,000, and the disposal of this vessel less the cost of maintaining trawlers would therefore effect some saving and the disposal of this vessel.

The “Cornwallis”, which is employed as a station-ship at Aden, attends to the lights in the southern end of the Red Sea and, as we are informed that the Board of Trade is being asked to defray the cost of attending to these lights, a small saving in the Marine estimate should result therefrom. The “Dalhousie” is used as a receiving ship at Bombay at an annual cost of Rs. 1,30,000, but, in view of the decision to dispose of the 3 troop ships and other Marine vessels, we consider that this vessel will no longer be required.

5. *Sloop and Patrol Craft.*—The sloop “Elphinstone” and the two Patrol Craft boats “Baluchi” and “Pathan” were presented to India by the Admiralty after the war. The sloop is used as a relief station ship to replace vessels as required during the period necessary for their annual refit or for repairs. It is intended to keep one of the Patrol Craft boats in commission for use as a training ship and the other Patrol Craft boat in reserve for use when the training ship is not available. The annual cost of maintaining the sloop is estimated at Rs. 3,21,000 and the two Patrol Craft boats at Rs. 1,50,000. Special provision for reconditioning these 3 vessels was made in the 1922-23 Budget, the total amount provided for their maintenance being Rs. 5,86,000. There should therefore be an automatic saving of Rs. 1,05,000 for 1923-24.

6. *Trawlers.*—Of the nine trawlers now maintained one has been leased to the Bombay Port Trust, who bear all working expenses and the cost of repairs, etc. We are informed that the second trawler has recently been hired to the Iraq Administration on a monthly hire of Rs. 2,000 and arrangements are being made to hire the third trawler to a private individual for experimental fishing. Two of the remaining six trawlers may possibly be used as training ships in addition to the Patrol Craft boat, one will be utilised as a light-ship in the Persian Gulf in lieu of the existing light-ship and it is proposed to convert another into a water barge. The remaining 3 trawlers are at present unemployed.

We consider that one Patrol Craft boat and at least four trawlers should be dispensed with immediately.

7. *Yard craft and military launches.*—The number of yard craft in Bombay is 10, which is excessive and should be reduced. We have reviewed the use made of the 24 military launches and it has been agreed that 6, or possibly 7, of these launches can be dispensed with, and a saving of at least Rs. 60,000 per annum effected.

8. *River Steamers.*—The two river steamers “Bhamo” and “Sladen” are being replaced by two vessels which the Government of Burma has purchased from Iraq and a saving of Rs. 1,70,000 is anticipated for 1923-24.

9. The expenditure in India is subdivided under main heads as shewn below and it will be convenient to deal with each head seriatim :—

Head.	1913-14, Accounts.	1921-22, Revised Estimate.	1922-23, Budget Estimate.
	Rs.	Rs.	Rs.
General supervision and accounts . . . . .	2,04,000	4,03,000	4,20,000
Marine Survey . . . . .	58,000	96,000	1,08,000
Miscellaneous Shore Establishments . . . . .	27,000	24,000	73,000
Dockyards . . . . .	7,16,000	18,66,000	17,27,000
Salaries and Allowances of Officers and men afloat. . . . .	8,23,000	18,69,000	20,99,000
Victualling of Officers and men afloat . . . . .	3,24,000	8,58,000	7,57,000
Marine Stores and Coal for Royal Indian Marine vessels . . . . .	12,86,000	27,71,000	28,15,000
Purchase and hire of ships and vessels . . . . .	5,000	9,000	9,000
Miscellaneous . . . . .	3,12,000	11,68,000	5,86,000
Pensions . . . . .	81,000	1,00,000	1,50,000
Total Expenditure . . . . .	38,36,000	91,64,000	87,44,000
Less Receipts in India . . . . .	13,43,000	46,67,000	20,23,000
Total net Expenditure in India . . . . .	24,93,000	44,97,000	67,21,000

10. *General Supervision and Accounts, Rs. 4,20,000.*—The large increase in the expenditure under this heading compared with 1913-14 is mainly due to the expansion of the Accounts section consequent upon the growth of Dockyard work. The cost of this section has risen from Rs. 88,000 in 1913-14 to Rs. 2,48,000 required for 1922-23, but the percentage cost of the accounting staff to the total expenditure dealt with has decreased from 1.08 per cent. to .92 per cent. so that the additional staff employed was apparently fully justified. The work in the Dockyards has recently fallen off about 15 per cent. and a *pro-rata* reduction should therefore be immediately possible in the Accounts section and a further reduction when our recommendations regarding the Dockyards take effect.

We ascertained that, although roughly 25 per cent. of the cost of Supervision and Accounts is incurred in connection with the Dockyards, it has not been the practice to make a full charge for these services in the case of works carried out for the Royal Navy, Local Governments or outside bodies. Recently however it was decided that an appropriate share of all indirect charges should be added to the cost of work executed in the Dockyard and recoveries to the extent of Rs. 2,00,000 are anticipated for the current year. In view of the proposed reductions in the activities of the Royal Indian Marine we consider there will be no justification for retaining the post of Deputy Director and we recommend this appointment be abolished and that the house now being built for the Deputy Director in the Dockyard at a cost of over Rs. 1 lakh should be occupied by the Director of the Royal Indian Marine for whom a house is now rented, the provision made for 1922-23 being Rs. 12,000.

It has been represented to us that considerable difficulty has been experienced by the frequent changing of the Controller of Marine Accounts. We suggest that, if possible, an officer should be retained permanently in the appointment.

We recommend that the provision for General Supervision and Accounts in 1923-24 should be limited to Rs. 3,50,000, of which Rs. 2,00,000 should be recovered from the Royal Navy and other bodies, in connection with work carried out in the Dockyard.

11. *Marine Survey, Rs. 1,08,000.*—The expenditure included under this head represents only the pay of Scientific Officers, Surveyors and Assistant

Surveyors and their office establishment. The total cost of maintenance of the two survey ships is estimated at Rs. 7,54,000 for 1922-23 (*vide* Appendix A). We ascertained that the complements of the two marine survey vessels have been increased as follows :—

	Gross Tonnage.	1913-14 Complement.	1922-23 Complement.
Investigator . . . . .	1,185	109	118
Palinurus . . . . .	444	46	54

The additional ratings comprise 12 Signalmen, 2 Sick berth and dispensary attendants, 2 Engine drivers temporarily employed, and 1 Bhandary. We discussed the necessity for employing these additional ratings with the Director, who stated that he hoped to be able to effect a reduction in the number of signallers and in the complements of all Marine vessels for 1923-24.

A considerable portion of the cost of marine survey work has in recent years been recovered from Port Trusts, Local Governments and the Anglo-Persian Oil Company, but we ascertained that no charge has been included for interest on capital, depreciation and pension charges and we recommend that in future the charges made should cover the full cost involved.

Survey work is an essential function of the Royal Indian Marine and apart from minor economies resulting from a curtailment of the complements of the survey vessels we make no recommendation.

12. *Miscellaneous shore establishments, Rs. 73,000.*—The expenditure on miscellaneous shore establishments is subdivided as follows :—

	1913-14.	1922-23.
	Rs.	Rs.
Perim Light House . . . . .	9,000	10,000
Coal Depôts in Persian Gulf . . . . .	16,000	60,000
Miscellaneous . . . . .	2,000	3,000
TOTAL . . . . .	27,000	73,000

We recommend that the cost of working the Perim Lighthouse should be recovered by light dues, saving Rs. 10,000.

The expenditure under “Coal Depôts in the Persian Gulf” is mainly in connection with India’s liability for the supply, free of charge, of coal to subsidised vessels of the Royal Navy employed in the Persian Gulf. The large increase since 1913-14 is due to the retention of the Coal Depôt at Henjam which was opened during the war to supply coal to Government transports plying between India and Mesopotamia. Prior to the war, coal was kept only at Bushire, Muscat and Basrah, and we are of opinion that, unless it can be shown that the retention of Henjam, which we understand is situated in a very advantageous position, can be justified financially, it should be dispensed with. We are informed however that, even if Henjam is retained, a saving of Rs. 32,000 will be effected for 1923-24 by the employment of an outside contractor.

We recommend that the total provision for miscellaneous shore establishment in 1923-24 should be limited to Rs. 31,000, a reduction of Rs. 42,000.

13. *Dockyards.*—Since 1913-14 the Kidderpore Dockyard has been closed down as a Government concern, but Rs. 25,000 was provided in 1922-23 for a care and maintenance party to look after the buildings and machinery until they are taken over by the Calcutta Port Trust or otherwise disposed of. We understand that no provision will be required for 1923-24 and there will therefore be an automatic saving of Rs. 25,000.

The expenditure incurred at Dockyards chargeable to the Royal Indian Marine is subdivided as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
(a) Administrative and supervising staff . . .	2,99,000	3,30,000	4,89,000
(b) Wages of Artificers and Labourers . . .	4,09,000	15,04,000	10,63,000
(c) Miscellaneous expenditure . . .	8,000	32,000	1,75,000

Hitherto no commercial accounts of the working of the Dockyards have been kept and it is not therefore possible to ascertain whether the Dockyards are being economically worked or otherwise. We are informed however that a new system of accounts on a commercial basis has been introduced for the current year.

(a) *Administrative and Supervising Staff.*—We understand that, apart from the general increase in salaries and wages, the increased expenditure compared with 1913-14 is due to the employment of additional staff consequent upon the increase of work at the Dockyard. We are informed that a number of foremen and inspectors have been obtained from the Admiralty Dockyards in England on a three years' contract with a view to increasing efficiency and that the additional supervision provided has already enabled a considerable reduction to be effected in the cost of labour. Ultimately it is proposed that these men shall be replaced by Indian mechanics, when sufficiently experienced to take charge, but no immediate reduction can be effected.

(b) *Wages of Artificers and Labourers.*—There will be a large saving in the cost of wages chargeable against the Marine Service in 1923-24, owing to the reduction in the number of vessels to be maintained but we have already taken credit for these savings.

(c) *Miscellaneous expenditure.*—The provision for 1922-23 included Rs. 1,15,000 for underground mains for electric power and as this expenditure is non-recurring a reduction of Rs. 1,15,000 may be anticipated for 1923-24.

When the three troopships the "Hardinge," the "Northbrook" and the "Dufferin" and the stationship "Minto" have been disposed of and the number of launches reduced, there will only remain about 8 small vessels and 18 launches apart from yard craft to be docked and overhauled in the Bombay Dockyard in addition to the overhauls to be done to His Majesty's ships on the East India Station. There are several other dry docks in Bombay which could be utilized and a number of up-to-date marine workshops which could be made use of in the event of some vessel having to be repaired urgently. It is self-evident, therefore, that there is no occasion to maintain a large permanent establishment in the dockyard and we are of opinion that a drastic reduction should be made and only sufficient personnel maintained to provide for current work and to leave the dockyard capable of expansion in an emergency.

#### 14. *Salaries and allowances of officers and men afloat—*

	Rs.
1913-14, Actual Expenditure . . . . .	8,23,000
1921-22, Revised Estimate . . . . .	18,69,000
1922-23, Budget Estimate . . . . .	20,99,000

A reduction of Rs. 5,43,047 will automatically be effected under this heading in 1923-24 by the sale of the three troopships and further savings by the abolition of other vessels. Apart from these savings, the Director of the Royal Indian Marine anticipates that it will be possible to effect a reduction in the complements of marine vessels and we consider that a saving of additional Rs. 50,000 should be possible for 1923-24.

We are informed that it was represented by the Director of the Royal Indian Marine, when the budget for 1922-23 was being proposed, that the rates

of pay and allowances of Indian ratings compared unfavourably with those paid by the Mercantile marine and that, in consequence, difficulty was being experienced in securing and retaining a suitable class of men. The pay of Mercantile marine ratings has however been reduced recently and a similar reduction should therefore be possible in the case of Royal Indian Marine ratings.

15. *Victualling of officers and men afloat, Rs. 7,57,000.*—Apart from the saving which will accrue under this heading in 1923-24 by the reduction in the number of Marine vessels, some saving should be possible in the cost of rations, owing to the fall in prices which has taken place, and we consider that an additional saving of at least Rs. 30,000 should be possible.

16. *Marine stores and coal for Royal Indian Marine vessels.*—The provision under this heading for 1922-23 included Rs. 2 lakhs for the payment of the arrear claims. A saving of Rs. 85,000 is also anticipated on the cost of marine stores owing to the fall in prices. It is admitted that, until recently, the arrangements for the purchase, issue and control of stores were unsatisfactory and that there was a large accumulation of certain classes of oil and cordage. There was no properly trained store officer in charge or any system of verification of stocks, and indents were based on the average of the three previous years without regard to the stock on hand. We refer to this matter later in dealing with imported stores.

With regard to coal we are informed that the budget provision was based upon the amount to be purchased, which was considerably less than the amount actually consumed, the difference representing a reduction in stocks. Full credit for the coal consumed by the troopships, etc., which it is proposed to dispense with, has been taken in estimating the savings in respect of these vessels, and some allowance must therefore be made for depletion of stocks.

17. *Miscellaneous, Rs. 5,86,000.*—

The analysis of this expenditure is as follows:—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Medical Stores . . . . .	3,000	9,000	3,000
Piloting and towing . . . . .	32,000	74,000	54,000
Passage and conveyance . . . . .	31,000	62,000	1,06,000
Repairs to Royal Indian Marine vessels at outstations . . . . .	16,000	86,000	1,09,000
Miscellaneous . . . . .	10,000	1,99,000	2,64,000
Freight . . . . .	14,000	50,000	50,000
TOTAL . . . . .	1,06,000	4,82,000	5,86,000

We discussed in detail the expenditure under this heading with the Director of the Royal Indian Marine who stated that the large increase in the expenditure on repairs to Royal Indian Marine vessels at outstations was due to reconditioning the troopers after the war and that a considerable saving might be anticipated for 1923-24. The expenditure under "Miscellaneous" had been largely overestimated and the actual expenditure in the first six months only amounted to Rs. 27,000. We recommend, therefore, that the total provision for miscellaneous expenditure be reduced from Rs. 5,86,000 to Rs. 3,00,000, a saving of Rs. 2,86,000.

18. *Receipts in India.*—

	Rs.
1913-14, Actual Receipts . . . . .	13,43,000
1921-22, Revised Estimate . . . . .	46,67,000
1922-23, Budget Estimate . . . . .	20,23,000

The receipts under this head may be sub-divided as follows :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Recoveries from His Majesty's Government and from other Departments in India in connections with the work carried out at the dockyards, etc. . . .	9,76,000	13,94,000	9,96,000
Hire of vessels . . . . .	2,46,000	27,74,000	3,18,000
Sale-proceeds of stores . . . .	58,000	4,00,000	4,00,000
Miscellaneous . . . . .	41,000	79,000	2,87,000
Recoveries on account of Indian service family pensions . . . .	22,000	20,000	22,000
<b>TOTAL</b> .	<b>13,43,000</b>	<b>46,67,000</b>	<b>20,23,000</b>

It was represented to us that it was difficult to frame any reliable estimate of the work which the Admiralty require to be carried out at Bombay Dockyard. The class of ships stationed in the East Indies varies from time to time and, whereas the Admiralty furnished a statement of the ships which will refit in the ensuing year, it is not possible to estimate beforehand what repairs and alterations will be required. All expenditure incurred is recoverable, and, as the staff employed at the dockyards is regulated to meet the current requirements, any reduction in receipts will be offset by decreased expenditure. The receipts from the hire of vessels relate to troopships and the loss of these receipts in 1923-24, which will result from the disposal of the three troopships, has already been taken into consideration. The miscellaneous receipts comprise recoveries from the supply of coal in the Persian Gulf to vessels of the Royal Navy other than the subsidised ships.

*Expenditure in England.*

	£	Rs.
		£1 = Rs. 15.
1913-14, Actual Expenditure . . . .	257,100	38,56,500
1921-22, Revised Estimate . . . .	392,900	58,93,500
1922-23, Budget Estimate . . . .	465,200	69,78,000

19. This expenditure is subdivided under main heads as shewn below :—

—	1913-14.	1921-22.	1922-23.
	£	£	£
Contribution towards expenses of Imperial Navy . . . . .	100,000	100,000	100,000
Royal Indian Marine furlough pay . . . .	10,000	30,000	30,000
Stores for India . . . . .	117,700	216,000	194,400
Coal supplied to subsidised vessels and the Royal Navy in the Persian Gulf . . . . .	...	...	46,600
Purchase of vessels . . . . .	...	...	51,000
Sundry items . . . . .	1,700	3,000	2,500
Pensions . . . . .	27,700	43,900	40,700
<b>TOTAL</b> .	<b>257,100</b>	<b>392,900</b>	<b>465,200</b>

The first two items in the above table are not susceptible of reduction, except in so far as the furlough pay will be reduced by the reduction in the number of officers employed in the Royal Indian Marine. With regard to stores we are informed that, owing to the existence of large stocks, the expenditure for the current year has been restricted to £72,500. Particulars of the

stocks of principal commodities on hand on the 1st April 1922 and the normal consumption per annum are given in Appendix B. We understand that until recently it has been the practice to maintain 3 years' reserve stock and, that it has been decided that in future only 2 years' supply of imported stores should be kept in reserve. The total value of imported and Indian stores on hand on March 31st, 1922, was Rs. 75,11,000, and of the issues during 1921-22, Rs. 39,52,000. We consider that the reserve should be restricted to one year's requirements and we recommend that the provision for 1923-24 be limited to £75,000, a reduction of £119,000.

*Coal supply to subsidized vessels of the Royal Navy and the Persian Gulf.*—Although £46,600 were provided under this heading for 1922-23, the expenditure is now estimated at only £18,000. No restriction exists as to the amount of coal to be supplied free to Royal Navy subsidized vessels, the arrangement being that ships enter the Gulf with full bunkers at Admiralty expense and leave the Gulf with bunkers full at Indian Government expense. It appears, however, that the estimate for 1922-23 was framed on a basis far in excess of the actual consumption during recent years and also pre-war years, and we recommend that the estimate for 1923-24 be limited to £25,000, a reduction of £21,600.

*Purchase of vessels, £51,000.*—The expenditure under this heading was for the purchase of a new station ship for Aden in replacement of the "Dalhousie" which has become unserviceable. No similar provision will be required for 1923-24.

*Sundry Items and pensions.*—The expenditure under these headings does not call for any special comment and we make no recommendation.

### CONCLUSIONS.

Having reviewed the expenditure of the Royal Indian Marine we recommend that:—

- (1) the Service be drastically curtailed and reorganised on the lines suggested ;
- (2) the Dockyard be worked as a separate entity on a commercial basis ;
- (3) the three troopships, "Dufferin," "Hardinge" and "Northbrook" be laid up forthwith and placed under care and maintenance parties until sold ;
- (4) only such vessels as are necessary for the essential duties of the Royal Indian Marine and for use as training ships for Indians be retained ;
- (5) the "Dalhousie," "Minto," "Nearchus," one patrol boat and four trawlers be dispensed with immediately and the number of military launches and Bombay yard craft be reduced ;
- (6) the cost of maintaining the "Lawrence" be transferred to the Political estimates ;
- (7) the recoveries from Port Trusts, etc., for Marine Survey work include a charge for interest on capital, depreciation and pension allowances ;
- (8) the budget estimate for 1923-24 be limited to Rs. 62 lakhs, a reduction of Rs. 75 lakhs, including Rs. 4,62,000 transferred to the Political Estimates, the actual saving thus being Rs. 70,38,000.

## APPENDIX A.

Name of vessel.	Gross tonnage.	COMPLEMENT.			Functions of vessel.	Estimated annual cost of maintenance including interest on capital and depreciation.
		Officers.	Warrant Officer.	Indian Ratings.		
Dufferin . . . .	8,260	19	9	254	Troopship . . . . .	Rs. 13,77,958
Hardinge . . . .	6,350	19	9	254	" . . . . .	15,39,601
Northbrook . . .	6,100	18	8	242	" . . . . .	13,93,795
Clive . . . . .	2,100	7	6	113	Station Ship, Rangoon . . .	6,81,408
Minto . . . . .	1,152	10	4	95	" " Port Blair . . .	3,38,556
Cornwallis . . . .	1,486	8	4	120	" " Aden . . . . .	6,50,000
Investigator . . .	1,185	2	6	110	Survey Ship . . . . .	5,31,132
Palinurus . . . .	444	1	1	52	" " . . . . .	2,23,116
Nearehus . . . .	925	5	6	63	Light house tender, Persian Gulf.	4,86,132
Lawrence . . . .	1,259	6	7	92	Despatch vessel, Persian Gulf.	7,15,498
Elphinstone . . .	1,486	8	4	120	Training ship and relief station ship.	6,56,563
Dalhousie . . . .	2,195	9	4	110	Receiving ship, Bombay . .	1,30,000
Sladen . . . . .	270	3	3	61	River Boat, Burma . . .	...
Bhamo . . . . .	172	2	4	41	" " " . . . . .	...
Baluchi, Patrol Craft 55	605	}	...	64	Patrol vessel . . . . .	...
Pathan, Patrol Craft 69.	605				" " " . . . . .	...
9 Trawlers . . . .	...	...	...	20		
24 Military launches .	...	...	4	296		
10 Yardcraft, Bombay .	...	...	...	243		
3 Yardcraft, Calcutta .	...	1	1	61		

## Details of cost of troopships.

	TROOPSHIP.		
	Dufferin.	Hardinge.	Northbrook.
	Rs.	Rs.	Rs.
Pay and allowances of Officers and Men . . . .	1,80,613	1,86,594	1,75,840
Rations . . . . .	87,588	93,296	89,758
Stores . . . . .	52,301	66,417	61,077
Repairs . . . . .	3,00,000	3,00,000	2,36,000
Coal, oil and water . . . . .	4,15,204	5,77,874	5,32,809
Miscellaneous . . . . .	10,000	11,000	7,788
Pension charges . . . . .	37,120	37,120	35,470
Interest at 5 per cent. per annum . . . . .	1,63,967	1,48,500	1,41,696
Depreciation at 4 per cent. . . . .	1,31,165	1,18,800	1,13,357
TOTAL . . . . .	13,77,958	15,39,601	13,93,795

## APPENDIX B.

Stocks and consumption of ordinary Home stores (principal commodities only).

Articles.	Stocks on hand 1st April 1921.	Stock on hand 1st April 1922.	Normal consumption per year based on figures for 1921-22.
Canvas, Royal Navy, etc. . . . . yards	386,421	318,277	128,000
Compositions for ships' bottoms, etc. cwt. (including paints).	3,456	5,464	3,000
Metals—			
Plates steel boiler . . . . . cwt.	8,761	8,080	1,000
" " ships . . . . . no.	5,147	5,598	500
Tubes, brass seamless . . . . . feet	70,009	67,828	4,000
" " for surface condensers . . . . "	122,517	120,426	2,100
Tubes, copper . . . . . "	90,954	76,645	15,400
" steel . . . . . "	164,057	126,269	64,500
Naval brass bolts staves . . . . . cwt.	1,390	1,160	200
Cordage barred . . . . . fathoms	237,573	257,093	23,000

## MILITARY WORKS.

The estimate for 1922-23 compares with the actual expenditure in 1913-14 and the revised estimate for 1921-22 as follows :—

*Net Expenditure.*

	Rs.
1913-14, Actual Expenditure . . .	1,33,06,000
1921-22, Revised Estimate . . .	5,14,07,000
1922-23, Budget Estimate . . .	4,54,97,000

2. This expenditure may be subdivided as follows :—

Head of Expenditure.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
NEW BUILDINGS AND WORKS .	54,40,000	2,61,45,000	2,08,80,000
REPAIRS . . .	46,22,000	93,83,000	93,47,000
MISCELLANEOUS . . .	9,01,000	77,22,000	82,03,000
ESTABLISHMENT . . .	31,60,000	86,44,000	80,05,000
TOOLS AND PLANT . . .	1,31,000	3,91,000	3,50,000
SPECIAL DEFENCES . . .	2,45,000	...	..
<b>TOTAL EXPENDITURE .</b>	<b>1,44,55,000</b>	<b>5,22,85,000</b>	<b>4,67,85,000</b>
Add for exchange* at Rs. 15=			
£1 . . .	...	6,52,000	2,42,000
Deduct—Recoveries . . .	11,49,000	15,30,000	15,30,000
<b>NET EXPENDITURE .</b>	<b>1,33,06,000</b>	<b>5,14,07,000</b>	<b>4,54,97,000</b>

\* Expenditure in England included in the above statement has been taken at Rs. 10=£1. We have not been able to obtain information showing how this expenditure is distributed over the various headings and it has therefore been necessary to make a lump addition representing the difference between the rupee equivalent of the sterling expenditure at Rs. 10=£1 and at Rs. 15=£1.

We deal with the expenditure under the above headings seriatim :—

## NEW BUILDINGS AND WORKS.

	Rs.
1913-14, Actual Expenditure . . .	54,40,000
1921-22, Revised Estimate . . .	2,61,45,000
1922-23, Budget Estimate . . .	2,08,80,000

The grant of Rs. 2,08,80,000 for 1922-23 was distributed as follows :—

	Rs.
New works . . . . .	41,58,000
Works in progress . . . . .	83,52,000
Special grant for Waziristan . . . . .	40,00,000
Reserve for unforeseen requirements . . . . .	2,75,000
Buildings and works costing up to Rs. 10,000 to be allotted by General Officers Commanding, Commands . . . . .	21,00,000
<b>TOTAL .</b>	<b>2,08,80,000</b>

3. *New works and works in progress.*—We have been supplied with the following list of Major Works said to be needed to complete the constructional programme of the Army :—

Description of works.	Estimated cost of proposals.	Sanctioned by the Government of India.
	Rs.	Rs.
New cantonments . . . . .	2,12,00,000	32,00,000
Officers' quarters . . . . .	1,12,00,000	...
Accommodation for British troops . . . . .	2,99,00,000	2,99,00,000
Accommodation for Indian troops . . . . .	4,50,00,000	4,50,00,000
Offices for Northern and Western Commands . . . . .	76,00,000	...
Offices and quarters for clerks . . . . .	62,00,000	...
Hospitals for British troops . . . . .	1,45,00,000	...
Hospitals for Indian troops . . . . .	1,79,00,000	...
Royal Air Force . . . . .	61,00,000	61,00,000
Ordnance factories and depôts . . . . .	3,16,00,000	...
Training and educational . . . . .	1,70,00,000	...
Water supplies . . . . .	1,60,00,000	...
Drainage and sanitation . . . . .	48,00,000	...
Electrical installations . . . . .	1,51,00,000	...
Roads in cantonments . . . . .	17,00,000	...
Frontier roads . . . . .	3,84,00,000	...
Railways . . . . .	75,00,000	...
Various auxiliary and other services and miscellaneous . . . . .	3,83,00,000	88,00,000
TOTAL . . . . .	33,00,00,000	9,30,00,000

We are informed that the above list is based upon information collected about a year ago, that many of the projects included in it have not yet been carefully investigated, and that there is no doubt that in certain cases reductions could be made. We have not examined the individual items in detail as we are strongly of the opinion that, in the present financial situation, the execution of a programme of this magnitude is wholly out of the question. Moreover conditions are changing and we think that it serves no useful purpose to lay down in advance a programme which there can be no expectation of carrying out in any reasonable period.

We understand that when the full amount of the allotment authorised for a particular work is not required for the purpose, it is the practice to obtain sanction from the Finance Department for the reappropriation of the funds for other works for which no provision had been made in the budget. Provided the Government has sanctioned a large programme of works and financial conditions admit of this programme being carried out, this may be a suitable arrangement. We are of opinion, however, that the reappropriation of funds should be limited to works included in the sanctioned programme and that the Finance Department should consider carefully in each case before sanctioning reappropriation whether the surrender of savings is justified by the financial situation.

4. The largest item in the programme is that of Rs. 4½ crores for accommodation for Indian troops and followers, including Rs. 4 crores for the reconstruction and improvement of lines for Indian troops. Formerly Indian troops constructed and maintained their own lines, regiments receiving an annual hutting grant for the purpose. All these lines fell into a state of disrepair during the war, and it was decided that they should be taken over by Government and reconstructed. This process of reconstruction is proceeding, but there still remains a large number of lines requiring reconstruction, many of which are in a very unsatisfactory condition. We are informed that the figure of Rs. 4 crores mentioned above does not cover the complete

cost of this measure, and have been supplied with the following figures showing the programme to which it is desired to work :—

	Rs.	Rs.
Expenditure to end of 1922-23 . . .	...	1,71,00,000
Balance required to complete lines in hand	72,00,000	
Expenditure necessary on lines		
requiring urgent reconstruction . .	2,53,00,000	
" reconstruction within 5 years . .	1,59,00,000	
" " " 10 years . .	1,40,00,000	
		6,24,00,000
Improvements and supplementary items, such as schools, offices, etc., excluded from preceding estimates . . .		1,70,00,000
		<u>9,65,00,000</u>

We are of opinion that, in view of the enormous outlay involved, the whole arrangements for accommodating both British and Indian troops should be reviewed, and that it should be considered whether it will be possible in some cases to accommodate the troops in existing barracks, some of which will fall vacant if our recommendation regarding a reduction of troops is accepted, and in other cases whether the old system should not be reverted to, until the future distribution of the army and strength of units have been definitely decided.

5. We have examined in detail the constructional programme for 1922-23 and have ascertained that, if no further new works are commenced and if works in progress are stopped or postponed wherever this can be done without sacrificing the value of the works already completed or without involving payment of compensation to contractors or loss of stores, the total expenditure on works in 1923-24 could be limited to approximately Rs. 40 lakhs. We recommend that the whole programme of Military Works requirements be examined and curtailed on the basis that the total provision for new works and works in progress, apart from the requirements of the Royal Air Force and any special measures rendered necessary by the military situation, should be reduced by Rs. 20,00,000.

6. *Reserve for unforeseen requirements, Rs. 22,70,000.*—This reserve is mainly distributed to Commands, to provide funds for completing small major works in progress from the preceding year, and for financing small new major works the need for which cannot be foreseen, Commands being given a free hand in the utilisation of these funds. We consider that, in present financial conditions, no major works should be embarked on without examination at headquarters, and we recommend that the annual provision should be reduced to Rs. 16,00,000, a saving of Rs. 6,70,000.

7. *Reserve for buildings and works costing up to Rs. 10,000—Rs. 21,00,000.*—This reserve is similarly distributed for the most part to Commands, and we recommend that the amount of this grant should be limited to Rs. 16,00,000, a saving of Rs. 5 lakhs.

#### REPAIRS.

	Rs.
1913-14, Actual Expenditure . . .	46,22,000
1921-22, Revised Estimate . . .	93,83,000
1922-23, Budget Estimate . . .	93,47,000

8. Owing to a change in classification the figures for the three years cited are not strictly comparable. The provision of Rs. 93,47,000 in 1922-23 was distributed as follows :—

	Rs.
Buildings . . . . .	64,47,000
Roads in cantonments . . . . .	11,00,000
Roads outside cantonments (mainly frontier roads) . . .	18,00,000
TOTAL . . . . .	<u>93,47,000</u>

9. *Repairs to Buildings.*—It is doubtful whether any large saving is possible in respect of the expenditure on the repairs of existing buildings, but if the recommendations which we have made elsewhere are adopted there should be a material reduction in the accommodation required for troops and stores. It has also been brought to our notice that many vacant buildings are maintained. We recommend that the possibility be explored of effecting economies in new construction by the utilisation of such buildings for military purposes and that steps should be taken to dispose of all buildings which cannot be so utilised. Some reduction under this head should also be possible as a result of the fall in prices of materials and we recommend that the provision should be limited to Rs. 55,00,000, saving Rs. 9,47,000.

10. *Repairs to roads.*—We are informed that the question of retransferring certain frontier roads to the civil authorities is under discussion, and we are of the opinion that the decision under this head should be expedited. If our recommendation with regard to the construction of a light railway from Hindubagh to Fort Sandeman be adopted, there should be a considerable saving in the expenditure on the Harnai-Loralai road. We therefore consider that the total provision for roads should be reduced to Rs. 27 lakhs, saving Rs. 2 lakhs

#### MISCELLANEOUS.

	Rs.
1913-14, Actual Expenditure . . . .	9,01,000
1921-22, Revised Estimate . . . .	77,22,000
1922-23, Budget Estimate . . . .	82,03,000

11. The items included under this head are the following :—

	Rs.
Maintenance and working expenses of water-supply . . . .	24,66,000
Maintenance and working expenses for electrical installations . .	18,49,000
Maintenance and working expenses for ice plants . . . .	2,60,000
Furniture purchased and repairs . . . .	13,81,000
Reserve for miscellaneous obligatory charges . . . .	5,34,000
Care of vacant buildings . . . .	1,97,000
Rents . . . .	3,21,000
Taxes . . . .	2,90,000
Compensation for quarters . . . .	2,01,000
Payments for railway sidings, etc. . . .	2,72,000
Miscellaneous . . . .	4,32,000
<b>TOTAL</b> . . . .	<b>82,03,000</b>

The water-supply and electrical installations and ice plants are of value in maintaining the health of the troops. Particulars of the capital cost of these installations and of their working results in 1921-22 are set out below :—

	Capital cost.	Total annual cost including overhead charges.
	Rs.	Rs.
Water-supply . . . .	48,48,000	12,44,804
Electrical installations . . . .	86,97,000	10,97,526
Ice plants . . . .	8,59,000	2,26,000

We are informed that the total expenditure proposed for 1923-24 on the items included under the head 'Miscellaneous' is Rs. 73,78,000, a saving of Rs. 8,25,000.

#### ESTABLISHMENTS.

	Rs.
1913-14, Actual Expenditure . . . .	31,16,000
1921-22, Revised Estimate . . . .	86,44,000
1922-23, Budget Estimate . . . .	80,05,000

12. The establishment maintained in 1913-14 and 1922-23 is analysed in the following table :—

	1913-14.		1922-23.	
	No of officers on Establishment.	Cost of Establishment.	No. of officers on Establishment.	Cost of Establishment.
		Rs.		Rs.
Director, Military Works . . . . .	7	2,43,715	9	4,72,900
Four Chief Engineers, Commands . . . . .	...	...	22	7,96,908
Commanding Royal Engineers, Districts (9 in 1913-14, 8 in 1922-23)	11	3,55,898	20	6,51,106
Executive Establishments . . . . .	127	25,16,387	177	60,84,086
TOTAL . . . . .	145	31,16,000	228*	80,05,000

\* Including certain civilian Engineers.

The large increase in the number of officers employed and in the cost of establishments appears to be due to two main causes, firstly, the employment of additional officers in order to form a war reserve, and, secondly, the introduction of the four-command system. Under the present system 8 Commanding Royal Engineers and their establishments now cost Rs. 6,51,106 compared with Rs. 3,55,898 for 9 Commanding Royal Engineers in 1913-14. Nevertheless, the superior establishments have increased even more markedly in number and cost from 7 officers costing with their establishments Rs. 2,43,715 to 31 officers costing with their establishments Rs. 12,79,808 at the present time. We cannot find that any substantial measures of decentralization have accompanied this increase. Simultaneously, the proportion borne by the cost of the direction as a whole to the cost of the executive has increased from about 24 per cent. in 1913-14 to 31 per cent in 1922-23. The total cost of establishment amounts to about 21 per cent. on the expenditure on works. We see no justification for the present number of officers employed and consider that the staff should be progressively reduced approximately to the pre-war cadre, the grant for establishment in 1923-24 being fixed at Rs. 75,05,000, a saving of Rs 5 lakhs and that further savings should be effected thereafter. The Commander-in-Chief is prepared to agree to the establishment being reduced by Rs. 5 lakhs in 1923-24 and by a further Rs. 5 lakhs in 1924-25 provided the improvement in payment of Royal Engineer Officers recommended by the Government of India is agreed to. He states that, unless this is done, it will not be possible to get efficient officers and thereby to reduce establishment.

13. We consider that further economies in establishment and the cost of works could be effected by an extension of the system of giving out new works or extensive repairs on lump sum contracts. We are informed that it is the practice to call for tenders and to give out work on contract, wherever possible, but that lump sum contracts for complete works cannot be made where imported material has to be used, as it is laid down by rule that such material must be obtained, with certain exceptions, through the High Commissioner for India. If this is correct, we recommend that such amendments be made in the rules as may be necessary to give effect to this proposal.

14. We have been informed that, owing to the fact that the funds allotted in a particular year lapse at the end of the year if unspent, there is always a rush of expenditure at the end of the year in order to avoid lapses, and that wasteful expenditure frequently occurs in consequence. We think that some system to obviate this waste should be immediately introduced.

#### TOOLS AND PLANT.

	Rs.
1913-14, Actual Expenditure . . . . .	1,31,000
1921-22, Revised Estimate . . . . .	3,91,000
1922-23, Budget Estimate . . . . .	3,50,000

15. This expenditure is fixed on a percentage basis and will automatically be reduced as a result of the fall in prices and the proposed restriction in the total expenditure. We recommend that the provision under this head should be limited to Rs. 3,00,000, saving Rs. 50,000.

#### RECOVERIES.

	Rs.
1913-14, Actuals . . . . .	11,49,000
1921-22, Revised Estimate . . . . .	15,30,000
1922-23, Budget Estimate . . . . .	15,30,000

16. The recoveries expected in 1922-23 may be analysed as follows:—

	Rs.
Rent of Buildings . . . . .	9,52,700
Recoveries on account of water-supply . . . . .	2,02,850
Recoveries on account of electric current . . . . .	1,25,950
Miscellaneous items . . . . .	2,48,500
	<u>15,30,000</u>

We understand that the rate of interest on capital, adopted in estimating rentals for Military Works quarters, varies according to the date of construction and that this practice has led to numerous anomalies. We recommend that rent should be charged in the case of all new occupants with reference to the present rate of interest, irrespective of the date of construction, but subject to the usual maximum of 10 per cent. of pay, thereby securing some additional revenue.

#### STORES.

17. The following statement summarises the information supplied to us with regard to the holdings of mobilisation and other stores:—

	Mobilisation Stores.	Ordinary Stores.	
	1921-22, Actuals.	1921-22, Actuals.	1922-23, Estimates.
	Rs.	Rs.	Rs.
Stock at beginning of year . . . . .	94,30,000	38,63,000	35,41,000
Purchases . . . . .	11,76,000	57,08,000	43,26,000
<b>TOTAL</b>	<b>1,06,06,000</b>	<b>95,71,000</b>	<b>78,67,000</b>
Issues . . . . .	15,18,000	58,30,000	46,60,000
Stock sold or otherwise disposed of . . . . .	3,19,000	2,00,000	99,000
Stock on hand at end of year . . . . .	87,69,000	35,41,000	31,08,000
<b>TOTAL</b>	<b>1,06,06,000</b>	<b>95,71,000</b>	<b>78,67,000</b>

The above figures do not include stores purchased and charged direct to works. In the light of the information supplied to us, we consider that a reduction of Rs. 10 lakhs should be effected in the total purchases of stores in 1923-24 compared with the expenditure in 1922-23.

#### CONCLUSIONS.

Having reviewed the expenditure of the Military Works Department we recommend that—

- (1) the constructional programme of the Army already sanctioned by the Government of India be reviewed;
- (2) reappropriation of funds be prohibited except for works included in the sanctioned programme, when the reappropriation should be subject to the surrender of savings being justified by the financial situation; and
- (3) the budget estimate for 1923-24 be limited to Rs. 3,78,05,000 (net), a reduction of Rs. 76,92,000 including Rs. 10,00,000 transferred to the Royal Air Force, or a net saving of Rs. 66,92,000.

## MILITARY SERVICES.

## GENERAL CONCLUSIONS TO PART I.

We cannot conclude our report on the Military services without saying that His Excellency the Commander-in-Chief and the Army Department have displayed a whole-hearted disposition to reduce military expenditure, always bearing in mind the importance of maintaining the efficiency and mobility of the forces for protection against outside aggression and internal disorder, and we desire to extend to them our grateful thanks for the assistance they have rendered.

2. As we stated in our introductory remarks, although the budget estimate for the Military services in 1922-23 was Rs. 67,75,26,000, the full expenditure required during that year would, but for certain fortuitous circumstances, have amounted to Rs. 71,37,82,000. The gross reductions which we have indicated amount to Rs. 13,95,52,000, but additional provisions of Rs. 23,00,000 for practice ammunition, and Rs. 9,75,000 for gratuities to demobilised officers are required for 1923-24. If our recommendations are accepted, and, if they could all be brought into effect at once, the military budget for 1923-24 could be reduced to Rs. 57,75,05,000, but we recognise that it will take some time for the whole of these savings to materialise. The more quickly the reductions of troops are brought about the nearer will the actual expenditure approach this figure. The Finance Department in framing their estimates will require to make an allowance for terminal charges and for the expenditure which must necessarily be incurred during the period required to give full effect to the changes which we recommend. We are not in possession of the data necessary for framing such an estimate.

3. The reduction which we have indicated of Rs. 13,95,52,000 includes approximately Rs. 2½ crores for reductions in stocks which do not of course represent a recurring saving. These reductions, however, should ultimately lead to a substantial recurring economy by curtailing the establishments engaged on the maintenance of stores, by minimising loss from deterioration, by reducing expenditure on hire of ground and hire or construction of buildings, to say nothing of the loss to India which is involved by the enormous amount of capital at present locked up in stocks. Further we are informed that in the near future there will be large automatic savings by the liquidation of various liabilities arising out of the war; for example, gratuities to demobilized officers, India's share of which in 1923-24 is estimated at £415,000. We, therefore, believe that the adoption of our recommendations will enable the estimates in subsequent years to be reduced to about Rs. 57 crores irrespective of any savings due to further economies or falling prices.

4. The above suggested reductions have been agreed to generally by the Commander-in-Chief, but in a great administration such as the Army in India, of which he is the responsible head, we recognise that, in working them out and in giving practical effect to them, he may find it desirable to make some minor modifications. There may result greater expenditure under one head and reduced expenditure under another, but, so long as the increase involved is more than counterbalanced by the reduction, we consider that the actual working out of details should be left in his hands.

5. We do not, however, consider that the Government of India should be satisfied with a military budget of Rs. 57 crores, and we recommend that a close watch be kept on the details of military expenditure with the object of bringing about a progressive reduction in the future. Should a further fall in prices take place, we consider that it may be possible, after a few years, to reduce the military budget to a sum not exceeding Rs. 50 crores, although the Commander-in-Chief does not subscribe to this opinion. Even this is more, in our opinion, than the tax-payer in India should be called upon to pay, and, though revenue may increase through a revival of trade, there would, we think, still be no justification for not keeping a strict eye on military expenditure with a view to its further reduction.

**CONCLUSIONS.**

Having reviewed the expenditure of the Military services, we recommend that—

- (1) the total *net* budget for 1923-24 be fixed at Rs. 57,75,00,000, subject to such addition as may be necessary on account of the delay which must ensue in carrying out the proposed changes; and
- (2) Military Expenditure after a few years be brought down to a sum not exceeding Rs. 50 crores.



## PART II.

### POSTS AND TELEGRAPHS DEPARTMENT.

The estimates for 1922-23, including a supplementary estimate for Rs. 2,11,000, compare with the actual receipts and expenditure in 1913-14 and the revised estimate for 1921-22 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	4,71,31,000	5,14,89,000
1921-22, Revised Estimate . . . . .	9,85,35,000	8,89,26,000
1922-23, Budget Estimate . . . . .	10,19,27,000	10,91,19,000

2. Reliable data of the total capital expended by the Posts and Telegraphs Department are not readily available but we have been supplied with the following approximate figures which illustrate the large development which has taken place in telegraphs and telephones since 1913-14.

Head.	TOTAL CAPITAL EXPENDED UP TO 31ST MARCH.		Increase.
	1914.	1922.	
	Rs.	Rs.	Rs.
Posts . . . . .	Not available.	1,68,97,504	...
Telegraph and telephone buildings . . . . .	1,13,53,408	1,60,91,994	47,38,586
Telegraphs . . . . .	11,03,47,894	15,19,96,401	5,45,30,336
Telephones . . . . .		1,27,81,829	

A considerable portion of the above capital has been provided out of surplus revenues and we are informed by the Director-General that sufficient allowance has not been made for depreciation in arriving at the capital expenditure on which interest should be charged as part of the working expenses of the Department. The matter is, however, now under investigation.

3. Accounts on a commercial basis are not prepared for the Postal, Telegraph and Telephone services but *pro formâ* Profit and Loss statements are compiled by the Director-General and published in his annual administration report. We have been supplied with the following statement showing the results for 1921-22 compared with those for 1913-14 but no forecast for 1922-23 is available.

#### *Pro Formâ* Accounts.

Department.	1913-14, ACTUALS.		1921-22, ROUGH ACTUALS.	
	Revenue.	Expenditure.	Revenue.	Expenditure.
	Rs.	Rs.	Rs.	Rs.
Postal . . . . .	3,80,44,572	3,39,19,530	6,14,76,922	6,72,48,791
Telegraph and Telephone . . . . .	1,85,78,406	1,42,20,553	3,48,08,667	3,02,17,261
	5,66,22,978	4,81,40,183	9,62,85,589	9,74,66,052
Excess or Deficit . . . . .	+84,82,795		-11,80,463	

These *pro formâ* accounts shew the approximate financial results of the working of the Department but no allowance has been made for interest on capital, depreciation, etc., in the Telegraph and Telephone figures for 1913-14, or in the Postal figures for either year. On the other hand the Postal figures include the cost of all stores purchased, whether required for Capital or Revenue Works. Other adjustments appear to be necessary and

we are informed that steps are now being taken to place the accounts on a more satisfactory footing.

4. The volume of Post Office business is largely dependent upon trade and industrial conditions and the following statement shews that there was a considerable increase in practically all classes of business in 1921-22 compared with 1913-14 :—

Classes of articles.	1913-14. (In millions.)	1921-22. (In millions.)	Percentage of increase.
<i>Articles of the letter mail.</i>			
Paid unregistered letters . . . . .	414·8	550·5	32·7
Unpaid letters . . . . .	32·9	30·8	—·1
Registered letters and { Ordinary . . . . .	15·4	23·6	53·2
{ Value-payable . . . . .	1·8	5·0	180·4
Insured letters . . . . .	2·2	3·9	77·8
Postcards . . . . .	455·9	648·5	42·2
Registered newspapers . . . . .	56·4	78·3	38·7
Ordinary unregistered packets . . . . .	57·8	68·3	18·1
TOTAL . . . . .	1,037·2	1,409·9	35·8
<i>Articles of the parcel mail.</i>			
Ordinary registered parcels . . . . .	3·4	5·2	40·7
Insured parcels . . . . .	·7	·9	24·3
Value-payable registered parcels . . . . .	1·7	5·7	24·5
Ordinary unregistered parcels . . . . .	·7	·07	90·8
Value payable unregistered parcels and packets. . . . .	6·1	...	...
TOTAL . . . . .	12·6	12·5	—·8
Number of telegrams . . . . .	16·9	20·6	22·2
Value of telegrams . . . . .	Rs. 11·7	Rs. 28·9	147·7
Number of money orders . . . . .	31	33·6	8·4
Value of money orders . . . . .	Rs. 565	Rs. 795	40·7
Number of insured articles . . . . .	3	5	66·6
Declared value of above . . . . .	Rs. 730	Rs. 1,446	98·08
Number of V. P. articles . . . . .	9·6	10·7	11·4
Value for recovery on V. P. articles . . . . .	Rs. 125	Rs. 227	81·6
D. L. O. articles . . . . .	9·7	14·4	48·4
Post offices . . . . .	18,946	19,557	3·2
Telegraph Offices (including combined offices). . . . .	3,396	3,631	6·9
Telephones . . . . .	5,193	11,987	130·8
Letter-boxes . . . . .	49,131	50,117	2
Mileage for conveyance of mails . . . . .	1,55,806	1,57,838	1·3
Staff . . . . .	104,603	120,441	15·1

The number of unregistered postal articles handled is computed from the actual figures obtained by a special enumeration taken during the second week in February and August of each year but the remaining figures are actuals taken from the regular statistical returns furnished to headquarters. The decline in parcels is due mainly to the abolition in 1921 of the unregistered V. P. parcel system and partly to the decline in trade.

5. A detailed comparison of the Budget estimate for 1922-23 compared with rough actuals for 1921-22 and the actual expenditure in 1913-14 is given in Appendix A. We deal seriatim with the main heads under which the account is set out.

*Salaries.*

				Rs.
1913-14, Actual Expenditure	.	.	.	2,77,71,777
1921-22, Rough Actual	.	.	.	5,75,60,834
1922-23, Budget Estimate	.	.	.	5,99,05,370

6. The following statement gives an analysis of the staff employed and the amount paid in salaries for the year 1913-14, compared with the estimates for 1921-22 and 1922-23 :—

Items.	1913-14.		1921-22.		1922-23.	
	Number.	Actuals.	Number.	Revised Estimate.	Number.	Budget Estimate.
		Rs.		Rs.		Rs.
1. Officers . . . . .	514	28,87,946	618	42,68,550	679	47,50,110
2. Supervising and clerical staff including mail guards, sorters and all clerical staff in post offices, Railway Mail Service, Traffic, Engineering Branches . . . . .	37,492	1,25,66,041	43,644	2,75,77,050	46,093	3,03,70,470
3. Telegraphists, Telegraph Masters and Telephone Operators . . . . .	3,812	46,34,203	4,820	81,07,190	4,550	86,19,440
4. Engineering, supervising and subordinate staff including mechanics, etc. . . . .	497	2,01,252	841	9,04,900	860	10,20,300
5. Delivery staff (Postmen and Telegraph peons) . . . . .	31,207	41,82,982	32,521	84,33,340	29,528	80,29,930
6. Menials, linemen, packers, peons, mail peons and letter-box peons . . . . .	11,950	14,72,691	17,995	35,77,170	21,440	38,95,620
7. Road and river establishment . . . . .	18,813	19,23,768	19,349	33,68,830	18,676	31,63,220
8. Miscellaneous staff, caretakers, mechanics, etc. . . . .	62	14,193	55	19,990	64	24,280
9. Telegraph Storeyard and Depôts . . . . .	158	1,03,406	162	1,77,830	162	2,31,740
10. Telegraph Workshops . . . . .	58	70,581	71	1,40,940	71	1,53,330
11. Postal Workshop . . . . .	40	19,481	43	31,150	43	32,420
12. Wireless Branch . . . . .	...	...	322	5,54,110	278	8,22,110
<i>Deduct</i> —Share of establishment chargeable to Telegraph Capital account . . . . .	1	—3,04,767		—12,92,700		—12,07,600
	104,603	2,77,71,777	120,441	5,58,68,350	122,444	5,99,05,370

7. This table shews that, whereas the total staff employed has increased from 104,603 in 1913-14 to 122,444 required for 1922-23 or by 17 per cent., the cost of salaries has increased from Rs. 2,80,76,544 to Rs. 6,11,12,970 or by 118 per cent. This large increase is mainly due to the recommendations of the Postal Committee of 1920 under the chairmanship of Mr. Heseltine which resulted in an increase of over Rs. 150 lakhs in the cost of salaries of the clerical, delivery and menial staff for 1921-22. In addition, the pay of the supervising and operating staff of the Telegraph Branch was revised upon the recommendations of a special Committee appointed by Government in the same year, involving a further expenditure of Rs. 35 lakhs. The recommendations of these two Committees have therefore resulted in an increase of Rs. 185 lakhs in expenditure.

8. The number of officers employed has increased from 514 in 1913-14 to 679 or by 32 per cent., whereas the number of other staff has only increased by 17 per cent. The Director-General has agreed that one of the 6 Assistant Directors-General might be dispensed with saving of Rs. 20,000 and we think that the number of officers should be reduced to the level necessary to maintain the same ratio of officers to other staff as that which obtained in 1913-14. This would effect a total saving of 88 officers costing roughly Rs. 6 lakhs per annum.

9. The sanctioned staff of a post office is fixed according to certain prescribed standards by the application of a time test to the work of the office. We are informed that the time test was recently revised and the standard reduced by about 6 per cent.

It has not been possible for us in the limited time at our disposal to make any exhaustive analysis of the staff employed in relation to the work performed. In order to obtain a general impression of the check exercised we called for the returns in regard to the telegraph staff. The number of telegraph masters and telegraphists employed on 1st April 1922 compared with 1914 and the number of signalling operations performed in each of these years was as follows :—

	1914.	1922.	Increase per cent.
Telegraph Masters . . . .	260	353	37
Telegraphists . . . .	2,734	3,436	25·7
Number of signalling operations .	79,437,176	100,455,194	26·4

The basis on which staff is fixed is one telegraphist for every 42,000 signalling operations representing an average hourly outturn of 20 messages per operator during day and night, taking the busy and slack seasons together. On this basis the number of telegraphists required for 100,455,194 signalling operations would be only 2,392 *plus* the standard leave reserve of 17½ per cent., making a total of 2,810, whereas the actual number employed is 3,436, an excess of 626.

We have obtained particulars for 11 of the larger telegraph offices shewing the average number of telegrams dealt with per man per hour by (a) the manipulating staff and (b) the total staff for 1913-14 and 1921-22 respectively. These particulars are shown in Appendix B. It will be observed that the average number of signalling operations per operator has considerably improved but this is partly due to the transference to the clerical staff of work formerly performed by telegraphists and there has been a considerable falling off in the output per man of the total staff.

Examining the details we find there are large variations in the number of signalling operations per operator. Further, there appears to be no definite relation between the number of manipulative staff and the total staff of supervisors, operators and non-operators as will be gathered from the following particulars for 1921-22 :—

Station.	MANIPULATIVE STAFF.		SIGNALLING OPERATIONS.	
	Average number.	Per cent. of total staff.	Number.	Number per operator.
Calcutta . . . .	295	45·4	7094,783	24,050
Bombay . . . .	270	40·2	7,961,609	29,487
Madras . . . .	136	43·2	3,700,655	27,210
Agra . . . .	156	62·9	3,262,381	20,913
Rangoon . . . .	66	37·1	2,401,507	36,386
Rawalpindi . . . .	62	59·6	1,265,9·0	20,418
Karachi . . . .	59	41·3	1,984,213	33,631

We observe that in 1909, when the whole question of telegraph staff was reviewed, special attention was drawn to the necessity of exercising a close check on the returns rendered and particularly to ensuring that, for small offices, approximately 65 per cent. of the force was placed on operating duties and in larger offices 70 per cent. leaving 35 per cent. and 30 per cent. respectively to cover all supervising and other non-operating duties.

We think that the figures we have quoted indicate that there is a considerable field for economy in the staff employed in the telegraph offices.

10. We also think that some reduction should be possible in the number of engineering, supervising and subordinate staff, including mechanics, which has increased from 497 in 1913-14 to 860 required for 1922-23, an increase of 73 per cent. whereas the line mileage has only increased by 26 per cent. and the wire mileage by 28 per cent. The number of linemen has also increased by 45 per cent. and, although this is partly due to the limitation of the number of hours worked to nine daily, we are of opinion that some economy in staff should also be possible.

With regard to delivery staff we understand that an examination is now being made of the number of deliveries at all post offices and that light deliveries will as far as possible be abolished with a consequent reduction in the number of postmen employed.

The Director-General has agreed that the provision for salaries should be reduced by Rs. 3,67,800 but, as he is estimating for a decrease in revenue which means a decrease in work, we consider this is inadequate. We are informed that the probable saving on the current year's estimate is Rs. 15,63,000 and we are of the opinion that the provision for salaries in 1923-24 should be limited to not more than Rs. 5,74,00,000, a reduction of Rs. 25 lakhs compared with 1922-23 but an increase of Rs. 15 lakhs compared with the revised estimates for 1921-22.

#### *Conveyance of Mails.*

11. The main items of expenditure included under this head are as follows:—

	1913-14, Actuals.	1921-22, Rough Actuals.	1922-23, Budget Estimate.
	Rs.	Rs.	Rs.
Subsidies . . . . .	20,93,728	31,07,585	36,37,420
Road and River charges . . . . .	2,36,964	5,78,448	3,59,700
Railways . . . . .	30,82,064	35,22,217	43,38,750
TOTAL	54,12,756	72,08,250	83,35,870

The large increase under "Subsidies" is due to the general rise in prices and the replacement of many horse line services by motors. The daily road mileage of mails increased from 11,568 in 1913-14 to 13,268 in 1921-22, the latter figure including 2,528 miles run by motor cars. The substitution of a motor service for a tonga line usually quadruples the cost and in only a few cases has it been possible to effect economy by utilising motors. We have examined the subsidies paid for each service and find that in the majority of cases contracts have been entered into for 5 years at fixed rates and that few of the contracts can be terminated before 1924-25. We think that the desire to provide improved postal services has led to the introduction of motor transport without due regard to financial considerations, and that many of the existing contracts should be terminated on completion unless more favourable terms, compared with the cost of horse lines, can be obtained. We recommend that, during the present period of financial stringency, no additional motor services should be provided unless economy can be effected thereby, and that, generally speaking, the use of motors should be limited to large towns and important lines where heavy mails are carried.

With regard to horse lines many of the existing contracts are at very high rates compared with 1913-14 and we think that, in view of the fall in prices which has taken place, more favourable terms should be obtainable when the existing contracts come to be renewed.

The increase in Road and River Charges is almost entirely due to extra despatches of mails and increased ferry charges which do not call for special comment.

## 12. The expenditure included under Railways may be analysed as follows :—

	1913-14, Actuals.	1921-22, Rough Actuals.	1922-23, Budget.
	Rs.	Rs.	Rs.
Special train hire . . . . .	2,54,177	6,83,000	6,50,000
Construction of vans . . . . .	46,498	4,03,500	3,46,500
Haulage and other payments . . . . .	27,81,389	30,24,540	33,42,250
TOTAL . . . . .	30,82,064	41,21,040	43,38,750

The increased expenditure for special train hire is due to increased rates and to the introduction in 1919 of three additional special train services in connection with outward foreign mails. We are informed that one of these services has recently been abolished, saving Rs. 60,000 annually.

The provision of Rs. 3,46,500 under "Construction of Vans" included Rs. 2,10,000 for 7 new vans and Rs. 1,36,500 for additions and alterations to existing vehicles, etc. This expenditure was largely consequent upon the cessation of construction and reduction of repair work during the war period. The Director-General agrees that no provision for new vans will be necessary in 1923-24 and that the expenditure on additions and alterations can be largely curtailed, say, to Rs. 50,000.

In view of all the circumstances the Director-General has agreed to a reduction of Rs. 7 lakhs in the total provision for the conveyance of mails in 1923-24.

*Office of Account and Audit.*

	Rs.
1913-14, Actual Expenditure . . . . .	11,29,051
1921-22, Rough Actuals . . . . .	25,68,072
1922-23, Budget Estimate . . . . .	28,71,000

13. A considerable portion of the work of this department is measured in statistical units for the purpose of estimating the staff required under normal conditions. We have examined in detail the staff employed in various sections in relation to the work performed and found that in many cases it is *prima facie* excessive.

Until the present year, the work of the department has been steadily increasing and it was considered sufficient to call upon the Superintendents to justify any additional staff required but no arrangements are in force to bring to light cases of excessive staff in time of falling traffic.

We are informed that the Accountant General, Posts and Telegraphs, is now taking up all cases where staff appears excessive and that reductions to the extent of 60 men have already been effected in the money order section alone. There appears to be considerable room for economy in the other sections and we recommend the provision for 1923-24 be limited to Rs. 25,00,000, a reduction of Rs. 3,71,000.

*Travelling Allowances.*

	Rs.
1913-14, Actual Expenditure . . . . .	11,14,354
1921-22, Rough Actuals . . . . .	25,43,052
1922-23, Budget Estimate . . . . .	23,55,300

14. There has been a large increase in the cost of travelling allowances. Railway rates and freight charges have increased about 50 per cent.; halting allowances in several localities have been considerably enhanced and in some cases doubled; the scales of travelling allowances on transfer have been raised and other allowances increased. In addition, although the rates of pay have been considerably improved there has been no alteration in the salary limits entitling staff to the higher scales of travelling allowances.

We shall deal further with this question in our remarks under "Pay and Allowances," but we think that considerable economy should be possible in Travelling Allowances in 1923-24 and the Director-General has agreed to a reduction of Rs. 4,61,000.

*Stationery and Printing.*

	Rs.
1913-14, Actual Expenditure . . . .	12,48,848
1921-22, Rough Actuals . . . .	41,65,533
1922-23, Budget Estimate . . . .	32,21,000

15. We were much struck with the large increase which has taken place in the cost of Stationery and Printing since 1913-14. There has been great waste in the use of telegraph forms, the number printed in 1921-22 being 50 millions although the number of forms actually used for telegrams was under 20 millions. We recognise that it is somewhat difficult to exercise a close check over the use of these forms and the Director-General is endeavouring to reduce the wastage to about 25 per cent. and is reducing his order for forms to 30 millions. We are informed that the print order for telegraph forms in 1923-24 will be curtailed by about Rs. 90,000 and that the total estimate for Stationery and Printing for 1923-24 will be reduced by Rs. 3 lakhs, irrespective of any saving which may be effected by the fall in prices.

*Postal Buildings (charged to Revenue).*

	Rs.
1913-14, Actual Expenditure . . . .	7,91,246
1921-22, Rough Actuals . . . .	5,83,737
1922-23, Budget Estimate . . . .	15,19,000

16. The amount expended on Postal Buildings in 1913-14 was Rs. 7,91,246. No expenditure is shown for this year in Appendix A as the charges were included in the Public Works Department estimates.

We discussed in detail with the Director-General the various items included in the 1922-23 Budget and it was agreed that, in view of the present financial situation, many of the projects could be postponed and the expenditure for 1923-24 limited to Rs. 6 lakhs. Subsequently he submitted proposals involving an expenditure of Rs. 9 lakhs distributed as follows :—

Nature of work.	Total cost.	Proposed provision for 1923-24.
	Rs.	Rs.
Major works not commenced—		
New buildings for the Postal Press at Aligarh .	2,70,880	1,24,000
Acquisition of a site for new building for the Byculla town Sub-Office (Bombay) .	64,800	64,800
New building for the combined office at Boundary Road, Rangoon . . . .	22,400	22,400
New combined office building at Summer Hill, Simla . . . . .	27,200	27,200
New combined office building at Chaklala (Rawalpindi) . . . . .	26,200	26,200
Postmasters quarters, Cawnpore . . . .	35,700	35,700
TOTAL . . . . .	...	3,00,800
Major works in progress . . . . .		1,82,700
Minor works—		
Lump sum provision for minor works costing less than Rs. 10,000 . . . . .	...	3,80,000
Departmental buildings—		
Lump sum provision for new works . . .	...	56,000
TOTAL . . . . .	...	9,19,000

The construction of the new Postal Press at Aligarh is an essential part of a larger scheme for the more economic printing and distribution of postal forms and it is estimated that the construction of this building will effect an annual saving of not less than Rs. 60,000. We have not examined this estimate in detail.

With regard to the remaining major works not commenced, we are not satisfied that some of them could not be postponed during the present period of financial stringency. We also think that the lump sum provision for minor works could be reduced and recommend that the total expenditure under this heading should be limited to Rs. 6,00,000.

We are informed that all postal buildings are constructed by the Public Works Department and that outside tenders are not obtained. We consider that outside tenders should in future be obtained for all large buildings and in this view the Director-General concurs.

*Supplies and Services.*

	Rs.
1913-14, Actual Expenditure . . . .	5,68,913
1921-22, Rough Actuals . . . .	10,64,374
1922-23, Budget Estimate . . . .	12,92,330

17. The expenditure under this heading is mainly for the purchase of miscellaneous stores. A reduction of Rs. 70,000 was effected in October 1922 in connection with a demand for a supplementary grant for the over printing of post-cards necessitated by the increase in postal charges. The following statement shows the general position in regard to stores:—

Stores.	Value of stock on hand on 31st March 1922.	Value of purchases in 1922-23.	Value of estimated annual consumption.	Estimated value of stocks on hand 31st March 1923.	No. of weeks' consumption which stocks represent.
	Rs.	Rs.	Rs.	Rs.	
Mail Bags . . . .	68,023	3,50,733	2,84,386	87,158	16
Letter Boxes . . . .	17,152	45,164	41,181	8,987	14
Postman's Bags . . . .	7,575	31,180	33,197	4,308	10
Locks . . . .	8,958	...	38,487	7,467	10
Scales and weights . . . .	6,219	...	18,364	8,424	19
Hand Carts . . . .	2,250	32,653	23,432	346	3
Stamps and seals . . . .	4,305	45,079	33,534	1,153	30
Safes . . . .	1,519	14,355	13,592	1,539	9
Other supplies . . . .	61,025	1,82,698	1,44,852	19,834	11
Total all Stores . . . .	1,77,026	7,01,862	6,31,025	1,39,216	12

The additional items making up the total expenditure of Rs. 12,92,330 for 1922-23 are as follows:—

	Rs.
Mail bags . . . . .	3,50,733
Letter boxes . . . . .	45,164
Postman's bags . . . . .	31,180
Hand carts . . . . .	32,653
Safes . . . . .	14,355
Clocks . . . . .	7,622
Stamps and Seals . . . . .	45,049
Other supplies . . . . .	1,82,698
Motor cars . . . . .	75,000
Maintenance of motor service . . . . .	1,56,000
Maintenance of horses and vehicles . . . . .	14,190
Bags other than mail bags . . . . .	1,05,267
Miscellaneous articles . . . . .	2,32,419
TOTAL . . . . .	12,92,330

The item of Rs. 3,50,733 includes Rs. 79,500 as part payment of the price, Rs. 2,86,875, of 370,000 kit bags and 10,000 ration bags purchased from the Disposals Board at an exceptionally favourable price, the balance being payable next year. We are informed these bags will make excellent mail bags

at about one-third of the market price for the inferior bags now used and the quantity purchased will cover the requirements for about the next four years.

The Director-General has agreed to limit his requirements for 1923-24 to Rs. 8,89,000, but we are of the opinion that the provision should be further reduced to Rs. 8,00,000, saving Rs. 4,92,000.

*Fixed house and ground rents (including Rates and Taxes).*

	Rs.
1913-14, Actual Expenditure . . . .	9,30,045
1921-22, Rough Actuals . . . .	11,99,277
1922-23, Budget Estimate . . . .	14,01,160

18. The increase in expenditure under this heading is due to increased rents, rates and taxes and is not susceptible of reduction.

*House rent local and special allowances.*

	Rs.
1913-14, Actual Expenditure . . . .	8,50,030
1921-22, Rough Actuals . . . .	21,92,544
1922-23, Budget Estimate . . . .	24,69,060

19. This expenditure may conveniently be sub-divided as follows:—

	1913-14.	1922-23.
	Rs.	Rs.
Post Office . . . . .	3,24,963	8,98,490
Telegraph Traffic . . . . .	4,45,927	12,17,840
Telegraph Engineering . . . . .	79,140	3,52,730

The large increase in the allowances to the Postal Staff is mainly due to the recommendations of Mr. Heseltine's Postal Committee of 1920 that postmen and menials in many expensive localities should be given house rent allowances. The increased cost due to the concessions granted amounts to Rs. 4,00,000. The remaining portion of the increased expenditure is due to improved allowances to officers and other staff sanctioned by the Government of India, increased numbers employed and an extension of house rent allowances to staff not formerly eligible for such allowances.

The staff in Traffic Branch of the Telegraph Department was formerly separated into two services, General and Local in the proportion of 6 to 4, the latter not being eligible for house rent allowances. As a result of the recommendations of Mr. Heseltine's Telegraph Committee, 1920, a new Station Service was substituted for the former Local Service and the proportion of General Service to Station Service men was fixed at 4 to 1. The increased expenditure for 1922-23 compared with 1913-14 is accounted for as follows:—

	Rs.
Increase of about 800 men in General Service Branch . . . .	3,00,000
Improved rates of house rent allowances . . . . .	4,00,000
House rent allowances to 250 Telegraphists transferred to General Service and local allowances to staff at Hill Stations . . . .	1,00,000

The large increase in allowances in the Engineering Branch of the Telegraph Department is mainly due to an extension of the privileges enjoyed by the Traffic Subordinates to the Engineering Staff, and also to increased numbers employed.

20. We consider that the whole question of house rent allowances should be reviewed. The reasons given for granting house rent allowances to General Service Telegraphists is that they are liable to long transfers from one end of India to another at a very short notice. This gave rise to the question of providing them with quarters, and, at places where quarters are not provided, compensation is given in lieu. We do not think that the granting of free accommodation or house allowances to four out of every five telegraphists can

be justified. We are of the opinion that in cases where it is necessary to provide quarters for the staff reasonable rents should be charged and where such accommodation is not available house rent allowances should be granted for a reasonable period only until the men transferred have had an opportunity of finding suitable accommodation.

Apart from any saving which would result from a revision of the allowance, we are informed by the Director-General that the total provision for house rent and local allowances may be reduced to Rs. 22,08,000 for 1923-24, a saving of Rs. 2,61,000.

*Subsidies to Cable Companies.*

	Rs.
1913-14 . . . . .	Nil
1921-22, Rough Actuals . . . . .	70,000
1922-23, Budget Estimate . . . . .	2,90,000

21. This expenditure represents payments to the Eastern Telegraph and the Eastern Extension, Australasia and China Telegraph Companies for working trans-India traffic between Bombay and Madras for through messages to the Far East. The amount paid is the actual audited cost of working up to a maximum of Rs. 2,40,000. The large increase in 1922-23 compared with 1921-22 is due to the duplication of the line to meet increased traffic and to an arrear payment of Rs. 50,000. The transit fees received by the Government on the traffic worked amounted to Rs. 15,49,654 during the 12 months ended May 1922. The provision for 1923-24 has been fixed at Rs. 2,40,000, a reduction of Rs. 50,000 due to the elimination of the arrear payment.

*Maintenance of Telegraph and Telephone lines.*

	Rs.
1913-14, Actual Expenditure . . . . .	9,24,284
1921-22, Rough Actuals . . . . .	12,64,956
1922-23, Budget Estimate . . . . .	20,95,000

22. The increased expenditure for 1922-23 is due to increased mileage, increased cost of labour and materials and arrears of maintenance which accrued during the war period. We were informed that hitherto it has not been the practice to make any provision for arrears of maintenance and no difference was made when framing the estimate between ordinary maintenance and arrears of maintenance. At our request however we have been supplied with the following analysis of the provision for 1922-23 :—

	Rs.
Maintenance proper . . . . .	9,69,000
Arrears of maintenance . . . . .	3,00,000
Minor works (Revenue) . . . . .	3,81,000
Revenue portion of joint works . . . . .	4,45,000
<b>TOTAL . . . . .</b>	<b>20,95,000</b>

We are informed that in 1921-22 it was found that about 28 per cent. of the wire mileage has not been maintained and over 800 miles of corroded wire had to be renewed, which renewal would in normal times have been spread over several years. No information is however available as to the expenditure necessary to overtake all arrears.

The line and wire mileage to be maintained has increased as follows :—

	Line.	Wire.	Cable.	Cable conductors.
1913-14 . . . . .	81,143	312,852	450	8,949
1921-22 . . . . .	91,110	381,691	650	31,370
1922-23, Estimates . . . . .	93,500	400,000	700	40,000

The increased mileage appears to be a full justification for the increase in the cost of maintenance proper and we suggest no reduction. The provision for arrears of maintenance and for the revenue portion of joint capital and revenue works can, however, be considerably reduced and the Director-General has agreed to limit the total expenditure for 1923-24 to Rs. 14,95,000, a saving of Rs. 6,00,000.

We are informed that it has not been found possible to carry out the full programme of work for 1922-23 and a saving of Rs. 2,50,000 is therefore anticipated.

*Miscellaneous Expenditure (Purchase of Stores, etc.).*

	Rs.
1913-14, Actual Expenditure . . . . .	27,47,900
1921-22, Rough Actuals . . . . .	1,71,48,718
1922-23, Budget Estimate . . . . .	1,33,50,000

23. The large increase in expenditure in 1921-22, compared with 1913-14, is due to the general rise in prices, the inclusion of exchange adjustments and the recoupment of stock depleted during the war period. A considerable reduction was effected in 1922-23.

The expenditure may be analysed as follows :—

	Actuals, 1913-14.	Rough Actuals, 1921-22.	Budget Estimate, 1922-23.
	Rs.	Rs.	Rs.
Purchase of stores in India . . . . .	4,39,563	26,61,224	22,60,000
Freight and landing charges . . . . .	40,574	85,594	35,000
Workshop labour and other charges . . . . .	2,53,952	5,26,045	5,00,000
Stores returned from works . . . . .	68,239	50,673	20,000
Adjustment for exchange . . . . .	...	48,02,412	36,45,000
Expenditure in England . . . . .	21,36,409	98,65,571	72,90,000
	29,38,737	1,79,91,519	1,37,50,000
<i>Deduct</i> —Sales and issues to other Departments . . . . .	1,90,837	8,42,801	4,00,000
TOTAL . . . . .	27,47,900	1,71,48,718	1,33,50,000

Particulars of the value of stores purchased, issued and sold during the years 1913-14 and 1921-22 and the stock on hand at the end of these years are given in Appendix C. It will be observed that the value of the stores on hand, excluding mobilisation stores held for the Army Department, has increased from Rs. 43,94,000 on the 31st March 1914, representing 50 weeks' supply, to Rs. 1,49,94,000 on the 31st March 1922, representing 76 weeks' requirements. We also examined detailed lists of the more important stores on hand and found that in a large number of cases very heavy stocks were being carried. We are informed that the stocks on hand on the 31st March 1922 were unduly inflated owing partly to the East Indian Railway strike and partly to the fact that indents were made for a larger programme of work than could be carried out with the supervising and line staff available.

Indents for constructional stores from England are usually despatched twice a year and, owing to the time taken between the despatch of the indent and the receipt of the stores in India, the indenting officers aim at having 1½ years' supply in reserve. For general stores one year's reserve has been considered sufficient and for wireless stores 6 to 8 months' reserve. We consider that the requirements for constructional and general stores would be adequately met if the reserve stock on hand at the time of despatching each indent was limited to 9 months' supply.

The Director-General has agreed that the total provision for miscellaneous expenditure in 1923-24 should be limited to Rs. 49,20,000 a reduction of

Rs. 84,30,000 and, as we are informed that the bulk of this provision is to pay for stores already on order, we do not recommend any further reduction.

This account is of the nature of a suspense account, and revenue is credited with the value of the stores issued to capital. Owing to the restricted capital programme proposed for 1923-24 there will be a reduction of about Rs. 30 lakhs in the credits for stores issued to capital, and the total net saving under this head may be taken at Rs. 54,30,000.

*Payments under Postal arrangements with the Lords of His Majesty's Treasury.*

	Rs.
1913-14, Actual Expenditure . . . .	Nil.
1921-22, Rough Actuals . . . .	Nil.
1922-23, Budget Estimate . . . .	3,05,000

24. This payment is in respect of an advance of the contribution payable by India towards the subsidy for the Eastern Mail Service. We understand that the amount of this contribution is at present under consideration with a view to fixing it upon an equitable basis.

We are informed by the Director-General that Rs. 7,00,000 may be required for 1923-24.

*Furniture.*

	Rs.
1913-14, Actual Expenditure . . . .	1,45,970
1921-22, Rough Actuals . . . .	3,42,955
1922-23, Budget Estimate . . . .	5,42,100

25. The large increase in the expenditure for 1922-23 compared with 1913-14 is due to the rise in prices and the installation of steel shelving in certain offices. No provision is required for steel shelving in 1923-24 and the Director-General has agreed to limit the expenditure on furniture to Rs. 1,60,600, a reduction of Rs. 3,75,500.

*Contingencies.*

	Rs.
1913-14, Actual Expenditure . . . .	14,36,568
1921-22, Rough Actuals . . . .	24,14,481
1922-23, Budget Estimate . . . .	25,31,390

26. The provision under this heading was reduced by Rs. 35,000 in connection with a supplementary grant for printing. The main items included are the purchase of uniforms, articles of stationery not provided by the Controller of Stationery, cooly hire, railway freight etc. An analysis of the expenditure in 1913-14 and estimated for 1922-23 is as follows :—

	1913-14, Actual Expenditure.	1922-23, Budget Estimate.
	Rs.	Rs.
Fixed stationery charges . . . .	2,38,566	3,76,040
Electric power hot and cold weather charges	1,67,051	4,78,240
Liveries and uniforms . . . .	1,22,683	4,71,150
Pay and allowances to sweepers . . . .	71,412	1,76,790
Country stationery . . . .	53,150	1,19,860
Conveyance and packing charges . . . .	1,15,432	1,94,350
Miscellaneous and other charges . . . .	6,68,274	7,14,960
TOTAL . . . .	14,36,568	25,31,390

Fixed stationery charges represent the amount allocated to small Post Offices for stationery not supplied by the Government, and we are informed the provision for 1923-24 will be reduced by Rs. 54,000.

The provision of Rs. 4,78,240 for electric power hot and cold weather charges includes provision for additional installations, and the Director-General informs us that a reduction of Rs. 1,53,300 may be anticipated for 1923-24.

27. The increased cost of liveries and uniforms is due to the recommendations of the Postal Committee of 1920 that all postmen, at any rate, should be supplied with uniforms at the expense of the State, to the free supply of uniforms to the line staff who formerly provided their own clothing and to the higher cost of materials. We have reviewed the scales of clothing, provided for the various classes of employees and have suggested that in certain cases some reductions should be effected and the periods between issues extended. The arrangements for the supply of uniforms are made by the Postmasters General in the various circles for postal and telegraph traffic staff, and by the Directors of Engineering Circles for members of the engineering staff. A comparative statement showing the prices at which contracts were placed for the manufacture of uniforms in the different circles is given in Appendix D and it will be observed that there are large variations in the prices paid in the various circles. We consider that economy would be effected if the contracts for clothing were dealt with in a central office. The Director-General has suggested that the provision for 1923-24 should be fixed at Rs. 4,22,150, a reduction of Rs. 49,000, but we are of the opinion that considerable further economies could be effected and recommend that the expenditure for 1923-24 should not exceed Rs. 4,00,000.

28. The Director-General has also agreed that the provision for country stationery and sealing wax should be limited to Rs. 87,860, saving Rs. 32,000, and that the conveyance and packing charges should be limited to Rs. 1,77,350, saving Rs. 17,000. The total saving proposed by the Director-General under the headings specified amounts to Rs. 3,05,300. For the remaining items, classified as miscellaneous, he suggests further reductions and that the total estimate for contingencies should be limited to Rs. 21,61,390 for 1923-24, a reduction of Rs. 3,95,000. We are of the opinion, however, that further economy under this head could be effected and we recommend that the provision for 1923-24 should be limited to Rs. 19,00,000.

*Miscellaneous.*

	Rs.
1913-14, Actual Expenditure . . .	9,61,428
1921-22, Rough Actuals . . .	12,83,000
1922-23, Budget Estimate . . .	15,07,000

29. The expenditure under this heading represents the cost of manufacturing postage stamps and post cards, compensation for loss or for damage to insured and other articles, receptacles for foreign mails, and other miscellaneous charges. About Rs. 1½ lakhs of the increased expenditure is due to additional stamps required. Compensation has increased from Rs. 60,000 to 1,80,000 and other miscellaneous charges have increased by about Rs. 50,000. In addition to the budget estimate of Rs. 12,96,000 under this heading, further expenditure of Rs. 3,82,000 was incurred for over-printing of post cards and postage stamps. To meet this expenditure, a supplementary grant of Rs. 2,11,000 was obtained and savings effected under other headings were re-allocated to meet the remaining expenditure required. There should, therefore, be an automatic saving of Rs. 2,11,000 for 1923-24, and, in addition, some saving should be possible owing to the fall in prices. We recommend, therefore, that the expenditure should be reduced by Rs. 2,29,000 and fixed at Rs. 12,78,000 for 1923-24.

*Maintenance and repair of buildings.*

	Postal buildings.	* Telegraph buildings.	Total.
	Rs.	Rs.	Rs.
1913-14, Actual Expenditure .	53,821	684	54,505
1921-22, Rough Actuals .	2,62,467	71,923	3,34,390
1922-23, Budget Estimate .	4,23,550	2,14,900	6,38,450

30. In 1913-14, the Post Office was only concerned with the repair of small departmental buildings, the repair of important buildings being in the hands of

the Public Works Department. In 1921-22, the cost of repair of buildings was included in the post and telegraph budget, but we are informed that the figures, which were based upon the demands received from Postmasters General, were incomplete and the demand for that year was consequently small. The figures for 1922-23 contain the full demands for the current year. The Director-General has agreed that the expenditure on postal buildings for 1923-24 should be limited to Rs. 73,550, saving Rs. 3,58,000, and the expenditure on telegraph buildings to Rs. 1,14,900, saving Rs. 1 lakh.

*Apparatus and Plant.*

	Rs.
1913-14, Actual Expenditure . . . .	5,05,520
1921-22, Rough Actuals . . . .	11,47,964
1922-23, Budget Estimate . . . .	7,96,840

31. The large increase in 1921-22 was due to the fact that during the war very few repairs were made. The expenditure for 1922-23 represents the normal expenditure, and, in view of the general fall in prices of materials, we recommend that the provision for 1923-24 be limited to Rs. 7,00,000.

*Interest on debt.*

	Rs.
1913-14, Actual Expenditure . . . .	Nil.
1921-22, Rough Actuals . . . .	60,00,000
1922-23, Budget Estimate . . . .	66,00,000

32. It was decided in 1921-22 that interest on capital should form part of the working expenses of the Posts and Telegraph Department. As stated previously, we are informed that sufficient allowance has not been made for depreciation in arriving at the capital expenditure on which interest should be charged as part of the working expenses, but we understand that provision of Rs. 68,28,000 is proposed for the budget of 1923-24.

*Telegraph Store yards and depôts.*

	Rs.
1913-14, Actual Expenditure . . . .	2,77,945
1921-22, Rough Actuals . . . .	4,41,855
1922-23, Budget Estimate . . . .	5,01,950

33. The Director-General has suggested that the provision under this should be reduced by Rs. 17,220. We consider that very few stores will have to be purchased during 1923-24 as the stocks in hand are ample for the requirements of the next twelve months. Further, issues will be reduced owing to the curtailment of work. We observe that the cost of the Alipore Depôt in 1921-22 was about Rs. 3,70,000, equal to 2 per cent. on the turnover of Rs. 1,80,00,000, while in the Bombay Depôt the establishment cost Rs. 69,000 or about one per cent. on the turnover of Rs. 62,00,000 (see Appendix E). Mobilisation stores of the value of Rs. 44 lakhs are held by the Telegraph department on behalf of the military authorities, who have agreed that a reduction of 30 per cent. can be effected. The major portion of the stores released will, no doubt, be available for departmental use, and will consequently enable a further saving to be effected in the purchase of stores, though we have not taken this into reconsideration.

We consider that the strength of the depôt establishments should be carefully examined as they are, in our opinion, capable of considerable reduction, and we recommend that the provision under this head for 1923-24 be reduced to Rs. 4,00,000, a saving of Rs. 1,01,950.

*Telegraph Workshops.*

	Rs.
1913-14, Actual Expenditure . . . .	58,820
1921-22, Rough Actuals . . . .	1,56,738
1922-23, Budget Estimate . . . .	1,80,400

34. This expenditure represents the cost of repairing telegraph and telephone apparatus and other revenue expenditure of the Department incurred in the telegraph workshops at Alipore.

With the exception of insulators and wire, practically all the construction stores used by the Telegraph Department, including steel poles, are manufactured at the Telegraph Workshops. In addition, the workshops manufacture all the Morse telegraph apparatus required and carry out all necessary repairs to telegraph and telephone equipments. Many of the stores manufactured are not obtainable in India and we have been supplied with particulars showing that, even where stores are obtainable locally, the cost of manufacture at the workshops, taking all overhead charges into consideration, compares favourably with the price of similar articles obtained elsewhere. We have already referred to the large stocks of stores held by the Department and have suggested a considerable curtailment in the purchases for 1923-24. The bulk of the expenditure of the telegraph workshops is, however, on capital account and does not, therefore, fall under this head, but the Director-General agrees that a reduction of Rs. 30,000 can be effected for 1923-24.

#### *Wireless.*

	Rs.
1913-14, Actual Expenditure . . . . .	53,029
1921-22, Revised Estimate . . . . .	4,68,390
1922-23, Budget Estimate . . . . .	4,61,860

35. This service was re-organised in 1921 with a view to its development as a commercial organisation. There are altogether 29 radio stations, but many of these were not designed for commercial conditions and the apparatus is now obsolete. There are 8 coast stations of which 5, *viz.*, those situated at Bombay, Calcutta, Madras, Karachi and Rangoon are said to be essential if telegraph facilities are to be provided between ships in the vicinity of India or Burma and with other parts of the world. Of the remaining 3 stations, those at Victoria Point and Port Blair form the only means of telegraph communication between those places and the main lines, but the station at Diamond Island is of no real value and should be abolished.

We have discussed with the Director-General the question of closing all obsolete stations which can only be worked at heavy loss, and it has been agreed that—

- (1) the stations at Patna, Poona and Ishapore should be dismantled,
- (2) the station at Maymyo should be partly dismantled and placed in charge of a caretaker, the apparatus being maintained in such condition that it will be available for use on 2 months' notice, and
- (3) nine stations, *viz.*, Peshawar, Lahore, Quetta, Delhi, Jutogh, Allahabad, Nagpur, Mhow and Secunderabad should be placed under the care of maintenance parties which will keep the stations in running order and ready for service on six hours' notice.

New stations are being constructed at Mingaladon and Madras which will be capable of carrying out a high speed commercial service in 1923-24. The economies proposed will effect a total saving of Rs. 4,63,000 in 1923-24 of which Rs. 93,630 falls under this head. We are of the opinion, however, that the question of completely dismantling more of the stations should be considered. Many of the existing stations are quite incapable of carrying out commercial traffic and their use would be prohibited by the International Convention within the next three years. We suggest, therefore, that it would be more economical to scrap some of the existing stations and, if necessary, apply any additional savings for the purpose of bringing existing essential stations up to date.

#### CAPITAL EXPENDITURE.

	Rs.
1913-14, Actual Expenditure . . . . .	34,31,973
1921-22, Revised Estimate . . . . .	71,34,861
1922-23, Budget Estimate . . . . .	1,45,00,000

36. This expenditure represents the outlay of the Telegraph Department on capital account and may be sub-divided as follows :—

	1913-14.		1921-22.		1922-23.	
	Cash.	Stores.	Cash.	Stores.	Cash.	Stores.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Telegraph Lines . . . .	5,57,298	17,02,999	8,34,800	40,68,304	15,44,000	74,00,000
2. Telegraph Buildings . . . .	6,75,165	...	10,17,724	...	25,03,000	...
3. Apparatus and Plant . . . .	1,04,262	3,92,339	62,310	11,51,723	2,53,000	28,00,000
TOTAL . . . . .	13,36,725	20,95,248	19,14,834	52,00,027	43,00,000	1,02,00,000
	34,31,973		71,34,861		1,45,00,000	

37. We have discussed with the Director-General the details of the capital expenditure on telegraph lines included in the current year's budget and, in view of the present financial conditions, he has agreed that the provision for 1923-24 should be reduced to Rs. 61 lakhs, a saving of Rs. 28,44,000 on the provision for 1922-23, and of Rs. 85 lakhs on the original estimates for 1923-24.

The provision for telegraph lines is distributed as follows :—

	1922-23.		PROPOSED ALLOCATION.		SAVING.	
	Cash.	Stores.	Cash.	Stores.	Cash.	Stores.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway . . . . .	2,38,100	23,07,100	1,68,600	14,60,700	69,500	8,46,400
Canal . . . . .	55,400	2,07,400	59,300	2,79,600	—3,900	—72,200
Departmental . . . . .	12,50,500	48,85,500	7,72,100	33,59,700	4,78,400	15,25,800
TOTAL . . . . .	15,44,000	74,00,000	10,00,000	51,00,000	5,44,000	23,00,000

The expenditure under railways includes the provision of 5,600 additional miles of wire at a cost of Rs. 19,40,500. The rental charged will yield additional revenue of Rs. 1,31,600. The additional mileage to be constructed for canal lines is 486, the cost involved being Rs. 2,17,000, and the additional revenue Rs. 11,664. There will be no working expenses chargeable to the Telegraph Department in connection with either railway or canal lines as those administrations work their own offices. The cost of maintenance, however, is borne by the Telegraph Department and must therefore be set against the revenue received. We have obtained an estimate of the cost of maintaining the new railway and canal lines, respectively, based upon the average cost of line maintenance and allowing 6 per cent. on the capital cost of construction. On this basis the provision of the additional railway lines will involve an annual loss to the Telegraph Department of Rs. 68,830 and the additional canal lines an annual loss of Rs. 8,646. It is evident, therefore, that the Telegraph Department is subsidizing telegraph lines on behalf of the railway and canal administrations, and we consider that the rental charges should be raised to the figure necessary to ensure that no loss is incurred. Under the present circumstances we feel that railway and canal administrations may be making demands for additional lines which can be financially justified on the present rentals but which could not be so justified if proper charges were made.

38. The Director-General has also agreed that the expenditure on Telegraph Buildings for 1923-24 should be limited to Rs. 12,30,000 which has been allocated as follows :—

	Rs.
Lump provision for automatic telephone exchange buildings, etc. . . . .	5,51,100
Sanitary works at Telegraph Workshops, Alipur . . . . .	22,900
Provision for minor works . . . . .	1,57,000
Works in progress . . . . .	4,99,000
TOTAL . . . . .	12,30,000

This gives a saving of Rs. 12,73,000.

39. With regard to apparatus and plant it has been agreed that the expenditure for 1923-24 should be limited to about Rs. 21,00,000, a reduction of Rs. 9,53,000. The expenditure has been allocated as follows :—

	Cash.	Stores.	Total.
	Rs.	Rs.	Rs.
Installation of automatic telephones in stock or on order . . .	73,460	12,74,500	13,47,960
New small telephone exchanges . . .	20,900	85,500	1,06,400
First fitting of subscribers' offices . . .	25,000	1,37,500	1,62,500
Apparatus and plant for Railway and Canal offices . . .	53,140	3,00,000	3,53,140
Apparatus and plant for Radio offices . . .	33,000	98,000	1,31,000
<b>TOTAL</b> . . .	<b>2,05,500</b>	<b>18,95,500</b>	<b>21,01,000</b>

It would be false economy to postpone the installation of the expensive automatic telephone apparatus now in stock or on order. We think, however, that further purchases of this apparatus should be postponed until it can be demonstrated that the substitution of automatic exchanges can be justified financially. We were informed that no data were available on which a correct comparative statement could be prepared between the cost of automatic and ordinary exchanges, and we recommend that an enquiry should be made into this question before further expenditure is incurred.

#### GENERAL.

40. The Director-General has represented to us the desirability of obtaining adequate financial advice and assistance in the management of this important department. We recommend that a Financial Adviser be associated with him, who should be responsible for the control of existing and proposed expenditure. In our opinion, such an arrangement will ensure that new expenditure is not incurred without careful scrutiny and until the probable commercial results have been fully examined.

#### CONCLUSIONS.

Having reviewed the expenditure of the Posts and Telegraphs Department we recommend that :—

- (1) steps be taken to maintain a strict relation between the telegraph staff employed and the work performed, and to improve the average out-put;
- (2) the use of motor services be restricted in future to large towns and important lines carrying heavy mails;
- (3) outside tenders be obtained for the construction of all large Postal and Telegraph Buildings;
- (4) house-rent and local allowances be reviewed and economic rents charged for all staff accommodation provided, subject to the ordinary rule as to limit of salary;
- (5) the reserve stock of constructional and general stores be limited to 9 months' supply;
- (6) contracts for clothing be dealt with at a central office, the scales of clothing provided be reviewed and the period between issues extended where possible;
- (7) a Financial Adviser be associated with the Director General to assist in the control of existing and future expenditure;
- (8) the Budget Estimate for 1923-24 for the Posts and Telegraphs Department be limited to Rs. 8,82,00,000 including Rs. 1,22,000 transferred from the Indo-European Telegraphs Department, a reduction of Rs. 1,37,27,000; and
- (9) the capital expenditure on the Telegraph Department be limited to Rs. 94,30,000, a reduction of Rs. 50,70,000.

SUPPLEMENTARY NOTE BY THE HON'BLE MR. PURSHOTAMDAS  
THAKURDAS ON POSTS AND TELEGRAPHS.

*Subsidies to Cable Companies.*—Regarding the reference to this in paragraph 21 of the Report of the Committee I feel that the Government of India may usefully examine the desirability of some modification of the agreements with these Companies. A detailed examination of the agreements with the Cable Companies may suggest other legitimate and valuable sources of revenue when compared with conditions on which Cable Companies are allowed to operate in other countries.

PURSHOTAMDAS THAKURDAS.

DELHI ;

*The 6th February 1923.*



## APPENDIX A.

Detailed comparison of the expenditure of the Posts and Telegraphs Department in 1913-14, the Revised estimate for 1921-22 and the Budget estimate for 1922-23.

Head.	Actuals, 1913-14.	Rough Actuals, 1921-22.	Budget Estimate, 1922-23.
	Rs.	Rs.	Rs.
I. Salaries . . . . .	2,77,71,777	5,75,60,834	5,99,05,370
II. Conveyance of mails . . . . .	54,12,756	72,08,250	83,35,870
III. Office of Account and Audit . . . . .	10,95,189	24,93,062	27,37,000
IV. Travelling Allowances . . . . .	11,14,354	25,43,052	23,55,300
V. Stationery and Printing . . . . .	12,48,848	41,65,533	32,21,000
VI. Postal buildings (charged to Revenue) . . . . .	...	5,83,737	15,19,000
VII. Supplies and Services . . . . .	5,68,913	10,64,374	12,92,330
VIII. Fixed house rent and ground rent (including rates and taxes) . . . . .	9,30,045	11,99,377	14,01,160
IX. House rent, local and special allow- ances, hill journey and other allowances . . . . .	8,50,030	21,92,544	24,69,060
X. Subsidies to Cable Companies . . . . .	...	70,000	2,90,000
XI. Maintenance of Telegraph and Tele- phone lines (annual repairs) . . . . .	9,24,284	12,64,956	20,95,000
XII. Miscellaneous expenditure (other than Postal buildings) such as Purchase of Stores, etc. (charged to Revenue) . . . . .	10,17,000	25,64,000	26,05,500
XIII. Payments under Postal arrangements with the Lords of H. M.'s Treasury . . . . .	...	...	3,05,000
XIV. Furniture . . . . .	1,45,970	3,42,955	5,42,100
XV. Contingencies . . . . .	14,36,568	24,14,481	25,31,390
XVI. Miscellaneous . . . . .	9,61,428	12,83,000	12,96,000
XVII. Maintenance and repair of buildings (working expenses) :—			
(1) Postal . . . . .	53,821	2,62,467	4,23,550
(2) Telegraph . . . . .	684	71,923	2,14,900
XVIII. Apparatus and Plant (working expenses) . . . . .	5,52,447	11,47,964	7,96,840
XIX. Interest on debt . . . . .	...	60,00,000	66,00,000
XX. Telegraph Storeyard and Depôts (excluding salaries) . . . . .	2,27,299	2,75,140	2,88,950
XXI. Telegraph Workshops (Do.) . . . . .	—468	36,260	39,200
XXII. Aligarh Workshop (Do.) . . . . .	2,597	5,920	7,560
XXIII. Wireless (Do.) . . . . .	6,102	4,68,390	4,61,860
TOTAL . . . . .	4,43,19,644	9,52,18,219	10,17,33,940

The above figures are those supplied by the Department. The totals are not identical with those given in paragraph 1 of our report, the main differences being that the departmental figures for 1913-14 exclude capital expenditure amounting to Rs. 27,60,184 and other minor adjustments; the 1921-22 figures are rough actuals based upon the later data available since the revised estimate was framed.

# APPENDIX B.

Statement showing the average number of telegrams dealt with per officer in 11 important offices in India and Burma based upon counts taken during one week in the busy and slack seasons respectively.

1913-14.											1921-22.										
SIGNALLING OPERATIONS.											SIGNALLING OPERATIONS.										
AVERAGE PER OPERATOR PER HOUR.											AVERAGE PER TOTAL STAFF PER HOUR.										
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AVERAGE PER OPERATOR PER HOUR.											AVERAGE PER TOTAL STAFF PER HOUR.										

NOTE.—Totals under average staff includes supervisors, operators, non-operators (Telegraphists and Clerks) and represent the average staff for the year, excluding leave reserves. The standard adopted in British Post offices is 24 and 20 operations per manipulative staff in the busy and slack seasons respectively and 14 per total staff.

APPENDIX C.

Stores purchased, issued and sold during the years 1913-14 and 1921-22 and stock on hand at end of each of these years.

Year ended 31st March.	PURCHASES DURING YEAR.	ISSUES DURING YEAR.	STOCK ON HAND AT END OF YEAR.	Number of weeks' consumption which stock represents.	STOCK SOLD OR OTHERWISE DISPOSED OF				REMARKS.
	Value.	Value.	Book value.		Sold.			Written off or otherwise disposed of Book value.	
					Book value.	Prices realised.			
						Rs.	Rs.		
1913-14 . . . . .	47,43,702	45,30,701	{ Rs. 43,94,000 6,15,000* }	50	Rs. 1,01,183	Rs. 62,906	Rs. 1,34,885		
1921-22 . . . . .	1,84,72,079	1,02,76,659	{ 1,53,39,711 44,09,571* }	76	2,04,200	1,09,960	2,72,267		
1922-23, Estimated . . . . .	99,09,700	1,03,36,000	{ 2,14,65,262† 44,09,571* }	107	1,99,275	Not known.	1,70,000		

\* Represents value of mobilization Reserves.

† Includes also stores due on indent or under manufacture.

## APPENDIX D.

Statement showing the rates at which uniforms were obtained in different Circles for different classes of men during 1921-22.

Circles.	POSTMEN.		MENTALS.		TELEGRAPH PEONS.		ENGINEERING STAFF.	
	Summer uniforms.	Winter uniforms.	Summer uniforms.	Winter uniforms.	Summer uniforms.	Winter uniforms.	Summer uniforms.	Winter uniforms.
Bengal and Assam . . . . .	Rs. A. P. *17 12 0	Rs. A. P. 30 0 0	Rs. A. P. 10 0 0	Rs. A. P. 22 8 0	Rs. A. P. *17 4 0	Rs. A. P. 16 0 0	Rs. A. P. ...	Rs. A. P. ...
Bihar and Orissa . . . . .	13 12 0	30 0 0	12 0 0	28 8 0	12 12 0	...	...	...
Bombay . . . . .	9 0 0	25 0 0	9 8 0	22 8 0	*14 2 0	16 12 0	...	...
Burma . . . . .	*18 0 0	...	*18 0 0	...	*18 0 0	...	...	...
Central Circle . . . . .	9 0 0	...	8 0 0	...	10 4 0	...	...	...
Madras . . . . .	*17 0 0	18 10 6	*16 4 0	18 2 6	*17 2 0	18 0 0	...	...
Punjab and North-West Frontier . . . . .	*16 10 0	22 4 0	*16 10 0	17 15 6	...	22 4 0	...	...
United Provinces . . . . .	10 2 6	18 1 0	9 11 0	16 13 0	10 2 6	18 12 0	...	...
Director, Telegraph Engineering, Eastern Circle, Calcutta.	...	...	...	...	...	...	12 0 0	20 0 0
Director, Telegraph Engineering, Western Circle, Bombay.	...	...	...	...	...	...	12 8 0	...
Director, Telegraph Engineering, Northern Circle, Lahore.	...	...	...	...	...	...	12 0 0	16 0 0
Director, Telegraph Engineering, Southern Circle, Madras.	...	...	...	...	...	...	12 0 0	20 0 0
Director, Telegraph Engineering, Burma Circle, Rangoon.	...	...	...	...	...	...	7 8 0	12 8 0
Director, Telegraph Engineering, United Provinces Circle, Lucknow.	...	...	...	...	...	...	12 0 0	13 12 0

\* NOTE.—Cost of two suits less one or two items in certain cases.

# APPENDIX E.

Statement showing cost of establishments at Store Depôts, value of stores purchased and issued during 1921-22 and Stock on hand at end of year.

Name of Depôt.	CAPACITY OF STOREYARD.		Cost of Establishment.	Value of receipts during year.	Value of issues during year.	Value of Stock on hand at end of year.	Average number of weeks' consumption which stocks represent.	REMARKS.
	Area in square yards.	Approximate number of monthly requirements which can be accommodated.						
Madras . . . . .	14,300	20	Rs. 31,757	Rs. 8,22,219	Rs. 4,44,915	Rs. 8,56,973(a)	100	
Rangoon . . . . .	17,150	24	30,363	10,46,356	4,19,995	9,99,866(a)	123	
Calcutta . . . . .	23,400	24	3,69,443	1,05,11,359	75,59,051	52,26,710 17,72,475(b)	36	
Karachi . . . . .	10,270	24	15,855	33,08,917	10,35,251	35,27,553(a) 13,16,444(b)	177	
Lahore . . . . .	23,750	24	(c)	8,98,980	8,07,152	6,62,474(a) 13,20,652(b)	43	
Bombay . . . . .	45,000	24	68,761	32,84,801	29,98,219	25,22,119(a)	44	
TOTAL	1,33,870	...	5,16,179	1,98,63,632	1,32,64,583	1,82,05,266	...	

NOTES.—(a) Large stock held said to be due to provision for Budget works which were not carried out owing to shortage of staff.  
(b) Mobilization Reserve Stocks.  
(c) Charges for temporary establishment debited to North-West Frontier War 1919.

## INDO-EUROPEAN TELEGRAPH DEPARTMENT.

The estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure. Rs.	Receipts. Rs.
1913-14, Actual Expenditure	23,18,000	31,89,000
1921-22, Revised Estimates .	45,17,000	53,39,000
1922-23, Budget Estimates .	43,35,000	46,98,000

2. The Indo-European Telegraph Department, the headquarters of which are in London under the direct control of the Secretary of State, maintains and works telegraph systems in the Persian Gulf and Persia, the latter being worked under agreements entered into between His Majesty's Government and the Persian Government.

The systems comprise a network of cables and landlines, the main sections of which are from Karachi to Teheran and from Karachi to Fao (Iraq). The system from Karachi to Teheran is the connecting link between India and the Indo-European Telegraph Company's line which runs from England through Germany and Russia to Teheran. In normal times it formed part of a through route between Europe and India and was the only effective alternative route to that formed by the Eastern Telegraph Company's cable system. During the War the Indo-European Telegraph Company's line ceased to function but we are informed that it is being re-established and will probably be again open for traffic at an early date.

3. There is a working agreement between the Department, the Indo-European Telegraph Company, the Eastern Telegraph Company and the Eastern and South African Telegraph Company known as the Cis-Indian Joint Purse under which the revenue accruing to each of the partners on messages exchanged with India and places beyond India is pooled in agreed proportions. The following statement shews the total receipts for the year 1913-14, and estimated for 1921-22 and 1922-23; also the total capital expended up to the end of each of these years, sterling being converted at the rate of £1 = Rs. 15, in all cases.

Year.	Capital expended to 31st March.	RECEIPTS.		
		From Joint Purse.	Other receipts.	Total.
	Rs.	Rs.	Rs.	Rs.
1913-14, Actuals . . .	1,51,21,000	7,00,000	24,89,000	31,89,000
1921-22, Estimated . . .	1,84,93,000	29,00,000	23,84,000	53,39,000
1922-23, Estimated . . .	18,24,800	21,00,000	25,98,000	46,98,000

This table shews that the increased revenue compared with 1913-14 is almost entirely due to payments received under the Joint Purse agreement. These payments represent the excess amounts drawn out by the Department after deduction of the amounts contributed by them to the Joint Purse and there is no doubt that the arrangement has proved very advantageous financially to the Department. It appears that, although the Indo-European Telegraph Company has not functioned since the war broke out, the Eastern Telegraph Company have continued to pay into the pool their share of the receipts. The Indo-European Department and the Government of India have consequently received their full share of the pool and in this way have received since 1913-14 a net payment of £808,440 up to 31st March 1921.

4. The expenditure may conveniently be divided under the main heads shewn below :—

	Actuals, 1913-14.	Revised Budget, 1921-22.	Budget, 1922-23.
	Rs.	Rs.	Rs.
Salaries . . . . .	4,92,118	10,93,840	12,50,711
Travelling allowances . . . . .	55,037	1,69,560	1,77,760
Other allowances . . . . .	81,543	6,55,400	7,12,959
Repairs to Lines . . . . .	46,574	1,88,196	1,32,156
Repairs to Buildings . . . . .	24,395	1,00,200	84,100
Apparatus and Plant . . . . .	4,632	1,17,100	1,02,600
Stationery and Printing . . . . .	14,042	58,000	58,000
Subsidies and Line Rentals . . . . .	92,232	1,22,304	1,22,304
Contingencies and Miscellaneous . . . . .	1,14,963	4,68,616	4,78,074
Cable Repairs . . . . .	8,586	3,83,020	1,75,912
Cable Factory . . . . .	36,384	1,29,280	79,840
Cable Steamer . . . . .	1,28,276	2,88,700	2,57,248
For rounding . . . . .	...	—156	—664
Expenditure in England . . . . .	10,98,782 12,19,000	37,74,000 8,61,000	36,31,000 7,35,000
Total Expenditure . . . . .	23,17,782	46,35,000	43,66,000
Less Debits to Capital . . . . .	...	1,18,000	31,000
Total Revenue Expenditure . . . . .	23,17,782	45,17,000	43,35,000

We now deal seriatim with the expenditure under each main heading.

5. *Salaries—*

	Rs.
1913-14, Actual Expenditure . . . . .	4,92,118
1921-22, Revised Estimate . . . . .	10,93,840
1922-23, Budget Estimate . . . . .	12,50,711

The salaries paid are mainly based upon those for similar grades in the Indian Posts and Telegraphs Department and were increased in 1920 in accordance with the improved rates granted to the staff of the Posts and Telegraphs Department under the recommendations of Mr. Heseltine's Postal and Telegraph Committees.

A comparison of the staff employed in each section and the cost of salaries for 1913-14 and estimated for 1921-22 and 1922-23 is as follows :—

	1913-14, Actuals.		1921-22, Revised Estimates.		1922-23, Budget Estimates.
	No.	Rs.	No.	Rs.	Rs.
Officers (including whole and part time Medical Officers).	23	1,21,643	42	3,27,038	3,63,318
Signalling Establishment.	154	2,47,156	288	5,68,180	6,57,708
Line Establishment .	194	78,805	228	92,920	97,220
Clerical Establishment.	34	23,689	52	61,008	68,244
Servants . . . . .	150	20,825	170	44,694	49,221
Lump sum for leave arrangements.	...	...	...	...	15,000
TOTAL . . . . .	555	4,92,118	780	10,93,840	12,50,711

The increase in the number of Officers employed is due mainly to increased responsibilities and to the necessity of providing a better outlet for promotion from the grades of General Service clerks, as formerly these clerks were unable to become Assistant Superintendents until after an average of about 23 years' service. The additional signalling establishment was necessitated by the opening of new routes and additional traffic, the number of paid words carried over the Department's system having increased from 3,812,319 in 1913-14 to 7,095,041 in 1921-22. The average number of words telegraphed annually per man employed shows a slight reduction from 24,755 to 24,636 and we are of the opinion that steps should be taken to improve the out-put per man as better results should be obtainable with the increased traffic now being dealt with. We understand, however, that any reduction of staff is not possible as the full number will be required immediately on the re-establishment of the Indo-European Telegraph Company's route.

The increase in Line establishment from 194 in 1913-14 to 228, or by 18 per cent., appears fully justified by the additional mileage maintained which has increased from 3,295 miles in 1913-14 to 4,593 miles at the present time or by 39 per cent.

6. *Travelling allowances—*

	Rs.
1913-14, Actual Expenditure . . . .	55,037
1921-22, Revised Estimate . . . .	1,69,560
1922-23, Budget Estimate . . . .	1,77,760

The increase under this heading is due to additional staff and improved allowances. In view of the probable re-opening of the Indo-European Telegraph Company's route we make no recommendation.

7. *Other allowances—*

	Rs.
1913-14, Actual Expenditure . . . .	81,543
1921-22, Revised Estimate . . . .	6,54,400
1922-23, Budget Estimate . . . .	7,12,959

The expenditure for 1922-23 compared with 1913-14 may be analysed as follows:—

Allowances.	1913-14.	1922-23.
	Rs.	Rs.
House and Local . . . .	28,740	2,87,925
Grain Compensation . . . .	5,233	9,700
Famine Prices Compensation . . . .	22,573	36,140
Miscellaneous . . . .	24,997	2,54,364
Customs . . . .	...	11,200
Kran Compensation . . . .	...	1,06,330
Conveyance . . . .	...	7,300
TOTAL . . . .	81,543	7,12,959

The increase in House and Local allowances is mainly due to special local allowances of Rs. 1,17,662 to staff in Signal Offices in the Persian section; to a general increase in house and other allowances, and to increased staff. We are informed that a saving of Rs. 30,000 will be effected in the Persian section for 1923-24.

The Kran compensation allowance will not be required for 1923-24 if the rupee maintains its present exchange value in relation to the Kran. A considerable reduction should also be possible under miscellaneous allowances, some of which will be automatically reduced by the enhanced value of the rupee in relation to the Kran.

In view of the improved conditions now obtaining and the general fall in prices, we think that the total provision for other allowances should be limited to not more than Rs. 4,50,000, a reduction of Rs. 2,63,000.

8. *Repairs to Lines—*

	Rs.
1913-14, Actual Expenditure . . . .	46,574
1921-22, Revised Estimate . . . .	1,88,196
1922-23, Budget Estimate . . . .	1,32,156

The increased expenditure since 1913-14 is due partly to the greater mileage to be maintained but mainly to the increased cost of stores and materials. We are informed that there are no arrears of maintenance and, in view of the large stocks of construction stores held and the fall in prices, we consider that the provision for 1923-24 should be reduced to Rs. 1,00,000, saving Rs. 32,156.

9. *Repairs to Buildings—*

	Rs.
1913-14, Actual Expenditure . . . .	24,395
1921-22, Revised Estimate . . . .	1,00,200
1922-23, Budget Estimate . . . .	24,100

The provision for 1922-23 included some expenditure on buildings for three wireless stations but the increase since 1913-14 is mainly due to the higher cost of labour and materials. We consider the provision for 1923-24 should be limited to Rs. 70,000, saving Rs. 14,100.

10. *Apparatus and plant—*

	Rs.
1913-14, Actual Expenditure . . . .	4,632
1921-22, Revised Estimate . . . .	1,17,100
1922-23, Budget Estimate . . . .	1,02,600

There are no arrears of maintenance and the increased expenditure since 1913-14 is due mainly to the expensive apparatus required for the wireless offices and to the introduction of improved instruments to deal with increased traffic. We understand that a considerable reduction may be anticipated in the requirements for 1923-24, and recommend that the provision be limited to Rs. 70,000, a reduction of Rs. 32,600.

11. *Stationery and Printing—*

	Rs.
1913-14, Actual Expenditure . . . .	14,042
1921-22, Revised Estimate . . . .	58,000
1922-23, Budget Estimate . . . .	58,000

We are informed that one year's supply of stationery and stores is maintained at Karachi and that in addition the stations are supplied with enough stock to meet their requirements throughout the year until the supplies obtained under the next indent are available. We discussed the matter with the Director at Karachi who agreed that in future only six months' requirements need be kept on hand at the Karachi Depot.

The increased expenditure since 1913-14 is due mainly to increased business and higher prices, but in view of the reduced stock to be maintained and the fall in prices, we consider that the provision for 1923-24 should be limited to Rs. 30,000, a reduction of Rs. 28,000.

12. *Subsidies and Rentals—*

	Rs.
1913-14, Actual Expenditure . . . .	92,232
1921-22, Revised Estimate . . . .	1,22,304
1922-23, Budget Estimate . . . .	1,22,304

The increased expenditure since 1913-14 is due to the higher rental paid to the Indian Post and Telegraph Department for the use of the telegraph line between Nok-Kondi and the Persian Frontier, to higher rental paid to the Persian Government for the Central Persia Line and to an increase in the estimated balance of the Jask Royalty to be paid to the Persian Government. We understand that these payments are not susceptible of reduction.

13. *Contingencies and Miscellaneous—*

	Rs.
1913-14, Actual Expenditure . . . .	1,14,963
1921-22, Revised Estimate . . . .	4,68,616
1922-23, Budget Estimate . . . .	4,78,074

Included under this head is the provision of Rs. 1,12,000 in 1921-22 and Rs. 1,22,000 in 1922-23 for the maintenance and working of the Meshed-Seistan-Duzdap telegraph line. The Meshed-Seistan section is a Persian Crown line and normally is maintained and worked by the Persian Telegraph Administration. The Seistan-Duzdap section is an Indo-European Telegraph Department line. Both these sections were taken over by the British military authorities during the war and until November 1920, when the Indian Posts and Telegraphs Department took control. It was at one time proposed that the working should be transferred to the Indo-European Department, and provision for the expenditure was therefore made in their 1921-22 and 1922-23 Budget Estimates. We are informed that it has now been decided that the charges will in future be debited to the Indian Posts and Telegraphs Department who have administered the line since it was taken over from the military authorities.

A further charge of Rs. 1,00,000 is included under this heading for the amortization of the capital cost of certain telegraph lines and buildings which revert to Persia at the expiration of our concessions.

Apart from these two items the increase in the expenditure is from Rs. 1,14,963 in 1913-14 to Rs. 2,56,074 required for 1922-23. We have examined in detail the various items making up these amounts and find the increase is mainly due to increased cost of labour and transport, to the provision of uniforms to line staff as in the Indian Posts and Telegraphs Department, to the provision of electric lights and fans at Karachi and Bushire, to provision for additional offices, including 4 new Radio offices, and to other miscellaneous expenditure.

We consider that a substantial saving should be possible under this head and recommend that the total provision for 1923-24 should be limited to Rs. 3,00,000 a reduction of Rs. 1,78,074, including Rs. 1,22,000 transferred to the Indian Posts and Telegraphs Department.

14. *Cable Repairs—*

	Rs.
1913-14, Actual Expenditure . . . .	8,586
1921-22, Revised Estimate . . . .	3,83,020
1922-23, Budget Estimate . . . .	1,75,912

We are informed that it is difficult to forecast the requirements under this head as the expenditure necessary depends upon the number and extent of the interruptions which occur. Since 1913-14 the cable mileage has increased from 1,944 nautical miles to 2,273, but in view of the heavy expenditure which has been incurred during recent years and the fall in prices which has taken place, we think that the provisions for 1923-24 might be limited to Rs. 1,00,000, a reduction of Rs. 75,912.

15. *Cable Factory—*

	Rs.
1913-14, Actual Expenditure . . . .	36,384
1921-22, Revised Estimate . . . .	1,29,280
1922-23, Budget Estimate . . . .	79,840

The factory is used for renewing the armour of cable recovered from the sea and for the manufacture into armoured cable of cable core imported from England. The expenditure in 1921-22 included provision for the replacement of the cable making machine which had become unserviceable. In view of the fall in prices which has taken place we consider the estimate for 1923-24 should be limited to not more than Rs. 70,000, a reduction of Rs. 9,840.

16. *Cable Steamer—*

	Rs.
1913-14, Actual Expenditure . . . .	1,28,276
1921-22, Revised Estimate . . . .	2,88,700
1922-23, Budget Estimate . . . .	2,57,000

The Cable Steamer "Patrick Stewart" is 1,100 tons gross and originally cost £27,362. She is now 43 years old and is expected to last another two years.

A comparison of the expenditure is 1913-14 and estimated for 1922-23 is as follows :—

	1913-14, Actuals.	1922-23, Budget Estimate.
	Rs.	Rs.
Salaries, wages and allowances . . . . .	60,370	1,06,164
Provisions . . . . .	17,376	28,000
Moving fees and Pilotage . . . . .	2,392	6,000
Coal . . . . .	8,604	54,500
Stores . . . . .	17,331	40,000
Repairs . . . . .	21,364	14,000
Apparatus and Plant . . . . .	...	6,000
Miscellaneous . . . . .	839	2,584
<b>TOTAL</b> . . . . .	<b>1,28,276</b>	<b>2,57,248</b>

We ascertained that the budget provision for coal and stores was based upon the average of the last 3 years and that, whereas Rs. 55,000 was provided for the purchase of coal in 1921-22, the actual book value of the coal used was only Rs. 27,745. Similarly with stores the provision for 1921-22 was Rs. 40,000 and the book value of the stores issued only Rs. 31,590. Although the actual consumption of coal and stores was far less than the Budget Estimate the provision made for 1922-23 was coal Rs. 54,500 and stores Rs. 40,000. The total value of coal and stores purchased and issued in 1913-14 and in 1921-22 and the stock in hand at the end of each of these years is given in Appendix A. In view of the stocks held, the large difference between the value of the stores issued and the budget provision, and the fall in prices which has taken place we consider the estimate for coal and stores for 1923-24 should be curtailed. Reductions should be made in salaries, wages, allowances and in the cost of provisions on account of falling prices and we recommend that the total provision for 1923-24 should be limited to Rs. 1,57,000, a reduction of Rs. 1,00,000.

We have also examined the log of the "Patrick Stewart" for the period from September 1918 to July 1922 inclusive, and find that during these 47 months the vessel was lying at her moorings in Karachi harbour for no less than 968 days, and that, apart from the time spent going to and from the various places where repairs were required, the actual time spent on repairs was only 113 days.

We consider that the possibility of coming to a favourable arrangement with some commercial cable company which has a steamer near at hand, for the repair of the Department's cables should be explored before any steps are taken to replace the existing steamer. This suggestion is subject to the decision which may be arrived at on the larger question raised in paragraph 18.

17. *Expenditure in England* (sterling converted at £1=Rs. 15)—

	Rs.
1913-14, Actual Expenditure . . . . .	12,19,000
1921-22, Revised Estimate . . . . .	8,61,000
1922-23, Budget Estimate . . . . .	7,35,000

The expenditure in England in 1922-23 consists of Rs. 52,500 for General Superintendence in the London Office, the staff of which has not increased since 1913-14, and Rs. 6,82,500 for payments to the Eastern Telegraph Company for their share of through traffic collected by the Department.

18. *General*—

We are informed that the Government of India have proposed the immediate transfer of control of the Department from the Secretary of State to the High Commissioner and an inquiry into the question whether the work of the

Department cannot be carried on by the Indo-European or some other British Company. Considerable difficulty must inevitably be experienced in the administration and control of this undertaking by a Government Department either in England or India, and if it can be disposed of on favourable terms, we are of the opinion that the proceeds could be more usefully employed in meeting the many urgent needs for productive capital expenditure in India. We recommend that until a decision has been arrived at on this proposal, no expenditure of a capital nature should be incurred.

19. We also think that a proper system of commercial accounts should be introduced. The form in which the accounts of this Department are now prepared is difficult to follow, expenditure in many cases being shown in reduction of receipts and *vice versa* and various items being included under inappropriate headings.

### CONCLUSIONS.

Having reviewed the expenditure of this Department, we recommend that—

- (1) steps be taken to maintain a strict relation between the telegraph staff employed and the volume of work performed and to improve the present output per operator;
- (2) the necessity for the various existing allowances be examined with a view to curtailment;
- (3) the arrangements for purchase and control of stationery and stores be examined and placed on a proper footing, and the stocks held reduced to essential requirements;
- (4) the question of disposing of the Government lines to a commercial concern be explored, and if the undertaking is not disposed of, endeavour be made to come to a favourable arrangement with some commercial cable company for the repair of the Department's cables and so admit of the sale of the "Patrick Stewart"; and
- (5) the Budget estimate for 1923-24 for the Indo-European Telegraph Department be limited to Rs. 36,01,000, a reduction of Rs. 7,34,000, including Rs. 1,22,000 to be transferred to the Indian Posts and Telegraph Department, giving a net saving of Rs. 6,12,000.

## APPENDIX A.

Statement showing Stores purchased and issued during the year 1921-22 and Stock on hand at the end of 31st March 1922.

Nature of Stores.	Value of purchases during the year.	Value of issues during the year.	Stock on hand at the end of March 1922.	Departmental Note.
	Rs.	Rs.	Rs.	
Construction Stores . . .	71,372	86,829	4,81,966*	*Includes Rs. 1,62,300 on account of wire and Rs. 70,500 on account of insulators, both of which articles are unprocureable in India and therefore it was essential to keep a good reserve during the war. Of the Rs. 2,00,113 in hand at the end of March 1921, Rs. 1,62,000 represents the value of paper tape, and articles essential for working the telegraph system and unprocureable in India. A large stock was therefore kept in hand during the war when the consumption was very large. (Rs. 46,000 represents oiled tape, sent out from England when the supply of tape from Belgium failed at the outbreak of war. This has now been condemned.)
Miscellaneous Stores . . .	77,113	52,690	2,00,113	
Tools . . . . .	4,250	1,998	8,245	
Battery Materials . . . .	4,402	36,980	71,333	
Oils and Paints . . . . .	3,599	6,366	11,575	
Lamps . . . . .	596	1,029	1,590	
Drugs and Chemicals . . .	3,296	1,059	3,564	
Metals and Marine Stores .	2,777	2,792	6,256	
Instruments . . . . .	27,539	62,368	31,099	
Furniture . . . . .	3,551	3,232	2,959	
Cable Stores . . . . .	2,11,676	5,41,083	2,60,004†	†Includes Rs. 1,28,200 wire and Rs. 33,600 cable core, both of which articles are inprocureable in India and of which it was essential to keep a good supply in hand.
Wireless Stores . . . . .	10,460	11,584	12,793	
Stores lying at Bushire. Returned from line as surplus stores . . . . .	36,700	11,570	87,605	These were sent to Naiband for the construction of a line from Bunderabbas to Kerman; the work was stopped at the Peace and the stores are kept at Naiband in anticipation of the construction of lines from Bunderabbas to Linga and Jask.
Stores lying at Naiband. Returned from line as surplus stores . . . . .	7,854	20,629	1,12,804	
Ship Stores . . . . .	30,214	31,590	5,876	
Coal . . . . .	42,896	27,745	15,150	



MINUTE OF DISSENT BY THE HON'BLE MR. PURSHOTAM DAS  
THAKURDAS ON INDO-EUROPEAN TELEGRAPH DEPART-  
MENT.

This is a commercial Department and the figures from 1913-14 submitted to the Committee show that it has been remunerative to the Government of India, having yielded, on the capital sunk, a return varying from 4.46 per cent. in 1913-14 to 14.58 per cent. in 1919-20 after allowing for a sinking fund of 1 per cent. for depreciation of plant. The capital sunk in this Department is shown to be Rs. 1,78 lakhs in 1920-21 and yielded in that year a net return of 9.76 per cent. after allowing depreciation as above, and debiting to the revenue account Rs. 1,00,000, which is to be written off the capital account annually by way of amortization of assets valued at Rs. 20,57,784, which latter will revert to the Persian Government on the termination of the present Agreements. However no commercial accounts are kept by this Department.

2. The headquarters of the Department are in London under the direct control of the Secretary of State. This is considered necessary because questions arising under the agreements with the Persian Government coming through His Majesty's Minister at Teheran involve discussion and decision through the Foreign Office with the Treasury, and such questions are regarded as most conveniently conducted by means of the India Office machinery. Questions arising on Joint Purse matters are also regarded as capable of being more conveniently settled by discussion with Telegraph Companies in London than by correspondence to and from India. In 1888 efforts were made to control the Department from India, but the Committee was informed that this was not found successful. In 1893 the control was retransferred to the Secretary of State. The Government of India have desired by a Despatch dated the 20th July 1922 that the control should be transferred to the High Commissioner for India in London.

3. My observations on this Department are based chiefly on the statement submitted to the Committee by the Director-in-Chief of the Indo-European Telegraph Department, who is stationed in London, with the India Office. The Committee were unable to go into the expenditure of this Department in detail as no one in the Secretariat at Delhi could give further information in connection with this Department; and the Director, Persian Gulf Section, who interviewed the Committee could not give detailed information regarding the Persian Section of the Department.

4. The difficulty in retaining the control of the Department in India appears to be in two directions:—

(i) *Questions arising under agreements with the Persian Government.*

These can be dealt with either by the Persian Consul in India or by one of the Consuls of the Government of India in Persia as long as they have one. If these questions involve the interests of the British Treasury, and necessitate discussion with the Treasury in London, they can be handled by the High Commissioner for India in London under instructions from the Government of India.

(ii) *Questions concerning the Joint Purse and involving discussion with Telegraph Companies in London.*

These can be handled by the High Commissioner on behalf of the Government of India in London.

An important reason for the headquarters of the Department being in India is that the main expenditure of the Department is in India and the staff

is recruited in India. The following figures give the distribution of the expenditure between England and India :—

	Expenditure in India.	Expenditure in England at Rs 15=£1.	Total.
	Rs.	*Rs.	Rs.
1913-14 (Accounts)	10,98,782	*59,132	11,57,914
1921-22 (Revised Estimate)	29,91,000	39,000 (10=£1).	30,30,000
1922-23 (Budget)	29,82,000	35,000 (10=£1).	30,17,000

It will be seen that a little more than 1 per cent. of the total is being spent in England. I therefore recommend that in the interests of efficient management and better control over expenditure, the headquarters of the Department be with the Government of India at Delhi, and I am not aware of any valid reasons why this should not be feasible now.

5. Regarding what my colleagues mention in paragraph 13 of the Report

Examination of certain liabilities of this Department necessary.

I have not been able to understand the reasons why the Indian Post and Telegraph Department should have taken over

the Meshed-Seistan-Duzdap Telegraph Line, entailing a cost of upkeep amounting to Rs. 1,12,000 in 1921-22 and Rs. 1,22,000 in 1922-23. The Meshed-Seistan section of this line belonged to the Persian Government line normally till the war and was controlled by the military authorities during the period of the war. About 1919 it was made over to the Indian Post and Telegraph Department and it appears to be a section that is unremunerative.

Further, the Department shares half the cost of the three wireless stations at Bahreim, Bushire and Henjam with the British Government. This amounted to Rs. 80,000 in 1921-22 and Rs. 1,09,000 in 1922-23. In addition the Department bears the whole cost of the wireless station at Linga, which amounted to Rs. 35,000 in 1921-22 and Rs. 8,660 in 1922-23. These wireless stations, the Committee are informed, were used for communicating with ships and with Bahreim, where there is no cable. A complete examination of the liabilities which are at present incurred by the Government of India in connection with this Department, and particularly in connection with the Meshed-Seistan line and the Wireless Stations in Persia, appears to be necessary.

6. The details regarding the Joint Purse agreement and the advisability

Joint Purse agreement and the activities of this Department may be examined with advantage.

of extending or restricting the activities of this Department in Persia require to be thoroughly examined and reviewed.

A searching enquiry into all the details connected with this Department by a Committee of the Legislature in India should prove quite useful.

7. My colleagues recommend an examination of the possibility of selling this concern to a British Company. I cannot agree with them. I am not aware if

Advisability of selling this Department doubtful.

the circumstances, under which the tele-

graph lines under this Department were laid at the expense of the Government of India, have changed so as to warrant the idea of selling same or of leasing them to a British Company. The Standing Finance Committee of the Legislature in India would be the proper party to examine the circumstances and find out whether it is advisable or necessary to sell or lease a Department, which is remunerative to the Government of India. This question further involves various agreements with the Persian Government. Until they are completely clear and until other relevant points are gone into with considerable thoroughness, I hesitate to agree with my colleagues in their recommendation to sell this concern.

Agreement with Committee regarding Retrenchment proposals.

8. I agree with my colleagues regarding their proposals for retrenchment.

PURSHOTAMDAS THAKURDAS.

DELHI ;  
The 6th February 1923. }

**PART III.****GENERAL ADMINISTRATION.**

The estimate for 1922-23, including a supplementary estimate for Rs. 2,76,000, compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . . . .	1,05,22,000
1921-22, Revised Estimate . . . . .	1,90,22,000
1922-23, Budget Estimate . . . . .	1,98,57,000

2. This expenditure is subdivided under the main heads shown below :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
GOVERNOR-GENERAL AND STAFF . . . . .	10,63,000	12,25,000	12,82,800
EXECUTIVE COUNCIL . . . . .	5,50,000	5,40,000	5,33,000
LEGISLATIVE BODIES . . . . .	1,71,000	7,00,000	8,50,000
SECRETARIAT . . . . .	34,05,000	64,52,000	70,31,400
ATTACHED OFFICES . . . . .	5,04,000	10,51,000	11,34,800
PAYMENTS TO LOCAL GOVERNMENTS . . . . .	...	50,000	44,000
EXPENDITURE IN MINOR ADMINISTRATIONS . . . . .	9,02,000	21,13,000	22,12,000
DEDUCT LUMP CUT MADE BY ASSEMBLY . . . . .	...	...	5,44,000
ADD SUPPLEMENTARY GRANT . . . . .	...	...	2,76,000
	65,95,000	1,21,31,000	1,28,20,000
EXPENDITURE IN ENGLAND AT Rs. 15 = £1 . . . . .	39,27,000	68,91,000	70,37,000
	1,05,22,000	1,90,22,000	1,98,57,000

We now deal with the various main heads under which the account is divided.

**GOVERNOR-GENERAL AND STAFF.**

	Rs.
1913-14 (Actual Expenditure) . . . . .	10,63,000
1921-22 (Revised Estimate) . . . . .	12,25,000
1922-23 (Budget Estimate) . . . . .	12,82,000

3. In addition to expenditure included in the civil estimates the following expenditure in connection with His Excellency the Viceroy's establishments was borne on the military estimates for 1922-23 :—

	Rs.
Band establishments . . . . .	1,22,000
Bodyguard . . . . .	2,24,000
Personal staff (including Military Secretary) . . . . .	90,000

His Excellency the Viceroy has informed us that, in view of the present financial situation, he has given instructions to reduce the estimate for his bodyguard by Rs. 40,000 and for his band by Rs. 42,000, thus saving Rs. 82,000, compared with the budget grants for 1922-23.

**EXECUTIVE COUNCIL.**

	Rs.
1913-14, Actual Expenditure . . . . .	5,50,000
1921-22, Revised Estimate . . . . .	5,40,000
1922-23, Budget Estimate . . . . .	5,33,000

4. This expenditure includes the salaries of Members of the Executive Council and their actual travelling expenses. The Bengal Retrenchment Committee, of which our colleague Sir Rajendra Nath Mukerjee was Chairman,

has suggested that Indian Members of the Bengal Executive Council might well receive a third less salary than the European Members as the latter have greater expenses to meet, being away from their homes.

Our colleague thinks the recommendation of the Bengal Committee might be equally applied to the Executive Council of the Governor-General and at his request we draw attention to the subject.

We are informed that, in the case of the residences allotted to the members of the Executive Council in Simla, the uniform fixed rent charged is not in all cases on an economic basis and that there is a loss also incurred in respect of houses occupied by them in Delhi. We understand that the question of revising these rents is under consideration.

#### LEGISLATIVE BODIES.

	Rs.
1913-14, Actual Expenditure . . . .	1,71,000
1921-22, Revised Estimate . . . .	7,00,000
1922-23, Budget Estimate . . . .	8,50,000

5. The large increase which has taken place in expenditure since 1913-14 is due to the appointment of full-time Presidents, the expansion of the Councils, the longer sittings held under the reformed constitution, and the grant of more liberal allowances to members present in Delhi and Simla. The bulk of the increase is inevitable, but we feel that the matter of reduction or otherwise in travelling and other allowances is one that should be left to the Legislature, whose Members for the most part, it must be borne in mind, are unpaid.

#### SECRETARIAT.

	Rs.
1913-14, Actual Expenditure . . . .	34,05,000
1921-22, Revised Estimate . . . .	64,52,000
1922-23, Budget Estimate . . . .	70,31,000

6. This expenditure is sub-divided among the various departments as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Foreign and Political . . . .	7,16,900	10,40,500	10,42,900
Home . . . . .	3,24,400	6,61,400	6,41,800
Legislative . . . . .	2,27,100	6,56,200	8,07,900
Education and Health . . . .	2,73,900	4,36,200	4,70,700
Finance (Ordinary) . . . . .	4,10,200	6,74,500	6,91,200
Finance (Military) . . . . .	1,55,900	6,05,800	6,44,100
Revenue and Agriculture . . . .	2,44,800	3,31,900	4,35,800
Commerce . . . . .	3,46,100	4,98,600	4,89,300
Industries . . . . .		5,10,000	5,90,400
Army . . . . .		6,19,900	7,34,600
Public Works . . . . .	3,21,100	4,17,000	4,82,700
TOTAL . . . . .	34,05,000	64,52,000	70,31,400

An endeavour was made to meet the lump cut of Rs. 5,44,000 made by the Legislative Assembly under the head of "General Administration" by savings in the individual Secretariat departments and the attached offices, and these departments and offices in consequence have reduced their estimated expenditure for the current year to about Rs. 4,31,000 below their original budget demand as set out above and in the subsequent table for attached offices. The nature of the reductions effected will be referred to under the head of the department concerned. A supplementary grant of Rs. 2,76,000 was however

necessary as the reductions made were less than the cut required, and moreover, additional staff was necessary for preliminary work done in India for the Retrenchment Committee and some expenditure was required for publicity propaganda work undertaken in the provinces on behalf of the Central Government.

7. Attention has been drawn both in the Legislature and the press to the fact that the allocation of business among departments has not been modified to meet the altered relations between the Central Government and the Provinces as a result of the Reforms and that in many cases the Secretariat of the Central Government is being maintained at its pre-reform standard and, in the case of some departments, augmented. Education, medical administration, agriculture, veterinary services and industries are now transferred subjects under the Devolution Rules, and in consequence, the occasions for the exercise by the Central Government of its powers of superintendence, direction and control in respect of such subjects, except in so far as they affect the minor administrations, that is to say the administrations which still remain directly under the control of the Central Government, have now been greatly reduced. We are chiefly concerned with the matter from the point of view of the economies which could be effected by a re-grouping of the departments and a redistribution of work consistently with the principles underlying the Reforms scheme and we shall revert to this question shortly, after we have considered the expenditure of the individual departments as at present constituted. We shall first, however, refer briefly to a few general matters which affect all departments.

8. The question of pay of establishments generally including those of the superior staff is dealt with under Pay and Allowances. As regards the superior clerical establishment, we think that the pay, though liberal, is not excessive in view of the responsible character of the work done and the qualifications required. We are informed, however, that the lower division clerks doing work of a routine character can attain a maximum pay of Rs. 350 per mensem, a very high rate compared with that prevailing in Provincial Secretariats; for example in the Punjab the corresponding maximum is Rs. 150 a month. We recommend that for future recruits the rates should be substantially reduced, and that where present incumbents are not qualified for more responsible work their promotion should be stopped at the existing efficiency bar.

9. We understand that considerable reductions have been made by the various departments during the current year in their expenditure on contingencies, supplies, travelling allowances, telegrams, etc., in order to meet the lump cut made by the Assembly. It would appear, therefore, that there was considerable scope for economy in this direction and we recommend that this class of expenditure should be carefully scrutinised with a view to its further reduction. Thus, we understand that there are at present some 1,200 peons in the Government of India Secretariat and attached offices, a number based on a liberal scale fixed when the cost of peons was much lower and when telephonic and other communications were very limited. It is understood that a reduction of 25 per cent. in numbers has been suggested which would save Rs. 75,000 without serious inconvenience, and we recommend that this reduction should be given effect to and also that the present clothing scale should be examined. We have, in dealing with individual departments, taken into account economies of the kind referred to in this and the two following paragraphs.

10. The cost of the telegrams despatched by the departments during 1921-22 was approximately Rs. 3,33,000, the heaviest expenditure being incurred by the Foreign and Political Department (Rs. 1,35,000), the Army Department (Rs. 60,000), and the Home Department (Rs. 54,000). Part of the increase which has taken place since 1913-14 is due to increased rates, but we are of the opinion that a large curtailment in the number and length of telegrams could be effected without any loss of efficiency. We recommend that the provision for 1923-24 should be materially reduced.

11. We are informed that the present annual cost of the Delhi-Simla move is approximately Rs. 3,87,000, apart from incidental cost on account of Raisina conveyance charges, house rent and separation allowance. We think

a substantial reduction should be effected by restricting the number of officers and the amount of establishment and records moved down from Simla.

We now deal individually with the expenditure of the existing departments.

12. *Foreign and Political Department—*

	Rs.
1913-14, Actual Expenditure . . . .	7,16,900
1921-22, Revised Estimate . . . .	10,40,500
1922-23, Budget Estimate . . . .	10,42,900

This department has proposed savings of about Rs. 47,000 for 1923-24. The clerical establishment has increased from 102 before the war to 123 at the present time. We have ascertained that the ratio of clerks to receipts and issues is high and we consider that establishment should be reduced to pre-war numbers, saving a further Rs. 50,000. The expenditure in the current year's budget for contingencies, Rs. 1,64,000, includes Rs. 1,00,000 for postage and telegrams which we consider excessive; we think the total expenditure on contingencies for 1923-24 should be reduced by about one-third, or, say Rs. 50,000. The total reduction which we recommend together with the saving proposed by the department is therefore Rs. 1,47,000.

13. *Home Department—*

	Rs.
1913-14, Actual Expenditure . . . .	3,24,400
1921-22, Revised Estimate . . . .	6,61,400
1922-23, Budget Estimate . . . .	6,41,800

Savings of about Rs. 42,000 will be effected by reductions proposed by the department. Though no large further savings can be secured, owing to the increase of work as the result of the Reforms, economies saving about Rs. 25,000 can we think be made by reducing the number of peons and the expenditure on contingencies, travelling allowances, etc

The appointment of Inspector of Office Procedure, costing Rs. 30,000, was created on the recommendation of the Llewellyn Smith Committee to re-organise office procedure in the Secretariat with a view to greater efficiency and economy. We understand that very little has so far been done in this direction, the officer having been diverted to miscellaneous duties. We have had evidence that the present procedure is in many ways defective and that both economy and expedition could be secured by more businesslike methods of disposal of receipts and in other ways. We consider, however, that this matter should be taken up by the heads of the departments concerned in giving effect to our present recommendations, and that subsequently, after a reasonable period, an officer of the Finance Department should be deputed to examine the arrangements in force and the possibilities of effecting further economies in staff and other office expenditure. If this course is adopted the continuance of the appointment of Inspector of Office Procedure under the Home Department will be unnecessary. Its abolition will secure a saving of Rs. 30,000, and we recommend that the budget for 1923-24 should be fixed at Rs. 5,45,000, saving Rs. 97,000, including Rs. 42,000 proposed by the department.

14. *Legislative Department—*

	Rs.
1913-14, Actual Expenditure . . . .	2,27,100
1921-22, Revised Estimate . . . .	6,56,000
1922-23, Budget Estimate . . . .	8,07,900

The establishment of this department has increased since 1913-14 as follows:—

	1913-14.	1922-23.
Administrative staff . . . .	3	10
Clerical . . . .	32	93
Servants . . . .	62	100
TOTAL . . . .	97	203

The department attributes to increased work connected with the Reformed Councils no less than Rs. 3,67,000 of the increase in cost which has taken place. We consider, however, that the present staff, especially the superior staff, is excessive, comprising as it does one Secretary, two Joint Secretaries, two Deputy Secretaries, two Officers on Special Duty, one Solicitor and two Assistant Solicitors. We recommend that a Deputy Secretary should be dispensed with, saving Rs. 24,000. The Peace Treaty Branch and Local Clearing Office are temporary organisations arising out of the war, and, though the duties attaching to them are likely to continue for some time, we consider that they should be amalgamated and one of the two officers dispensed with, saving approximately Rs. 20,000. As for the Solicitors' branch, we understand that a vacancy is likely to occur within a year; occasion should then be taken to reduce the appointments to two, saving Rs. 15,000. Allowing for the abolition of these appointments, for a saving of Rs. 41,000 already effected by the department to meet the lump cut made by the Assembly, and for general reductions in peons, temporary establishment and other contingencies, we recommend that the budget for 1923-24 be fixed at Rs. 7,00,000, saving about Rs. 1,98,000.

15. *Department of Education and Health—*

	Rs.
1913-14, Actual Expenditure . . . .	2,73,900
1921-22, Revised Estimate . . . .	4,36,200
1922-23, Budget Estimate . . . .	4,70,700

In view of the essential modification of the position of the Central Government *vis-à-vis* the Provinces under the Reforms Scheme in respect of education and medical administration, which are now transferred subjects over which the Government of India exercise a very limited control, we do not consider that there is any justification for the retention of the Educational Commissioner, the Bureau of Education, or the Central Advisory Board, costing about Rs. 1,00,000 or, indeed, for the continuance of the department as a separate entity. We are informed that savings of Rs. 17,000 have been effected in the current year by the abolition of the Curator of the Bureau of Education and other minor economies, but we feel that the department is overstaffed for the duties which it has to perform. We deal further with the matter in considering the larger economies to be obtained by re-grouping departments.

16. *Finance Department (Ordinary Branch)—*

	Rs.
1913-14, Actual Expenditure . . . .	4,10,200
1921-22, Revised Estimate . . . .	6,74,500
1922-23, Budget Estimate . . . .	6,91,200

This department has already effected reductions of Rs. 35,000 to meet the cut made by the Legislative Assembly and of Rs. 57,600 by the abolition of a post of Joint Secretary, by the amalgamation of two branches and by other economies, or, in all Rs. 92,600. Allowing for further reductions in the number of peons which it may be possible to make, and in the cost of telegrams, etc., we recommend that the budget for 1923-24 should be fixed at Rs. 5,90,000, a saving, including what the department has already effected, of Rs. 1,01,200 compared with the original demand for 1922-23.

17. *Finance Department (Military Finance Branch)—*

	Rs.
1913-14, Actual Expenditure . . . .	1,55,900
1921-22, Revised Estimate . . . .	6,05,800
1922-23, Budget Estimate . . . .	6,44,100

This department has been greatly expanded since 1913-14 with the object of securing effective check over expenditure throughout the intricate organisation of the Army in India. With a contraction of the activities of the various administrative services of the Army it should be possible to effect a material reduction in these Headquarter charges. The Financial Adviser has surrendered Rs. 44,000 to meet the lump cut made by the Assembly, but we

consider that further reductions in clerical and menial staff and in contingencies, etc., should be made. Ultimately a much larger reduction should be possible and, while we recognise that a considerable amount of temporary work may result if our recommendations in respect of army administration are given effect to, the question of further economies should be kept steadily in view. In these circumstances we recommend that the budget for 1923-24 should not exceed Rs. 5,75,000, a saving of Rs. 69,000 on the original demand or 1922-23.

18. *Revenue and Agriculture Department—*

	Rs.
1913-14, Actual Expenditure . . . . .	2,44,800
1921-22, Revised Estimate . . . . .	3,41,900
1922-23, Budget Estimate . . . . .	4,35,800

The department has effected a reduction of Rs. 24,000 in its original demand for 1922-23, but in view of the modified relations between the Government of India and the Local Governments under the Reforms Scheme in respect of land revenue, agriculture, civil veterinary and forests with which this department deals, we consider that there is no justification for its retention as a separate department. We deal with this question later in paragraphs 22—24.

19. *Commerce and Industries Departments—*

	Commerce Department.	Industries Department.	Total.
	Rs.	Rs.	Rs.
1913-14, Actual Expenditure . . . . .	3,46,100	...	3,46,100
1921-22, Revised Estimate . . . . .	4,98,600	5,10,000	10,08,600
1922-23, Budget Estimate . . . . .	4,89,300	5,90,400	10,79,700

In 1913-14 Commerce and Industries formed a single department. The subjects dealt with included posts and telegraphs and external emigration which have since been transferred to the Public Works and the Revenue and Agriculture Departments respectively. In 1917 to meet war requirements, the Munitions Board was created, which, when the war came to an end, was converted into the Board of Industries and Munitions. In 1921, no Munitions Board being required, the Board of Industries and Munitions was converted into a separate Department of Industries. It is doubtful whether at that time sufficient regard was had to the fact that, under the Reforms Scheme, the development of industries had been classified as a provincial transferred subject, save in cases where such development by central authority is declared, by order of the Governor General in Council made after consultation with the Local Governments concerned, to be expedient in the public interest. We understand that no such declaration has ever been made in respect of any industry. The following table shows the increase in the administrative and clerical staff (including temporary staff) since 1913-14 which has resulted from the separation of the departments:—

	1st APRIL 1914.	1st APRIL 1922.		
	Commerce and Industry.	Commerce	Industries.	Total.
Administrative staff . . . . .	4	4	7	11
Clerical staff . . . . .	65	70	74	144

The more important subjects now dealt with by the Commerce Department are foreign trade, Merchant Shipping Act, ports and harbours, customs, etc. There is little prospect of diminution of work except by delegation, and we believe that, in present conditions, great advantages could be secured by freeing the Secretariat proper from the functions of detailed administrative control exercised by it in the past. In the United Kingdom and the

United States, Customs are administered by the Treasury, and the Tariff in the former country by the Board of Trade and in the latter by the Tariff Commissioner and the Department of Commerce. We consider that a similar arrangement should be adopted in India and we recommend that the scope of the present Board of Inland Revenue under the Finance Department be enlarged to include Customs, Salt, Opium and also Excise and Stamps so far as the Central Government is concerned with these subjects. Tariffs would be administered by the Department responsible for Commerce as at present. This proposal should make it possible to eliminate a large amount of work in the Secretariat, and, though the saving effected in the Secretariat budget might be less than the cost of the new appointment, the balance will be more than covered by economies in other directions. For example, the fact that the Board will be the appellate authority for all customs matters should make it feasible to abolish the post of the Commissioner of Customs at Bombay costing Rs. 47,000 annually and also obviate claims which are now being put forward by other Local Governments for work done by their Boards of Revenue or Secretariat.

The so-called Industries Department at present administers Geology, Mines, Salt, the Explosives and Petroleum Acts, Stationery and Printing, Patents and Designs, Factory and Labour legislation, Steam boilers, Stores and other minor matters, and any industries which the Governor General in Council may order it to deal with. As mentioned in paragraph 19, no such order has yet been passed. We consider that the work done by the Industrial Intelligence Section and the Labour Bureau could be discontinued without serious inconvenience. It is represented that a certain amount of labour and other legislation is pending in the immediate future, but this could, in our opinion, be more appropriately arranged for by placing an officer temporarily on special duty than by making permanent additions to the establishment.

We revert later to the future organisation and cost of these departments, but it may be noted that the Commerce Department made a reduction of Rs. 15,000 and the Industries Department of Rs. 25,000 in the original demands for 1922-23 to meet the cut made by the Assembly.

#### 20. Army Department—

	Rs.
1913-14, Actual Expenditure . . . .	3,84,600
1921-22, Revised Estimate . . . .	6,19,900
1922-23, Budget Estimate . . . .	7,34,600

The establishment entertained by the Army Department has expanded as shewn in the following comparative figures for administrative and clerical staff:—

	1st April 1914.	1st April 1922.
Permanent . . . .	64	62
Temporary . . . .	10	52
	<hr/> 74	<hr/> 114

We are informed that the present strength of the department is only eight less than it was during the climax of the war. Expansion during the war was no doubt inevitable, but we consider that with a return to normal conditions an early reduction of establishments to pre-war level should be effected. This may not be immediately possible in view of the temporary work which will probably result if our recommendations in respect of Army administration are given effect to, but we recommend that the establishments be thereafter reviewed with the object of very largely reducing the annual cost of the department. The department has already effected economies of Rs. 40,000, but we think that further reductions should be possible, e.g., in the marine, establishment and army list sections, as also in the cost of peons and telegrams, the provision for postage and telegrams being Rs. 50,000, and

that the total budget for 1923-24 should not exceed Rs. 6,50,000, saving Rs. 84,000 including Rs. 40,000 already surrendered by the department.

21. *Public Works Department—*

	Rs.
1913-14, Actual Expenditure . . . .	3,21,100
1921-22, Revised Estimate . . . .	4,17,100
1922-23, Budget Estimate . . . .	4,82,700

Public Works in the Major Provinces is a provincial transferred subject, while irrigation, with which this department also deals, is a provincial reserved subject in regard to which the powers of the Provinces have been largely increased. We do not consider that a separate department of the Government of India is, in the circumstances, required to deal with such questions as concern that Government. We understand that a large amount of the work at present transacted by the department consists of "estate" work in connection with the properties of the Government of India in Delhi and Simla, the allotment of houses, etc., which could more appropriately be dealt with by local administrative officers than by a department of the Secretariat. A branch of the department deals with Posts and Telegraphs administration, which we propose should be placed under the Communications Department.

22. *Proposals for re-allocation of business among Departments—*

For the reasons already given we consider that the present number of departments is excessive and that substantial economies will be secured by a redistribution of work. The Acworth Committee recommended that there should be a Member of Council in charge of Communications whose portfolio should comprise Railways, Ports and Inland Navigation, Road Transport, so far as it is under the control of the Government of India, and Posts and Telegraphs. We are informed that no conclusion has so far been reached on this proposal, which will require some slight modification in detail, as under the Reforms Scheme roads are a provincial reserved subject. Assuming, however, that the principle is adopted and that the Railways and Posts and Telegraphs are put under one Member of Council, we recommend that the remaining

\*Commerce.

Industries.

Revenue and Agriculture.

Education and Health.

Public Works.

subjects now dealt with by five of the existing departments,\* should be concentrated in two departments. In making this recommendation, we have taken into consideration the transfer of the important

heads of Customs, Salt, etc., to the control of the Board of Revenue under the Finance Department. If this arrangement is adopted, we suggest that the distribution of subjects among the reconstituted departments should be as follows :—

Commerce Department.	Communications Department.	General Department.
Shipping and connected subjects. Trade and commerce including tariffs and merchandise marks. Import and export regulations. Statistics. Labour legislation. Inter-provincial migration. Factories Act. International labour organisation. Petroleum and Explosives Acts.	Railways. Posts and Telegraphs.	Land Revenue. Civil Veterinary. Agriculture. Forests. Central Institutes of Research in the above subjects. Botanical Survey. Famine. Control of foodstuffs. Public Works. Irrigation. External emigration. Survey of India. Medical Services and Public Health.

Commerce Department.	Communications Department.	General Department.
Patents, designs and copy-right. Legislation relation to steam boilers and electricity. Life Assurance. Actuarial work. Stores. Geology and Minerals. Printing and Stationery. Civil Aviation, and possibly, Meteorology. Development of industries so far as declared central.		Zoology. Education. Libraries and Records. Census. Archæology. Museums. Local Self-Government. Ecclesiastical matters.

23. Railways and Posts and Telegraphs would, under our proposal, form separate departments under one Member of Council. We consider that the detailed examination by the Secretariat of the proposals made by the Director-General of Posts and Telegraphs can be eliminated as at present is the case with the Railways, and that the Heads of the two departments should be empowered to submit direct to the Member of Council matters requiring the orders of the Government of India, and to issue orders on behalf of Government on proper sanction being obtained, the present regulations being amended, as may be necessary for the purpose. In view of the fact that the functions of the Member in charge would be limited to two departments only, he would be able to represent both the departments in the Assembly and thus leave the heads of the departments more freedom for the performance of their legitimate administrative duties which we consider extremely desirable.

24. If our proposals are adopted we consider that it should be possible to limit the cost of each of the two reconstituted departments to not more than Rs. 6 or 6½ lakhs a year. Under this arrangement the total cost of the Secretariat would compare as follows with the provision made in the current year (assuming for the purpose of simplifying calculations that the whole of the lump cut and supplementary grant related to the Secretariat) :—

Existing Departments.	Original Estimates for 1922-23.		Suggested Departments.	Proposed Expenditure in 1923-24.	
	Rs.	Rs.		Rs.	Rs.
Foreign and Political . . . . .	...	10,42,900	...	...	8,95,000
Home . . . . .	...	6,41,800	...	...	5,45,000
Legislative . . . . .	...	8,07,900	...	...	7,00,000
Finance (Ordinary) . . . . .	...	6,91,200	...	...	5,90,000
Finance (Military) . . . . .	...	6,44,100	...	...	5,75,000
Army . . . . .	...	7,34,600	...	...	6,50,000
Education and Health . . . . .	4,70,700	24,68,900	Commerce " . . . . .	}	13,00,000
Revenue and Agriculture . . . . .	4,35,800		General . . . . .		
Commerce . . . . .	4,89,300				
Industries . . . . .	5,90,400				
Public Works . . . . .	4,82,700				
					52,55,000
Total original estimate for 1922-23	70,31,400		Expansion of Board of		
Deduct lump cut made by the Assembly	5,44,000		Revenue and staff . . . . .	1,00,000	
	64,87,400		TOTAL . . . . .	53,55,000	
Add supplementary grant . . . . .	2,76,000		Proposed saving . . . . .	14,08,400	
TOTAL . . . . .	67,63,400			67,63,400	

Even allowing for the proposed expansion of the Board of Revenue there will be, under our proposals, an annual saving of Rs. 14,08,400,

and we believe that, by a redistribution of subjects on the lines, which we have indicated, this can be readily secured.

#### ATTACHED OFFICES.

	Rs.
1913-14, Actual Expenditure . . .	5,04,000
1921-22, Revised Estimate . . .	10,51,000
1922-23, Budget Estimate . . .	11,34,800

25. This expenditure is sub-divided as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Staff Selection Board . . .	<i>Nil</i>	22,000	22,800
Information Bureau . . .	<i>Nil</i>	89,000	1,02,300
Central Intelligence Department . . .	3,67,000	7,55,300	8,08,000
Keeper of the Records . . .	73 800	96,400	1,15,200
Translation Department . . .	8,500	8,000	8,100
Inspector-General, Irrigation . . .	54,700	80,300	78,400
TOTAL . . .	5,04,000	10,51,000	11,34,800

26. *Staff Selection Board—*

	Rs.
1913-14 . . .	<i>Nil</i>
1921-22, Revised Estimate . . .	22,000
1922-23, Budget Estimate . . .	22,800

The gross cost of the Board in the current year is now estimated at Rs. 27,000, and receipts from examination fees at Rs. 16,730. Next year there is unlikely to be any examination, but it is proposed to provide Rs. 9,500 in the budget to meet possible requirements, saving Rs. 13,300. It is probably desirable that there should be an institution of this sort to recruit for the Secretariat, but when the Board again fully functions an endeavour should be made to render it entirely self-supporting.

27. *Central Bureau of Information—*

	Rs.
1913-14 . . .	<i>Nil.</i>
1921-22, Revised Estimate . . .	89,000
1922-23, Budget Estimate . . .	1,02,300

Since the budget was passed, extra allotments aggregating Rs. 78,000 over the budget estimates of 1922-23 have been made. The Bureau has only been sanctioned on a temporary footing and we make no recommendation.

28. *Central Intelligence Bureau—*

	Rs.
1913-14, Actual Expenditure . . .	3,67,000
1921-22, Revised Estimate . . .	7,55,300
1922-23, Budget Estimate . . .	8,08,000

The cost of the main Bureau in the current year was estimated at Rs. 6,65,000. Reductions of Rs. 1,20,000 have already been given effect to and further savings will be made next year, resulting in a total saving of Rs. 1,58,000. The Finger Print Bureau costing Rs. 84,000 and the Questioned Documents Section costing Rs. 59,000 are, we understand, maintained largely in the interests of the Provinces. We are informed that most of the Local

Governments are not willing to contribute towards the cost of these branches and we think that if arrangements cannot be made to recover the full cost of their services they should be abolished, saving a further Rs. 1,43,000, or Rs. 3,01,000 in all.

29. *Keeper of the Records of the Government of India—*

	Rs.
1913-14, Actual Expenditure . . . .	73,800
1921-22, Revised Estimate . . . .	96,400
1922-23, Budget Estimate . . . .	1,15,200

A small reduction has been made in the staff, saving Rs. 2,000 ; we do not recommend further reductions for the present, as it is proposed to employ the staff for the elimination of useless records, which will have the advantage of setting free valuable accommodation in Calcutta. The intention is to move the remaining records to Delhi when accommodation can be provided there, and a considerable further reduction in expenditure should then be possible. In the meantime steps should be taken to see that the work of elimination is speeded up so that the staff may be reduced and the accommodation freed as soon as possible.

30. *Inspector-General of Irrigation—*

	Rs.
1913-14, Actual Expenditure . . . .	54,700
1921-22, Revised Estimate . . . .	80,300
1922-23, Budget Estimate . . . .	78,400

We understand that a saving of Rs. 29,000 has already been effected mainly by the abolition of the appointment of Assistant Inspector-General. We do not think, however, that the continuance of a full-time appointment of Inspector-General is justified now that Irrigation is a provincial subject, over which the Local Governments exercise large powers. It is always open to the Government of India, when they require advice on an important irrigation project, either to place an officer temporarily on special duty or to appoint a committee, obtaining the necessary officers on loan from the Provincial Governments. We recommend, therefore, that the appointment should be abolished, making the total saving Rs. 78,400.

PAYMENTS TO LOCAL GOVERNMENTS FOR COST OF WORK DONE IN THEIR SECRETARIATS.

	Bombay.	Madras.
	Rs.	Rs.
1913-14, Actual Expenditure . . . .	Nil.	Nil.
1921-22, Revised Estimate . . . .	20,000	30,000
1922-23, Budget Estimate . . . .	14,000	30,000

31. The payments to the Bombay Government are in respect of passport administration and are more than counterbalanced by receipts.

The Madras payments represent remuneration for duties in respect of central subjects performed by the Madras Secretariat. We understand that some reduction may be effected next year owing to the appointment of a full-time Commissioner of Income Tax. Several claims by Local Governments for substantial sums have been brought to our notice, and if these are pressed, it will be advisable for the Central Government to consider whether more economical arrangements cannot be made for carrying out such duties by some agency of its own.

MINOR ADMINISTRATIONS.

	Rs.
1913-14, Actual Expenditure . . . .	9,02,000
1921-22, Revised Estimate . . . .	21,13,000
1922-23, Budget Estimate . . . .	22,12,000

32. This expenditure is subdivided as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province	5,93,000	17,27,000	17,38,000
Delhi . . . . .	1,85,000	2,61,000	3,16,000
Coorg . . . . .	51,000*	...	...
Ajmer-Merwara . . . . .	70,000	1,17,000	1,49,000
Central India . . . . .	3,000	8,000	9,000
<b>TOTAL</b> .	<b>9,02,000</b>	<b>21,13,000</b>	<b>22,12,000</b>

\*Rs. 51,000 shown against Coorg in 1913-14 represents expenditure now classified under another heads.

*North-West Frontier Province.*

	Rs.
1913-14, Actual Expenditure . . . . .	5,93,000
1921-22, Revised Estimate . . . . .	17,27,000
1922-23, Budget Estimate . . . . .	17,38,000

33. There has been a re-classification of expenditure since 1913-14 and the above figures are therefore not strictly comparable. So far as we can ascertain, the approximate expenditure in 1913-14 corresponding to the figures shown for later years was Rs. 10,53,000. The estimate for 1922-23 represents the net amount after deduction of Rs. 2 lakhs as a portion of the lump cut made by the Legislative Assembly in the estimates of this Administration. We understand that the local Retrenchment Committee appointed to examine the expenditure of the North-West Frontier Province has recommended a reduction of Rs. 2 lakhs including minor reductions already effected. We recommend that the budget for 1923-24 should not exceed the reduced estimate of the current year, namely, Rs. 17,38,000.

*Delhi.*

	Rs.
1913-14, Actual Expenditure . . . . .	1,85,000
1921-22, Revised Estimate . . . . .	2,61,000
1922-23, Budget Estimate . . . . .	3,16,000

34. We understand that a reduction of Rs. 2,000 has been effected under travelling allowances and contingencies for the Chief Commissioner's establishment and of Rs. 24,000 under district charges. We consider that the municipality should be required to pay entirely for the cost of their own Secretary, saving Rs. 6,000, a total reduction on the 1922-23 estimates of Rs. 32,000. The administration is relatively expensive for so small an area, but the constitutional position appears to require the retention of both the Chief Commissioner and the Deputy Commissioner.

*Ajmer-Merwara.*

	Rs.
1913-14, Actual Expenditure . . . . .	70,000
1921-22, Revised Estimate . . . . .	1,17,000
1922-23, Budget Estimate . . . . .	1,49,000

35. It is proposed to effect economies of Rs. 8,500. We recommend that the budget for 1923-24 should not exceed Rs. 1,40,000, saving Rs. 9,000.

*Central India.*

	Rs.
1913-14, Actual Expenditure . . . . .	3,000
1921-22, Revised Estimate . . . . .	8,000
1922-23, Budget Estimate . . . . .	9,000

36. This expenditure is mainly incurred on the administration of the Manpur Pargana; this yields a revenue of Rs. 26,000 and no reduction appears to be feasible.

## EXPENDITURE IN ENGLAND.

	£
1913-14, Actual Expenditure . . . . .	261,800
1921-22, Revised Estimate . . . . .	459,400
1922-23, Budget Estimate . . . . .	469,100

37. This expenditure may be sub-divided as follows :—

---	1913-14.	1921-22.	1922-23.
	£	£	£
INDIA OFFICE (NET EXPENDITURE) .	193,900	150,900	151,300
HIGH COMMISSIONER NET EXPENDITURE).	<i>Nil</i>	199,000	169,900
MANAGEMENT OF DEBT . . . . .	61,100	71,200	109,000
LEAVE ALLOWANCES, ETC. (INCURRED IN RESPECT OF INDIAN ESTABLISHMENT UNDER HEAD GENERAL ADMINISTRATION). . . . .	6,800	38,300	38,900
TOTAL .	261,800	459,400	469,100

The above figures represent *net* expenditure of the India Office and High Commissioner under 'General Administration' only. The following table summarises the *gross* expenditure of the two offices under the various account heads :—

---	India Office.	High Commissioner.	Total.
	£	£	£
1913-14, Actual Expenditure . . . . .	206,836	<i>Nil</i>	206,836
1921-21, Revised Estimate . . . . .	365,800	279,000	644,800
1922-23, Budget Estimate . . . . .	280,400	272,900	553,300

It will be seen that the appointment of High Commissioner has very materially increased the cost of the Home Administration. It will be convenient, at this point, to refer briefly to the questions of policy which have given rise to the present division of work and which determine the incidence of cost as between the Indian revenues and the British Exchequer.

38. The appointment of a High Commissioner for India was created in 1920-21 under the provisions of section 29-A of the Government of India Act. The Joint Select Committee in their report on the Government of India Bill, when this was before Parliament, observed that the clause providing for this appointment "carried out the recommendation of Lord Crewe's Committee to appoint a High Commissioner for India to be paid out of Indian revenues, who will 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".

On the 1st October 1920 all duties undertaken in the India Office connected with the Store Department and the Indian Students' Department and certain minor matters were transferred to the High Commissioner, and further transfers of work were made on the 1st April 1921 and 1st April 1922.

39. 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. Details of the recommendations of the Committee are given in Appendix A.

40. 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 re-organisation of the establishments then contemplated in the India Office on the lines laid down for the administrative offices of the British Government. We have ascertained that, if allowance were made for this, the grant-in-aid would be fixed at a sum of £122,000, representing a saving of £8,500 to Indian revenues. The Treasury will no doubt agree to the revision in the same way that they accepted the reduced contribution offered by the India Office as stated above.

41. We recommend in this connection that the question of expediting the transfer to the High Commissioner of the remaining agency subjects still administered by the India Office be considered with a view to effecting such

transfer, if practicable, before the termination of the present settlement with the Treasury.

Under section 19-A of the Government of India Act the Secretary of State in Council has power to regulate and restrict the exercise of the powers of superintendence, direction and control vested in the Secretary of State and the Secretary of State in Council. We recommend that the Secretary of State in Council and the Government of India should examine whether any minor references which have now to be made to the Secretary of State in Council cannot be dispensed with so as to reduce work both in England and in India.

#### INDIA OFFICE.

	1913-14.	1921-22.	1922-23.
<i>India Office.</i>	£	£	£
General Administration . . .	193,900	331,600	252,700
Audit . . . . .	7,440	16,400	13,700
Stationery and Printing . . .	5,496	17,800	14,000
TOTAL INDIA OFFICE . . .	206,836	365,800	280,400

#### 42. General Administration—

The estimate for 1922-23 includes £197,200 for salaries, from which must be deducted £7,000 on account of staff transferred to the High Commissioner on the 1st April 1922.

The cost of salaries includes £61,600 for bonus based on the cost of living index figure of 100. This figure has since fallen. On the other hand, we are informed by the India Office that the re-organisation of establishments previously mentioned, will, after allowing for a fall in the bonus index to 85 at the time when this estimate was made, involve increased expenditure of £12,500 on the basis of the establishments at present authorised.

43. Exclusive of work transferred to the High Commissioner's Office, there has been an increase under salaries, including bonus, of about £86,000 or 74 per cent. of which £67,000 has occurred in the Correspondence Departments and in the Accountant-General's Department as shown by the figures below :—

	CORRESPONDENCE DEPARTMENTS.		ACCOUNTANT-GENERAL'S DEPARTMENT.	
	Numbers of staff.	Cost.	Numbers of staff.	Cost.
1913-14 . . . . .	71	£ 29,968	62	£ 19,833
1922-23 . . . . .	152	70,526	154	46,024
Increase . . . . .	81	40,558	92	26,191

It might have been expected that the devolution which has accompanied the Reforms would have been reflected in a substantial reduction of work, but this has apparently been set off by a large amount of initial work attendant on the introduction of the Reforms, and, in the Military and Accountant-General's Departments, by an aftermath of questions arising out of the war, including the re-organisation of the Indian Military Services, changes in regulations (in particular, pay and pension regulations), demobilisation of surplus

officers, increase in the number of pensions, etc. This work should, however, now tend to decline. The Accountant-General expects during the course of 1923-24 to effect reductions in his staff, saving approximately £6,000. We recommend that this reduction should be expedited and that the saving be given effect to in the 1923-24 budget.

We are informed that the Military Department, where the numbers have risen from 17 costing £6,378 in 1913-14 to 67 costing £20,070 in 1922-23, expects to be able to reduce its staff substantially in 1923-24. We recommend that these reductions, saving approximately £7,500, should be similarly expedited. Two pre-war departments, namely, 'Judicial and Public,' and 'Revenue and Statistics' with a staff of 17 costing £8,757, have since the war been expanded into three departments with a staff of 41 costing £21,655, namely 'Judicial and Public', 'Industries and Overseas', and 'Commerce and Revenue'. We consider that these departments should again be reduced to two in number and economies of not less than £5,000 effected. Considerable reductions of work are also anticipated in the Financial Department, the number of references received having fallen from 3,229 in 1921 to 2,700 estimated for 1922. The department is making a reduction of one officer and one clerk, but we think that, in view of the falling off in work, a reduction of not less than £2,000 on their present year's estimates should be made.

44. As regards other officers, a saving of about £1,000 will be effected by the substitution of an appointment of Assistant Under-Secretary of State for that of Controller of Finance, and we recommend that the appointment of Information Officer be abolished, saving a further £1,000.

The typing staff of the office has increased since 1913-14 from 18 costing £1,366 for a total clerical staff of 278 (excluding 96 in the Store Depot), to 70 costing £10,281 for a staff of 429 in 1922-23. We are informed that it is proposed to reduce the number to 55 which should effect a saving of approximately £2,200. The number of messengers and labourers has increased from 76 costing £7,962 before the war to 86 costing £16,703 at the present time. We consider that some reduction should be made and a further saving of £1,000 effected.

45. There has been a large increase in expenditure on telegrams, contingencies and miscellaneous items as shown by the following figures :—

	Telegrams to India.	Office contin- gencies.	Postage to India and Miscellane- ous.
	£	£	£
1913-14 . . . . .	3,900	14,800	800
1921-22 . . . . .	17,000	40,900	3,700
1922-23 . . . . .	16,000	35,000	4,500

In the case of telegrams we are informed that a large proportion of the increase is due to post-war unsettlement and may be expected to disappear with the return of more stable conditions. Thus the average of the monthly accounts paid for the first six months of the current year shows a falling off as compared with the corresponding period of the previous year from £1,300 to £900. A further saving of 40 per cent. in cost is anticipated from the introduction now taking place of new codes and ciphers. We recommend therefore that the provision should be reduced by £10,000 and the budget for 1923-24 fixed at £6,000. The increase in office contingencies in the current year is partly due to the inclusion of certain special items, *e.g.*, the repairs of the India Office which had been unduly delayed owing to the war, advertisements for the large issues of India stock which have taken place, and the increased cost of telephones. We recommend that the budget for 1923-24 should be limited to £25,000, saving £10,000.

46. If these recommendations are adopted, the total net reduction under General Administration will be £58,700 arrived at as follows :—

	£
Increase in grant-in-aid . . . . .	8,500
Transfer of staff to office of High Commissioner . . . . .	7,000
Accountant-General's Department . . . . .	6,000
Correspondence Departments . . . . .	14,500
Other establishments . . . . .	5,200
Telegrams, contingencies and miscellaneous . . . . .	20,000
	<hr/> 71,200
Less cost of re-organisation . . . . .	12,500
	<hr/> 58,700

We recommend that the net estimate for General Administration should be reduced from £151,300 to £92,600 for 1923-24.

47. *Audit—*

	Gross Expenditure.	Contribution from British Treasury.	Net Expenditure.
	£	£	£
1913-14 . . . . .	7,440	...	7,440
1921-22 . . . . .	16,400	10,200	6,200
1922-23 . . . . .	13,700	5,800	7,900

This establishment audits the accounts of the High Commissioner as well as those of the India Office and the increase in establishment from 20 in 1913-14 to 31 at the present time is attributed to increase of work both in volume and complexity. While we do not recommend any immediate reduction, the falling off of work in other sections of the office should enable a reduction to be made in the cost of this department, and we recommend that the establishment be further reviewed a year hence.

48. *Stationery and Printing—*

	Gross Expenditure.	Contribution from British Treasury.	Net Expenditure.
	£	£	£
1913-14 . . . . .	5,496	...	5,496
1921-22 . . . . .	17,800	9,100	8,700
1922-23 . . . . .	14,000	6,300	7,700

There has recently been a considerable fall in prices and steps have been taken to economise both in printing and stationery. We recommend that the net budget for 1923-24 should be fixed at £5,000. This saving will accrue in the "Stationery and Printing" estimates.

HIGH COMMISSIONER.

	1913-14.	1921-22.	1922-23.
	£	£	£
General Administration . . . . .	Nil	274,000	264,900
Stationery and Printing . . . . .	Nil	5,000	8,000
TOTAL HIGH COMMISSIONER		279,000	272,900

49. *General Administration—*

The above figures are gross figures. The net estimates for General Administration are arrived at as follows :—

	1921-22.	1922-23.
	£	£
Gross Expenditure . . . . .	274,000	264,900
<i>Deduct</i> surcharge for departmental expenses on—		
(a) Stores for Posts and Telegraphs and State Railways . . . . .	65,000	70,000
(b) Stores for Provincial Governments . . . . .	10,000	25,000
Net Expenditure . . . . .	1,99,000	169,900

The High Commissioner has informed us that in his revised estimates for the current year it will be necessary to make an additional provision of £5,300 on account of transferred staff, etc. This will be more than set off by savings of £1,500 in respect of bonus, £500 for supervision of stamps, and £9,500 in the wages of labourers and other Store Department charges, the net saving thus being £6,200. In addition to this, a further reduction of £3,000 is anticipated for 1923-24. We think, however, that some further economies might be effected. In our opinion the Mechanical Transport Department costing £1,788 should be dispensed with. The total charges under supervision of stamps after the reduction of £500 mentioned, are £10,800, which, compared with the total estimated expenditure on stamps of £281,600, is high. Arrangements have now been made for the transfer to the General Post Office of the staff employed in the supervision of manufacture of stamps, and we consider that endeavour should be made under the revised arrangements to secure a further reduction.

The work of the Indian Students' Department, costing £4,400 in salaries and £4,500 for other items apart from overhead charges, is carried out entirely for Local Governments and we consider that if this work is to continue in any form, recoveries of the full amount should be made, saving £8,900.

The cost of the collection of income-tax for the Home Government is estimated at £1,000. We do not consider that this is a proper charge against the Indian Government, and we understand that negotiations are in progress with a view to effecting a recovery from the Home Government.

The expenditure on contingencies and postage and telegrams to India should be curtailed and reductions of at least £1,500 and £500 respectively effected under these heads.

The amounts of £2,000 and £16,000 in respect of the additions to the Indian Store Depôt and the equipment and decoration of 46, Grosvenor Gardens, are non-recurring charges and will not appear in the next year's budget.

We understand that a proposal is at present under consideration for charging Local Governments for the work done for them in issuing leave pay and pensions. The proposed charge of one per cent. on the amounts disbursed appears *prima facie* to be reasonable and would yield about £10,800 per annum.

With these modifications, there would be a reduction of about £52,000 in the estimates for General Administration, and we consider that the net budget for 1923-24 should be limited to £118,000.

50. *Stationery and Printing—*

A saving of £2,000 in the budget estimate of £8,000 is expected in the current year, and a similar saving should be taken under the Stationery and Printing head in 1923-24.

51. *Purchase of Stores—*

Complaints have been made to us by nearly all Departments in India of the delay entailed in complying with their indents for stores obtained from England, and examples have been given to us of the inordinate time taken to place orders after receipt of indents. These delays make it necessary for Departments to hold large stocks in excess of their immediate requirements—in many cases 1½ years' stock—and cause a great loss to Government by deterioration, cost of storage and lock-up of capital. We recommend therefore that the whole position be thoroughly reviewed by the High Commissioner in order to expedite compliance with indents.

52. On the other hand, the High Commissioner has drawn our attention to the fact that indentors frequently tie his hands by restricting him, in spite of his protests, to a particular manufacturer or source of supply. This inevitably cannot save the payment of higher prices than would otherwise be necessary, and the High Commissioner has furnished us with several instances where large sums of money have been lost both to the Central and Provincial Governments as the result of such restrictions and also by indentors conducting initial negotiations with the representatives of particular firms. These practices are greatly to be deprecated and we recommend that orders be passed strictly prohibiting them. Private communications between indentors and suppliers should also not be permitted.

53. At the request of our colleague, Mr. Dalal, we note that he took no part in our discussions regarding the India Office and the High Commissioner for India.

#### MANAGEMENT OF DEBT.

	£
1913-14, Actual Expenditure . . . . .	61,100
1921-22, Revised Estimate . . . . .	71,200
1922-23, Budget Estimate . . . . .	109,000

54. This expenditure includes, apart from the normal charges for the management of debt, certain charges for the issue of new sterling loans and also an additional charge for the recent introduction of the transfer of India stock by deed. We are informed that it is proposed to transfer expenditure on "management of debt" to the 'interest' head where it will be more appropriately shown; there will, therefore, be a reduction of £109,000 under the General Administration head and a corresponding increase in the estimates for 'Interest.'

#### LEAVE ALLOWANCES, ETC.

	£
1913-14, Actual Expenditure . . . . .	6,800
1921-22, Revised Estimate . . . . .	33,300
1922-23, Budget Estimate . . . . .	38,000

55. This expenditure is dependent on the number of officers on leave and is not therefore susceptible of reduction. The increase shown under this head is partly due to a re-arrangement of the accounts.

#### CONCLUSIONS.

Having reviewed the expenditure under the head of General Administration we recommend that—

- (1) the Railway Department and the Posts and Telegraphs Department be grouped in a single portfolio, that the activities of certain departments be curtailed, and the remaining subjects dealt with by them be concentrated in two departments, namely the Commerce Department and the General Department, on the lines set out in the table in paragraph 22, the total cost of the Secretariat being restricted to Rs. 53,55,000, a saving of Rs. 14,08,000;
- (2) the appointment of Inspector-General of Irrigation be abolished, and the functions of the Central Intelligence Bureau curtailed, and a saving of Rs. 3,95,000 effected in the cost of the "Attached Offices";
- (3) a reduction of Rs. 40,500 be made in expenditure in the Minor Administrations;
- (4) the grant-in-aid from the Treasury to the cost of the India Office be reviewed, and the net cost of that office be reduced by £53,700 under the head General Administration and by £2,700 under Stationery and Printing;
- (5) the arrangements for the purchase of stores by the High Commissioner be reviewed as indicated in paragraphs 51 and 52;
- (6) the net cost of the High Commissioner's Office be reduced by £52,000 under General Administration and by £2,000 under Stationery and Printing; and
- (7) the Budget Estimate for 1923-24 for General Administration be limited to Rs. 1,47,18,000, a reduction of Rs. 51,39,000 including £109,000 or Rs. 16,35,000 transferred to the head Interest. This will give a net saving to the country of Rs. 35,04,000.

## APPENDIX A.

Recommendations of the Departmental Committee referred to in paragraph 39 regarding the basis of the Treasury grant-in-aid of the salaries and expenses of the India Office.

For a period of five years from 1st April 1920, the Treasury should make to the India Office an annual lump sum contribution, which would remain constant for that period and the amount of which would be equivalent to that part of the total estimated cost of the India Office for 1920-21 (less the salaries of the Secretary of State and the Parliamentary Under Secretary of State) which is attributable to the administrative work of the Office calculated as follows :—

No.	Department.	Percentage of Cost to be borne by Imperial Revenues.	Percentage of Cost to be borne by India Office.	REMARKS.
(i)	Secretary of State and Parliamentary Under Secretary.	100	—	To appear directly on the vote submitted to Parliament.
(ii)	Permanent Under Secretary, Assistant Under Secretaries.	100	—	
(iii)	Members of Council . . . . .	100	—	See para. 32 of Crewe Committee Report.
(iv)	Private Secretaries . . . . .	100	—	
(v)	Resident Clerks . . . . .	100	—	
(vi)	Finance Department . . . . .	61.7	38.3	Includes Inspector of Equipment.
(vii)	Military Department . . . . .	57.1	42.9	
(viii)	Judicial and Public Department . . . . .	(4-7ths). 83.3	(3-7ths). 16.7	
(ix)	Political Department . . . . .	(5-6ths). 100	(1-6th). —	
(x)	Public Works Department . . . . .	95	5	
(xi)	Revenue Department . . . . .	75	25	
(xii)	Indo-European Telegraph Department . . . . .	—	100	
(xiii)	Government Director of Indian Railway Companies and his staff.	100	—	
(xiv)	Students' Department . . . . .	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xv)	Accounts Department . . . . .	8.3	91.7	
(xvi)	Stores Department (excluding Dépôt) . . . . .	(1-12th). —	(11-12ths). —	Borne out of funds in the hands of the High Commissioner for India.
(xvii)	Records Department . . . . .	60	40	
(xviii)	Library . . . . .	—	100	
(xix)	Legal Adviser's Department . . . . .	25	75	
(xx)	Medical Adviser . . . . .	100	—	
(xxi)	Members of Medical Board and Clerk . . . . .	—	100	
(xxii)	Surveyor's Department . . . . .	—	100	
(xxiii)	Auditor's Department . . . . .	50	50	
(xxiv)	Store Dépôt . . . . .	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxv)	India Office office keepers, messengers, charwomen, etc.	To be divided in proportion "A" defined in the margin.		The proportion "A" is that of the total cost of items (i) to (xxiii) inclusive falling on the Treasury to the total cost of those items falling on the India Office.
(xxvi)	Indian Students' miscellaneous payments.	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxvii)	Law charges . . . . .	—	100	
(xxviii)	Postage and telegrams to India and stationery.	Proportion "A"		
(xxix)	India Office rates . . . . .	Proportion "A"		
(xxx)	Dépôt rates . . . . .	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxxi)	Miscellaneous charges (India Office) . . . . .	Proportion "A"		
(xxxii)	Miscellaneous charges (Dépôt) . . . . .	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxxiii)	Building repairs, etc. . . . .	—	100	

**SUPPLEMENTARY NOTE BY THE HON'BLE MR. PURSHOTAMDAS  
THAKURDAS ON INDIA OFFICE EXPENDITURE.**

1. The Welby Commission reporting in 1900 recommended a contribution of £50,000 a year by the British Treasury towards the cost of the India Office, when the total cost of the India Office (including all agency charges) amounted in the year 1897-98 to £240,000. The change in the status of India as brought about by the Government of India Act of 1919 necessitated a direct contribution by the British Treasury to the cost of the India Office, and a vote for same by Parliament. The Committee appointed to consider the Home Administration of Indian affairs in relation to the Indian Constitutional Reforms Scheme (1919) said:—

“Our main principles have already led us to distinguish the political and administrative duties of the Secretary of State, acting as a Minister, from the Agency business conducted by the India Office on behalf of the Indian authorities. It appears to follow as a general conclusion that the charges incidental to the former should be met from British revenues. They form a normal part of the cost of Imperial administration, and should in equity be treated similarly to other charges of the same nature. We include under this head the charges on account of the Advisory Committee which is constituted to assist the Secretary of State in the performance of his Ministerial responsibilities. Charges on account of agency work would naturally continue to be borne by India, in whose interests they are incurred.”

2. After the acceptance of the above main principle a Committee on Apportionment of the India Office charges which the Treasury was represented went between the British Treasury and the Government of India into the details of the apportionment of the India Office charges. They recommended that, for a period of five years from 1st April 1920, the Treasury should make to the India Office an annual lump sum contribution, which would remain constant for that period and the amount of which would be equivalent to that part of the total estimated cost of the India Office for 1920-21 (less the salaries of the Secretary of State and the Parliamentary Under-Secretary of State) which is attributable to the administrative and political work of the India Office. The percentage of the cost of each Department to be borne by Imperial Revenues and by the India Office was determined for the purpose of arriving at the amount of this contribution. At the end of five years the question was to be reconsidered on the lines of this settlement.

This recommendation was accepted by the Treasury and provision for 1920-21 was made for a grant-in-aid of £72,000, the latter figure being the agreed proportion of the actual expenditure shown in the Home Accounts of the Government of India (1919-20).

In December 1920 a revised estimate was submitted by the India Office and the grant-in-aid based on that estimate was fixed at £136,000 per annum for the period 1920-21 to 1924-25.

After this for 1922-23 and the following two years' the Secretary of State for India in Council agreed to a reduced grant of £113,500 for the purpose of conceding to the Treasury a proportionate share of certain economies that he anticipated in the 1922-23 and subsequent estimates.

The Committee have been informed that the actual charges payable by the Treasury on the basis of the percentages agreed upon amount to £122,000 (for 1922-23) thus entailing an excess debit of £8,500 to the Government of India for that year. My colleagues have expressed a hope that the British Treasury may see their way not to take advantage of this excessive concession, which may be said to be the result of a mis-calculation by the India Office authorities. They correctly point out that the Treasury should not object to revise the agreement of December 1920 now, in the light of the actual figures,

since they readily revised the previous agreement for £136,000 for a share in the benefits of anticipated economies in the India Office estimates for 1922-23 and the next two years to the British Exchequer.

3. I wish to mention one serious financial necessity, from the financial view point of the India Office avoiding any such lump sum settlements without previous reference to the Indian Legislature. Lump sum settlements with the British Treasury undesirable on financial grounds. The expenditure of the India Office not debitable to the British Treasury is a charge on the Government of India. Being still subject to the superintendence, direction and control of the Secretary of State for India, the Government of India can hardly be expected to have any effective control in the expenditure of the India Office, although such expenditure may be for work of an agency nature. If the British Treasury have to bear every year a definite proportion of the actual expenditure of the India Office they would—and indeed they could—control the expenditure of the India Office; and the Government of India would share the benefit of such control. As long as any agency work is left with the India Office the division of the expenses of various departments between the Indian Exchequer and the British Treasury would necessarily entail the effective voice of the British Treasury in the expenditure of each such department. But the interest of the British Treasury in the economical working of the India Office practically ceases with the fixing of a grant-in-aid payable by them for a number of years. Thus the India Office are left without any controlling authority at all. Government departments all over the world show tendencies to expand rapidly and to contract much too reluctantly; and the Secretary of State for India can hardly be expected to personally look into such details with any minuteness or thoroughness.

4. The main principle accepted by the British Treasury and Parliament would warrant no charge for the India (Secretary of State for India's) Office in London being debited to the Government of India as soon as all agency work performed by the India Office before 1919 is transferred to the High Commissioner for India in London. Not only has all work of an agency nature not still been transferred by the India Office to the High Commissioner, but the information submitted to the Committee compels me to conclude that the India Office is not likely to complete the transfer of such work for a considerable time to come. I propose to mention a few of the reasons given by the India Office for the delay that has occurred till now and is likely to continue for a long time hereafter, and to offer my observations on these reasons, and to consider how far the delay in the transfer of Agency work is avoidable. I am convinced that the distribution of work of essentially a similar nature between two offices under two distinct heads is against the best interests of the Indian Treasury. Delay in the transfer of agency work of all kinds to the High Commissioner—unnecessary and uneconomical.

I should here make it clear that, as the Committee had no opportunity of personally interviewing any representatives of the India Office, my remarks are based on such written material as was available—particularly on the reply of the India Office to the questionnaire submitted by the Chairman to them on behalf of the Retrenchment Committee.

5. The Committee have been informed that till November 1922 the India Office transferred functions and staff to the High Commissioner for some of the Agency work done by them till then, but that recruitment for 29 subjects is still with the India Office. Further the India Office say that—

“The establishment of the High Commissioner and the division of certain Departments entailed thereby rendered necessary a certain amount of duplication in the higher posts and that therefore it has not been and could not be expected to have been possible to reduce the staff of the India Office by an amount of staff equal to that transferred to the High Commissioner.”

The India Office have not given to the Committee any of the reasons that necessitated the delay in transferring the work of recruitment of these 29 subjects to the High Commissioner till now. They, however, propose to Duplication of posts, due to incomplete transfer of work, should cease.

transfer this work shortly and I think they should easily be able to complete this by the 1st May next at the latest. When all agency work is transferred, the division of work referred to above would substantially cease and with it the duplication of posts should end.

6. The aftermath of the war and certain questions under discussion in

The establishment of a new normality since the war hardly a plea for the increased cost of the India Office to India.

connection with the war accounts between the India Office and the War Office, when settled, are expected to result in the reduction of staff paid for by India to a certain extent. But the India Office say that some of the increased charges since 1914 threaten to be permanent on India as a result of "fresh work and fresh problems connected with the establishment of a new normality in the financial, economic and administrative world". The India Office have not specified definitely the fresh work and fresh problems connected with the establishment of "a new normality since the war." If the fresh work entailed is of the nature of agency work it would be looked after by the High Commissioner under the instructions of the Government of India. If, as is more likely, the fresh work is of a political nature, it would form a normal part of the work of Imperial administration, and, as such it should be a charge on the British Exchequer, as correctly contemplated by the Parliamentary Committee quoted in paragraph 1. In either case it is difficult to see how the cost of the India Office to India should increase for such work.

7. The Finance Department of the India Office was split up into two

Expansion of the Finance Department hardly consistent with the devolution of financial powers sanctioned by the Government of India Act, 1919.

Branches since 1914. The necessity for this increased expenditure is said to have been perceived before 1914. The continuation of the two branches is said to be necessary in spite of the devolution of greater powers of sanctioning expenditure to the Government of India and local Governments, and it is contented that no reduction can be made in the expansion of this Department. Perhaps the devolution of financial powers sanctioned by the Government of India Act, 1919, is not likely to materialise so long as the necessary staff is available in the India Office to enforce the same detailed and meticulous control as existed before the Reforms.

8. The supply of currency notes to India used to be a part of the work of the Financial Department at the India Office. The work of receiving and shipping currency notes to India has now been transferred to the High Commissioner, but the questions of alteration of material and pattern of notes are regarded as questions of principle too important to be entrusted to the High Commissioner. The further question of the possibility of manufacture of currency notes in India is suggested by the India Office as again being too important to make it advisable to transfer this work to the High Commissioner's staff; and this agency work is proposed to be continued for retention by the India Office.

With an experienced and capable financial authority of the high standing

Questions regarding material, pattern and manufacture of currency notes should not be retained by the India Office but transferred to the Government of India.

of the late Sir William Meyer as High Commissioner till October 1922 it is difficult to share the opinion of the India Office that questions of alteration of material and pattern of notes were such important questions of principle as could not be safely transferred to the High Commissioner between 1920 and 1922. I recommend that the whole question of the printing of currency notes whether in England or in India be forthwith examined by the Finance Department of the Government of India who would naturally utilise the services of the High Commissioner for such work as would have to be done on their behalf outside India. Until a decision is arrived at to print currency notes in India, the Finance Department of the Government of India might usefully examine not only the charges paid for printing currency notes, to the Bank of England, but also the freight charges on the same from London to India. The Committee was not able to get details of these freight charges, but I believe useful savings are possible in this direction.

### 9. It would seem that a very large part of the work of the India Office is

Part of India Office staff engaged in connection with civil and military pay, pensions, etc. Recommend transfer of this clerical work to the Imperial Bank of India.

connected with the pay, pensions, allowances, etc., of the members of the various Military and Imperial Services of the Government of India. The retention of a greatly increased staff is considered necessary by the India Office authorities on the ground that rules and regulations relating to Military pay, leave pay, and pension scales which have been modified during the war, or as a result of war experience are much more complicated and are certain to give rise to very numerous difficult questions. It is also asserted that the amount of work that has been necessitated by the revision of salaries and conditions of employment in the various Imperial Services is capable of realization only by those in daily touch with such work.

In the Military Department the number of staff has increased from 17 in 1913 to 67 in 1922. It is said to be very doubtful whether a reduction of more than 20 is probable before March 1924 and more than 40 ultimately. The strongest reason for the retention of the extra staff from 1913 is said to be the reorganization of the Indian Military services, in special connection with pay and pension regulations after the war.

Regarding the Accountant General's Branch of the India Office the staff has gone up from 62 in 1913-14 to 154 at the India Office and 69 with the High Commissioner in 1922-23. The India Office consider it impossible to reduce the staff below 127 in the near future. Although a greater desire on the part of India for detailed information since the Reform Scheme was introduced is said to be one of the reasons, the main reason is said to be the effects of war. One of these effects, the increase in the number of pensioners, is said to endure for a generation. But no time is considered by the India Office safe to be assigned to the indirect effects of the war, such as the general disturbance of currency and exchange conditions, services reorganization and the increased complexity of pay and pensions. It is said that there will be no return to the settled routine of 1913-14 for years to come.

In 1913-14 the furlough pay of Indian Army Officers was issued only at sterling rates, pay due at rupee rates being advanced in India, and questions as to rates of exchange did not arise. Furlough pay has now to be issued at rupee rates as well as sterling rates. In certain circumstances the rupee rates change within the period of an officer's leave, and the sterling rates are said to be less simple than in 1913-14.

The British War Office have arrangements with reputable Bankers for payment of Military pay, etc. I would recommend that all work regarding payment of salaries, allowances, pensions, etc., for the Government of India in London should be offered to the Imperial Bank of India's Branch in London. There is no justification for the Secretary of State being burdened with this more or less routine clerical work. The complications in rules and regulations referred to so often by the India Office should not be beyond the grasp of a staff under the Imperial Bank, and, in all probability, transference of the work would take the necessary staff with it to the Imperial Bank from the India Office and might even lead to ultimate simplification of the rules.

### 10. The India Office seek to justify the splitting up of the work of the

Increased cost to India due to the expansion of the "Judicial and Public" and "Revenue and Statistics" Departments into three Departments not justified.

'Judicial and Public' Department and the 'Revenue and Statistics' Department into three Departments, viz., 'Judicial and Public,' 'Industries and Overseas,' and 'Commerce and Revenue' Departments. One should have thought that the extra Departments would have ceased as soon as special circumstances arising after the war or the initial work of the Reforms Scheme was finished. But the India Office say that "in fact it (the creation of the three Departments) took place two years after the war was over and when most of the initial work of the Reform Scheme had been done". They justify the retention of the three Departments owing to the changed conditions following the conclusion of the war and to new subjects which have risen within the sphere of the old Departments. These subjects are said to be associated with India's membership of

the League of Nations and the International Labour Organization, with her enhanced status in the British Empire (marked by her representation in the Imperial Cabinet and other meetings) and the increased interest consequently taken in the position of Indians overseas. The effect of the Reforms on the work of these Departments is also said to be very marked.

If the two Departments, 'Judicial and Public' and 'Revenue and Statistics,' suggested for retention by my colleagues are necessary for the political and administrative duties of the Secretary of State, they are a charge on the British vote. I fail to see how these Departments are necessary for the Agency work of the Government of India, for which work alone the revenues of India are liable.

11. The management of Debt in London is another item that engages

The management of Debt is Agency work which should be transferred to the High Commissioner.

the attention of the India Office. The details of the charges in the three years are as follows :—

	1913-14, Actuals.	1921-22, Revised Estimate.	1922-23, Budget.
	£s.	£s.	£s.
Management of sterling debt	52,848	52,550	58,900
Additional charges for stock transferable by Deed, with arrears from 1920	...	...	22,200
Charges for issue of sterling debt	...	10,550	19,750
Management of Rupee Debt	8,000	8,000	8,000
Miscellaneous	243	100	150
<b>TOTAL</b>	<b>61,091</b>	<b>71,200</b>	<b>109,000</b>

The charge of the Bank of England for management of sterling Debt still stands at the figure of £300 per million fixed before the war, this charge being the same as for management of the British Debt. The Committee understand that negotiations for the revision of this figure will shortly be opened between the Bank of England and the India Office since the Bank now want to charge more for Indian Debt than for British Debt, which is now much bigger than pre-war. Since the management charges were fixed, a procedure has been introduced for the transfer of India stock by deed, and an additional charge is said to be due to be accepted in view of the extra cost entailed by the opening of new ledgers and the undertaking of extra work by the Bank. The charge for transfer by deed registers will be settled at the same time as the general question of management charges.

This is agency work pure and simple and should have been transferred to the High Commissioner's Office as soon as it was established. There is no reason to delay the transfer now. Should the Bank of England demand increased management charges I would recommend the Imperial Bank of India in London being asked to take up this work. The Committee were not able to ascertain the terms the Imperial Bank may want for this. But the Standing Finance Committee of the Legislature would be able to examine these details and decide upon the most economical course for India.

12. The different functions of Agency work referred to above should all in

Transfer of all Agency work to the High Commissioner necessary in the interests of true economy. When this is accomplished the India Office charges would be entirely payable out of British Revenues.

my opinion be transferred to the High Commissioner within the next twelve months at the most. I see no reason why pay and pensions due by the Government of India should not be paid by the Imperial Bank of India or failing it the High Commissioner on behalf of the Government of India. A single control of agency work by servants of the Government of India, acting under the Government of India's orders, and responsible to them, can alone conduce to the maximum economy, and not a duplication of work in London as happens to go on at present. 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 quoted in paragraph 1, since the India Office would then be left with only political work, which has been approved as a fair charge on the British Revenues.

13. The Committee quoted in paragraph 1 said "The India Office building and site and other similar property paid for in the past by Indian revenues would continue to be Indian property". In the calculation of the basis for the grant to be paid by the British Treasury towards the India Office expenses, the Government of India was debited with 100 per cent. of the cost of repairs, etc., and a fixed proportion\* of the India Office rates. On the one hand the Government of India have to pay the rent, rates, etc., of a building, which they have had to lease specially for the High Commissioner who sits in London on their behalf. On the other, the India Office building which has been built† and maintained out of the revenues of India is occupied by the Secretary of State who does not pay any rent for it, although the Government of India have to pay for its repairs, etc. Thus the Budget Estimate of the India Office chargeable to Indian Revenues for 1922-23 under "repairs, furniture, etc." was £8,400 as compared with an expenditure of £4,665 in 1913-14, a part of the increased cost of repairs being attributed to the expenses of redecoration, which had been unduly delayed owing to the war. The revenues of India have also been debited with £16,000 for purchase on lease of 46 "Grosvenor Gardens" and cost of alteration and office furniture for the High Commissioner, who could not be accommodated in the India Office building. On the broad principle accepted by the Committee of 1919 the British Exchequer should pay rent for the India Office building. The rent of a substantial and commodious building like the India Office situated in Whitehall may be a very high figure; the least that the British Treasury could do would be to pay the rent for the premises occupied by the High Commissioner as a compensation for the proportion of space occupied in the Whitehall building by the Secretary of State for India and his establishment, for his political and administrative duties. When all agency work is transferred to the High Commissioner the India Office building would, if it were still occupied by the Secretary of State, be utilised for his Parliamentary responsibilities, and so the whole charge of the building,—*viz.*, maintenance, repairs, rates, etc., with a reasonable interest on the capital value of same—should be borne by the British Exchequer.

PURSHOTAMDAS THAKURDAS.

DELHI ;

*The 1st February 1923.*

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\*NOTE :—India Office rates are divided in proportion "A" between the British Treasury and the Government of India, the proportion "A" being that of the total cost of 23 items falling on the Treasury, to the total cost of those items falling on the India Office.

†NOTE :—Between 1861 and 1870 £588,000 were spent from the Indian Revenues in the construction of the present India Office building.

## PART IV.

### TAXES ON INCOME.

The estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	4,69,000	2,90,52,000
1921-22, Revised Estimates . . . . .	21,52,000	21,11,99,000
1922-23, Budget Estimates . . . . .	47,01,000	22,11,39,000

2. Since 1913-14 the expenditure has increased ten fold and the receipts about eight fold. Prior to the Reforms, income-tax was a "divided" head, the cost of assessment and the proceeds of the tax being shared between the Central Government and the Provinces. The figures for 1913-14 represent the total expenditure and collections whether Provincial or Central. In 1921-22 the Provincial Governments received an assignment of 3 pies on every additional rupee of income assessed in the Provinces in excess of the amount assessed in the year 1920-21 and paid a quarter share of the cost of collection. This arrangement was slightly modified in 1922-23, when the Central Government undertook to pay the whole cost of collection. The figures in the above estimates for these two years show the net expenditure and receipts attributable to the Central Government. The following statement shows the total expenditure and receipts adjusted to include the share of the Provinces :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14 . . . . .	4,69,000	2,90,52,000
1921-22 . . . . .	28,20,000	21,32,90,000
1922-23 . . . . .	47,01,000	22,33,11,000

3. We understand that, until recently, except in the Presidency towns and a few other large cities, the assessment and collection of the income-tax were entirely in the hands of the ordinary revenue staff, the only items shown as expenditure debitable to income-tax being the expenditure on special whole-time staffs where employed. With the successive enhancements in the rates of income-tax, improvements in the principles and methods of assessment and the separation of Provincial and Central interests under the Reforms, it became necessary to reorganise throughout the existing establishments for the assessment and collection of the taxes on income. The policy adopted was to create all over India a separate income-tax department, and schemes to give effect to this policy are now in process of introduction. A saving of Rs. 2,27,000 on the budget grant of the current year is anticipated, but it has been represented to us that, so far from a reduction in expenditure on this head being possible, some further expansion of this department is desirable if serious leakage of revenue is to be avoided. Having regard to the importance of maintaining the Revenue we do not recommend any reduction in the estimates of this Department for 1923-24 as compared with the current year's estimates.

### LAND REVENUE.

The total estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	11,94,000	41,94,000
1921-22, Revised Estimates . . . . .	15,14,000	36,66,000
1922-23, Budget Estimates . . . . .	15,64,000	43,93,000

Under the Reforms Scheme, Land Revenue is an entirely provincial head and the above figures for expenditure relate solely to certain survey expenditure and to expenditure in the minor administrations directly under the control of the Central Government.

2. The figures may be analysed as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
SURVEY EXPENDITURE . . . . .	1,11,000	1,62,000	1,48,000
N.-W. F. PROVINCE . . . . .	4,97,000	4,85,000	5,26,000
BALUCHISTAN . . . . .	2,45,000	3,38,000	3,61,000
DELHI . . . . .	47,000	77,750	71,950
COORG . . . . .	1,24,000	2,04,010	2,11,280
AJMER-MERWARA . . . . .	1,15,000	1,74,800	1,71,670
OTHER MINOR ADMINISTRATIONS . . . . .	30,000	41,440	44,100
	11,69,000	14,83,000	15,34,000
EXPENDITURE IN ENGLAND (Rs. 15 = £1) . . . . .	25,000	31,000	30,000
TOTAL . . . . .	11,94,000	15,14,000	15,64,000

We deal seriatim with the main heads under which the account is set out.

#### SURVEY EXPENDITURE.

	Rs.
1913-14, Actual Expenditure . . . . .	1,11,000
1921-22, Revised Estimate . . . . .	1,62,000
1922-23, Budget Estimate . . . . .	1,48,000

3. This expenditure represents a book adjustment in respect of a proportion of the headquarters charges of the Survey of India. It is proposed to relieve the Land Revenue estimates of this debit in future years, and, though the amount will be included in the Survey of India Budget, there will be a reduction of Rs. 1,48,000 in the Land Revenue estimates.

#### NORTH-WEST FRONTIER PROVINCE.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	4,97,000	20,80,000
1921-22, Revised Estimates . . . . .	4,85,000	16,07,000
1922-23, Budget Estimates . . . . .	5,26,000	22,45,000

4. There has been a re-classification of expenditure since 1913-14, and the above figures are therefore not strictly comparable. So far as we can ascertain the approximate expenditure in 1913-14, corresponding to the figures shown for the later years was Rs. 2,38,000 only. We are informed that the local Retrenchment Committee, appointed to examine the expenditure in this province, have recommended a reduction in establishment involving an annual saving of Rs. 1,04,000 and that their recommendations have been accepted by the Chief Commissioner. In addition, the following reductions on the current year's estimates should be effected in 1923-24 :—

	Rs.
Abolition of temporary establishment, Kohat, about . . . . .	2,000
Survey expenditure unspent from the current year's budget about . . . . .	30,000
Field allowances, over-estimated in the current year's budget . . . . .	21,000
Concessions to Patwaris, surrendered in the current year . . . . .	11,000
Total . . . . .	64,000

The total savings indicated thus amount to Rs. 1,68,000 and we consider that the estimate for 1923-24 should not exceed Rs. 3,58,000.

## BALUCHISTAN.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	2,45,000	10,37,000
1921-22, Revised Estimates . . . . .	3,38,000	9,04,000
1922-23, Budget Estimates . . . . .	3,61,000	9,87,000

5. The local Retrenchment Committee appointed to investigate expenditure in Baluchistan have recommended reductions of establishment saving Rs. 25,000, including Rs. 10,000 in travelling allowances to tahsildars. We understand that a further reduction in travelling allowances and other contingent expenditure will result from more settled conditions on the border, and therefore recommend that the estimate for next year should not exceed Rs. 3,30,000 a reduction of Rs. 31,000.

## DELHI.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	47,000	3,53,000
1921-22, Revised Estimates . . . . .	77,750	3,58,000
1922-23, Budget Estimates . . . . .	71,950	3,56,850

6. The increase in expenditure since 1913-14 is almost entirely due to revision of pay of the establishment on the Punjab basis and, apart from the reduction of Rs. 2,000 proposed by the Local Administration, we make no recommendation.

## COORG.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	1,24,000	3,60,000
1921-22, Revised Estimates . . . . .	2,04,000	3,74,600
1922-23, Budget Estimates . . . . .	2,11,280	3,79,350

7. As the result of a special investigation made into expenditure in Coorg economies of Rs. 47,000 have been indicated. We consider that effect should be given to these recommendations in 1923-24 and the estimate reduced to Rs. 1,64,000.

## AJMER-MERWARA.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	1,15,000	3,05,000
1921-22, Revised Estimates . . . . .	1,74,800	3,72,850
1922-23, Budget Estimates . . . . .	1,71,670	3,77,260

8. The increase in expenditure since 1913-14 is almost entirely due to a revision of pay. The Chief Commissioner proposes a reduction of establishment saving about Rs. 13,000, of which about Rs. 1,600 falls under the Land Revenue head, and we do not recommend any further reduction for 1923-24.

## OTHER MINOR ADMINISTRATIONS AND EXPENDITURE IN ENGLAND.

	Other minor administrations.	England.
	Rs.	Rs.
1913-14, Actuals . . . . .	30,000	25,000
1921-22, Revised Estimates . . . . .	41,440	31,000
1922-23, Budget Estimates . . . . .	44,100	30,000

9. The increased expenditure under other minor administrations is due to revision of pay. The expenditure in England represents leave allowances.

## CONCLUSION.

We are of opinion that the Budget Estimate for Land Revenue in 1923-24 should not exceed Rs. 11,67,000 excluding expenditure transferred to the Survey of India estimates, thereby effecting a net saving of Rs. 2,49,600 apart from any reduction made under the head of survey expenditure.

### EXCISE.

The total estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	1,37,000	25,49,000
1921-22, Revised Estimate . . . . .	2,52,000	55,81,000
1922-23, Budget Estimate . . . . .	2,84,000	56,22,000

Under the Reforms Scheme Excise is a provincial subject in all the Major Provinces, and the above figures relate solely to the minor administrations under the direct control of the Central Government.

2. Of the increase of Rs. 1,47,000 since 1913-14, Rs. 38,000 is on account of excise compensation to the Indore Durbar, under an agreement by which a zone of 3 miles round the Mhow Cantonment is kept free of State liquor shops, and Rs. 18,000 for the purchase of opium, direct issues being now made on payment to licensed vendors in the Mhow and Neemuch cantonments. The balance of Rs. 91,000 mainly represents increases in pay of establishments. Small reductions in staff are now being made in the North-West Frontier Province and Coorg saving Rs. 6,000 and Rs. 6,828 respectively.

3. The revenue has risen from Rs. 25,49,000 in 1913-14 to Rs. 56,22,000, an increase of Rs. 30,73,000. The proportion of expenditure to revenue has thus fallen from 5.4 per cent. in 1913-14 to 5.0 per cent. at the present time. It has been brought to our notice that there is a considerable loss of revenue to the Central Government owing to the North-West Frontier Province and Delhi drawing their supplies of country spirit from Major Provinces which retain the still-head duty on the liquor so supplied. We think that endeavour should be made to come to some equitable arrangement with the supplying Provinces, or, alternatively, that the possibility should be considered of manufacturing the necessary supplies of country spirit in an area under the administration of the Central Government. It is estimated that an arrangement of this kind would ultimately yield an additional revenue to the Central Government of about Rs. 10 lakhs.

### CONCLUSION.

The reduction of Rs. 13,000 already accepted will reduce the expenditure for 1923-24 to Rs. 2,71,000 and, having regard to the importance of maintaining the revenue, we do not recommend any further reduction.

### REGISTRATION.

The estimates for 1922-23 compare with the revised estimate for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . . . .	27,000	96,000
1921-22, Revised Estimate . . . . .	47,000	1,72,000
1922-23, Budget Estimate . . . . .	48,000	1,68,000

Under the Reforms Scheme Registration is a provincial subject in all the Major Provinces and the above figures relate solely to the minor administrations under the control of the Central Government.

Small economies are being effected in some of the administrations amounting to about Rs. 4,000 in all and we recommend that the budget for 1923-24 should be fixed at Rs. 44,000.

**PART V.****CIVIL ADMINISTRATIVE DEPARTMENTS.****ECCLESIASTICAL EXPENDITURE.**

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . . .	19,15,000
1921-22, Revised Estimate . . . .	31,11,000
1922-23, Budget Estimate . . . .	33,83,000

The increased expenditure since 1913-14 is almost entirely due to the revision of pay and allowances and to the inclusion of leave allowances not previously shown under this heading ; there has been no increase in the number of chaplains employed. The major portion of the expenditure is for spiritual ministrations to the British Troops in India but in addition the Bishops of Calcutta, Madras and Bombay and their Archdeacons are maintained under statute.

So far as we can ascertain there is no definite basis for the distribution of ecclesiastical expenditure between the civil and military estimates, but we are informed that a proposal is now under consideration for the formation of an Army Chaplains' Department, the cost of which would be borne entirely in the Army estimates. It should be laid down, however, that, if this proposal is proceeded with, no additional expenditure should be involved. We also understand that the Metropolitan and many of the leading Bishops in India are in favour of having an autonomous Church in India like the Churches in the Dominions and we recommend that early decisions be arrived at on these important questions.

The necessity for curtailing expenditure during the present period of financial stringency has been recognised and five chaplaincies have been abolished. We think, however, that further economy should be effected and, as we have ascertained that 16 chaplains are due to retire next year, we recommend that these vacancies should not be filled until the future policy in regard to ecclesiastical matters is definitely settled. We think that some minor economies should also be possible and that the provision for 1923-24 should be limited to Rs. 31,83,000, a reduction of Rs. 2,00,000.

**SUPPLEMENTARY NOTE BY THE HON'BLE MR. PURSHOTAMDAS  
THAKURDAS ON ECCLESIASTICAL EXPENDITURE.**

**1. The justification for the continuously growing expenditure by the**

The policy underlying ecclesiastical expenditure a subject of frequent discussion during the past fifty years.

State on ecclesiastical affairs has frequently been the subject of discussion during the past fifty years, both from the point of view of finance and other points of view, such as the disparity of treatment, which, it is contended, gives the lion's share of State assistance to one Church or the alleged inequity of taxing the Muslim and Hindu communities to support Christian religions, or the vexed question of the scope of such State assistance.

**2. In 1846 the Court of Directors of the East India Company defined their obligations as then recognised, to be**

Short resume of the policy—1846.

“ our duty to provide the means of spiritual instruction according to the principles of our National Church for the Christian servants of the State and their families. ”

In 1876 Lord Northbrook's Government limited the obligations of Government to “ providing within reasonable

1876.

limits the ministration of religion for British-born European servants of the Crown, and specially for soldiers and their families.”

In 1883 the question was again discussed by Lord Ripon and his Council. Lord Ripon and his colleagues who agreed with him confined the area of State obligation to European British-born soldiers with their families, and the same class of State Railway servants, in each case within reasonable limits. In laying down their policy, they held that the obligation to provide for Christian servants born in India would admit the obligation to provide equally for the religious wants of non-Christian servants of the Crown, and this could not be done. Regarding the spiritual needs of civil servants they maintained that they would be too few and too scattered outside military cantonments to justify any provision, and moreover they were able to pay for the services they required.

The majority of Lord Ripon's Council, however, did not agree with him and extended the range of State obligation beyond the primary duty of providing for British soldiers within reasonable limits, to all Christian servants of Government and their families wherever born. But they proposed to cease appointing chaplains to any non-military stations except the seats of Government and cathedral towns, and elsewhere only to give grants-in-aid to sufficient congregations of all Christian denominations.

The Finance Committee of 1886 based their recommendations for certain economies on the general principles of agreement expressed in the Despatch of 1883 that the employment of chaplains should be confined to military stations where there were Europeans troops, to cathedral towns, and the headquarters of Government, and that some form of grant-in-aid should be given to clergy at other stations than these.

3. These principles have been reiterated by the Government of India in dealing with proposals for increase in ecclesiastical establishment and may be said to be their present policy in ecclesiastical matters as regards new expenditure.

There is at present before Government a proposal for the disestablishment of the Church of England, and for the introduction in India of an autonomous church like the churches in the Dominions. This is said to be essentially a religious rather than a financial question. The Draft Indian Church Measure which is before Government at present, will, after going through certain stages of approval by various parties concerned, require examination by the Government of India and the Secretary of State, and finally will have to be introduced into the Houses of Parliament by the National Assembly of the Church of England under the Church of England Assembly (Powers) Act. This measure in its present form contemplates some State assistance.

4. In view of the grave financial situation of the Government of India it is necessary to consider, at this stage, whether it is incumbent upon Government, as a matter of vital importance, to continue to incur growing expenditure on the present scale. It would appear to be necessary that the policy, which has dictated expenditure on ecclesiastical matters in the past, should be re-examined. I consider it my duty therefore to make a few observations on this question although I realise that it is a delicate question for a non-Christian to handle.

5. I understand that in hardly any Dominion or Crown Colony is a system such as the Indian system in force. The conditions prevailing at present in India are substantially different from those prevailing in India in 1846 or 1883. In 1846 practically all Europeans in India came as servants of the East India Company. Since then and even since 1883 the number of European Christians in India has materially increased on the side of non-official population. I do not believe that they are not capable of paying for their religious ministrations. There is no reason why European Christians, who, I understand, pay to a large extent, for their own religious ministration in all European countries, and, in the

Dominions and Crown Colonies of the British Empire, should feel hurt by being asked to spend for their own religious ministrations in India, as indeed the rest of the population of India, Hindus, Mohammedans, Parsees, Jews, etc., have been doing.

6. The foregoing considerations lead to the conclusion that no State aid is in principle necessary in India for the religious ministrations of any community, although the policy and custom followed till now may warrant the exception of British troops and of European Christian servants of the Crown.

7. On this principle the existing expenditure of the Government of India under the head "Ecclesiastical" is capable of further substantial reduction than that recommended by my colleagues. The number of chaplains should be steadily reduced by not filling up vacancies as they occur, till the minimum necessary for purely military stations, at which British troops are placed in sufficiently large numbers, is attained.

At present Government maintain 166 chaplains of the Church of England (including one staff chaplain at Army Headquarters). The Committee are informed that the Government of India have ordered a reduction of five already. My colleagues have recommended a reduction of further sixteen, since at present twenty-one chaplains are maintained at places which are neither military stations nor headquarters of Government, nor cathedral towns. But if the policy recommended herein is adopted there would be no necessity to maintain chaplains at headquarters of Government or at cathedral towns, and their reduction could be carried on till Government chaplains remain only at military stations. At places where there is a mixed congregation of (1) European officials and/or British troops in numbers smaller than the minimum required for one chaplain, and (2) non-official Europeans and Anglo-Indians, a grant-in-aid for the clergy might be substituted for Government chaplains, the amount of the grant depending upon the proportion of the two. Such grants-in-aid are, I understand, already being given to clergymen of the Additional Clergy Society at several places and I would recommend an extension of this system.

The approximate further saving that is possible from the Church of England Estimates may be estimated. The Committee are informed that about 100 chaplains are engaged in ministering to British troops, either exclusively or in addition to the civil duties of the stations, to which they are posted. It may therefore be assumed that a strength of approximately 100 would suffice for the purely military stations, including a leave reserve. As my colleagues have recommended a reduction to 145 chaplains, this further reduction would save the cost of 45 chaplains and their establishment to the Indian revenues. The average cost of a chaplain—pay, allowances and contingencies—is Rs. 13,653 excluding pensionary charges, and Rs. 20,853 including same. If a grant-in-aid of Rs. 300\* per month is assumed to take the place of a chaplain at each of the 45 places, the annual saving recommended would amount to Rs. 10,053 per chaplain rising ultimately to Rs. 17,253 or to Rs. 4,52,385 rising ultimately to Rs. 7,76,385.

The Government of India at present maintain 18 chaplains of the Church of Scotland, six of whom are stationed at Madras, Bombay and Calcutta under section 122 of the Government of India Act, 7 are attached to Scotch regiments, one is stationed at Karachi and four are on leave. On the general principle of this minute, this leaves room for reduction by seven chaplains at Bombay, Madras, Calcutta and Karachi, *plus*, say, one on leave. As Church of Scotland chaplains are paid like the Church of England chaplains, the saving effected by a reduction of eight would be Rs. 10,053 × 8 = Rs. 80,424, rising ultimately to Rs. 17,253 × 8 = Rs. 1,38,024

\* NOTE.—The allowance at present paid to Roman Catholic and Wesleyan chaplains varies from Rs. 250 to Rs. 375 *plus* an additional allowance of Rs. 30. The assumption of grant-in-aid of Rs. 300 is based on this. It may be added that the assumption of a total grant-in-aid of Rs. 45 × 300 per month errs on the side of liberality as it implies that a grant-in-aid would be required at each of the 45 places.

The maintenance of the Church of Scotland chaplains of Bombay, Madras and Calcutta is necessitated by the Government of India Act. The reasons necessitating this provision in the Government of India Act do not hold now, but a change in this requires Parliamentary sanction.

The same considerations apply to the three statutory bishops of Calcutta, Madras and Bombay who are required to be maintained by the Government of India Act. The expenditure on these bishops and their establishments excluding the chaplains and archdeacons\* under them, is at present, approximately Rs. 1,50,000. The pension charges incurred on statutory bishops who retire amount to roughly Rs. 45,000. Hence Rs. 1,95,000 may be taken as the possible ultimate saving after the necessary Parliamentary sanction is obtained. I understand that the statutory bishops are remunerated at higher rates than non-statutory bishops. The reasons for this may well be examined and if possible the remuneration be reduced, pending the sanction of Parliament for the abolition of these bishoprics.

The total ultimate saving recommended in this minute thus amounts to:—

	Rs.
	7,76,385 Church of England estimates.
	1,38,024 Church of Scotland estimates.
	1,95,000 Statutory Bishoprics.
Total saving.	
	<hr/> Total 11,09,409 <hr/>

If the principle underlying this Note be accepted the total saving should in round numbers come to Rs. 11,09,000 in addition to the saving of Rs. 2,00,000 recommended by my colleagues.

8. I think it equally necessary to draw attention to the increasing expenditure on Indian religious teachers for Indian Units, in the Army Estimates. The amount spent under this head in 1913-14 was Rs. 34,000. The corresponding budget estimate for 1922-23 shows an expenditure of Rs. 2,23,000. Religious teachers, *i.e.*, Granthis, Pundits and Moulvies, were allowed on a certain scale to Indian fighting units before the war. The arrangement still continues, but the status and emoluments of these men have now been considerably improved with reference to a recommendation of the Esher Committee. I do not see either the necessity or the advisability of this increase in expenditure, or indeed, of any expenditure, under this head for Indian soldiers in India on the peace establishment. One can understand the reason for maintaining chaplains for British soldiers in India, or for maintaining religious teachers for Indian soldiers on active service at the frontiers or outside India; but when the Indian soldier is stationed in his own country, with mosques or temples available within reasonable distance of his camp, I feel that any expenditure from the Government Treasury on religious teaching for him is uncalled for. The parallel of regimental chaplains attached to British troops in England, or of chaplains for British troops in India, need not be followed in regard to Indian troops in peace time, since neither the tradition and practice till now, nor the finances of the Government of India, warrant such an innovation at this stage.

PURSHOTAMDAS THAKURDAS.

DELHI;

*The 1st February 1923.*

\* NOTE : Among the 166 chaplains of the Church of England referred to in sub-paragraph 2 of this paragraph, are included the three statutory archdeacons of Calcutta, Madras and Bombay, the four diocesan bishops of Lucknow, Lahore, Rangoon and Nagpur, and any chaplains under the statutory bishops. The saving possible by the reduction of these is included in the estimated saving of Rs. 7,76,385 referred to above. The abolition of the statutory archdeacons would require Parliamentary sanction.

## SCIENTIFIC DEPARTMENTS.

The total estimates for 1922-23, including a supplementary grant of Rs. 29,000 under Archæology, compare with the revised estimates for 1921-22, and the actual expenditure for 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure . . . .	44,79,000
1921-22, Revised Estimate . . . .	1,16,83,000
1922-23, Budget Estimate . . . .	1,12,60,000

2. This expenditure is sub-divided under the main heads shown below:—

Head.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
SURVEY OF INDIA . . . .	25,94,086	37,88,000	35,09,000
METEOROLOGY . . . .	4,27,266	6,16,000	7,14,000
GEOLOGICAL SURVEY . . . .	3,06,073	4,37,000	6,46,000
BOTANICAL SURVEY . . . .	4,082	28,89,000	27,15,000
ZOOLOGICAL SURVEY . . . .	*1,28,711	1,56,000	1,77,000
ARCHÆOLOGY . . . .	3,57,850	15,10,000	16,29,000
MINES . . . .	98,312	1,69,000	2,27,000
OTHER SCIENTIFIC DEPARTMENTS .	43,767	3,55,000	4,05,000
	40,01,147	99,20,000	1,00,22,000
EXPENDITURE IN ENGLAND (Rs. 15 = £1) . . . .	4,78,000	17,63,000	12,38,000
TOTAL . . . .	44,79,147	1,16,83,000	1,12,60,000

\*Zoological section of the Calcutta museum.

This table shows that there has been a considerable increase in activity in all the Scientific Departments, and that the total expenditure involved has risen from Rs. 44,79,000 in 1913-14 to Rs. 1,12,60,000 required for 1922-23, an increase of Rs. 67,81,000.

We will now deal seriatim with the main heads under which the account is set out above:—

## SURVEY OF INDIA.

	Rs.
1913-14, Actual Expenditure . . . .	25,94,000
1921-22, Revised Estimate . . . .	37,88,000
1922-23, Budget Estimate . . . .	35,09,000

3. Final figures are now available which shew a saving of Rs. 2,10,000 on the revised estimate of 1921-22.

The above figures represent net expenditure after deducting amounts recovered from other Government Departments and from Provincial Governments. The gross expenditure has increased from Rs. 35,30,000 in 1913-14 to Rs. 56,82,000 estimated for 1922-23 and the amount recovered from Rs. 9,36,000 to Rs. 21,73,000. The expenditure may be analysed as follows:—

	1913-14.	1922-23.
	Rs.	Rs.
Controlling and Administrative Staff . . . .	1,31,047	1,44,570
Headquarters Offices:—		
Correspondence and Drawing Office . . . .	2,34,719	3,76,240
Lithographic and Photographic Offices . . . .	1,60,745	3,19,470
Engraving Office . . . .	61,088	77,500
Trigonometrical Office . . . .	1,70,160	3,64,560
Mathematical Instrument Office . . . .	1,73,081	4,46,820
Simla Drawing Office . . . .	80,378	1,00,590
Bengal Drawing Office . . . .	...	19,530
Bihar and Orissa Drawing Office . . . .	37,714	12,830
Survey Parties . . . .	23,97,653	37,24,310
Miscellaneous . . . .	83,483	95,700
Total Expenditure . . . .	35,30,068	56,82,120
Less—		
Recovered from other Government Departments, etc.	9,35,982	21,73,120
Net Expenditure . . . .	25,94,086	35,09,000

The total establishment employed has increased from 7,453 in 1913-14 to 7,841 required for 1922-23, involving an additional expenditure of about Rs. 5½ lakhs.

4. We are informed that the main functions of the Survey Department are to provide Topographical Surveys and maps of the whole of India, to explore neighbouring countries where possible, to provide survey personnel for any military operations and to carry out any large surveys for the Military authorities, Local Governments or other Departments such as Forest, Geological, etc.

The sanctioned cadre of Class I Administrative officers is 62, of whom 51 are Military Officers, three-fourths of whom are Royal Engineer and one-fourth Indian Army Officers. We discussed with the Surveyor General the necessity for retaining such a large proportion of highly paid military personnel in this service and ascertained that the estimated number of officers required for survey work in an Afghan war is 14. It was stated that the main argument for retaining military officers was that they would form an efficient Royal Engineer reserve in case of a great war. This argument, however, does not apply to Indian Army officers and, further, we are of the opinion that the cadre of military officers should be progressively reduced and that any vacancies in class I administrative posts should be filled by cheaper civilian agency recruited from the existing staff if possessing the necessary qualifications. This would effect a substantial ultimate economy and we consider that an immediate saving of at least Rs. 50,000 should be effected by this means and by a reduction in staff in 1923-24.

5. We understand that there is throughout the Indian Empire an enormous aggregate expenditure every year on survey operations of all kinds which are urgently needed for various purposes and which are not paid for from Imperial Revenues. If these surveys were carried out in such a manner that they could be incorporated as part of the department's topographical maps, without the same areas having to be surveyed over again at the cost of Imperial Revenues, considerable economy would be effected. We are of the opinion that close co-operation between the Survey Department, Local Governments and other bodies requiring survey work to be carried out is essential if maps of the whole of India are to be prepared and maintained moderately up to date at a reasonable cost.

We now deal with the main headings under which the expenditure has largely increased since 1913-14.

#### 6. *Lithographic and Photographic Establishments*...

	Rs.
1913-14, Actual Expenditure . . .	1,60,745
1921-22, Actual Expenditure . . .	2,84,092
1922-23, Budget Estimate . . .	3,19,000

The large increase since 1913-14 is mainly due to increased rates of pay. Three additional map printing machines have been installed, making a total of 10 machines in use. The number of prints taken off increased from 2,286,845 in 1913-14 to 3,736,999 in 1920-21. The total staff employed has increased from 346 in 1913-14 to 388 at the present time and we are informed that reduction to pre-war numbers would be more than set off by reduced sales of maps.

We think however that a saving of about 20 per cent. should be possible in the expenditure of Rs. 42,100 on supplies and services which is mainly for photographic chemicals, the price of which has fallen considerably.

#### 7. *Trigonometrical Survey Office*—

	Rs.
1913-14, Actual Expenditure . . .	1,70,160
1921-22, Actual Expenditure . . .	3,10,636
1922-23, Budget Estimate . . .	3,64,560

The total staff employed in this office has increased from 166 in 1913-14, costing Rs. 1,35,000 to 278 in 1922-23, costing Rs. 2,90,000. We are informed that the additional staff was required to cope with increased work which necessitated the number of map printing machines being increased from 2 to 3. Additional pupil draftsmen were also engaged, but in view of the

necessity for retrenchment, the total staff employed has already been reduced by 40, saving Rs. 15,000.

The provision for contingencies has increased from Rs. 18,290 in 1913-14 to Rs. 64,900 for 1922-23, mainly due to the purchase of paper. A considerable reduction should be possible in 1923-24 and we think the provision should be limited to Rs. 40,000, a reduction of Rs. 24,900.

#### 8. *Mathematical Instrument Office—*

	Rs.
1913-14, Actual Expenditure . . . . .	1,73,081
1921-22, Actual Expenditure . . . . .	3,87,880
1922-23, Budget Estimate . . . . .	4,46,820

The Mathematical Instrument Office is a depôt for the supply, repair and adjustment of mathematical and other instruments used in various government departments and offices. It also acts as a storage depôt.

The accounts of this office were recently examined by Messrs. Price Waterhouse and Company, who submitted their report in April 1922. They recommended that the present system of accounts should be revised on a commercial basis and in their report they stated that, in their opinion, the Mathematical Instrument Office is not of a size to render necessary the retention of three higher officials in the shape of an Officer-in-charge, a Works Manager and an Accountant. No action has yet been taken on this report and we consider that the matter should be dealt with without further delay.

We are informed that instruments are issued at the book value *plus* 25 per cent. to *quasi*-commercial departments of Government and that repairs are charged for at cost price *plus* 10 per cent. For other Government Departments and offices no percentage additions are made. We consider that the charges should be fixed on a uniform basis for all departments and cover the full cost of all overhead expenses.

We have ascertained that it is the practice to maintain a stock of instruments adequate for meeting any ordinary local emergency without delay and that indents are based upon the average issues of each class of instrument. The total receipts, issues and stock on hand for 1921-22 were as follows :—

	Value. Rs.
Stock on hand 31st March 1921 . . . . .	9,51,480
Total receipts . . . . .	13,30,189
Total issues . . . . .	11,08,821
Stock on hand 31st March 1922 . . . . .	11,72,848

During the first 8 months of the current year the value of the receipts was Rs. 5,72,695 and of the issues Rs. 6,90,119 and it would appear probable that at the end of the current year there will still be one year's supply of instruments, etc., on hand. We are of the opinion that these stocks should be reduced to not more than 6 to 9 months' supply of imported stores and 3 months' supply of stores manufactured in India. Further we think that Departments should be required to forward half-yearly indents to the Mathematical Instrument Office and that orders for imported stores should be based on the actual demands of the Departments instead of on their anticipated requirements.

#### 9. *Survey Parties—*

	Rs.
1913-14, Actual Expenditure . . . . .	23,97,653
1921-22, Actual Expenditure . . . . .	34,08,933
1922-23, Budget Estimate . . . . .	37,24,310

There are 12 Survey parties all of which are employed on topographical work but it is proposed that one of these should be diverted to a large scale survey of the Jherriah and Raniganj coal fields though the cost of the party will still fall on central revenues.

We are of the opinion that in the present financial circumstances the country cannot afford to maintain 12 survey parties and we consider that it

should be possible to come to some satisfactory arrangement in the manner already outlined under which where survey work is required by Local Governments or others it should be undertaken by certain of the survey parties on special terms to be agreed, provided that the results can be satisfactorily incorporated in the topographical maps.

10. Unless this can be done, we think that the number of survey parties should be so limited that, after taking into account the economies of Rs. 98,000 which we have indicated in other branches, the total net estimate for the Survey of India on its present basis will be reduced to Rs. 26,00,000 for 1923-24 as compared with Rs. 35,09,000 for 1922-23, a saving of Rs. 9,09,000.

11. It has been decided that certain survey expenditure is at present included under other heads, namely, Rs. 1,48,000 under Land Revenue and Rs. 1,30,000 under Forests should be transferred to the Survey of India. We understand that the charges shown under Land Revenue represent a book transfer of a portion of the cost of the Surveyor General's office, and that those shown under Forests are largely on account of work done for Local Governments. We consider that all work of the latter nature could best be dealt with in the manner we have just suggested, and we assume that at least one-half of the expenditure transferred from the Forest head should be recoverable. In dealing with the Land Revenue and Forest heads we take credit for the transfer of these items of expenditure to the Survey of India, and there will therefore be an additional charge to be borne by this head. Allowing for this, we suggest that the total net budget of the Department should be fixed for 1923-24 at Rs. 28 lakhs—a total saving of Rs. 9,09,000 of which Rs. 7,09,000 accrues under this head.

12. We consider that the question of retaining the headquarters of the Survey Department on its present valuable site in Calcutta should be again examined. The land and buildings now occupied would realize a very considerable sum probably much in excess of the cost of a new site and buildings elsewhere. This matter was considered by a Committee in 1916 and they made certain recommendations in this direction which, however, so far have not been acted upon.

#### METEOROLOGY.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actual Expenditure . . . . .	4,27,266	<i>nil</i>
1921-22, Revised Estimate . . . . .	6,16,000	20,500
1922-23, Budget Estimate . . . . .	7,14,000	18,300

13. Since 1913-14 the expenditure has increased by Rs. 2,87,000 of which Rs. 78,000 is due to revision of pay, Rs. 38,000 to increased establishments and the remainder to contingencies, including the cost of special investigations.

The total staff employed on the 1st April 1922 compared with 1913-14 was as follows :—

	1914.	1922.
Officers . . . . .	13	14
Clerks . . . . .	130	158
Menials . . . . .	89	98

The Department has suggested the abolition of the post of one officer and other economies which will effect an annual saving of Rs. 60,000. In addition, it is proposed to raise the charge for the "Daily Weather Reports" and curtail the free issue which it is anticipated will increase the revenue by Rs. 4,000 per annum.

The main work of the Department consists of obtaining the particulars necessary for the compilation of the daily weather report and for the issue of storm and flood warnings. Information is obtained from 175 observatories daily and also from ships in the Arabian Sea. Storm warnings are issued to 73 Ports and warnings of heavy winds and floods are issued to 232 officers mainly connected with Canals, Railways, and Irrigation works which are

liable to be seriously damaged. We have considered the question of reducing the number of reporting stations but no appreciable economy could be effected without a substantial reduction in the number of inland reporting stations. In Bengal, where the stations are most numerous, there is only one reporting station to every 6,000 square miles, and we were informed that any large reduction would make it impossible for the Department to estimate the position of the rainbearing storms. In these circumstances we are unable to recommend any reduction in the number of stations.

The Agra Aerological Observatory, with its 8 sub-stations costing Rs. 73,650 for 1922-23, is maintained primarily for Upper Air Work observations. India is pledged as a signatory to the Air Convention to obtain a knowledge of the air conditions over India and, although the establishment has only been sanctioned temporarily until March 1923, we consider that information in regard to Upper Air conditions is essential for aviation, and general meteorological purposes and we do not therefore recommend any reduction.

We are of the opinion that the "Monthly Weather Review" should be abolished, and that weather reports should be discontinued in Madras and elsewhere during periods when no important rainfall occurs. These economies would, we understand, effect a further saving of roughly Rs. 12,000 per annum and in addition we think that reductions should be possible in the staff of temporary clerks and menials and also in the expenditure on supplies, services and contingencies. We recommend therefore that the gross estimate for 1923-24 should be reduced to Rs. 6,30,000, a saving of Rs. 84,000.

#### GEOLOGICAL SURVEY.

	Rs.
1913-14, Actual Expenditure . . . . .	3,06,000
1921-22, Revised Estimate . . . . .	4,37,000
1922-23, Budget Estimate . . . . .	6,46,000

14. Of the total increase of Rs. 3,40,000 in the expenditure for 1922-23 compared with 1913-14 Rs. 1,46,700 is due to revision of pay, Rs. 1,44,300 to increased establishment and the remaining Rs. 49,000 to other causes.

The sanctioned establishment for 1922-23 compared with 1913-14 is as follows :—

	1913-14.	1922-23.
Officers . . . . .	24	37
Sub ordinate Draftsman, Clerks and Servants . . . . .	77	77
Total . . . . .	101	114

The number of Officers actually employed at the present time is only 31 as considerable difficulty has been experienced in obtaining suitable candidates for existing vacancies and no Indian recruits have been forthcoming.

The primary function of the Geological Survey is to investigate and estimate the mineral resources of India which can only be done by a systematic survey of the whole country. During recent years considerable developments have taken place to meet war requirements, wolfram was discovered in large quantities in Burma, chromite in Baluchistan and in Singhbhum and manganese ore in the Central Provinces. The Department also played an important part in increasing the development of the Burma oil fields, the copper smelting industry in Singhbhum the Bokaro coal fields, etc.

We consider that in view of the importance of geological survey to the development of the mineral resources of the country and the large revenue from royalties which accrues to the country generally, it would be false economy materially to curtail the activities of the Department. We think, however, that the filling of existing vacancies might be postponed until Indian recruits are available, which we understand will effect a saving of Rs. 67,000 in 1923-24; also we are of opinion that, as Provincial Governments are responsible for the development of their mineral resources, the Department should work in close co-operation with them on the lines of the arrangements made with Burma and contemplated with Madras.

## BOTANICAL SURVEY.

	Rs.
1913-14, Actual Expenditure . . . . .	45,000
1921-22, Revised Estimate . . . . .	28,89,000
1922-23, Budget Estimate . . . . .	27,15,000

15. The large increase in expenditure compared with 1913-14 is almost entirely due to the purchase and preparation of reserve stocks of quinine, and the development of the recently established cinchona plantation in Burma. The Department has suggested reductions in expenditure for 1923-24 to the extent of Rs. 15,000 in administrative charges and miscellaneous expenses and of Rs. 4,08,000 in the purchase of quinine.

Quinine is purchased by the Secretary of State under contracts with the Java Combine and Messrs. Howards and Sons, London. The Java Combine contract, which expires next year, provides for the supply of 20,000 kilos (44,000 lbs.) of quinine per annum, the price payable c.i.f. Calcutta at the current rate of rupee exchange, being the official London quotation of the Kina Bureau Amsterdam less 10 per cent. The contract with Messrs. Howards and Sons, provides that the Secretary of State shall purchase, if available, bark sufficient to yield 20,000 kilos (44,000 lbs.) of quinine per annum until July 1928 and be entitled to purchase additional supplies if available to the extent of 17,500 kilos (38,500 lbs.).

16. We are informed that in 1912 the Government of India considered it desirable to form a reserve of quinine representing at least five times the annual demand upon Government and that the matter has not been reconsidered since that date. The reserve stock to be maintained has been fixed at 400,000 lbs. on an assumed demand on Government sources of 80,000 lbs. per annum which was based upon the anticipation of a large increase in consumption. The actual demand has been small during recent years owing, it is stated, to the absence of adequate propaganda, prejudice against the use of quinine, lack of facilities for purchase by the public and high prices.

The estimated average annual consumption of quinine in India is 150,000 to 160,000 lbs. per annum of which roughly one-half is said to be supplied from Government sources and the other half by private importation. Quinine is produced in Madras and Bengal under the auspices of the Local Governments. In Madras the production amounts to about 30,000 lbs. per annum but the plantations are rapidly becoming exhausted and supplies from this source will probably cease in about five years' time. The Bengal plantations are stated to be capable of producing about 35,000 lbs. per annum and this amount will probably be gradually increased to 50,000 lbs. during the same period. The total amount of quinine purchased or produced during the past three years, the quantities issued during each year and the stocks on hand at the end of the year together with estimates for the current year were as follows :—

Year.	IMPERIAL STOCKS.			MADRAS.			BENGAL.		
	Purchased.	Issued.	Stock on hand.	Purchased or produced.	Issued.	Stock on hand.	Produced.	Issued.	Stock on hand.
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
1919-20 . . .	127,689	18,951	113,689	16,054	20,108	19,837	18,138	62,434	50,356
1920-21 . . .	655	15,800	98,544	24,576	28,711	15,702	23,984	34,509	39,831
1921-22 . . .	74,456	nil	173,300	31,400	23,878	23,524	22,713	34,006	28,538
1922-23 . . .	68,000	11,000	230,000	30,000	30,000	23,234	13,500	24,003	18,005

The total issues to the public from Government sources\* during the year 1921-22 and estimated for 1922-23 amounted to 57,884 lbs. and 65,033 lbs. respectively. The total Government stocks on hand on the 31st March 1921 amounted to 154,077 lbs. which, it is estimated, will be increased to 271,000 lbs. by the 31st March 1923, representing about four years' supply on the basis of the average issues during the past 3 years. We are informed

that, if a big epidemic of malaria were to break out, say, in the Punjab, the consumption from Government supplies might easily be increased by 150,000 lbs. but even in this eventuality the present stocks appear ample to meet all requirements. We understand that, under the contract with Messrs. Howards, 46,000 lbs. of quinine in bark are likely to be supplied in 1923-24 at a cost of Rs. 6,90,000 and that under the Java contract 39,600 lbs. will be supplied at a cost of Rs. 8,85,000. We are of the opinion that the amount to be purchased under the contract with Messrs. Howards and Sons can safely be limited to the minimum of 44,000 lbs. for 1923-24 which will effect a further reduction of Rs. 30,000. The total provision for 1923-24 will thus be Rs. 15,45,000, a reduction of Rs. 8 lakhs on the provision for the purchase of quinine in the current year's estimate.

17. With a view to ensuring sufficient supplies of quinine to meet the growing requirements of India, a new plantation has been started in Mergui. The original intention of Government when they decided to start a plantation in Burma, was to supply not merely India but the whole Empire with quinine. This proposal has now been modified and the present programme provides for planting 500 acres annually which will, on a conservative estimate, produce 90,000 lbs. of quinine per annum commencing with the year 1928. In view of the present financial conditions we consider that the acreage to be planted during the next four years should be restricted to 250 acres per annum saving Rs. 50,000.

18. The savings indicated amount to Rs. 8,65,000 and, allowing for some reduction in freight charges, we are of the opinion that the budget estimate for 1923-24 should be limited to Rs. 18,35,000, a total reduction of Rs. 8,80,000 on the estimates for 1922-23.

#### ZOOLOGICAL SURVEY.

	Rs.
1913-14, Actual Expenditure . . . .	1,28,711*
1921-22, Revised Estimate . . . .	1,56,000
1922-23, Budget Estimate . . . .	1,77,000

\* Zoological section of the Calcutta Museum.

19. The estimate for 1922-23 includes a non-recurring grant of Rs. 22,500 to the Bombay National History Society for the completion of the Mammal Survey of India.

The Zoological Survey was instituted in July 1916, its main functions being to act as guardian of the zoological collection of the Indian Empire, to assist in the identification of zoological specimens and to obtain the fullest possible information about the systematic and geographical zoology of the Indian Empire.

The total staff employed on the 1st April 1922 was 66 compared with 58 on the 1st April 1921 the increase being due to the employment of one additional technical subordinate and 7 additional menials.

We are of the opinion that in the present financial circumstances the establishment should be reduced to the 1921-22 level, that the expenditure on supplies and services and contingencies for which Rs. 46,700 was provided for 1922-23, should be curtailed and that the provision for 1923-24 should be limited to Rs. 1,30,000.

#### ARCHÆOLOGICAL SURVEY.

20. The estimate for 1922-23, including a supplementary grant of Rs. 29,000 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . . .	3,57,850
1921-22, Revised Estimate . . . .	15,10,000
1922-23, Budget Estimate . . . .	16,29,000

The large increase in expenditure since 1913-14 is partly due to the reforms under which all expenditure on Archæology has become a charge on central revenues, whereas formerly the greater part of the cost of conservation

of ancient monuments was paid for from provincial revenues. The total expenditure in 1913-14 including the amount expended from provincial revenues was Rs. 7,69,578.

We are informed that the provision for 1922-23 has been allocated approximately as follows :—

	Rs.	Rs.
Repair and maintenance of monuments—		
Ordinary repairs and maintenance . . . . .	1,75,000	
Special repairs . . . . .	3,75,000	
		5,50,000
Upkeep of gardens . . . . .		1,75,000
Provincial public works overhead charges for conservation work . . . . .		1,64,000
General Administration . . . . .		5,00,000
Publications, special charges and contingencies . . . . .		2,40,000
TOTAL . . . . .		16,29,000

The total number of monuments declared “protected” under the Ancient Monuments Preservation Act and accepted as a central charge by the Government of India is 2,521, in addition to which the Department are conserving about 80 monuments in such Indian States as have not sufficient resources to do the work themselves. Sufficient funds have not been forthcoming for the proper maintenance of all the protected monuments and the number actually under annual repair is 811, on 131 of which special conservation work is in progress or new works of special repair have been undertaken.

We appreciate that each of the protected monuments may have a considerable historical or archaeological value, but the cost of maintenance must necessarily increase with the age of the monuments and the liability on the central revenues will ultimately become very great if the whole of the 2,511 monuments are to be properly maintained. We consider therefore that the list of protected monuments should be drastically curtailed and that not more than 500 monuments should be maintained from central revenues, leaving to public liberality the maintenance of other monuments to which public interest may attach.

We recommend that during the present period of financial stringency the provision for the repair and maintenance of monuments should be limited to Rs. 3,00,000, exclusive of overhead charges, saving Rs. 2,50,000.

21. With regard to the provision of Rs. 1,75,000 for upkeep of gardens, we believe that some economies could be made, without materially affecting the appearance of these gardens and we recommend that, until financial conditions improve, the provisions for the upkeep of gardens be limited to Rs. 1,25,000, saving Rs. 50,000, which recommendation the Department is prepared to accept.

22. The Provincial Public Works charges amounting to Rs. 1,64,000 represent a percentage addition averaging  $22\frac{1}{2}$  per cent. for overhead charges for conservation work carried out under the supervision of the Local Governments. The proposed reduction in conservation work will therefore automatically effect a corresponding saving in overhead charges of about Rs. 85,000 and we think that some further reduction should be possible in the percentage charged by Local Governments.

23. We consider that the cost of administration, Rs. 5,00,000, should be considerably reduced. The total staff employed in the Archaeology at the present time compared with 1913-14, including the staff taken over from Madras and Burma, is as follows :—

	1913-14.	1922-23.
Officers . . . . .	15	18
Technical Assistants . . . . .	35	42
Office Assistants . . . . .	20	45
Menials . . . . .	41	76
Temporary staff . . . . .	15	33
TOTAL . . . . .	126	214

We are of the opinion that the reductions we have proposed should enable some economy to be effected in the headquarters staff and that the total provision should be limited to Rs. 3,50,000 which is slightly in excess of the expenditure in 1921-22. This will effect a saving of Rs. 1,50,000.

24. The expenditure for 1922-23 also included a number of special items as follows :—

	Rs.
Furnishing the Central Asian Museum at Delhi . . . .	26,850
Expenditure in Afghanistan . . . . .	24,000
Publication and exhibition of Sir Aurel Stein's Central Asian Funds.	38,130
<b>TOTAL</b> . . . . .	<b>88,980</b>

These items are non-recurring and a corresponding saving will therefore accrue in future years, making, with the reductions previously suggested, a total saving of Rs. 6,25,000. We recommend that the total provision for Archaeology should be limited to Rs. 10,00,000.

#### MINES.

	Rs.
1913-14, Actual Expenditure . . . . .	98,000
1921-22, Revised Estimate . . . . .	1,69,000
1922-23, Budget Estimate . . . . .	2,27,000

25. The total increase in expenditure since 1913-14 is Rs. 1,29,000 of which Rs. 51,000 is due to revision of pay, Rs. 67,000 to increased establishment and Rs. 11,000 to other causes. The total staff employed has increased from 58 to 70.

The main functions of the department are statutory under the Indian Mines Act, 1901— and the principal duties may be summarised as follows :—

- (1) To inspect all mines and see that the provisions of the Act and the rules made thereunder are observed.
- (2) To examine and enquire into all matters connected with the safety of persons employed in mines.

Since 1913-14 the Indian Mines Act has been extended to the Northern and Southern Shan States, and the number of mines falling under the scope of the Act has increased from 1,426 in 1913 to 1,741 in 1921. The following statistics in regard to the coal mines illustrate the development which has taken place since 1913-14 :—

Year.	No. of Mines.	Coal production.	No. of persons employed.	No. OF DEATHS PER	
				Million tons raised.	1,000 persons employed.
		Tons.			
1913 . . . .	602	15,486,318	133,042	11.95	1.39
1919 . . . .	741	21,759,727	190,052	11.95	1.37
1921 . . . .	884	18,358,000	190,647	13.99	1.35

The total number of inspections carried out by the Department in connection with all mines has increased from 631 in 1913 to 1,233 in 1921 and the increased use of electricity in coal mines has necessitated the employment of an Electrical Inspector costing Rs. 26,000 per annum.

The Mines Surveying staff is mainly employed on surveying mines in connection with the safety of Railways, the number of workings under Railways which were surveyed in 1921 being 38. We are of the opinion that the question of recovering the cost of such surveys from the Railways or Mine owners as the case may be should be considered in connection with any amendment to the Land Acquisition (Mines) Act, 1885.

We also think that some economy could be effected by a curtailment of the free issue of the departmental publications and that additional revenue

might be derived therefrom. In view of the necessity of safeguarding adequately the workers in mines, we do not recommend any reduction in the expenditure for 1923-24 compared with 1922-23.

#### OTHER SCIENTIFIC DEPARTMENTS.

	Rs.
1913-14, Actual Expenditure . . . .	43,767
1921-22, Revised Estimate . . . .	3,55,000
1922-23, Budget Estimate . . . .	4,05,000

26. The large increase in expenditure since 1913-14 is mainly due to increased contributions to Scientific Societies and Institutes and to some reclassification of expenditure under the Reforms scheme.

The expenditure is sub-divided under main heads as follows:—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Calcutta Museum . . . .	35,027	59,900	73,700
Donations to Scientific Societies and Institutes. . . .	5,833	2,35,000	2,57,000
Board of Scientific Advice . . . .	2,907	2,500	2,600
Hydro-Electric Surveys . . . .	...	...	25,700
Expenditure in Minor Administrations. . . .	...	34,000	46,000
<b>TOTAL</b>	<b>43,767</b>	<b>3,21,000</b>	<b>3,59,000</b>

27. *Calcutta Museum*.—The large increase in the expenditure on the Calcutta Museum is due mainly to the increase in cost of the Archæological Section from Rs. 7,489 in 1913-14 to Rs. 32,400 required for the current year. The staff employed in this section has increased as follows:—

	1913-14.	1922-23.
Administrative and clerical . . . .	1	2
Technical . . . .	2	6
Servants . . . .	4	12

The cost of salaries and wages has increased from Rs. 2,634 in 1913-14 to Rs. 20,020 and we think that a considerable reduction in the number employed should be effected and the cost reduced to about Rs. 10,000. The expenditure on allowances Rs. 6,110 includes Rs. 2,800 for travelling expenses to enable the Superintendent to tour and collect antiquities. We consider that no provision should be allowed for touring in 1923-24 and that the expenditure on allowances should be limited to Rs. 3,000. A reduction of Rs. 1,500 should also be possible in the provision for contingencies and we recommend that the total provision for the Archæological section should be limited to Rs. 17,800, a reduction of Rs. 14,600.

28. *Donations to Scientific Societies and Institutes*.—The main items included under this heading are grants of Rs. 1,50,000 to the Indian Institute of Science and of Rs. 1,00,000 to the Bose Research Institute.

The Indian Institute of Science provides for advance studies and research in organic and applied chemistry and electric technology. Under the Charitable Orders Act, 1890, the Government undertook in 1909 to make a grant equal to one-half the income of the Institute from local sources, including endowments and contributions, subject to a maximum grant of Rs. 1,50,000. In recent years the local assets have risen considerably above Rs. 3,00,000 per annum and the Government of India are therefore liable for the full Rs. 1,50,000 per annum.

The Bose Institute carries out researches connected with plant physiology, animal physiology and other cognate subjects. In this case also the Government grant is based upon the private income of the Institute and is only liable to be discontinued in the event of two unfavourable reports being received in succession.

A grant of Rs. 1,900 is given to the night and elementary School at Bangalore which we consider should be included in the Bangalore Budget as a charge against the revenues of the Assigned Tracts.

29. *Board of Scientific Advice and Hydro-Electric Surveys.*—We are informed that the Board of Scientific Advice will shortly be abolished and that no provision is proposed for this Board or for Hydro-Electric Surveys in 1923-24, thus saving Rs. 28,300.

30. *Expenditure in Minor Administrations.*—The provision for 1922-23 includes Rs. 10,000 for Hydro-Surveys in Delhi which will not be required in 1923-24. Other minor economies should also be possible in Delhi and the North-West Frontier Province, and we consider that the provision for expenditure in the Minor Administrations should be limited to Rs. 30,000 for 1923-24.

#### EXPENDITURE IN ENGLAND.

	£
1913-14, Actual Expenditure . . . . .	39,100
1921-22, Revised Estimate . . . . .	117,500
1922-23, Budget Estimate . . . . .	82,500

31. This expenditure for 1922-23 is subdivided as follows:—

	£
Expenditure under the control of the Secretary of State—	
Sundry Items . . . . .	5,900
Expenditure under the control of the High Commissioner for India—	
Leave and deputation allowances . . . . .	27,400
Contribution to the Mineral Resources Bureau . . . . .	2,200
Stores for India . . . . .	47,000
<b>TOTAL</b> . . . . .	<b>82,500</b>

The amount included in the Secretary of State's Budget under this heading is only £3,200, including £2,500 for the Fauna Indica, presumably a non-recurring grant, £200 for the Linguistic Survey and £500 for contingencies. We consider the expenditure for 1923-24 should be limited to the £200 required for Linguistic Survey.

The provision of £27,400 for leave and deputation allowances includes a grant of £1,400 to the Imperial Institute which we suggest should be discontinued.

The contribution of £2,200 to the Mineral Resources Bureau expires on January 1st, 1923. The objects of this Bureau are the collection and dissemination of information and advice on the mineral resources of the Empire. It is an Imperial Bureau supported by the Dominions, Colonies and the Home Government, but in view of the present financial situation we think that future contributions should be limited to £1,000.

Of the £47,000 included for stores £12,000 was brought forward from 1921-22. At our request the provision has been analysed as follows:—

	£
Director General of Observatories . . . . .	6,100
Mathematical Instrument Office . . . . .	13,025*
Photo-Litho Office . . . . .	21,546†
Trigonometrical Survey Office and Parties . . . . .	5,085
Drawing Office . . . . .	1,320
Engraving Office . . . . .	265
Geological Survey of India . . . . .	566
Botanical Survey . . . . .	14
For rounding . . . . .	79
<b>TOTAL</b> . . . . .	<b>47,000</b>

\*Includes £2,000 brought forward from 1921-22.

†Includes £10,000 brought forward from 1921-22.

We have already referred to the large stock of stores held by the Survey Department and, bearing in mind the curtailment in the activities of the various Departments which we have recommended and the fall in prices

which has taken place, we are of the opinion that the total expenditure on stores for 1923-24 should not exceed £20,000.

32. We recommend that the total provision for expenditure in England in 1923-24 should be reduced from £82,500 to £47,500, saving £35,000 or Rs. 5,25,000.

## CONCLUSIONS.

Having reviewed the expenditure for Scientific Departments we recommend that:—

- (1) the cadre of military officers in the Survey of India be progressively reduced and vacancies filled by less expensive civil agency ;
- (2) survey work required for local Governments and local bodies be undertaken on special terms to be arranged, or the number of survey parties be reduced, securing, with other economies suggested, a reduction of Rs. 7,09,000 in the net expenditure of the Survey of India ;
- (3) existing vacancies in the Geological Survey remain unfilled until Indian recruits are available and arrangements be made with other local Governments on the lines adopted for Burma ;
- (4) the purchase of quinine be restricted to Rs. 15,15,000 and the area to be planted annually in Tavoy be reduced to 250 acres ;
- (5) the list of protected monuments and the provision for repair and maintenance of monuments and gardens be reduced and the provision for Archæology restricted to Rs. 10,00,000 ; and
- (6) the total provision for 1923-24 under the head "Scientific Departments" be limited to Rs. 82,58,000, a saving of Rs. 30,02,000.

SUPPLEMENTARY NOTES BY THE HON'BLE MR. PURSHOTAMDAS  
THAKURDAS ON METEOROLOGICAL DEPARTMENT.

Till now Simla has been the headquarters of the Meteorological Department. Not only is a large part of the information supplied by this Department collected, tabulated and distributed from there, but it is the headquarters where all the administrative work is undertaken, except that of the issue of forms and instruments, which are sent out from Calcutta. The Director General of Observatories did not give any scientific reasons necessitating that the headquarters of his establishment should be at such a naturally expensive and remote place as Simla. I understand that the Government building which his establishment occupies at Simla is only temporary and will require to be rebuilt before long. I recommend that, at the latest, when the time for rebuilding comes, the necessity and advisability of locating the Director General at Agra, which is already the headquarters of the net work of upper air stations, should be seriously considered. I expect that a reduction by one Director of the Department is possible with the transfer of the headquarters of the Department. Further savings will accrue in :—

- (a) The Simla allowance of the clerical staff,
- (b) Lower travelling charges and allowances, and
- (c) Cheaper building cost for the new buildings.

In view of the grave financial stringency, these savings are not to be despised, even though, as urged by the Director General, the transfer from Simla to Agra may entail some diminution in the intellectual output of the superior staff during the hot weather—a general handicap common to the majority of officers working in the plains.

DELHI; } PURSHOTAMDAS THAKURDAS,  
The 6th February 1923. }

## EDUCATION.

The estimates for 1922-23 compare with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . . .	17,89,000
1921-22, Revised Estimate . . . .	31,09,000
1922-23, Budget Estimate . . . .	32,96,000

2. Education is a provincial transferred subject and the figures shown above relate only to expenditure on education in the minor administrations and to certain grants-in-aid made by the Central Government. The expenditure is subdivided under the main heads shown below :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
GRANTS-IN-AID BY CENTRAL GOVERNMENT . . . .	3,36,000	2,70,000	3,01,000
MINOR ADMINISTRATION . . . .	12,97,000	27,03,000	28,57,000
	16,33,000	29,73,000	31,58,000
EXPENDITURE IN ENGLAND (Rs. 15 =£1) . . . .	1,56,000	1,36,000	1,38,000
TOTAL . . . .	17,89,000	31,09,000	32,96,000

## 3. GRANTS-IN-AID.

	Rs.
1913-14, Actual Expenditure . . . .	3,36,000
1921-22, Revised Estimate . . . .	2,70,000
1922-23, Budget Estimate . . . .	3,01,000

The grants-in-aid to Universities and Chiefs' Colleges are distributed as follows :—

	Rs.
Calcutta University . . . . .	13,000
Benares Hindu University . . . . .	1,00,000
Aligarh Muslim University . . . . .	1,00,000
Chiefs' Colleges . . . . .	53,000
Construction of High School at Pusa . . . . .	30,000
Contingencies and rounding . . . . .	5,000
TOTAL . . . . .	3,01,000

The grant to the Calcutta University is for the maintenance of the Chair of Economics created by the Government of India in commemoration of the Jubilee of the University in 1908 and, in the circumstances, we make no recommendation.

The Benares and Aligarh Universities are central subjects under the Devolution Rules. We are informed that the Government of India are definitely committed to the grants now made to these institutions.

The grants to Chiefs' Colleges consist of Rs. 25,000 to the Rajkumar College, Rajkot, and Rs. 28,000 to the Aitchison College, Lahore. Similar grants to the Daly College, Indore, and the Mayo College, Ajmer, are dealt with in our observations on the expenditure on education in Central India and

Rajputana respectively. We understand that the subvention to these colleges was based on the increased cost of the staff due to the reorganization of 1903, the arrangement being that any subsequent increase in expenditure should be met from fees and contributions from sources other than public funds. As regards the Rajkot College we observe that the receipts in 1922-23, including the grant, are estimated to exceed the expenditure by Rs. 12,000 and we are informed that the college authorities hope to make the institution self-supporting in 1923-24. No provision should therefore be necessary.

The finances of the Aitchison College are in a less satisfactory condition. We are informed that only 16 per cent. of the students are from Indian States, the remainder coming from the Punjab and, in these circumstances, the question of discontinuing the grant is now being considered. Expenditure has been restricted, fees have been raised and an endeavour is being made to obtain increased contributions from the Ruling Princes and Chiefs in the Punjab. We consider that, if any grant is made, it should be limited to Rs. 15,000.

The High School at Pusa is primarily for the needs of the employees at the Pusa Agricultural Research Institute and we are informed that the proposed grant of Rs. 30,000 has been postponed until the future of the Institute is decided.

#### MINOR ADMINISTRATIONS.

4. The estimates for expenditure on Education in the Minor Administrations may be analysed under main heads as follows. Details for each administration are given in Appendix A :—

Head.	1913-14, Actual Expenditure.	1921-22, Revised Estimate.	1922-23, Budget Estimate.
	Rs.	Rs.	Rs.
Universities . . . . .	1,96,400	4,42,000	4,97,200
Secondary Education . . . . .	4,94,800	9,15,800	10,38,100
Primary Education . . . . .	4,62,800	9,01,500	10,46,800
Special Schools . . . . .	29,800	1,12,400	1,29,000
General . . . . .	1,12,800	3,30,900	4,00,500
TOTAL . . . . .	12,96,600	27,02,600	31,11,600

The figures for 1922-23 shown in the above table do not take into account reductions effected to meet the lump cut made by the Legislative Assembly on the total estimate for each minor administration.

Of the additional expenditure of Rs. 18,20,000 in the budget estimate for 1922-23 compared with 1913-14 only Rs. 5,84,000 was devoted to primary education with the result that the percentage of the total Government expenditure allocated to primary education fell from 35·7 per cent. in 1913-14 to 33·6 per cent. for 1922-23. This percentage is very low and in this connection it may be of interest to mention that in England 70 per cent. of the expenditure of the Government on education is spent on elementary education. It is evident that more attention has been given in the areas directly under the Government of India to the development of higher education than to the extension of primary educational facilities to the large mass of the population which is at present illiterate.

5. The average cost to Government funds per child educated in Secondary and Primary Schools in 1920-21 (the latest information available) is given in Appendix B. It will be observed that there are large variations in the cost per child in the different administrations for which particulars are available, but it will be more convenient to deal with the question when considering the

expenditure in the individual administrations. This is distributed as follows, taking into account the lump cuts made by the Assembly:—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province	4,88,000	11,85,000	11,05,000
Baluchistan . . . . .	1,07,000	1,98,000	2,72,000
Delhi . . . . .	98,000	4,51,170	5,52,950
Coorg . . . . .	66,000	1,24,180	1,51,000
Ajmer . . . . .	1,02,000	2,38,000	2,30,120
Rajputana . . . . .	82,000	1,11,690	1,09,770
Central India . . . . .	72,000	85,000	82,940
Hyderabad . . . . .	58,000	28,320	23,330
Bangalore . . . . .	2,24,000	2,81,640	3,29,890
	12,97,000	27,03,000	28,57,000

We now deal seriatim with the expenditure in each Minor Administration.

#### NORTH-WEST FRONTIER PROVINCE.

	Rs.
1913-14, Actual Expenditure . . . . .	4,88,000
1921-22, Revised Estimate . . . . .	11,85,000
1922-23, Budget Estimate . . . . .	11,05,000

6. The estimate for 1922-23 takes into account a reduction of Rs. 2 lakhs as part of the lump cut made by the Assembly on the estimates for this province. The actual reduction effected by the local authorities amounts to Rs. 1,23,277, the revised estimate for the current year being Rs. 11,82,000. Of this reduction Rs. 94,000 was secured from the grants-in-aid to primary and secondary schools.

7. *Universities.*—The total expenditure of Rs. 1,32,000 is made up of Rs. 65,000 for the Training College, Peshawar, and Rs. 67,000 for grants to private colleges. The main function of the Training College, Peshawar, is to train vernacular teachers for primary and middle schools in the Province. The Local Retrenchment Committee have reported unfavourably on the institution and we have ascertained that there are 5 teachers employed costing Rs. 41,000 for an average daily attendance of only 33 students. We consider the number of teachers excessive and that the grant should be reduced from Rs. 65,000 to Rs. 40,000 for 1923-24.

The private colleges to which grants are made are the Islamia College, Rs. 50,000, Edwards College, Peshawar, Rs. 12,000 and the second grade college at Dera Ismail Khan Rs. 5,000. We are informed that the finances of the Islamia College are in a precarious condition and that it is possible that the college will close down owing to the recent refusal of the Government to increase its grant. We consider that the contribution now made should not be increased and that any additional funds required should be obtained by raising the fees to students and by increased private contributions from those interested. We also think that the contribution of Rs. 5,000 made to the second grade college at Dera Ismail Khan should be withdrawn. There are 5 teachers, costing Rs. 9,432, employed at this college for an average daily attendance of only 17 students.

8. *Secondary Education.*—The cost of secondary education has increased from Rs. 79,900 in 1913-14 to Rs. 3,18,000 required for 1922-23. The average cost to Government per student in the Government schools in 1920-21 (the latest information available) was Rs. 76 compared with Rs. 46 in the Punjab and for India generally (see Appendix B). From particulars which

have been supplied to us it appears that the number of teachers employed in Government Schools is considerably in excess of the pre-war standard as shown below :—

Year.	Number of Government schools.	Number of teachers.	Average daily attendance of students.	Number of students per teacher.
1913-14	6	73	1,538	21.1
1921-22	7	98	1,243	12.7

The cost of teachers' salaries in these schools increased from Rs. 56,805 in 1913-14 to Rs. 1,34,102 in 1921-22, whereas, had the ratio of teachers to students remained constant, 40 less teachers would have been employed, saving about Rs. 50,000. We consider that the pre-war standard of staffing was ample and that the grant for 1923-24 should be reduced by Rs. 50,000.

The number of aided High Schools has increased from 8 in 1913-14 to 13 in 1921-22 and the ratio of students to teachers has declined as shown below :—

Year.	Number of schools.	Number of teachers.	Average daily attendance of students.	Average number of students per teacher.
1913-14	8	150	3,116	20.7
1921-22	13	248	4,362	17.6

We consider that in this case also the pre-war standard of staffing should suffice, saving 38 teachers. Similarly in the Middle Board Schools the number of students per teacher has fallen from 24.0 in 1913-14 to 19.8 in 1921-22 involving the employment of 73 more teachers than would be necessary under the pre-war standard of staffing.

It is evident from the above figures that the standard of staffing is on an extravagant scale and we think that the provision for secondary education in this administration should be rigorously curtailed and limited to Rs. 1,50,000 for 1923-24, saving Rs. 1,68,000.

9. *Primary Education.*—The cost of primary education has increased from Rs. 2,86,700 in 1913-14 to Rs. 6,66,000 required for 1922-23. The average cost to Government funds of each child educated in 1920-21 was Rs. 20-11-0 compared with Rs. 13-10-0 the average for India.

The number of Board Schools has increased from 421 in 1913-14 to 616 in 1921-22 and, as in the case of the secondary schools, the average number of students per teacher has declined although not to the same extent. The corresponding figures for the primary Board Schools are as follows :—

Year.	Number of schools.	Number of teachers.	Average daily attendance of children.	Number of children per teacher.
1913-14	421	637	15,189	23.7
1921-22	616	916	20,616	22.5

The adoption of the pre-war standard of staffing in this case would mean a saving of 51 teachers. We consider, however, that the average of 23.7 pupils per teacher is low for primary education and we think that endeavour should be made to increase the average to about 30 and in this connection we observe that the average number of pupils per teacher in the aided schools is 31.6.

We are informed that the provision of Rs. 6,60,000 for primary education in 1922-23 included Rs. 54,470 for increasing the pay of teachers, but that the Government have decided not to contribute towards the increased pay of

teachers in local Board Schools, saving Rs. 53,000. It is also proposed to reduce grants to Board Schools by Rs. 70,716 in the current year, making a total reduction of Rs. 1,23,716.

The figures which we have quoted indicate that a much larger number of children could receive the benefit of primary education without any increase in the number of teachers employed, but in view of the importance of extending primary education we make no recommendation.

10. *Special Schools*.—These schools costing Rs. 34,000 are for training teachers and we are informed that a saving of Rs. 19,000 is proposed for 1923-24.

11. *General Charges*.—The provision of Rs. 1,55,000 under general charges includes Rs. 27,000 for scholarships, but is mainly for inspection and administrative staff. The Department has proposed a reduction of Rs. 10,000 for 1923-24, but we consider that the expenditure under this head should be limited to Rs. 1,30,000.

#### BALUCHISTAN.

	Rs.
1913-14, Actual Expenditure . . . .	1,07,000*
1921-22, Revised Estimate . . . .	1,98,000
1922-23, Budget Estimate . . . .	2,72,000

\* Includes grants-in-aid distributed over other heads in later years.

12. Although Baluchistan must be regarded as a backward province in regard to education, the grants made from central revenues in 1922-23 for secondary education amount to Rs. 1,00,600 whereas only Rs. 91,000 are provided for primary education. The assistance now given to primary education is, however, relatively much greater than in 1913-14 (see Appendix A.) We have been supplied with the following particulars shewing the number of teachers and pupils at the various classes of schools.

Class of School.	Year.	Number of teachers.	Number of pupils attending daily.	Number of pupils per teacher.
Primary Schools . . . . .	1913-14	53	877	16·5
	1921-22	73	1,228	15·9
Secondary— Anglo-Vernacular School . . . .	1913-14	17	281	16·5
	1921-22	25	319	12·7
High Schools . . . . .	1913-14	24	429	17·9
	1921-22	34	684	20·01

We consider the average number of pupils per teacher in Primary and Anglo-Vernacular Schools is too low and that the number of teachers should be reduced to an average of not more than one teacher for 20 pupils. With regard to primary schools we think that provision should be made for the extension of primary educational facilities and we therefore recommend no reduction.

We understand that it is proposed to increase the fees for secondary education by 50 per cent. which will yield Rs. 12,500 and we recommend that the grant for secondary education be reduced by Rs. 15,000.

13. *General Charges*.—The provision under this head includes Rs. 42,750 for scholarships compared with Rs. 24,000 in 1921-22 and Rs. 3,900 in 1913-14. We recognise the desirability of making some provision to assist pupils of exceptional ability, but we think that in present circumstances the provision should not exceed the revised estimate of 1921-22, *i.e.*, Rs. 24,000.

#### DELHI.

	Rs.
1913-14, Actual Expenditure . . . .	1,43,000
1921-22, Revised Estimate . . . .	4,51,170
1922-23, Budget Estimate . . . .	5,52,950

14. In order to meet the reduction of Rs. 1,00,000 made by the Assembly in the Delhi estimates Rs. 55,000 was surrendered from the education grant for 1922-23. Even allowing for this reduction however the expenditure has increased by no less than 248 per cent. since 1913-14.

15. *Universities and Arts Colleges.*—The grant to Universities and Arts Colleges has increased from Rs. 14,200 in 1913-14 to Rs. 1,76,000 estimated for 1922-23. The latter figure was subsequently reduced to Rs. 1,41,500 made up as follows :—

	Rs.
Non-Government Arts Colleges . . . . .	91,500
Delhi University . . . . .	50,000

The grant to the Arts Colleges increased from Rs. 14,250 in 1913-14 to Rs. 67,725 in 1920-21 and in the latter year the cost to Government of each student was Rs. 117 compared with Rs. 60 per student in the Punjab and Rs. 48 in India generally. The grant was increased to Rs. 94,570 for 1921-22 and the cost per student rose to Rs. 162. These cost figures are based upon the number of students on the rolls which is considerably in excess of the average number attending daily. For example, the number of students on the rolls was 581, but the average daily attendance was only 466 and the cost to Government per student attending daily was therefore Rs. 203. We consider that there is no justification for the large grants given to Delhi colleges and recommend that the grants for 1923-24 be limited to Rs. 60,000. The grant of Rs. 50,000 for Delhi University is intended to provide a nucleus for a new University which, it is estimated, will ultimately involve an initial expenditure of Rs. 34,00,000 and an annual recurring expenditure of Rs. 2 to 4 lakhs. We understand that there is no lack of facilities for University education in Northern India and consider that the present financial conditions do not justify the formation of a new University. We recommend that the scheme be reconsidered.

16. *Secondary and primary education.*—The provision for secondary education has increased from Rs. 53,800 in 1913-14 to Rs. 2,00,500 for 1922-23, and for primary education from Rs. 24,000 to Rs. 91,800.

We have been supplied with the following particulars showing the number of teachers and pupils in the various schools in 1921-22 compared with 1913-14 :—

Class of School.	Year.	Number of teachers.	Number of pupils attending daily.	Number of pupils per teacher.
Secondary schools . . . . .	1913-14 . . . . .	166	2,211	13·3
	1921-22 . . . . .	450	5,905	13·1
Primary schools . . . . .	1913-14 . . . . .	242	Not available	...
	1921-22 . . . . .	260	6,097	23·4

We are of the opinion that the employment of 450 teachers costing Rs. 2,14,000 in secondary schools in 1921-22 is excessive for the number of students attending. We are informed that grants are made in accordance with the Punjab Educational Code, but we consider the system is not conducive to economy and should be revised ; we deal with this question later. We recommend that the grant for secondary education in 1923-24 should be limited to Rs. 1,50,000, a reduction of Rs. 50,500, but that no reduction should be made in the provision for primary education.

#### COORG.

	Rs.
1913-14, Actual Expenditure . . . . .	66,000
1921-22, Revised Estimate . . . . .	1,24,180
1922-23, Budget Estimate . . . . .	1,51,000

17. Of the total expenditure of Rs. 1,51,000 provided for 1922-23 only Rs. 44,280 are included for primary education whereas Rs. 60,660 are allocated to secondary schools.

The cost per pupil to Government funds in 1920-21 is shown in Appendix B from which it will be observed that the expenditure in Coorg compares favourably with that in the neighbouring Province of Madras except in the case of aided secondary schools.

The following table shows the number of teachers and pupils in secondary and primary schools in 1921-22 compared with 1913-14 :—

—	Year.	Number of teachers.	Number of pupils attending daily.	Average number of pupils per teacher.
Secondary . . . . .	1913-14	27	461	17.1
	1921-22	47	681	14.5
Primary . . . . .	1913-14	248	5,739	23.1
	1921-22	282	5,457	19.0

It will be seen that the average number of pupils per teacher is considerably less than in 1913-14. We are informed that it is proposed to raise the fees at secondary schools which will yield an additional revenue of about Rs. 1,000 for 1923-24 and that other economies are proposed, saving Rs. 12,000. We consider, however, that larger economies should be effected and recommend that the total provision for education in Coorg in 1923-24 should be reduced to Rs. 1,10,000, saving Rs. 41,000.

#### AJMER.

	Rs.
1913-14, Actual Expenditure . . . . .	1,02,000
1921-22, Revised Estimate . . . . .	2,38,000
1922-23, Budget Estimate . . . . .	2,30,120

18. The Budget estimate for 1922-23 was originally Rs. 2,80,120, but this was reduced by Rs. 50,000 as part of the cut made by the Legislative Assembly in the estimates of the province. We are informed, however, that the actual reduction made was only Rs. 9,634, the Revised estimate for 1922-23 being Rs. 2,70,486.

The original estimate of Rs. 2,80,120 for 1922-23 provided only Rs. 44,200 for primary education. We consider that relatively too much attention is being given to the development of higher educational facilities and that it would be desirable to devote a much larger proportion of such funds as may be available from central revenues to the extension of primary education.

19. *University*.—The grant to the Government College, Ajmer, has been increased from Rs. 28,614 in 1913-14 to Rs. 64,700 in 1922-23. The average daily attendance of students increased from 80 in 1913-14 to 89 in 1921-22, and the cost to Government of each student educated is now over Rs. 700 per annum.

In 1921-22 the teaching staff comprised a principal and 8 professors as against a principal and 6 professors in 1913-14, although the average daily attendance of students had only risen by 9. We consider that there is no justification for the increased staff and that in present financial circumstances the staff should be reduced to at least the pre-war level. We are informed that the question of raising the fees charged for tuition is now under consideration and we recommend that the grant for 1923-24 should be limited to Rs. 45,000.

20. *Secondary Schools*.—The grant for secondary education has increased from Rs. 46,700 in 1913-14 to Rs. 1,15,400 for 1922-23, the latter figure including Rs. 91,000 for Government Schools and Rs. 24,000 for aided schools.

The number of pupils and teachers in Government and aided schools in 1921-22 compared with 1913-14 was as follows :—

Class of School.	Year.	Number of schools.	Number of teachers.	Average number of pupils daily.	Number of pupils per teacher.
Government . . . . .	1913-14	10	57	1,159	20·3
	1921-22	12*	65	933	14·3
Aided . . . . .	1913-14	6	69	860	12·5
	1921-22	11	107	1,398	13·1

\*One since abolished.

This table shows that whereas the average daily attendance at the Government schools has fallen off, there has been an increase in the number of teachers employed. We consider that the number of teachers should be reduced to the pre-war standard, saving 19 teachers, also that the scale of fees which is lower than in the aided schools should be raised and the grant reduced to Rs. 70,000.

The standard of staffing in the aided schools is also excessive and we think the grant to these schools should be reduced to Rs. 10,000.

21. *Primary schools.*—The average number of pupils per teacher in the Government Primary Schools is only 19·4 and in the aided schools 12·7. We consider that these standards should be materially raised, which would set free funds for increasing the number of schools.

#### RAJPUTANA.

	Rs.
1913-14, Actual Expenditure . . . . .	82,000
1921-22, Revised Estimate . . . . .	1,11,690
1922-23, Budget Estimate . . . . .	1,09,770

22. The estimate for 1922-23 has been reduced by Rs. 5,180 to meet the cut made by the Legislative Assembly in the total budget of the Administration.

23. *University.*—The grant of Rs. 73,980 consists of a recurring grant of Rs. 55,020 made to the Mayo College and Rs. 18,960 for a leave reserve of officers for the Chiefs' Colleges who are attached to the Mayo College for administrative convenience. We are informed that the Government is committed to the assistance given to the Mayo College as long as the conditions under which the grant is made are observed.

24. *Secondary Education.*—We consider the grants-in-aid to secondary schools amounting to Rs. 34,100 should be reduced to Rs. 20,000. The grants are said to be based upon the number of students attending but we observe that in certain schools the number of pupils per teacher is only about 8, whereas in others it is 18.

#### CENTRAL INDIA.

	Rs.
1913-14, Actual Expenditure . . . . .	68,000
1921-22, Revised Estimate . . . . .	85,000
1922-23, Budget Estimate . . . . .	82,940

25. The main item included is Rs. 50,000 for the Daly College, Indore, which is a Chiefs' College and we are informed that the Government is committed to the grant now given and that no reduction is possible.

#### HYDERABAD.

	Rs.
1913-14, Actual Expenditure . . . . .	58,000
1921-22, Revised Estimate . . . . .	28,320
1922-23, Budget Estimate . . . . .	23,350

26. We are informed that it has been decided to reduce the grants-in-aid to Hyderabad by Rs. 2,250 to meet the cut made by the Assembly. These

grants include Rs. 18,490 for secondary education the cost of which we think should be met from local bazar funds and by increased fees and we recommend therefore that the provision for 1923-24 be reduced by Rs. 18,490.

#### BANGALORE.

	Rs.
1913-14, Actual Expenditure . . . .	2,24,000
1921-22, Revised Estimate . . . .	2,81,640
1922-23, Budget Estimate . . . .	3,29,890

27. This expenditure is met from the revenue of the Assigned Tracts and does not call for any special comment.

#### GENERAL.

28. *System of Grants.*—The basis of Government grants to schools and colleges in the different administrations varies considerably.

In some cases they are based upon the rules in force in neighbouring provinces and in other cases they are assessed on the total expenditure of the individual schools, on the salaries of teachers employed, on a fixed capitation allowance, or on the difference between income and expenditure, etc.

In the North-West Frontier and Delhi Provinces grants are of three kinds:—

- (a) Capital grants for buildings, equipment, etc.
- (b) Direct maintenance grants to (1) colleges and (2) secondary schools.
- (c) Grants to local bodies for the maintenance of vernacular and primary schools.

29. *Capital Grants.*—These grants are made usually on the pound per pound principle to the managers of private institutions for the erection or extension of school buildings and the purchase of school furniture.

30. *Direct maintenance grants to colleges.*—These grants are usually determined in each case after consideration of the special conditions of the college and in some cases Government may subsidise a college to avoid the necessity of opening a Government college.

31. *Direct maintenance grants to secondary schools.*—In the North-West Frontier Province, we are informed that the grants represent the amount necessary to raise the income from fees and other sources to the minimum needed for maintaining efficiency. Supplementary and additional grants are given to encourage the managers to improve their staff and to pay them well. A standard minimum scale of staff and salaries is laid down for each class of schools, and the amount of the grant is based on the difference between what the income of the school would be from fees charged at full Government rates and the cost of the staff if paid in accordance with the standard rates. If the managers pay their teachers more than the standard rates of pay, Government meets half the cost of the additional pay. The cost of maintenance of buildings and any deficit arising from a reduction in the rate of fees below the Government scale have to be met from private or local sources.

In Delhi, maintenance grants to secondary schools are awarded in accordance with the regulations of the Punjab Educational Code. The grants for each school consists of a capitation grant based on the average attendance of students and a staff grant to teachers holding certificates granted by the department. The total grant may not exceed three-fourths of the excess of expenditure on tuition over the income from the fees. The cost of tuition, however, includes not only the cost of the staff but also petty repairs to buildings, contingencies, etc.

32. *Grants to local bodies for maintenance of primary and vernacular schools.*—Primary and vernacular education is financed partly from local funds and partly from Government grants. In the North-West Frontier Province 25 per cent. of each District Board's income is devoted to education, and all additional sums required for opening new schools, the enhancement of

teachers' salaries, the provision of additional teachers, etc., are paid by Government. The grants to municipalities for primary education are said to be fixed in accordance with their needs after consideration of their financial circumstances. In Delhi the basis of assessment for grant-in-aid is the salaries of the teachers. Government pays two-thirds of the salaries of trained or qualified teachers in vernacular middle and primary schools and half the salaries paid to unqualified teachers. It also pays half the expenditure on the upkeep of primary school buildings. These arrangements apply both to municipal and district board schools.

33. We consider that the present system under which grants are made is unsatisfactory, uneconomical, and prejudicial to the best interests of the country. In our opinion the most pressing need is the extension of primary education facilities to the greatest possible number, and it is evident that the present policy does not fulfil this fundamental requirement. We are informed that probably not more than 20 per cent. of the children of school-going age in the minor administrations are attending school, and that a large increase in expenditure is inevitable. In these circumstances there is in our opinion no justification for allocating to primary education only 33·6 per cent. of the funds available for education in the minor administrations. We recommend that, in the present financial situation of the country, the grants for higher education should be curtailed and fixed at a lump sum for each administration for the next five years, any additional expenditure incurred being met by fees, increased grants from District Boards and Municipalities and private contributions.

34. We feel strongly the necessity for increasing facilities for primary education and therefore have not recommended any reduction in the amount granted for the purpose, but we recommend that in future grants should be made on a capitation basis for each school, fixed upon the average daily attendance of pupils and the number of teachers necessary to maintain a recognised standard of staffing, which we think should be fixed at not more than one teacher per 25 pupils, rising in five years to one teacher per 30 pupils. We recognise, however that this is not possible in every case where the number of pupils is not obtainable.

#### EXPENDITURE IN ENGLAND.

	£
1913-14, Actual Expenditure . . . . .	10,400
1921-22, Revised Estimate . . . . .	9,100
1922-23, Budget Estimate . . . . .	9,200

35. This expenditure represents leave allowances and we make no recommendation.

#### CONCLUSIONS.

Having reviewed the expenditure on education we recommend that :—

- (1) the whole educational policy be revised, the present system of grants being modified to secure that such funds as are available are applied for the extension of primary education rather than to secondary and higher education ;
- (2) grants for secondary and higher education be curtailed and fixed at a lump sum for each administration for the next five years, any additional expenditure required being met from increased fees, increased grants from local bodies and private contributions ;
- (3) grants for primary education be fixed as far as possible on the basis of an average of one teacher per 25 pupils rising to one teacher per 30 pupils within five years ;
- (4) the scheme for the Delhi University be reconsidered ; and
- (5) the budget estimate for 1923-24 for education be limited to Rs. 27,77,000, a saving of Rs. 5,19,000 on the sanctioned estimate for 1922-23 and of Rs. 7,74,000 on the estimate originally presented to the Legislative Assembly.

## APPENDIX A.

Statement showing the expenditure from central revenues on the various classes of Education in the Minor Administrations.

	Universities.		Secondary Education.		Primary Education.		Special Schools.		General charges.		TOTAL.	
	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
North-West Frontier .	38,000	1,32,000	79,900	3,18,000	2,36,700	6,66,000	17,000	34,000	65,900	1,55,000	4,87,500	13,05,000
Baluchistan .	...	...	78,300	1,00,600	19,800	91,000	...	15,800	8,700	64,600	1,06,800	2,72,000
Delhi .	14,200	1,76,000	53,800	2,00,500	24,000	91,800	...	22,800	6,300	61,300	98,300	5,52,900
Coorg .	...	...	26,200	60,600	25,000	44,200	5,500	13,200	9,300	32,600	66,000	1,50,700
Ajmer .	28,600	64,700	46,700	1,15,400	12,900	44,200	4,400	20,400	9,800	35,400	1,02,400	2,80,100
Rajputana .	65,600	74,000	15,100	34,100	400	1,200	...	...	700	500	81,800	1,09,800
Central India .	50,000	50,000	15,300	16,300	6,500	11,400	...	...	...	5,200	71,800	82,900
Hyderabad .	...	...	29,200	18,500	27,500	7,600	600	400	1,200	1,800	58,500	28,300
Bangalore .	...	...	1,50,300	1,74,100	60,000	89,300	2,300	22,400	10,900	44,100	2,23,000	3,29,900
TOTAL	1,96,400	4,97,200	4,94,800	10,38,100	4,62,800	10,46,800	29,800	1,29,000	1,12,800	4,00,000	12,96,600	31,11,600*

\* The figures for 1922-23 do not take account of the lump out made by the Assembly in the estimates of the various administrations.

## APPENDIX B.

Statement showing the average cost to Government funds of each child educated in 1920-21.

Administrations.	ARTS COLLEGES.		SECONDARY SCHOOLS.			PRIMARY SCHOOLS.		
	Government.	Aided.	Government.	District Board and Municipality.	Aided.	Government.	District Board and Municipality.	Aided.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
North-West Frontier . . . . .	...	361 11 1	76 7 6	17 7 6	15 6 11	20 11 9	12 4 3	...
Delhi . . . . .	...	116 10 2	68 4 0	5 6 2	15 7 8	20 1 3	18 1 10	2 14 4
Coorg . . . . .	...	...	23 7 7	...	26 8 2	10 9 0	3 0 11	0 4 8
Madras . . . . .	...	...	40 4 10	10 8 4	6 10 1	12 11 4	4 3 2	2 14 10
Punjab . . . . .	307 14 7	60 4 6	46 3 10	6 9 8	12 7 7	17 11 7	6 9 0	2 6 8
India . . . . .	251 13 11	47 13 6	46 5 2	6 15 6	10 5 6	13 10 4	6 0 10	1 9 5

## CIVIL AVIATION.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure . . . .	<i>Nil.</i>
1921-22, Revised Estimate . . . .	1,81,000
1922-23, Budget Estimate . . . .	48,000

2. This grant includes provision for a Chief Inspector and his establishment, costing with travelling allowances about Rs. 22,500. The rules made by the Indian Aircraft Act contemplate the employment by Government of an officer to examine aeroplanes, pilots, and ground engineers before granting licenses and certificates, and also to examine landing sites and to enquire into accidents. As a result, however, of the inability of Government to provide funds for the development of aviation and of the absence of private enterprise, the number of occasions on which this officer's services are required are very limited. We are informed that during 1921-22 the Chief Inspector carried out the following work which may be said to require specialised knowledge:—

- 12 certificates of airworthiness.
- 11 periodic inspections of machines.
- 12 examinations of ground engineers.
- 3 examinations of pilots.
- 31 examinations of landing sites.
- 2 inquiries into accidents.

3. We do not consider that this amount of work justifies the retention of a full time officer and we recommend that, until aviation further develops, the duties should be entrusted to a qualified officer of the Air Force to whom a suitable inspection fee or allowance might be paid. About Rs. 13,000 has been provided in the current year's estimates for the construction or upkeep of aerodromes. In view of the limited use made of these aerodromes, we think that the provision for 1923-24 should be reduced to Rs. 6,000.

4. After the war 100 aeroplanes were given to the Government of India by the Home Government. These aeroplanes were subsequently presented to Local Governments, Indian Princes and others, but a certain number have been returned, and the Department proposes that Rs. 5,000 should be provided in 1923-24 for their storage and redistribution. We consider that these aeroplanes can now be of little value and that they should be made over to the Air Force for disposal, thereby relieving Government of the expense of upkeep and maintenance, and that no provision on this account should be made in the coming year's budget.

5. The Government of India have accepted liability for half the total cost of the capital works undertaken on the Cairo-Karachi route, subject to a limit of £850, and for recurring expenditure on the maintenance of the route, subject to a limit of £400 per annum. It is not certain when this expenditure will be incurred, and, unless it is anticipated that this liability will accrue next year, we think that the budget for 1923-24 should be reduced to Rs. 15,000 including provision for fees as suggested above.

6. When Civil Aviation further develops, it will be necessary in the future to increase the grant under this head.

## MISCELLANEOUS DEPARTMENTS.

The total estimates for 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . . .	5,72,000
1921-22, Revised Estimate . . . .	43,61,000
1922-23, Budget Estimate . . . .	26,71,000

This expenditure is divided under the main heads shown below :—

Head.	1913-14.	1921-22.	1922-23.
COMMERCIAL INTELLIGENCE . . . .	1,51,000	3,25,000	4,80,000
CENSUS . . . . .	41,000	27,40,000	5,22,000
EMIGRATION . . . . .	1,05,000	1,32,000	1,66,000
JOINT STOCK COMPANIES . . . .	Nil*	1,34,000	1,30,000
OTHER MISCELLANEOUS DEPART- MENTS . . . . .	2,51,000	7,52,000	10,63,000
EXPENDITURE IN ENGLAND (Rs. 15=£1) . . . . .	5,48,000 24,000	40,83,000 2,78,000	23,61,000 3,10,000
TOTAL . . . . .	5,72,000	43,61,000	26,71,000

\* Not separately shown in 1913-14.

2. The table shows that apart from special expenditure of a non-recurring character such as that connected with the decennial census there has been a considerable increase in activity in most of the departments. We deal seriatim with the main heads under which the account is set out above :—

## COMMERCIAL INTELLIGENCE DEPARTMENT.

	Rs.
1913-14, Actual Expenditure . . . .	1,51,000
1921-22, Revised Estimate . . . .	3,25,000
1922-23, Budget Estimate . . . .	4,80,000

3. The Commercial Intelligence Department was sub-divided into two separate organizations in April 1914, namely, the Bureau of Commercial Intelligence and the Directorate of Statistics, with which we will deal separately.

4. *Bureau of Commercial Intelligence—*

	Rs.
1921-22, Revised Estimate . . . .	1,80,800
1922-23, Budget Estimate . . . .	3,16,000

This Department was, no doubt, useful during the war when the Director had various duties to perform in connection with the supply of munitions and when it was considered inexpedient to publish any information relating to the movement of trade, but it is questionable whether it is now necessary to maintain an establishment on this scale for the purpose. In view of the necessity for retrenchment, we are informed that certain existing or contemplated activities of the department have been abandoned which will effect a saving in the current year's budget of Rs. 1,08,000 and of Rs. 1,59,000 in 1923-24. Whether Indian trade benefits to an extent warranting the expenditure which will still remain is open to doubt, and we recommend that further economies should be effected, increasing the saving to Rs. 2,09,000.

## 5. Directorate of Statistics—

	Rs.
1921-22, Revised Estimate . . . . .	1,44,200
1922-23, Budget Estimate . . . . .	1,64,000

This Department has been reamalgamated with the Bureau of Commercial Intelligence and the status of the officer in charge has been reduced, saving Rs. 13,000 annually.

6. Even with these reductions the cost of the department will be much higher than its pre-war level, and we consider that there is room for further economy. In our opinion, the various bulletins at present issued and the weekly cable to London might well be discontinued saving Rs. 7,300. Further, we think that many of the statistical publications of the department contain a large mass of detail which could be eliminated without impairing their utility. We suggest that the whole of these publications should be carefully reviewed, and think that, if this is done, substantial economy can be effected in the number and cost of the compiling staff and in stationery and printing.

In view of all the circumstances we are of the opinion that the budget of the combined department should be reduced to Rs. 2,00,000, a reduction of Rs. 2,80,000 on the budget for 1922-23.

## CENSUS.

	Rs.
1913-14, Actual Expenditure . . . . .	41,000
1921-22, Revised Estimate . . . . .	27,40,000
1922-23, Budget Estimate . . . . .	5,22,000

7. It is anticipated that the 1921 census work will be completed by June 1923, and that the provision for 1923-24 should not exceed Rs. 1,00,000, a reduction of Rs. 4,22,000.

## EMIGRATION.

	Rs.
1913-14, Actual Expenditure . . . . .	1,05,000
1921-22, Revised Estimate . . . . .	1,32,000
1922-23, Budget Estimate . . . . .	1,66,000

8. The estimate for 1922-23 includes Rs. 1,35,000 for internal, and Rs. 31,000 for external, emigration. It is proposed under the former head to effect economies which will in 1923-24 reduce the demand by about Rs. 58,000 in addition to which about Rs. 8,000 will be recoverable on diet issued to patients. In the case of external emigration, fees in 1922-23 were estimated at Rs. 17,000 and we understand that it is intended, under the Emigration Act, 1922, to fix the fees at a figure which will fully cover the entire cost of administration. As a result of these modifications, there should in 1923-24 be a saving in expenditure of Rs. 58,000 while the receipts will be increased by Rs. 22,000.

## JOINT STOCK COMPANIES.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14 . . . . .	Separate figures not available.	
1921-22, Revised Estimate . . . . .	1,34,000	2,71,000
1922-23, Budget Estimate . . . . .	1,30,000	2,61,000

9. The functions of this department are statutory under the Indian Companies Act, 1913, and as the expenditure is fully covered by receipts, we make no recommendations.

## OTHER MISCELLANEOUS DEPARTMENTS.

	Rs.
1913-14, Actual Expenditure . . . .	2,51,000
1921-22, Revised Estimate . . . .	7,52,000
1922-23, Budget Estimate . . . .	10,63,000

Department.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Imperial Library . .	40,000	75,100	73,900
Board of Examiners . .	48,000	49,600	65,800
Indian War Memorial . .	...	8,000	8,700
Actuary to Government of India.	21,000	31,800	33,200
Explosives Department .	83,000	77,400	1,04,600
Controller of Patents and Designs.	40,000	51,600	67,500
Electrical Adviser to Government of India	...	34,700	35,200
Metallurgical Inspectorate .	...	1,00,100	95,700
Superintendent, Local Manufactures and Government Test House, Alipore.	...	1,35,000	1,79,800
Indian Stores Department .	...	1,10,700	3,33,600
Miscellaneous and minor administrations.	19,000	78,000	15,000
TOTAL .	2,51,000	7,52,000	10,63,000

10. We have no remarks to make with regard to the Indian War Memorial and the Actuary to the Government of India, or with regard to the departments of the Controller of Patents and Designs, the Metallurgical Inspectorate, and the Superintendent of Local Manufactures and Government Test House, Alipore, which are self-supporting.

11. *The Imperial Library.*—This important library affords valuable educational facilities to students, and appears to be increasingly used. The staff has been slightly increased and the pay of the librarian more than doubled. When the present incumbent retires we suggest that the pay of the appointment should be reconsidered; meanwhile we have no suggestion to make as to reduction, but the question of obtaining a contribution from the Bengal Government towards the cost of maintaining the library should be considered.

12. *Board of Examiners.*—We suggest that arrangements should be made for conducting the examination of civil candidates from the Provinces on the system in force in Bombay and Madras, where Oriental language examinations are conducted by local Boards and the examiners remunerated by fees for each candidate. Army and other Central Government candidates could then be examined by part time examiners. This would make it possible to abolish the Board of Examiners, saving Rs. 65,800, less the cost of fees for examiners, say Rs. 15,000, or a net saving of about Rs. 50,000.

13. *Explosives Department.*—We understand that in the current year savings of Rs. 15,000 will be effected under leave allowances and in the provision for increased pay of establishment. We do not suggest any reduction in this important department, but recommend that Local Governments and local bodies should be charged fees for inspection duties performed by the Explosives Department on their behalf.

14. *Electrical Adviser.*—This appointment has now been abolished, saving Rs. 35,000 in 1923-24.

15. *Indian Stores Department.*—We are informed that this Department has been recently constituted in order to encourage the development of the industrial resources of India and to effect economies by co-ordinating purchases

for the Central and Provincial Governments, thus eliminating competition between Governments and Departments. At present its activities are confined to the purchase of textiles for the Army Department and to the control of the Metallurgical Inspectorate and of the Superintendent, Local Manufactures and Government Test House, Alipore. We understand, however, that it is contemplated gradually to extend the organization to enable it to undertake the purchase and inspection of various important classes of stores including cement, oils, paints, chemicals, textiles, leather goods, hardware and engineering and other stores, and estimates have been placed before us for an establishment costing Rs. 24 lakhs annually. It is proposed to cover the cost by a charge of 2 per cent. for purchase and inspection and 1 per cent. for inspection only, it being assumed that the value of the annual purchases by the department will amount to about Rs. 7½ crores and of the goods inspected to about Rs. 15 crores. It is extremely doubtful whether Local Governments will use this organization and the United Provinces have in fact already set up a separate stores department. In view of the large turnover assumed the proposed charges appear to us to be excessive. A system of central purchase may have theoretical advantages, but we recommend that no provision be made for further expansion of the department until it has been ascertained that the provinces collectively are prepared to utilize it for their transactions and that such expansion will be financially justified. The present establishment has been framed with a view to the expansion of the department's activities and is now costing about Rs. 4,00,000 annually. We recommend that the provision be reduced to Rs. 3,00,000, saving Rs. 83,000.

16. *Minor Administrations.*—This expenditure relates mainly to the compilation of provincial trade registration statistics, which we consider might be discontinued, saving Rs. 15,000.

*Expenditure in England.*

	Rs.
1913-14, Actual Expenditure . . . . .	24,000
1921-22, Revised Estimate . . . . .	2,78,000
1922-23, Budget Estimate . . . . .	3,10,000

17. This expenditure may be subdivided as follows, the amounts being shown in sterling :—

—	1913-14.	1921-22.	1922-23.
	£	£	£
Indian Trade Commissioner, London . . . . .	...	9,500	9,700
Indian Trade Commissioner, East Africa . . . . .	...	400	1,500
Leave allowances . . . . .	...	1,400	2,600
Sundry items including stores for Superintendent of Local Manufactures and Metallurgical Inspectorate. . . . .	1,600	7,200	6,900
TOTAL . . . . .	1,600	18,500	20,700

18. *Indian Trade Commissioner in London.*—The appointment of Indian Trade Commissioner was created during the war, the first holder taking up his duties in 1917-18 at an office in the City. When the appointment of High Commissioner for India was created the Indian Trade Commissioner was placed under his control. We consider that, in present financial circumstances, it is not justifiable to retain a separate office in the City and that the necessary duties could be more economically carried out by transferring them to the High Commissioner. We believe that, in that case, the cost of the additional establishment required in the High Commissioner's office could be limited to £2,000 and we recommend that the separate appointment of Trade Commissioner be abolished, saving £7,700.

19. The provision of £6,900 for sundry items includes provision for new machinery and other non-recurring expenditure and we recommend a reduction of £3,000.

**CONCLUSIONS.**

Having reviewed the expenditure under this head we recommend that—

- (1) including the saving proposed by the Department the expenditure of the Commercial Intelligence Department be reduced by Rs. 2,80,000;
- (2) the provision for the completion of the 1921 census be limited to Rs. 1,00,000;
- (3) the fees for external emigration be fixed at the level necessary to cover the full cost of administration, and that the expenditure on internal emigration be reduced by Rs. 58,000 as proposed by the Department;
- (4) the Board of Examiners be abolished, saving Rs. 50,000;
- (5) fees be charged to local Governments and local bodies for inspections carried out by the Explosives Department on their behalf and that the budget of the Department in 1923-24 be limited to Rs. 89,000;
- (6) the expansion of the Indian Stores Department be postponed and a reduction of Rs. 83,000 effected;
- (7) the compilation of provincial trade statistics in the minor administrations be abolished, saving about Rs. 15,000;
- (8) the appointment of Indian Trade Commissioner, London, be abolished, saving Rs. 1,15,000 and a reduction of Rs. 45,000 be effected in other expenditure in England; and
- (9) the budget estimate for 1923-24 for the miscellaneous departments be limited to Rs. 15,53,000, a reduction of Rs. 11,18,000.



**PART VI.****EXCHANGE.**

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actuals for 1913-14 as follows :—

	Net Expenditure. Rs.	Net Receipts. Rs.
1913-14, Actuals . . . . .	...	17,96,000
1921-22, Revised Estimate . . . .	4,90,000	...
1922-23, Budget Estimate . . . .	20,60,000	...

2. The figures for 1913-14 represent the excess receipts from remittances as compared with the amounts receivable at the then established rate of exchange of Rs. 15 to the £. The figures for 1921-22 and 1922-23 differ from those shown in the current year's Budget, which represent a lump adjustment on account of the difference between the actual or estimated rate of exchange and the rate of Rs. 10 to the £ in respect of sterling transactions under non-commercial revenue heads. We have considered it desirable for comparative purposes to have the revised estimates for 1921-22 and the Budget estimates for 1922-23 recast on an exchange basis of Rs. 15 to the £. The figures shown above against these years are a residue arising from the fact that, while certain changes were made in the final edition of the revised estimates for 1921-22 and the Budget for 1922-23 under revenue and expenditure heads, the consequential alterations under Exchange were not made as they were too small to be carried out at that stage. We consider that the best course would be to show all English expenditure in sterling both in the estimates and in the accounts. The rupee equivalents should be shown in parallel columns and the sterling payments should be converted in the budget estimates at the assumed rate of exchange, and in the accounts prepared at the end of the year at the actual or average rate prevailing during the year. If this course were followed the separate entry under the exchange head would disappear from future estimates and accounts and the estimated and actual expenditure in rupees would be shown in both.

It has been represented to us that the present method of compiling the accounts is somewhat confusing, and if the procedure which we suggest were adopted the budget and the final accounts would be better understood.

**FAMINE RELIEF.**

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . . . .	4,000
1921-22, Revised Estimate . . . . .	4,50,000
1922-23, Budget Estimate . . . . .	27,000

The estimates for the current year provided for an outlay of Rs. 20,000 in the North-West Frontier Province and Rs. 7,000 in Rajputana. The expenditure is fluctuating in character, and we understand that no provision will be required in 1923-24.

## TERRITORIAL AND POLITICAL PENSIONS.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . . .	33,11,000
1921-22, Revised Estimate . . . .	30,69,000
1922-23, Budget Estimate . . . .	31,42,000

We are informed that most of the grants falling under this head are perpetual or hereditary. The policy is to extinguish life grants gradually either by withdrawing them entirely or by reducing them considerably at each succession. Some reduction, though slight, should therefore take place every year, if this policy is followed and if new grants are restricted.

The increase in the current year has occurred mainly in the United Provinces and is largely due to local causes such as payment of arrears and commutation of certain pensions. It is anticipated that there will be a reduction of Rs. 1,08,000 in the provision required under this head for 1923-24 as compared with the Budget estimate for 1922-23.

## CONCLUSION.

There will be an automatic saving of Rs. 1,08,000 in 1923-24, and we recommend that endeavour should be made to effect progressive reductions in the amount of these pensions.

## SUPERANNUATION ALLOWANCES AND PENSIONS.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Approximate Expenditure . . . .	3,25,05,000
1921-22, Revised Estimate . . . .	3,49,65,000
1922-23, Budget Estimate . . . .	3,54,27,000

2. This expenditure is sub-divided under the main heads shown below :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Superannuation and retiring allowances. Service and other funds .	3,20,04,500	3,34,23,500	3,30,97,500
Compassionate allowances . . . .	2,01,600	31,700	33,700
Gratuities . . . .	47,200	58,100	47,900
Pensions for distinguished and meritorious services . . . .	83,100	19,300	21,400
Commutation of pensions . . . .	60,000	12,86,200	14,80,100
Miscellaneous . . . .	8,600	1,46,200	1,46,400
	3,25,05,000	3,49,65,000	3,54,27,000
<i>Deduct</i> —Recoveries on account of contributions to pensions and service funds, etc. . . . .	22,55,000	25,93,000	25,00,000
Net total . . . .	3,02,50,000	3,23,72,000	3,29,27,000

3. The figures shown for the different years are not strictly comparable owing to an important change made on the 1st of April 1921 in the basis of the division of pensionary charges between the Central and Provincial Governments. Formerly all sterling pensions were debited to the Central Government and rupee pensions were, with certain exceptions, brought to account in the Provinces where the payment was made, irrespective of the Government under which the pensioner had served. These arrangements continue in respect of pensions sanctioned before the 1st of April 1921, but the incidence of pensions subsequently granted is now divided among the various Governments under which an officer has served in accordance with his length of service under each. It has not been possible to form an estimate as to the ultimate effect which this change will have on the distribution of the total pensionary charges between the Central and Provincial Governments. It may be mentioned, however, that the Central Government's liability for pensionary charges distributed between England and India is as follows:—

— —	India.	England.	Total. (Rs. 15 = £1).
1913-14, Approximate Expenditure	Rs. 16,85,000	£ 2,054,647	Rs. 3,25,05,000
1921-22, Revised Estimate	29,91,000	2,131,600	3,49,65,000
1922-23, Budget Estimate	33,22,000	2,140,300	3,54,27,000

4. We have also been unable to obtain within the limited time available information as to the ultimate cost to the Central Government of the revision of pension scales which has been undertaken in recent years. We recommend that before any such revision of pensions is adopted in the future an actuarial calculation should be made of the cost to the State. We understand that the regulations governing pensions are at present under revision with the object of simplifying the present elaborate procedure and we desire to emphasise the importance of ensuring that this revision is not accompanied by any increase in the non-effective charges.

5. We are informed that commutation of a portion of pension is permitted in certain cases subject to limitations designed to ensure that the balance of pension shall be sufficient to maintain the pensioner, and that the commutation rates have recently been revised with reference to the higher rates of interest now prevailing. A uniform mortality rate is apparently assumed for all subordinate services in India and we recommend that the possibility be examined of adopting different rates of mortality for different classes of pensioners.

6. We have made enquiries as to the charges made for pension liability in the case of officers under the foreign service rules. The previous rates of contributions were as follows:—

	Proportion of salary.	
	Leave and pension.	Pension only.
Officers under the European service leave rules	$\frac{5}{16}$	$\frac{1}{6}$
Other officers in superior service including officers of the military and marine services	$\frac{1}{4}$	$\frac{1}{8}$
Officers in inferior service	...	$\frac{1}{16}$

These percentages have been periodically reviewed and further investigation with regard to them is at present in progress. The necessary calculations have been completed only in the case of officers in the Indian Civil Service in respect of whom it has been decided to raise the rates of contribution as follows:—

	Previous rate.	Revised rate.
For leave and pension	$\frac{5}{16}$	$\frac{2}{5}$
For pension only	$\frac{1}{6}$	$\frac{1}{4}$

The new rates, which came into force from the 27th January 1922, have been extended temporarily to military officers pending a complete investigation of the contribution properly leviable in their case.

7. No uniform practice obtains of debiting commercial departments with pensionary charges, but we understand that the Government of India propose that the charge should in all cases be taken into account and we recommend that this proposal be given effect to.

8. The bulk of the existing pensionary charges is of a *quasi-contractual* nature and is not susceptible of reduction, except in the case of the temporary addition to pensions of less than Rs. 45 a month which was granted in January 1921 to meet the enhanced cost of living. The estimated annual cost of this concession, including provincial and central pensions, is about Rs. 64 lakhs per annum. In the case of military pensions the increase is approximately Rs. 41 lakhs per annum, while for civil pensions charged directly to the Central Government the increase is Rs. 1 lakh. This scheme is open to reconsideration after it has been in operation for three years, and it should then, in our opinion, be reviewed with reference to the price conditions prevailing at that time. A considerable reduction has already occurred in the cost of living and there are indications that prices will fall still further. Some saving should, therefore, be possible in the pensionary charges for the last three months of 1923-24 and in subsequent years, the main saving accruing in the military estimates.

9. We are informed that the estimate at present proposed for 1923-24 is Rs. 3,47,97,000, resulting from a reduction of expenditure in England of £69,300 and an increase in India of Rs. 4,10,000, the net saving being Rs. 6,30,000.

#### CONCLUSIONS.

**There will be an automatic reduction of Rs. 6,30,000 in 1923-24 and we recommend that :—**

- (1) **an actuarial examination be made of the cost to the state of any proposals put forward in future for the revision of pension scales before these are sanctioned ; and**
- (2) **a uniform practice of debiting commercial departments with pensionary charges be adopted.**

## SUMMARY OF PROPOSED REDUCTIONS IN EXPENDITURE.

The following table shows, for the departments which we have so far reviewed, the reductions of expenditure which we recommend :—

Head of Account.	Budget, 1922-23.	Supplementary Grant.	Total.	Reduction proposed.
	Rs.	Rs.	Rs.	Rs.
<b>PART I.—</b>				
Military Services . . . . .	67,75,26,000	...	67,75,26,000	10,47,26,000
<b>PART II.—</b>				
Posts and Telegraphs . . . . .	10,17,16,000	2,11,000	10,19,27,000	1,37,27,000
Indo-European Telegraph Department .	43,35,000	...	47,35,000	7,34,000
<b>PART III.—</b>				
General Administration . . . . .	1,95,81,000	2,76,000	1,98,57,000	51,39,000
<b>PART IV.—</b>				
Taxes on Income . . . . .	47,01,000	...	47,01,000	...
Land Revenue . . . . .	15,64,000	...	15,64,000	3,97,000
Excise . . . . .	2,84,000	...	2,84,000	13,000
Registration . . . . .	48,000	...	48,000	4,000
<b>PART V.—</b>				
Ecclesiastical . . . . .	33,83,000	...	33,83,000	2,00,000
Scientific Departments . . . . .	1,12,31,000	29,000	1,12,60,000	30,02,000
Education . . . . .	32,96,000	...	32,96,000	5,19,000
Civil Aviation . . . . .	48,000	...	48,000	33,000
Miscellaneous Departments . . . . .	26,71,000	...	26,71,000	11,18,000
<b>PART VI.—</b>				
Famine Relief . . . . .	27,000	...	27,000	27,000
Territorial and Political Pensions . .	31,42,000	...	31,42,000	1,08,000
Superannuation allowances, etc. . . .	3,54,27,000	...	3,54,27,000	6,80,000
<b>TOTAL</b> . . . . .	<b>86,89,80,000</b>	<b>5,16,000</b>	<b>86,94,96,000</b>	<b>13,03,77,000</b>

The total reductions which we have indicated amount to Rs. 13,03,77,000. Of this sum about Rs. 20 lakhs merely represent amounts transferred to departments with which we have not yet dealt, leaving a net reduction of about Rs. 12,80,00,000.

We recognise, however, that, where our recommendations involve large reductions of establishment, as in the case of the Military Services, the economies indicated cannot be made fully effective in 1923-24.

In addition, we have recommended that capital expenditure in the Posts and Telegraphs department be limited to Rs. 94,30,000 in 1923-24, a reduction of Rs. 50,70,000 on the budget estimate for 1922-23.

We propose, when we have concluded our investigations, to embody our observations on all departments in a self-contained report. Meanwhile we forward for the information of the Government of India the results of the enquiries which we have so far completed.

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