

Chapter I

PUBLIC FINANCE IN BENGAL UNDER THE BRITISH RULE

It is true that the financial accounts of Bengal are not comparable with those of West Bengal, and they render comparison difficult even during the British period due to occasional changes in territory, accounting system, financial settlements and many other factors. Still, the fundamental principles embodied by the British Government in provincial finance might be considered as the key-stone of modern financial system in India.

Under these circumstances, before entering into our core study it will be pertinent to have an introductory idea about the financial system in Bengal prior to independence. The subject is, indeed, vast and full justice cannot be done to it within the limited compass of our study. We shall, therefore, touch in brief only some of the important characteristics of the system during the British rule mainly from 1871 when financial decentralisation was introduced so that a rough idea might be obtained about the financial background of West Bengal at the time of independence.

The analysis will be made in different sections as the financial system in Bengal, as in other parts in India, underwent various stages of development to get its final shape. In the first section will be examined the evolution of Government finance prior to 1921. The second part, dealt with in the second section, will contain the financial administration under 'Diarchy', i.e. during 1921-37 and the third part, dealt with in the third section, will be devoted to an analysis of the final step towards the modern system, i.e. the nature and growth of public finance, under provincial autonomy during 1937-47.

A. Early Financial Settlements 1 1871-1921

During the early days of the East India Company's reign in Bengal, misgovernment reached its climax. In fact "no reliable system of justice reached the people".¹ To this chaotic condition was further added an acute currency problem which made the whole economic atmosphere of Bengal too complicated. Above all, there was the most dreadful famine of 1769-70. In the exact words of Sir Hunter :

"The sufferings of the people are graven deep on every record of those days; and it is impossible to turn over a few pages of any public print, without coming upon irrepressible evidence of the ruin and distrust between man and man..."²

Whatever might be the intensity of the problem due to misrule, currency crisis and the dreadful famine of 1769-70, the East India Company from the very inception of its 'Dewany' realised a substantial amount of annual surplus from Bengal.³ It was held that "until Lord Cornwallis gave a nobler interpretation to its (Company's) duties, commerce and money making continued to be recognised as its chief end, conquest and government only as two important means".⁴

These surpluses were, however, utilised in purchasing investments, meeting the expenses of wars and more primarily in making good the deficiencies of other Presidencies which became almost a regular practice.⁵ In 1780, we see that Sir Eyre Coote, the Commander-in-Chief, was writing to the Governor General of Bengal that the treasury of Madras was empty and the future disbursements at Fort St. George "would exceed seven lakhs of rupees per month, every cowrie of which must come from Bengal".⁶

The gradual drain of Bengal's resources to meet the expenses of various wars and the inordinate demands of other

Presidencies undermined her financial position. "The public distress", wrote Macpherson, the acting Governor General of Bengal, in 1785, "was never so pressing as at this moment. The season of heavy collection is over; the demands of Madras and Bombay are most pressing, and our arrears for the army are upwards of fifty lacs".⁷ Thus, despite the fact that the revenues of Bengal were more than sufficient to meet her expenditure, its financial position was prevented from becoming strong. As observed by Sir Hunter, "Bengal from the very first seems to have been the milk cow from which the other Presidencies draw their support".⁸

In this connection it is to be noted that till 1833 the financial system in Bengal, like other Presidencies under the British rule, remained to some extent distinct and separate. All the Presidency Governments possessed power to levy taxes and duties, and to incur necessary expenditures subject to the control of the Court of Directors of the East India Company.⁹ But notwithstanding this sort of financial autonomy, no scientific system of provincial finance was developed at that time. It was held that "the classification of receipts and charges ... was so very different as to preclude any useful comparison".¹⁰

The territorial and commercial affairs of the Company were mingled together to form one individual concern. Though the Charter Act of 1813 had directed for the entire separation of two activities, absolute separation was not effected until the Charter Act of 1833 closed the commercial business of the Company retaining only its political activity.¹¹

The era of territorial extension and of administrative development of the Company gave rise to heavy expenditure in all directions, and the necessity of a system of strict financial control was keenly felt. Accordingly, the Charter Act of 1833

inaugurated a new chapter in the financial history of India by introducing a rigorous centralised administration in all matters including finance under the absolute control of the Governor General of India. The minutest details of "all financial business from the negotiation of a state loan down to sanctioning of a chaukidar's pay" were administered by the central bureaucracy.¹²

After the transfer of administration of India to the British Crown in 1858, though some financial reorganisations were followed, no innovation in this regard was attempted for sometime. "The local budgets", remarked R. Knight even in 1871, "are simply a snare and delusion. ... Instead of serving any good purpose, these budgets ... simply promote jealousy and strife".¹³

The policy of extreme centralisation depressed and discouraged the Provincial Governments and resulted in a bitter relationship with the Supreme Government. Provincial allotments were made by a sort of compromise under which the rival claims were adjusted, not so much by their inherent weight, as by the importunity of the applicants. As observed by Richard Strachy :

"The distribution of the public income degenerated into something like a scramble, in which the most violent had the advantage with very little attention to reason". He further added, "as local economy brought no local advantage, the stimulus to avoid waste was reduced to minimum, and as no local growth of income led to local means of improvement, the interest in developing the public resources was also brought down to the lowest levels".¹⁴

Numerous types of other evils became more and more apparent as time went on. Sir Henry Maine with reference to this problem remarked,

"I do not think that anybody can have observed the recent workings of our system of financial

control without coming to the conclusion that, if it be not on the point of an inevitable collapse, it is at all events in great danger of going to pieces unless the strain be lightened somewhere".¹⁵

After a long discussion, the Government of India was convinced that a change in the financial system was necessary. Among its various observations it expressed :

"It was expedient that as far as possible the obligations to find the funds necessary for administrative improvements should rest upon the authority whose immediate duty it was to devise such measures".¹⁶

It further stated that each province had special wants of its own, and might have means for supporting them which could not be properly diverted to Imperial purposes.

In order to give effect to this principle of decentralisation, the financial responsibility of certain departments, such as, Jails, Police, Education, Medical services with some exceptions, Registration, Printing, certain public works etc. were made over to the Government of Bengal from 1st April, 1871, under certain conditions. In addition to the receipts from these transferred departments, a fixed Imperial assignment of Rs.1,16,85,920 per annum was proposed to be granted to Bengal under usual condition. Like other provinces, a special allotment of Rs.8,32,870 was also made to Bengal in 1871 to inaugurate the scheme successfully. Some additions and alterations were, however, made subsequently in this arrangement of which the deduction of Rs.13,30,000 from Imperial allotment due to the separation of Assam from Bengal in 1874 was important.¹⁷

It is noteworthy to mention that although the desirability of providing the Provincial Governments with larger powers and responsibilities was stated to be the main objective of this change, in reality it was the necessity for affording relief to

the Imperial finance that led to its adoption. This was also admitted by the Government of India who observed that as the provincial demands were increasing gradually there "was only one remedy to prevent the demands and this could only be done by imposing on the local Governments a real and effective responsibility for maintaining equilibrium of their local finances".¹⁸

It was clear that the system put a definite check to the demands of the Provincial Government on the central exchequer by shifting the responsibilities of some departments to them. But as observed by H. Knight :

"the whole scheme is inspired by ... pure selfishness. Government (Imperial) had determined to appropriate every source of expanding revenue as its own, throwing every expanding head of charge upon the local Executive. ... Supreme Government could now say positively that its aggregate expenditure under certain heads would not increase. Thus it has obtained a real power of control in place of that venustious meddling with details by which it used to contrive to disgust every local Government in India".¹⁹

Moreover, the Supreme Government retained almost all its previous power of financial control over the Provincial Government. It also reserved the absolute right to alter or approve the provincial budget which was merely a part of the Imperial one. In reality the Provincial Government was still left with little or no financial independence.

The contracts that were made with different provinces were not based on any uniform ground. Thus, while Bengal with its 65 million of people was provided with an Imperial assignment of £ 11,68,592, Bombay with something over 13 million received £ 8,60,075, or more than three-fourths the assignment with less than one-fourth the population.²⁰ The Government of India also admitted this inter-provincial inequality in the distribution of

grants but they held that it was not possible to make any system of distribution absolutely equal. As observed by Lord Mayo in 1871 :

"It is quite possible that, as heretofore, certain inequalities may exist as between provinces and provinces; but I believe that any more minute inquiry than that would have only led to failure".²¹

It could be easily understood that Bengal was under-governed to a considerable degree as compared to some other provinces in different lines of public services. But at the same time it should be remembered that while under the prevalent system other provinces used to raise large revenues by different local cesses to supplement some social services, "in Bengal", as admitted by the Government itself, "there were scarcely any such resources".²² From the Report on the Administration of Bengal, 1871-72, it was evident that Bengal was far more lightly taxed than any other part of India in this shape.²³

One of the most striking features of Bengal was that though some special local taxes were an absolute necessity, the demand was "set up for immunity for all taxes whatever".²⁴ Among other factors, it was mainly owing to the vehement protest of the Zemindars who asserted that the land revenue having been fixed for ever, no additional taxation of any kind could be put on land which was the most valuable and convenient source for any local cess at that time. "There is no class of men in the world", as remarked by R. Knight in 1871, "so justly obnoxious to special taxation ... as the land-owning class of these provinces (Bengal, Bihar and Orissa)".²⁵

This was the condition under which the Government of Bengal undertook the scheme of Provincial Finance. At the outset it was thought that it would not be possible to meet the legitimate demands of different public services without imposing some new provincial taxation. Most of the provinces also levied some

additional taxation about that time. But the thought of new taxation in Bengal was ultimately abandoned and "it felt obliged ... to husband its resources and to watch all provincial expenditure very narrowly".²⁵

It is interesting to note that under this contract, there was no department, except Registration, in which revenue exceeded expenditure. On the other hand, during the very first year of this arrangement, provincial charges except the department of police, were considerably below the original allotment. It was held that these savings were in great part due to the enforcement of rigid economy to find money for primary education that had been absolutely neglected in Bengal and to have some balances in hand to meet emergency demand.²⁷

It has been already noted that the responsibility of the Provincial Government had been entrusted only with the management of spending departments with a view to economy in administration. This purpose was fully achieved and the scheme had been thoroughly satisfactory in Bengal. The following extract from a letter of the Government of Bengal to the Government of India dated 14th December, 1872 will explain the Lieutenant Governor's opinion regarding the result of provincial finance in Bengal :

"The Lieutenant-Governor considers ... that the scheme of December 1870 has, in Bengal, at any rate, proved a very great success. There has ... been much less friction in the administration of the provincial Government than before ... The Lieutenant-Governor fully believes that this localisation of responsibility and power has been and will be productive of much economy and efficiency. He now looks more narrowly into the necessity and usefulness of any proposed measures of expenditure, than might otherwise have been the case. When he has sanctioned expenditure, he has been more particular than ever to see that no money was wasted, and that not a rupee was spent that could be saved".²⁸

The Government of Bengal being inspired by the success

of this scheme, recommended for further transfer of other departments to the Provincial Government. It also suggested that in order to create a direct interest in various branches of revenue, a percentage of all revenues, except that from opium, might be allowed to the Provincial Government to meet the charges.²⁹ Sir John Strachey, on this issue, also observed that

"the system of Provincial Assignments established in 1871 ought to be applied not only to expenditure but to income. ... When Local Governments feel that good administration of ... revenue will give to them, and not only to the Government of India, increased income and increased means of carrying out with the improvements, ... we shall get the good administration..."³⁰

Accordingly, in 1877 the scheme of decentralisation took another step in advance. The Government of India, while making over other great departments of expenditure to the Government of Bengal, also entrusted to it the use and responsibility of certain heads of revenue. Another important addition in this contract was that the productive public works such as Railways, Canals etc., including interest charges on capital expenditure were also provincialised in Bengal without any assignment. The Government of Bengal was authorized to impose a tax to meet these charges and a special Public Works Cess was accordingly levied for this purpose from 1877.³¹

The new scheme, though an improvement upon the earlier one, did not go far enough. In Bengal provincial revenue was still insufficient to meet its liability. The annual allotment that was made to meet the new as well as previously transferred heads of expenditure was fixed after some adjustments at Rs.2,39,39,000. It was presumed that in the first year of the contract, the provincial heads of revenue would yield Rs.1,91,07,000 which would increase every year by Rs.3,75,000 under the heads of Excise, Stamps, and Law and Justice. Accordingly, the gradual decreasing

amount of deficit would be met by a similar decreasing amount of Imperial allotment. The contract was not, however, a rigid one; adjustments under different heads were always in operation during the period.³²

This contract, like the previous one, was also a great success in Bengal. A considerable amount of excess revenue than the stipulated figures had been added in the provincial coffer of which the growth under excise revenue was the most noticeable feature. It increased from the contract figure of Rs. 64 lakhs in 1877-78 to Rs.93.74 lakhs in 1881-82, while the corresponding departmental expenditures were reduced by careful management from Rs.3.06 lakhs in 1877-78 to Rs.2.73 lakhs in 1881-82.³³ The following observation of the Report on the Administration of Bengal, 1880-81 might be quoted as an illustration in this regard :

"The system of decentralisation has been thoroughly successful in Bengal ... The Revenues have rapidly increased; ... useless expenditure has been curtailed ... All grades of service have shown the deepest interest in increasing the resources of Government under the belief that the surplus revenue would be available for the good of the province".³⁴

As regards expenditure, the operation of the contract of 1877 was felt in the Public Works Department more than in any other branch of public service. It was seen that the expenditure under public works including Railways, Irrigation, etc. works and their interest charges increased from Rs.59.41 lakhs in 1877-78 to Rs.168.14 lakhs in 1881-82. In other words, the growth of total provincial expenditure of Rs.127.18 lakhs between the years 1877-78 and 1881-82 was almost due to the growth of this public works expenditure which was to the extent of Rs.109.73 lakhs between the said years.³⁵ Most of these expenditures were, however, of commercial nature which already yielded larger amounts of revenue and were expected to bring about more in the long run.

On the expiry of this five-year contract, another quinquennial settlement with a remarkable turn in the decentralisation scheme was effected from 1882. The most noteworthy feature of this contract was that, instead of giving the Provincial Governments a fixed Imperial grant to make up their deficits as heretofore, a proportionate share of different revenues was assigned to them. For the first time here one is acquainted with a classification of revenue and expenditure heads into central, provincial and divided. The Provincial Government was, therefore, given a direct interest not only in provincialised revenue, but also in other important heads of Imperial revenue raised within the province.

The balance of revenues and charges thus assigned, being against the local Governments, would be rectified in most cases by a fixed percentage of Land Revenue which was otherwise reserved as Imperial. Bengal was admitted to 32.2 per cent of receipts and charges under Land Revenue. This proportion was, however, fixed after allowing the Imperial claim of Rs. 30 lakhs per annum as a share in the general improvement of the resources of the Province that resulted from the last contract.³⁶ It appears that the Central Government first gave the Government of Bengal a direct impetus to improve certain heads of revenue and then came to reap the benefits of this provincial efficiency.

Under this contract, the estimated revenue and expenditure stood initially at Rs. 2,91,26,000 and Rs. 4,49,53,300 respectively which showed an annual deficit of Rs. 57,27,300. Bengal was required to restore financial equilibrium partly by increasing its revenue and reducing expenditure and partly by drawing upon its balance. In order to ease off this difficulty, a special lump grant of Rs. 25½ lakhs had been sanctioned to the Government of Bengal. The Imperial Government also repaid a sum of Rs. 20 lakhs that was taken from the Government of Bengal at the time of Afghan War in 1879-80 and 1880-81.³⁷

The general financial result of this settlement was distinctly unfavourable to the Government of Bengal. The imposed financial liability was more than proportionate to the provincial resources. The phenomenal expansion of revenue during the last contract received a set-back. The progressive public expenditure, specially under the public works department, was reduced to a very low level due to lack of fund. A deficit amounting to more than Rs.56 lakhs was noticed in the provincial account even without any new scheme of expenditure during the period under contract.¹⁸

The principle of quinquennial settlement, initiated in 1877, was continued till 31st March, 1904 with a minor exception of two years' extension in the contract of 1897 due to abnormal economic condition caused by plague and famine. In these latter contracts following 1887 there was no material advance in the decentralisation scheme, but as the shares in certain heads of revenue and expenditure between the Imperial and Provincial Governments were varied according to Imperial needs.

Among the three principal divisible heads of revenue, viz. Land Revenue, Excise and Stamps, in 1887 the Government of Bengal was admitted to a quarter share of Land Revenue collections except those from Government estates, and in 1892 and 1897, 12 per cent of the receipts from Government estates and one-fourth the remaining Land Revenue collections. The provincial share under Excise had been reduced to one-fourth in 1887 and in 1892 but was raised to one-half in 1897, while the provincial share under Stamps was increased to three-fourths in all of these contracts. Certain transfer and retransfer of departmental receipts and expenditures between the Central and Provincial Governments were also in operation under these contracts.¹⁹

One of the interesting features of these settlements was that the management of Railway which was developed by provincial

fund and became an important growing source of revenue in Bengal, was gradually resumed by the Government of India. Thus, on the one hand, while some of the rapidly expanding sources of revenue were transferred from provincial to central treasury, Bengal was entrusted with some other new financial liabilities. Mr. Risley, the Financial Secretary of Bengal, after the settlement of 1897 observed :

"On the whole transaction, ... putting each source of revenue at its present value, Bengal is worse off by more than 12½ lakhs; while the prospective loss is probably much greater, for it is unlikely that excise revenue will expand in the same proportion as the railway receipts".⁴⁰

Unlike the previous settlement of 1882, in the latter contracts an estimated state of financial equilibrium was arrived at. Accordingly, the Government of Bengal had to deposit to the central treasury an annual sum of Rs.6,90,000, Rs.14,39,000 and Rs.14,19,000 respectively under the contracts of 1887, 1892 and 1897 as an estimated surplus of its normal revenue over normal expenditure.⁴¹

These contracts, so can be easily understood, were also very much unfavourable to Bengal. In many occasions the Government was compelled to draw upon its previous balance to meet the ordinary deficit resulting from the working of these contracts. It appears that under these settlements the Imperial Government was able to place itself in a better position leaving Bengal in a more deplorable condition. From 1898 the Imperial Government, however, made some special grants for education, sanitation, police reforms and so on. But the system was highly criticised by almost all the provinces on the ground that these 'doles' became an undesirable instrument of increasing control of the Central Government over the Provincial Governments.⁴²

The principle of quinquennial settlement was gradually faced with serious criticisms and provincial discontent. "They

(the Central Government) did not", said Mr. Shirree, the Financial Secretary of Bengal, "exactly say to the Local Government that the latter should not spend more money under a particular head, but they did say that in making the settlement they would not allow for a higher expenditure".⁴³

In theory, though a Provincial Government was supposed to enjoy the fruits of its economy, in practice, however, the Supreme Government frequently resumed the provincial balances after the expiry of a settlement. This spoiled the provincial motive for economy. The Provincial Government was experienced with a situation that if they would economise in one direction to accumulate fund for some particular purpose, their savings were imperilled, while their reduced standard of expenditure would be considered as the basis for the next settlement.⁴⁴ In this connection the following observation of Sir Mackenzie, the Lieutenant Governor of Bengal, seems to be very interesting :

"The provincial sheep is summarily thrown on its back, close clipped and shorn of its wool and turned out to shiver till its fleece grows again. The normal history of a provincial contract is this : two years of screwing and saving and postponement of work; two years of resumed energy on a normal scale, and the year of dissipation of balances in the fear that, if not spent, they will be annexed by the Supreme Government at the time of revision".⁴⁵

It appears that the crux of the whole problem originated from a strange outlook of the Supreme Government who considered its absolute right on all the revenues, whether Imperial or Provincial. "The revenues", as observed by Sir Edward Law, the Finance Member of India in 1902, "which we discuss in considering provincial settlements are, speaking generally, in no sense provincial. They are Imperial revenues, collected, for convenience by provincial administrators, who deduct the cost of their collection, whilst benefiting provincially by the expenditure involved in the collection".⁴⁶

In short, the main drawbacks of the system of Provincial contract that became apparent over time were the following :

- (a) Just like the first settlement of 1871, the apportionment of revenue to different provinces also did not follow any logical principle in the latter contracts.
- (b) The periodical revision of the contracts necessarily interfered with the continuity of provincial finance.
- (c) The system tended to encourage extravagance rather than economy.

Accordingly, the Imperial Government felt the necessity for a better method of financial decentralisation. The new settlement that was made in 1904 was neither for five years, nor was it permanent. It was to last for an indefinite period and was subject to revision if, over a considerable series of years, it was found to be unfair either to the Provincial or to the Supreme Government.⁴⁷ Local Governments were expected to acquire more permanent, instead of temporary, interest in public finance.

The heads of revenue which were either Imperial, Provincial or divided were left, with a few exceptions, almost unchanged. Like the previous settlements, in the case of divided heads, the Government of Bengal should have normally the same share of revenue and of expenditure under the same head with an important exception that under Land Revenue it would get only one-fourth the receipts but bear the whole of expenditure. Among other changes in the distribution of revenue and expenditure, the shares of Bengal were reduced in the following manner :

- (i) from $\frac{1}{2}$ to $\frac{1}{4}$ under Assessed Taxes and Forests,
- (ii) from $\frac{1}{2}$ to $\frac{1}{4}$ under Stamps and (iii) from $\frac{1}{2}$ to $\frac{2}{10}$ under Excise.

On the other hand, the miscellaneous receipts of the Customs department with all its charges, and the Registration department including its receipts and charges were made Imperial and

107475

Provincial respectively.⁴⁸

The arrangement was more beneficial to the Imperial than to the Government of Bengal. The position of Bengal became worse than under the previous settlement. Net addition to its annual revenue was reduced by about one-fourth, mainly owing to its smaller share under the principal heads of revenue. The result of this settlement was that a fixed Imperial allowance of Rs.49,03,000 per annum had been required to make up the estimated deficit of Bengal. An initial special grant of Rs.90 lakhs had also been provided to the Government of Bengal in order to compensate this disadvantageous position.

The changed condition, though not favourable to Bengal, still "constitutes", as observed by H. Khizroo, the Finance Secretary of Bengal, "a step towards greater financial autonomy and is bound to have a strong indirect influence".⁴⁹

In consequence of the separation of fifteen districts from Bengal on 16th October, 1905, to form a portion of the new province of Eastern Bengal and Assam, the quasi-permanent settlement of 1904 underwent a thorough revision in 1906. In this settlement which was also quasi-permanent in nature, the most noteworthy features were that the Government of Bengal was allowed to retain : (i) $\frac{1}{2}$ instead of $\frac{2}{16}$ of Excise, (ii) $\frac{1}{2}$ instead of $\frac{1}{4}$ of Forests and Assessed Taxes, (iii) the whole instead of $\frac{1}{4}$ of the receipts from Government estates, and (iv) $\frac{1}{2}$ instead of $\frac{1}{4}$ of the remaining Land Revenue. The estimated yearly revenue and expenditure were arrived at Rs.4,67,01,000 and Rs.4,74,40,000 respectively. The resulting deficit of Rs.7,39,000 was covered by the same amount of Imperial grant per year.⁵⁰

It appears that the new settlement was more advantageous to Bengal than the previous one. As observed by the Report on the Administration of Bengal, 1906-07 :

"These terms will operate more favourable than those of

former settlements, as a far larger proportion of the revenue now provincialized is likely to expand in the ordinary course of things, and the fixed non-expanding assignment has been considerably reduced".⁵¹

A further beneficial change was effected in 1907 when a new system of famine insurance was introduced by which the Provincial Government was greatly relieved.⁵²

In 1907, a Royal Commission upon Decentralisation in India was appointed to report, among other matters, on the then existing financial relations between the Supreme and Provincial Governments. They upheld the conversion of fixed assignments into shares of growing revenue. Moreover, they felt that the resources of Provincial Governments should be increased to provide for the expansion and improvement of local services. This increase in provincial revenue, according to them, should "be met by gradually provincializing heads of revenue which are now divided, and for which the provincial Governments must always be specially responsible..."⁵³

On the recommendation of this Commission, a further change in the contract of Bengal was effected in 1911. The chief alterations in the terms of the previous settlement of 1906 were that : (i) the provincial share of Excise was raised from $\frac{1}{2}$ to $\frac{2}{3}$ (ii) revenues and expenditures under Forests were made wholly provincial and (iii) Irrigation receipts and charges were reduced from the whole to the half. It was also decided to make the settlement a permanent one in the sense that no revision of the terms should be made except in a very special condition.⁵⁴ The net result of this change was that the provincial receipts from the expanding revenue increased in Bengal.

An unavoidable situation, resulting from the territorial re-distribution in 1912, however, necessitated the abrogation of this settlement immediately after it was made in 1911. From 1st

April, 1912 Bihar, Chota Nagpur and Orissa were separated from the jurisdiction of Bengal while the fifteen districts which were previously transferred from Bengal in 1905, were reunited with it. At this changed condition, it was decided that it would be better to have an experimental rather than a permanent settlement in Bengal.

Accordingly, from 1912 a temporary settlement for a period of three years was made with the Government of Bengal. The policy of 1911 also continued in this settlement and a further step was taken by raising the share of Bengal from three-quarters to the whole under Excise. The revenues and expenditures of Bengal were estimated to be Rs.5,51,06,000 and Rs.5,43,78,000 respectively. The excess of revenue over expenditure amounting to Rs.7,28,000 was to be taken as a fixed annual assignment from Provincial to Imperial revenue. With a view that many unforeseen causes of expenditure might arise due to territorial changes, the Government of Bengal had been provided with a total opening balance of Rs.150 lakhs including some earmarked grants. To this were further added some other special grants of Rs.16½ lakhs. Thus Bengal started its accounts in 1912 with a gross opening balance of Rs.166½ lakhs.⁵⁵

Certain financial rules governing the future relations between the Imperial and Provincial Governments were laid down in 1912, which extended the field of provincial finance. "These rules", as observed by Prof. P. Banerjee, "represented a decided advance on the path of decentralisation. They placed a greater responsibility on Provincial Governments for the stability of their finances, while at the same time investing them with wider independence".⁵⁶ Consequently, the Government of Bengal also delegated more financial power and responsibility to the local self-governments by making over the 'Public Works Case' to the District Boards from 1913-14.⁵⁷

The temporary settlement in Bengal, scheduled to be put

on a permanent basis from 1915, was extended further and continued till 1920-21 due to the outbreak of the First World War in 1914. The Provincial Governments gained further when in 1917 the famine relief expenditure was made a divided head, the outlay being borne by the Central and Provincial Governments in the proportion of three to one.⁵⁹

The exceptional circumstances during the War played its role in the public finances of Bengal. Most of the expanding heads of revenue, though at first got a set-back due to sudden dislocation of trade and business, revived shortly afterwards and showed a considerable progress out of the War economy. Public expenditure, on the other hand, under the instruction of the Government of India, had suffered seriously due to the exercise of most rigid economy in order to save money for the battle. Sir Henry Wheeler, the Finance Member of Bengal, in his Financial Statement, 1918-19, observed, "when I was Finance Secretary in 1909-12 we had no money; now we have money but we cannot spend it ... due to War".⁵⁹

The result of this extreme economy had been a large accumulated balance in Bengal which amounted to Rs. 419 lakhs on 1st April, 1920. In view of the cessation of War, a slight attempt was taken in 1920-21, the last year under the then financial arrangement, to shake herself free from these fettering conditions of expenditure.⁶⁰

It, thus, appears from the foregoing analysis that the financial system in Bengal under the decentralisation scheme had showed a distinct mark of improvement over a series of evolutions. At the inception of the scheme in 1911, Bengal started its account only with some spending departments. But the picture had just been reversed in 1920-21 when the Imperial Government retained only a few items under its exclusive control and made over the

rest departments, both of revenues and expenditures, to the Provincial Government, partly or fully.

It is seen from Tables 1 to 6, Appendix to Chapter 1, that notwithstanding a considerable reduction in territorial jurisdiction, the total revenue receipts under the disposal of Bengal had increased from Rs.160.69 lakhs in 1971-72 to Rs.961.19 lakhs in 1920-21. The expenditures between the said years, on the other hand, were raised from Rs.142.46 lakhs to Rs.913.98 lakhs. It shows that the growth of expenditures was far greater than that of revenues. In other words, while during the period of half-century revenues had increased by 435.93 per cent, the growth of expenditures was 544.92 per cent which might have increased further had there been no restrictions on expenditures due to the War at the concluding part of the period under consideration.

It is true that these settlements ensured a certain amount of financial devolution but it was not upto expectation. "The existing settlements", says the Montagu-Chelmsford Report, 1918, "are an undoubted advance upon the earlier centralised system, but they constitute no more than a half-way stage".⁶¹ Accordingly, a new scheme of provincial finance since 1931-22 had been called forth which would be examined in our next section.

B. Financial System under Diarchy i. 1921-27

After the First World War was over, a completely new arrangement of provincial finance in connection with the scheme of constitutional reforms had been under consideration to the British Government. In this regard, the Report on Indian Constitutional Reforms, 1918, commonly known as Montagu-Chelmsford Report, came into existence as the basic guideline. On the recommendations of this Report, the Government of India Act, 1919

was passed in order to bring into effect the proposed financial as well as constitutional reforms in India.

The way in which the reforms were carried out, broadly speaking, was the division of subjects into two parts : Central and Provincial. The domain of the Provincial Government was again subdivided into two halves, viz., (i) 'reserved' and (ii) 'transferred' subjects. By 'transferred' subjects it meant that certain specified departments were to be administered by the Provincial Governor with the aid and advice of the Ministers, appointed by him usually from the elected members of the Legislative Council. The rest of the provincial subjects, known as 'reserved' subjects remained under the administrative control of the Governor-in-Council, i.e. Executive Council.⁶² Thus a new system of dual administration in the functioning of Provincial Government was introduced.

The principal items under the provincial list were as follows : Local Self-Government, Medical, Education, Public Works, Irrigation, Land Revenue, Agriculture, Forest, Industry, Mineral Resources, Ports, Excise, Justice, Stamps, Registration, Police and some other items. It is to be noted that all these subjects were not absolutely made over to the provincial administration. Certain subsections of these heads as well as legislative control over them had been retained by the Supreme Government.⁶³

As regards 'transferred' subjects, except minor variations, most of the items were common to all the provinces. In Bengal the principal items under the 'transferred' list were : Local Self-Government, Medical, a part of Education, Public Works, Agriculture, Industry, Excise, Registration and so on.⁶⁴ It appears that the transferred departments were connected mainly with the nation-building activities and hence were liable to huge annual expenditures for their upkeep and development.

The Devolution Rule that was framed under the Government of India Act, 1919, did not provide any clear-cut formula regarding the distribution of provincial fund between these two parts of Government. It simply stated that "the framing of proposals for expenditure in regard to transferred and reserved subjects will be a matter for agreement between that part of the Government which is responsible for the administration of transferred subjects and that part of the Government which is responsible for the administration of reserved subjects".⁶⁵ In case of dispute, the Governor was given the discretionary power to take the decision.

This arrangement, as was anticipated by the Joint Parliamentary Committee on the Government of India Bill, 1919, gave rise to much controversy between the two parts of the Government in Bengal. As observed by the Government of Bengal, "there was a constant tendency to criticise expenditure on the reserved side as being extravagant and disproportionate with the expenditure on transferred subjects...".⁶⁶ It seems, this controversy was more due to political outlook and acute shortage of fund, rather than due to any real ground.⁶⁷

The Act of 1919 intended "that expenditure on transferred subjects shall, with the narrowest possible reservations, be within the exclusive control of the provincial legislatures...".⁶⁸ It was undoubtedly an important departure from the earlier system as for the first time in the financial history of India, the elected representatives of a province were concerned at least partially with their financial affairs.

Among other modifications, the Provincial Government, unlike the previous system of prior approval of the Central Government, might propose or pass any taxation bill from the Scheduled Taxes List. It should be remembered that no such act would be legalised unless assented by the Supreme Government.

Likewise, the Provincial Government, subject to the sanction of the higher authorities, was also authorised to raise loan for some specified purposes.⁶⁹ It appears that the Central Government still retained some controls over provincial finance.

On the question of the distribution of revenues the basic motto by which the authors of the Montagu-Chelmsford Report were guided was : "to find some means of entirely separating the resources of the central and provincial Governments". If Provincial autonomy is to mean anything real clearly the provinces must not be dependent on the Indian Government for the means of provincial development".⁷⁰ To this end they proposed to keep undisturbed the resources which were at that time absolutely Imperial or Provincial and to abolish the system of divided heads of revenues.

They stated that for the administrative convenience land revenue should be made provincial. Similarly, as irrigation and famine expenditures were closely connected with land revenue, it was considered to be logical to include them in the provincial accounts. Excise revenue being already provincialised in some areas, should, therefore, be extended to the other provinces as well.

As regards Stamps, they proposed that while Judicial Stamps should be a source of Provincial revenue, the General Stamps must be made Imperial for the purpose of maintaining uniform rates in commercial stamps. About Income Tax they argued that it should be reserved absolutely for Central Government for (i) the necessity of uniform rate throughout the country and (ii) the inconvenience of the fact that sometimes the tax receiving province might not be the province where the income was actually earned.⁷¹

It is quite natural that the relative importance of

these resources might not be the same to all provinces. The authors of the Report were also aware of this fact. They observed :

"Equality of treatment as between one province and another must be reached so far as it is possible in the settlements as a whole, and it is not possible to extend the principle of equality to individual heads of revenue".⁷³

To effect this principle, it was suggested that each province, out of its anticipated surplus, resulting from this re-distribution of resources, should contribute a fixed annual amount to supplement the estimated central deficit of Rs.1363 lakhs which was arrived at on the basis of 1917-18 budget figures. The provincial contribution was fixed at 87 per cent of its estimated surplus so as to cover the total Imperial deficit.⁷³

As the beneficial effects of this distribution of revenue were not uniform to all the provinces, there was a wide variation in estimated surplus and hence in provincial contributions. The authors of the Report, considering this point of inter-provincial disparity in contributions, admitted that "our scheme fails ... to remove... the disparity which is at present masked by the system of divided heads".⁷⁴

Among other provinces, the Government of Bengal being the most ill-fated in this regard, tried to convince the concerned authority that the proposed reforms would be extremely unfair to Bengal. It was held that in other provinces while the benefits of agricultural progress would be largely reflected in enhanced land revenue in Bengal there was hardly any such possibility due to the peculiar system of 'Permanent Settlement'. On the other hand, by making Income Tax a central subject, she was absolutely deprived of the revenues of rapidly expanding sources of industrial and commercial activities.

The Government of Bengal further argued that the contributions of Bengal to Central treasury in the way of Income Tax, Customs, etc. were very much higher than any other province, except Bombay.⁷⁵ Besides, the point of wide inter-provincial disparity in public expenditure was also referred to by the Government of Bengal. For example, while Rs. 675 lakhs were considered as normal expenditure for 46.69 million population (according to 1921 Census) in Bengal, the corresponding figures for Bombay were Rs. 900 lakhs for 19.35 million population. Montagu and Chelmsford thus observed, "we have, for the present, accepted the inequality... which history imposes on the provinces".⁷⁶

At this stage, the Government of India also felt the necessity for another investigation on the subject. Accordingly, a committee, known as Boston Committee, was appointed to advise mainly on the question of provincial contributions to the Central Government.

The Boston Committee also upheld the view that Income Tax should be a central subject but expressed their doubt, "if it will be possible permanently to exclude local governments from some form of direct taxation upon the industrial and commercial earnings of their people".⁷⁷

As regards General Stamps, they proposed to make it provincial for two obvious reasons. First, they observed that unless it was made provincial, some of the provinces would start with little or no surplus at all and it would create a problem to distribute the burden of central deficit among the provinces. Secondly, it was stated that provincialisation of General Stamps would secure a genuine and complete separation of resources as Judicial and General (non-Judicial) Stamps were controlled by the same agency. The necessity of the preservation of uniform rates might be attained by central legislation.⁷⁸

The system of provincial contribution was, however,

highly condemned by them. But still, so far as provincial contributions towards the central exchequer remained necessary, they had to consider this point. According to them, the introduction of the reformed scheme would give, although not with an equal standard, some increased spending power to the provinces. It was proposed that at the outset the contributions should be fixed on the basis of this enhanced revenue. Some provinces, such as Burma, Bihar and Orissa*, Central Provinces, and Assam were treated specially for their critical financial conditions, while the remaining provinces were to contribute about 60 per cent of their new resources to cover the total estimated central deficit of Rs.983 lakhs.⁷⁹

This arrangement was proposed only for the first year of the reformed scheme, i.e. for 1921-22. The Weston Committee stated that "the total contribution of each to the purse of the Government of India should be proportionate to its capacity to contribute".⁸⁰

Accordingly, they devised a formula by which each province should contribute from the second year so as to attain a fixed standard ratio of contribution from the seventh year through a continuous process of transition. The following table would show at a glance the relative position of Bengal under the Weston scheme :

Table 1 on p.27

The Weston Committee in its report did not give any statistical evidence in support of their so-called "equitable fixed ratio" of contributions which met with the most hostile reception in some of the provinces, specially in Bengal. It is true that it was very difficult, if not impossible to arrive at any

* Bihar and Orissa constituted a single province at that time.

Table I

Increased Spending Power and Provincial Contributions
under the System Committee, 1920

(Rs. in lakhs)

Province	Increased Spending Power	Provincial Contribution (First Year)	Increased Spending Power left after Contribution (First Year)	Percentage of Provincial Contribution to Total Central Deficit (First Year)	Standard Contributions from 7th Year (In Percentage to Total Central Deficit)
Bengal	104	63	41	6½	19
Bihar	42	15	27	1½	2½
Bihar & Orissa	51	311	51	311	10
Bombay	93	56	37	5½	13
Burma	246	64	182	6½	6½
Central Provinces	52	22	30	2	5
Madras	576	349	228	35½	17
Punjab	299	175	114	18	9
United Provinces	397	240	157	24½	18
Total	1850	993	857	100	100

Source : Compiled from the Report of the Financial Relations Committee (Calcutta : Central Publication Branch, 1920), pp.10, 14-15.

such solution about provincial contributions which would satisfy all the Provincial Governments. But still, under the different observations of the Committee itself as well as from the relative growth of revenues in some of the principal provinces,⁸¹ it was really strange how they had come to the conclusion that the contributing capacity of Bengal would increase so rapidly as to attain the highest level (19 per cent) only after the sixth year of the reformed scheme.

These proposals of Lord Houston were embodied in the Devolution Rules, under the Government of India Act, 1919. About provincial contribution the Rule was, however, framed in such a way that in no case should the initial contribution of any province be increased. To alleviate the disappointment of some provinces, specially of Bengal and Bombay, a further concession was made in the Devolution Rules by allowing the Provincial Governments a conditional share of Income Tax. It meant that whenever the assessed income in any province would exceed the standard assessment of the year 1920-21, the Provincial Government would be allocated at the rate of three pias in each rupee of the amount of such excess.⁸²

The Government of Bengal, however, could not derive any benefit out of this favour, except a very negligible amount of net receipts in the first year of the reforms (1921-22). It was mainly owing to the fact that the Income Tax demand was exceptionally high in Bengal in 1920-21 due to the War boom. With the gradual disappearance of the effects of the War economy, the Income Tax demand could not exceed the prescribed standard assessment of 1920-21 in the subsequent years.⁸³

At this juncture it should be noted that the Joint Parliamentary Committee on the Draft Rules under the Government of India Act, 1919 also admitted the problem of unequal distribution of resources among the provinces and its acute shortage particularly

in the case of Bengal. They expressed their unambiguous view by the statement : "The Committee desire to add their recognition of the peculiar financial difficulties of the Presidency of Bengal, which they accordingly commended to the special consideration of the Government of India".⁸⁴ But it was very unfortunate that there was no attempt in the Revolution Rule to mitigate the financial stringency of the Government of Bengal.

Coming to the question of the working of these reforms in Bengal, we see that it was a record not of any progress, but of constant endeavour on the part of the Government merely to avoid deficit due to acute shortage of fund. The meagre increase in spending power that was estimated by the Heston Committee, had been more than counterbalanced by the immediate increase in the salary rates to the amount of more than Rs.45 lakhs which became inevitable to meet the situation arising out of the War. In addition to it were further added some extra-financial liabilities due to the reforms. Moreover, after the War, demand was also keenly felt for some urgent expenditures which were either kept under check or stopped altogether during the War.⁸⁵

The fatal mistake of ignoring the vital point of provincial requirements in this new settlement became apparent at the very first year of its working. In Bengal, the budget for 1921-22, the first year under the reforms, showed a deficit of Rs. 2½ crores. The accumulated provincial balance due to rigid economy during the War stood at over Rs. 3½ crores at the beginning of the year. It was thought that the arrangement of meeting this huge annual deficit by provincial balance would lead to the disappearance of the latter very shortly. Accordingly, towards the middle of 1921 a deputation from Bengal met the Government of India to impress upon it on the gravity of the situation.⁸⁶

The Government of India also admitted the severe financial embarrassment in which Bengal was placed by the new

financial arrangement. "We" [Government of India], as observed by Sir Malcolm Hailey, the Finance Member of India, in 1931, "have examined the case both narrowly and critically, and it appears certain that with every economy Bengal must have a deficit of not less than Rs.120 lakhs. ... Bengal would have that deficit, even if it provided only the bare minimum expenditure required to carry on the ordinary administration of the Province".⁸⁷

Under the circumstances, the only concession that was granted to Bengal was the remission of its annual contribution of Rs.63 lakhs for a period of three years from 1922-23. It was, however, later on extended and waived for ever. This clearly shows the mockery of the Maston formula in operation. Moreover, this relief, as can be easily understood, was very insignificant to make up the huge budgetary deficit. Immediate measures were, therefore, taken to enforce all possible economy by retrenchment. But even this policy of drastic economy left a considerable amount of deficit, and it was no longer possible to avoid fresh taxation.⁸⁸

Three fiscal measures were introduced in early 1922, two of them by raising the duties under general and court-fee stamps and the third by imposing a new tax on certain forms of amusements, including betting on horse racing. The anticipation that these measures would yield an increased revenue of over Rs.1.5 crores, however, very soon proved to be too optimistic partly due to over-estimation and partly due to the blighting influence of after-war recession in trade and industry on revenue receipts. At this disappointing situation it became again necessary to enforce strict economy by retrenchment. During the first two years of the reforms, thus, Bengal had to curtail her expenditure to the extent of more than Rs.1.5 crores.⁸⁹ For a further retrenchment of a comprehensive nature, a Retrenchment Committee under the chairmanship of Sir B.N. Mukherji was appointed in 1922.

It was very apparent that the situation was not at all satisfactory. All these measures were taken merely to avoid

deficit for the bare needs of administration. The question of development had been kept in abeyance. There was practically very little room for further progress.

In the budget for 1925-26, though the provincial revenues were still very insufficient, the Government of Bengal after a long time provided some new schemes for expenditure of Rs.58½ lakhs. It was proposed to be met from accumulated balances which resulted from rigid economy. On the anticipation of budgetary deficit, the registration fees were also enhanced.⁸⁰ Thus, Sir P.C. Mitter, a financial expert of Bengal, deplored in 1929 :

"It is submitted that the political history of Bengal would in all probability have been different but for this terrible handicap of financial settlement. The Government of Bengal increased its resources by taxation and retrenchment to the extent of about 2½ crores of rupees. Even if this amount or even half of it were available for expansion of expenditure in the direction of beneficial measures, the history of Bengal would perhaps have been quite different".⁸¹

Some minor relief was, however, provided in the form of grants out of salt excise and import duties. As a result of the recommendations of the Indian Road Development Committee, the Central Government raised both the excise and import duties on motor spirit in 1929. This additional revenue was earmarked for the 'Road Development Fund' from which grants were made to the Provincial Governments for the special schemes of road development. A proportionate share of surcharge which was imposed on the said duties in 1931 was also credited to this fund. Similarly, on the recommendations of the Salt Survey Committee, an additional duty on imported salt which was, however, reduced from time to time, was imposed in 1931 with certain reservations. The proceeds of this additional duty were distributed to certain provinces for the development of salt sources and for the investigation of the possibility of new sources and to the provinces in which salt liable to the additional duty was consumed.⁸² In both the

two cases Bengal was benefited, although the provincial share in the latter case was very much insignificant.

A brief idea about the growth of public revenues and expenditures in Bengal during the period, 1921-30, might be obtained from the following table :

Table 2
Growth of Public Revenues and Expenditures
in Bengal, 1921-30

Year	Total Revenue Receipts (Rs.)	Per Cent of Rise	Total Revenue Expenditures (Rs.)	Per Cent of Rise
1921-22	8,32,44,177	-	10,47,90,959	-
1922-23	9,64,95,874	18.3	9,59,20,927	-3.5
1923-24	10,13,16,594	2.9	9,77,94,968	2.0
1924-25	10,34,23,710	2.1	9,76,01,738	-0.2
1925-26	10,70,17,423	3.5	10,30,63,430	5.6
1926-27	10,50,35,531	-1.9	10,70,945,92	3.9
1927-28	10,81,29,694	2.9	10,65,56,687	1.4
1928-29	10,98,67,053	1.6	10,90,46,963	0.5
1929-30	11,35,07,329	3.4	11,33,63,878	4.0

Sources : Compiled from the Finance and Revenue Accounts of the Government of India for the Years 1921-22 to 1929-30 (Vol. I : Govt. Publications Dept., 1930), Account Nos. 8, 9.

So far as the revenue receipts are concerned, the following interesting points deserve to be noted :

(1) The most striking feature that is evident from the above table is that the revenue receipts in 1921-22, after the provincial contribution, was even lower than that of the pre-reform year of

1920-21. It might be attributed to the post-War depressing effect on revenue receipts in 1921-22.⁹³

(ii) The increase in revenue receipts by Rs.89.52 lakhs between the years 1921-22 and 1922-23 without deducting the provincial contribution of Rs.63 lakhs in 1921-22, was partly due to some taxation measures and more primarily due to slight improvement in other major sources of revenue. Except the year 1926-27, the total revenue receipts had increased steadily upto 1929-30, though the annual rates of growth were very insignificant. Considering the amount of provincial contribution of Rs.63 lakhs as provincial revenue in 1921-22, the total revenues in Bengal rose from Rs.8.95 crores in 1921-22 to Rs.11.35 crores in 1929-30. In other words, during the said period revenues had increased by 26.9 per cent. But if we consider the growth of revenue after the taxation measures in 1922 and avoiding the depressing effect on revenues in 1921-22, it is seen that between the years 1922-23 and 1929-30 revenues had increased from Rs.9.85 crores to Rs.11.35 crores or only by 15.3 per cent. It was even lower than the pre-reforms growth of revenue of 20.2 per cent almost within the same span of time, 1912-21, though a considerable amount of Rs.1.47 crores under the Land Revenue adjustment head in 1912-13 was not present in 1920-21 and the Public Works Cess was made over to the local bodies since 1913-14.⁹⁴ This difference seems to be partly due to the presence of the War-economy and more primarily due to the inclusion of 50 per cent share of Income Tax which was one of the most elastic sources of revenue in Bengal during the period, 1912-21.

(iii) As can be easily understood, among the three principal sources of revenue, viz. Land Revenue, Excise and Stamps, the rates of growth were not uniform. It was found that while Land Revenue had increased from Rs.3.02 crores in 1921-22 to Rs.3.25 crores in 1929-30 or by 7.6 per cent, the receipts under Excise during the said period rose from Rs.1.83 crores to Rs.2.25 crores, i.e. by

23.5 per cent and that of Stamps from Rs.2.74 crores to Rs.3.92 crores or by 43.1 per cent. And if we consider the period, 1922-30, for the reasons stated above, it was also evident that during this period the receipts under Stamps had increased by 29.8 per cent but those under Excise and Land Revenue were raised only by 12.4 and 3.6 per cent respectively.⁹⁵ Thus, the overwhelming importance of Stamp revenue, not only in its rate of growth but also in its size was very much apparent in Bengal. It was held that the major part of this revenue was derived from litigation which was caused by the 'Permanent Settlement' of land.⁹⁶

As regards revenue expenditure we see that it had increased from Rs.10.48 crores in 1921-22 to Rs.11.34 crores in 1929-30. In other words, during the period, 1921-30, expenditures had increased only by Rs.86 lakhs or by 8.2 per cent. Another interesting point was that the annual expenditures during the period from 1922-23 to 1925-26 were even lower than those of 1921-22. It might be attributed partly to further economies through retrenchments and partly to the continuous effort to earn surplus as the fate of provincial contribution after three years was still indeterminate at that time. But the most striking feature was that upto the year 1926-27, the Government of Bengal could not even attain the bare minimum level of expenditure of Rs.10.72 crores which was admitted to be fair by the Government of India in 1921.⁹⁷ The need for some other new expenditures might have definitely been felt after 1921.

The picture becomes further gloomy if we consider the growth of expenditure under certain important heads. The Report of the Indian Statutory Commission, 1930, made a valuable study regarding the comparative position of different provinces in this respect. It was revealed from that Report that the relative position of Bengal was very much miserable compared to certain other principal provinces so far as the size, rate of growth and per head expenditures in some of the most essential services were concerned.⁹⁸

In fact, the relative position of Bengal became worse. As observed by the above Report "in Bengal the expansion of education and other services has practically ceased".⁹⁹

At this juncture one of the most striking features of Bengal is noteworthy. It was apparent that per capita revenue in Bengal was very much lower than that in some other provinces. In this regard, the Permanent Settlement of land revenue was undoubtedly a bar, though its adverse effects were partly compensated by the increased stamp revenues. But even excluding the incidence of Land Revenue to neutralise the influence of Permanent Settlement, the revenue per head in Bengal was still very lower than that in some other comparable provinces. The following table based on 1925-26 revenue receipts will give the relevant facts :

Table 3

Per Capita Revenue in Some Principal Provinces, 1925-26

Revenue	Bengal		Bombay		Madras		Punjab		United Provinces	
	Rs.	As.	Rs.	As.	Rs.	As.	Rs.	As.	Rs.	As.
Land Revenue										
Per Head	6-10		2-7		1-11		2-0		1-9	
Total Revenue										
Per Head	2-5		8-0		4-0		5-8		2-13	
Revenue Per Head Excluding Land Revenue	1-11		5-9		2-5		3-0		1-4	

[Source : Compiled from Govt. of Bengal, Appointment Deptt., Reforms, Report on the Working of the Reformed Constitution in Bengal, 1921-27, Pts. I and II (Calcutta : Bengal Secretariat Book Depot, 1929), pp. 84, 87.]

The reformed scheme, as mentioned earlier, did not aim at removing the interprovincial disparity in revenue receipts that was already in existence. But whatever might be the defects of

□ this settlement, it definitely provided some weapons to the Provincial Government to augment its revenue by imposing certain specified taxes for which the Provincial Governments had been appealing since long to the Supreme Government.

It is true that during the period, 1921-30, the Government of Bengal had enhanced Stamp duties and Registration fees, and imposed a new tax on amusements including betting, but the revenue potentiality of these measures was not very satisfactory. In 1929-30, only a sum of Rs.16.3 lakhs had been collected from Entertainment and Betting Taxes.¹⁰⁰ There were other types of taxes under the jurisdiction of the Provincial Government by which the tax structure could have been further diversified on a progressive line.

It was, however, very unfortunate that owing to "the reluctance of the Legislative Council [Bengal] to impose taxes to make up the deficit due to the Weston Settlement"¹⁰¹ the Government of Bengal could not tap these sources of revenue at the desired level. The Report of the Federal Finance Committee, 1931 in a separate occasion also remarked about this inactiveness of the Government of Bengal in the matter of further resource mobilisation. They rightly observed :

"We fully appreciate the difficulties through which Bengal is now passing, but we cannot believe that the Bengal Government and legislature have no means at their disposal, whether of economy or of increased taxation, to reduce a deficit of this magnitude..."¹⁰²

The financial position of Bengal almost came to a sudden collapse in 1930-31 due to the great depression of the thirties. The blighting influence of the depression on the revenue receipts continued more or less throughout the residual period under diarchy. It might be said that though the adverse effect of this world-wide depression was felt by all the provinces in India, Bengal was hit most severely by it. It was mainly due to abnormal fall in the

price of jute on which directly or indirectly a major section of the people used to depend. "The price which the cultivator received for his jute in 1930", said the Report on the Administration of Bengal, 1929-30, "was the lowest for many years if not the lowest on the record and was below the present cost of production".¹⁰³ The Review of the Trade in India in 1933-34 showed the magnitude of the depression in Bengal as follows :

"The largest decrease in the money-value of agricultural produce occurs in the case of Bengal. The fall amounts to just over 61 per cent of the 1928-29 total".¹⁰⁴

The financial stringency in Bengal was also aggravated by the simultaneous beginning of the civil disobedience movement which caused further deterioration in revenue receipts under most of the major heads.¹⁰⁵ A brief idea about the financial position of Bengal during the period of depression as well as the remaining part of diarchy might be obtained from the following table :

Table 4

Revenues and Expenditures of Bengal, 1929-37

Year	Total Revenue Receipts (Rs.)	Total Revenue Expenditures (Rs.)
1929-30	11, 35, 87, 329	11, 33, 63, 676
1930-31	9, 66, 26, 487	11, 40, 79, 275
1931-32	9, 01, 06, 632	11, 00, 51, 849
1932-33	9, 39, 03, 890	10, 67, 32, 676
1933-34	9, 05, 73, 476	10, 31, 66, 927
1934-35	11, 02, 72, 990	11, 03, 01, 117
1935-36	11, 47, 47, 599	11, 51, 17, 564
1936-37	12, 14, 39, 395	11, 74, 16, 432

Source : Compiled from the Finance and Revenue Accounts of the Government of India for the Years 1929-30 to 1936-37.

From the above table we find that the revenues in 1930-31 were lower than those of the immediately preceding year by Rs.1.7 crores. In other words, it fell by about 15 per cent in a year which was almost equal to the growth of revenue during the period, 1922-30, in Bengal. The persistent decrease in revenues continued and in 1931-32 it reached the lowest level of Rs.9.01 crores since 1922-23. In 1932 a taxation measure was taken under consideration by enacting the Bengal Motor Vehicles Tax Act, 1932. But there was hardly any sign of material improvement in the condition. Following the Depression since 1930, the Government of Bengal had to incur a huge amount of public debt annually only to meet her ordinary revenue deficit.

At this critical stage, a great financial relief was, however, provided to Bengal. The Central Government agreed to grant to the Government of Bengal, along with other jute producing provinces, half the net proceeds of the export duty on jute produced within the province from 1934-35. The condition that was imposed was that the grant should not be paid "unless the Government of India were satisfied that the Bengal Government and Legislature were doing all that was possible to help themselves". 106

Accordingly in 1935, five new taxation measures were introduced for a period of three years with the hope of realising an additional amount of about Rs.25 lakhs per annum. These measures were : (i) the Bengal Electricity Duty Act, 1935, (ii) Indian Stamps (Bengal Amendment) Act, 1935, (iii) Indian Court Fees (Bengal Second Amendment) Act, 1935, (iv) the Bengal Amusements Tax (Amendment) Act, 1935 and (v) the Bengal Tobacco Sales Licensing Act, 1935.¹⁰⁷ Thus, it appears that the Government of Bengal became active to tap some new sources of revenue in a worse economic condition but remained indifferent in a better situation, though the necessity was not at all less in the latter case.

During 1934-35, though there was evidence that the

great world-wide depression was gradually ending, in Bengal, generally speaking, there was very little change in the material conditions of the people. The improvement in the financial position since 1934-35 was not due to any substantial recovery in the yield from provincial sources, but due to the provision of fifty per cent share of the net proceeds of the jute export duty. The revenue receipts from the three major provincial sources, viz. Land Revenue, Excise and Stamps, being Rs.7.93 crores in 1936-37 were still Rs.1.56 crores below the 1929-30 size of Rs.9.43 crores, the year immediately preceding the onset of the depression.¹⁰⁸

The public expenditures on the other hand, as might be easily guessed from our foregoing analysis, could hardly claim for any development during the period 1930-37. Immediately following the depression, again a policy of rigorous economy by curtailment of expenditures was enforced in Bengal. A general measure of 10 per cent reduction in the salaries of all Government servants was also effected in 1931-32. Another Retrenchment Committee was appointed in 1932 to examine the possibility of further curtailment in expenditures. All these measures including the implementation of the Retrenchment Committee's Report, 1932, showed, after some adjustments, a reduction in expenditure of about Rs.95 lakhs in 1931-34 than in 1929-30.¹⁰⁹

The effects of these measures could not, however, be fully realized in the provincial finance of Bengal. It was mainly due to the fact that the Government of Bengal had to defray huge additional expenditures to suppress civil disobedience and the so-called terrorist movements at that time. As observed by the Report on the Administration of Bengal, 1934-35:

"The expenditure upon anti-terrorist measures constituted a stumbling block to financial recovery. The sum required for this purpose had risen from Rs.21½ lakhs in 1931-32 to Rs.57 lakhs in 1934-35. ... The promoters of anarchy had involved the Province in a total expenditure of Rs.262½ lakhs in 5 years, and ... if it had not been for civil

disobedience and terrorism, deficit debt of Bengal would have been less than Rs.3 crores, instead of nearly Rs.9½ crores...¹¹⁰

The interesting point was that although over the period between 1921-22 and 1936-37, revenue expenditures slightly increased from Rs.10.48 crores to Rs.11.74 crores, or by 12.02 per cent, the nation-building expenditures decreased even in absolute terms from Rs.4.20 crores to Rs.3.81 crores between the said years.¹¹¹ In other words, it was reduced by 10.98 per cent which meant a fall in the proportionate share of the nation-building expenditures to total expenditure from 40.84 per cent in 1921-22 to 32.45 per cent in 1936-37. Thus, it was very unfortunate that during the time of depression when provincial revenues shranked remarkably and the nation-building expenditures were curtailed, the Government of Bengal had been charged with heavy unproductive expenditures mainly under the heads, 'Jails', 'Police', 'Miscellaneous' and so on. But the greater tragedy was that these additional expenditures were met not only by ordinary revenues but also by borrowed money with interest charges which considerably deprived the province of progressive capital expenditures.¹¹²

C. Financial Arrangement under Provincial Autonomy : 1937-47

One of the remarkable features of the Government of India Act, 1919, was that it made a clear provision that after the ten years of the passing of this Act, the whole question of the constitutional reforms in India would be examined by a statutory commission for further development. Accordingly, in 1927, the Indian Statutory Commission, commonly known as the Simon Commission, was appointed to report on this subject. As regards financial arrangement, the Commission came to the conclusion that the then prevailing system was faced with two serious problems :

(i) The distribution of functions and allocation of resources between the Supreme and Provincial Governments suffered

from the lack of harmony. It meant that while all the functions requiring progressive increase in expenditure fall within the provincial sphere, the revenues assigned to them were insufficient and inelastic. On the other hand, central sources of revenue which had to meet comparatively stationary needs were elastic in nature.

(ii) The scheme had left various provinces very differently situated financially. In other words, the distribution of revenue among the provinces was arrived at "without any attempt to establish an objective standard of fairness".¹¹³

The Commission, however, admitted that it was very difficult to set up any such standard. They observed, "we should not in any case expect to find anything like equality in the expenditure of various provinces". Still, they took endeavour to devise a method "that will tend to mitigate the inequalities".¹¹⁴

It was believed that financial autonomy was the precondition of any scheme of provincial autonomy. But at the same time they stated that "it is not possible to make good the deficiency without drawing upon new taxes". Certain taxes, such as taxation on agricultural income, death duty, taxation on tobacco, excise on matches, terminal taxes, etc, were proposed for this purpose. In order to maintain uniform rates throughout India and to make some re-adjustments in provincial resources, a considerable number of these taxes were proposed to be imposed and collected by the central authority to be distributed to the provinces.¹¹⁵

They also advocated for the revival of the system of 'divided heads' of revenue, specially Income Tax. But the division would be in a very different way so that the Central Government might not exercise any control over the provincial finance. In view of administrative and fiscal convenience it was further proposed to bring the customs duty on foreign liquor into the domain of provincial excise and the commercial stamps into the

central sphere. This would approximately balance the losses and gains of both the Governments. ¹¹⁶

The question of federal finance was again examined by a sub-committee under the chairmanship of Lord Peel of the Federal Structure Committee. Among other modifications, the Peel Committee, 1931, mainly recommended that taxes on income other than corporation tax should be transferred to the provinces. At the outset, the resultant central deficit should be met by provincial contributions which would gradually decrease and finally disappear for the new central resources would develop. ¹¹⁷

The whole scheme of the Peel Committee, 1931, was given for further scrutiny to the Federal Finance Committee, 1932, under the chairmanship of E. Percy. On the question of Income Tax which was the most vital as well as controversial issue of the allocation of resources between the Central and Provincial Governments, the Percy Committee, 1932, came to the conclusion that "it is impossible to specify an annual rate of reduction of contributions or a definite period within which it... would enable the Federal Government to extinguish contributions altogether". ¹¹⁸ The complicated scheme of the distribution of Income Tax and the past bitter experience of provincial contribution, however, led to the abandonment of this proposal.

Having pursued further inquiries and discussions, including a third session of the Round Table Conference, the British Government published a detailed proposal for Indian Constitutional Reforms, commonly known as 'White Paper', in 1933. A Joint Select Committee of the Parliament (1933-34) was appointed to report upon these proposals in consultation with the Indian representatives. The Committee, after some modifications, accepted the financial plan of the 'White Paper' and these recommendations were finally embodied in the Government of India Act, 1935, with a minor change. ¹¹⁹

The Government of India Act, 1935, recognised a federal

constitution based on provincial autonomy. The Provincial Government was given an exclusive authority within the province in a precisely defined sphere where it was broadly free from the control of the Central Government. It was a fundamental departure from the earlier system under which the Provincial Government exercised "a devolved and not an original authority".¹²⁰ The Act also established the system of 'reserved' and 'transferred' subjects and the popular ministers were generally responsible for the whole field of Provincial Government.

The allocation of resources to the Provincial Governments, under the Act, mainly followed the principle of making the financial arrangement more elastic in the interest of future development. The whole scheme was to a great extent guided by the basic outline of the recommendations of the Simon Commission, 1930. The sources of provincial revenues were classified into four broad groups :

(a) taxes, fees, etc. levied, collected and utilized by the Provincial Government,

(b) taxes levied and collected by the Central Government but the net proceeds assigned to the Provinces,

(c) taxes levied and collected by the Federal Government but a prescribed share of the net proceeds assigned to the Provinces, and

(d) taxes levied and collected by the Federal Government but, if desired by the Central Legislature, a part or whole of the net proceeds might be distributed among the Provincial Governments.¹²¹

In addition to this sort of devolutionary support to provincial finance, the Act also made two other important provisions to bring about further elasticity in the revenues of some needy provinces. It meant that there was an arrangement for two kinds of central grants, viz. (i) grants-in-aid to such provinces as might be in need of assistance and (ii) the discretionary central grants.¹²²

The Act also liberalised the borrowing power of the provinces. The Provincial Government was empowered to borrow for any provincial purpose on the security of provincial revenues. The consent of the Federal Government was, however, required if either (a) there was still outstanding any part of a loan made or guaranteed by the Central Government or (b) the loan was to be raised outside India. ¹²³

Immediately after the passing of the Government of India Act, 1935, it was thought that before giving effect to the provincial autonomy, there should be an expert enquiry into the financial position of the provinces, the special assistance required by them, the time and mode of the distribution of the prescribed share of Income Tax and the provincial share of the Jute Export Duty. In 1935 Sir Otto Niemeyer was appointed to conduct this enquiry.

Sir Otto Niemeyer believed that a "change of constitutional and administrative arrangements cannot, of course, in a moment alter the general financial position or enable all conceivable financial desires to be met". But at the same time he stated "I see no reason why a cautious but steady advance should not be achieved". He observed that certain provinces, such as, Madras, Bombay and Punjab were intrinsically better off than others. It was considered that it would be reasonable to introduce some reformatory measures in this regard. Accordingly, he came to the conclusion that certain provinces should be provided with an annual financial assistance. The amount so fixed for Bengal was Rs. 75 lakhs. ¹²⁴

On the question of the method by which this measure of assistance should be taken, he recommended for the cancellation of provincial debt, owed to the Central Government, wherever possible. In Bengal and some other provinces all debts prior to 1st April, 1936 were proposed to be remitted. It was estimated

that this would result in an approximate annual saving of Rs.33 lakhs in Bengal.

The author did not favour the idea of sharing the proceeds of the Jute Export Duty. But as the provincial claim had already been recognised by the surrender of 50 per cent of the net proceeds of this duty, it was thought that for convenience, a part of the proposed financial assistance should take the form of an increased share of the Jute Export Duty. The provincial share of the Jute Export Duty was, therefore, increased from 50 to 62½ per cent. This additional 12½ per cent was expected to yield an annual sum of Rs.42 lakhs in Bengal. Thus, the special assistance of Rs.75 lakhs to Bengal was made up partly by debt cancellation (Rs.33 lakhs) and partly by enhanced share of Jute Export Duty (Rs.42 lakhs). In the case of other provinces where the estimated amount of required assistance could not be balanced in this way, central grants-in-aid per annum were provided to them. 125

As regards Income Tax it was recommended that 50 per cent of the net proceeds of divisible share should be assigned to the provinces to achieve "maximum practicable distribution". The author considered that immediately following the provincial autonomy the Central Government would have to relinquish huge amounts of its revenues. The Central Government would, therefore, be justified to retain the provincial share for a period of five years. It was very difficult to decide how much of the provincial share might be retained by the Central Government during this period of five years. In order to give both the Central and Provincial Governments an interest in securing the desired results, it was proposed that during this period of five years the Central Government might retain either the whole or such amount of the provincial share as, together with any railway surplus, would bring the Central Government's share in the divisible total upto Rs.13 crores, whichever was less. 126

The period prescribed during which the Central Government should relinquish the provincial share by equal steps was fixed at five years. It meant that in the first year of this second period, the Central Government might retain five-sixths of the sum, if any, retained in the last year of the first five-year period and it would decrease by a further sixth of that sum in each of the succeeding five years. Thus, the Provincial Governments were required to wait about ten years to get the full benefit of the ultimate provincial share of fifty per cent.¹²⁷

Sir Otto Niemeyer pointed out that no particular basis, such as population, residence, etc. for the distribution of the provincial share of Income Tax among the provinces was completely satisfactory. He observed that "substantial justice will be done by fixing the scale of distribution partly on residence and partly on population, paying to neither factor a rigidly pedantic deference, for which the actual data provide insufficient justification".¹²⁸ Accordingly, Bengal and Bombay were each provided with the highest proportion of 20 per cent of provincial share of Income Tax.

These recommendations were accepted and brought into effect by the Government of India (Distribution of Revenue) Order, 1936.

It thus appears that the new settlement was a landmark in the system of provincial finance in India. It recognised that under a federal constitution a clear-cut separation of revenues was not always desirable to effect elasticity in the provincial finance. Not only the sphere of provincial taxation was widened, but the Provincial Governments had also been provided with a share of a considerable number of centrally collected taxes. Further provision of some sort of special assistance was also made in order to balance the provincial budgets. In other words, for the first time a statutory attempt was made to uplift the financial standards of some backward provinces. It was held that "the financial authority of the provinces is now [under the Government of India Act, 1935] nearly as complete as can be under a federal constitution".¹²⁹

The system was not, however, free from criticisms. It was stated that the sources of revenue were so distributed that provincial prosperity and development were consciously subordinated to central security.¹³⁰ There was, no doubt, some force in this criticism but this problem was almost common to all federal constitutions. It should be remembered that the financial solvency of the Central Government was stated to be a primary objective not only for the interest of Central Government but also for the Provincial Governments. Moreover, it was already proved that an absolute financial independence in the sense of complete separation of the sources of revenue could not be a satisfactory solution under a federal structure. As different sources of revenue had varying importance in different provinces, some sort of redistribution of resources by central authority was very much essential. It would inevitably subordinate the provinces to the Central Government.

Another charge that was commonly made was that throughout the period of provincial autonomy, "wherever there was an option with the Central Legislature to distribute to the Provinces a portion of the yield of a Centrally levied tax, the Central Government did not exercise the option and wherever the whole of the yield of a Centrally levied tax was to be given away to the Provinces, the Centre did not levy such a tax".¹³¹ In this connection it should be remembered that only after a little over two years of the provincial autonomy, the Second World War broke out. Under the circumstances, it was beyond expectation that the Central Government could provide any resource in the aforesaid way to the Provincial Governments. Even after the end of the War, the political condition was so uncertain as well as disturbed that it was really difficult to take any endeavour in this regard. It appears, therefore, that the charge had no substantial ground and it could not be ascertained what would have actually happened under normal conditions.

We have so far discussed the main features of the allocation of resources to the Provincial Governments under the Government of India Act, 1935. Let us now examine the financial position of

Bengal during the period of provincial autonomy that was introduced on 1st April, 1937.

The new constitution brought about an important functional change in provincial finance. It not only completely separated the provincial account from the central account but also made the Provincial Governments responsible for their own ways and means operations which remained hitherto the responsibility of the Central Government.

Under these arrangements, the Government of Bengal had to bank in its name with the Reserve Bank of India and to maintain a minimum balance of Rs.25 lakhs. A sum of Rs.24 lakhs was also required to be maintained in its treasuries to carry on the administration. This requisite amount of Rs.49 lakhs and a further sum of that amount, i.e., Rs.29 lakhs in total, were provided to Bengal by the Government of India. As stated earlier, the public debt of Bengal amounting to Rs.8.41 crores that was owed to the Central Government, was also wiped out with the inauguration of provincial autonomy. Thus, the Government of Bengal started on the 1st of April, 1937, with a clean slate being unburdened with any debt.¹³²

The new settlement, as we already hinted, was to a considerable extent satisfactory to Bengal. The Finance Minister of Bengal, in his budget speech for 1937-38, observed that "the actual financial position at which the new regime commences is better than it has been for many years. ... The settlement is ... a great improvement ... in providing a much needed financial relief to Bengal".¹³³ Notwithstanding this favourable condition, the Government of Bengal, unlike its previous record, was very active to mobilise new resources during this time. "We have to explore", says the Finance Minister in the aforesaid speech, "new sources of taxation, which ... are essential if we are to give effect to a planned programme of national reconstruction. We cannot make bricks without straw; nor can we undertake the stupendous task of national uplift with slender means and a taboo against any increase of

taxation".¹³⁴ This motto was also followed by the next Finance Ministers who got a further impetus out of the war economy. The important taxation efforts during the period might be summed up as follows.

The five taxation measures of 1935, mentioned in our previous section, were scheduled to expire in 1938. Among these, except the Bengal Tobacco Sales Licensing Act, 1935, all the remaining four Acts continued through appropriate legislation. The cessation of the Bengal Tobacco Sales Licensing Act, 1935, was not, however, due to any appreciable economic ground but mainly to political reasons, for during the time of election campaign assurance was given to discontinue it. The Bengal Finance Act, 1939, was passed to impose a tax on professions, traders, callings and employment but it was again repealed in 1946.¹³⁵

The most remarkable efforts were taken in 1941 while three important Acts, viz. (i) the Bengal Motor Spirit Sales Taxation Act, 1941, (ii) the Bengal Finance (Sales Tax) Act, 1941 and (iii) the Bengal Raw Jute Taxation Act, 1941, were enacted. The Bengal Agricultural Income Tax Act, 1944, enabled the Provincial Government for the first time to tax incomes derived from agricultural sources. Besides, the rates of several taxes and duties were also enhanced considerably from time to time during the period.

The provincial tax revenue, thus, was increased from Rs. 8.78 crores in 1937-38 to Rs. 23.51 crores in 1946-47. In other words, per head provincial taxation in Bengal was raised roughly from Rs. 1.75 to Rs. 3.90 during this period. It should, however, be remembered that this phenomenal growth in provincial tax-revenue was not solely due to local efforts. A very high level of inflation and the tremendous rise in demand, caused by the war, were the notable boosters in this regard. The wholesale price index in Calcutta rose from 100 in July, 1914 to 105 in 1939 and then to 374 in August, 1947. It was much greater than

the all-India wholesale price index which increased from 100 in 1939 to 301.4 in August, 1947.¹³⁶

Now coming to the question of the growth of revenues and expenditures in general, a brief idea might be obtained from the following table :

Table 5
Growth of Public Revenues and Expenditures in
 Bengal, 1937-47

Year	Total Revenue Receipts (Rs.)	Total Revenue Expenditures (Rs.)
1937-38	13, 00, 85, 045	11, 83, 12, 581
1938-39	12, 76, 61, 000	12, 76, 62, 000
1939-40	14, 31, 66, 517	13, 71, 23, 920
1940-41	13, 54, 49, 619	14, 45, 36, 094
1941-42	14, 94, 28, 030	15, 50, 38, 245
1942-43	16, 46, 42, 365	16, 79, 17, 861
1943-44	23, 55, 06, 128	26, 23, 73, 012
1944-45	39, 37, 82, 323	44, 17, 95, 754
1945-46	45, 55, 40, 049	40, 58, 97, 651
1946-47	39, 56, 02, 761	42, 40, 66, 360

Sources : Compiled from (i) Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the Years 1937-38, 1939-40 to 1946-47; (ii) Govt. of West Bengal, Provincial Statistical Bureau, Statistical Abstract West Bengal, 1948, Second Issue (Calcutta : Supt. Govt. Printing, 1950), pp.308-10.7

From the above table it is found that during the period, 1937-47, total revenue receipts fluctuated upto the year 1940-41. This fluctuation was mainly due to the fall in some principal sources of provincial revenues, such as Land Revenue, Excise, etc. and that of the net proceeds of Jute Export Duty in 1938-39, and

almost wholly caused by the sudden considerable reduction in jute export, occasioned by the war in 1940-41.¹³⁷ Between the years 1940-41 and 1945-46, the growth of revenue was steady and exceptionally rapid which was again marked by a decline in 1946-47. On the whole, total revenue had increased from Rs.13.01 crores in 1937-38 to Rs.39.66 crores in 1946-47. In other words, total revenue increased to more than three times in a decade.

The stupendous growth of revenue might be attributed mainly to the unexpected receipts under the heads, 'Taxes on Income other than Corporation Tax', 'Provincial Excise', and 'Other Taxes and Duties'. In the case of Income Tax the basis of distribution was also modified from 1939-40 by which it unlinked railway finance from Income Tax. It authorised the Central Government to retain a sum of Rs.4½ crores in addition to the fifty per cent of the net proceeds and the arrangement continued till 1950-51.¹³⁸

It was found that while these three heads taken together yielded Rs.2.18 crores in 1937-38, the corresponding amount increased to Rs.19.87 crores in 1946-47. In other words, the percentage contribution of these revenues to total revenue receipts increased from 16.78 per cent to 50.10 per cent during the period.

The downward trend in the revenues of 1946-47, on the other hand, was largely owing to the reduced amount of central grant and the cessation of military activities whose effect was very much felt specially under the heads, 'Provincial Excise' and 'Other Taxes and Duties'. The communal and political disturbances, followed by the Great Calcutta Killing of 1946 also left their adverse marks on the revenues of Bengal. The fall in receipts was, however, partly counterbalanced by the increased proceeds of the Jute Export Duty due to the enhancement of its rate at that time.¹³⁹

As regards revenue expenditures, it is seen that, except

the year 1945-46, it increased steadily though the size was still lower in 1946-47 than in 1944-45. The growth of expenditure, like revenues, was also not uniform throughout the period. Up to the year 1942-43, while the growth was moderate to the extent of 61.92 per cent, it grew very rapidly by 152.59 per cent during the period, 1942-43 to 1946-47. Between the years 1937-38 and 1946-47, expenditure increased from Rs.11.83 crores to Rs.42.41 crores. In other words, it was raised to more than 3½ times. Thus, the growth of expenditures was more rapid than that of revenues and in most of the years it brought about revenue deficits of which in some years the amount was very high.

One of the most striking points during the time was that, while under the circumstances, it was expected that the growth of nation-building expenditures would be more than proportionate to that of total expenditure, in reality it was even slightly less than proportionate. The expenditure on some nation-building departments had increased from Rs.418.51 lakhs in 1937-38 to Rs.1449.09 lakhs in 1946-47, i.e. it was raised by 246.25 per cent.¹⁴⁰ The growth of total revenue expenditure during the same period was 258.45 per cent.

The picture becomes further gloomy if we consider the year 1944-45, the year of maximum amount of revenue expenditure as well as deficit. It was seen that during the period, 1937-38 to 1944-45, while the total expenditure increased by 273.42 per cent, the nation-building expenditure was raised only by 138.63 per cent.¹⁴¹ It means that the proportionate share of nation-building expenditure to total revenue expenditure was reduced to 22.61 per cent only in 1944-45 from 35.37 per cent in 1937-38.

The reasons for this odd distribution of expenditure were not, however, far to seek. It is known that during the Second World War, Bengal was very close to the war zone and had been a major base of military operation. Consequently, she had

to bear the brunt of it, both visible and invisible. Then came the Great Famine of Bengal in 1943 which practically dislocated the whole economic structure of the province. The Finance Minister of Bengal rightly observed in 1943, "Nature and Man seem to have conspired to inflict on the people of this Province [Bengal] almost unbearable sufferings".¹⁴² The additional expenditures caused by the war, famine, pestilence and communal disturbances had no counterpart either in character or in magnitude. Some idea in this regard might be gathered from the following table.

Table -5

Expenditure on Some Major Heads in Connection with the War, Famine, etc. in Bengal

(In lakhs of rupees)

Heads of Expenditure	1937-38	1941-42	1942-43	1944-45	1946-47
Extraordinary Charges	-	70.64	191.37	1783.09	625.70
Famine Relief	0.06	24.60	51.92	353.43	308.77
Miscellaneous	24.67	65.61	69.03	102.61	362.81
Total	24.73	161.85	312.32	2238.53	1297.28
Total Expenditure	1183.13	1350.38	1679.18	4417.95	4240.85

[Sources : Compiled from the Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the Years 1937-38, 1941-42, 1942-43, 1944-45 and 1946-47.]

The three heads of expenditure, i.e. 'Extraordinary Charges', 'Famine Relief' and 'Miscellaneous', taken together, amounted to Rs.24.73 lakhs which accounted for only 2.09 per cent of the total revenue expenditures in 1937-38. But in 1944-45 they were raised to the huge size of Rs.2238.53 lakhs and represented 50.67 per cent of the revenue expenditure. Although

this expenditure was reduced in 1946-47, still the magnitude was remarkably high to the extent of Rs.1297.28 lakhs which accounted for 30.59 per cent of the total expenditure.

It is true that the Government of Bengal was provided with special central grants of Rs.7 crores and Rs.8 crores respectively in the critical years of 1944-45 and 1945-46 and a part of extraordinary charges connected with the War was recovered from the Central Government. But all these receipts were very much meagre compared to the requirements. In the year 1937-38, the combined contribution of the three heads, viz. (i) 'Contributions, etc.', (ii) 'Extraordinary Receipts' and (iii) 'Miscellaneous', was Rs.12.64 lakhs. If we compare this figure with that of the foregoing additional expenditure in connection with the war, famine, etc. there appeared a gap of Rs.12.09 lakhs in 1937-38. The corresponding receipts and gaps were respectively Rs.785.54 lakhs and Rs.1452.04 lakhs in 1944-45 and Rs.368.49 lakhs and Rs.936.79 lakhs in 1946-47.¹⁴³

It, thus, appears that although the new settlement was favourable to Bengal and the War gave an extra stimulus to the growth of revenue, she could not derive the real benefit of it. Under the circumstances, while other provinces were reaping the rich harvest out of the War and piling up substantial accumulated surplus to the Post-War Reconstruction Fund, Bengal was not only unable to contribute a single rupee to such a fund but, on the contrary, had been saddled with a huge uncovered indebtedness.¹⁴⁴ As can be easily understood, the productive expenditures outside the Revenue Account were also very insignificant.¹⁴⁵ In presenting the budget for 1945-46 the Finance Minister of Bengal observed :

"All our borrowing uptill now have been either for the purpose of covering the revenue deficit and providing the requisite working balance ... or for financing the large-scale trading operations undertaken by the Government in the Department of Civil Supplies. Bengal had not been able so far to float any loans for productive purposes, that is to say, for the financing of schemes of development ... which create additional

wealth for the State. This debt ... will reach 19 crores on the 31st March 1946. The dead weight of this heavy burden has no counterpart... in any of the other Provinces".¹⁴⁵

The actual amount of public debt was, however, Rs.12.58 crores on 31st March, 1947.¹⁴⁷

At this juncture another most remarkable point regarding the nature of public expenditure in Bengal should be mentioned. That is to say, since 1943-44, the major part of the extraordinary charges in connection with War had been related to the Civil Supplies Department and its various trading losses. Apart from the very large amount of the establishment cost on this department, only the trading losses over the period between 1943-44 and 1946-47 were estimated at Rs.23 crores.¹⁴⁸ The public impression about the working of this highly expensive department was not at all satisfactory. As observed by Mr. N.H.Kundu in the Assembly in 1946 :

"The province has been groaning under the heavy burden of this [Civil Supplies] absolutely worthless and hopelessly corrupt department. With the exception of a very few, every person in the department is corrupt and dishonest. Not only are they corrupt and dishonest but complete chaos is reigning in the department, regularity and system are unknown, and promptness which is essential for real service to the people is not seen anywhere near it ... Normal trade distribution is much better than the present system".¹⁴⁹

Even considering the possibility of exaggeration, it seems there was some truth in it. It is true that since 1943 the condition of Bengal was aggravated by the shortage of food which naturally called for Government interference. But it should be remembered that for the real, efficacious and beneficial effects, Government intervention presupposes a well-developed civic sense among the people as a whole. Without it, a remedy adopted might sometimes worsen the situation. It appears that Bengal being unprepared for such measures, the measures did not bring the desired results.

After the end of the War, for the first time in her long history, Bengal made a budgetary provision of little over Rs.12 crores for 'development projects' in 1946-47, the last pre-independence complete year of undivided Bengal. The whole scheme was to be met by central grants of Rs.10½ crores and the balance by loans from the Central Government.¹⁵⁰

It was, however, very regrettable that notwithstanding the fact that Bengal could "proceed with the execution of these projects [the 'development projects' of 1946-47] without having to worry about ways and means", she could avail herself only of the partial opportunity of these 'development projects' in 1946-47. The actual post-war development expenditure and the central grant amounted to Rs.3.52 crores and Rs.2.66 crores respectively. The disturbed conditions caused by communal riots and the difficulties of obtaining suitable material and personnel were stated to be the main reasons for the retardation of these projects.¹⁵¹ Thus, after the War and the famine, when all the possible efforts should have been engaged in restoring the normal granities of life in Bengal, circumstances compelled to dissipate them in such a way that it not only hampered the chances of economic recovery but also shook the very foundations of social security.

During the last year of undivided Bengal a detailed Five-Year Plan of Rs.153 crores was almost in the final shape. The financial arrangement for this Plan was that out of the total outlay of Rs.153 crores, Rs.53 crores would be met by loans and Rs.69 crores by grants from the Central Government and the balance of Rs.31 crores would be financed out of provincial resources.¹⁵² But independence and partition was in the offing and the ambitious Five-Year Plan withered away almost in no time, ushering in an era of belied hope and untold miseries.

NOTES AND REFERENCES

1. W.H.Hunter, The Annals of Rural Bengal, Vol.I, Reprint (Delhi : Cosmo Publications, 1975), p.347.
2. Ibid., pp.311-12.
3. P.N.Banerjee, Indian Finance in the Days of the Company (London : Macmillan and Co., Ltd., 1928), pp.78-80.
4. W.H.Hunter, p.343.
5. P.N.Banerjee, p.79.
6. Quoted in Govt. of West Bengal, West Bengal Today (Development Dept., 1954), p.73.
7. Quoted in P.N.Banerjee, p.85.
8. W.H.Hunter, p.303n.
9. Report on Indian Constitutional Reforms (Calcutta : Central Publication Branch, 1928), pp.35-36.
10. Finance and Revenue Accounts and Miscellaneous Statistics relating to the Finances of British India, 1861-62 - 1868-69, Pt. I (Calcutta : Dept. of Govt. Printing, 1869), Preface.
11. P.N.Banerjee, pp.16-20.
12. Proceedings of the Council of the Lieut.-Governor of Bengal for the Purpose of Making Laws and Regulations, Vol.XIV, January to December, 1893 (Calcutta : Bengal Secretariat Press, 1894), p.172.

Hereafter referred to as "Council Proceedings, (Vol.) ... (Year)..."
13. R.Knight, Decentralization of the Finances of India (Bombay : The Perserverance Printing Press, 1871), p.11.
14. Quoted in Report on Indian Constitutional Reforms, p.69.
15. Quoted in Council Proceedings, Vol.XIV, 1893, p.169.
16. Resolution No.3394, 14th December, 1870, quoted in P.J.Thomas, The Growth of Federal Finance in India : Being a Survey of India's Public Finances from 1833 to 1933 (Madras : Oxford University Press, 1939), p.168.
17. Council Proceedings, Vol.XIV, 1893, pp.169-70; Report on the Administration of Bengal, 1890-91 (Calcutta : Bengal Secretariat Press, 1901), p.309.
Hereafter referred to as "Ad-Report for (Year)"
18. Quoted in P.J.Thomas, p.168.

19. H.Knight, pp.2-3.
20. Ad. Report for 1871-72, p.163.
21. Quoted in P.J.Thomas, p.176.
22. Ad. Report for 1871-72, p.163.
23. Ibid., p.173.
24. H.Knight, p.14.
25. Ibid., p.19.
26. Ad. Report for 1871-72, pp.165, 367.
27. Govt. of Bengal, Reports on the Plan of Assignments for Provincial Services Introduced by Financial Resolution No. 3314, Dated 14th December 1870 (Calcutta : Supt. of Govt. Printing, 1873), p.22.
28. Ibid., p.23.
29. Ibid., p.26.
30. Quoted in Report of the Finance Committee, 1886, Vol. I, The Proposed Provincial Contracts of 1887 (Calcutta : Supt. of Govt. Printing, 1887), pp.11-12.
31. Ad. Report for 1880-81, p.309.
32. Ibid.
33. Ibid., pp.310-17; Ad. Report for 1881-82, pp.274-75.
34. Ad. Report for 1880-81, p.317.
35. Ibid., pp.310, 314-16; Ad. Report for 1884-87, p.240.
36. Ad. Report for 1881-82, pp.39, 200-31; Ad. Report for 1894-97, p.249.
37. Ad. Report for 1896-97, p.241.
38. Ibid., pp.240-43, 246-49.
39. Ad. Report for 1892-93, pp.42-45; Ad. Report for 1896-97, p.30; Ad. Report for 1897-98, p.27.
40. Council Proceedings, Vol. XLIV, 1897, p.111.
41. Ad. Report for 1892-93, pp.43-44; Ad. Report for 1896-97, pp.30-31; Ad. Report for 1897-98, p.27.
42. P.N.Banerjee, Provincial Finance in India (London : Macmillan and Co.Ltd., 1929), p.133.

43. Council Proceedings, Vol. XXVI, 1904, p.66.
44. Report on Indian Constitutional Reforms, pp.70-71.
45. Quoted in P.N.Danerjee, Provincial Finance in India, p.114.
46. Quoted in Ibid., pp.120-21.
47. Imperial Gazetteer of India, Provincial Series, Bengal, Vol. I (Calcutta : Supt. of Govt. Printing, 1909), p.119.
48. Ad. Report for 1903-04, p.117.
49. Council Proceedings, Vol. XXVI, 1904, p.68.
50. Ad. Report for 1906-07, p.98.
51. Ibid.
52. Report on Indian Constitutional Reforms, p.71;
P.J.Thomas, p.255.
53. Report of the Commission upon Decentralisation in India, Vol. I (London : His Majesty's Stationery Office, 1909), p.34.
54. Ad. Report for 1911-12, p.XIX.
55. Council Proceedings, Vol. XLV, 1913, p.132; Ad. Report for 1911-12, p.54.
56. P.N.Danerjee, Provincial Finance in India, p.151.
57. Council Proceedings, Vol. XLV, 1913, p.41.
58. Report on Indian Constitutional Reforms, p.71.
59. Govt. of Bengal, Finance Dept., Annual Financial Statement for 1918-19, p.312.
60. Ad. Report for 1919-20, p.VI; Council Proceedings, Vol. LII, 1920, p.449.
61. Report on Indian Constitutional Reforms, pp.72, 130.
62. Govt. of India, Legislative Dept., The Government of India Act with Rules and Notifications thereunder and Index (Calcutta : Central Publication Branch, 1924), pp.73-79.
63. Ibid., pp.202-08.
64. Ibid., pp.209-13.
65. Ibid., p.195.

66. Indian Statutory Commission, Memoranda Submitted by the Government of Bengal to the Indian Statutory Commission, Vol. VIII (London : His Majesty's Stationary Office, 1930), p.122.
67. Id. Report for 1926-27, p.257.
68. Second Report from the Joint Select Committee on the Government of India Act, 1919 (Draft Rules) (Simla : Govt. Monotype Press, 1920), p.4.
69. The Government of India Act with Rules and Notifications thereunder and Index, pp.113, 165, 218-20.
70. Report on Indian Constitutional Reforms, p.130.
71. Ibid., pp.130-32.
72. Ibid., p.132.
73. Ibid., p.134.
74. Ibid., p.135.
75. Council Proceedings, Vol. LII, 1920, pp.448-49.
76. Report on Indian Constitutional Reforms, pp.170-71.
77. Report of the Financial Relations Committee (Calcutta : Central Publication Branch, 1920), p.3.
78. Ibid., p.4.
79. Ibid., pp.5-6, 10-11.
80. Ibid., p.12.
81. Ibid., pp.4, 7, 11-14.
82. The Government of India Act with Rules and Notifications thereunder and Index, pp.183-95; Second Report from the Joint Select Committee on the Government of India Act, 1919 (Draft Rules), pp.2-3.
83. Govt. of India, Dept. of Commercial Intelligence and Statistics, Statistical Abstract for British India from 1920-21 to 1929-30 (Calcutta : Central Publication Branch, 1932), pp.216-18.
84. Second Report from the Joint Select Committee on the Government of India Act, 1919 (Draft Rules), p.3.

85. Ad. Report for 1922-23, p. XXXII.
86. Ad. Report for 1920-21, pp. VI-VII.
87. Memorandum Submitted by the Government of Bengal to the Indian Statutory Commission, Vol. VIII, p. 62.
88. Ad. Report for 1920-21, p. VII.
89. Ad. Report for 1922-23, pp. XXXIII-XXXVI.
90. Ad. Report for 1925-26, pp. XXXIV-XXXV.
91. Govt. of Bengal, Appointment Dept., Reforms, Report on the Working of the Reformed Constitution in Bengal, 1921-27, Pts. I and II (Calcutta : Bengal Secretariat Book Depot, 1929), p. 97.
92. Finance and Revenue Accounts of the Government of India for the Year 1930-31 (Delhi : Manager of Publications, 1932), p. 642; Finance and Revenue Accounts of the Government of India for the Year 1936-37 (Delhi : Manager of Publications, 1938), p. 92. Hereafter referred to as "Finance and Revenue Accounts for (Year)".
93. Vide Table 5, Appendix to Ch. I, Ad. Report for 1922-23, p. XXXIV.
94. Finance and Revenue Accounts for 1922-23, Account No. 8; Council Proceedings, Vol. XLVII, 1915, p. 458.
95. Vide Table 7, Appendix to Ch. I, Finance and Revenue Accounts for 1922-23 and 1927-28, Account No. 8.
96. Indian Statutory Commission, Report of the Indian Statutory Commission, Vol. II, Recommendations (Calcutta: Central Publication Branch, 1930), p. 231.
97. Memorandum Submitted by the Government of Bengal to the Indian Statutory Commission, Vol. VIII, p. 91.
98. Report of the Indian Statutory Commission, Vol. II, pp. 232-34.
99. Ibid., p. 235.
100. Finance and Revenue Accounts for 1929-30, Account No. 8.
101. Memorandum Submitted by the Government of Bengal to the Indian Statutory Commission, Vol. VIII, p. 67.
102. Report of the Federal Finance Committee, 1932 (Calcutta : Central Publication Branch, 1932), p. 7.

103. Ad. Report for 1929-30, p.XXVIII.
104. Cited in West Bengal Today, p.77.
105. Ad. Report for 1930-31, p.139.
106. Ad. Report for 1933-34, p.62.
107. Assembly Proceedings, Official Report, Bengal Legislative Assembly, Third Session, 1938, Vol.LII, No.3 (Calcutta : Supt.Govt.Printing, 1938), pp.139-40. Hereafter referred to as "Assembly Proceedings, (Vol.) ... No. (Year)..."
108. Vide Table 7, Appendix to Ch.I; Finance and Revenue Accounts for 1929-30, Account No.6.
109. Ad. Report for 1931-32, pp.137-38; Ad. Report for 1933-34, p.81.
110. Ad. Report for 1934-35, p.59.
111. Vide Table 8, Appendix to Ch.I.
[Nation-building expenditures included the heads :
(a) 'Irrigation, etc. (Charged to Revenue)',
(b) 'Scientific Department', (c) 'Education',
(d) 'Medical', (e) 'Public Health',
(f) 'Agriculture', (g) 'Industries', and
(h) 'Civil Works'.]
112. Vide Table 9, Appendix to Ch.I; Ad. Report for 1931-32, p.138.
113. Report of the Indian Statutory Commission, Vol.II, p.232.
114. Ibid., pp.292, 276.
115. Ibid., pp.131, 239-44.
116. Ibid., pp.134, 339-44, 247-50, 252-60, 263, 277.
117. Report of the Federal Finance Committee, 1932, pp.1, 16-17.
118. Ibid., p.17.
119. Joint Committee on Indian Constitutional Reform (Session 1933-34), Vol.I, Pt.I, Report (Delhi : Manager of Publications, 1934), pp.162-70.
120. Ibid., p.29.
121. The Government of India Act, 1935 (Delhi : Manager of Publications, 1935), pp.91-94, 390-99.
122. Ibid., pp.95-97.
123. Ibid., pp.103-04.

124. Otto Niemeyer, Indian Financial Enquiry Report (Delhi : Manager of Publications, 1936), pp.4-5, 8.
125. Ibid., pp.8-10.
126. Ibid., pp.11-12.
127. Ibid., pp.13, 15.
128. Ibid., p.13.
129. P.J.Thomas, "Provincial Finance under Autonomy", Indian Journal of Political Science, Vol.I, No.1, September, 1939, p.69.
130. C.Y.Chintamani and M.R.Masani, India's Constitution at Work (Bombay : Allied Publishers, 1940), p.39.
131. West Bengal Today, p.79.
132. Assembly Proceedings, Vol.LIV, No.1, 1939, p.179;
Assembly Proceedings, Vol.LII, No.2, 1938, p.22.
133. Govt. of Bengal, Finance Dept., Speech by the Hon'ble Mr.N.R.Sarkar, Finance Minister, in Presentation the Budget for 1937-38, pp.5-6.
134. Ibid., p.28.
135. Assembly Proceedings, Vol.LII, No.1, 1939, pp.139-40;
Assembly Proceedings, Vol.LIV, No.2, 1939, p.252;
Assembly Proceedings, Vol.L XXI, No.1, 1946, p.26.
136. Vide Table 10, Appendix to Ch.1; In 1946-47 an amount of Rs.77.61 lakhs derived from Agricultural Income Tax had been added to provincial tax. Govt. of West Bengal, Provincial Statistical Bureau, Statistical Abstract West Bengal, 1948, Second Issue (Calcutta : Supt., Govt. Printing, 1950), pp.231-95, 311.
137. Vide Table 10, Appendix to Ch.1; Statistical Abstract West Bengal, 1948, pp.308-09.
138. Govt. of West Bengal, Finance Dept., Explanatory Memorandum on the Budget of the Government of West Bengal for the Year 1948-49 (Calcutta : Supt., Govt. Printing, 1948), p.13; Govt. of India, Ministry of Education and Social Welfare, The Gazetteer of India, Vol.III, Economic Structure and Activities (New Delhi : Publications Division, 1975), p.931.
139. Assembly Proceedings, Vol.LXXII, No.1, 1947, p.272;
Assembly Proceedings, Vol. LXXI, No.1, 1946, pp.25-26.
140. Ibid., p.26. Vide Table 11, Appendix to Ch.1. In addition

to the heads referred to earlier, nation-building expenditures also included the new heads, "Veterinary" and "Co-operation".

141. Vide Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the Year 1944-45 (Delhi : Manager of Publications, 1945), Account No.6. Hereafter referred to as "Combined Finance and Revenue Accounts for (Year)"
142. Assembly Proceedings, Vol.LXXI, No.1, 1943, p.50.
143. Vide Combined Finance and Revenue Accounts for 1943-44, 1944-45 and 1945-47, Account No.5.
144. Assembly Proceedings, Vol.LXXII, No.1, 1946, p.147;
Assembly Proceedings, Vol.LXXIII, No.1, 1947, p.503.
145. Vide Table 12, Appendix to Ch.I.
146. Assembly Proceedings, Vol.LXXII, No.1, 1946, pp.34-35.
147. Combined Finance and Revenue Accounts for 1946-47, p.304.
148. Assembly Proceedings, Vol.LXXII, No.1, 1946, p.148.
149. Ibid., pp.114-15.
150. Ibid., pp.25-26.
151. Ibid., p.25; Assembly Proceedings, Vol.LXXII, No.1, 1947, p.272; Combined Finance and Revenue Accounts for 1946-47, pp.20-22, 236-37.
152. Assembly Proceedings, Vol.LXXII, No.1, 1947, p.202.

APPENDIX TO CHAPTER ITable IReceipts of the Government of Bengal

Head	1871-72 Rs.	1876-77 Rs.
Imperial Allotment	1,23,09,990	1,11,11,574
Jails	6,61,300	7,22,837
Registration	3,66,973	6,31,053
Police	5,07,928	65,802
Education	3,90,361	4,75,229
Medical	47,379	1,49,982
Printing	24,602	64,131
Marine	-	300
Miscellaneous	3,32,373	1,04,319
Public Works	8,46,622	3,00,033
Rents, Local Rates and Taxes etc.	5,82,216	-
Total	1,60,69,749	1,36,24,780
Debt Heads	-	2,82,229
Opening Balance	21,51,358	5,00,000
Grand Total	1,82,21,107	1,44,07,009

- ✓ Sources : (1) Report on the Plan of Assignments for Provincial Services : Introduced by the Financial Resolution No. 3334 Dated 14th December, 1870 (Calcutta : Sept., Govt. Printing, 1873), p. 26;
- (11) Report on the Administration of Bengal, 1876-77 (Calcutta : Bengal Secretariat Press, 1876), p. 262. ✓

Table-2
Expenditure of the Government of Bengal

Head	1871-72 Rs.	1876-77 Rs.
Refunds	16	81,846
Jails	14,84,101	16,42,211
Registration	2,86,732	4,80,551
Police	51,21,604	39,95,815
Education	19,58,190	22,47,958
Medical	9,00,359	13,62,918
Printing	1,16,438	2,95,243
Marine	-	1,083
Minor Establishments	-	3,90,133
Rents, Local Rates and Taxes etc.	11,95,797	1,95,739
Miscellaneous	1,75,063	3,41,514
Contributions	-	1,81,449
Public Works	30,08,751	35,59,247
Total	1,42,48,051	1,39,36,737
Debt Needs	-	1,83,007
Closing Balance	39,73,056	2,87,265
Grand Total	1,82,21,107	1,44,07,009

- [Sources : (i) Report on the Plan of Assignments for Provincial Services : Introduced by the Financial Resolution No. 3234, Dated 14th December, 1870 (Calcutta : Dept., Govt. Printing, 1873), p. 23;
- (ii) Report on the Administration of Bengal, 1876-77 (Calcutta : Bengal Secretariat Press, 1878), p. 262.]

Table 3
Revenue of the Government of Bengal

Head	1880-81 Rs.	1890-91 Rs.
Land Revenue :		
(a) Proper	-	99,92,530
(b) Adjustment	-	- 22,97,358
Salt	1,35,000	1,28,226
Stamps	1,13,92,000	1,06,85,194
Excise	85,53,000	26,16,210
Provincial Rates	35,15,000	43,19,933
Customs	1,30,000	57,973
Assessed Taxes	3,50,000	21,19,441
Forests	-	3,63,696
Registration	10,30,000	6,19,539
Minor Departments	1,65,000	-
Law and Justice	9,70,000	8,96,337
Jails	7,89,000	7,66,293
Police	4,34,000	4,31,678
Marine	12,76,000	9,19,736
Education	4,97,000	5,75,686
Medical	1,54,000	1,42,812
Scientific and Other Minor Departments	-	1,77,394
Interest	13,000	92,509
Telegraphs	-	129
Receipts in Aid of Superannuation	-	1,26,567
Stationery and Printing	1,22,000	2,94,147
Miscellaneous	7,56,000	7,70,249
Railways	29,59,000	1,46,45,003
Irrigation and Navigation	16,71,000	22,84,427
Civil Works	6,86,000	7,36,896
Imperial Allotment	49,29,000	-
Total	3,96,73,000	5,14,84,207
Opening Balance	51,04,000	36,76,547
Grand Total	4,47,77,000	5,51,60,754

∟ Sources : Compiled from (i) Report on the Administration of Bengal, 1880-81 (Calcutta : Bengal Secretariat Press, 1881), p. 310; (ii) Report on the Administration of Bengal, 1891-92 (Calcutta : Bengal Secretariat Press, 1892), p. 284.

Table 4
Expenditure of the Government of Bengal

<u>Heads of Expenditure</u>	<u>1930-31</u> Rs.	<u>1929-30</u> Rs.
<u>Direct Demands on the Revenues :</u>		
Refunds and Drawbacks	7, 39, 000	1, 49, 135
Assignments and Compensations	-	1, 63, 447
Land Revenue	27, 30, 000	30, 30, 963
Salt	19, 000	68, 250
Stamps	3, 99, 000	3, 63, 961
Excise	2, 62, 000	1, 62, 972
Provincial Rates	-	4, 05, 650
Customs	6, 98, 000	5, 42, 113
Assessed Taxes	1, 68, 000	87, 930
Forests	-	2, 06, 660
Registration	6, 38, 000	3, 14, 672
Opium	1, 000	-
<u>Interest :</u>	36, 32, 000	84, 451
<u>Post Office, Telegraph and Mint :</u>	-	-481
<u>Salaries and Expenses of Civil Department :</u>		
General Administration	14, 70, 000	15, 84, 964
Law and Justice	66, 93, 000	62, 40, 807
Jails	16, 81, 000	30, 40, 307
Police	40, 05, 000	50, 65, 004
Marine	10, 87, 000	9, 40, 470
Education	25, 55, 000	25, 24, 854
Ecclesiastical	8, 000	-
Medical	10, 75, 000	15, 65, 936
Political	-	21, 001
Scientific and Other Minor Departments	-	2, 97, 048
Minor Departments	2, 75, 000	-
<u>Miscellaneous :</u>		
Depreciation etc.	2, 000	15, 13, 417

....Contd....

Heads of Expenditure	1890-91 Rs.	1891-92 Rs.
Stationery and Printing	9,46,000	11,51,027
Miscellaneous	3,70,000	2,25,640
<u>Famine Relief and Insurance :</u>	-	35,722
<u>Railways :</u>	18,98,000	1,07,97,407
<u>Irrigation and Navigation :</u>	24,34,000	52,47,765
<u>Civil Works :</u>	47,60,000	35,71,474
<u>Contributions :</u>	11,96,000	8,94,450
Total	3,97,40,000	5,26,87,920
Closing Balance	50,37,000	24,72,774
Grand Total	4,47,77,000	5,51,60,754

✓ Sources : Compiled from (i) Report on the Administration of Bengal, 1890-91 (Calcutta : Bengal Secretariat Press, 1891), p.310; (ii) Report on the Administration of Bengal, 1891-92 (Calcutta : Bengal Secretariat Press, 1892), p.295. ✓

Table 5
Revenue of the Government of Bengal

Head	1900-01 Rs.	1910-11 Rs. (in '000)	1920-21 Rs.
Principal Heads of Revenue :			
Land Revenue :			1,71,18,036
(a) Proper	1,04,86,256	1,63,98	-
(b) Adjustment	- 17,99,457	6,803	-
Stamps	1,38,26,123	7,930	1,41,14,507
Excise	73,24,179	8,987	1,96,67,588
Provincial Rates	47,42,743	4,154	97,436
Customs	2,68,734	-	-
Assessed Taxes/Income Tax	20,38,179	2,676	2,16,63,690
Forests	6,16,669	584	21,84,764
Registration	7,63,790	1,259	26,84,284
Interest :	3,20,185	748	6,43,500
Receipts by Civil Departments :			
Law and Justice	7,94,448	694	14,95,913
Jails	13,68,853	942	15,09,981
Police	2,08,639	187	3,66,523
Marine/Ports and Pilotage	12,92,820	1,599	10,12,530
Education	7,07,263	620	11,10,184
Medical	2,11,497	346	5,16,409
Sanitation	-	-	14,519
Agriculture	-	-	1,85,236
Scientific and Other Minor Departments	2,74,908	332	10,11,676
Miscellaneous :			
Receipts in Aid of Superannuation etc.	62,589	64	55,585
Stationery and Printing	1,52,528	149	2,06,091
Miscellaneous	7,97,465	653	11,21,496

Contd.....

Head	1900-01 Rs.	1910-11 Rs. (in '000)	1920-21 Rs.
<u>Irrigation :</u>	25, 53, 568	3, 255	5, 99, 690
<u>Civil works :</u>	4, 82, 886	511	7, 68, 464
<u>Contributions :</u>	64, 253	-	-
<u>Transfers between Imperial and Provincial Revenues :</u>	-	-	-23, 62, 603
Total	4, 81, 61, 118	5, 89, 74	8, 61, 89, 547
<u>Opening Balance</u>	<u>32, 18, 369</u>	<u>9, 118</u>	
Grand Total	5, 19, 79, 507	68, 092	

↳ Sources : Compiled from

- (i) Report on the Administration of Bengal, 1901-02
(Calcutta : Bengal Secretariat Press, 1903), p.284;
- (ii) Report on the Administration of Bengal, 1910-11
(Calcutta : Bengal Secretariat Book Depot, 1912), p.111;
- (iii) Govt. of India, Finance and Revenue Accounts of the Government of India for the Year 1920-21 (Delhi : Supt., Govt. Printing, 1922), pp.22-23, 93.

Table 6

Expenditures of the Government of Bengal

Head	1900-01 (Rs.)	1910-11 Rs. (in '000)	1920-21 (Rs.)
<u>Direct Demands on the Revenue :</u>			
Refunds and Drawbacks	1, 81, 659	147	15, 62, 726
Assignments and Compensations	1, 63, 805	64	1, 35, 519
Land Revenue	38, 78, 704	3, 891	53, 59, 424
Stamps	5, 53, 832	214	3, 09, 740
Excise	3, 41, 512	442	12, 34, 186
Provincial Rates	66, 392	42	-
Customs	9, 48, 635	-	-
Assessed Taxes/ Income Tax	95, 621	78	1, 45, 618
Forests	2, 85, 403	322	13, 36, 750
Registration	4, 52, 592	774	15, 01, 417
<u>Interest :</u>	2, 20, 802	573	5, 20, 239
<u>Post Office, Telegraph and Line :</u>	2, 811	-	-
<u>Salaries and Expenses of Civil Departments :</u>			
General Administration	17, 37, 258	1, 991	32, 00, 412
Law and Justice	91, 33, 042	6, 591	1, 31, 27, 460
Jails	23, 31, 170	2, 373	39, 04, 715
Police	60, 65, 369	8, 317	1, 65, 51, 539
Marine/Ports and Pilots	10, 13, 610	1, 232	16, 10, 966
Education	29, 05, 008	5, 521	1, 08, 39, 521
Medical	21, 46, 989	2, 427	38, 19, 315
Sanitation	-	-	12, 58, 578
Agriculture	-	-	18, 00, 502
Scientific and Other Minor Departments	4, 69, 518	1, 348	10, 85, 469
Political	17, 027	62	66, 738

Contd....

Head	1900-01 Rs.	1910-11 Rs. (in '000)	1920-21 Rs.
Miscellaneous :			
Superannuation Allowances and Pensions	23, 02, 075	2, 737	35, 72, 562
Stationery and Printing	11, 71, 401	1, 231	19, 32, 660
Miscellaneous	2, 53, 934	3, 51	2, 49, 147
Reserve Relief and Insurance :	2, 25, 857	260	2, 737
Irrigation :	49, 45, 233	5, 604	16, 62, 514
Civil Works :	39, 81, 008	6, 954	1, 51, 32, 441
Contributions :	14, 18, 527	-	-
Total	4, 77, 17, 895	5, 51, 96	8, 22, 97, 855
Closing Balance	42, 61, 612	1, 2, 000	
Grand Total	5, 19, 79, 507	68, 092	

Sources: Compiled from (i) Report on the Administration of Bengal, 1901-02 (Calcutta : Bengal Secretariat Press, 1903), p. 284;

(ii) Report on the Administration of Bengal, 1910-11 (Calcutta : Bengal Secretariat Book Depot, 1912), p. 111;

(iii) Govt. of India, Finance and Revenue Accounts of the Government of India for the Year 1920-21 (Delhi : Supt., Govt. Printing, 1922), pp. 24-25, 96.

Table 7

Revenue and Other Receipts of the Government of Bengal

Head	1921-22 Rs.	1926-27 Rs.	1931-32 Rs.	1936-37 Rs.
Principal Heads of Revenue :				
Taxes on Income	93,00,000	-	-	-
Salt	-	-	5,36,600	54,900
Land Revenue	3,01,83,957	3,11,18,096	3,06,21,703	3,53,99,641
Excise	1,63,00,000	2,25,17,133	1,55,99,756	1,36,36,615
Stamp	2,73,84,490	3,31,60,071	2,71,09,046	3,02,34,604
Forest	13,98,959	31,23,842	16,94,479	13,35,758
Registration	25,47,705	32,49,866	19,33,286	23,96,898
Scheduled Taxes	-	16,90,535	13,09,754	16,89,102
<u>Railways :</u>	1,68,464	2,24,447	76,025	37,565
<u>Irrigation etc.</u>	-19,944	45,400	- 53,250	-30,992
<u>Debt Services :</u> (Interest)	4,20,571	4,11,370	4,20,272	7,20,004
Civil Administration :				
Administration of Justice	11,61,631	14,50,291	13,06,720	12,82,755
Jails and Convict Settlements	14,76,100	11,73,844	9,27,778	6,75,327
Police	3,65,219	5,62,386	13,82,948	6,11,476
Port & Pilotage	21,831	42,371	73,175	1,31,125
Education	10,65,481	12,53,413	15,41,584	14,55,251
Medical	5,61,076	9,01,854	10,21,728	9,03,074
Public Health	9,998	94,005	1,53,752	1,56,144
Agriculture	2,20,669	3,58,832	3,91,091	5,94,964
Industries	15,52,003	5,14,587	7,10,074	11,64,835
Miscellaneous Departments	4,516	30,182	19,424	22,61,595
<u>Civil Works :</u>	5,75,369	6,02,815	17,35,390	20,90,387
Miscellaneous :				
Transfer from Public Relief Insurance Fund	-	-	1,11,862	9,50,000

Head	1921-22 Rs.	1926-27 Rs.	1931-32 Rs.	1936-37 Rs.
Receipts in Aid of Superannuation	3, 11, 428	8, 95, 737	1, 43, 439	1, 37, 072
Stationery and Printing	3, 70, 034	1, 72, 422	4, 52, 142	5, 33, 124
Miscellaneous	9, 09, 150	9, 51, 593	8, 10, 634	31, 02, 792
Provincial Contributions etc.:				
Contributions to Central Govt. by Provincial Govts. (a)	-1, 55, 05, 000	-	-	-
Miscellaneous Adjustments between the Central and Provincial Governments	-33, 425	-	-	1, 92, 02, 955
Extraordinary Items :	-	-	57, 952	10, 375
Total Revenues in India	8, 32, 44, 177	10, 50, 35, 095	9, 01, 00, 356	12, 14, 37, 429
Revenues in England Including Exchange on Sitta	-	- 30, 264	6, 276	1, 266
Total Revenue Receipts	8, 32, 44, 177	10, 50, 35, 531	9, 01, 06, 632	12, 14, 39, 395
Public Debt :				
Loans from Central Government	50,00,000	-	-	-
Advances from Provincial Loans Fund and Govern- ment of India	-	7, 50, 000	2, 12, 50, 000	-
Loans and Advances by Provincial Governments	14, 57, 132	7, 51, 971	11, 60, 566	28, 35, 490
Unfunded Debt :	-	-	-	3, 97, 37, 994
Deposits and Advances :	2, 04, 497	1, 75, 709	15, 74, 038	5, 63, 02, 908
Total Provincial Receipts	8, 99, 35, 005	10, 67, 13, 210	11, 41, 01, 036	23, 02, 05, 467
Opening Balance	3, 72, 31, 609	3, 30, 26, 474	39, 67, 637	41, 08, 530
Grand Total	11, 71, 67, 414	13, 97, 39, 684	11, 80, 68, 673	28, 43, 14, 997

(a) Includes (i) Provincial Contribution of Rs. 63, 00, 000 and (ii) Rs. 92, 05, 000 as assignments in consideration of the allocation of provincial revenues of a share of the proceeds of Income Tax.

Government of India for the Years 1921-22, 1926-27, 1931-32 and 1936-37.

Table 8.

Revenue Expenditures of the Government of Bengal

Head	1921-22 Rs.	1926-27 Rs.	1931-32 Rs.	1936-37 Rs.
Direct Demands on the Revenues :				
Income Tax	93,892	-	-	-
Land Revenues	35,81,660	38,47,644	41,23,568	39,42,929
Excise	15,31,659	24,93,354	19,34,937	10,84,398
Stamps	7,67,125	0,43,356	4,10,153	4,79,379
Forests*	12,69,122	17,12,679	16,66,534	14,91,856
Registration	15,64,409	10,75,962	12,93,864	19,06,816
Scheduled Taxes	-	35,000	15,000	7,972
Irrigation, etc. : (Charges to Revenue)				
	62,48,504	38,12,320	29,02,303	31,36,399
Debt Services :				
Interest on Ordinary Debt (Net)	-3,38,570	-7,47,964	-6,74,701	16,06,422
Interest on Other Obligations	2,370	3,960	9,215	3,573
Appropriation for Reduction or Avoidance of Debt	-	-	7,73,501	12,65,123
Civil Administration :				
General Administration	1,07,64,773	1,15,72,230	1,22,26,833	1,24,60,326
Administration of Justice	1,03,23,816	1,07,22,192	1,01,65,971	97,37,968
Jails and Convict Settlements	37,55,797	32,65,344	36,90,856	42,34,639
Police	1,00,07,639	1,06,42,196	2,20,92,730	2,26,81,539
Ports and Pilotage	1,47,193	6,71,421	4,92,277	4,71,581
Scientific Departments	16,457	56,520	34,391	29,265
Education	1,18,76,621	1,33,19,443	1,33,79,324	1,31,52,210
Medical	50,55,131	55,44,335	51,50,149	49,45,304
Public Health	23,23,619	33,30,698	32,24,035	36,23,473

Contd....

Head	1921-22 Rs.	1926-27 Rs.	1931-32 Rs.	1936-37 Rs.
Agriculture	20, 26, 424	21, 44, 823	25, 37, 610	26, 61, 424
Industries	11, 06, 845	10, 83, 692	11, 52, 513	14, 32, 932
Miscellaneous Departments	2, 00, 573	2, 26, 643	2, 26, 090	4, 06, 209
Civil Works :	1, 41, 93, 683	1, 11, 37, 234	86, 43, 619	93, 10, 402
Miscellaneous :				
Famine Relief and Insurance	2, 00, 375	2, 00, 000	2, 33, 293	10, 33, 577
Superannuation Allowances and Pensions (Charged to Revenue)	43, 87, 452	51, 61, 434	53, 62, 470	65, 26, 457
Stationery and Printing	23, 85, 152	17, 52, 318	20, 92, 292	20, 70, 590
Miscellaneous	8, 47, 153	4, 34, 943	10, 37, 617	21, 98, 706
Extraordinary Items :	-	-	-	-
Total Expenditure in India	10, 28, 14, 901	10, 29, 62, 526	10, 58, 57, 196	11, 29, 95, 589
Expenditure in England Including Exchange on Ditto	19, 76, 058	41, 32, 056	41, 94, 653	44, 20, 643
Total Expenditure Charged against Revenue	10, 47, 90, 959	10, 70, 94, 582	11, 00, 51, 849	11, 74, 16, 432

* Includes capital outlays charged to revenue amounting to Rs. 2, 22, 681, Rs. 1, 64, 354 and Rs. 20, 906 in 1926-27, 1931-32 and 1936-37 respectively.

Sources : Compiled from Govt. of India, Finance and Revenue Accounts of the Government of India for the Years 1921-22, 1926-27, 1931-32 and 1936-37.

Table 9Capital Expenditures Outside the Revenue Account and
Other Disbursements of the Government of Bengal

Head	1921-22 Rs.	1926-27 Rs.	1931-32 Rs.	1936-37 Rs.
<u>Capital Expenditures Outside the Revenue Account :</u>				
Capital Outlay on Forests	-	-	-	6,250
Construction of Irrigation, etc. Works	50,00,000	3,40,686	19,10,782	7,87,510
Civil Works	-	6,93,798	8,96,706	52,191
Payments of Commuted Value of Pensions	-	12,57,499	-	21,16,601
Total	50,00,000	22,91,983	28,16,488	29,62,552
<u>Other Disbursements :</u>				
Public Debt	-	-	-	-
Advances from Provincial Loans Fund	-	5,28,375	7,75,581	(a) 8,41,14,007
Loans and Advances by Provincial Governments :	6,25,083	7,69,871	17,94,926	54,72,302
Deposits and Advances :	-	-	12,70,230	37,72,317
Total Expenditure Charged against Revenue	10,47,90,959	10,70,94,992	11,00,51,045	11,74,16,432
Total Provincial Disbursements	11,04,16,042	11,06,26,822	11,67,13,144	21,37,38,210
Closing Balance	67,57,372	1,99,12,662	13,35,529	1,63,70,785
Grand Total	11,71,67,414	13,05,39,684	11,80,68,673	23,43,14,995

(a) Includes liquidation of debt to the extent of Rs. 8,29,09,484.

Sources : Compiled from Govt. of India, Finance and Revenue
Accounts of the Government of India for the Years
1921-22, 1926-27 1931-32 and 1936-37.

Table 10
Revenue and Other Receipts of the Government of Nepal

<u>Head</u>	<u>1937-38</u> Rs.	<u>1940-41</u> Rs.	<u>1943-44</u> Rs.	<u>1946-47</u> Rs.
<u>Principal Heads of Revenue :</u>				
Customs	2,37,81,820	1,59,17,111	1,16,81,818	2,51,83,696
Taxes on Income Other than Corporation Tax	25,00,000	63,20,000	3,90,00,000	6,75,00,663
Salt	57,650	-	10,184	6,628
Land Revenue	3,53,02,614	2,58,93,544	4,09,84,952	4,04,29,308
Provincial Excise	1,54,50,411	1,74,47,212	4,08,74,106	6,41,82,610
Stamps	2,87,34,932	2,51,50,400	3,40,13,734	4,44,91,435
Registration	22,85,954	27,41,509	60,95,026	77,52,356
Receipts under Motor Vehicles Act	21,03,596	22,65,337	17,88,693	33,73,515
Other Taxes and Duties	39,17,679	53,04,951	2,89,79,320	6,69,70,007
Forest	21,54,391	26,33,648	54,93,264	62,34,646
<u>Railways :</u>				
Subsidised Companies	14,919	0	-	92,300
<u>Irrigation, etc. :</u>	-2,03,812	2,77,913	3,34,172	-6,52,133
<u>Debt Services :</u>	8,51,425	29,30,509	30,65,822	36,54,955
<u>(Interest)</u>				
<u>Civil Administrations</u>	81,88,531	97,06,105	1,36,11,000	2,04,17,213
<u>Civil Works and Miscellaneous Public Improvements :</u>	27,97,020	37,60,327	15,13,974	10,44,803
<u>Miscellaneous :</u>	10,95,484	30,66,134	40,69,299	83,27,439

Contd....

Head	1937-38 Rs.	1940-41 Rs.	1943-44 Rs.	1946-47 Rs.
<u>Contributions, etc. :</u>	-	23, 514	16, 720	1, 73, 604
<u>Extraordinary Items :</u>	1, 39, 092	63, 111	39, 94, 936	2, 86, 00, 856
Total Revenue Receipts	19, 06, 85, 045	13, 54, 49, 619	23, 55, 06, 128	39, 06, 08, 761
<u>Public Debt :</u>	-	3, 12, 00, 000	61, 44, 57, 422	50, 64, 14, 936
<u>Loans and Advances by Provincial Government :</u>	27, 39, 551	50, 09, 565	1, 15, 64, 454	1, 23, 70, 415
<u>Unfunded Debt :</u>	66, 41, 433	70, 72, 884	64, 62, 327	74, 93, 162
<u>Deposits and Advances :</u>	8, 71, 16, 841	8, 06, 08, 120	15, 39, 82, 099	38, 47, 36, 776
<u>Remittances :</u>	10, 19, 253	2, 53, 960	45, 73, 830	10, 86, 032
Total Provincial Receipts	22, 76, 01, 123	26, 75, 94, 148	1, 01, 15, 55, 660	1, 30, 95, 10, 882
<u>Opening Balance</u>	1, 03, 76, 735	2, 16, 66, 997	2, 60, 45, 920	7, 65, 49, 941
Grand Total	23, 81, 77, 858	28, 92, 61, 145	1, 05, 76, 01, 786	1, 39, 60, 60, 023

✓ Sources : Compiled from Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the Years 1937-38, 1940-41, 1943-44 and 1946-47. ✓

Table 11

Revenue Expenditures of the Government of Bengal

Head	1937-38 Rs.	1940-41 Rs.	1943-44 Rs.	1946-47 Rs.
<u>Direct Demands on the Revenue:</u>	196,63,983	1,04,15,165	1,46,33,003	2,17,56,011
<u>Irrigation, etc.:</u> (Charged to Revenue)	31,49,818	38,53,310	73,46,085	1,26,92,450
<u>Boat Services:</u>	7,44,349	16,92,484	36,61,206	37,73,273
<u>Civil Administration :</u>				
General Adminis- tration	1,49,81,792	1,70,68,631	1,84,13,297	3,37,14,584
Administration of Justice	1,01,63,069	96,05,637	1,07,19,157	1,40,29,789
Jails and Convict Settlements	40,77,822	37,93,515	1,22,17,503	85,22,829
Police	2,24,19,563	2,34,59,136	3,01,66,285	4,77,54,372
Ports and Pilots	5,60,316	5,16,237	3,39,001	8,57,960
Scientific Departments	39,270	30,072	30,436	47,830
Education	1,36,95,966	1,72,02,421	1,90,64,854	3,03,20,992
Medical	52,86,928	56,35,264	62,53,206	2,94,39,892
Public Health	36,32,685	39,75,645	60,25,472	1,29,95,695
Agriculture	11,52,829	69,09,676	1,54,27,402	2,10,99,497
Veterinary	5,31,539	6,66,591	8,32,433	14,70,813
Co-operation	11,61,434	14,47,190	16,63,958	23,78,926
Industries	16,03,326	21,12,592	28,57,425	65,74,555
Miscellaneous Departments	5,68,974	4,96,212	5,30,019	13,35,049
<u>Civil Works and Miscellaneous Public Improvements:</u>	1,20,01,087	1,38,93,309	1,39,45,541	2,73,90,064

Contd....

Head	1937-38 Rs.	1940-41 Rs.	1943-44 Rs.	1946-47 Rs.
Miscellaneous :				
Famine Relief	6,059	4,98,854	1,92,62,178	3,00,77,485
Superannuation Allowances and Pensions (Charged to Revenue)	1,02,07,394	1,10,30,447	1,19,43,941	1,40,44,605
Stationery and Printing	21,39,034	24,61,021	33,56,755	36,61,074
Miscellaneous	24,67,090	71,54,466	80,53,811	3,62,81,093
Contributions, etc.	-	-	-	-
Extraordinary Items :				
	-	7,36,060	5,98,30,100	6,28,69,573
Total Expenditure Charged against Revenue	11,81,12,561	14,45,38,994	26,28,73,012	42,40,86,360

[Sources : Compiled from Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the Years 1937-38, 1940-41, 1943-44 and 1946-47.]

Table 12

Capital Expenditures Outside the Revenue Account and
Other Disbursements of the Government of Bengal

Head	1937-38 Rs.	1940-41 Rs.	1943-46 Rs.	1946-47 Rs.
Capital Expenditures				
Outside the Revenue Account :				
Construction of Irrigation, etc. Works	2, 04, 876	-24, 777	90, 260	15, 31, 898
Schemes of Agricultural Research	-	-	-	19, 042
Industrial Development	-	-	-	1, 22, 914
Payment of Computed Value of Pensions	-2, 46, 183	-2, 65, 531	-2, 92, 623	-3, 24, 764
Provincial Schemes of State Trading Connected with the War, 1939	-	-	27, 81, 92, 433	-9, 08, 95, 290
Total	- 25, 307	-2, 90, 308	27, 78, 89, 970	-3, 95, 07, 309
Other Disbursements :				
Public Debt :	-	3, 42, 00, 000	31, 31, 42, 400	52, 90, 92, 300
Loans and Advances by Provincial Government :	16, 68, 192	58, 72, 345	2, 35, 05, 349	2, 66, 30, 104
Unfunded Debt :	47, 32, 473	58, 67, 741	47, 95, 335	52, 60, 191
Deposits and Advances :	9, 98, 04, 850	8, 00, 30, 000	14, 35, 26, 002	37, 28, 68, 017
Remittances :	2, 042	2, 62, 079	11, 11, 128	41, 40, 898

Contd....

Head	1937-38 Rs.	1940-41 Rs.	1943-44 Rs.	1946-47 Rs.
Revenue				
Expenditure	11,81,12,531	14,45,38,894	26,29,72,012	42,40,86,360
Total Provincial Disbursements	22,45,76,631	27,83,10,589	1,02,59,41,189	1,32,05,71,261
Closing Balance	1,36,01,277	1,09,50,556	3,06,60,591	5,94,88,762
Grand Total	23,81,77,908	28,92,61,145	1,05,76,01,780	1,38,00,60,023

Source : Compiled from Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the Years 1937-38, 1940-41, 1943-44 and 1946-47.