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# REPORT

ON THE

## FINANCIAL CONDITION

OF THE

## KASHMIR STATE,

BY

R. LOGAN, C.S.,

ACCOUNTANT GENERAL, BOMBAY, ON SPECIAL DUTY.



B o m b a y :

PRINTED AT THE GOVERNMENT CENTRAL PRESS.

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## TABLE OF CONTENTS.

PARA.	PAGE.
1. Introduction ... ..	1
2. Orders of the Government of India ... ..	1
3. Procedure in the collection of information ... ..	1, 2
4. Area and boundaries of Kashmir ... ..	2
5. Population ... ..	2, 3
6. History ... ..	3
7. Character of the people ... ..	3
8. Trade ... ..	3
9. Trade routes and means of communication ... ..	4
10. Railway into Kashmir ... ..	4
11 - 14. Accuracy of statistics of exports doubtful ... ..	4, 5
15. Route for railway for military purposes ... ..	5
16. Crops and produce ... ..	5
17. Manufactures ... ..	5
18. Rainfall ... ..	5
19. Food of the people ... ..	6
20. Previous remarks apply chiefly to Kashmir proper... ..	6
21. Immigration ... ..	6
22. The State Council ... ..	6, 7
23. The future of the Council ... ..	7
24. The Maharaja ... ..	7, 8
25. The system of administration ... ..	8
26. Administrative divisions open to improvement ... ..	9
27. The Accounts Department... ..	9
28. The accounts system ... ..	9
29. Accounts kept by the Samvat year ... ..	10
30. No account rules in existence ... ..	10
31. The Audit Department ... ..	10
32. Receipts for payment of money ... ..	10
33. The Daftar Diwani and Revenue Member's Office ... ..	10, 11
34. The Budget system ... ..	11
35. Budget Estimates of expenditure ... ..	11
36. Cost of the Account and Audit Department ... ..	11, 12
37. Comparison with Assam Account Office ... ..	12
38. Cost of a proper Account and Audit Office ... ..	12, 13
39, 40. Recruitment of the proposed Account and Audit Office ... ..	13
41. Accounts to be kept in English and Persian ... ..	13, 14
42. Effects of establishment of a new Account Office ... ..	14
43. Offices rendering accounts to the new Account Department ... ..	14
44. Audit of bills at Srinagar ... ..	14
45. Control of State money ... ..	14
46, 47. Duties of Comptroller and Account Office ... ..	14, 15
48. The position and powers of the Comptroller ... ..	15
49. State accounts to be compiled as a whole ... ..	15
50 - 53. Examination of the State accounts ... ..	15, 16
54. Revised statements of Revenue and Expenditure ... ..	17
55. Closing cash balance of Samvat 1947 ... ..	17
56, 57. Further examination of the accounts of Samvat 1947 ... ..	17
58. Real balance at credit at the end of Samvat 1947 ... ..	18
59. Rs. 50,000 with the Panjab Banking Corporation ... ..	18
60. Ignorance of Account Department of accounts kept outside the State Treasuries ... ..	18
61. Postal and other receipts ... ..	18
62. Postal and Telegraph Service messages ... ..	18, 19
63. Telegraph lines in the State ... ..	19
64. Probable results of taking over the lines by the Government of India ... ..	19
65. State postage stamps ... ..	19, 20
66, 67. Classification of receipts and expenditure ... ..	20
68. Arrears and debts due by the State ... ..	20
69, 70. Evils of the arrears system... ..	20, 21
71. Arrears in Samvat 1947 ... ..	21
72. Method of dealing with the arrears in the accounts ... ..	21
73. Reduction in amount of arrears at first exhibited ... ..	21
74. Audited arrear claims ... ..	21, 22
75. Debt due to the Dharmarth Fund ... ..	22

PARA.		PAGE.
76.	Statement of Revenue and Expenditure for Samvat 1947	... 22, 23
77.	Revenue of Samvat 1947 ... ..	24
78.	Expenditure of Samvat 1947 ... ..	24
79.	Land revenue of Jammu ... ..	24
80, 81.	Settlement in progress in Kashmir ... ..	24
82.	Realisation of land revenue in kind in Kashmir ... ..	25
83.	Revenue in assessed Tahsils ... ..	25
84.	Revenue in the unassessed Tahsils ... ..	... 25, 26
85.	Unhusked rice or 'shali' ... ..	26
86, 87.	Method of collection of 'shali' ... ..	26
88, 89.	Tehvildars receive no salary ... ..	... 26, 27
90, 91.	The system of collecting 'shali' a series of frauds ... ..	27
92.	Reduction in payments in 'shali' inevitable ... ..	27
93, 94.	Arrears of land revenue ... ..	... 27, 28
95.	The land revenue administration in general ... ..	28
96.	Sale of villages on contract to be stopped ... ..	28
97.	Tahsildars should be responsible for delivery of revenue in kind ... ..	28
98.	Sale of produce realised as revenue in kind ... ..	... 28, 29
99.	Necessity for periodical tours by the Revenue Member ... ..	29
100.	Proportion in which the revenue is paid in kind ... ..	29
101.	The 'begar' system ... ..	29
102.	Proposals regarding 'begar' ... ..	... 29, 30
103.	Customs duty ... ..	30
104.	Octroi ... ..	30
105, 106.	System of realising the Customs duty ... ..	30
107.	Proposed future arrangements ... ..	30
108, 109.	Grazing fees ... ..	... 30, 31
110.	Excise ... ..	31
111.	Wine and cider ... ..	31
112.	State property in British India ... ..	... 31, 32
113.	Property leased to a contractor ... ..	32
114.	Suggested sale of the larger portion of the State property in India ... ..	32
115.	Judicial fines and Jail receipts ... ..	32
116.	Contracts of State monopolies ... ..	32
117.	Interest ... ..	32
118.	Forests ... ..	33
119.	Amounts due to the Forest Department ... ..	33
120.	Sericulture ... ..	33
121.	Amounts due to the silk factory ... ..	33
122.	Hops ... ..	33
123.	Vineyards ... ..	33
124.	Miscellaneous revenue ... ..	34
125.	"Kut" root ... ..	34
126.	Realisation of arrears ... ..	34
127.	No credits from Public Works, Medical Departments, &c. ... ..	34
128.	The Civil List ... ..	35
129.	Nature of the Civil List ... ..	35
130 - 133.	The Maharaja's cash allowance ... ..	... 35, 36
134.	Estimate and actuals of Samvat 1947 ... ..	36
135.	Estimate and actuals of Samvat 1948 ... ..	36
136.	These items do not represent entire income of Maharaja and his family ... ..	... 36, 37
137.	The Modikhana charges ... ..	37
138.	Estimated cash and Modikhana allowances ... ..	37
139.	Question whether the Civil List is susceptible of reduction ... ..	37
140.	Modikhana supplies to the Maharaja ... ..	38
141.	Considerable reduction necessary ... ..	38
142.	Proposals regarding the Civil List ... ..	38
143, 144.	Future Civil List if proposals agreed to ... ..	39
145, 146.	The Army ... ..	... 39, 40
147, 148.	Former and present strength and cost of the Army... ..	40
149.	Pay of the sepoy ... ..	40
150.	Regimental Funds ... ..	... 40, 41
151.	Present cost of the Army ... ..	41
152.	Carriage of grain to Gilgit ... ..	41
153.	Summary of views regarding the Army ... ..	41
154.	The charges for the State Council ... ..	42
155.	The Revenue Department ... ..	42
156.	Public Works Department ... ..	42
157.	Superior Public Works Engineering Staff ... ..	42
158.	Revision of Engineering Staff ... ..	43



PARA.		PAGE.
159.	Ordinary Public Works expenditure in future ...	43
160.	The Gilgit Road ...	43
161.	The bridges on the Gilgit Road ...	43, 44
162.	Cost of the Gilgit Road ...	44
163.	Alternative routes to Gilgit ...	45
164.	Excess of expenditure over income in Samvat 1947...	45
165, 166.	The Budget Estimate for Samvat 1948 ...	45-47
167 - 178.	Revised revenue figures ...	48
179.	Total revenue as revised ...	48
180.	Revised figures for expenditure—Civil List ...	48, 49
181.	The Army ...	49
182.	The Foreign Department ...	49
183.	No permanent reductions in establishments estimated for in the current year ...	49
184.	The Revenue Department ...	49
185.	The General Department ...	49
186.	Public Works Department ...	49
187.	The Judicial Department ...	49
188.	Net ordinary expenditure in Samvat 1948 ...	49, 50
189.	Administration of revenue not satisfactory ...	50
190.	Results of a continuance of present revenue administration ...	50
191, 192.	Amount required to pay all charges ...	50, 51
193 - 195.	Suggested Budget Estimate for Samvat 1949 ...	51, 52
196.	Remarks on revenue administration ...	52
197.	Permanent reductions in expenditure ...	52, 53
198.	Annas and pies to be omitted in Budget Estimates ...	53
199.	Minor measures for increasing the revenue ...	53
200.	Detail of proposed permanent reductions in expenditure ...	53-57
201.	Natural products and method of disposal ...	57
202.	State Pushmina ...	57
203.	State Borax, Antimony and Cotton ...	57, 58
204.	The Reserve Treasuries ...	58
205.	Money in Reserve Treasuries said to be regarded as an appan- age of the ruling family... ..	58
206.	Dates of deposit of money ...	58
207.	The amount formerly in the Reserve Treasuries ...	58
208.	Character of the deposits has never interfered with the with- drawal of money when required ...	58
209.	Counting of the money in Riasi and Salal ...	58
210.	Riasi Treasury ...	59
211.	Salal Treasury ...	59
212.	Jammu Treasury ...	59
213 - 217.	Total in the Treasuries ...	59, 60
218.	Discussion of the Reserve Treasury balances ...	60
219.	Proposals regarding the Reserve Treasuries ...	60, 61
220, 221.	Effect of proposals ...	61
222.	The Dharmarth Fund ...	61
223.	The income of the fund ...	62
224.	Cash contributions to the fund ...	62
225.	Administration of Dharmarth villages... ..	62
226.	Administration of the fund... ..	62
227 - 229.	Loans from the Dharmarth Fund ...	62, 63
230.	Present management of the fund ...	63
231.	Capital of the fund as per accounts ...	63
232.	Debt due by the State ...	63
233.	Outstandings ...	63
234.	Actual capital of the fund ...	64
235.	Revenue in Samvat 1947 ...	64
236.	Expenditure in Samvat 1947 ...	64
237.	Real expenditure of the fund ...	64
238.	Future of the fund ...	64
239.	Proposals regarding the Dharmarth Fund ...	65
240.	Results of these proposals ...	66
241.	Conclusions ...	66, 67
242.	Principal recommendations... ..	67, 68
	APPENDIX I (paragraph 25) ...	69
	APPENDIX II (paragraph 47) ...	70-73
	APPENDIX III (paragraph 67) ...	74-78



# REPORT

ON THE

## FINANCIAL CONDITION OF THE KASHMIR STATE.

IN accordance with instructions received from the Government of India, I left Bombay on the 10th August 1891. I remained for a few hours at Lahore to make arrangements for clerical assistance, arrived at Rawalpindi on 15th August, and joined the Resident in Kashmir, Colonel Prideaux, at Gulmarg on the 19th August. From the 19th to the 23rd August I was engaged at Gulmarg, having frequent interviews regarding the financial condition of the State with the Resident and Raja Amar Singh, the President of the State Council and youngest brother of His Highness the Maharaja. I left Gulmarg and arrived at Srinagar on 24th August. I remained at Srinagar until 13th November, being present during the visit of His Excellency the Viceroy to Kashmir. From Srinagar I proceeded to Jammu, where I remained for six days. I left Jammu on 26th November and returned to Bombay on the 3rd December.

### Introduction.

Orders of the Government of India.

2. The orders of the Government of India in the Foreign Department on the subject of my deputation were as follows :—

“The object of your deputation is briefly that you should examine, on the spot, the financial condition of the State and submit proposals for the proper administration of the finances in future. You should endeavour to make an estimate of the actual revenue and expenditure, and of the sums now held in cash or securities, and should enquire into the capability of the State to discharge arrears of pay and to execute the public and military works on hand without borrowing, and to carry on the annual administration without exceeding the annual income. The Government of India hope you will be able to devise some not too elaborate system of keeping accounts of revenue and expenditure and a proper method for supplying money for public purposes. The provision of adequate working cash balances, and of some plan for investing surplus revenues or accumulated savings is an important point.

“In fact, the Government of India wish to be informed generally as to the solvency and prospects of the Kashmir State, and to be advised as to the means which should be adopted for improving its financial condition in the future.”

3. In the course of this report I shall indicate, whenever it may seem to be necessary, my authority for any particular statement. As regards my general procedure in the collection of information, it may be stated that for about a month after my arrival at Srinagar I had two clerks with me as assistants in my enquiries. After that one of my assistants returned to India. The clerk who remained with me throughout had been for a time employed in the Kashmir Account Office, the Daftar Diwani as it is called, and was therefore well qualified to assist in purely technical work.

Procedure in the collection of information.

It was, however, necessary for many reasons that my own enquiries should be made quite independently of those made under my direction by my assistants. I very soon ascertained that any single source of information, whether that source was the Account or any other office, could not be depended on for accurate information or results. Each statement and each return which I received required to be compared with and tested by means of as many other statements and returns as could possibly be obtained, and the final results, after every conceivable source of information had been exhausted, were often meagre, unsatisfactory, and sometimes contradictory. The admission that a mistake had been committed in some particular statement or return appeared to be considered an adequate and satisfactory explanation of the want of care which had led to the error, and it seemed to be almost impossible to convince some of the officials, so

slovenly is their general work, that mistakes in simple addition or omissions to record particular items of receipt or expenditure in the State accounts were anything more than the ordinary incidents of official life in all offices which dealt with accounts.

A considerable portion of my time was of necessity given up to lengthy interviews with Native officials. It has been my practice during the progress of each interview or immediately after it to note briefly the more important points brought to my notice. Provided any person, whether official or non-official, asked for an interview in an open manner I was always willing to receive him and to listen patiently to his statements, but except on this condition I declined to see any person. I also declined to listen to any tales of corruption or intrigue, whether referred to in general terms or with the mention of the names of officials now or in the past in the service of the State. I always referred persons bringing such tales to the Council and stated that I did not see how my enquiries would be furthered by listening to them. The Resident, Colonel Prideaux, was always ready and willing to assist me in every way, and I obtained a quantity of information from Mr. W. R. Lawrence, C.I.E., C.S., the Settlement Officer, from Colonel Neville Chamberlain, the Military Secretary to the Kashmir Government, and from General De Bourbel, R.E., (retired) Chief Engineer of the State. My account of the land revenue arrangements in Kashmir and the method of collecting the land revenue paid in kind is taken in parts almost *verbatim* from Mr. Lawrence's notes and settlement reports. I consulted the administration and settlement reports freely, and enquired into every branch of the administration with the assistance of the responsible Heads of the Departments. Each Member of the Council furnished me with a copious memorandum, stating his views regarding the administration and more especially in regard to improvements in revenue and reductions in expenditure. A similar memorandum was sent to me by the Governor of Kashmir, Sardar Rup Singh, from which I derived a considerable amount of information. As regards the Account Office, the Daftar Diwani, I investigated its working along with the head of the office, going through the books and accounts and enquiring into the procedure in force. I also had an interview with the Civil Accountant General of the State—an officer whose title is, however, a misnomer, and with whom one interview exhausted all the information he was able to furnish regarding the State accounts. Every official of the State with whom I came in contact appeared to be most anxious to assist me with all the information in his power, and I was particularly struck by the intelligence usually displayed. At the same time, however, the general knowledge of the State shown by many of the officials was not of a wide or accurate nature, and while they admitted and deplored its financial difficulties the remedies suggested bore evident marks of having been hastily considered, and were usually hardly worth listening to.

4. The territory comprising the State of Kashmir and Jammu including Area and boundaries of Kashmir. Punch, a feudatory State, and Ladakh and Baltistan has an estimated area of 81,000 square miles. The State is bounded on the north by some petty semi-independent hill chiefships, mostly subordinate to Kashmir, on the east by Chinese Tibet, on the south and west by the Panjab districts and the Hazara territory. The State comprises in addition to Kashmir proper, Jammu and Punch, Ladakh and Gilgit, including the districts of Dardistan, Baltistan or Skardo, Ladakh, Tilail, Suru, Zanskar and others. Three main rivers, the Jhelum, the Chenab and the Indus, traverse the State, Kashmir proper and Punch occupying the valleys drained by the Jhelum, and Jammu and its provinces the valleys drained by the Chenab. Ladakh and Baltistan (Skardo) are drained by the Upper Indus. Kashmir proper occupies a central position with Baltistan on the north, Jammu on the south, Ladakh on the east and Punch on the west, and it forms a large basin at the head of the Jhelum Valley encircled by the Pir Punjal range, which divides it from the Chenab Valley on the east and south and from the Kishenganga and Punch valleys on the west.

5. The total population of the State by the recent census is 2,543,952 persons. The population of Jammu is 1,088,676, of Kashmir proper 949,041, of Ladakh 28,274, Skardo

110,325, Gilgit 16,769, Punch 268,608, Ramnagar 49,826, and Badrawar 32,433. Of the total 1,793,710 are Mahomedans, 691,800 Hindus, 29,608 Buddhists, and 11,399 Sikhs. The castes in Gilgit have not been specified. The chief towns are Srinagar (population 118,960), Jammu (population 34,542), Anantnag (population 8,458), Punch (population 7,489), Mirpur (population 7,253), Sopar (population 7,054), and Baramulla (population 5,656). The total population according to the census of 1873 was only 1,534,942, so that an enormous increase is shown, the result probably of more accurate enumeration at the recent census. Srinagar has lost about 4,000 persons since 1889. The Hindus are most numerous in Jammu; in all other portions of the State the Mahomedans have an immense preponderance.

6. Kashmir was conquered by the Emperor Akbar in A.D. 1586 and became an integral part of the Moghal Empire. In 1752 it was subjugated by the Afghans and retained by them till 1819. The Sikhs next conquered the country, and from 1819 until the Sikh War of 1845 it was ruled by a Governor appointed by the Maharaja of the Panjab. The principality of Jammu had been presented in 1820 to a distinguished soldier named Gulab Singh. From Jammu, Gulab Singh, nominally on behalf of the Lahore State, soon extended his authority over his Rajput neighbours and eventually into Ladakh and Baltistan. He ultimately became minister of the Khalsa and took an important part in the negotiations which followed the battle of Sobraon. The results were that Gulab Singh was able to conclude a separate treaty with the English at Amritsar in March 1846, by which, on payment of 75 lakhs of rupees, he was confirmed in possession of the territory which he had held as a feudatory of the Sikhs and also obtained the province of Kashmir.

By the treaty of Amritsar Maharaja Gulab Singh bound himself to acknowledge the supremacy of the British Government, to refer all disputes with neighbouring States to its arbitration, to assist British troops when required, and never to take or retain in his service any British subject or the subject of any European or American State except with the consent of the British Government.

Maharaja Gulab Singh died in August 1857 and was succeeded by his eldest surviving son Maharaja Ranbir Singh, G.C.S.I. Maharaja Ranbir Singh died in September 1885 and was succeeded by his son Maharaja Pertab Singh, the present Maharaja. In 1888 the Maharaja proposed the formation of a consultative Council and early in 1889 the present Council was formed and assumed charge of the Government of the State. The Maharaja has no son, but has two brothers, Raja Ram Singh and Raja Amar Singh. Raja Ram Singh has a daughter, who has been in a way adopted by the Maharaja. Raja Amar Singh has a son a few months old.

7. The people are of the most peaceful disposition. Crime is rare, though on the increase owing to the opening out of the country and immigration, more especially of Pathan labourers from Hazara to work on the Jhelum Valley and Gilgit roads. But the Kashmiri is essentially a peaceful individual and lives on terms of great amity with his neighbours. The absence of ill-feeling between the Hindus and Mahomedans is particularly remarkable. I have heard it attributed in a great measure to the stern prohibition of cow-killing in the State, which removes what is a constant and ever-present cause of enmity between Hindus and Mahomedans in British India.

8. The trade of Kashmir is almost entirely with the Panjab and Ladakh. The exports to the Panjab consist of rice, fruits, ghi, hides, oil-seeds, timber, wool and sheep; the imports are wheat, gram, sugar, salt, hardware, piece-goods, tea, snuff, tobacco, kerosine oil, and metals. The value of the Kashmir trade with the Panjab in 1890-91 was nearly 113 lakhs of rupees, with Ladakh upwards of 6 lakhs of rupees. These figures do not, however, include the rail-borne traffic between Jammu and Sialkote, which is not registered, and cannot in consequence adequately represent the entire trade of the State.

9. The chief means of communication with the Panjab are by (1) the Banihal route from the railway near Jammu to Srinagar by the Chenab valley, 163 miles; (2) the Punch route from the town of Jhelum to Srinagar by the Punch valley, 198 miles; (3) the Panjar route from Rawalpindi to Srinagar by Punch and the Jhelum valley, 180 miles; (4) the Abbottabad route from Kala Ke Serai to Srinagar through Hazara and the upper Jhelum valley, 210 miles; (5) the Jhelum Valley route from Rawalpindi to Srinagar *via* Murree, Kohala and Baramulla, 195 miles. This last route, the Jhelum Valley route, is destined to be by far the most important route for all purposes. By means of it tongas and carts can travel from Rawalpindi to Baramulla on the Jhelum, a distance of 165 miles, over a good road with easy gradients. An extension of the road from Baramulla to Srinagar, 34 miles, would be quite easy to construct, if money were available. Towards Central Asia a road 230 miles long, which will, it is hoped, be passable for light carts, is being constructed to Gilgit on the northern frontier of the State. There is also a fairly good road, 259 miles long, from Srinagar to Leh in Ladakh. At present the most important trade route is probably the Banihal from Srinagar *via* Islamabad to Jammu, but this route is being superseded by the Jhelum Valley route.

10. The construction of a railway into Kashmir has been under consideration for some time and various surveys of the different routes into the valley have been made. The Panjar and Banihal routes are stated by General De Bourbel, R.E., (retired), the Chief Engineer of the State who has conducted most of the detailed surveys, to be the most favourable. The cost as estimated by General De Bourbel of a metre gauge railway by the former route is 250 lakhs of rupees and by the latter route 350 lakhs of rupees. It is further estimated that 6 and 9 years respectively must elapse before the line will pay. General De Bourbel has further informed me that a syndicate of English capitalists has proposed to undertake the construction of a railway by the Banihal route, I believe, without any guarantee by the Government of India or the Kashmir State, but I have no information regarding the details of the scheme.

11. During the course of my enquiries I have investigated with some care the statistics of the surplus food grains and produce which would be available for export from Kashmir as given in General De Bourbel's general report on the Kashmir Railway survey. General De Bourbel, as I understand, reckons on 200,000 imperial maunds of grain, chiefly unhusked rice, and an equivalent quantity of oil-seeds, cotton and other produce as being available for export. I am, however, very doubtful whether these statistics are to be depended on.

The total population of the State by the last census is upwards of a million in excess of the figures given by General De Bourbel from the census of 1873, and the population of Kashmir proper is upwards of 90 per cent. greater than it was according to the census of 1873. Under certain conditions a larger population would indicate a larger surplus of food grains and produce for export, but so far as Kashmir is concerned it seems probable that in so far as the increase shown by the last census is due to an actual increase in population and not to more accurate computation, such increase has actually diminished the stock of food grains and produce available for export.

12. It is a notorious fact that year by year more difficulty is experienced in obtaining "shali" (unhusked rice) for the population of Srinagar, and that the tendency is for the cultivators to pay more of their land revenue in cash and less in kind than heretofore (see paragraphs 83 and 92). There is no good ground for supposing that the revenue in kind, chiefly coarse red unhusked rice, thus retained by the cultivators is exported, and the only reasonable conclusion is that it is consumed in the State. Further, it is, I think, very doubtful whether the rice which is chiefly grown in Kashmir at present would, even if available, pay to export except in times of scarcity in India. I am not well acquainted with the different varieties of rice, but it is a well-known fact that natives of Kashmir who are able to afford Panjab rice will not touch the ordinary rice grown in the country, and that it is only eaten by persons who cannot obtain a better sort. The wheat also

is said to be much inferior in quality to good Indian varieties. There can be no doubt that better rice and wheat could be grown, and in much larger quantities, than at present. It will, however, take some time to introduce better varieties and to improve the present slovenly methods of the Kashmir cultivator.

The breaking up of waste land is also a slow process.

The timber trade of Kashmir is large and will, I believe, increase. It is, however, very doubtful whether the railway could ever compete with the existing carriage by the Jhelum and its tributaries.

13. It must, of course, be admitted that the larger the population the larger should the number of passengers be who would travel by the railway, and from this point of view an increase of a million in the total population of the State, or of upwards of 450,000 in the population of Kashmir proper, is a favourable feature. It should, however, be remembered that the bulk of the population is miserably poor and averse to travel.

14. I am quite certain that, if it is ever seriously proposed to build a railway into Kashmir as a mercantile speculation, the existing statistics of trade should be subjected to careful examination before they are accepted as correct. My personal opinion is that they are not to be depended on.

15. The construction of a railway for military purposes is a different matter. The profit measured in rupees on the capital expended might be extremely small, and yet the railway might be of the utmost value from a military point of view in adding to the security of the Empire.

I am inclined to think that, if it is ever deemed necessary to construct a railway primarily for military purposes, the Banihal and Panjar routes will be rejected and it will be found more advantageous to follow the Abbottabad route from Kala Ke Serai or Attock *via* Abbottabad and Garhi Habibulla, the terminus of the line being at Muzaffarabad or Domel. So far as the trade of Kashmir is concerned a line to Domel would probably suffice for a good many years to come, and if it is found to be feasible to construct an alternative road to Gilgit from near Domel by the Khagan or Kishenganga valleys, a railway to Muzaffarabad or Domel would probably suffice for all military requirements. It seems quite possible that the line of the Kishenganga valley might lead to a safer access to the valley of Kashmir for a railway than any of the routes hitherto surveyed.

16. There are two crops in the year, the rabi and the kharif. The rabi ripens in June, the kharif in October. The rabi crops are wheat, barley, peas, oil-seeds, dal, &c. The kharif crops are rice, Indian corn, several minor food grains, and cotton. Grapes, apples, pears, peaches, mulberries, pomegranates, figs, quinces, walnuts, raspberries, strawberries, plums, apricots, almonds and nuts are grown, some in great abundance, many kinds being wild. Saffron is a valuable product, as is also the 'Kut' or Orris root, which is gathered on the hills and exported to China, where it is used for making Joss sticks. Excellent hops are grown and enormous quantities of the Singhara nut are obtained from the Wular and Dhul lakes. The forests are most valuable, the Deodar, Chil (*pinus longifolia*), Yar (*pinus excelsa*), Chenar, Yew, Elm, Cypress, Poplar, wild Chestnut, Willow and Birch being found, some in great abundance. Almost all well-known garden vegetables are grown freely, the cucumber and melon being grown in large quantities in the floating gardens which form so curious a feature of the Dhul lake.

The minerals are numerous. Coal, iron, copper, sulphur, lead, antimony, borax, silver and gold have been found. The State possessed a valuable sapphire mine in Zanskar, which has, however, been destroyed by a landslip.

17. The manufactures of the valley are chiefly shawls, carpets, woollen cloths, blankets, paper, papier-mache or lacquered work, and gold, silver and brass work. Wine and cider are made and there is a silk factory at Srinagar.

18. The rainfall appears to be from 20 to 24 inches.

19. Rice forms the staple food of the people, but various minor food grains are largely eaten. Vegetables and fruit also enter largely into the dietary of the people.  
 Food of the people.

20. It should be noted that these remarks apply chiefly to Kashmir proper, which is in many respects very different from Jammu on the one hand and Gilgit and Ladakh on the other. Previous remarks apply chiefly to Kashmir proper. Jammu is so close to the Panjab, and comparatively speaking so prosperous, that its condition is in marked contrast to that of Kashmir. The cultivator in Jammu, if dissatisfied with his lot, can easily migrate to the Sialkote or some neighbouring district of the Panjab. But Kashmir, shut in by lofty mountain ranges, is in a totally different position. Emigration is for several months of the year almost an impossibility, and in any case the mass of the population have neither the energy to emigrate to the Panjab nor the means of doing so. They subsist chiefly on rice and rice is not a staple in the Panjab. They dislike the heat of the plains and love their own country. Hence emigration has been sparingly resorted to. Some of the Kashmiri Pandits have emigrated to India and have done well there, and a few shawl weavers are to be found in large cities like Amritsar. But as a general rule the Kashmiri is a thorough stay-at-home.

21. As regards immigration, there has recently been a large influx of Gujars, 3,000 families, it is said, from Punch into Kashmir proper. A few small traders from India have also found their way into the valley. But the same causes which have obstructed emigration have also hindered immigration, and it is somewhat remarkable to find so few foreign faces, always excepting the ubiquitous Parsi, in a large and noted city like Srinagar.  
 Immigration.

22. The State Council is composed of five members. Raja Amar Singh, the youngest brother of the Maharaja, is President of the Council and holds charge of the Foreign Department. The State Council. Raja Ram Singh, younger brother of the Maharaja, is Commander-in-Chief of the army. Rai Bahadur Pandit Suraj Kaul, C.I.E., is in charge of the Revenue Department, including Excise accounts and Forests. Rai Bahadur Pandit Bhag Ram is in charge of the Judicial Department, including Law and Justice, Jails, Education, Medical and Public Works. Khan Bahadur Sheikh Ghulam Mohiuddin is in charge of the General Department, including Post, Telegraphs, Police, Stables, the Press and Municipalities. Pandit Bhag Ram is also the Secretary of the State Council. Raja Amar Singh, the President of the Council, is considered to be by virtue of his office the executive head of the administration. He is the custodian of all State documents and signs all orders for the withdrawal of moneys from the Reserve Treasuries when such withdrawals have been duly sanctioned by the Council. An appeal from the orders of the other members of Council can also be made to him in certain circumstances.

Raja Amar Singh appeared to me to be a young man of considerable ability and great industry. He has probably certain private aims in view, but he seemed to be honestly desirous of serving the State to the best of his ability. His power in the Council is practically unlimited. If he approves of any measure it will certainly be carried, if he disapproves he can cause delays and postponements which are usually sufficient to render any measure nugatory. Rightly or wrongly, the Revenue, Judicial and General members of the Council have permitted the President to usurp a large portion of the authority which belongs of right to their offices, and to reduce them to a position far inferior to what they should hold.

I have not seen so much of Raja Ram Singh, the Commander-in-Chief, as of the other members of Council, as he has been absent for a considerable time on tour. His health is indifferent and he suffers from an impediment in his speech. He seems to be fond of his work and very anxious to do his best for his country. He has the reputation of being rather extravagant.

Rai Bahadur Pandit Suraj Kaul, C.I.E., is an old and respected official of the British Government. He did good service in Beluchistan and would willingly do good service in Kashmir, but he has lost his energy and activity, has failed to assert his proper position and authority, and is greatly afraid of being ill



spoken of. He appears to fear that malicious stories may be invented to his disadvantage and that thereby a stain may be cast on his former meritorious service. Hence, rather than assert his position he has allowed matters to take their course and has permitted his authority to be questioned and in some instances absolutely ignored. He has stated that he has not received support in periods of difficulty, meaning, apparently, from his colleagues and from the Resident. But he admitted that he had never once brought his difficulties to the Resident's notice, even when his authority and orders were absolutely disregarded. His health has not been good for some time past, but is now much better.

Rai Bahadur Pandit Bhag Ram did excellent service as Judicial Extra Assistant Commissioner in Ajmere and is a man of intelligence and ability. I have not seen so much of his work as of that of the other members of Council, but I believe he has introduced several reforms in the judicial work of the State, though the results are not perhaps as yet all that might be desired. Pandit Bhag Ram is a firm supporter of Raja Amar Singh and fully admits this, stating that he follows the only line of conduct by which he is able to carry out his own ideas in his own department. His health has recently been very bad, and it seems doubtful whether he will ever fully recover. At present he is quite incapable of going on tour or of performing his ordinary work except at his own home.

Khan Bahadur Sheikh Ghulam Mohiudin is an officer who did good service as a Tahsildar and Extra Assistant Commissioner in the Panjab. He is a younger man than Pandit Suraj Kaul or Pandit Bhag Ram. His intelligence is fair and he is very industrious. But it appears to me to be doubtful whether he is the stamp of officer who is required in the State Council. He would make and has made an excellent Tahsildar and Extra Assistant Commissioner, but he scarcely seems fitted for independent charge of a difficult department. He is active and his health is good, so that when told off for particular duty and properly instructed he performs his work with zeal and thoroughness. But this seems to be the limit of his power and he has willingly acquiesced in Raja Amar Singh's assumption of general control and authority.

23. It will be seen from these remarks that I do not consider the Council to be a very successful institution. The three members imported from India are far too much in the position of heads of departments subordinate to the President of the Council, and considering the comparatively small amount of work they have to perform the results are, I think, disappointing. I am of opinion that a Council composed of three members could with ease dispose of all the work at present performed by the five members, and if the third member, the other two being Raja Amar Singh and Raja Ram Singh, were an officer of ability and intelligence, that many improvements might be effected. But it does not therefore follow that I advocate any immediate change in the constitution or composition of the Council. I feel more inclined to suggest that when the time comes for any of the British officials to retire, it will be time enough to consider the future of the Council. According to the statements made by the members themselves they have not hitherto had a full and fair opportunity of showing what they could do. The former Resident, Colonel Parry Nisbet, in his anxiety to push on reforms, appears to have been somewhat inclined to put the Council on one side, and since his departure on leave two of the members have for a considerable period suffered from bad health. I think, however, that now, especially after the visit paid to Kashmir by His Excellency the Viceroy, the Council will display more vigour and carry out many much-needed improvements, particularly in the revenue administration of the State.

24. The position of the Maharaja in relation to the Council and the State requires a few remarks. Nominally His Highness has no power, but in reality he is a great power in the State. He is a man of some dignity and considerable intelligence and shrewdness. He is, however, surrounded by low favourites, and is religious to the verge of abject superstition. His personal habits appear to be of the most simple

nature, but the waste and extravagance of his servants and followers are unbounded. As sole ruler he is, I fear, entirely out of the question, but his shrewdness and experience would, in my opinion, be of much service to the State if he had a consultative voice in the deliberations of the Council, especially in revenue matters which he is said to understand thoroughly. It is possible that he would entirely refuse to accept any such position. I believe, however, he has no desire to undertake the duties of sole ruler, and that he was honestly willing to surrender the duties of governing the State to a Council. But it seems to me that he never intended or expected that his youngest brother would become *de facto* ruler of the State, and that he resents Raja Amar Singh's position. It must at the same time be remembered that Raja Amar Singh is the only member of the Maharaja's family who has shown any capacity for government, and that if he were set aside or refused to accept any position other than that which he now holds, a very serious difficulty in carrying on the Government of the State would have to be faced.

The system of administration. 25. The system of administration may be briefly described as follows :—

There is a Governor in Jammu and also in Kashmir. The Governors are high officials, subordinate to the Council alone. In Jammu there are 5 and in Kashmir 4 Wazarats, each in charge of a Wazir. The Wazir corresponds to a certain extent to the Deputy Commissioner in the Panjab, and the Governor to the Commissioner. The Jammu Wazarats are (1) Wazarat Khas (Jammu), (2) Manawar, (3) Riasi, (4) Udhampur, (5) Jusrotah. The Kashmir Wazarats are (1) Wazarat Shahr Khas (Srinagar), (2) Anantnag, (3) Kamraj, and (4) Pahar. In addition there is the Governorship or Wazarat of Gilgit and the Wazarats of Ladakh and Askardu or Skardo. Each Wazarat is divided into Tahsils, of which there are 18 in Jammu and 18 in Kashmir. There are no Tahsils in Gilgit, Ladakh and Askardu. The Tahsildars, who are generally assisted by a Naib, have usually civil, criminal and revenue powers. The Revenue Member of Council is the Supreme Revenue Court, the Judicial Member of Council the Judge of the High Court. There are also, both in Jammu and Kashmir, a Chief Judge, a Joint Judge, a City Judge, and some Munsifs, but the Munsifs are being gradually brought under reduction. The Police in Jammu consists of 28 officers and 567 men, in Kashmir of 31 officers and 417 men. There are two jails, one at Srinagar and one at Jammu, the average jail population in each being between 160 and 170.

There is a high school at Jammu and a middle school at Srinagar. There are 7 village schools in Jammu and one primary school in Kashmir.

There are two Municipalities in the State, one at Jammu and one at Srinagar. Both were established about three years ago. The Jammu municipal committee is composed of 4 official and 12 non-official members, at Srinagar of 5 official and 11 non-official members. The pay of the Governors is Rs. 1,000 a month in Jammu and Rs. 1,200 a month in Kashmir. The Governor or Wazir of Gilgit until quite recently received Rs. 625 a month. The Wazirs receive from Rs. 200 to Rs. 312 a month, and the Tahsildars from Rs. 40 to Rs. 100 a month.

I give in an appendix (No. I) to this report a statement showing the names and pay of British officers in Kashmir State service. The statement does not include my own name, as my deputation is temporary.

I think it may fairly be said that all the European and most of the Native officers lent by the Indian Government have been a distinct acquisition to the State.

A few, however, of the Native officers in foreign service, Mahomedans especially, have not proved very successful; for example, Mahomed Akbar Khan, Inspector General of Police, and Mahomed Afzul Khan, Deputy Governor of Kashmir. It seems to me to be doubtful whether Mahomedan officers lent to the State are likely to succeed in independent positions for some time to come. When working in subordination to a European officer they do well, but when thrown on their own resources they are unable to overcome the passive resistance, to say the least of it, which the large body of Hindu officials in the State oppose to them. Their work accordingly proves to be very disappointing and their influence for good disappears,

26. Considering the area, revenue and population of Jammu and Kashmir proper, the division into Governorships, Wazarats and Tahsils would seem to be open to improvement. If the Governorships are retained, the number of Tahsils and Wazarats might be reduced with increased efficiency. The distribution of some of the existing Tahsils is very unsatisfactory and has been made with little regard to the conformation and natural boundaries of the country, more especially in Kashmir. A reduction in the number of Tahsils would justify a reduction in the number of Wazarats, to be accompanied by an increase to the extremely low pay now given both to Tahsildars and Wazirs. Another re-arrangement would be to reduce the number of Tahsils and to divide Jammu and Kashmir into four Wazarats, getting rid of the Governors and paying the Wazirs from Rs. 800 to Rs. 1,000 a month. Some re-arrangement is, I believe, very necessary, but the exact details, as far as Kashmir proper is concerned, may be left over for decision when the settlement has been completed. The Settlement Officer will then be able to indicate the most advantageous re-arrangement of existing Tahsils and Wazarats. In Jammu the matter can be taken up at once. Both the Revenue Member of Council and the Governor are of opinion that existing arrangements can be greatly improved without any additional expense. There can be no doubt whatever that both Tahsildars and Wazirs are insufficiently remunerated for their important duties, that they receive their pay at irregular intervals, and that the natural consequences—misappropriation and peculation of the money of the State—are very common.

If, however, these officials were properly paid, and if an example were made of men who were then guilty of embezzlement, I believe that a fair standard of honesty could be secured. The Kashmiri officials are intelligent and willing to work, and I believe that with proper treatment they might be turned into as able and honest officials as any in India. Of one thing I am quite sure, and that is that the regeneration of the country must be worked out by its own people. The example and assistance of British officials are of the utmost value, but comparatively speaking small progress will be made until the Kashmiri official is himself convinced that honesty is the best policy.

27. I was for a considerable time under the impression that there was no Account and Audit Department in the State. Payments appeared to be made and recognised as correct which no properly constituted Audit Department would have admitted in audit, and the assistance which the Account Department in India is bound to render to the Revenue authorities in helping them to check receipts is here conspicuously absent. So far as I have been able to learn, the account system is a mixture of the native and English systems. One or two trained Accountants from Account Offices in India were appointed to the Civil Account Office of the State, the Daftar Diwani, a few years ago, and they introduced a few of the Account and Audit Registers maintained in Indian Account Offices. This, however, was of very little use; in fact, these registers introduced an element of confusion which formerly did not exist.

28. The accounts of the State are kept by the Civil Account Department, the Daftar Diwani, in Persian, not unfrequently on loose sheets of paper. Accounts are received at irregular intervals from the Wazirs and incorporated in what are, at the best, neither more nor less than the ordinary merchants' "Bahikhata" (account books), of India. A number of neatly bound volumes of accounts were produced for my inspection in addition to the "Bahikhata," each containing certain information regarding which I had made enquiries. One volume, for example, was a "detail book" showing the receipts and expenditure classified by Wazarats for the first four or five months of the year. These books struck me as being too new and too clean for everyday use, and on enquiring when they had been opened I was told with perfect frankness that they had been opened some 10 or 12 days before I saw them, as it was understood I desired to see them! For the rest the accounts of the State are to all intents and purposes kept in a cash book and ledger and receipts are classified by the Mohurrirs, sometimes correctly, sometimes incorrectly.

29. The accounts are kept by the Samvat year. The first month of the official year is Bysakh and the year usually begins about the 10th or 11th of April. The last month is Chait, corresponding to March-April. To all intents and purposes the Kashmir official year corresponds with the Indian official year.

30. I have not been able to ascertain that account rules of any sort or kind are in force in the State. The Civil Account Office is quite unable from want of knowledge to instruct the Wazirs or Tahsildars in their account work. Each Wazir obtains such accounts as he can of receipts and expenditure from his Tahsildars, and sends the accounts of his Wazarat at irregular intervals, but nominally once a month, to the Daftar Diwani through the Governor. The Daftar Diwani does not concern itself with any transactions not formally reported to it, calls for no returns, and is simply a passive recording office of account.

31. As regards audit, the Public Works and Military Departments audit their own expenditure. In the Civil Department the following is the procedure. Two copies of, for example, a salary bill are made out by the head of an office. These are first sent to the Daftar Diwani, where they are examined, passed and signed by a clerk and by the head of the Account Office. The two bills are then taken to the Governor, who signs and seals them. They are then registered in the Governor's office. The bills are then returned to the Account Office, where they are signed a second time and sealed. One copy is retained in the Account Office, the other copy is then taken to the Deputy Governor, who is the Treasury Officer. Payment may be made at once if money is available, but may not be made for weeks or months or even for years. However, when paid the bill is stamped and receipted and made over to the Treasury. The system in the Public Works and Military Departments is better and more nearly approaches the Indian system. But the Military Secretary is obliged to maintain an establishment in his own office to audit bills passed by the Military Accountant General and the audit office in the Public Works Department is under the Chief Engineer, an obviously unsatisfactory arrangement. There are only two Sadar or Head-quarters Treasuries, one at Srinagar and one at Jammu, but there are sub-treasuries at the head-quarters of each Wazarat and Tahsil, except at Srinagar and Jammu. At Srinagar there is also an arrangement for receiving revenue paid in kind.

32. All receipts in cash are accompanied by what is called an "Arz Irsal" which gives details of the money paid into the treasury. Payments are made (1) on bills passed and signed by the Governors or auditing officers, (2) on cheques (Tunkhas) issued by the Daftar Diwani and endorsed for payment by the Governor, (3) on ordinary payment orders or letters issued by the Governors, and (4) in emergent cases on telegraphic orders. In the last two cases the money, though actually paid, is not debited in the list of payments until a formal cheque (Tunkha) has been issued—an arrangement quite sufficient to ruin the accounts of any account office.

33. The head of the Daftar Diwani in Kashmir at any rate, for there is another Daftar Diwani at Jammu, is not a skilled Accountant. The person called the Civil "Accountant General" does or can do (in the opinion of the Revenue Member) "nothing at all." Under these circumstances whatever value the accounts possess must result from the examination to which they are subjected by the chief controlling officer, the Revenue Member. The officials in the Revenue Member's office, though willing, are unskilled in account work and procedure, and the result is that the accounts are in a very unsatisfactory condition. They are not in the least trustworthy. Mistakes, sometimes of a serious nature, are not uncommon. The preparation of an accurate balance sheet is an impossibility in the present state of the accounts. The classification of receipts is defective in the extreme. It is impossible from the accounts as they stand to ascertain the receipts and charges of particular departments,

*e.g.*, the Forest, Postal, Telegraph, Judicial, or Excise Departments, &c. A considerable portion of the receipts are classified as Miscellaneous, which should properly be classified under other heads of receipt, and items of expenditure are classified under one head which properly belong to another.

34. The Budget system is extremely faulty. The revenue estimates are furnished by the Governors, but very little is done to check or test their estimates with the figures of past years and the probabilities of the next year. The estimates furnished by the Governors are not accompanied by proper explanatory notes or memoranda, and are often based on imperfect or incorrect information.

35. As regards expenditure, little or nothing is known by the Council regarding the probable expenditure of next year until the departmental budget estimates are submitted by the Revenue, Judicial, General, Public Works, and Military Departments. New charges are included in the estimates without previous sanction. The actuals of previous years and the progressive expenditure of the current year are not clearly exhibited. The amount which is expected to be actually paid or received during the year is not usually the basis of the estimates, but the liabilities or demands which are expected to fall due within the year. Not only ordinary arrears, but arrears of several years back are brought into the estimates without any proper explanation and without any well-grounded expectation that these liabilities will or can be discharged during the year. Budget grants do not lapse at the close of the year, but savings are carried over as sums due by the State to particular departments, or balances in hand to the credit of Departments, such balances being often kept outside the State Treasury. Budget grants are in some instances exceeded without the slightest scruple, and an excess at the end of the year may be carried forward as a debt due by the State to a particular department in the next year's budget. Lastly, expenditure not provided for in the budget is freely sanctioned in the course of the year, not unfrequently by the President of the Council on his individual authority.

36. It is not quite easy to ascertain the cost of what in India would constitute the Account and Audit Department of the State. The following is, however, correct or nearly so. If anything, the actual cost is slightly in excess of what is here shown, as some clerks, who are really Account clerks, appear under other designations in the books of the State :—

	Pay per month.			Per annum.		
	Rs.	a.	p.	Rs.	a.	p.
<i>Public Works Department, Audit Office—</i>						
1 Audit Accountant ... ..	...	...	...	200	0	0
1 Assistant ... ..	...	...	...	100	0	0
2 Clerks on Rs. 40 and Rs. 20 ... ..	...	...	...	60	0	0
1 Daftary ... ..	...	...	...	10	0	0
2 Peons ... ..	...	...	...	12	0	0
				<hr/>		
Total per annum ... ..	4,584	0	0			
Travelling allowance and contingencies ... ..	916	0	0			
				<hr/>		
				5,500	0	0
<i>Military Department—</i>						
1 Accountant General ... ..	...	...	...	125	0	0
1 Assistant Accountant General ... ..	...	...	...	40	0	0
8 Clerks from Rs. 35 to Rs. 15 ... ..	...	...	...	230	0	0
1 Daftary ... ..	...	...	...	15	0	0
				<hr/>		
				4,920	0	0
<i>Military Secretary's Office—</i>						
1 Head Auditor ... ..	...	...	...	200	0	0
2 Audit Clerks on Rs. 35 and Rs. 25 ... ..	...	...	...	60	0	0
1 Ledger-keeper ... ..	...	...	...	50	0	0
				<hr/>		
				3,720	0	0
				<hr/>		
Carried over ... ..				14,140	0	0
				<hr/>		

	Pay per month.			Per annum.		
	Rs.	a.	p.	Rs.	a.	p.
Brought forward	...			14,140	0	0
<i>Jammu : Accountant General—</i>						
1 Accountant	...	...	..	125	0	0
1 Reader and 1 Sardafitary	...	...	...	80	0	0
Contingencies	...	...	...	20	0	0
				<hr/>		
				2,700	0	0
<i>Jammu : Governor's Office (Daftar Diwani)—</i>						
1 Accountant	...	...	...	250	0	0
1 Assistant	...	...	...	50	0	0
Ahlmads...	...	...	...	50	0	0
Moharir ...	...	...	...	410	0	0
Daftar Kusha	...	...	...	15	9	4
Moharir and copyist	...	...	...	31	4	0
Jemadar and sepoy	...	...	...	36	0	0
Miscellaneous charges	...	...	...	191	8	0
				<hr/>		
				12,412	0	0
<i>Kashmir : Governor's Office (Daftar Diwani)—</i>						
1 Accountant	...	...	...	300	0	0
1 Assistant	...	...	...	50	0	0
Moharirs, Nazirs, &c.	...	...	...	460	6	8
English Clerk	...	...	...	30	0	0
1 Jemadar and 6 Chaprasies	...	...	...	30	0	0
Shoe-keeper	...	...	...	3	2	0
Miscellaneous charges	...	...	...	110	0	0
Add yearly charges	...	...	...	308	0	0
				<hr/>		
				12,110	8	0
<i>Foreign Department—</i>						
1 Civil Auditor (Accountant General)	...	...	...	500	0	0
1 Clerk	...	...	...	30	0	0
				<hr/>		
				6,360	0	0
				<hr/>		
				47,722	8	0
				<hr/>		

37. It is difficult to institute a comparison between the Account Department in this State and any Account and Audit Office in India, because none of the Indian offices deal with so small a revenue and expenditure.

Comparison with Assam Account Office.

The revenue and expenditure of the Kashmir State may be taken at (say) 50 and 55 lakhs of rupees a year. The smallest account office in India is the Assam Office, but the revenue and expenditure of Assam according to the Budget of 1891-92 amounted to about 100 and 67 lakhs of rupees. The cost of the Account Office in Assam was estimated at Rs. 45,000 in the Budget of 1891-92 and the actuals for 1889-90 were Rs. 45,293. The estimates of 1891-92 allow for a Comptroller on Rs. 1,000 a month, a Chief Superintendent on Rs. 500, one clerk on Rs. 200, 22 clerks on less than Rs. 200, 8 servants and Rs. 2,550 for contingencies, including postal and telegraph charges. In some respects there is a certain resemblance between Assam and Kashmir. They are both frontier provinces. Sylhet may be compared to Jammu and is as different from the districts on the Upper Brahmaputra as Jammu is from Kashmir. Similarly Assam includes or is connected with several distant and sparsely populated districts and States as Kashmir is connected with Gilgit, Ladakh and the adjacent States.

38. Considering the elaborate procedure of an Indian account office and the extreme simplicity, not to say want of system, in the accounts of Kashmir, it is a fair deduction that the cost of the Kashmir Account Office should be considerably less than that of the Assam Office. I calculate that a proper Account and Audit Office in Kashmir could be constituted on the following scale:—

Cost of a proper Account and Audit Office.

	Pay per month.	Per annum.
	Rs.	Rs.
1 Comptroller ... ..	800	9,600
1 General Assistant ... ..	300	3,600
1 Superintendent ... ..	200	2,400
3 Examiners (average pay, Rs. 60—120) ... ..	...	3,240
15 Auditors (5 for Kashmir and Jammu, 2 for Gilgit and Ladakh, 1 for Srinagar, 4 for Military, 3 for Public Works and Forests)—average pay Rs. 30 to Rs. 85 ... ..	...	8,520
1 Record-keeper ... ..	75	900
2 Copyists ... ..	25	600
5 Chaprasies ... ..	6	360
Contingencies (postal and telegraph charges, purchase and repair of furniture, &c.) ... ..	...	2,000
	Total ...	31,220

I believe this establishment would be ample for a thoroughly efficient Account and Audit Office in the State. If necessary, two clerks to translate Persian accounts into English on Rs. 50 a month each could be added and the State could well afford to pay its Comptroller Rs. 1,000 a month if a thoroughly efficient man could not be obtained for Rs. 800 a month. This would add Rs. 300 a month to the cost shown above, making the total Rs. 34,820, or say Rs. 35,000 a year, a saving of nearly Rs. 13,000 a year on the present cost of the Account Department of the State.

39. The question of the recruitment of the new office is one of great importance and some difficulty. It is, I hold, absolutely necessary that the Comptroller should be a European, thoroughly well versed in the Indian account system, and prepared to remain at least three years in the State. Mr. C. R. C. Kiernander, at present officiating as Accountant General, Madras, contemplates retiring early next year. He is willing to become Comptroller in Kashmir on Rs. 1,000 a month, with a free house, and would enter into a three years' agreement. So far as character, ability and knowledge go, Mr. Kiernander is a thoroughly efficient officer. He is, however, somewhat advanced in life, and this might be a drawback. Mr. G. H. R. Hart, Deputy Accountant General, Bombay, is another excellent officer, and I believe that he would accept the appointment on the terms specified by Mr. Kiernander. If he did so he would be on foreign service. Mr. C. E. Crawley, Assistant Accountant General, Bengal, would also accept the appointment on the same terms, and would, I think, give full satisfaction. Mr. G. B. Bleazby, Chief Superintendent, Accountant General's Office, Panjab, is another suitable officer whom I can recommend, but his social status is inferior to that of the officers already mentioned. He would probably accept the appointment on Rs. 700 or Rs. 800 a month gross salary. If the scheme I have sketched is approved, the Government of India will probably consult the Comptroller General, who will be able to recommend a suitable officer and to advise the Government of India regarding the officers I have named.

40. As regards the rank and file of the office, the General Assistant, Superintendent, 2 Examiners and 7 or 8 Auditors should be trained men, selected from Indian account offices. They need not be Europeans. The rest of the clerks should be selected from the existing account offices in the State, but this matter should be left very much to the discretion of the Comptroller. It is extremely probable that a good selection could be made in Kashmir itself, and as it is advisable that as few outsiders as possible should be brought into the office, arrangements could probably be made to send a number of the younger men now employed in the account offices of the State to Lahore for a few months' training. The Accountant General of the Panjab would probably not object.

41. I think the final accounts of the State should be kept in English and according to the Samvat year. But they may be kept in the Wazarats and Tahsils in Persian, as heretofore. It would accordingly be necessary that the Auditors

Accounts to be kept in English and Persian.

in the head Account Office should have some acquaintance with Persian accounts, and that the Account Office should be able to furnish the accounts of the State to the Council in Persian, if required.

I think the head Account Office should be established at Srinagar, but for a considerable time to come it is, in my opinion, necessary that the Comptroller should spend from 2 to 3 months every year inspecting the account offices in Wazarats and Tahsils. He might, however, delegate a portion of this duty to his General Assistant. As far as possible the State should provide the means of locomotion; for the rest the Comptroller might be authorised to charge any out-of-pocket expenses to his contingent grant, provided it was not exceeded.

42. The establishment of this new Account Office will, of course, prove a great relief to the Governors, the Public Works, Military and Foreign Departments. The Governors should be relieved of all account and audit work, beyond those of an ordinary Treasury Officer. If thought desirable, the Treasury at Srinagar and at Jammu might be in charge of the Wazir; if so, the Governor need not perform the duties of a Treasury Officer.

Effect of establishment of a new Account Office.

43. The unit corresponding direct with the Comptroller should as regards the Civil Department be the Wazir. For a time at any rate the account clerks in Wazarats and Tahsils should be appointed and controlled by the Comptroller, and it would also be advisable that he should have a voice in the appointment of account clerks in the Public Works, Military and Forest Departments. As regards departments and other offices, each department and each officer at the head of an office, *e. g.*, the Chief Engineer, the Military Secretary, the Executive Engineers, the Chief Forest Officer, the Governors and others, should send their accounts direct to the Comptroller. Officers in charge of regimental or headquarters treasure chests might send their accounts direct to the Comptroller or through the Military Secretary as might be deemed advisable. Accounts should be rendered twice a month, and a statement showing the treasury balance cash in hand, or in a treasure chest, or in any bank, on the last day of the month should accompany the accounts rendered at the commencement of the month.

Offices rendering accounts to the new Account Department.

44. All bills for civil salaries, miscellaneous payments or contingencies presented at Srinagar should be audited by the Comptroller's office. In regard to the Military, Forest and Public Works Departments it would be better to issue monthly letters of credit at the instance of the Chief Engineer, Conservator of Forests and Military Secretary, against which all military and public works payments would be debited.

Audit of bills at Srinagar.

45. All moneys belonging to the State, whether in State treasuries or in India, should be managed by the Comptroller, who should also keep a record of all personal accounts, accounts of charitable funds and the like, and report on them annually to the Council.

Control of State money.

46. The duties of the Comptroller and the Account Office should be—

Duties of Comptroller and Account Office.

- (1) To prepare accurate monthly and yearly accounts of the State.
- (2) To prescribe a simple set of account and audit rules for observance in the State and to ensure the observance of the rules thus prescribed.
- (3) To prepare and submit to the Council the yearly budgets of each department with remarks, actuals of the previous year, and actuals of the current year up to the latest date possible, with an estimate of the receipts and expenditure for the remaining months of the year.
- (4) To advise the Council in all financial matters.
- (5) To advise all officers of the State in all financial matters pertaining to their respective departments or duties.



- (6) To bring to the notice of the Council all instances of fraud in account matters.
- (7) To bring to the notice of the officers concerned any probable excess over budget grants.
- (8) To superintend the movement and distribution of coin, so as to keep all treasuries properly supplied, and to keep in safe custody all valuable securities, *e.g.*, promissory notes, belonging to the State.
- (9) To furnish the Revenue authorities with monthly statements of the receipts under each head of revenue in the treasuries to enable them to check the receipts by the revenue returns.

47. The Comptroller should always bear in mind that it is not desirable or possible to introduce the elaborate procedure of an Indian account office into the State. His account and audit rules should be of the very simplest possible description, and he should oppose any suggestion or attempt on the part of his subordinates to introduce elaboration or technicalities. I have drafted a few account and audit rules of a very simple description, which will be found in Appendix II. and which might, I think, form the ground plan of the Comptroller's work for some time to come.

48. As regards the Comptroller's position and powers, he should be subordinate to the Council alone. He should refuse to accept any order directing him to pay money, except in ordinary course or when covered by a budget grant, unless issued by the Council. An order for payment issued by an individual Member of Council would be accepted provided the order was promptly ratified by the Council, otherwise the amount should be held at the personal debit of the Member by whom the pay order was issued. The Comptroller should not question any order of the Council if issued in proper form, unless some account principle or rule were violated. If so, he should have the power to make a representation to the Council, and if necessary to the Resident. This latter power would, it is hoped, be only used in very exceptional cases and in the last resort, but it is a power which, I think, is absolutely required and without which there is a risk that the Comptroller's position might become untenable. For the introduction of an Account and Audit office such as has been sketched would put a stop to all irregular payments. No 'peremptory' orders for payment, even if issued by His Highness the Maharaja, could be complied with unless duly sanctioned and in proper form. The Comptroller's position would therefore for a time be one of some difficulty. He would require to exercise considerable tact and discretion. An occasional deviation from strict rule, provided no important principle were involved, would have to be tolerated. But unless the Comptroller has full powers of reference to the Council and the further power to refer important questions to the Resident, it is probable that violations of the most elementary account principles would continue in future as in the past.

49. Lastly, while the new Account Office should keep the accounts of Jammu and Kashmir, Ladakh and Gilgit, separately in its books, just as district accounts are kept separately in Indian account offices, the final monthly and annual accounts should be compiled accounts of the State as a whole, not separate accounts for Jammu and separate accounts for Kashmir.

50. My examination of the accounts of the State has been chiefly confined to the accounts and estimates of the Samvat years 1946 (1889-90), 1947 (1890-91), and 1948 (1891-92).

I could have obtained certain figures relating to Samvat 1945, but having regard to the results obtained from an examination of the figures for the three succeeding years, and the great labour involved, it appeared to be a waste of time to go back beyond Samvat 1946.

The income of Jammu and Kashmir for Samvat 1947 according to the State accounts was as follows :—

		Kashmir.	Jammu.
		Rs.	Rs.
Closing balance of Samvat 1946	...	14,43,200	7,80,000
Ordinary income of Samvat 1947	...	17,26,700	29,75,700
Extraordinary for income of ditto	...	1,43,200	20,99,300
		<hr/>	<hr/>
Total	...	33,13,100	58,55,000
		} <hr/>	
Total income of the State for Samvat 1947...		Rs. 91,68,100	

The expenditure of Jammu and Kashmir in Samvat 1947 according to the State accounts was as follows ;—

		Kashmir.	Jammu.
		Rs.	Rs.
Ordinary expenditure	...	13,67,400	29,84,300
Arrears	...	2,54,200	3,80,700
Extraordinary expenditure	...	3,12,000	23,53,200
		<hr/>	<hr/>
Total	...	19,33,600	57,18,200
		} <hr/>	
Total expenditure of the State for Samvat 1947	...	Rs. 76,51,800	
		<hr/>	
Balance of revenue over expenditure	...	Rs. 15,16,300	

51. Nothing could be more satisfactory than this state of affairs if the accounts were correct. But they are absolutely and entirely misleading. A considerable portion of the land revenue in Kashmir is paid in kind ; hence of the closing balance of Samvat 1946 Rs. 10,71,500 represents the price of grain, cotton, oil-seeds and the like at State rates. But to quote the Revenue Member's memorandum which accompanies the accounts, "at the close of Samvat 1946 the Governor of Kashmir had reported the price of grain of the previous year in store at about Rs. 10,71,529 at the State rate, but the Revenue Member had some reason to doubt that there will not be so much available in the store as reported, and the price of certain grains estimated by the Governor at the State rates was actually much higher than the bazar rates. When the accounts were prepared and the bazar rates ascertained the price of grains amounted to Rs. 5,49,995-8-0 only. Now on reviewing the papers relating to closing balance of 1947, the doubt was carried to the extent of truth, because the closing balance in kind of 1946 did not come out to be correct at the close of 1947. The Governor of Kashmir has been asked to report in detail the cause of the discrepancies. The matter will be reported in full, when the reply is received. On these grounds the Revenue Member doubts if the grain in store, price of which is estimated at the bazar rates, will in the end of 1947 fetch the estimated price and that all the grains in store could be disposed of."

52. The extraordinary income consists of withdrawals from the Reserve Treasuries of the State, transfers of money between Jammu and Srinagar, adjustments of advances and a number of items, all of which should have been classified as ordinary items. Many of the items, such as transfers, are not of course income at all.

53. As regards expenditure, the extraordinary expenditure includes among other items transfers of money from Jammu to Srinagar, deposits with the Panjab Banking Corporation, Srinagar Branch, payments on account of public works and the like. Most of the items are not in any way expenditure, and almost all the others are susceptible of classification as ordinary expenditure.

Revised state of revenue  
and expenditure.

54. The Revenue Member accordingly revised his statement of revenue and expenditure and presented it in the following form :—

		Rs.	
Closing balance, Samvat 1946	... {	Cash ...	1,89,131
	... {	Grain, &c. ...	5,49,996
<hr/>			
Actual income, Samvat 1947	... ..		7,39,127
			51,63,579
<hr/>			
		Total ...	59,02,706
Actual expenditure, Samvat 1947	... ..		49,86,589
<hr/>			
Closing balance, Samvat 1947	... {	Cash ...	1,02,832
	... {	Grain, &c. ...	8,13,285
<hr/>			
		Total ...	9,16,117
<hr/>			

55. The cash (Rs. 1,02,832) in the closing cash balance of Samvat 1947 represents the amount actually in the treasuries and sub-treasuries of Jammu and Kashmir at the close of Samvat 1947, but I have not been able to verify the opening cash balance (Rs. 1,89,131). The grain, &c., valued at Rs. 5,49,996 in the opening balance represent the value of the grain, &c., originally valued at Rs. 10,71,529. The value was thus reduced by about one-half. There is no real proof that the grain, &c., shown in the closing balance of Samvat 1947 was really worth Rs. 8,13,285 on 1st Bysakh, Samvat 1948, or was in store on that date. The Governor of Kashmir (the revenue collections in kind in Jammu are practically nil) reported the grain to be worth the sum stated, but having regard to the reduction made in the value of grain, &c., said to be in store on 1st Bysakh, Samvat 1947, and the fact that the Governor does not verify the value personally, there is every reason to doubt whether the valuation can be accepted as even approximately correct.

56. Further examination of the detailed accounts for Samvat 1947 brought further facts to light. The cash balance at the end of the year (Rs. 1,02,832) represents, as has already been stated, the actual cash in the treasuries and sub-treasuries of the State at the close of the year. But it in no way represents the real balance belonging to the State. Owing to want of funds, payments of cheques at the Srinagar and Jammu treasuries are usually very irregular. When a branch of the Panjab Banking Corporation was started at Srinagar about 18 months ago, officers, having regard to the very irregular payments at the treasury, began to press the Council to grant them large lump sums, when the treasury was in funds, to meet their expenditure for a considerable period. These sums when received were placed in current account with the Panjab Banking Corporation and drawn upon as an ordinary banking account. As also it has not been the custom to insist that savings from budget grants shall lapse to the State at the close of the year any such savings were carried over to the succeeding year. Again the State possesses a large sum in Government promissory notes, which forms part of the Reserve Treasury money, but the interest on which is credited to the State as revenue. These promissory notes are in the custody of the Agra Bank, Bombay, and there is usually a balance of interest in the bank to the credit of the State on current account. There is also usually a considerable sum in the hands of the Military Secretary for payment of current expenses.

57. Any ordinarily well regulated Account Department would have kept itself acquainted with the state of these personal accounts, and especially at the close of the year would have insisted on obtaining a statement of the credit balances, whether these balances were held to lapse to the State or not. But it does not appear to have been any person's business to call for these statements, and the Account Department of the Revenue Member's office professed itself to be totally unacquainted with the existence of such balances.

58. I have not been able to obtain an exhaustive account of these balances. The following statement is, however, a far closer approximation to the real balance at the credit of the State at the close of Samvat 1947 than that given in the accounts of the State :—

	Rs.
Cash in State treasuries ... ..	1,02,832
„ Agra Bank, Bombay ... ..	62,459
Panjab Banking Corporation, Srinagar (1) ... ..	50,000
„ „ „ (2) ... ..	18,860
„ Settlement Officer ... ..	16,681
Cash in Sialkote Treasury (personal ledger account for Gilgit Road) ... ..	1,47,750
Balance at credit of the Chief Engineer ... ..	1,72,512
„ „ „ Military Secretary ... ..	1,25,612
Cash in the hands of the chief Postal Officer ... ..	27,500
Total ...	7,24,206

The fact that such large amounts have not been brought to account and were for the most part unknown to the Account Department is a sufficient indication of the faulty nature of the existing arrangements.

59. The only item regarding which any remark seems necessary is the item of Rs. 50,000 with the Panjab Banking Corporation. This sum was deposited without interest, apparently as an encouragement to the bank to open a branch at Srinagar, and the terms of repayment were left so indefinite that the bank appears to have looked upon the money as a “permanent deposit.” As the money had remained on deposit for a considerable period and the State is and has been in urgent want of ready money for a long time past, an effort has recently been made to obtain repayment of the money. As the result, an amicable arrangement has been arrived at by which Rs. 10,000 will be repaid to the State every three months, the final payment being made in January 1893.

60. As the Account Department had no official knowledge of the State account with the Agra Bank, Bombay, it followed that credit was only taken in the State accounts for sums actually withdrawn from the bank on account of interest on the Government promissory notes belonging to the Reserve Treasuries deposited in the bank. The management of the State vineyards, hop gardens and silk cultivation is in the competent hands of the Settlement Officer. Mr. Lawrence kept the accounts of the receipts and disbursements of these departments in his own office, and the Account Office prepared the final accounts of the year without waiting for his accounts.

61. The revenue account of the State showed considerable receipts from the Post Office, Telegraph, Excise and Forest Departments. On the expenditure side of the accounts, Postal and Telegraph expenditure is lumped with a number of other items against the General Department, Excise and Forest expenditure against the Revenue Department. No receipts are shown as against Public Works; though a considerable sum is realised from rent of State houses and bungalows and from tolls. Such receipts are taken in reduction of the total expenditure of the Public Works circle in which they are realised.

62. No credits are afforded to the Post or Telegraph Departments for the conveyance of service covers and messages. The value of the service labels used in Samvat 1947 is stated to have exceeded Rs. 31,000 and of State messages sent by telegraph to have amounted to Rs. 1,08,000. No attempt is ever made to restrict the use of the telegraph or to compress messages. All Native officials of the rank of a native doctor, a sergeant of police or a naib tahsildar are permitted to send messages free. Messages are usually sent “urgent” in the most flowery “Urdu.” If a fixed yearly sum were allotted to each large office in Kashmir,

if telegrams were sent only when absolutely necessary, and if they were properly abbreviated and compressed, the value of the messages sent need not probably exceed Rs. 30,000 a year. In any case, proper accounting would show as a receipt the value of service messages and service postage charges, corresponding debits being shown on the expenditure side against the various offices in the State.

63. The telegraph lines belong to the State. One line extends from Srinagar to Kohala on the Jhelum Valley road, with a branch from Baramulla to Gulmarg. Another line runs from Srinagar to Jammu *via* the Banihal pass. A third line extends from Srinagar by Dras and Kargil past Skardo to a place called Tak, about 100 miles from Bunji. From Kargil it is intended that the line should be continued to Leh, but the line has not as yet been constructed and in any case the wire is interrupted near Sonamarg (about 42 miles from Srinagar). From Gilgit there is, I believe, a line to Astor or Bunji, so that the completion of the Skardo-Tak-Bunji or Skardo-Tak-Astor line would give through communication with Gilgit. There was formerly, I am told, a direct line between Astor and Srinagar, but apparently it was never in proper working order.

Through communication with Gilgit is a matter of the utmost importance. Mr. Byrne and Mr. Olpherts of the Telegraph Department will shortly report to the Government of India on the telegraph lines of the State. In the meantime I may remark that as the cost of a direct underground cable on that portion of the direct Gilgit road which is practically impassable in winter (a length of 80 or 100 miles) is prohibitive, the line must, if possible, be aerial, or, if such a line is impracticable, be carried round by Skardo and Bunji, there being, I understand, less snow on that route. There is, I believe, very little doubt that this is the more favourable route.

64. All the lines in the State are in very indifferent order. There is such a press of State messages that private messages are greatly delayed. Hence private traffic is reduced to a minimum. After careful enquiry I have no hesitation in saying that if all the telegraph lines in the State were taken over by the Government of India or all the lines except the Jammu-Srinagar line, the Government of India could afford to pay liberal compensation to the State for the erection of the lines already in existence, could afford to make a certain allowance to the State towards the cost of service messages, could maintain the lines in thorough and efficient order and make a profit on the working of the telegraph. The European visitors to Kashmir alone, who are arriving in larger numbers every year, would supply a large amount of traffic, in proof of which it may be mentioned that the cost of working the Gulmarg extension in 1889-90 was Rs. 135-8-0, while the value of the private messages was Rs. 751. In addition, service messages to the value of Rs. 2,529 were sent over this line.

65. Postage stamps are printed at the State printing press at Jammu. They are well-known throughout India as being the worst printed and worst got up postage stamps in the country. The paper is of the most flimsy description, the printing is frequently a smudge, the stamps are not perforated and they are not gummed. I cannot find that any precautions whatever are exercised to prevent the press from printing stamps for private sale or consumption, and the chief Postal Officer, Sirajudin Ahmad, an able and intelligent officer, informed me that while the value of ordinary postage stamps affixed to covers which passed through the post office in Samvat 1947 exceeded Rs. 11,000, the credits on account of sale of postage stamps amounted to less than Rs. 6,000. The Council is, I understand, unwilling to introduce over printed British India stamps in the State, such as are found in Patiala for example, but there can be no possible objection to the postage and telegraph stamps required by the State being obtained, with such device as may commend itself to the Council, from a good English firm, *e. g.*, Messrs. De la Rue and Co. I am perfectly certain that a considerable increase in revenue would result from an arrangement of the kind. There are separate State and

British post offices at Srinagar, Baramulla, Uri and Domel. If some arrangement could be made for amalgamating these offices, a saving to the State and to the Government of India might be effected.

66. The classification of receipts and expenditure is very faulty. On the receipt side there are, for example, two major heads, "stamps, court fees and postage" and "postal and telegraph receipts." I am informed, though it is hardly credible, that the latter head is intended for cash receipts only and the former for all stamp receipts, whether these receipts are from sale of postage, judicial, general or telegraph stamps. The supply of judicial stamps is very badly regulated. In many places none are to be had for sale. I have been informed by Lai Jeikishen Dass, the Residency Vakil, that on his recent tour of inspection in Tahsil Anantnag, the President of the Council, Raja Amar Singh, admitted nearly 2,000 petitions unstamped, though a stamp of 8 annas was leviable on each, because no judicial stamps were available for sale. No explanation of the defective supply, nor of the reason why the fee was not realised in cash, was forthcoming.

67. As regards the expenditure side of the accounts, the inclusion of a number of distinct heads against one department, such as the Revenue or General Department, is inconvenient. It is still more inconvenient to show the expenditure of, for example, the Public Works Department, one of the great spending departments of the State, partly under the Judicial Department and partly as Extraordinary Expenditure. I have drawn up a simple scheme for the classification of the State accounts which will be found in Appendix III. Such additions as may be considered necessary may be made to the heads given by me, but the classification has been tested with the detailed accounts and has been found to classify every item. The classification is so simple that it can be understood without any difficulty, and if it were introduced in the State Account Office, it would, I think, prove of considerable value.

68. An important and intricate question that presented itself in connection with the State accounts as originally presented to me is that of the arrears and debts due by the State. No portion of my enquiry has proved more difficult, and the results of a prolonged investigation can only be considered to be approximately correct.

These arrears represent debts due by the State to individuals or departments. In many cases they consist of arrears of pay, in others of claims on account of articles supplied to the State. It is quite impossible to fix the date at which pay and claims for supplies began to fall into arrears. In the time of the late Maharaja Ranbir Singh the pay of officials was usually only disbursed every six months, but there appears to have been fair regularity in making such payments, and it seems probable that there were no serious arrears until Maharaja Pertab Singh became ruler of the State.

69. At the present time there are arrear claims of Samvat 1945 and of earlier years to the amount of Rs. 1,84,845, which are admittedly due, and every year has added largely to the amount. There are large establishments which only obtain pay occasionally once in six months perhaps if they are fortunate, but quite possibly not for 12 or 18 months after the pay is due. The effect on the administration is disastrous. The officials must live somehow, and as they cannot foretell when they are likely to be paid they must resort to embezzlement, speculation and fraud to keep themselves alive. Roughly speaking it may be said that the only persons in the State who get paid with ordinary regularity are the Maharaja and his followers, the Members of Council, the Governors, the English officials, and the few officials who can make interest with the Governors (who are practically in charge of the treasuries) to get their bills cashed.

70. Quite apart from the evil effects of this system of arrears, which has become so much a matter of course as to be very little regarded, on the officials, it is obvious that in the long run the State must suffer greatly by the delay in payment of its debts.

Efficient audit, even if the Account Office were in proper order, is impossible when claims, perhaps two or three years old, are presented for payment. It may be possible to ascertain that certain work, for example, had really been performed for the State or certain services rendered, but whether the value of the work or service was Rs. 100 or Rs. 1,000 cannot be at all so easily ascertained. Hence fictitious and collusive claims and claims for excessive amounts must be common, and with such, the miserably inefficient Audit Office at present in existence is totally unable to cope. In all probability strict scrutiny would reduce considerably the amounts claimed from the State, but at present there is no agency by which the claims can be properly examined.

71. In the State accounts the arrears and debts due by the State at the commencement of Samvat 1947 were estimated to amount to Rs. 10,18,386. During the year Rs. 6,34,907 were disbursed on account of arrears. But in order to do so payments which should have been made in Samvat 1947 were allowed to fall into arrear, and hence the arrears amounted to Rs. 13,64,699 by the end of the year.

Arrears in Samvat 1947.

72. The method of dealing with this amount is so truly characteristic of the State finance that it may be stated in detail.

Method of dealing with the arrears in the accounts.

It has been shown (paragraph 54) that the year Samvat 1947 was held to have closed with a credit balance of Rs. 9,16,117, the larger portion of this amount being the estimated value of grain, cotton, &c., in store at the close of the year. This sum, Rs. 9,16,117, has been credited in the State accounts against the arrear balance, Rs. 13,64,699, leaving arrears payable after deducting the amount of closing balance amounting to Rs. 4,48,581. This sum is disposed of with the remark, "This amount has been included in the ordinary expenditure of the Budget Estimates of Samvat 1948." It may be incidentally remarked that unless the amount appears in the estimates of Samvat 1948 against the heading "unpaid arrears" it cannot be traced.

Now it is not pretended that either the cash or the grain, cotton, &c., which represented the closing balance, Rs. 9,16,117, of Samvat 1947 were applied in payment of the arrears, Rs. 13,64,699, due at the end of the year, and in fact nothing of the sort was done. The whole transaction is fictitious, and further, the amount shown as due by the State at the end of the year is incorrect.

73. Careful examination carried out at my instance in the Revenue Member's office resulted in a reduction of the sum shown as arrears at the end of Samvat 1947 from Rs. 13,64,699 to Rs. 11,95,879. But it has been ascertained that there was in addition a debt due at the end of the year to Messrs. Spedding and Co. for the completion of the Jhelum Valley road amounting to Rs. 2,57,815, and further that the amount of arrears due to the Military Department at the end of the year (Rs. 3,23,842) had been omitted.

Reduction in amount of arrears at first exhibited.

These two items are undoubtedly due, and including them the State debt at the end of Samvat 1947 amounted to Rs. 17,77,536. It is possible that a portion of this amount will never be claimed owing to the death of the claimants, or can be met by set-offs. On the other hand, fresh claims may be presented which may prove to be indisputable. It is obvious that most careful scrutiny of every claim is necessary. In my opinion the Council should issue a proclamation to the effect that all bills for arrears of pay, claims on or debts due by the State must be presented for payment within (say) six months, after which period no such claims will be admitted. It is not improbable that the issue of some such notice and a most careful scrutiny of the accounts presented for payment would reduce the State's liabilities to 15 lakhs.

74. The most obvious method of arriving at a proper estimate of the State debts was to ascertain from the Account Office the amount due on bills passed for payment but remaining unpaid. It has, however, to be remembered that the Military and Public Works Departments audit their own expenditure, and that many claims have not yet been sent to the Account Department, as it is well known that they will simply remain unpaid in the Account Office. It does not also in the least

follow that the amount due as certified by the Account Office is really correct. In all probability it is not strictly correct. The results, however, of an enquiry in this direction are as follows:—

	Rs.
Amount of pay orders issued by the Daftar Diwani which remain uncashed ... ..	6,52,969
Messrs. Spedding & Co.'s bill ... ..	2,57,815
Military arrears ... ..	3,23,842
Public Works arrears (estimate) ... ..	1,87,905
Total ...	<u>14,22,531</u>

This amount practically represents audited expenditure.

75. In addition, however, to the debts due in the Civil Department, an examination of the great charitable fund called the Dharmarth Fund has shown that the State is indebted to it in the sum of Rs. 1,72,000. The correctness of this sum has been admitted by the Council. Hence the maximum debt due by the State, so far as can be gathered from the accounts, is Rs. 19,49,536 (17,77,536 + 1,72,000) and the minimum Rs. 15,94,531 (14,22,531 + 1,72,000).

76. In the following statement is shown the revenue and expenditure of the State for Samvat 1947 (1890-91) according to the original estimates, the corrected State accounts as finally furnished to me, and these corrected accounts as revised by me. I cannot feel absolutely certain that the revised accounts are correct, but they are the result of a long investigation, and I believe them to be fairly accurate, with the exception of certain errors in classification and the omission of certain book credits and debits to which allusion has already been made.





77. As regards Revenue, the actuals show that the Land Revenue collections were about a lakh below the estimate. The Revenue of Samvat 1947. estimate was about  $1\frac{1}{4}$  lakh below the actuals of Samvat 1946. The Customs and Octroi receipts were about Rs. 1,20,000 below the estimate and about half a lakh below the actuals of Samvat 1946. The actuals under Grazing Fees were practically *nil* as against an estimate of Rs. 80,000 and against actuals of Rs. 28,000 in Samvat 1946. The receipts from Excise slightly exceeded the estimate, but the actuals of the previous year were higher. The receipts on account of Rent of State property in British India were less than half the estimate and Rs. 9,000 below the receipts of the previous year.

The receipts from Contracts of State monopolies were over a lakh of rupees below the estimate and upwards of Rs. 40,000 below the actuals of the previous year. The interest on Government promissory notes was incorrectly estimated and the actuals according to the State accounts were also incorrect. The receipts under 'Miscellaneous' were upwards of 2 lakhs of rupees below the estimate, but about Rs. 90,000 in excess of the receipts of Samvat 1946. The receipts from Realisation of Arrears were about Rs. 66,000 in excess of the estimate. Nothing appears against this head in the accounts of Samvat 1946.

78. As regards Expenditure, the revised accounts show a smaller expenditure than the estimates under all heads except Public Works, but the reduction is not due to savings, but to non-payment of claims, which have consequently become arrears due by the State.

79. The Land Revenue of Jammu is realised almost entirely in cash. The Land revenue of Jammu. last settlement was a summary settlement made in Samvat 1928. Since then large tracts of uncultivated land have been brought under cultivation, and the officials best qualified to judge believe that a new settlement would add from 3 to 5 lakhs of rupees a year to the revenue. The increase will, it is believed, be very considerable in the Tahsils in the plains, such as Manawar and Shahr Khas, but will of course be less in the hilly portion. The estimated revenue of the current year is Rs. 22,52,518. The estimated revenue of Samvat 1947 was Rs. 22,68,129, but the collections amounted to Rs. 21,39,235 only. This result is very unsatisfactory. A considerable portion of the arrears was due to the deputation of one of the Tahsildars on census duty and the "want of appointment of any responsible Tahsildar for a long time." Other short collections were due to embezzlement by a Tahsildar.

This portion of the State is, comparatively speaking, so prosperous that short collections of land revenue can only be attributed to defective revenue administration. The Revenue Member has stated that the Governor does not carry out his orders. If so the remedy is clear. A reference to the Council, or if necessary to the Resident, would very quickly put matters to rights.

No definite proposals have yet been made for a re-settlement of Jammu, but I believe that Mr. Lawrence has got the matter under consideration.

80. In Kashmir the Land Revenue has always been realised partly in cash and partly in kind. For several years past a settlement has been in progress. It was first undertaken by Mr. A. Wingate of the Bo. C.S., who did a large amount of measurement work. It is now conducted by Mr. W. R. Lawrence, C.I.E., C.S.

81. Mr. Lawrence has assessed a number of Tahsils and his assessments of 4 or 5 Tahsils have been approved by the Council. The settlement will probably be finished in less than two years. I understand that the settlement on which Mr. Lawrence is engaged is not likely to add materially to the nominal land revenue of Kashmir. An increase of a lakh of rupees is as much as can be expected. But the actual cash collections will after settlement be considerably higher than they have hitherto been, arrears will be less likely to accrue, and as a larger portion of the land revenue will be paid in cash and a smaller portion in kind, the opportunities which now exist for embezzling that portion of the land revenue which is realised in kind will be diminished.

82. The realisation of a portion of the land revenue in kind, the method of collection and of disposal of the revenue so realised is the most remarkable feature in the Kashmir land revenue system and merits detailed examination.

It has already been stated (paragraph 19) that the chief food of the people is rice, and it is in rice, or 'shali' as unhusked rice is called, that the principal payments of land revenue in kind are made, so much so that 'shali' may be taken as meaning "land revenue collections in kind." The other articles which may be tendered by the cultivators in payment of revenue in kind are barley, wheat, Indian corn, moong (pulse), Ulsi (linseed) rape-seed, sesamum and several minor articles, in all 19.

83. In the assessed Tahsils the amount of revenue to be realised in each year has been fixed, both as regards cash and kind, but the cultivators have the option of paying their land revenue in cash instead of in kind, and Mr. Lawrence remarks: "The effect of my assessments in Kashmir will be that a large proportion of the revenue will be paid in cash, and it is probable that before the ten years expire nearly the whole of the revenue will be paid in cash. I may notice the fact that in the Lal Tahsil when the assessments were announced the people elected to pay about Rs. 32,000 in kind. Since the assessment was announced more than half of this amount has been paid in cash. In Phak Tahsil almost the whole of the new revenue is paid in cash, and in Daunsic and Ich-Nagam Tahsils the same process is going on as in the Lal Tahsil, viz., people are paying cash in lieu of the kind for which they elected at the time of the announcing the new assessments. As one goes further from the city it is possible that for some years the people will have to pay a certain amount of the revenue in kind, but I am sure that when the assessments are announced the amount hitherto paid in cash will be nearly doubled."

Further, in the assessed Tahsils revenue in kind may only be paid in rice, Indian corn, barley or wheat.

84. While in the assessed Tahsils the land revenue is fixed, it is in the un-assessed Tahsils subject to alteration year by year. The method of assessment is as follows. The Tahsildar first visits each village in his Tahsil and reports to his Wazir on the state of the crops and the amount of revenue which he considers should be levied in that year. The Wazir also makes an examination of the villages in his Wazarat and sends his report with that of the Tahsildar to the Governor, who may either adopt the opinions of the Wazirs and Tahsildars, or after visiting the villages make his own report. The final power of sanction in respect to the revenue to be levied rests with the Revenue Member. It is obvious that the examination made by each and all of these officials must be very superficial and that it must frequently be quite impossible to judge at the time of examination whether the crops are likely to be good, indifferent or bad. The assessment in cash or in kind having been fixed, the cultivators have the option of paying in kind the amount fixed or of paying the whole or a portion of the revenue assessed in kind, in cash at fixed commutation rates.

The rates of course vary for the different kinds of produce, but the more important are:—

		State rates for commutation in cash.				
		Rs.	a.	p.		
1. Rice or Indian corn	...	1	4	0	per Kharwar of 15 traks.	
2. Wheat	...	3	3	5	,, "	
3. Barley	...	1	4	9	,, "	
4. Cotton	...	8	12	0	,, "	
5. Moong (pulse)	...	5	3	0	,, "	

The Kharwar of 15 traks equals about two Imperial maunds.

The latest bazar rates that I have been able to obtain are:—

		Rs.	a.	p.		
1. Rice or Indian corn	...	1	4	0	per Kharwar.	
2. Wheat	...	3	2	6	,, "	
3. Barley	...	0	15	0	,, "	
4. Cotton	...	5	8	0	,, "	
5. Moong (pulse)	...	3	4	0	,, "	

It is obvious that it would pay cultivators to buy cotton, moong (pulse) and barley in the bazar and pay it to the State as revenue in kind, and this is actually done in some cases. Instances have been known where a village which did not grow any cotton whatever had paid a large portion of its revenue in kind to the State in cotton.

85. The chief portion of the revenue in kind is, however, paid in unhusked rice, and the usual plan is to bring the unhusked rice to Srinagar, where it is sold at the fixed rate of Rs. 1-4 a Kharwar (2 maunds Imperial) to the inhabitants. At page 22 of his preliminary report on the Kashmir settlement Mr. Wingate remarked, "The Kashmir cultivator is a machine to produce 'shali' for a very large and mostly idle city population." The reason that 'shali' is so cheap is because if the price "were allowed to rise to its proper level the whole body of Pandits (the bulk of the population of Srinagar) would compel the Palace to yield to their demands."

86. The method of collecting and despatching the 'shali' to Srinagar is a remarkable one and very characteristic. The Governor appoints one or two men, called Tehvildars, in each Tahsil, who are responsible for despatching to Srinagar the grain collected in the Tahsil as State revenue. As already stated, the amount of grain varies from year to year at the discretion of the Governor. The Lambardar, or village headman responsible for the collection of land revenue, delivers the grain to the Tehvildar and obtains the Tehvildar's receipt, which he takes to the Tahsildar, by whom the receipt is exchanged for another showing the payment estimated in money which has been made. The State grain is stored in the villages, covered with a rude grass thatch and sealed in a primitive manner to prevent robbery. At a convenient time the Tehvildar's agents visit the village, and a man selected by the village weighs out the State share. The profession of weighing is a special one, and in Kashmir the members of the profession are said to be so dexterous that in weighing out a Kharwar (2 maunds) they can add 2 traks (say  $11\frac{1}{2}$  seers) without being detected. When the Tehvildar's agent has weighed out the State's share, his next duty is to convey the grain to the nearest Ghat on the river. Thence it proceeds in boats to the city, where it is either sold off the boats or stored in granaries.

87. The cost of carriage to the Ghat and from the Ghat to the city is deducted from the value of the total amount of grain for which the Tehvildar is responsible. The estimated cost of the carriage of grain to the city during the current year is Rs. 55,000, and the total cost of the department for "the collection of grain and other State produce" Rs. 61,912. This amount includes the pay of the officer who looks after the State granaries, the storekeepers, weighmen and the like.

88. In former days the Tehvildars were either paid proper salaries or the duties of the Tehvildars were discharged by the Tahsildar. At present the Tehvildar receives no pay beyond an allowance in grain of about  $1\frac{1}{2}$  seer per Kharwar accounted for by him and a small allowance for wastage. The Tehvildar has, on the contrary, to pay large *douceurs* to obtain his lucrative post. It follows that the Tehvildar must recoup himself in some way. As a rule, in lieu of the 15 traks (2 maunds) due by the village he takes 17, sometimes 18 traks of 'shali,' and it is practically in his option to take good 'shali,' or on receiving a present from the village to take bad 'shali.' Then he can sell the State 'shali' to the village at Rs. 1-4-0 for 15 traks (2 maunds), the price fixed in the city. He thus is able to pocket the cost of carriage by land and by water. Sometimes the Tehvildar does not rest contented with a perquisite of 2 traks and takes 3 traks. When the 'shali' is placed on the boats, the boatmen at once commence to mix the grain with water and earth in order to increase the weight, and by the time the boat reaches Srinagar the 'shali' is usually in very bad order. Some that I inspected in one of the granaries was old, musty and certainly mixed with 25 per cent. of earth.

89. On arrival at Srinagar the 'shali' passes into the hands of the officers in charge of the granaries, by whom it is sold to all applicants at the fixed rate of Rs. 1-4-0 for 15 traks (2 maunds). It is stated that the dexterous

weighman will only weigh out 13 instead of 15 traks, but this is probably an exaggeration and the shortage is not probably more than half a trak on each 15 traks. The total result of the present system is, therefore, that the cultivator has to pay 2 traks for every 15 traks to the Tehvildar, that the boatmen steal the grain, making up short weight by water and earth, and that the city people, instead of getting 15 traks for Rs. 1-4-0, get only 14½ traks of grain, which is dirty, inferior and often rotten and stinking. Once in the granaries—places, so far as I have seen, open to wind and rain and the chosen home of rats, mice and insects of all sorts—the grain is liable to decompose or rot, or it may be privately disposed of and the Council then informed that it has become rotten and has been thrown into the river. Or it is quite possible that the Tehvildar may not send the grain to the city; all that has to be done being to arrange with some official to show that it had been sent. No comparison of the despatches with the receipts is apparently made, and it is only surprising that any ‘shali’ is permitted to reach the city at all.

90. From the beginning to the end the system is one series of frauds, and one of the chief reasons is that the Tehvildars are men of naught, who receive no pay and have no official position, and who have to recoup themselves for the bribes they are obliged to pay to officials for obtaining the annual grain contract. It is well-known to the Council that the Tehvildars are mostly unworthy of the trust reposed in them, but they are never punished. All that is done is to show an amount of grain short delivered by them as arrears. The amount shown as arrears against these men is enormous, but no steps are apparently ever taken to recover any portion of the arrears, and the greater portion is totally irrecoverable and should be written off the books of the State.

91. The chief loser is the State and the next loser is the cultivator. The city alone benefits, and in a manner which is about as bad as could possibly be conceived. The poorer classes, for whose ostensible benefit the ‘shali’ is brought to the city, are formed by the remnants of the shawl industry and by villagers who emigrated to the city in hard times and who have become wedded to a city life. These men do not seek work outside the city, and all work in connection with European visitors to the interior of the country has to be done by village ‘begar’ (free labour). With ‘shali’ at annas 10 a maund, the poorer classes of the city population need not and will not exert themselves, and until prices rise the ex-villagers will not return to cultivation and the others will not condescend to carry loads.

92. A steady reduction in the amount of ‘shali’ paid by the cultivators is an absolute certainty, and the effects on the poorer classes of the city population require careful consideration. It has been suggested that it would be advisable to stop the State import of ‘shali’ after giving, for example, a year’s clear notice, but quite apart from any risk of disturbance or serious suffering, there is one very serious obstacle to any sudden cessation of the State import. The obstacle is that there are, it may be said, no traders to step into the place of the State as importers of ‘shali,’ owing to the fact that the State has monopolised all trades and is in reality the sole trader in the State. It will most probably be better to let the import of ‘shali’ by the State decline gradually. As the assessments are announced the State will bring less and less grain to the city and traders will come into existence.

93. I think a careful enquiry should be made in regard to the recoverable and irrecoverable balances of land revenue. These balances are of the most extraordinary nature. In the Phak Tahsil, for example, the arrears due at the time of assessment amounted to Rs. 35,662 up to the end of Samvat 1936, that is, 12 years ago. From Samvat 1937 to Samvat 1944 additional arrears had accrued amounting to Rs. 60,901, the total annual assessed revenue of the Tahsil being about Rs. 71,000. In the Lal Tahsil the cash arrears in 1889 amounted to Rs. 1,04,123, the annual assessment being about Rs. 97,000. Mr. Wingate reported in 1888 that most of these balances were “purely paper entries used as a means to overawe the villagers or to darken the accounts, or from want of system in the accounts.” The most

prosperous villages were the heaviest in debt to the State. Various causes contributed to the arrears—such as the severe famine of Samvat 1934-36, the lowering of the commutation rates of rice and maize which originally stood at Rs. 2 a Kharwar, and the system of auctioning villages to farmers and, on their failure to pay, the plan of the holding the villages responsible for the farmers' bids, or collusion between the village and Tahsil officials. Thus if a village had to pay Rs. 800, an arrangement could be made by which it only paid Rs. 750 and was credited with Rs. 700, Rs. 50 going to the Tahsil authorities and Rs. 100 to the arrear account. This arrangement is a very common one.

94. The amount of land revenue in arrears at the end of Samvat 1947 is stated to be nearly 48 lakhs of rupees, equal to 3 years' land revenue of Kashmir. In reality, however, the arrears are either paper arrears or mostly irrecoverable, and it would be far more satisfactory to wipe off all items except those which represent advances of seed grain, or the like, made by the State. It is very doubtful, if this were done, whether 3 lakhs of rupees would remain due.

95. As regards the land revenue administration in general, I am of opinion that the Wazirs should send to the Council through the Governors, early in each year, statements showing the revenue demand in cash and kind (the latter information can be filled up by the Governors) from each village. The Wazirs should in addition send monthly statements of receipts from and balances due by each village. The Account Department would send to the Council corresponding statements of receipts by the treasuries, which should agree with the Wazirs' statements. The Revenue Member should take vigorous measures for recovery of arrears and should know exactly where the arrears are, prospects of recovery, the reason for default, and whether there is any attempt at fraud.

96. The sale of villages on contract should be entirely stopped. The Lumbardars should be more strictly bound down to their responsibilities for the collection of land revenue, whether in cash or in kind. The system of collecting 'shali' by means of Tehvildars should be stopped. The Tahsildars should collect the revenue in kind as well as the revenue in cash. So much of the revenue in kind as can be sold on the spot should be thus disposed of; for the rest the Tahsildar should be responsible for securing carriage to Srinagar at the lowest possible rates.

97. The Tahsildars should be responsible for delivery of the grain or other produce sent to Srinagar in a clean and dry condition, and should be held responsible for any wetting of the grain, otherwise than by accident on the road. A simple pass book should be introduced, for example, in triplicate, showing the quantity and kind of produce sent. One piece should remain with the Tahsildar as an office copy, one piece should be delivered to the receiving officer, and one piece should be returned to the Tahsildar signed as a receipt.

As the 'shali' receipts in Srinagar will probably diminish year by year the staff employed in looking after the granaries should be reduced in proportion. No old 'shali' should be stored after the arrival of the new supply. Old, musty and dirty 'shali' should be disposed of for whatever it will fetch when the new crop begins to arrive.

98. As regards cotton, moong, oil-seeds and the like received as revenue in kind, the State must follow the market and be guided by it. The price of cotton and oil-seeds varies from day to day in Bombay and Calcutta. It is quite easy for the State to ascertain the ruling prices at Bombay, Calcutta, Delhi and Rawalpindi. The produce might be kept a reasonable time, a month or two, if prices are rising, but should be sold before there is any chance of deterioration. Merchants should be encouraged to come forward. There should not be any fixed sale price. Merchants should have a reasonable chance of making a good profit. If they get rich, so much the better. A State can never be rich itself if all its people are at one dead level of poverty. If the State cannot trust its own

people, there are numerous outsiders who would help. The firm of Ralli Brothers is known throughout India. It could buy up the whole produce of the State with perfect ease and give a fair price. If a Native is preferred, Rai Bahadur Sett Ram Ratan, the great Mian Mir banker, would do the State's business. As the granaries at Srinagar will be used for some time to come they should be put into decent repair so as to keep out rain and rats. They should be periodically inspected by independent officers, either the Governor or an officer appointed by him.

99. Lastly, and perhaps most important of all, it is absolutely necessary that the Revenue Member should spend a portion of the season on tour both in Kashmir and Jammu. The area to be toured over is not extensive, for it will seldom be necessary to visit the more remote and poorer villages. The Revenue Member is certainly not overworked, and one tour will do far more towards a prompt realisation of the land revenue and the cancellation of absurd arrears than a hundred circulars.

The land revenue administration never will be satisfactory until the Revenue Member devotes two or three months of each year to a tour in Jammu and Kashmir.

100. As regards the proportion in which the revenue is paid in cash and in kind, the statements furnished to me do not convey very accurate information. But, roughly speaking, the value of the revenue received in kind in Kashmir is estimated at from 8 to 8½ lakhs of rupees a year.

101. Any notice of the land revenue system of Kashmir would be incomplete without a few remarks on the well-known 'begar' or forced labour system, which flourishes in the State.

The 'begar' system is one of the curses of the country; but it is not the system itself that is so much at fault as the method by which it is worked. The country is sparsely populated and there is no labouring population apart from the cultivators. From time immemorial the Government has had the right to call upon the cultivators to render a certain indefinite number of days' work for State purposes, free of charge, and it must, I think, be admitted that if some such right of impressing labour did not exist it would frequently be perfectly impossible to carry on the business of the State. Gradually, however, many abuses have crept in. The Musalman cultivators, for example, are alone subject to 'begar,' the Hindus are exempt. Jaghir and Dharmarth villages (see paragraph 225) and tenants of Chakdars (*e. g.*, persons who have obtained a grant of waste land) have been exempted from forced labour. The cultivators of some villages are able to purchase exemption from 'begar' by bribing the Tahsil authorities, and in the selection of 'begaris' the most serious abuses are permitted to exist. Men are summoned as 'begaris' a week or ten days before they are required, and to be certain of having an adequate number present, 15 men will be summoned where 10 only are required. Little or no regard is paid to the state of the crops or of the harvest or, partly owing to ignorance on the part of the Tahsil officials, to the villages from which 'begaris' can most conveniently be drawn.

102. It seems to me that all cultivators other than Brahmans should be held liable to 'begar' whether they be cultivators of the State land or of Jaghir or Dharmarth villages, and that the inhabitants of Srinagar should also take their fair share of the work. A register should be prepared for each village, showing the number of men liable to 'begar,' their names, the number of carriage animals in each village and their owners, and at the foot it might be stated by the Settlement Department how many men and how many ponies can be supplied in each quarter of the year without serious convenience to agricultural operations.

In fact, what is required is that the burden should be fairly borne by all the people in the State, Brahmans excepted, and that it should be so apportioned as not to cause any serious loss to the people in their agricultural operations. The crops raised are so varied and the climate is so different in different parts

of the valley that careful adjustment would enable the people to supply a fair amount of forced labour, which nevertheless need not interfere to any appreciable extent with their ploughing, sowing, weeding and harvesting.

103. Customs duty is levied on goods imported into the State. The chief receipts are at Jammu, at the terminus of the railway, at Kohala on the frontier, on the Jhelum Valley road, and at Muzaffarabad on the borders of Hazara. The duty is levied on a large number of articles, such as tea, salt, snuff, piece-goods, sugar, hardware, tobacco and the like. No export duties are apparently levied. The duty is in most instances fairly moderate.

104. Octroi is levied on produce brought into the towns of Jammu and Srinagar, but articles which have paid customs duty are exempt from payment of octroi.

105. The contracts have always been auctioned together, though there does not seem to be any sound reason why they should not be separated. The estimate for Samvat 1947 was Rs. 3,29,000, the actuals Rs. 2,10,000 only—a loss of Rs. 1,19,000. The contractor, one Ganesha Mal, became a defaulter, and as no adequate security had been taken from him a heavy loss was the result.

It is characteristic of the State finance that any such contract should have been given to this Ganesha Mal without the most complete security. The Forest Department has a claim for 7½ lakhs of rupees against this man which has remained unsettled for a long period, and he appears to be one of the numerous body of men in the State who live by taking contracts and purchasing State produce, for which they partly pay in cash, partly in services rendered, and partly not at all. That Ganesha Mal is a partner with the contractor for the current year, Sardar Hari Singh, is only what might have been expected.

106. The present contractor, however, Sardar Hari Singh, is a man of means and he is very anxious to carry out his contract honestly. He, however, appears to consider that in some matters the Council or the Governors have not treated him properly, and it is quite possible that disputes may arise. A remarkable example of the mode in which this contract has been worked was stated to me by General De Bourbel, the Chief Engineer of the State. Last year he was surprised to find that large quantities of salt were being imported into Jammu in the three last months of the official year. Enquiry showed that the contractor, Ganesha Mal, finding that his contract was not paying, had suddenly lowered the customs duty on salt by one-half. The result was a large import, a considerable profit to the contractor and a serious loss to the State. The contractor had no right to lower the duty, and though his action in doing so was known to the Governor, nothing was done to stop him. The Governor of Jammu has, since the above was written, informed me that, in his opinion, the contractor had a right to raise or lower the duty at his own discretion. If so, the sooner such discretion is withdrawn the better will it be for the interests of the State.

107. It seems to me that it would be better to separate the contracts and to allow the local Municipalities to arrange for the levy of the octroi duty, which, as in many Municipalities in India, might become the most important item of municipal revenue.

The customs contractor should also make his own arrangements for collecting the duty and should not, as at present, be assisted in doing so by a large number of State police or sepoy.

108. Grazing fees are realised entirely in Jammu. According to the usual practice, by which State officials have as little to do as possible with the collection of revenue, this item of revenue has hitherto been let out on contract. The result last year was that out of an estimate of Rs. 80,500 only Rs. 917 were realised. The contractors became defaulters, no security had apparently been taken from them, and all that can be said in explanation or excuse is that arrangements have been made for realization.



The fees should never be given out on contract, but should be realized direct by the Tahsil officials. Sheep and cattle are driven during the summer months to higher pasture-grounds, and in doing so they follow certain well-known and defined routes. The present practice is for the contractor to levy a toll according to the number of animals which cross certain bridges. The system is a perfectly simple one. It can easily be carried out by the Tahsildars, and by doing so a large increase over even the nominal contract price is probable.

109. I would add that though the explanation of the large decrease in receipts given officially is that the contractors become defaulters, I have also heard it stated that they paid the greater portion of, if not all, the amount due, the only difference being that the unrealized balance represents *douceurs* paid to the revenue officials. There is either some truth in this view of the case or the revenue officials are to blame for giving the contract to men of straw. The utmost apathy has also been shown in permitting the contractors to retain the contract after default in their monthly payments and in not attempting to realise the State's dues by direct management after default had occurred.

110. In Kashmir the spirit sold is said to be distilled from apples. There is only one shop for its sale in Srinagar. The distillery is at Gupkar near Srinagar. The shopkeeper is in the position of a contractor. He gets a discount of 7 per cent. on all purchases of liquors. Red and white wines are also manufactured at Gupkar. Opium has been given on contract since last year, "Churus" is also let out on contract. The opium contract fetched Rs. 330 a year and the "Churus" contract Rs. 3,955 a year.

In Jammu there is a Sadar distillery and the usual Indian system is followed. There is also in Jammu a contract for the sale of opium, "Bhung" and "Churus."

The English liquor contract fetches Rs. 660 a year; the opium, &c., contract Rs. 7,600 a year. Last year's excise receipts in Jammu were Rs. 16,191 only. It is almost impossible for me to judge whether the receipts are fair. So far as I can judge the Jammu revenue is far too small. But the same remarks apply as in the case of all other contracts.

Little care seems to be taken to ascertain that the contractor is solvent. There seems to be little or no competition. Proper security is not taken from the contractor. No effort is made to introduce fresh bidders or to reduce the size of the contracts so as to be within the reach of small men.

I am, of course, aware that circulars have been issued on the subject by the Revenue Department. These circulars, bad copies very often of Panjab circulars, having once issued, it is evidently thought that nothing more is required.

111. A very good red and a white wine are produced at the Gupkar Distillery. The wine costs about Rs. 7 a dozen to manufacture and is sold retail at Rs. 14 a dozen. These wines are drunk to a certain extent in Kashmir, but the sale is limited almost entirely to Europeans, and it will hardly pay to export them in India. The Kashmir authorities desire that the excise duty in India should be lowered in their favour so as to enable them to make a profit on their wines, but it seems to me to be very doubtful whether any such arrangement is feasible, and it would be far better to reduce the retail price to some extent and thereby endeavour to sell the wine in India at a smaller profit per dozen than is at present realised, the enhanced sale compensating for the smaller profit. At the instance of Mr. Lawrence, the Settlement Officer, a small quantity of cider has been manufactured this year, and it is hoped that 15,000 quart bottles can be produced for sale. The cider is excellent in quality and can, I understand, be produced at about Rs. 3 a dozen. If so, it should have a wide and profitable sale. It would probably be a good plan to endeavour to get some good firm, European or Native, to undertake the contract for the sale of wine and cider, as by this means the sale could be pushed.

112. The State property in British India consists of buildings, gardens, and arable lands and villages. The State owns 28 houses in Lahore, Mian Mir, Mooltan, Dalhousie, Sialkote and Jhelum—besides houses at Murree and at Simla. The number of native houses is 142 in Lahore, Mian Mir, Mooltan, Amritsar, Dalhousie and Sialkote.

The number of native shops is said to be 719, of Serais 3, of Jhilars (irrigation wells) and pieces of land 8. In addition the State owns a village in the Lahore District named Porab and a large 'Rakh' called Jallo near Lahore which has an area of 4,800 bighas.

113. The whole of the State property is leased to a contractor, a well-known and wealthy man, Pandit Janardhan of Delhi, for Rs. 35,000 a year. The amount is obviously absurdly small, and in the Pandit's own opinion the estate of Jallo alone, which produces Rs. 9,500 a year, is worth about Rs. 20,000 a year. Mismanagement is of course the chief cause of the bad state of the property. If the property either in whole or in part is worth retaining, the plan of leasing it to a respectable and wealthy man is not without its advantages. But the contract with Pandit Janardhan was scarcely settled before disputes arose regarding the item of repairs, and the result is that instead of Rs. 35,000 only Rs. 16,200 were realised last year. The explanation given by the Revenue Member is as follows:—

“It seems that the contractor has not obtained sanction of the Council through the Governor for the amount spent by him on repairs in excess of budget grant, and therefore he, under pretence of excess expenditure, stopped payment of the amount shown in decrease. The Governor for want of sanction shows the amount in arrears. This will be settled by the Council and will be reported next year (Samvat 1948).”

Nothing has even yet been done to settle the dispute with the contractor. It is very clear that the contract was carelessly drawn up or that subsequent and apparently improper amendments were introduced, or that great delay has occurred in compelling the complete execution of the contract.

114. I am strongly of opinion that by far the better plan would be to sell the larger portion of the State property in India. The houses at Murree, Simla, Dalhousie and other places might very well be sold. Any Serais or lands which have a sentimental value might be retained; for the rest, everything should be disposed of, the dispute with the contractor patched up and settled, and the item removed from the revenue accounts of the State. The value of the State property in India has been estimated at from 10 to 20 lakhs of rupees—the latter being the valuation of a Native banker in the Panjab who is well acquainted with it.

115. I have already (paragraphs 61—65) remarked on the stamp revenue and postal and telegraph receipts. Judicial fines and jail receipts do not appear to call for detailed comment.

116. The contracts of State monopolies are very numerous. There are at least 38 in Kashmir and 17 in Jammu. They are of the most diverse description. By far the largest receipts are from the tax on buffaloes, cows, goats and sheep in Kashmir. Other items are receipts from gardens, a carriage or 'ekka' tax, hunting licenses, saffron cultivation, nazul buildings, bungalows in the Munshi Bagh at Srinagar, income from the State stables, hill grazing fees, the opium and poppy contract, profit from the Mint at Jammu, porters of the Modikhana (State Supply or Commissariat Department), rent of Maharaj Gunj shops, dry sweepings, Gulmarg bazar fees, and the like.

These receipts are partly realized from contractors, but in many cases direct by State officials. Most of the receipts are susceptible of classification under various revenue heads and should be so classified and not lumped together. The only explanation of the decrease on the estimates is that the actuals entered are what were actually received! There is, however, no reason to doubt that the contractors became defaulters in respect to some of the more important contracts and a decrease in the actuals was the result.

117. The Government promissory notes, the interest on which appears as an item of revenue, are promissory notes which belong to the Reserve Treasuries of the State. They are referred to in paragraphs 212 and 213.

118. The forests of the State are most valuable. They have been neglected and badly worked in the past. But at the instance of the Resident, I believe, a trained Forest Officer from the Panjab, Mr. McDonnell, has been placed in charge of the State forests, and if he is properly supported he will do a great deal of good work and add largely to the revenue of the State. It is, in fact, to the forests that I look for the earliest and most rapid development of revenue in the State; and it is sufficient to remark that while the net receipts last year were only about Rs. 1,90,000, the estimated receipts of the current year, as recently revised by Mr. McDonnell and myself, amount to Rs. 3,20,000. Mr. McDonnell is, I believe, an excellent Forest Officer. He is perhaps just a little too anxious to introduce a rigid system of forestry in the State, and in doing so a certain amount of friction may ensue. A little judicious advice will doubtless smooth over any points of contact between the Forest and other Departments of the State.

119. The amount of money due by various individuals and departments for wood supplied by the Forest Department at various times, amounts to a large sum—between 8 and 9 lakhs of rupees at least. The Conservator should be assisted in his efforts to recover the whole or a portion of this amount.

120. The receipts from sericulture were extremely small in Samvat 1947 and will be still less in the current year. There is a silk reeling establishment in Srinagar under the superintendence of Mr. Nogesh Comar Ghose, a Bengali gentleman, who seems to understand his work. The officer who is in general charge of the department is Mr. Rishibar Mukerji (Barrister-at-Law), the Chief Judge of Kashmir. Mr. Mukerji draws Rs. 125 a month for looking after the work, but his administration of the department has not proved very satisfactory, and I understand that Mr. Lawrence, the Settlement Officer, has taken over the general control of the department. Formerly the industry was very flourishing; the receipts are said to have amounted at one time to nearly 4 lakhs of rupees a year. 'Pebrine' destroyed large numbers of the silk-worms and neglect completed the ruin of the industry. If it can be revived Mr. Lawrence is the man to do it, but there must be no more of that "want of proper supervision" at the time the silk-worms are hatching which distinguished last year's mismanagement of the department.

121. In this department, too, there are heavy arrears due by villagers and officers of the State, to the extent of at least Rs. 1,50,000, but no serious efforts have hitherto been made to effect recovery.

122. Hops did not succeed very well last year. The crop is rather a precarious one. But there is no reason why it should not yield a fair profit. The Murree Brewery Company (Limited) are willing purchasers of good hops, and it is hoped that a fair profit will be realised in the current year. The working of the hops gardens is supervised by Mr. Lawrence and he is managing them on commercial principles. An offer was recently made by a European gentleman to work the hop gardens on contract, his terms being advantageous to the State. The Council, however, declined to sanction the arrangement, which is, I think, to be regretted.

123. The direct receipts from the State's vineyards at the Chasma Shahi Gardens on the Dhul lake are comparatively small. But the grapes are used in the Gupkar Distillery. The charges in connection with the vineyards are comparatively heavy, as two Italians are employed as overseers. The vineyards will, however, I believe, become more remunerative year by year, and the State is anxious to keep them up as they were started by the late Maharaja Ranbir Singh. I have never seen finer grapes in India than those produced at the "Chasma Shahi" Gardens, and when the crop is a good one they compare favourably with the grapes produced in most parts of Europe.

124. The miscellaneous revenue was estimated at Rs. 4,14,700, but the actuals were Rs. 2,01,634 only. The heaviest decrease was in the item "sale of sapphires." The State possessed a valuable sapphire mine in Zanskar, which has, however, according to Raja Amar Singh, been destroyed by a landslip. The State stock of sapphires was valued by a jeweller, at Jammu I believe, at 10 lakhs of rupees. The valuation cannot be depended on, as is proved by the fact that the State was entirely unable to dispose of the sapphires valued at 2 lakhs of rupees placed on the market in Samvat 1947. I believe the highest bid for the lot was Rs. 30,000. The valuation was evidently far in excess of the real value, and a safer estimate would have been Rs. 50,000. However the State has recently come to an arrangement with Messrs. Schone Kilburn & Co. of Calcutta to act as its agents for the sale of sapphires and Messrs. Schone Kilburn & Co. have recently sold a box of sapphires valued at Rs. 60,000 for about Rs. 49,000 net. The Council did not appear at all anxious to accept the offer made, but all things considered, it was obviously in the best interests of the State to accept the money.

125. Among the miscellaneous items of revenue is the revenue derived from the sale of 'Kut' root. The 'Kut' or Orris root (*Aucklandia costus*, also called *Aplotaxia auriculata*) is collected on the hills and is bought by merchants for export to China, where it is used in the manufacture of Joss sticks. The State pays from Rs. 20,000 to Rs. 25,000 a year for collecting it and the amount realised by its sale varies from Rs. 40,000 to Rs. 50,000 a year. Here, too, the want of some knowledge of commercial principles operates unfavourably. The principle on which the Council appears to act is to try to get a little more than the highest bidder is prepared to give. The result often is that the highest bidder draws back, and unless the State chooses, as to tell the truth it frequently does, to store its produce and expose it to deterioration, the final price accepted is lower than the highest price offered.

126. The only item in which the estimate of Samvat 1947 was exceeded is that of realization of arrears. What the amount of arrears nominally or really is it is quite impossible to estimate with any approach to accuracy. The 'Bakidar' (arrears) question, as it is termed, was taken up with some care in 1888 and the results were reported to the Government of India. The total amount then alleged to be due to the State amounted to 3 krors and 5 lakhs of rupees. A number of cases were thoroughly enquired into by Captain H. Ramsay and he decreed Rs. 1,11,856 as due to the State out of claims amounting to Rs. 6,03,268. I cannot, however, find that as the result of these decrees any amounts of importance have been realised, and it is not at all improbable that the men considered to be 'Bakidars' in 1888 are 'Bakidars' still. The amounts realised as arrears in Samvat 1947 were principally arrears of land revenue. Small amounts are occasionally realised by the State from other 'Bakidars,' but the vast majority of the claims are not worth the paper they are written on. Many of the debts are purely fictitious. Some amounts have been paid to officials, by whom they have been embezzled; in some cases the debtors are dead, in others they are bankrupt, and a few are in British territory and not approachable. It would, I think, be a wise plan for the Council to deal once for all with the 'Bakidar' question, to sift the claims and wipe off all irrecoverable claims, to take judicious measures to realise recoverable claims, and to publish a clear resolution of the Council abandoning all claims considered to be irrecoverable. Any proposals to compound claims should be favourably entertained and if 10 lakhs or even 5 lakhs of rupees could be realised during the next financial year on account of arrears accrued before Samvat 1946, I should consider it an excellent and final settlement of 'Bakidar' claims which had accrued prior to that year.

127. It is remarkable that no credits appear in the accounts which represent receipts from the Public Works, Medical, Stationery and Printing, Educational or Police Departments. The explanation is that any such credits are taken on the expenditure side against these heads, which are then shown net.

128. In regard to expenditure, the first and one of the heaviest items is that of the Civil List. This includes the allowances of His Highness the Maharaja, Raja Ram Singh, Raja Amar Singh and Raja Moti Singh, the Chief of the feudatory State of Punch and the first cousin once removed of the Maharaja.

129. The allowances consist of cash payments, mostly made monthly, and supplies in kind furnished to the Maharaja and his brothers by what is called the Modikhana. The Modikhana is a sort of State Purveying or Commissariat Department from which almost, if not all, the food used in the kitchens of the palaces is supplied. In addition a number of servants, the dependents of the Maharaja, and the ladies of the palace are entitled to supplies from the Modikhana, and supplies are also made by it to the Maharaja's stables, to State guests and others. The supplies are furnished by various contractors on indent. The contract rates for each article are loosely fixed, and the contractors' bills are on presentation paid at the treasury either at Jammu or at Srinagar. Very little delay in payment of these bills or in payment of the Maharaja's cash allowance ever takes place. These claims must be paid, no matter what the state of the balance in the treasury may be. The Modikhana has, I believe, been in existence since the time of Maharaja Gulab Singh.

As regards the cash allowances generally, I have found it very difficult to arrive at any approximately accurate figures. Before Samvat 1945 no accounts seem to have been kept of these allowances, and even after that year the figures are not very clear.

130. As regards the Maharaja's cash allowances, it may be noted that Maharaja Ranbir Singh died in Samvat 1942. I cannot ascertain from any accounts what the present Maharaja allowed himself from the ordinary revenue of the State during Samvats 1942, 1943 and 1944. From a report made to the Government of India in 1890 by the late Resident, it would, however, appear that the present Maharaja, whatever he drew from ordinary revenues, drew in addition 34 lakhs of rupees from the Reserve Treasuries shortly after his accession, all of which he spent on himself (Colonel Parry Nisbet's letter to the Government of India, Foreign Department, No. 15-L, dated 29th January 1890, paragraph 70).

Before his father's death also he had withdrawn secretly, it is said, a sum of Rs. 71,115 from the great charitable fund—the Dharmarth Fund—of the State.

131. According to a statement furnished to the present Resident by the Maharaja himself his personal allowance for Samvat 1945 amounted to Rs. 5,67,770, which included Rs. 20,850 for stable gear and Rs. 39,208 for 'rasad' (supplies in kind) of Banduquias (matchlock-men), &c.

His real private allowance in cash for that year was therefore Rs. 5,07,712. In addition, the value of supplies in kind furnished by the Modikhana for his kitchen, private staff, stables and Zenana amounted to 131,746 Kashmiri maunds of 16 imperial seers weight, equal to 52,698 imperial maunds.

132. It is quite impossible to say whether the cash and kind thus received by the Maharaja are greater, equal to or less than what was received by his father. One statement furnished by Raja Amar Singh shows that Maharaja Ranbir Singh drew on an average of three years Rs. 3,79,970 a year against Rs. 6,09,464 drawn by the present Maharaja, and supplies in kind, value Rs. 68,184, against supplies in kind drawn by the present Maharaja, value Rs. 1,26,312. Another statement furnished by the Maharaja himself shows his cash allowances to be  $1\frac{1}{4}$  lakh of rupees less than what his father received and the supplies in kind to be less by 35,000 Kashmiri maunds (14,000 imperial maunds).

133. The fact is that no accounts prior to Samvat 1945 or Samvat 1946 on which any reliance can be placed are forthcoming, and the real question is whether the Maharaja's present allowance is more than the State can afford to

pay. The estimates and actuals of the Civil List expenditure in Samvat 1946 are as follows :—

	Estimates. Rs.	Actuals. Rs.
Cash allowance of His Highness and the Princes ...	6,71,173	6,17,142
Modikhana supplies ...	4,13,161	3,11,818
Travelling allowance ...	12,000	21,567
Total ...	10,96,334	9,50,527

The actuals differ from those given in a report to the Government of India by the late Resident which bring the total to Rs. 10,43,969. The figures include the allowance of the Maharaja and his brothers.

Estimate and actuals of Samvat 1947. 134. The estimates and actuals for Samvat 1947 are as follows :—

	Estimates. Rs.	Actuals. Rs.
Cash allowance of His Highness ...	6,55,270	6,51,521
Modikhana supplies, including supplies to Raja Ram Singh, Raja Amar Singh, and Raja Moti Singh ...	3,52,038	3,31,677
Travelling allowance of His Highness ...	18,157	30,892
	10,25,465	
Cash allowance of Raja Ram Singh ...	4,795	.....
Do. Amar Singh ...	1,199	.....
Do. Moti Singh ...	8,590	.....
Deori Khas (ladies of the palace) ...	1,319	.....
Unforeseen expenses ...	26,530	27,843
Total ...	10,67,898	10,41,933

The actuals apparently include all the separate items except unforeseen expenses, and they cannot be given in detail.

Estimate and actuals of Samvat 1948. 135. The estimates for Samvat 1948 are as follows :—

	Estimates. Rs.
Cash allowance of His Highness ...	5,93,561
Modikhana supplies ...	3,21,665
Travelling allowance of His Highness ...	20,000
	9,35,226
Cash allowance of Raja Ram Singh ...	6,229
Do. Amar Singh ...	5,608
Do. Moti Singh ...	8,590
Deori Khas (ladies of the palace) ...	1,319
Marriage expenses of Raja Ram Singh ...	16,810
Unforeseen expenses ...	50,000
Total ...	10,23,782

These items do not represent the entire income of the Maharaja and his family.

136. These items, however, do not in any way represent the total income and the total charge to the State on account of the Maharaja and his family.

The Maharaja owns Jaghir villages, which Raja Amar Singh has stated to be worth Rs. 8,000 a year. Raja Ram Singh and Raja Amar Singh have each got Jaghirs worth, it is said, 1½ lakh of rupees a year. Raja Moti Singh of Punch is a man of immense wealth. Original works and repairs to palaces are estimated to cost nearly 1½ lakh of rupees in the current year. The Maharaja gets most of the jewellery purchased every year by the State, and he alone has a list of this jewellery. The jewellery is estimated to cost Rs. 11,000 in the current year. The Maharaja's physician draws Rs. 375 a month from the State and has been allowed a lump sum of Rs. 1,000 to purchase medicines in the current year. The Maharaja has got clerks and servants paid by the State.

He has drawn in the current year Rs. 8,000 as travelling allowance for a pilgrimage to the Ganges. Raja Amar Singh has stated that in addition to the known amounts in the Reserve Treasuries five lakhs of rupees were deposited in the palace at Jammu, which have, however, he believes, disappeared. In fact, it is no exaggeration to say that in addition to the Civil List every department of the State contributes to the support of the Maharaja's dependents and servants.

137. It must, however, be remembered that the Modikhana charges include not only those of the Maharaja, but those of his family. The details, according to the estimates of Samvat 1948, so far as I can extract them, are as follows:—

*Modikhana Estimate, Samvat 1948.*

	Rs.
Supplies to the Maharaja ... ..	1,59,000
"    "    Raja Ram Singh ... ..	37,000
"    "    Amar Singh ... ..	30,000
"    "    Moti Singh ... ..	7,000
Alms, &c. ... ..	2,000
Miscellaneous ... ..	1,000
"Hire for imports" (cost of carriage of supplies) ... ..	1,165
Palace expenditure ... ..	36,000
Panj Garain Palace ... ..	6,000
Rasad Khawars (free rationers) ... ..	17,000
Fluctuation of rates and extraordinary expenditure ... ..	25,000
Repairs to Modikhana house, Kothi Basant Bagh ... ..	500
Total ... ..	3,21,665

I cannot break up the actuals of Samvat 1947 in the same detail.

138. I have made a careful estimate of the distribution of the cash allowance and Modikhana supplies between the Maharaja, his brothers and Raja Moti Singh according to the original budget of Samvat 1948. The result is as follows:—

	Rs.
Civil List of His Highness the Maharaja ... ..	8,93,561
"    "    Raja Ram Singh ... ..	68,039
"    "    Raja Amar Singh ... ..	41,608
"    "    Raja Moti Singh ... ..	20,574
Total ... ..	10,23,782

Raja Ram Singh's allowance includes Rs. 16,810 for marriage expenses, which will not recur for the present at any rate.

139. As it is abundantly clear from the statements of income and expenditure already given and the detailed examination of the accounts that the expenditure of the State is considerably in excess of the revenue, it is of great importance to ascertain whether the Civil List is susceptible of reduction.

As regards the Maharaja, his own accounts show that in Samvat 1945 he received in cash Rs. 5,07,712 only. Stable gear does not require to be renewed at an annual cost of Rs. 21,000 and "rasad" belongs to the Modikhana. It is not therefore clear why the Maharaja was allowed to draw in cash Rs. 6,51,521 in Samvat 1947 or why Rs. 5,93,561 are estimated as his cash allowance in Samvat 1948. He certainly would not exaggerate the amount drawn by him in Samvat 1945, and the actual amount drawn by him was perhaps less.

Modikhana supplies to the Maharaja. 140. The Modikhana supplies to the Maharaja are made on a most extravagant scale. The following is a detail of a few of the items in the Jammu accounts for Samvat 1947 :—

	Imperial Maunds.	Value. Rs.
Wheat of all sorts ... ..	3,709	7,706
Gram ... ..	8,628	7,252
Barley ... ..	15,162	24,250
Rice ... ..	2,969	13,758
Ghi ... ..	651	17,753
Oil ... ..	393	4,608
Salt ... ..	369	1,451

The quantities supplied are enormous, and it is evident that there must be great waste or that articles are charged for which are never supplied.

The Kashmir items are similar, but the quantities are much smaller as the Maharaja usually resides at Jammu. They are not included in the above.

141. I am of opinion that a considerable reduction in the Maharaja's cash allowance and Modikhana supplies is not only reasonable, but an absolute necessity in the present condition of the finances of the State.

I think that the total allowances of Raja Ram Singh and Raja Amar Singh might be fixed in round figures at Rs. 50,000 each. They both perform important State duties, and at present receive no remuneration whatever for doing so.

I cannot see that Raja Moti Singh has any claim whatever to an allowance from the State and I would discontinue it.

Proposals regarding the Civil List.

142. I would propose :—

- (1) That the Maharaja's cash allowance be fixed at 5 lakhs of rupees a year, this sum to include all travelling and other charges.
- (2) That the Modikhana be abolished as a department of the State. The contractors who have hitherto arranged for supplies may continue, if acceptable to the Maharaja and his family, to do so, but must look for payment to the Maharaja and the members of his family and not to the State.
- (3) That one lakh of rupees a year be granted to the Maharaja in lieu of all Modikhana supplies, on the understanding that out of this sum he must pay for his own supplies, for those of the inner palace which appertain to him and for supplies to all Rasad Khawars (free rationers) who have hitherto received supplies as being his dependents.
- (4) That considering that Raja Ram Singh and Raja Amar Singh at present draw in cash and from the Modikhana Rs. 43,229 and Rs. 35,608 respectively and perform high duties in the State, they be granted an annual allowance of Rs. 50,000 each. Such sum to cover all cash and Modikhana supplies, all supplies to the inner palace appertaining to them, and also anything pertaining to the Rasad Khawars for which they are responsible.
- (5) That all cash and Modikhana allowances to Raja Moti Singh, the inner palace and the Rasad Khawars shall cease.
- (6) That any Modikhana payments in connection with the Stables, Barracks, Military, &c., shall cease, compensation being, if necessary, given by the State, but such compensation in no case to exceed the lowest charges incurred in any one of the years Samvat 1945-47 inclusive.
- (7) That the charges in connection with the Deori Khas and Panj Garain palaces in respect to Modikhana allowances shall be borne by the Maharaja.
- (8) That all existing paid Modikhana officials be discharged from the service of the State.



143. The total charges in future, if these proposals are agreed to, would be 6 lakhs of rupees a year for the Maharaja and one lakh of rupees a year for the two Rajas, or 7 lakhs of rupees in all—a reduction of at least 3 lakhs of rupees. I am of opinion that the proposed allowance to the Maharaja is most liberal. The former Resident was of opinion in 1890 that a cash allowance of 3 lakhs of rupees would be liberal, but he did not take any serious steps to ensure a reduction of the Maharaja's allowance to this sum.

144. It cannot, of course, be expected that the Maharaja will willingly agree to a reduction in his annual allowances amounting to nearly 3 lakhs of rupees. I am, however, of opinion that the reduction is absolutely necessary to ensure equilibrium between the State revenue and expenditure, that considering the Maharaja's position at present an allowance of 6 lakhs of rupees is ample and is as much as the State can afford, and that the cash allowance of the Maharaja has been allowed to increase during the last three years without adequate reason. It is, in my opinion, the duty of the Council to place the facts relating to the financial position of the State before the Maharaja and to convince him that the reduction is not only reasonable but an actual necessity. The Maharaja may not be willing to accept the reduction, but it should at any rate be possible to prove to him that there is no alternative but a reduction in his allowances, if necessary subject to reconsideration in (say) three years, or the speedy depletion of the cash in the Reserve Treasuries, and when the cash is exhausted a hopeless condition of financial difficulty.

145. The estimated number of combatants and non-combatants in the army in Samvat 1947 and Samvat 1948 is as follows :—

	SAMVAT 1947.		SAMVAT 1948.	
	Combatants.	Non-combatants.	Combatants.	Non-combatants.
Imperial Service Corps ... ..	2,656	228	3,925	379
Regular Troops ... ..	8,284	1,075	4,252	399
Total ... ..	10,940	1,303	8,177	778

It is probable that by the end of next year the strength of the Imperial Service Corps will be complete and the numbers will then stand :—

	Combatants.	Non-combatants.
Imperial Service Corps ... ..	4,397	264
Regular Troops ... ..	3,900	400
Total ... ..	8,297	664

The Imperial Service Corps will then consist of a general staff, 2 mountain batteries, 1 cavalry regiment, and 6 infantry battalions. It is possible that 200 combatants and 20 non-combatants may be added to the Imperial Service Corps and deducted from the regular troops if the garrison gunners employed at Gilgit are amalgamated with the Imperial Service Corps.

There are two brigades, one at Jammu and the other at Gilgit.

146. Taking it as a whole, I think that more vigour is displayed and better value is obtained for the money spent in the Military Department than in any other department of the State. This is in part due to the interest displayed by the Commander-in-Chief, Raja Ram Singh, and in part to the excellent work performed by the Military Secretary, Colonel Neville Chamberlain. The men of the Imperial Service Corps are in a fair state of efficiency and the regular troops are being reduced in number and made more useful. The estimates have shared in the faults of all other Kashmir estimates. They have included arrears

of which there was no hope of payment and have dealt with estimates instead of actuals and so on. But these defects will now, I believe, be rectified and arrears will be paid off.

147. I have endeavoured with very little success to ascertain the former numerical strength of the army and its cost. As regards the strength of the army the best information I have obtained is summarised in the following remarks of the State Council (Quarterly Progress Report, 1st August to 31st October 1889):—

Former and present strength and cost of the army.

“It would not be here out of place to make a passing allusion to the annals of the Kashmir State in regard to its military strength in former years. In numbers the strength is said to have approached the fabulous figure of 60,000 in the time of Maharaja Gulab Singh, between 30 and 40 thousand during the reign of Maharaja Ranbir Singh, and between 23 and 30 thousand in that of the present Chief. But to say that all these troops were in receipt of regular pay and that in point of efficiency and discipline they were qualified to rank as soldiers, is more romantic than real. The sepoy were, as a rule, clothed in rags and very badly armed, and generally worked in their fields as agriculturists until actually required for military service. That the troops were a heavy and unbearable burden on the finances was appreciated only when cash payments were partially introduced, though even then the effect was not strongly felt, as payments were put off from time to time and pressing calls were readily met from the Reserve Treasury at Riasi.”

There can be very little doubt that a large portion of the army formerly consisted simply of agriculturists, who at times rendered military service just as they at present render ‘begar’ (forced labour). It is only on this view that the reduction in the strength of the so-called army without serious disturbance can be accounted for. The former sepoy have returned to their agricultural pursuits.

On 31st December 1886 the total strength of the army was 13,368; it is now 8,955.

148. As regards cost, I have been informed that in the time of the late Maharaja it amounted to 21 or 22 lakhs of rupees. This amount, however, was certainly never disbursed in cash, and was, I believe, the nominal cost of the army. Large supplies in kind were, without doubt, made to the army and still larger amounts charged for. The supplies were converted into cash at the State’s commutation rates, and it is well-known that in some instances these commutation rates are in excess of the market rates. For the rest, cash was as sparingly doled out as possible. Making all these allowances, however, I cannot believe that the army cost less than 15 or 16 lakhs of rupees to the State in the time of the late Maharaja, and with this expenditure it was little better than a badly clothed, badly fed rabble. Disturbances on the Gilgit frontier must have cost the State enormous sums in the past. The difficulties attendant on the moving of troops and supplies to Gilgit are serious enough now, but in former years they must have been at times almost insuperable.

149. The present pay of a sepoy in the Imperial Service Corps is Rs. 7 a month, of a sepoy belonging to the Regular Troops Rs. 6 a month. Without full dress, for which no estimate is available, the cost of equipment of a sepoy in the Imperial Service Corps is about Rs. 71-8. The Regular Troops are not as yet properly equipped and no estimate of the cost of their equipment can be given. The stoppages from the sepoy in the Imperial Service Corps on account of clothing are Re. 1 a month, from a sepoy belonging to the Regular Troops annas 8 a month. The Cavalry pay Rs. 2-8 a man a month towards clothing.

150. With the sanction of the Commander-in-Chief and the Council Colonel Chamberlain has established a number of regimental funds, e.g., the ordinary Regimental funds,

Regimental funds.

Chanda fund, Divisional fund, Ration fund, and Nalbundi fund. These funds are managed in accordance with the standing orders for the army, as sanctioned by the Council. A regular clothing fund is being formed as one of the Divisional funds. The amounts to be deducted under this heading are laid down in the standing orders for the Imperial Service Corps. A list of clothing, &c., to be provided free of charge by the State is also laid down in these orders. Any articles which do not appear in this list are paid for by the troops. The balance which remains to the credit of the fund after defraying the cost of all articles given free of cost to the troops is the property of the State. This is referred to in the explanatory note on page 40 of the Military Budget for Samvat 1948. It is proposed to keep the balance in the Military Treasure Chest, and to add to it all further deductions as they accrue so as to form eventually a regular "clothing fund." This has been strongly recommended by the inspecting officers. Had it not been for this and other funds, the administration of the Military Department must have repeatedly come to a standstill owing to want of money.

It is however hoped that in future want of money will not oblige the military authorities to have recourse to the balance at credit of the military funds, and that the balances of these funds will in future be kept in the State treasuries.

151. As regards the present and future cost of the army, the cost as entered in the revised budget for the current year is Rs. 11,64,338. Once the Imperial Service Corps has been fully equipped, the yearly expenditure should not exceed this sum, say 11½ lakhs of rupees. But until the equipment of the Imperial Service Corps is complete, another lakh of rupees a year may be required.

152. The carriage of grain to Gilgit is a most serious item in the estimates. The amount entered in the original estimates of the current year was Rs. 38,800, but the revised estimate is Rs. 1,19,600 or more than 10 per cent. of the total cost of the army. It seems to be impossible to do the work for less, so long as the entire frontier garrison is kept in the Gilgit valley. A very small quantity of supplies can be procured in the valley, all the rest require to be sent up from Kashmir. Once the Indus bridge has been completed, and a certain amount of friendship established with Hunza and Nagar, it might be feasible to retain at Gilgit only as many troops as the resources of the country trans-Indus can feed. As many troops as possible might be located in the highlands round Astor in the summer, and they might be moved down to Ramghat and Bunji (3,500 feet) from November to the end of April. This would leave a nominal garrison trans-Indus.

I am not competent to form an opinion on this important military question. All that can be said is that if feasible it would save at least half a lakh of rupees a year in the matter of transport.

153. Summing up my views on the question of the army expenditure in the State, I would record that, in my opinion, the present cost of the army is less by several lakhs of rupees than it was in the time of Maharaja Ranbir Singh. It is true that the present expenditure is almost entirely in cash, while a large proportion of the former expenditure was probably in kind. As, however, improved revenue administration will result in the revenue in kind or the greater portion of it being commuted into cash, and as such paid into the State treasury, I believe that existing arrangements indicate a real saving in cost. The army expenditure in future will not be less than 11 lakhs, and should not in ordinary years exceed 13 lakhs of rupees, and this sum the State is, in my opinion, quite able to spend on its army, provided the revenue administration is conducted in a proper manner and expenditure placed under proper control.

As regards the benefit to the State of having a compact, well-disciplined and well-armed body of troops, instead of the former horde of ragged half-drilled men, no comment is necessary.

154. The charges against the State Council represent the salaries of the three members, Pandit Suraj Kaul, C.I.E., Pandit Bhag Ram and Sheikh Ghulam Mohiudin, with the office establishments of all the members, except the Commander-in-Chief. The cost of the Council is not excessive. The Foreign Department deals with the Toshakhana expenditure of the State representatives in India, with subsidies to frontier Chiefs, expenditure connected with various palaces, the Reserve Treasuries, Dak bungalows, a large number of State servants, Hajirbashes (probationers and persons waiting for employment) and a large amount of miscellaneous expenditure. Considerable reduction can be made in the charges to which reference is made in paragraph 200, and some re-arrangement of the branches dealt with by the Foreign Department would seem to be advisable. It would, for example, be more convenient to deal with Dak bungalows in the Revenue or Public Works Department, with the Library and Museum in the Revenue or General Department, and so on.

155. The Revenue Department is a department in which also large reductions in expenditure appear to be feasible (see paragraph 200) and in which it would be convenient to deal separately with various minor departments subordinate to the Revenue Member. Thus the Revenue Department proper, the Settlement Department, the Excise Department, the Forest Department, the Dharmarth or Charitable Department of the State, a department which spends  $3\frac{1}{2}$  lakhs of rupees a year and is totally distinct from the great Dharmarth Fund (paragraph 222), and the Pension Department, though all managed by the Revenue Member, should be classified separately in the accounts. The same remarks apply to the General and to the Judicial Departments.

156. The Public Works Department is not, in my opinion, in a very satisfactory state. Major-General De Bourbel, R.E., (retired), is the Chief Engineer on a salary of Rs. 1,200 a month in addition to travelling allowance and house-rent. General De Bourbel was during the latter part of his service in India principally employed as a Consulting Engineer, and while it must be admitted that he has many difficulties to contend with, it must also be stated that he scarcely seems to have a thorough grasp of the work; his estimates are heavy and the objects on which the State money is spent are sometimes scarcely judicious. He is to some extent hampered by the vicious system which obtains in the State, of carrying out many large works independently of him through the agency of the Governors, but I doubt whether it is advisable to re-employ him when his term of service expires in July 1892. He himself is anxious to continue in the service of the State for a further term even on a reduced salary of Rs. 1,000 a month.

157. The superior Engineering staff in the State is estimated to cost Rs. 84,800 in the current year.

The total establishment charges in Samvat 1947 and the current year are as follows :—

	SAMVAT 1947.		SAMVAT 1948.	
	Actuals.		Original.	Revised.
	Rs.		Rs.	Rs.
Establishment charges	2,29,745	...	1,77,171	1,54,912

Considering that the principal expenditure is on the Gilgit Road (Rs. 5,40,000 in the current year) and that less than 9 lakhs in all were spent on public works in Samvat 1947, the establishment charges appear to be excessive. The present superior staff consists of a Chief Engineer, 4 Executive Engineers, 3 Assistant Engineers, a Superintendent of Water-works, and a Supervisor of Water-works.

158. In my opinion there should be one Executive Engineer only for the whole State (excluding the Gilgit Road while under construction as this is quite a special work), 2 Assistant Engineers (one at present and two after the completion of the Gilgit Road), 2 Supervisors and 1 Superintendent of the Jammu Water-works, on the following pay:—

	Rs.
Executive Engineer, pay Rs. 1,000 + travelling allowance Rs. 150.	13,800
2 Assistant Engineers „ „ 500 + „ „ 100.	14,400
2 Supervisors „ „ 300 + „ „ 100.	9,600
1 Superintendent, Jammu Water-works, pay Rs. 200 ...	2,400
Total ...	40,200

159. I am also of opinion that, as a rule, the ordinary expenditure should not exceed the following amounts:—

	Rs.
(1) Jammu Division with agencies ...	1,50,000
(2) Kashmir ...	1,50,000
(3) Jhelum Valley Road ...	1,50,000
(4) Miscellaneous ...	1,50,000
Total ...	6,00,000

This sum, of course, excludes the Gilgit Road and it refers to ordinary expenditure alone.

160. As regards the Gilgit Road, it appears that the original intention was to spend Rs. 3,50,000 in opening up the road from Bandipur to Gilgit and to build a bridge over the Indus at Bunji at a cost of from Rs. 20,000 to Rs. 25,000. I fear it must be admitted that this estimate was entirely fallacious. It was probably prepared without any adequate knowledge of the extraordinarily difficult work which had to be undertaken, the utter impassableness at present of certain parts of the country over which the road is to be constructed except for lightly laden coolies, and the extreme rapidity and width at certain periods of the year of the Indus. The present contract for the Gilgit Road is for 230 miles at Rs. 3,500 a mile, equal to Rs. 8,05,000. The work has been undertaken by Messrs. Spedding & Co., and under their agreement must be finished in two years ending July 1892. The road will then be passable throughout for laden animals and possibly for very light carts, as it should be 10 feet wide and with gradients of 1 in 15 as a rule. Up to the end of Samvat 1947 Rs. 1,05,476 were spent on the road, about Rs. 5,50,000 will be spent in the current year, and the balance during the next financial year.

161. There are, I am told, to be five large bridges on the road, including the bridge over the Indus. These bridges are not included in Messrs. Spedding's contract, and will, together with extra work, cost a sum not far short of two lakhs of rupees. The most important bridge of all, the Bunji bridge, will not probably be ready much before the end of next year.

This bridge is to be, I understand, a steel wire rope suspension bridge, and serious delay has been caused by alterations in the design and in the size of the wire ropes. The wire ropes must, I am told, be obtained from England, and I understand that the work of manufacture has not even been begun yet. The ropes cannot now in any case be despatched from Srinagar before May 1892, even if they are ready and have been received by that time. In my opinion the delay that has occurred in the arrangements for building this bridge reflects discredit on the Public Works Department of the State, and, so far as I can learn,

the Chief Engineer is mostly to blame. The value of the road is most materially reduced by the non-existence of the bridge, and no delay whatever should have been permitted to occur in its construction.

162. The establishment and contingent charges average Rs. 45,000 a year, and the charges for repairs on the portions taken over from time to time from the contractors and until the road is finished will not fall short of Rs. 75,000. When the road is finally completed the establishment and maintenance charges need not exceed Rs. 1,50,000 a year.

The cost of the road will therefore be as follows :—

	Rs.
Messrs. Spedding & Co. ... ..	8,05,000
Establishment and contingencies for 3 years ... ..	1,35,000
Repairs ... ..	75,000
5 bridges and extra works ... ..	2,00,000
Total ... ..	12,15,000

Rs. 1,05,476 were spent on the road in Samvat 1947, but only a portion of this sum can be taken against the cost estimated above. About  $5\frac{1}{2}$  lakhs of rupees will be paid in the current year. This leaves from  $5\frac{1}{2}$  to 6 lakhs of rupees to complete the road, which can be provided for in the Budget for Samvat 1949. After Samvat 1949 the cost of maintaining the road should not, as already stated, exceed Rs. 1,50,000 a year, and while it must be admitted that the expenditure on the construction of the road during the current year and Samvat 1949 could not be met out of current revenue, it will be shown later on (paragraph 194) that, if my proposals regarding the Maharaja's allowances, reductions in expenditure and a more vigorous administration of the revenue are accepted, the State can, in my opinion, in addition to spending 6 lakhs or even  $6\frac{1}{2}$  lakhs of rupees a year on its ordinary public works, afford to spend out of ordinary revenue Rs. 1,50,000 a year on the maintenance of the Gilgit Road and would still have 4 lakhs of rupees available for extraordinary public works. Even if this amount were reduced by half and the total public works expenditure fixed at 10 lakhs of rupees a year, I believe that, once the Gilgit Road is completed, there will out of this amount be a reasonable sum available for such further works on the Gilgit frontier, *e.g.*, the road to Ohalt and the Punyal road, as may be necessary. But whatever is done, I would strongly urge that once the year's estimates are settled, no excess expenditure, except for reasons of absolute necessity approved by the Government of India, should be permitted. The present Public Works estimates as passed by the Council are scarcely known to the Executive Engineers in charge of the various construction works in the State. I had the assurance of the Chief Engineer in September, after he had returned from an inspection of the Gilgit Road, that the sum of 4 lakhs of rupees provided in the current year's Budget would amply cover the current year's expenditure. Two days afterwards the Executive Engineer in charge of the road, Mr. W. H. Johnson, informed me that the current year's expenditure might possibly amount to Rs. 5,99,088—an increase of Rs. 1,99,088. There is no clause in the agreement with Messrs. Spedding & Co. placing any limit on the annual expenditure on the road, and so far as the accounts are concerned there is no objection to this. It is, however, a serious matter that the Public Works Department are unable to frame a better estimate of the cost of the work likely to be executed on the road than has been done in the current year. It is unfair to the State to be called on without warning to provide from  $1\frac{1}{2}$  to 2 lakhs of rupees for public works expenditure over and above what was expected, and such irregular and unexpected demands have undoubtedly contributed to some extent to the embarrassed state of the finances. As the Gilgit Road was a necessity and also a work of utility, by which the State is enabled to march troops to the frontier with comparative economy and ease, 6 lakhs of rupees could have been provided in the estimates of the current year for the work as well as 4. But it is little to the credit of the Public Works Department that its head remained in ignorance of the probable amount which will be required for the work during the current year until within a few weeks ago.

163. The heavy snowfall on the Bandipur-Gilgit Road will always be a serious drawback to its utility as a military road. The Alternative routes to Gilgit. Commander-in-Chief, Raja Ram Singh, has informed me that he believes that a shorter road and one much more free from snow could be constructed from near Domel to Gilgit. Raja Ram Singh has not, however, any personal knowledge of the country. The line of country will, I understand, be shortly surveyed by Mr. J. R. Bell of the Indian Public Works Department. There are, I understand, several routes to be surveyed. Starting from Muzaffarabad one route runs up the Khagan valley, following the Kunhar river and crossing the Babusir Pass into Chilas. Another route, starting also from Muzaffarabad, follows the line of the Kishenganga and Kankatori rivers, crossing the Bandar Pass into Chilas. There are also alternative passes known as the Kankatori and Salarga passes which may afford a better crossing into Chilas. It may, however, be found still better to follow the Kishenganga river past its junction with the Kankatori river and running up a comparatively open valley to make north and by east for the Mallik Pass. A very short and apparently easy piece of road would connect this line with the present Bandipur-Gilgit Road on the further side of the Tragbal Pass.

The improvement of the road to Leh, especially in Kashmir proper, is also a very necessary work, which could be carried out at a comparatively small cost.

164. An important question with reference to the final accounts of Samvat 1947 (see paragraph 76) is the extent by which ordinary expenditure has exceeded ordinary revenue. Excess of expenditure over income in Samvat 1947.

Excluding the opening balance, which almost certainly does not represent the real balance, and withdrawals from Reserve Treasuries, the ordinary revenue of Samvat 1947 amounted to Rs. 48,19,818, and excluding the closing balance and payments of arrears the ordinary expenditure amounted to Rs. 49,42,645, or about 1½ lakh of rupees in excess of the revenue.

This expenditure was not, however, normal, for the State debt had increased during the year by Rs. 7,59,150. On the other hand, the cash balance at the close of the year was greatly in excess of that at the beginning of the year. The balance at the beginning of the year was probably underestimated and was not, I believe, far short of 8 lakhs of rupees. The grain, &c., in store at the end of the year was also valued at a larger sum than that (according to the final accounts) at the beginning of the year. But as the estimate is a very doubtful one, I think the grain at the end of the year and at the beginning of the year may be considered to be of about equal value. If the grain, &c., at the beginning and end of the year is omitted, the cash balance at the beginning of the year, instead of being Rs. 1,89,131 only, should have amounted to upwards of 10 lakhs of rupees.

Further, it may reasonably be held that Messrs. Spedding & Co.'s bill on account of the Jhelum Valley road was an extraordinary charge, as it was the final bill for completion of the road. If these views are accepted, the account would work out as follows:—

	Rs.	Rs.	Rs.
Ordinary revenue	...	...	48,19,818
Ordinary expenditure	...	...	49,42,645
Add—Arrears	...	7,59,150	
Deduct—Messrs. Spedding & Co.'s bill	...	2,57,815	
		—————	5,01,335
			————— 54,43,980
			—————
Balance excess expenditure	...	...	6,24,162

165. Having disposed of the accounts of Samvat 1947, it is now necessary to turn to the Budget Estimates of the current year, Samvat 1948. In the following statement I give the original figures, the three months' actuals to the end of The Budget Estimates for Samvat 1948.

“Har,” that is, roughly to the end of June, (I have not been able to obtain later actuals) and my own revised figures. Except as regards forest revenue, the figures for which were, I understand, subsequently altered by Mr. McDonnell, the figures in the original estimate agree with those furnished by the State Council to the Resident.

The three months' actuals are very rough and the classification unquestionably faulty. My own revised figures are based on materials supplied by the Revenue Member and on the result of enquiries made from the customs and octroi contractor, the Conservator of Forests, and as many other officers as I have come in contact with.

166. As regards expenditure, the figures of the estimate are, with very trifling corrections, those furnished to the Resident by the State Council. The three months' actuals have been furnished by the Daftar Diwani, and in addition payments have been made to the extent of Rs. 5,56,419 on account of arrears. The revised figures are those I have arrived at after careful consultation with the heads of departments and they include all charges estimated to the end of the year. The arrears are those already discussed (paragraphs 68—75) entered against the particular departments to which they relate, and finally an estimate is given of the actual cash required in the current year to clear off all current liabilities and arrears. The debt due to the Dharmarth Fund has not been entered in these estimates, as it is a special item.



## REVISED BUDGET, SAMVAT 1948 (A.D. 1891-92) : REVENUE.

## REVISED BUDGET, SAMVAT 1948 (A.D. 1891-92) : EXPENDITURE.

REVISED BUDGET, SAMVAT 1948 (A.D. 1891-92) : REVENUE.		REVISED BUDGET, SAMVAT 1948 (A.D. 1891-92) : EXPENDITURE.							
	Original.	3 months' actuals.	Revised.		Original.	Revised.	Arrears.	Actual cash required, including arrears.	3 months' actuals.
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
Land Revenue ...	37,01,318	9,06,634	35,82,518	Civil List, &c. ...	10,23,782	10,18,510	30,096	10,48,606	1,88,902
Customs and Octroi ...	3,60,000	60,003	3,60,000	Military Department ...	16,88,475	11,64,338	3,23,842	14,88,180	2,58,137
Grazing Fees ...	73,426	...	73,426	State Council ...	1,05,639	1,05,639	4,448	1,10,087	16,401
Excise ...	40,667	8,133	40,667	Foreign Department ...	3,90,468	4,24,103	1,17,941	5,42,044	42,371
Rent of State property in British India ...	35,000	264	35,000	Revenue Department—					
Stamps, Court-fees and Postage ...	1,06,487	29,111	1,06,487	Ordinary ...	13,73,513	9,45,565	3,97,564	15,33,035	1,13,482
Judicial fines and Jail receipts ...	32,922	7,771	31,422	Excise ...		9,906			
Post and Telegraph receipts ...	18,695	975	18,495	Forest ...		1,80,000			
Contracts ...	2,31,946	66,282	1,80,171	General Department—					
Interest on Government Promissory Notes ...	90,000	45,000	*90,000	Postal Department...		70,281			
Forests ...	6,46,744	31,454	5,00,000	Telegraph ...		31,778			
Public Works ...	...	...	11,762	Police ...		1,90,792			
Miscellaneous ...	3,06,801	1,23,925	1,83,000	Stables ...		1,14,115			
Recoveries of outstandings ...	2,05,000	1,33,903	2,05,000	Press ...		31,564			
				Municipalities ...		40,177			
				Public Works Department ...		12,26,000			
				Judicial Department—					
				Law and Justice ...		68,201			
				Jails... ..		24,060			
				Education ...		31,924			
				Medical ...		45,252			
				Silk ... ..		8,566		8,566	...
				Hops ... ..		8,018		8,018	...
				Vineyards ...		13,680		13,680	...
				Unpaid arrears ...		...		1,84,845	...
				Miscellaneous ...		...		...	96,464
Balance in hand on 1st Bysakh, Samvat 1948. (Cash...)	1,02,831	...	7,24,206			...		...	
(Grain ...)	8,13,286	...	8,13,286			57,52,469	17,77,536	75,30,005	9,89,863
				Total ...	71,29,183	57,52,469	17,77,536	75,30,005	9,89,863

\* Possibly Rs. 88,000 only will be realised. But further investments are probable, and the original figures may stand.

167. As regards the revised figures for revenue, the Land Revenue figures show that the steady reduction in receipts already alluded to continues. The reduction, which is entirely in Kashmir, is attributed to floods.

168. The Customs and Octroi contractor, Sardar Hari Singh, is quite solvent and the estimated amount will be realised, provided that no disputes regarding the terms of his contract arise. It will, however, be unusual if no disputes do take place.

169. Grazing fees are this year managed directly by the State and have not been given out on contract. If the tax collectors are properly looked after Rs. 85,000 at least will be collected, if not the realisations will not exceed Rs. 50,000.

170. I believe the Excise revenue as estimated will be worked up to, always provided the management is efficient.

171. The receipts from State property in India will reach the estimate, if the existing dispute with the contractor is promptly and judiciously settled. He is perfectly solvent, and, so far as I can judge, willing to act fairly.

172. Court fees and Postage should exceed the estimate by Rs. 20,000 if properly looked after.

173. Judicial fines and Jail receipts will probably approximate closely to the estimate.

174. Postal and Telegraph receipts will probably approximate to the estimates. The low actuals for three months are due to misclassification and to non-payments into the treasury of sums realized.

175. The figures for Contracts have been revised on a careful consideration of the sums for which the contracts have been farmed out. The reduced estimate will perhaps be slightly exceeded.

176. The revised figures under Forests have been settled after detailed discussion with the Conservator. The decrease is chiefly in the Buniar forest. Possibly the revised estimate may be slightly exceeded.

177. A portion of the Public Works receipts have been separated out, but it has not been found possible to separate out the whole.

178. The three months' Miscellaneous figures contain certain items which should be classified under other heads. The estimate will probably be realised as revised. The revision of the Miscellaneous figures has been carefully considered. Several items have contributed to the reduction, Sericulture in particular. The estimate was for Rs. 70,000, the revised Rs. 2,000, the heavy reduction being due "to disease and want of proper supervision." The receipts from sale of "Kut" root have also been largely reduced.

No attempt has been made to indicate book credits for Service Postage and Telegrams, as no materials are available for distributing the *per contra* expenditure.

179. The total revenue as revised, excluding withdrawals from the Reserve Treasuries, is Rs. 54,17,948 as compared with an estimate of Rs. 58,49,006—a reduction of Rs. 4,31,058.

Of the withdrawals from the Reserve Treasuries Rs. 2,57,815 went in payment of Messrs. Spedding & Co.'s bill for the Jhelum Valley road already referred to. Large payments for Military Expenditure have also been made. The 12 lakhs Chilki rupees just withdrawn as a loan from the Reserve Treasuries have been estimated to be worth Rs. 7,50,000 at annas 10 per Chilki rupee, but this amount depends on the actual outturn of these rupees. In the Reserve Treasury accounts the old Chilki rupees have been taken as worth annas 8 each.

180. As regards expenditure, Raja Moti Singh's allowance as budgetted for has been omitted. The three months' actuals do not show the Modikhana charges on account of His Highness the Maharaja against the Civil List head, as

Revised figures for expenditure—the Civil List.

the Modikhana charges have been included in the General Department figures. I have entered Rs. 30,096 as arrears of His Highness' allowances, because this sum is said to be due. But I venture to think that no such arrears should be recognised, and in any case, if the arrears are to be recognised, then any excess expenditure should be taken as a set-off against arrears. Thus His Highness' budget grant for travelling allowances for 1947 was Rs. 18,157 (paragraph 134), his actual expenditure Rs. 30,892. I think the excess Rs. 12,735 should be deducted from the sum shown as arrears.

181. The Military Department estimate of Rs. 16,88,475, including arrears of pay, has been reduced by fully 2 lakhs of rupees, and it is just possible that some further reductions will be found possible.

The army.

182. The Foreign Department estimate has been carefully revised by Raja Amar Singh and very considerable reductions effected. But it has been necessary to provide funds for the approaching visit of His Excellency the Viceroy, and this has been arranged for under the Foreign Department; hence the increase.

The Foreign Department.

183. No permanent reductions in establishments find a place in the current year's budget. Numerous permanent reductions have been suggested to or proposed by the members of the Council in charge of the various Departments, but such reductions require careful consideration and cannot, with due regard to the interests of the officials concerned and of the State, be carried out until next year.

No permanent reductions in establishments estimated for in the current year.

184. The Revenue Department estimate was Rs. 13,73,513 plus arrears Rs. 3,97,564, total Rs. 17,71,077. This has been reduced to Rs. 15,33,035—a very considerable reduction. In the revised figures the expenditure on forests and excise has been separately shown. Similarly the figures of the Judicial and General Departments have been broken up. It will be seen how extremely valuable the forests of the State are as a source of revenue. I have very little doubt that if a wise policy is pursued, the net revenue will in two or three years rise to between 6 or 7 lakhs of rupees.

The Revenue Department.

185. I have not found it possible to make any material reductions in the revised estimate under the General Department, though numerous permanent reductions have been indicated by me for consideration.

The General Department.

186. In the Public Works Department I had arranged for large reductions in expenditure, which would have brought down the estimate of Rs. 12,49,612 to Rs. 10,66,000. But it has been found that while 4 lakhs were provided for the Gilgit Road the expenditure will amount to Rs. 5,40,000 at least. A sum of Rs. 20,000 additional has been provided for ferry boats on the Indus, hence my original figures of Rs. 10,66,000 have been raised by Rs. 1,60,000 to Rs. 12,26,000.

The Public Works Department.

In the item of arrears Rs. 4,84,299 against the Public Works Department, Messrs. Spedding & Co.'s bill, which has been paid, for the Jhelum Valley road, has been included.

187. No reduction has been made in the Judicial Department figures. On the contrary, the estimate has been slightly increased. The estimates were moderately framed. In future years the Dharmarth Fund will bear a portion of the charges on account of medical and also perhaps educational work in the State.

The Judicial Department.

188. The net result is that the ordinary expenditure of the State is estimated at Rs. 57,52,469. If 4 lakhs on account of the Gilgit Road be excluded as being extraordinary expenditure; leaving about 1½ lakh to represent ordinary

Net ordinary expenditure in Samvat 1948.

charges in future for the up-keep of that road, and if other extraordinary items, such as charges in connection with the visit of His Excellency the Viceroy, are also excluded, the net ordinary expenditure of the State in the current year may be taken to be about  $52\frac{3}{4}$  lakhs of rupees. This compares favourably with the estimated revenue, Rs. 54,68,000, and if reasonable care is taken, ordinary revenue and ordinary expenditure should balance.

189. While, however, a considerable reduction in expenditure is perfectly feasible, accompanied as, I believe, by increased efficiency, the administration of the chief heads of revenue is not, in my opinion, satisfactory. The following figures recapitulate the figures already given :—

				Actuals, Samvat 1946.	Actuals, Samvat 1947.	Estimate, Samvat 1948 (revised figures).
				Rs.	Rs.	Rs.
Land Revenue	...	...	...	36,99,700	34,69,400	35,82,500
Customs, &c.	...	...	...	2,62,100	2,09,700	3,60,000
Grazing fees	...	...	...	28,000	917	73,400
Excise	...	...	..	33,900	31,200	40,700
State property	...	...	...	35,500	16,200	35,000
Contracts...	...	...	...	1,70,400	1,28,500	1,80,200

It will be seen that in every single item the actuals of Samvat 1947 are lower than those of Samvat 1946. It is hoped that the actuals of Samvat 1948 will show better results, but to ensure this, more vigorous and more active revenue administration is absolutely necessary. It is not at all satisfactory that the best figures we can estimate for the land revenue receipts of Samvat 1948 are still more than a lakh of rupees below the realisations of Samvat 1946. The settlement now in progress does not, I am fully aware, raise the revenue materially in Kashmir. But it has a distinct tendency to substitute cash payments for payments in kind, and this tendency will, I believe, continue. Hence an increase in the cash collections in Kashmir should be distinctly perceptible year by year. As regards Jammu, it is, I believe, fully admitted that the revenue is very lightly assessed and that a re-settlement, by bringing under assessment land broken up since last settlement but not yet assessed, would result in an increase of land revenue, estimated at from 3 to 5 lakhs of rupees. Yet in this prosperous division of the State the land revenue in Samvat 1947 fell short of the estimate by about  $1\frac{1}{2}$  lakh of rupees.

190. If this state of things is permitted to continue, if land revenue is permitted to fall into arrears, if contracts are so badly drawn up as to admit of disputes, or if they are given to men who are known to be insolvent, the most rigid economy in expenditure will not avail to save the Reserve Treasuries from depletion and the State from bankruptcy. I am convinced that with vigorous revenue administration and watchful care over expenditure, the State could not only pay its way with ease, but could carry out without difficulty all public works that may be necessary, could provide a considerable body of troops trained to a high standard of efficiency, and could place in its Reserve Treasuries a moderate sum every year. But neither can rigid economy alone, nor good revenue administration alone, effect these desirable results. Both must be combined and persevered in.

191. It will be seen that I estimate that to pay all claims and arrears due by the State Rs. 75,30,005 are required in the current year. Against this we have revenue estimated at Rs. 54,67,948, withdrawals already made from the

Reserve Treasuries amounting to about Rs. 12,94,000 and a balance in hand amounting to Rs. 7,24,206, total Rs. 74,36,154. I am aware that there is also grain, &c., in store, supposed to be worth Rs. 8,13,286, but as I have found it impossible to arrive at an estimate of what this grain was really worth, and as an equivalent quantity of grain, &c., or something not far short will probably be in store at the close of the year, this grain, &c., may roughly be considered to be a constant quantity and omitted from calculation.

192. On this view we require Rs. 75,30,005 *minus* Rs. 74,36,154, equal to Rs. 93,851, to clear the liabilities of the current year. In addition Rs. 1,72,000 are due to the Dharmarth Fund (paragraph 234). The State will therefore require Rs. 2,66,000 to clear off its liabilities in addition to its ordinary revenue and to the withdrawals from the Reserve Treasuries already made. In doing so it will drain its treasuries and will not probably have a single rupee in balance on 1st Bysakh, Samvat 1949. This cannot, of course, be permitted, and the State should, I think, for a year or two, if not as a permanent arrangement, begin the year with a cash balance of 5 lakhs of rupees.

This makes upwards of 7½ lakhs of rupees still required. To this has to be added 7½ lakhs just withdrawn from the Reserve Treasuries, total about 15 lakhs. If the previous withdrawals from the Reserve Treasuries are held to be in the nature of a loan, the total comes to (say) 20 lakhs; if not the total amount of the loan from the State Treasury can be taken to be 15 lakhs. The latter sum may, I think, be taken as the correct amount. The 5½ lakhs were withdrawn before any arrangement had been arrived at regarding a loan, and the withdrawal was on precisely the same footing as withdrawals in former years.

193. I will now show what, in my opinion, might be taken as a fair Budget Estimate for next year, Samvat 1949. The figures are of course very rough, but they will bear a good deal of examination.

As regards revenue, it is assumed that under ordinary revenue heads the revenue of Samvat 1946 can be realised.

Forests will, it is believed, exceed by a lakh the figures of the current year. In Miscellaneous the figures of Samvat 1946 have been taken, while under arrears I take the figures of Samvat 1947.

All these figures are moderate, and I am convinced that they could be realised in an ordinary year with good revenue administration.

*Estimated Revenue, Samvat 1949.*

	Rs.
Ordinary revenue (Samvat 1946) ... ..	43,88,000
Interest on promissory notes ... ..	88,000
Forests ... ..	6,00,000
Public Works Department (estimate) ... ..	25,000
Miscellaneous (Samvat 1946) ... ..	1,12,000
Realisation of arrears (Samvat 1947) ... ..	2,69,000
Opening cash balance (estimate) ... ..	5,00,000
	<hr/>
Total ...	59,82,000
	<hr/>

No adjustment has been made in respect to income arising from Service Telegrams and Service Postage charges, pending consideration of the question by the State Council.

194. As regards expenditure it is assumed that all arrears have been cleared off, that His Highness the Maharaja's allowance will be fixed at 6 lakhs (this amount to include Modikhana and all other charges), that a number of reductions in permanent establishments, already agreed to in principle by the Members of Council, have been carried out, that 5½ lakhs will be required for the Gilgit road (this should complete the work), and that one lakh of the 15 lakhs' loan is repayable on the last day of the year, with interest at 4 per cent. per annum.

For the rest I have based my estimate on the estimates of Samvat 1948. The results are as follows :—

*Estimated Expenditure, Samvat 1949.*

		Rs.	Rs.
His Highness the Maharaja	...	6,00,000	
Raja Amar Singh	...	50,000	
Raja Ram Singh	...	50,000	
		<hr/>	7,00,000
Military Department	...	...	11,75,000
State Council	...	...	1,06,000
Public Works Department	...	...	6,00,000
	{ Ordinary	...	5,50,000
	{ Gilgit Road	...	50,000
	{ Miscellaneous	...	8,75,000
Revenue Department	...	...	1,80,000
	{ Ordinary	...	10,000
	{ Forests	...	70,000
	{ Excise	...	25,000
Judicial Department	...	...	35,000
	{ Law and Justice	...	20,000
	{ Jails	...	
	{ Education	...	
	{ Medical	...	

(Note.—The Dharmarth Fund will bear the balance of "Medical.")

General Department	...	...	75,000
	{ Post	...	30,000
	{ Telegraph	...	1,25,000
	{ Police	...	1,00,000
	{ Stables	...	20,000
	{ Press	...	30,000
	{ Municipalities	...	3,50,000
Foreign Department	...	...	35,000
Account Department	...	...	1,60,000
Repayment of loan with interest	...	...	1,00,000
Reserve for miscellaneous and unforeseen expenditure	...	...	
		Total	<hr/> 54,21,000
		Closing cash balance	5,61,000
		Grand Total	<hr/> 59,82,000

195. I believe that careful administration of the revenue and a rigid check over expenditure will produce these results, and that quite possibly the actual results will be better; for no credit has been taken for any further investments of surplus money in the Reserve Treasuries, which would add at least Rs. 50,000 a year to the revenue, and the miscellaneous revenue has been taken at a much lower figure than will probably be realised if this branch of the revenue is administered in a liberal and mercantile spirit. On the other hand, no attempt has been made to cut down expenditure to an undue extent, and the provision for miscellaneous and unforeseen expenditure is very liberal.

196. I must, however, repeat that far more vigour and energy must be shown in its administration. Less reliance must be placed on circulars and written orders, more care must be taken to ensure absolute and immediate compliance with instructions issued by the Council. Contracts must only be given to solvent bidders and no alteration in the terms of a contract once fixed should be permitted. Proper classification of the stamp receipts is desirable, and a careful check over the printing of stamps is absolutely necessary. Vigour is necessary in the matter of outstandings. In regard to miscellaneous income, which depends a good deal on the sale of produce, business should be conducted on a proper mercantile basis and produce should not be exposed to deterioration, waste, or theft, because the prices of a few years ago cannot now be realised.

197. It will, of course, be necessary to take early measures to carry out reductions in expenditure on the lines I have indicated to each Member of Council and to intimate to heads of departments that their estimates must not exceed

the sums fixed. As regards the State's "reserve for miscellaneous and unforeseen expenditure," it should be clearly understood that it must not be trenched upon except in cases of absolute necessity.

198. Lastly, in preparing future Budget Estimates, the irritating and useless plan of stating the figures in annas and pies should be stopped. Actuals should be brought out in rupees, but as regards estimates it is quite sufficient to bring out the totals of major heads in thousands of rupees, small amounts being added to or subtracted from the original totals for "rounding."

The insertion of annas and pies (I have seen half-pies in the accounts) gives an air of extreme accuracy to the estimates, which is, however, singularly falsified by the actuals.

199. In reviewing the actuals for Samvat 1947 I have already discussed the more important measures which are, in my opinion, necessary to improve the revenue. There are a few minor matters which may be here noticed:—

(1) Many old irrigation channels require to be repaired or cleared out. A sum of Rs. 5,000 a year devoted to this purpose would probably return an enhanced revenue of Rs. 500 for every Rs. 5,000 spent. The Settlement Officer has the matter in view, and has got a trained Assistant (Mr. Rivett) for the work. Any large or important works should, however, only be executed after the advice of the Public Works Department had been obtained.

(2) Saffron cultivation, though rather precarious, is on the whole very profitable. The cultivation has recently declined, but would again, with a little assistance from the State, become flourishing.

(3) It is a question for consideration whether it would not be better to keep the account of the land revenue cash collections entirely separate from the account of the land revenue collections in kind. The cash account might remain as heretofore, but there might be a separate account showing the total collections in kind, the sales therefrom and the cash received. The cash received from sale of 'shali,' &c., might be entered under a separate minor head under Land Revenue in the accounts, by transfer monthly from the account of the collections in kind. I do not insist on this arrangement, but I think, if it could be carried out, that it would simplify the accounts.

(4) I understand that the Punch feudatory State formerly paid a certain sum as tribute to Kashmir, but that no payments have been made for several years past. This matter should be looked into and the tribute realised if properly due.

(5) An accurate and complete list of all articles stored in the Toshakhana should be prepared. Any articles not required within a reasonable time for State purposes should, if liable to deterioration, be sold and the proceeds credited to the State. I understand that there is a considerable quantity of gold in the Toshakhana. Having regard to the existence of Reserve Treasuries in the State, it would, I think, be better to keep a very small quantity only of gold in the Toshakhana and the rest in the Reserve Treasuries. In any case the Toshakhana accounts should be audited annually and the stock carefully checked by some independent person, for example, an official belonging to the new Account Department.

200. As regards expenditure, the following is a summary of the permanent reductions proposed, with reference to the Budget of Samvat 1948. Most of these proposals have been laid before the Council or before the Members in charge of the Departments to which they relate and have received their approval. Some reductions in other than establishment items have already been carried out in accordance with these notes in the revised estimates of the current year.

Detail of proposed permanent reductions in expenditure.

*Civil List, &c.*

A reduction of the Civil List and Modikhana charges to 7 lakhs of rupees a year; the allowance to Raja Moti Singh to be stopped.

*Foreign Department.*

(1) Rs. 500 a month is large pay for the officer at the head of the Reception Department. Some other work should be allotted to him, if this pay is continued.

(2) The Barrack and Dak bungalow expenditure might be reduced. A "Khansamah" on Rs. 25 a month, a cook on Rs. 18, 2 "Khidmatgars" on Rs. 16 and Rs. 12 a month, stores and wines costing Rs. 4,772, and so on, seem very high charges. The Dak bungalows might be let out on contract. Raja Amar Singh has got these matters under consideration.

(3) Rs. 4,000 expenditure on mines in the Budget of Samvat 1948 is high and might be reduced.

(4) If my proposals regarding the Reserve Treasuries are approved, at least two-thirds of the current expenditure might be saved. The guards should be supplied by the police or the regular troops.

(5) The museum expenditure is heavy and should be reduced. What is the use of a watchmaker? The charge for oil, candles, furniture, &c., oilman stores (why oilman stores?), &c., Rs. 5,468, is excessive.

(6) The charge for Hazirbashes and Probationers, Rs. 27,000 a year, is excessive. The Maharaja's State Physician, who draws Rs. 375 a month, should be paid by the Maharaja himself. One hundred rupees a month should be enough for any Hazirbash or probationer.

(7) Miscellaneous expenses, Rs. 51,000, are excessive. Rs. 25,000 or less should suffice.

(8) The pay of the Residency Vakil, Rs. 500 a month, is high, though he is a good officer. He might be given some other work in addition to his present duties.

(9) The pay of the officer in charge of the Toshakhana Jinsi, Rs. 1,000 a month, is far too high. He also looks after the Dharmarth Fund and separate proposals regarding his pay have been made in discussing the affairs of that fund. Rs. 250 a month should suffice for charge of the Toshakhana and he should be given additional work if it is desired to retain him on his present salary.

(10) The Civil Auditor, who draws Rs. 500 a month, is totally useless as an auditor and does no work. Both he and his clerk should be given work they are able to perform or be got rid of.

*Revenue Department.*

(1) The Deputy Governors in Jammu and Kashmir are not required. Their services can be dispensed with.

(2) The account branch of the Governors' offices and the Accountant General's office at Jammu should be absorbed in the new Account Office. The same remark applies to the Public Works, Foreign, and Military Departments.

(3) Twenty-five chaprassies are not required by the Governor of Kashmir; ten should suffice.

(4) Naib Wazirs do not appear to be required and their services should be dispensed with.

(5) The Wazarat of Askardu (Skardo) might be placed under the Wazir of Gilgit or the Wazir of Ladakh, with, if necessary, a Naib in charge.

(6) Travelling allowance should not be passed to Wazirs; they should travel at their own expense.

(7) The item of Rs. 1,000 in Jammu for carriage of Tahsil money is too high.



(8) The Mint might be closed for five years. There are 56 lakhs Chilki rupees alone in the Reserve Treasuries.

(9) The State Dharmarth Department, including the Muquarrie and Raqumat Guzarish, which costs  $3\frac{3}{4}$  lakhs a year, deals, I understand, with Muafis; Jaghirs, charitable grants and special grants made by the State, either in perpetuity, for life, or for a term. It requires most careful examination in view of reduction and resumption of unauthorised grants. The Revenue Member has stated that he has got the matter in hand. The principal expenditure is in Jammu.

(10) Rules should be framed in consultation with the new Account Department for the grant of pensions in any cases which the Council may decide in future to be pensionable. Rules should also be framed for the periodical attendance and identification of pensioners. There are a number of men in the service of the State, who in consequence of old age and infirmity are past their work. Their services should be dispensed with, a small pension being granted, if admissible under the new rules.

(11) An attempt should be made to classify and grade the officials in each Department and their pay should clearly be fixed either as personal or as attached to particular offices. At present the pay to be drawn by particular officers is often a matter of negotiation between the officer and the Council.

#### *General Department.*

(1) A Head Superintendent or Inspector General of Police does not appear to be necessary and might be brought under reduction. A revision of the rank and file of the police is also, in my opinion, feasible. Considering the peaceful character of the population the strength of the police is excessive.

(2) The Reserve Battalion costs Rs. 53,660 a year, and is, so far as I can learn, almost useless except in assisting in the collection of land revenue, a duty which should be performed by the Revenue Department alone. So far as I can judge, the cost of the Reserve Battalion might be reduced without any detriment to State requirements by Rs. 40,000 a year at least.

(3) The Gorcharas or mounted orderlies might also be largely reduced. All the duties performed by the Reserve Battalion and the Gorcharas should, in my opinion, be performed by the Mian Jaghirdars of the State. These men hold Jaghirs worth Rs. 1,75,596 a year, on condition of service when required, but hitherto they have not performed any service whatever. This question should be taken up and service commutation fees of adequate amount should be levied, or service should be insisted on. Either alternative would enable the State to reduce largely the cost of, or to dispense entirely with, the reserve battalion and the Gorcharas.

(4) I recommend that Colonel Chamberlain should be consulted regarding the general management of and reductions in the State stables. Colonel Chamberlain is willing to advise on the subject. I believe that the expenditure, if properly looked after, need not exceed Rs. 1,00,000 a year, and that the efficiency of the Department can be greatly increased.

(5) Large reductions in Municipal expenditure are feasible. Rs. 15,000 for Srinagar and half that sum for Jammu are sufficient. A paid Secretary is not needed at Srinagar. The Superintendent of Police could do the work. A large office, Inspector, &c., are not required. The police can do the work. The fire brigade might be in charge of the police. The present lighting arrangements in Srinagar are unsatisfactory and expensive. The great requirements of the city are good sweeping and cleansing arrangements; other matters can wait. Dr. Mitra, the State's Chief Medical Officer, should be consulted regarding municipal expenditure. His views are sound and he can certainly show reductions amounting to Rs. 15,000 a year. If the Octroi receipts could be handed over to the Municipalities they could probably become self-supporting without further help from the State.

(6) The Press Department costs Rs. 31,564 a year. The Superintendent gets Rs. 500 a month. The cost of the Department is excessive. Rs. 20,000 should be ample and Rs. 300 a month should suffice for the Superintendent.

(7) The Modikhana expenditure has been separately dealt with.

Larger permanent reductions in expenditure are, in my opinion, possible in this Department than in any other Department of the State. All the sub-heads require most careful examination by the Council.

*Public Works Department.*

(1) The reductions in the direction staff have already been discussed in detail (paragraph 158).

(2) The Store Department requires careful looking into. At present there is no proper Store Department whatever, nor are there any proper Store accounts. Security should be taken from each Storekeeper, and the accounts and stock should be periodically examined.

(3) Large reductions could be effected by a more prompt settlement of contractors' bills. If contractors are kept for 6 or 12 months without their money, they must make higher charges than if prompt settlement of bills were the rule. It is certainly not too much to say that prompt settlement of bills would diminish Public Works expenditure by at least 10 per cent.

*Judicial Department.*

(1) The Government Advocate's appointment is unnecessary.

(2) The posts of Munsifs might be brought under reduction. Civil work should be performed by Tahsildars.

(3) I should be inclined to recommend that the question be considered whether the duties of Chief Judge in Kashmir and Jammu cannot be performed by the Governors in addition to their own duties. The duties of the Governors will be considerably lessened when the Daftar Diwani (and perhaps the treasury) is removed from their control. In some non-regulation Provinces in India at the present day the Commissioner of Division is also Civil and Sessions Judge, and this arrangement, the Governor answering in many respects to a Commissioner, might answer in Kashmir. The State is scarcely sufficiently advanced for a separation of the Civil and Criminal from the Revenue work.

(4) Considerable reductions are feasible in the Jail Department. The average number of prisoners in the Srinagar Jail is about 160, while the jail guard is about 100 strong! Twenty men should be quite sufficient, if kept permanently and properly trained. The Jammu Jail Department costs Rs. 13,795, the Srinagar Jail Department Rs. 10,264. There is no reason whatever for this disparity, as the average jail population is much the same in both jails. I think if Dr. Mitra, the Jail Superintendent at Srinagar, were consulted, at least Rs. 4,000 might be saved in Jammu.

(5) The staff and miscellaneous expenses of the Srinagar High School are heavy, considering that the average attendance is not greatly in excess of 100. The same remarks apply to Jammu and some reductions in both schools should be possible. Considering that the bulk of the population of Kashmir is Mahomedan, it is remarkable that little or no attention has been paid to the education of Mahomedans even in reading and reciting the Koran.

(6) The cost of the Medical Department is moderate for the work done and the State possesses an excellent Medical Officer in Dr. Mitra. Dr. Mitra could, I think, on the occurrence of a suitable vacancy, perform, for a smaller additional allowance than is now granted, the duties of Superintending Surgeon in the State, at present performed by the Residency Surgeon. A very large portion of the expenditure should in future be borne by the Dharmarth Fund and the saving to the State should not be less than from Rs. 20,000 to Rs. 30,000 a year. A convenient way of carrying out the reduction would be to place some medical institution, *e. g.*, the State Hospital, entirely in the charge of the Dharmarth Committee.

It is not possible to state definitely the amount which will be saved if these proposals are accepted. But roughly I estimate that the savings should at least amount to 5 lakhs of rupees a year.

Lastly (and this remark applies to all departments), far more care must be taken to appoint really competent men to any vacancies which may occur, irrespective of family claims or old service. The first duty of the Council is to ensure that each office shall be filled by an efficient officer, and men must not be permitted to refuse an appointment because its acceptance entails removal from Srinagar or for similar frivolous reasons. Orders regarding appointments and transfers must be obeyed without hesitation on pain of forfeiture of appointment. As regards the appointment of efficient men, no question can possibly arise. Yet I understand that, comparatively recently, two men have been appointed to be Tahsildars in Kashmir who can hardly write their names.

Natural products and method of disposal. 201. A few remarks are necessary regarding the natural products of the State and the method by which they are disposed of.

There is probably no country in the world more favoured by Nature. The soil is rich and the plain country a net-work of irrigation channels. Most English fruits can be cultivated in great perfection, while, at the same time, wheat, rice and cotton are staples. In India we are accustomed to find rice grown chiefly in the more tropical portions of the Empire such as the deltaic districts of Bengal. But in Kashmir 53 different varieties have been found in one Tahsil, and the great rice crop is reaped, as Raja Ram Singh has informed me, just before the snow begins to fall. With all its riches and capabilities the people are miserably poor, there are scarcely any traders except the State, the village Bania, sometimes considered the curse and sometimes the blessing of the Indian village, is non-existent, and there is no large banker or money-lender in the country. A large portion of the produce is taken possession of and disposed of by the State. All mineral products belong to the State. Everything is the State's.

If the State conducted its trade on ordinary mercantile principles no great harm would result, having regard to the very primitive state of society which is to be found in Kashmir.

There is, however, no branch of the administration which has proved so entire a failure as the management by the State of its mercantile affairs.

202. The State, for example, used formerly to buy Pushmina in large quantities, which was then wrought into the famed Kashmir shawls. The present stock of shawls at their original price is said to be worth from 6 to 8 lakhs of rupees. I have examined a considerable number of these shawls. Many of them are in fragments a few inches square, some literally in rags. Large pieces have been cut out of others and a piece of common cloth sown in the place. Others must have been exposed to damp and the colour has faded and run. In all, shawls worth at least 2 lakhs of rupees have been stolen, or destroyed by insects, rats and moisture. I proposed a sale of a portion of the shawls either in excess of the State's requirements or which had been damaged. Raja Amar Singh willingly consented. A number of shawls have been exhibited during His Excellency the Viceroy's visit to Kashmir, and His Excellency has himself purchased a few specimens.

203. I have already referred to the State's stock of Sapphires (paragraph 124), to the management of the revenue received in kind (shali) (paragraphs 82 to 92), and to the sale of 'Kut' (Orris) root (paragraph 125). The State possesses or is supposed to possess some 40,000 or 50,000 maunds of Borax stored at Leh in Ladakh, but no serious attempt has been made to dispose of it. There are said to be 3,000 maunds of Antimony at Jammu similarly undisposed of. There are, it is stated, several thousand maunds of raw Cotton in store, some of it 15 years old. I have urged the Governor of Kashmir to arrange to sell it, whatever the amount may be. He has replied that he has applied to the Council for permission, but has not yet received it. With such management, a State, which should be one of the richest for its size in India, is naturally unable to make revenue and expenditure balance. Orders to sell these articles are not given, partly, it would seem, from fear that the subordinate State officials may embezzle a portion or the whole of the purchase-money, partly because it does not appear

to be right to the State that any trader except itself should make a profit. Thus trade is killed and the State suffers.

204. There are three Reserve Treasuries in the State, one in the fort at Riasi, another in the fort at Salal (both in Jammu) and the third and most important at Jammu itself. The treasury in Jammu is, I understand, in the palace, and adjoins the Maharaja's private apartments.

Two Tehvildars are in charge of the treasure, one on behalf of the Maharaja and the other as representing Raja Amar Singh, the President of the State Council. Little or no attention appears to have been paid to ensuring the security of the treasure at Riasi and Salal. The money in these treasuries was counted by Rai Bahadur Pandit Bhag Ram, Member of the State Council, in April last. His examination showed that the wooden boxes in which the coin was stored had probably been made by the village carpenter and afforded free ingress to rats, and that the locks on the boxes were of ordinary make and could be opened by an intruder without the least difficulty.

The wooden shutters of the strong-rooms were deplorably weak, those of one strong-room being partially destroyed by white ants.

There is, however, a fairly strong treasure guard both at Riasi and Salal.

205. The money in the Reserve Treasuries is said to be regarded as a secret (indeed, it might be said, a sacred) deposit and as a personal appanage of the ruling family.

206. I have no particulars regarding the dates of deposit of the money. A large portion was, I believe, deposited in the treasuries by Maharaja Gulab Singh, a small amount by Maharaja Ranbir Singh. It is, I think, quite certain that no additions were made by the present Maharaja.

207. In the time of the late Maharaja the amount of money in the Reserve Treasuries exceeded one hundred lakhs of rupees. Thirty-four lakhs were withdrawn by the present Maharaja after his father's death to liquidate pressing debts and for other purposes; large investments of Reserve Treasuries money were made in 1888 in Government paper; at least 4 lakhs were withdrawn in the time of Colonel Parry Nisbet, as I understand, to pay off State debts; large amounts have subsequently been withdrawn for the same purpose, and the Resident has stated that the Maharaja, when informed "by the President of the Council that it was necessary to take out any money for the public service, had never raised any objection."

208. It would seem from this that the sacredness of these hoards has never interfered to any serious extent with the removal of money intended for the service of the State. The nucleus of the reserve was doubtless money hoarded by Maharaja Gulab Singh before he became ruler of the State, but large additions were unquestionably made to the hoard by the subsequent withdrawal of the surplus revenues of the State. So long as a surplus existed this course was not open to objection, but when there was a deficit a resort to the Reserve Treasuries would appear to be the most obvious and proper course to adopt. Although the Maharaja is by courtesy permitted to have joint charge of the money, it is not clear why such should be the case and why the sole charge of the money should not rest with the Council. It is true the Maharaja cannot remove any of the money, but he can, as he did a few months ago, refuse his sanction to the counting of the money.

209. The money in Riasi and Salal was counted by Pandit Bhag Ram, but he was unable to count the money at Jammu as the Maharaja refused his consent. I would strongly urge that the money in the Jammu Reserve Treasury should be counted without delay, and that steps should be taken to transfer the entire control of all money in the Reserve Treasuries to the Council.

Riasi Treasury. 210. The following is the value of the money in the Riasi Treasury :—

	Rs.	a.	p.
Old Chilki Rs. 17,95,626-8-0 equal to British	... 8,97,813	4	0
British rupees	... 58	0	0
New Chilki Rs. 4 at 10 annas each	... 2	8	0
Huri Singhia Rs. 30,638	... 15,319	0	0
Small silver and jewellery	... 9,13,192	12	0
	... 46,400	4	9
Total, British Rupees	... 9,59,593	0	9

Salal Treasury. 211. The money in the Salal Treasury when it was counted by Pandit Bhag Ram was as follows :—

	Rs.
Old Chilki	... 37,91,221
Huri Singhia	... 21,477
Nanak Shahi and British	... 55,727
	38,68,425
Value in British Rupees...	... 19,62,076

The old Chilki rupees have been valued at annas 8 each. The value, however, varies, and it is possible that they might fetch annas 9 or annas 10 each, but it is as well to accept the lower value of annas 8 each fixed by Pandit Bhag Ram.

Jammu Treasury. 212. The Jammu Treasury should have contained, according to the State Treasurer, Wazir Bhagju, in April last—

	Rs.	a.	p.
A receipt for Government promissory notes deposited in the Agra Bank, Bombay, nominal value	... 22,07,000	0	0
Government promissory notes, nominal value	... 7,80,000	0	0
	Rs.	a.	p.
Cash	... 1,14,951	7	0
Silver	... 3,542	8	0
Gold coins	... 10,70,448	0	0
	11,88,941	15	0
Total	... 41,75,941	15	0

213. The total amount in the treasuries in April or May last was therefore Rs. 70,97,610-15-9 according to Wazir Bhagju and Rai Bahadur Pandit Bhag Ram.

A reference to the Agra Bank, Bombay, however, showed that the Government promissory notes held in safe custody by the bank were of the nominal value of Rs. 22,57,000 and that in addition there was a sum of Rs. 7,973-7-4 on current account.

There was also a sum of Rs. 50,000 deposited in the Panjab Banking Company's branch at Srinagar to which reference has already been made (paragraph 54). The Government promissory notes for Rs. 7,80,000 have partly been sold to defray current expenditure and have partly been handed over to the Dharmarth Fund in payment of debts due to the fund by the State. The money in the Panjab Banking Company has not, in my opinion, any connection with the Reserve Treasuries. The money was probably a portion of a sum withdrawn from the Reserve Treasuries, but it was a credit to the State's revenue account before it was placed in deposit with the bank. The small balance on current account in the Agra Bank similarly belongs to the State revenues, as the yearly interest on the Government promissory notes is credited to State revenues and not to the Reserve Treasuries.

214. It may be added as a curious fact that I have ascertained within the last day or two, and entirely by accident, that gold to the value of Rs. 30,000 is held in the treasury at Srinagar, and possibly a larger sum in gold at Jammu, which neither belongs to the Reserve Treasuries nor is included in the State accounts. The money is kept as a stock of gold for urgent requirements, but it is not Toshakhana money, nor has it as yet been taken into account as a portion of the assets of the State. This, at any rate, should be done. As there is and will be a stock of gold in the Reserve Treasuries, it would probably be better to sell this gold and credit the proceeds to the State.

215. Since my arrival at Srinagar 12 lakhs Chilki rupees have been withdrawn from Salal Treasury under orders of the Council and the Maharaja to pay off in part arrears and debts due by the State.

216. The Reserve Treasuries, therefore, contain or hold receipts for the following :—

					Rs.
Four per cent. Government promissory notes of the nominal value of	...	...	...	...	22,57,000
Riasi Treasury	...	...	...	...	9,59,593
Salal Treasury	...	...	...	...	13,62,076
Jammu Treasury	...	...	...	...	11,88,942
Total					57,67,611

In the State accounts the Chilki rupees recently withdrawn from Salal are valued at annas 10 per rupee. In the above statement they are valued at annas 8 per rupee, the value assigned to them by Pandit Bhag Ram. It is impossible, until they have been exchanged, to ascertain whether annas 8 or annas 10 is the more accurate valuation. Quite possibly the actual value may be the mean, annas 9.

217. Two observations may be made on the above statement. Apart from the possibility that the Chilki rupees may fetch something more than the estimate, the selling value of the Government promissory notes is at present considerably greater than the nominal value, and possibly the value of the gold coins has been underestimated. Raja Amar Singh has informed me that they have been valued at Rs. 18 a tola, a low valuation for gold coins, which are usually of a high degree of fineness. Quite possibly Rs. 20 a tola may be nearer the mark. On the whole, it may, I think, be reasonably held that Rs. 57,67,611 is the lowest valuation of the money and Government promissory notes in the Reserve Treasuries, provided the gold coin in the Jammu Treasury has not been tampered with, and it is within the bounds of probability that the real value may approximate to 60 lakhs of rupees.

218. What is the use of the coin thus stored? The Maharaja cannot legally touch a rupee of it, neither can any member of his family. The State is in a condition of serious financial embarrassment. Its servants remain unpaid and large sums require to be withdrawn from these treasuries to meet pressing demands. The principal currency of the country is Chilki rupees. Yet an enormous number of these rupees has been withdrawn from circulation and is lying idle in the Reserve Treasuries. The State is greatly in need of a loan to pay off its debts and is also in great need of an addition to its revenue. It seems to me that the remedy for these evils is to be found in the Reserve Treasuries. They are the natural source from which to obtain a loan and by investment of the larger portion of the money lying idle to add to the State's revenue.

Proposals regarding the Reserve Treasuries.

219. My proposals in regard to the Reserve Treasuries are as follows :—

- (1) To insist on the coin in the Jammu Reserve Treasury being counted.
- (2) To convert all rupees of local mintage and all small silver into British rupees.
- (3) To sell all uncurrent coin and jewellery of small value.

- (4) To sell the larger portion of the gold coin, reserving only such coins as have a sentimental value attached to them.
- (5) To store a certain quantity of the British rupees thus obtained, say 10 lakhs, for unforeseen expenses. British rupees always fetch their full value.
- (6) To lend the State a sum sufficient to pay off all arrears and debts and to provide a fair working balance, say 5 lakhs of rupees. The estimated amount of the loan required is 15 lakhs of rupees. The loan to be repaid in 15 years with interest at the rate of 4 per cent. per annum. The money and interest as repaid to be invested in sound interest-bearing securities.
- (7) To invest the balance in the Reserve Treasuries in Government promissory notes, Port Trust, Municipal Boards, or the like, and to credit the interest received, as is done at present, to the State, until such time as the State can dispense with such assistance. When this occurs the interest may be added to the principal sum in the Reserve Treasuries.
- (8) To store the British rupees and gold coin reserved at Jammu in a proper and secure strong-room and to get rid of the whole or a portion of the existing treasury guards.

220. The effect of these proposals as regards the Reserve Treasuries may be exhibited as follows, the value of the coin, &c., at present in hand being taken to be Rs. 57,67,611 and the withdrawal from the Reserve Treasury at Salal already made (paragraph 215) being allowed for:—

	Rs.
Government Promissory Notes, nominal value ...	22,57,000
Loan to the State at 4 per cent. interest ...	15,00,000
Reserve in British rupees ...	10,00,000
Do. in gold coin (say) ...	1,50,000
Available for investment ...	14,60,611
Total ...	63,67,611

The balance available for investment would add about Rs. 56,000 a year to the revenue of the State if invested in Government paper. On the other hand, the amount in the Reserve Treasuries would steadily increase through the addition of the yearly interest on the State loan. This amount would be Rs. 60,000 the first year, Rs. 56,000 the second year, Rs. 52,000 the third year, and so on.

I do not think the whole of the Government paper belonging to the Reserve Treasuries should be kept in the Agra Bank, Bombay. It would perhaps be better to open an account with one of the Presidency Banks. In any case the bulk of the Government promissory notes could more conveniently be kept at Jammu enfacéd for payment of interest at the Sialkote Treasury. Some arrangement of this kind would save the State the heavy charges at present levied at Srinagar for discounting bills on Bombay, which average about annas 12 per cent. It would be a boon to many officials in Srinagar and a saving to the State if orders were granted to them on Bombay at par in part-payment of their salaries.

221. In short, by these proposals the people would benefit by the addition to the circulating medium which is at present insufficient for the requirements of the country, the State would benefit by the loan and the increase to its revenue derived from interest, and the Reserve Treasuries would benefit by the stoppage of the periodical withdrawals from the treasuries and by the steady addition to the capital consequent on the payment of interest by the State.

222. The Dharmarth Fund was established by Maharaja Gulab Singh in Samvat 1903 (A.D. 1846-47). It is stated that it was exclusively intended for charitable and religious purposes, such as the maintenance of State temples and charitable institutions and of schools giving instruction in purely religious subjects.

223. The income of the fund is derived from an old endowment consisting of Jaghir villages made, I understand, by Maharaja Gulab Singh, from a recent endowment of Jaghir villages made by Maharaja Ranbir Singh on his death-bed and recognised by Maharaja Pertab Singh and the State Council, and from the interest arising from large cash contributions made from time to time by Maharajas Gulab Singh and Ranbir Singh. Since the death of Maharaja Ranbir Singh these cash contributions have practically ceased.

The income of the fund. The receipts in Samvat 1946 from the Jaghir villages and lands granted by Maharaja Gulab Singh are stated to have amounted to Rs. 49,740. The receipts from the Jaghir villages granted by Maharaja Ranbir Singh amount to about Rs. 7,500 a year.

224. I have no exact information regarding the amount of the cash contributions and the dates of payment, but according to a statement furnished by the present Maharaja, Maharaja Ranbir Singh drew from the revenues of the State the sum of Rs. 3,20,000 in 64 months ending with Bhadon, Samvat 1942, for the Dharmarth Fund, and I conclude that this amount was paid to the fund.

Cash contributions to the fund. This is at the rate of Rs. 60,000 a year. In addition supplies to a large amount were and are still given by the Modikhana to the fund. It is stated that in the time of the late Maharaja these supplies averaged 6,000 maunds Kashmiri or 2,400 Imperial maunds a year. At the present time the amount is said to be somewhat greater.

225. The administration of the Dharmarth endowed villages is peculiar. These villages are not administered by the ordinary revenue staff and the Tahsildars have no authority over the cultivators in Dharmarth villages, a system of administration which necessarily gives rise to great inconvenience. Cultivators in Dharmarth villages are also exempt from 'begar' (forced labour).

Administration of the fund. 226. Until the establishment of the State Council the fund appears to have been exclusively administered by or under the orders of the Maharaja. The accounts were, however, kept separate from the public accounts and were under the sole management of the Dharmarth officers and the Dharmarth Treasurer, but the Maharaja had the same power over the money as he exercised over the public funds. During the life-time of Maharaja Gulab Singh it is probable that the Dharmarth money was really devoted to religious or charitable purposes, though there is no certainty that such was the case.

227. In the time of Maharaja Ranbir Singh, however, it is evident, if the statements of arrears furnished to me are accurate, that large sums were withdrawn from the fund as advances or loans to private individuals such as local merchants and traders.

Loans from the Dharmarth Fund. The amount of such loans and advances made in the time of the late Maharaja outstanding at the end of Samvat 1946 is stated to have amounted to Rs. 3,83,000. Similar loans were made while the present Maharaja was ruler of the State, out of which a sum amounting to Rs. 78,700 was outstanding at the end of Samvat 1946.

A few of these loans are as follows :—

	Amount of loan.	Amount recoverable.
	Rs.	Rs.
Kunj Lal, Brahmin ...	2,968	Nil (insolvent).
Manorath Mahajan ...	2,691	2,691
Chowdhery Damodar ...	10,312	Nil (defaulter left the State).
Rejha Shah ...	92,333	Nil (insolvent; property confiscated by the State).
Gopala, Goldsmith ...	3,824	1,000 (from debtor's property).
Devi Kasaira ...	1,006	1,006
Sheikh Meerabux ...	4,000	Nil.
Kazi Khalil ...	5,229	Nil.



It is very likely that many of these debts are 'paper' debts of the kind so well known in the State, but it is obvious that the charitable nature of the fund was fully understood and acted on.

228. In addition to loans to private persons the present Maharaja drew a sum of Rs. 71,135 from the fund before his father's death to meet his private expenses, and, it is said, without his father's knowledge.

229. It is thus evident that though primarily the objects of the funds were of a religious and charitable nature the rulers of the State (Maharaja Gulab Singh perhaps excepted) did not scruple to use the capital of the fund for such purposes as they deemed necessary, quite regardless of its original character. It is, however, probable that there was always an intention implied, though not expressed, to refund any sums irregularly drawn, and further to add to the fund when more prosperous times came round. The state of the fund was a matter of great concern to Maharaja Ranbir Singh on his death-bed. He bound down his sons by a solemn promise in writing to respect its character, and Raja Amar Singh and Raja Ram Singh are both extremely desirous to carry out their father's wishes in regard to it.

230. At present the fund is managed by Diwan Janki Pershad on a salary of Rs. 1,000 a month, under the general supervision of Rai Bahadur Pandit Suraj Kaul, C.I.E. The Diwan is also in charge of the State Toshakhana and no portion of his salary is debited to the Dharmarth Fund.

It was at one time proposed to debit the whole, or at least the larger portion, of his salary to the fund. The Diwan, however, felt conscientious scruples about drawing any pay from a religious and charitable fund. The difficulty was satisfactorily solved by charging his entire salary to the State.

231. The capital of the fund as exhibited in the manager's accounts stood as follows at the beginning of the current year:—

Capital of the fund as per accounts.	Rs.
Four per cent. Government promissory notes of the nominal value of ... ..	3,16,000
Advance for the construction of the Jammu-Sialkote Railway.	12,84,897
Advance to the State as a loan ... ..	6,00,756
Outstandings and arrears ... ..	4,93,792
Total ..	26,95,445

The Jammu-Sialkote Railway was constructed from moneys advanced by the fund and the manager claimed payment of the money thus advanced from the State. I do not, however, see any valid reason for admitting this claim. The Dharmarth money invested in the railway was, with the exception of a sum of Rs. 5,00,000, lying idle. The receipts from the railway are at present small—very little in excess of one per cent. on the capital outlay. But even so it is pure gain to the fund, and the receipts are certain to increase. If the railway is ever carried into Kashmir it is possible that the Jammu-Sialkote section may become a very profitable investment, and in any case the receipts will certainly increase. I hold that this sum of Rs. 12,85,000 should be considered to be a Dharmarth Fund investment. The investment is in no way opposed to the objects for which the fund was started, and it is an investment which gives a small return on money of which a large portion has hitherto given no return whatever.

232. The advance due by the State has partly been liquidated in the current year and a considerable reduction has on Debt due by the State. scrutiny been made in the total amount.

233. A large portion of the outstandings are absolutely and admittedly irrecoverable. At the beginning of Samvat 1947 only Outstandings. Rs. 2,01,000 were considered to be recoverable, out of which Rs. 20,771 were realised in Samvat 1947.

Actual capital of the fund. 234. The capital of the fund at the present time may be exhibited as follows :—

	Rs.
Four per cent. Government promissory notes for Rs. 3,16,000 (nominal) plus Government promissory notes for Rs. 2,80,000 (nominal) paid by the State in part liquidation of debt ...	5,96,000
Investment in the Jammu-Sialkote Railway ...	12,84,897
Debt due by the State ...	1,72,000
Total ...	20,52,897

In addition the following outstandings and arrears are held to be recoverable :—

	Rs.
Outstandings and arrears prior to Samvat 1947 ...	1,80,229
Do. do. of Samvat 1947 ...	5,390
Total ...	1,85,619

A portion of this amount, perhaps half, may be recovered.

Revenue in Samvat 1947. 235. The receipts of the fund for Samvat 1947 as exhibited in the manager's accounts are as follows :—

	Rs.
By balance at the end of Samvat 1947 ...	14,035
Interest ...	44,113
Profit received from the railway investment ...	13,770
Income from Jaghirs ...	40,794
Miscellaneous ...	7,685
Realisation of outstandings ...	20,771
Offerings to Rugnath temple ...	3,096
Total ...	1,44,264

Expenditure in Samvat 1947. 236. The expenditure was as follows :—

	Rs.
Daily distribution of alms and charity and general charges for Jammu temples ...	39,559
Do. do. Kashmir ...	20,168
Do. do. in certain sacred towns and places of worship in British territory ...	24,063
To Dr. M. A. Stein for a catalogue of Sanskrit manuscripts ...	2,225
Salaries of Dharmarth establishments ...	10,079
Miscellaneous expenses and repairs ...	5,227
Arrears of Samvat 1946 ...	9,205
Arrears of Samvat 1947 payable in Samvat 1948 ...	9,900
Total ...	1,20,426

The balance in hand is shown as Rs. 33,740, which includes the item of Rs. 9,900 representing "arrears of Samvat 1947 payable in Samvat 1948."

237. The real expenditure should have been shown as Rs. 1,20,426 minus Rs. 9,900, or Rs. 1,10,526. The interest shown as a receipt included the interest on Rs. 7,80,000 Government promissory notes, of which Rs. 5,00,000 were subsequently invested in the Jammu-Sialkote Railway. The net surplus was therefore Rs. 1,44,264 minus Rs. 1,10,526 or Rs. 33,738. The expenditure does not, however, include any portion of the salary of the manager.

238. As regards the future of the fund, I am of opinion that it will be better not to include the transactions of the fund in the accounts of the State. Such a proceeding would give rise to misconception, and it would, in fact, be an innovation on past and present practice.

Proposals regarding the  
Dharmarth Fund.

239. My proposals regarding the fund are as follows:—

(1) That the Dharmarth Fund shall in future be managed by a committee consisting of the Revenue and Judicial Members of Council, the Governor of Kashmir when the Council is at Srinagar and the Governor of Jammu when the Council is at Jammu, Diwan Janki Pershad and two or three non-official members to be appointed by the Council, provided that all members of the Committee are Hindus.

(2) That the Revenue Member of Council shall be Chairman of the Committee and Diwan Janki Pershad, Member and Secretary of the Committee.

(3) That the general accounts of the fund and the account of the capital of the fund shall be kept by the new Account Department, and that the Account Department shall furnish to the Council a yearly statement of the accounts of the fund.

(4) That Rs. 250 a month, representing a portion of Diwan Janki Pershad's salary, shall be debited to the income of the fund in consideration of his services as Secretary.

(5) That the duties of the Committee shall be to determine the objects on which that portion of the income of the fund set apart solely for the giving of alms and charity shall be spent, and to ascertain that money devoted to these objects has reached the proper recipients.

(6) That the Dharmarth villages shall in future be administered by the ordinary revenue establishment, and the income of these villages be collected by the Tahsildars, the Dharmarth villages being in all respects treated as ordinary State villages.

(7) That the present Dharmarth revenue collecting establishment costing Rs. 10,000 a year be dispensed with.

(8) That having regard to the fact that the total amount expended on alms and charity from the fund in Samvat 1947 amounted to Rs. 83,790 only, the Council direct that out of the income of the fund a sum not exceeding one lakh of rupees a year shall be placed at the disposal of the Committee for the grant of alms and charity and for all expenses connected with the management of the fund.

(9) That any surplus income of the fund after the expenditure of one lakh of rupees in alms, charity and general expenses shall be devoted to the support of such educational and medical works in the State as the Council may direct.

(10) That the capital of the fund be taken to be as follows:—Government promissory notes of the nominal value of Rs. 5,96,000; investment in the Jammu-Sialkote Railway, Rs. 12,85,000; debt due by the State, Rs. 1,72,000; total Rs. 20,53,000; outstandings prior to Samvat 1947 said to be recoverable, Rs. 1,80,229; outstandings of Samvat 1947, Rs. 5,390; total outstandings, Rs. 1,85,619.

(11) That the amount due by the State to the fund shall be repaid at once, and the amount thus repaid invested in interest-bearing securities.

(12) That all Government promissory notes belonging to the fund shall be deposited with the State treasury, Jammu, encased for payment of interest at Sialkote, but the vouchers for the Railway Investment shall be kept in safe custody by the new Account Department.

(13) That a complete statement shall be furnished of all jewels belonging to the fund, with a report showing which of these jewels are absolutely necessary for service in the temples in which they are deposited and whether any jewels can be dispensed with and sold for the benefit of the fund.

240. If these proposals are adopted, the receipts and charges of the fund proper for Samvat 1949 might roughly be exhibited as follows:—

Receipts, Samvat 1949.		Charges, Samvat 1949.	
	Rs.		Rs.
Balance in hand at the end of Samvat 1948 (say) ...	15,000	Alms and charity, Jammu ...	40,000
Interest of Government promissory notes (nominal value about Rs. 7,60,000) ...	30,400	Do. Kashmir ...	21,000
Railway profits (say) ...	15,000	Do. British territory.	25,000
Jaghirs, Rs. 41,000 + 8,000 ...	49,000	Salaries (say) ...	5,000
Miscellaneous ...	8,000	Miscellaneous (say) ...	9,000
Outstandings and arrears ...	20,000	Medical charges, &c. ...	25,000
Temple offerings ...	3,000	Balance ...	15,400
Total ...	1,40,400	Total ...	1,40,400

The receipts will probably, with good management, be larger than those shown above, especially if the outstandings and arrears are properly dealt with. The receipts from the old Jaghirs in Samvat 1946 were Rs. 49,741 as compared with Rs. 40,794 in Samvat 1947. There were special reasons for a small decrease, but at least Rs. 45,000 should be realised in ordinary years. As regards expenditure the Committee will not probably expend more than Rs. 90,000 a year on alms, charity, salaries, &c., for some time to come, so that a larger sum than Rs. 25,000 can, if need be, be devoted to medical purposes or a larger sum than Rs. 15,400 may be carried forward. If desired, a small grant could be made towards education.

241. The conclusions to which my detailed review of the finances of the State have led may be stated very briefly.

The general administration is too much centralised in the Council. No official of the State is trusted. The Governors are obliged to refer petty questions to the Council for decision, and are frequently employed on work which should be performed by a chaprassie. The subordinate officials in like manner have no real powers nor initiative, and must in their turn refer petty and unimportant questions to the Governor for decision.

Clear and definite responsibility is not, as it should be, attached to every office and every department of the State. The Council is thus overwhelmed with a mass of petty details to the detriment of its more important duties. The revenue administration is wanting in vigour and energy. The chief heads of revenue show a disappointing decrease, due principally to defective administration. No proper watch is maintained over the monthly receipts, and as a consequence early measures are not taken to safeguard the interest of the State when default in payment occurs. Great loss is caused to the State in connection with the realization of the land revenue in kind, but no adequate measures have been taken to reduce the loss.

Salaries are not paid on due dates and sometimes not for months after they have fallen due. Arrears of pay and debts due by the State impair the administrative machinery, while at the same time debts due to the State are not promptly realised. Peculation is rife among the officials, the result to no small extent of the irregular manner in which pay is disbursed.

There is no such thing as an Audit Department in the State. The Civil Account Department is most inefficient. The accounts are badly kept, the receipts and charges under different heads are not classified with accuracy, and the classification, such as it is, is obscure. No check is maintained over expenditure, nor is the Council acquainted with the progress of expenditure during the year. All ordinary budget rules are unknown and the budget estimates when sanctioned are in some cases not referred to.

The salaries of a number of officials are out of all proportion to the services rendered by them. There are a number of totally unnecessary appointments which could be at once abolished. In all departments except the Military Department, large reductions in expenditure are not only possible, but should conduce to increased administrative efficiency. The State is quite unable to afford the large Civil List drawn by His Highness the Maharaja, and a considerable reduction in his allowance is an absolute necessity.

The Reserve Treasuries of the State are managed on wasteful principles, and they are to some extent under the control of His Highness the Maharaja instead of being under the exclusive control of the Council. Coin has been hoarded in those treasuries which should have been invested and permitted to circulate in the country.

The great Dharmarth Fund has been managed on principles akin to those which govern the State finance, and large sums have been withdrawn from it for purposes entirely alien to the intentions of its founder.

The expenditure of the State has exceeded the revenue for several years. The State is, however, perfectly solvent and has got large amounts of money in reserve, though these amounts have in recent years been heavily drawn upon. In order to establish equilibrium between receipts and expenditure, it is necessary (1) that more vigour and energy be brought to bear on the administration of all heads of revenue, (2) that all debts alleged to be due by the State be carefully examined and, if found to be correct, discharged, (3) that a proper Account and Audit Office be established in the State, (4) that the allowances of His Highness the Maharaja be reduced within reasonable limits, and (5) that useless officials be got rid of, useless appointments abolished, pay be proportioned to the services rendered, and old and worn out officials be removed from the service of the State.

Principal recommendations. 242. My principal recommendations are as follows :—

- (1) That on conclusion of the settlement now in progress in Kashmir a re-arrangement of revenue divisions be carried out after consultation with the Settlement Officer, this re-arrangement to be accompanied by a revision of the pay of the Tahsildars and Wazirs (paragraph 26). Similar arrangements should be carried out in Jammu without delay.
- (2) That a new Account and Audit Office be established in the State with a European officer, at the head of it (paragraphs 38 - 40).
- (3) That the account and audit rules drafted by me be introduced as the basis of the account and audit system of the State (paragraph 47).
- (4) That the question of the re-settlement of Jammu be carefully considered and carried out (paragraph 79).
- (5) That the criticisms on the revenue heads be carefully considered and acted on by the Council (paragraphs 103 - 127).
- (6) That postage and telegraph stamps be obtained as soon as possible from Messrs. de la Rue and Co. or any other good English firm (paragraph 65).
- (7) That the classification of receipts and expenditure suggested by me (paragraph 67) be introduced into the State.
- (8) That a proclamation be issued by the Council calling for submission of all arrear claims against the State within a period of six months from the date of proclamation, after the expiry of which period no such claims will be admitted (paragraph 73).
- (9) That in order to discharge such claims and to provide a working balance a loan of 15 lakhs of rupees, more or less, be taken from the Reserve Treasuries, the loan to be repayable with interest at the rate of 4 per cent. per annum by yearly instalments of one lakh of rupees exclusive of interest (paragraphs 192 and 219).
- (10) That a careful enquiry be made regarding the recoverable and irrecoverable balances of revenue due to the State, vigorous measures being taken to realise recoverable balances and irrecoverable balances being written off (paragraphs 93, 119, 121 and 126).

- (11) That in respect to the revenue collections in kind the recommendations contained in paragraphs 96 - 98 be carried out.
- (12) That the 'begar' system be modified as suggested in paragraph 102.
- (13) That a large portion of the State property in British India be sold (paragraph 114).
- (14) That the annual allowance of His Highness the Maharaja be fixed at 6 lakhs of rupees, this sum to include everything (paragraph 142).
- (15) That the Modikhana be abolished as a State institution (paragraph 142).
- (16) That the reductions in permanent establishments referred to in paragraph 200 be carefully considered and carried into effect, when practicable, without delay.
- (17) That the question of the State's stores of Borax, Antimony, Pushmina, Precious Stones, 'Kut' root, Cotton, &c., be at once taken up and the articles disposed of, in accordance with ordinary mercantile principles, to the best advantage, any reasonable amount required for purely State purposes being reserved (paragraphs 202, 203).
- (18) That the proposals made regarding the Reserve Treasuries in paragraph 219 be agreed to by the Council and carried out without delay.
- (19) That the proposals regarding the Dharmarth Fund contained in paragraph 239 be agreed to by the Council and carried out without delay.

*Rhyau*

Accountant General, Bombay,  
On Special Duty.

*Jammu, 25th November 1891.*

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## APPENDIX No. I. (Paragraph 25.)

No.	Name of British Officers transferred to Foreign service under the Kashmir State.	Date on which transferred.	Post on which employed in the State.	Net pay drawn.			REMARKS.
				Rs.	a.	p.	
1	Rai Bahadur Pandit Suraj Kaul, C.I.E.	22nd December 1888.	Revenue Member of Council.	1,400	0	0	Rs. 1,300 rising to Rs. 1,500.
2	Rai Bahadur Pandit Bhag Ram.	6th February 1889.	Judicial Member of Council.	1,400	0	0	Do.
3	Mr. J. F. H. Collet ...	4th March 1889.	Executive Engineer ...	700	0	0	
4	Mr. W. R. Lawrence, C.I.E., C.S.	5th April 1889...	Settlement Officer, Kashmir	1,633	0	0	Plus Rs. 150 fixed travelling allowance.
5	Surgeon J. R. Roberts ...	27th May 1889 .	Agency Surgeon, Gilgit ...	743	5	0	
6	Lieutenant J. Manners Smith.	9th June 1889...	1st Assistant British Agent, Gilgit.	800	0	0	
7	Khan Bahadur Sheikh Ghulam Mohiudin Khan.	7th do. ...	General Member of Council.	1,100	0	0	Rs. 1,000 rising to Rs. 1,500.
8	Mahomed Afzal Khan ...	1st August 1889.	Naib Governor of Kashmir .	250	0	0	Rising to Rs. 300.
9	Bakhshi Parmanand ...	7th do. ...	Do. Jammu ...	250	0	0	
10	Bhagwan Singh Thappa .	16th do. ...	Wazir, Wazarat Nawa Shahr.	225	0	0	
11	Pandit Bishamber Nath .	3rd September 1889.	Inspector of Schools, Jammu and Kashmir.	200	0	0	Rising to Rs. 250.
12	Pandit Jia Lal ...	4th do. ...	Chief Judge, Jammu ...	700	0	0	Rs. 600 rising to Rs. 800.
13	Mr. W. H. Johnson ...	27th October 1889.	Executive Engineer, Gilgit Road.	1,200	0	0	Plus Rs. 150 fixed travelling allowance.
14	Lieutenant-Colonel Neville Chamberlain.	1st January 1890.	Military Secretary to Kashmir Government.	1,500	0	0	
15	Mahomed Akbar Khan ...	1st February 1890.	Inspector-General of State Police.	250	0	0	Rising to Rs. 300.
16	Munshi Sirajudin Ahmad	17th May 1890 .	Superintendent, State Post and Telegraph Offices.	200	0	0	Rs. 175 rising to Rs. 250 by increments of Rs. 25.
17	Captain R. H. Twigg ...	14th October 1890.	2nd Assistant British Agent, Gilgit.	700	0	0	
18	Mr. J. C. McDonnell ...	11th January 1891.	Conservator of Forests ...	1,000	0	0	
19	Umar Din ...	24th July 1889 .	Jail Darogha, Jammu ...	80	0	0	
20	Lala Narsingdas ...	1st August 1887.	1st Assistant Settlement Officer.	400	0	0	
21	Syad Alam Shah...	16th April 1890.	2nd Do. ...	300	0	0	
22	Gursahai Mall ...	1st August 1887.	Deputy Superintendent, Settlement Department.	90	0	0	
23	Thakur Das ...	Do. ...	Do. ...	90	0	0	
24	Shamsudin ...	Do. ...	Tahsildar, Srinagar ...	100	0	0	
25	Amir Singh ...	14th October 1887.	Deputy Superintendent, Settlement Department.	70	0	0	
26	Surgeon-Major A. Deane .	15th do. ...	Allowance as Superintending Surgeon, Kashmir State.	250	0	0	
27	Lieutenant A. P. D. Harris.	.....	Active Service Troops ...	300	0	0	Staff allowance.
28	1st Class Hospital Assistant No. 83, Gur Narain.	22nd July 1890 .	Hospital Assistant, Gilgit Dispensary.	.....			
29	3rd Class Hospital Assistant No. 332, Bhawani Das,	25th do. ...	Do. ...	.....			

APPENDIX No. II. (*Paragraph 47.*)

## ACCOUNT AND AUDIT DEPARTMENT, JAMMU AND KASHMIR.

*General Rules.*

1. All transactions to which any officer of the State is a party in his official capacity must be brought to account and all moneys received must be lodged in full, daily if possible, in the nearest State Treasury. "Kharij-us-Siaha," or accounts kept outside the general accounts of the State, are absolutely forbidden.

2. No officer may require that funds belonging to his office or department shall be kept apart from the general balance of the State, or be kept out of account, or be received at all except under the ordinary rules.

*Revenue Rules.*

3. Each Tahsildar should prepare and submit to his Wazir Wazarat in the month of Bysakh a statement showing (1) the name of each village in his Tahsil, (2) the revenue demand in cash and in kind realisable from each village during the current year, and (3) the arrears, if any, in cash or kind due by each village on account of previous years. If the revenue demand in kind is not ascertainable when the statement is prepared, the statement should not be delayed, but a supplementary statement should be prepared and forwarded to the Wazir Wazarat when the demand in kind has been fixed.

4. Each Wazir Wazarat shall carefully check the statements so prepared and forward them in the month of Jaith to the Governor, who should forward them without delay, with his remarks, to the Revenue Member of the State Council.

5. If the revenue demand in kind has not been entered by the Tahsildar, the statement should, if possible, be completed by the Wazir Wazarat or the Governor before submission to the Revenue Member, but, if necessary, a supplementary statement may be sent.

6. In the first week of each month of the year each Tahsildar should forward a statement showing the land revenue receipts, whether in cash or in kind, from each village to his Wazir Wazarat, who should forward these statements, duly checked, to the Revenue Member through the Governor.

7. The Wazir Wazarat, Governor and Revenue Member should compare the realisations of land revenue with the demand and take such steps for recovery of arrears as may be necessary.

8. Each Tahsildar should submit similar statements through the same channel to the Revenue Member, showing the demand and collection in his Tahsil under all other heads of revenue of which the collections are entrusted to him.

*Accounts in Tahsils.*

9. The accounts of each Tahsil should be written up daily in a bound register, to be called the Cash Book or Siaha, with a supplementary register for land revenue receipts and charges and for any other receipts or charges which may be numerous. When the items are few they may all be entered directly in the Siaha. The daily totals of each supplementary register should be entered daily in the Cash Book.

10. The Siaha should be examined and signed daily by the Tahsildar or by the officer in charge at the head-quarters of the Tahsil, and a copy duly examined and signed should be sent daily to the Wazarat.

11. The Tahsildar should frequently examine the cash in his Tahsil and should count it carefully on the last day of each month. The Siaha for the last day of each month should, in addition to the ordinary items of receipt and expenditure, be accompanied by an abstract showing the total receipts, expenditure and balance of the month. This balance should agree with that in the Tahsil and the agreement should be certified by the Tahsildar or officer in charge of the Tahsil.

*Wazarat Accounts.*

12. A daily Cash Book similar to that maintained at each Tahsil should be maintained at the head-quarters of each Wazarat. In this Cash Book should be entered, as in the case of the Tahsils, an account of the receipts and expenditure, if any, at the Wazarat Treasury.



13. In addition, the entries in the daily Tahsil Siahas should on receipt be transcribed into the Wazarat Cash Book under their appropriate heads of receipt or charge, so as to make the Wazarat Cash Book a continuous record of the receipts and expenditure day by day and month by month of the whole Wazarat.

14. On two fixed dates in each month (about the 15th and last day of the month, but the dates are subject to alteration by order of the Council) the Accountant at each Wazarat should prepare and forward to the head of the Account Department a copy of his Cash Book for the preceding 15 or 16 days together with all vouchers. The accounts in this copy should be balanced and the copy relating to the second half of the month should be accompanied by a certificate showing that the balance brought out had been agreed with that in the Tahsil and Wazarat Treasuries. This certificate should be signed by the Wazir Wazarat after careful personal examination of the cash in his Treasury. If the Wazir is absent or unable to sign, the certificate may be signed by the officer in charge.

*Note.*—The most convenient method of writing up the accounts will be to prepare them day by day. By this arrangement they can be despatched to the Account Department on the prescribed dates without difficulty.

15. Together with the copy of the Cash Book for the second half of the month the Treasury Accountant at the Wazarat should prepare monthly statements showing under each major head of revenue (*e.g.*, Land Revenue, Excise, &c.) the total monthly payments in cash into the Treasury in each Tahsil in his Wazarat. The totals under each head should agree with the totals as shown in the revenue returns, and should be submitted to the Revenue Member monthly through the head Account Office.

#### *Receipt of Money in a Treasury.*

16. Each sum of money paid into a Tahsil or Wazarat Treasury shall be paid in with an 'Arz Irsal.' The Arz Irsal should be prepared in triplicate. One portion should be returned to the payee as a receipt. The second portion should accompany the daily or bi-monthly copies of the Cash Book. The third portion should remain in the Tahsil or Wazarat for purposes of record.

Several items of receipt, if there is only one payee, may be entered in one Arz Irsal.

17. The Arz Irsal should be prepared in the Revenue office. It should show the date, the payee's name, the name of the person on whose account the payment is made, and the nature of the payment, *i. e.*, whether it is, for example, an item of land revenue, excise revenue, stamp revenue or the like. It should be checked with the demand against the payee if ascertainable, and each portion should be initialled or signed by the Tahsildar, Wazir Wazarat or officer in charge.

*(Note.*—The Arz Irsal may be printed and bound in books of 50 or 100 forms each.)

#### *Payment of Money at a Treasury.*

18. An officer in charge of a Treasury can only make payments under proper authority. An order issued by any individual officer is not proper authority, unless the Council have authorized such officer to issue such order. No payment can be made unless Budget authority exists for the charge, or unless a special order has been issued by the Council authorising a particular officer to make a specified payment.

19. In the case of recurring charges a regular printed form for preparing claims should be used. This form should show the name of the person preparing the claim, the month or period to which the claim relates, the rate claimed, the authority for the charge, the date on which the claim is preferred, and the signature of the claimant.

In other cases no form is prescribed, but each claim should be preferred in writing and should contain all necessary particulars, together with a receipt for the sum claimed.

20. All claims for payment of money will be dealt with by the Account Department or by the Wazir Wazarat or Tahsildar, if authorised to deal with such claims.

21. Each claim or bill should be taken up by the Account Department, Wazir or Tahsildar in the order in which it is received and no preference in dealing with particular claims should be shown. Claims should not in future be presented to the Governor for payment, but there is no objection to a Governor certifying on a claim that it is correct to the best of his knowledge.

22. On receipt of a claim by the Account Department, or Wazir or Tahsildar empowered to deal with it, it should be examined by a Treasury Accountant. The arithmetical calculations should be verified. The correctness of the receipt and the claimant's signature should be examined. The claim should be compared with the Budget sanction and with any special orders which may have been subsequently received from the Council regarding it. Any deductions which have been ordered should be made and any short demand pointed out.

23. If the claim or bill cannot be passed, it should be returned with a written statement of the reasons for refusing payment. A copy of this written statement should be kept in counterfoil form.

24. If the claim is correct in all respects and the bill properly drawn-up, the Treasury Accountant will write across it, "Pay Rupees \_\_\_\_\_ to \_\_\_\_\_ and debit to head \_\_\_\_\_, sub-head \_\_\_\_\_." The Treasury Accountant will initial this order and place the bill before the Account Officer, Wazir or Tahsildar, who, after making such further enquiry as he may consider necessary, shall sign the bill. It should then be returned to the claimant for presentation to the Treasurer or Khazanchi, who will pay the money and then return the claim or bill to the Treasury Accountant.

25. The Accountant will, on the claim or bill being returned to him, enter the details either in his Sialha or Cash Book or, in the case of recurring charges, in a separate register of recurring charges. The total of this separate register must be entered daily in the Cash Book.

### *Budget.*

26. Officers should commence collecting materials for their Budget in Kartik (October).

27. No new charges can be entered in the Budget until specially sanctioned by the Council. If a charge which requires special sanction has been accidentally entered and passed in a Budget, it should not be paid until such special sanction has been received.

28. Each head of an office must prepare a complete estimate, including salaries and all sanctioned charges of establishment.

29. The Budget estimate should be for what is expected to be actually received or paid during the year under proper sanction, not for the demand or the liabilities which are expected to fall due within the year.

Gross not net receipts and charges must be shown.

For fixed charges the full sanctioned scale should be shown. Savings, if expected, may be shown as a lump deduction from the total of the sanctioned scale.

Ordinary arrears should be estimated for in a Budget, with any such explanation as may be necessary.

30. Budget grants lapse at the close of the year. No savings in grants can be carried forward by any department towards estimated expenditure in the succeeding year.

31. No Budget grants can on any consideration be exceeded, and officers should be careful not to exceed in ordinary cases their proportional Budget grants. Thus in ordinary cases three months' expenditure should not exceed one-fourth of the Budget grant, six months' expenditure half the Budget grant.

32. If any officer considers that a Budget grant controlled by him is likely to prove insufficient for the year's expenditure, he may propose to the Council to place at his disposal any savings he can secure in any other Budget grants controlled by him.

33. The Council will not, except in cases of the utmost urgency, sanction any expenditure not provided for in the Budget, unless savings are clearly available and can be indicated.

34. The Budget for each officer or department should be submitted to the Council about 15th January in each year through the Account Department.

35. Each officer who prepares a Budget should send his Budget to the Account Department about the end of November at latest. It should be accompanied by explanations of increase or decrease in income or expenditure, together with the actuals of the two previous years under each separate head. The figures of actual expenditure to the end of November in the year preceding that to which the estimates relate should be given by the Account Department and an estimate of receipts and charges to the end of the year should also be given by the Account Department. The officer responsible for each Budget should attend the Council to explain his Budget.

36. Actuals should be shown in Rupees, but not in annas and pies. The totals of the estimates for the chief heads of accounts, whether of revenue or expenditure, should be exhibited in even thousands, small amounts being added to or subtracted from the original totals for rounding.

37. All applications relating to new charges and all Budgets should be submitted to the Council through the Account Department and the Member of Council in charge.

38. Along with each Budget estimate each officer should furnish a cash requirements estimate, showing approximately the amount of money required by him for the service of his department in each month of the year to which the Budget relates and the treasury or treasuries where the money is required.

*Special Rules for Departments.*

39. On the application of the Military Secretary, the Chief Engineer, the Chief Forest Officer and the head of the Post and Telegraph Department, the Account Department will issue letters of credit granting monthly or quarterly assignments in favour of the heads of the departments, controlling officers and heads of offices in each of the Military, Public Works, Forest and Postal or Telegraph Departments. These letters of credit will specify the officers in whose favour the credits are granted and the treasuries at which the amounts required are available, and will not lapse at the close of each month or quarter. All letters of credit will, however, lapse at the close of each year.

40. Each department will, as far as possible, follow the rules for receipt and disbursement of money already prescribed, and should maintain a Cash Book and subsidiary registers when required. The accounts of each separate office to which a letter of credit is assigned, or which is in correspondence with a treasury in respect to receipts, should forward bi-monthly accounts to the head Account Office as prescribed in the case of Wazirs.

41. In the case of the departments specified above every care should be taken in making payments in accordance with the instructions contained in Rules 18 to 25 above.

42. When any doubt is felt by an officer of any of the special departments referred to above or by a Wazir Wazarat or Tahsildar regarding the propriety of a particular claim, a reference should be made before payment to the Account Department, but whereas in regard to claims and bills presented direct to the Account Office each claim or bill will be audited before payment: in the case of the special departments, Wazirs and Tahsildars audit will be conducted after payment.

43. It will be necessary for the Account Department to issue objection memoranda and memoranda directing recovery of wrong or over-payments. The Account Department will preserve a record in a bound volume of all such objections, and they must be promptly attended to by the officer to whom they are addressed. If the officer or person retrenched raises any objection, he should be requested to communicate direct with the Account Department, or to lay his case through his official superior before the Council. It is not the duty of the Treasury Officer to correspond regarding such objections with officers who receive objection memoranda. The duty of the Treasury Officer is simply to carry out the orders issued by the Account Department.

44. The special departments referred to above are permitted to keep treasure chests. When required, such chests properly sealed may be kept in the nearest treasury. But no department shall for the whole of its service retain a sum exceeding Rs. 25,000 in its treasure chest at any one time, and the amount in the chest must be reported monthly to the Account Department along with the second set of bi-monthly accounts.

45. Any department is at liberty, with the sanction of the Council previously obtained, to establish any separate funds, such as clothing funds, funds for purchase of remounts and the like. But the balances of these funds must be kept in the State Treasury, and monthly accounts of the receipts and disbursements of each separate fund must be furnished to the Account Department.

46. Deposits received from contractors or from Civil, Criminal or Revenue Courts should be credited to a separate head in the Siaha, and a separate register should also be maintained for each class of deposit. On repayment of the deposit the order sanctioning the repayment should be quoted against the entry in the register, and the date of repayment should also be entered in a column set apart for the purpose.

47. Any officer may, with the sanction of the Council, obtain a permanent advance for petty expenditure, such as repairs to furniture, postal and telegraph charges and the like. The advance should not exceed a fortnight's estimated ordinary expenditure. Amounts expended may be recouped by submitting detailed bills of the expenditure to the Account Department as often as may be deemed necessary. Each officer should carefully keep a copy of his detailed bills in a bound register and should support his bills by the necessary vouchers.

[NOTE.—The forms referred to in the above rules should be prepared, printed and distributed by the Comptroller after consultation with the Heads of Departments and approval by the Council.]

APPENDIX No. III. (*Paragraph 67.*)*Suggested classification of Receipts and Expenditure, Kashmir and Jammu.*

## REVENUE OR RECEIPTS.

I.—*Land Revenue* (major head)—

1. Ordinary revenue (including fixed and fluctuating collections).
2. Rakhs.
3. Officials' chaks.
4. Rents of gardens.
5. Rents of Amani villages.

II.—*Customs and Octroi* (major head)—

1. Customs receipts.
2. Octroi receipts.

III.—*Grazing Fees* (major head)—

1. Grazing fees.
2. Pahar grazing fees.
3. Buffalo, cow, sheep, and goat taxes.

IV.—*Excise* (major head)—

1. License and distillery fees.
2. Sale proceeds of excise opium.
3. Sale proceeds of "Churus" and "Bhang."
4. Sale of red and white wine.

V.—*State property in British India* (major head)—

1. Receipts from State property.

VI.—*Stamps* (major head)—

1. Sale of general stamps.
2. Sale of Court-fees stamps.
3. Miscellaneous.

VII.—*Law and Justice—Courts of Law* (major head)—

1. Sale proceeds of unclaimed property.
2. Court-fees realised in cash.
3. General fees, fines and forfeitures.
4. Miscellaneous.

VIII.—*Law and Justice—Jails* (major head)—

1. Jails (*e.g.*, hire of convicts).
2. Jail manufactures.

IX.—*Post Office* (major head)—

1. Postage on letters and newspapers.
2. Postage on banghy parcels.
3. Sale of Postage stamps.  
Ordinary stamps.  
Service stamps.
4. Receipts on account of money.
5. Petty receipts.

X.—*Telegraph* (major head)—

1. Sale of Telegraph stamps.  
Ordinary stamps.  
Service stamps.
2. Receipts in cash.  
on private messages.  
on service messages.

XI.—*Education* (major head)—

1. Fees from State schools.
2. Miscellaneous.

XII.—*Medical* (major head)—

1. Hospital receipts.

XIII.—*Scientific and other Minor Departments* (major head)—

1. Receipts from Vineyards.
2. Receipts from Hop Gardens.
3. Receipts from Sericulture.
4. Receipts from Tea Gardens.
5. Receipts from Orchards.
6. Sale of 'Kut' (Orris) root.
7. Sale of Borax and Antimony.
8. Sale of Sapphires.
9. Sale of Pushmina.
10. Miscellaneous.

XIV.—*Mint* (major head)—

1. Gain on coinage operations.
2. Sale of old stores and materials.
3. Miscellaneous.

XV.—*Forest* (major head)—

1. Timber and other produce removed from the forests by State agency.
2. Ditto by purchasers or consumers.
3. Revenue from forests not managed by the State.
4. Revenue from the State saw mills.
5. Sale of fuel, firewood, &c.
6. Fees, fines, &c.
7. Miscellaneous.

XVI.—*Interest* (major head)—

1. Interest on British Government Promissory Notes.
2. Miscellaneous.

XVII.—*Stationery and Printing* (major head)—

1. Stationery receipts.
2. Printing receipts.

XVIII.—*Buildings and Roads—Civil Works* (major head)—

1. Receipts from tolls.
2. Receipts from State buildings, including shops.
3. Receipts from Dak bungalows.
4. Miscellaneous.

XIX.—*Loans*—

1. Loans from Reserve Treasuries.

XX.—*Miscellaneous* (major head)—

1. Receipts from contracts.
2. Hunting licenses.
3. Bazar and fair fees.
4. Brokerage receipts.
5. Offerings at religious shrines.
6. Miscellaneous fees.
7. Miscellaneous.

*Note.*—Additional minor heads can be added as required, provided they are really necessary. Receipts on account of realisation of outstanding balances should be classified under the appropriate major head; thus, land revenue receipts should be taken under Land Revenue, and so on. A separate minor head can be opened if required.

A sub-head for advances recoverable may be opened under any major head required and also a major head for deposits if otherwise unclassifiable.

## EXPENDITURE.

1. *Land Revenue*—

- |  |                              |
|--|------------------------------|
| <ol style="list-style-type: none"> <li>1. Governors</li> <li>2. Wazir Wazarats</li> <li>3. Tahsildars</li> <li>4. Survey and Settlement.</li> <li>5. Collection of "Shali," &amp;c.</li> <li>6. Patwaris.</li> </ol> | } With their establishments. |
|--|------------------------------|

2. *Excise*—

1. Cost of establishment.
2. Cost of materials.
3. Miscellaneous.

3. *Forest*—

1. General direction.
2. Conservancy and works.
3. Establishments.
4. Working of Buniar Forest.
5. Miscellaneous.

4. *Post Office*—

1. Supervision.
2. Conveyance of mails.
3. State Postal Establishments.
4. Imperial ditto.
5. Miscellaneous.

5. *Telegraph*—

1. Supervision.
2. State Telegraph Establishments.
3. Imperial ditto.
4. Construction and maintenance.
5. Miscellaneous.

6. *Mint*—

1. Establishment.
2. Purchase of local stores.
3. Miscellaneous.

7. *Allowances, Salaries and Expenses of Civil Departments—The Maharaja and his brothers*—

1. Allowance of His Highness the Maharaja.
2. „ „ Raja Ram Singh.
3. „ „ Raja Amar Singh.
4. Miscellaneous.

8. *Allowances, Salaries and Expenses of Civil Departments—General Administration*—

1. The President's office.
2. „ Revenue Member's „
3. „ Judicial „ „
4. „ General „ „
5. Office of Account and Audit.
6. Reserve Treasuries.
7. Toshakhana Naqdi.
8. Tour expenses.

9. *Law and Justice—Courts of Law*—

- |   |   |                            |
|---|---|----------------------------|
| <ol style="list-style-type: none"> <li>1. Sadar and City Courts</li> <li>2. Munsifs</li> <li>3. Law Officers</li> </ol> | } | With their establishments. |
|---|---|----------------------------|

10. *Law and Justice—Jails*—

1. Salaries of establishments.
2. Jail manufactures.

11. *Police*—

1. Superintendence.
2. City Police.
3. Mofussil Police.
4. Reserve Battalion.
5. Ghorcharas.

12. *Education*—

1. Direction.
2. State schools.
3. Scholarships.
4. Miscellaneous.

13. *Medical*—

1. Supervision.
2. Hospitals and Dispensaries.
3. Grants for medical purposes.

14. *Political*—

1. Subsidies.
2. Entertainment of Chiefs and guests of the State.
3. State presents and allowances to Vakils and news-writers.
4. State prisoners.
5. Reception Department.
6. Toshakhana Jinsi.

15. *Scientific and other Minor Departments*—

1. Exploration of coal and minerals.
2. Meteorological Department.
3. Museum.
4. Viticulture.
5. Sericulture.
6. Horticulture.
7. Hop Gardens.
8. Tea Gardens.
9. Collection of 'Kut' root.
10. Municipalities.
11. Menagerie.
12. Stallion charges.
13. Census.
14. Library.
15. Lalmandi and Ajaib Ghar palaces.
16. Gardens and State parks not in charge of Public Works officers.

16. *Territorial and Political Pensions*—

1. Dharmarth and Mustamri.
2. Raqumati Guzarish.
3. Muquarrari holders.

17. *Superannuation Allowances and Pensions*—

1. Superannuation and retired allowances.
2. Compassionate allowances.
3. Gratuities.

18. *Stationery and Printing*—

1. Supervision.
2. Establishments.
3. Cost of materials.

19. *Miscellaneous*—

1. Charges on remittance of treasure.
2. Discount on bills.
3. Loss by exchange on local transactions.
4. Subscriptions to periodicals.
5. Cost of books.
6. Donations for charitable purposes.
7. State stables.
8. Farashkhana.
9. Miscellaneous.

20. *Reduction of Debt*—

1. Payment of annual instalment of loan.
2. Interest.

21. *Irrigation, Minor Works—*

1. In charge of Public Works officers.
2. In charge of Civil officers.

22. *Buildings and Roads, Military Works—*

1. In charge of Public Works officers.
2. In charge of Civil officers.

23. *Buildings and Roads, Civil Works—*

1. In charge of Public Works officers.
2. In charge of Civil officers.

24. *Army Services—*

1. Army and garrison staff.
2. Administrative staff.
3. Regimental pay allowances and charges.
4. Commissariat establishments, supplies and services.
5. Remount                   "                   "                   "
6. Clothing                   "                   "                   "
7. Barrack.
8. Medical.
9. Ordnance establishments, stores and camp equipage.
10. Miscellaneous services.

*Non-effective.*

11. Rewards for military services.
12. Military pensions.
13. Superannuation pensions and gratuities.

25. *Refunds—*

Minor heads as required.

*Note.*—Additional minor heads may be opened if absolutely required.

Modikhana has been omitted. If retained it should come as a separate head, or it can go under No. 7.





Deacidified using the Bookkeeper process.  
Neutralizing agent: Magnesium Oxide  
Treatment Date: July 2017

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